



汉联机构有限公司
HARN LEN CORPORATION BHD
200001000001(502606-H)

FINANCIAL STATEMENTS

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DIRECTORS' REPORT

The Directors of Harn Len Corporation Bhd. have the pleasure in submitting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2020.

PRINCIPAL ACTIVITIES

The 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 to the Financial Statements.

RESULTS

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

	Group RM	Company RM
Profit for the financial year	<u>98,103,907</u>	<u>98,207,972</u>
Profit for the financial year attributable to:		
Owners of the Company	98,763,589	98,207,972
Non-controlling interests	<u>(659,682)</u>	<u>-</u>
	<u>98,103,907</u>	<u>98,207,972</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

The amount of dividends paid by the Company since the end of the previous financial year is as follows:-

	RM
In respect of the financial year ended 31 December 2020	
A special dividend of 10 sen per ordinary share amounting to RM18,563,966 in respect of the financial year ended 31 December 2020 on 28 October 2020	<u>18,563,966</u>

The Directors do not recommend a final dividend in the respect of the financial year ended 31 December 2020.

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
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
Datu Sajeli bin Kipli



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 2020	<u>Number of ordinary shares</u>		As at 31 December 2020
		<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	550,000	330,00	-	880,000
Mr Low Quek Kiong				
- own	75,000	5,425,200	-	5,500,200
- others* (Mr Low Yew Yern)	-	1,000,000	-	1,000,000
Mr Low Kueck Shin				
- own	-	500,000	-	500,000
- 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	-	50,000
Mr Low Kuek Kong	-	550,000		550,000
Mr Low Kok Yong	720,000	500,000	330,000	890,000
Mr Low Kok Yaow	-	500,000	-	500,000
Mr Loh Wann Yuan	1	-	-	1

Note:

*Mr Low Yew Yern is the son of 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 2020
	As at 1 January 2020	Bought/ Granted	Sold	Adjustment	
<i>Deemed interests</i>					
Puan Sri Datin Chan Pui Leorn	113,812,608* ¹	17,531,100	3,100	(995,800)	130,344,808* ⁵
Mr Low Quek Kiong					
-own	114,287,608* ²	17,531,100	3,100	(6,505,600)	125,310,008* ⁶
-others	-	1,000,000	-	-	126,310,008* ⁷
Mr Low Kueck Shin					
-own	114,362,608* ³	17,531,100	3,100	(6,580,600)	125,310,008* ⁶
-others		50,000			125,360,008* ⁸
Mr Low Kwek Lee					
-own	114,362,608* ³	17,531,100	3,100	(6,580,600)	125,310,008* ⁶
-others		50,000	-	-	125,360,008* ⁹
Mr Low Kuek Kong	114,362,608* ³	17,531,100	3,100	(6,580,600)	125,310,008* ⁶
Mr Low Kok Yong	113,642,608* ⁴	17,531,100	3,100	(825,800)	130,344,808* ⁵
Mr Low Kok Yaow	114,362,608* ³	17,531,100	3,100	(1,545,800)	130,344,808* ⁵

	<u>Number of ordinary shares under Employee Share Option Scheme</u>				Unexercised as at 31 December 2020
	Unexercised as at 1 January 2020	Granted	Exercised	Lapsed	
Low Quek Kiong					
-own	-	500,000	(500,000)	-	-
-others	-	500,000	(500,000)	-	-
Low Kueck Shin	-	500,000	-	-	500,000
Low Kwek Lee	-	500,000	-	-	500,000
Low Kuek Kong	-	500,000	(50,000)	-	450,000
Low Kok Yong	-	500,000	-	-	500,000
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>2020</u>	<u>Number of warrants</u>		As at 31 December <u>2020</u>
		<u>Allotted</u>	<u>Sold</u>	
<i>Direct interests</i>				
Puan Sri Datin Chan				
Pui Leorn	165,000	-	-	165,000
Low Quek Kiong	22,500	1,000,000	-	1,022,500
Low Kok Yong	216,000	-	-	216,000

	As at 1 January <u>2020</u>	<u>Number of warrants</u>			As at 31 December <u>2020</u>
		<u>Bought/ Allotted</u>	<u>Sold</u>	<u>Adjustment</u>	
<i>Deemed interests</i>					
Puan Sri Datin Chan	28,317,171* ¹⁰	200,000	200,000	5,526,648	33,843,819 * ¹¹
Pui Leorn					
Mr Low Quek Kiong	28,317,171* ¹⁰	200,000	200,000	4,016,208	32,333,379* ¹²
Mr Low Kueck Shin	28,317,171* ¹⁰	200,000	200,000	4,016,208	32,333,379* ¹²
Mr Low Kwek Lee	28,317,171* ¹⁰	200,000	200,000	4,016,208	32,333,379* ¹²
Mr Low Kuek Kong	28,317,171* ¹⁰	200,000	200,000	4,016,208	32,333,379* ¹²
Mr Low Kok Yong	28,317,171* ¹⁰	200,000	200,000	5,526,648	33,843,819* ¹¹
Mr Low Kok Yaow	28,317,171* ¹⁰	200,000	200,000	5,526,648	33,843,819* ¹¹

	As at 1 January <u>2020</u>	<u>Number of ordinary shares</u>		As at 31 December <u>2020</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)

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 her immediate family members, the Executors of Estate of Tan Sri Dato' Low Nam Hui ("Executors"), Low Quek Kiong, Low Kok Yong and Low Siew Eng 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., Seri Cemerlang Plantation (Pahang) Sdn. Bhd. and Shande Ancestral Park Berhad and the shares held by his immediate family members, the Executors, Puan Sri Datin Chan Pui Leorn, Low Kok Yong and Low Siew Eng 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., Yong Yaow Properties Sdn. Bhd., Seri Cemerlang Plantation (Pahang) Sdn. Bhd. and Shande Ancestral Park Berhad and the shares held by their immediate family members, 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.
- *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., 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, the Executors, Puan Sri Datin Chan Pui Leorn, Low Quek Kiong and Low Siew Eng pursuant to Section 8 of the Companies Act, 2016.
- *⁵ 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.
- *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., 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.
- *⁷ 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 his immediate family members namely the Executors and Mr Low Yew Yern pursuant to Section 8 of the Companies Act, 2016.
- *⁸ 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 his immediate family members namely the Executors and Mr Low Yew Yi pursuant to Section 8 of the Companies Act, 2016.



DIRECTORS' REPORT (cont'd)

DIRECTORS' INTERESTS (CONT'D)

Notes:

- *⁹ 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 his immediate family members namely the Executors and Mr Brendan Low Chin Yong 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 Shande Ancestral Park Berhad pursuant to Section 8 of the Companies Act, 2016.
- *¹¹ 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.
- *¹² 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., Shande Ancestral Park Berhad and the warrants held by the Executors pursuant to Section 8 of the Companies Act, 2016.

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 29 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 28 to the Financial Statements.

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.



DIRECTORS' REPORT (cont'd)

ISSUE OF SHARES AND DEBENTURES

During the current financial year, the Company had increased its issued and fully paid-up ordinary share capital from RM198,380,013 to RM202,224,013 by:-

- (a) 1,200,000 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.
- (b) 7,000,000 new ordinary shares for private placement at RM0.40 per ordinary share.

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

There was no issuance of debentures during the financial year.

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.

On 15 January 2020, the Company announced that it has offered 4,943,000 options over new shares and 4,633,000 Share Grant to employees and Directors of the Company and its subsidiaries under its ESS.

The salient features and other terms of the ESS are disclosed in the Note 28 to the financial statements.

As at 31 December 2020, the options offered to take up unissued ordinary shares and the exercise prices are as follows:

Date of offer	Exercise price	Number of options over ordinary shares				
		As at 1 January 2020	Granted	Exercised	Lapsed	As at 31 December 2020
15 January 2020	RM0.60	-	4,943,000	(1,200,000)	(3,000)	3,740,000

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



DIRECTORS' REPORT (cont'd)

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
- (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.



DIRECTORS' REPORT (cont'd)

OTHER STATUTORY INFORMATION (CONT'D)

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 EVENTS

The significant events are disclosed in Note 37 to the Financial Statements.

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 2020 is disclosed in Note 26 to the Financial Statements.

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 Grant Thornton Malaysia PLT for the financial year ended 31 December 2020.



DIRECTORS' REPORT (cont'd)

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)	
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.....)	
LOW KUECK SHIN)	

DIRECTORS

Johor Bahru
 30 April 2021



STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 87 to 195 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 2020 and of their financial performance and cash flows for the financial year then ended.

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

.....
 LOW QUEK KIONG

.....
 LOW KUECK SHIN

Johor Bahru
 30 April 2021

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 87 to 195 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)
 30 April 2021)

.....
 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)

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 2020, 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 87 to 195.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2020, and of their financial performance and 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 Company 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 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. (cont'd) (Incorporated in Malaysia)

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, 2020, the carrying amount of property, plant and equipment ("PPE") and right-of-use assets ("ROU") of the Group of RM207,586,923 and RM87,697,253 represent approximately 43% and 18%, of the total assets of the Group, respectively.

At Company level, the carrying amount of PPE and ROU is at RM20,253,371 and RM48,258,715, 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. (cont'd) (Incorporated in Malaysia)

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. (cont'd)

(Incorporated in Malaysia)

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.

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.



INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HARN LEN CORPORATION BHD. (cont'd) (Incorporated in Malaysia)

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

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

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

1. 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.
2. The financial statements of the Group and of the Company as at 31 December 2019 were audited by another firm of Chartered Accountants whose auditors' report dated 30 June 2020 expressed an unqualified opinion on their financial statements.

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

TAN CHEE BENG
(NO: 02664/02/2023 J)
CHARTERED ACCOUNTANT

Johor Bahru
30 April 2021



STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2020

	Note	Group		Company	
		2020 RM	2019 RM (Restated)	2020 RM	2019 RM (Restated)
ASSETS					
Non-current assets					
Property, plant and equipment	4	207,586,923	220,637,048	20,253,371	28,158,227
Right-of-use assets	5	87,697,253	89,834,452	48,258,715	49,535,901
Investment properties	6	102,940,931	107,977,818	78,915,730	75,546,629
Investments in subsidiaries	7	-	-	135,456,418	133,526,205
Other investments	8	2,500,000	-	2,500,000	-
Amount owing from subsidiaries	9	-	-	4,766,220	5,131,896
Goodwill on consolidation	10	5,794,799	5,794,799	-	-
Total non-current assets		406,519,906	424,244,117	290,150,454	291,898,858
Current assets					
Biological assets	11	3,945,801	2,163,902	1,653,248	705,482
Inventories	12	5,240,307	5,195,286	75,178	29,407
Trade receivables	13	3,156,256	4,879,286	2,772,954	1,392,750
Other receivables	14	16,130,057	21,647,735	14,118,356	18,600,977
Amount owing from affiliated companies	15	2,664,295	3,570,244	651,742	1,561,158
Other investments	8	3,892,023	-	3,892,023	-
Tax recoverable		164,108	1,057	63,000	-
Cash and bank balances	16	37,939,207	1,621,489	36,398,610	1,180,025
		73,132,054	39,078,999	59,625,111	23,469,799
Assets classified as held for sale	17	3,321,000	50,982,388	3,321,000	50,620,614
Total current assets		76,453,054	90,061,387	62,946,111	74,090,413
Total assets		482,972,960	514,305,504	353,096,565	365,989,271
EQUITY AND LIABILITIES					
EQUITY					
Share capital	18	202,224,013	198,380,013	202,224,013	198,380,013
Reserves	19	122,667,160	38,826,668	82,100,189	(1,184,686)
Equity attributable to owners of the Company		324,891,173	237,206,681	284,324,202	197,195,327
Non-controlling interests	7	(13,322,945)	(12,663,263)	-	-
Total equity		311,568,228	224,543,418	284,324,202	197,195,327
LIABILITIES					
Non-current liabilities					
Deferred tax liabilities	20	17,829,034	19,957,446	-	-
Loans and borrowings	21	39,389,937	8,795,004	26,980,944	8,332,744
Lease liabilities	5	21,942,822	21,859,924	-	-
Total non-current liabilities		79,161,793	50,612,374	26,980,944	8,332,744



STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2020 (cont'd)

	Note	Group		Company	
		2020 RM	2019 RM (Restated)	2020 RM	2019 RM (Restated)
Current liabilities					
Trade payables	22	23,052,712	74,484,637	4,016,906	20,824,311
Other payables	23	34,583,038	55,361,660	14,576,156	23,644,471
Amount owing to subsidiaries	9	-	-	15,238,545	63,148,932
Amount owing to affiliated companies	15	1,572,478	16,924,729	1,306,846	16,666,075
Amount owing to a director	24	-	960,288	-	960,288
Loans and borrowings	21	30,336,092	88,351,723	6,652,966	35,217,123
Tax payables		2,698,619	3,066,675	-	-
Total current liabilities		92,242,939	239,149,712	41,791,419	160,461,200
Total liabilities		171,404,732	289,762,086	68,772,363	168,793,944
Total equity and liabilities		482,972,960	514,305,504	353,096,565	365,989,271

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 2020

	Note	Group		Company	
		2020 RM	2019 RM	2020 RM	2019 RM
Revenue	25	121,923,620	116,901,095	23,197,995	23,685,618
Cost of sales		<u>(90,825,851)</u>	<u>(92,886,742)</u>	<u>(17,208,843)</u>	<u>(21,889,058)</u>
Gross profit		31,097,769	24,014,353	5,989,152	1,796,560
Other income		120,024,280	1,184,019	119,314,754	773,191
Finance income		505,152	10,482	2,932,868	2,420,378
Administrative expenses		(31,252,667)	(31,640,333)	(17,665,589)	(16,170,704)
Distribution expenses		(9,590,332)	(11,910,424)	(464,246)	(692,975)
Other expenses		(2,994,850)	(30,300,925)	(8,424,275)	(11,310,925)
Finance costs		<u>(8,678,356)</u>	<u>(10,002,131)</u>	<u>(3,474,692)</u>	<u>(6,409,034)</u>
Profit/(Loss) before tax	26	99,110,996	(58,644,959)	98,207,972	(29,593,509)
Tax expense	27	<u>(1,007,089)</u>	<u>(1,390,014)</u>	-	<u>(119,017)</u>
Profit/(Loss) for the financial year		<u>98,103,907</u>	<u>(60,034,973)</u>	<u>98,207,972</u>	<u>(29,712,526)</u>
Other comprehensive income, net of tax :-					
Items that will not be reclassified subsequently to profit or loss		-	-	-	-
Other comprehensive income for the financial year, net of tax		-	-	-	-
Total comprehensive income/(loss) for the financial year		<u>98,103,907</u>	<u>(60,034,973)</u>	<u>98,207,972</u>	<u>(29,712,526)</u>



STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (cont'd)

	Note	Group		Company	
		2020 RM	2019 RM	2020 RM	2019 RM
Profit/(Loss) attributable to:-					
Owners of the Company		98,763,589	(58,290,958)	98,207,972	(29,712,526)
Non-controlling interests		(659,682)	(1,744,015)	-	-
Profit/(Loss) for the financial year		<u>98,103,907</u>	<u>(60,034,973)</u>	<u>98,207,972</u>	<u>(29,712,526)</u>
Total comprehensive income/(loss) attributable to:-					
Owners of the Company		98,763,589	(58,290,958)	98,207,972	(29,712,526)
Non-controlling interests		(659,682)	(1,744,015)	-	-
Total comprehensive income/(loss) for the financial year		<u>98,103,907</u>	<u>(60,034,973)</u>	<u>98,207,972</u>	<u>(29,712,526)</u>
Earnings/(loss) per share attributable to owners of the Company					
Earnings/(loss) per ordinary share					
- Basic (sen)	35	<u>52.24</u>	<u>(33.65)</u>	<u>-</u>	<u>-</u>
- Diluted (sen)	35	<u>-</u>	<u>-</u>	<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 2020

	Attributable to owners of the Company		Retained earnings RM	Non-controlling interests RM	Total equity RM	
	Share capital RM	Non-distributable				
Group	Treasury shares RM	Share option reserves RM	Total RM	Total RM	Total RM	
Balance at 1 January 2019	198,380,013	(9,871,127)	-	106,988,753	295,497,639	284,578,391
Loss for the financial year	-	-	(58,290,958)	(1,744,015)	(60,034,973)	(60,034,973)
Other comprehensive income for the financial year	-	-	-	-	-	-
Total comprehensive loss for the financial year	-	-	(58,290,958)	(1,744,015)	(60,034,973)	(60,034,973)
Balance at 31 December 2019	198,380,013	(9,871,127)	-	48,697,795	237,206,681	224,543,418
Profit for the financial year	-	-	98,763,589	(659,682)	98,103,907	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	98,103,907
Transactions with owners:-						
Issuance of shares	3,520,000	-	-	-	3,520,000	3,520,000
Shares options granted under Employee Share Scheme	-	1,333,800	-	-	1,333,800	1,333,800
Transfer from share option reserves	324,000	(324,000)	-	-	-	-
Shares granted under Employee Share Scheme	-	-	(1,347,663)	-	2,872,459	2,872,459
Purchase of treasury shares	-	4,220,122	-	-	(241,390)	(241,390)
Special single tier dividend of 10 sen per share	-	(241,390)	-	(18,563,966)	(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)	(11,079,097)
Balance at 31 December 2020	202,224,013	(5,892,395)	1,009,800	127,549,755	324,891,173	311,568,228



STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (cont'd)

Company	Attributable to owners of the Company				Total equity RM
	Share Capital RM	Non-distributable Treasury Shares RM	Share option reserves RM	Distributable Retained Earnings RM	
Balance at 1 January 2019	198,380,013	(9,871,127)	-	38,398,967	226,907,853
Loss for the financial year	-	-	-	(29,712,526)	(29,712,526)
Other comprehensive income for the financial year	-	-	-	-	-
Total comprehensive loss for the financial year	-	-	-	(29,712,526)	(29,712,526)
Balance at 31 December 2019	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	3,520,000	-	-	-	3,520,000
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

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



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

	← Group →		← Company →		
	Note	2020 RM	2019 RM	2020 RM	2019 RM
OPERATING ACTIVITIES					
Profit/(Loss) before tax		99,110,996	(58,644,959)	98,207,972	(29,593,509)
Adjustments for:-					
Depreciation of:-					
- Property, plant and equipment		16,729,877	18,989,450	1,414,984	3,827,675
- Right-of-use assets		2,077,456	1,511,664	1,277,186	619,728
- Investment properties		1,310,184	409,996	1,744,864	324,784
Impairment loss:-					
- Property, plant and equipment		212,294	17,765,000	-	-
- Right-of-use assets		-	10,236,000	-	-
- Investment in subsidiaries		-	-	3,993,340	9,011,000
- Other receivables		1,925,175	-	-	-
Gain on disposal of property, plant and equipment		(245,498)	(34,508)	(237,998)	(14,001)
Property, plant and equipment written off		13,722	984,682	13,722	1
Finance costs		8,678,356	10,002,131	3,474,692	6,409,034
Finance income		(505,152)	(10,482)	(2,932,868)	(2,420,378)
Provision for severance pay		153,283	1,979,339	153,283	1,979,339
Inventories written off		-	309,865	-	309,865
Allowance for expected credit losses on:-					
- Amount owing from subsidiaries		-	-	3,673,553	2,303,419
- Amount owing from affiliated companies		-	131,764	-	-
- Trade receivables		286,624	-	286,624	-
- Other receivables		100,000	-	-	-
Reversal of allowance for expected credit losses on					
trade receivables		-	(3,494)	-	(3,494)
Bad debts written off		14,704	-	14,704	-
Changes in fair value of quoted shares		50,350	-	50,350	-
Dividend income		(92,833)	-	(92,833)	-
Shares granted under Employee Share Scheme		2,872,460	-	2,872,460	-
Shares options granted under Employee Share Scheme		984,100	-	984,100	-
Gain on disposal of assets classified as held for sale		(119,120,074)	(569,600)	(118,585,687)	(569,600)
Impairment loss on fair value of assets held for sale		405,703	-	405,703	-
Gain on fair value of biological assets		(1,781,899)	(790,275)	(947,766)	(338,703)
Operating profit/(loss) before working capital changes		13,179,828	2,266,573	(4,229,615)	(8,154,840)
Changes in working capital:-					
Inventories		(45,021)	(619,863)	(45,771)	336,965
Trade receivables		1,421,702	(3,682,946)	(1,681,532)	(414,054)
Other receivables		4,301,803	(2,680,625)	4,942,221	(5,571,912)
Trade payables		(51,431,925)	6,227,322	(16,928,439)	3,529,131
Other payables		(33,833,965)	16,877,528	(22,123,658)	11,867,070
Amount owing from/(to) subsidiaries		-	-	(55,824,521)	(4,473,572)
Amount owing from/(to) affiliated companies		(14,446,302)	(1,842,288)	(14,449,813)	(168,584)
Cash (used in)/generated from operations		(80,853,880)	16,545,701	(110,341,128)	(3,049,796)
Tax refunded		-	1,276,341	-	-
Tax paid		(3,666,609)	(419,963)	(63,000)	(119,017)
Net cash flows (used in)/from operating activities		(84,520,489)	17,402,079	(110,404,128)	(3,168,813)



STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (cont'd)

		← Group →		← Company →	
Note	2020 RM	2019 RM	2020 RM	2019 RM	
INVESTING ACTIVITIES					
Acquisition of property, plant and equipment	B	(2,327,618)	(5,702,219)	(916,527)	(2,416,709)
Acquisition of right-of-use assets		-	(203,508)	-	-
Proceed from disposal of assets classified as held for sale		182,562,927	19,000,000	181,666,766	19,000,000
Proceed from disposal of property, plant and equipment		215,502	67,850	208,002	14,002
Investment in unquoted shares		(2,500,000)	-	(2,500,000)	-
Net investments of quoted shares		(3,942,373)	-	(3,942,373)	-
Dividend received		92,833	-	92,833	-
Interest received		505,152	10,482	505,152	10,482
Changes in pledged deposits		(2,007,607)	(10,482)	(2,007,607)	(10,482)
Net cash flows from investing activities		<u>172,598,816</u>	<u>13,162,123</u>	<u>173,106,246</u>	<u>16,597,293</u>
FINANCING ACTIVITIES					
Interest paid		(7,420,100)	(8,578,263)	(1,893,539)	(3,260,655)
Interest paid on lease liabilities		(1,245,774)	(1,453,712)	-	-
Repayment of hire purchase payables		(702,502)	(1,427,854)	(94,124)	(172,777)
Drawdown of term loans		-	4,135,000	-	4,135,000
Repayment of term loans		(8,921,908)	(18,371,611)	(2,661,856)	(12,384,627)
(Repayment to)/Advances from a director		(960,288)	450,000	(960,288)	450,000
Purchase of treasury shares		(241,390)	-	(241,390)	-
Dividend paid		(18,563,966)	-	(18,563,966)	-
Proceeds from issue of shares		3,520,000	-	3,520,000	-
Net movements of bank overdrafts		(22,365,538)	(5,142,736)	(11,729,227)	(1,932,060)
Net movements of share margin account		3,133,250	-	3,133,250	-
Net cash flows used in financing activities		<u>(53,768,216)</u>	<u>(30,389,176)</u>	<u>(29,491,140)</u>	<u>(13,165,119)</u>
CASH AND CASH EQUIVALENTS					
Net changes		34,310,111	175,026	33,210,978	263,361
At beginning of financial year		<u>1,232,472</u>	<u>1,057,446</u>	<u>791,008</u>	<u>527,647</u>
At end of financial year	A	<u><u>35,542,583</u></u>	<u><u>1,232,472</u></u>	<u><u>34,001,986</u></u>	<u><u>791,008</u></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	
	2020 RM	2019 RM	2020 RM	2019 RM
Cash on hand and at banks	15,542,583	1,232,472	14,001,986	791,008
Pledged deposits with licensed banks	2,396,624	389,017	2,396,624	389,017
Fixed deposits with licensed banks	<u>20,000,000</u>	<u>-</u>	<u>20,000,000</u>	<u>-</u>
	37,939,207	1,621,489	36,398,610	1,180,025
Less:-				
Pledged deposits with licensed banks	<u>(2,396,624)</u>	<u>(389,017)</u>	<u>(2,396,624)</u>	<u>(389,017)</u>
Cash and cash equivalents	<u><u>35,542,583</u></u>	<u><u>1,232,472</u></u>	<u><u>34,001,986</u></u>	<u><u>791,008</u></u>



STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (cont'd)

B. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Cash payments	2,327,618	5,702,219	916,527	2,416,709
Capitalisation of depreciation of right-of-use assets	59,743	123,648	-	-
Capitalisation of depreciation of property, plant and equipment	36,564	36,564	-	-
Finance cost	70,416	430,342	-	-
Amount financed by hire purchase	1,436,000	-	1,436,000	-
Total purchase of property, plant and equipment	<u>3,930,341</u>	<u>6,292,773</u>	<u>2,352,527</u>	<u>2,416,709</u>

C. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

Group	Term loans RM	Hire purchase payables RM	Bank overdrafts RM	Lease liabilities RM
At 1 January 2019	69,615,808	2,652,258	45,685,873	21,459,426
Drawdown	4,135,000	-	-	-
Accretion of interest	-	-	-	1,854,210
Repayments	<u>(18,371,611)</u>	<u>(1,427,854)</u>	<u>(5,142,746)</u>	<u>(1,453,712)</u>
At 31 December 2019	55,379,197	1,224,404	40,543,127	21,859,924
Purchase of property, plant and equipment	-	1,436,000	-	-
Accretion of interests	-	-	-	1,328,672
Repayments	<u>(8,921,908)</u>	<u>(702,502)</u>	<u>(22,365,538)</u>	<u>(1,245,774)</u>
At 31 December 2020	<u>46,457,289</u>	<u>1,957,902</u>	<u>18,177,589</u>	<u>21,942,822</u>
Company		Term loans RM	Hire purchase payables RM	Bank overdrafts RM
At 1 January 2019		40,066,934	176,110	13,661,287
Drawdown		4,135,000	-	-
Repayments		<u>(12,384,627)</u>	<u>(172,777)</u>	<u>(1,932,060)</u>
At 31 December 2019		31,817,307	3,333	11,729,227
Purchase of property, plant and equipment		-	1,436,000	-
Net cash flows		<u>(2,661,856)</u>	<u>(94,124)</u>	<u>(11,729,227)</u>
At 31 December 2020		<u>29,155,451</u>	<u>1,345,209</u>	<u>-</u>

D. CASH OUTFLOWS FOR LEASES AS A LESSEE

	Group	
	2020 RM	2019 RM
Included in net cash from operating activities		
- Payment relating to variable leases	<u>1,050,349</u>	<u>714,678</u>



NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2020

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 to the Financial Statements.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 30 April 2021.

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 at the end of each reporting period as 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 and its measurement assumes 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 2020 (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 2020 (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 2020:-

- Amendments to MFRS 3 Business Combinations – *Definition of a Business*
- Amendments to MFRS 9 Financial Instruments, MFRS 139 Financial Instruments: Recognition and Measurement, and MFRS 7 Financial Instruments: Disclosures – *Interest Rate Benchmark Reform*
- Amendments to MFRS 101 Presentation of Financial Statements and MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors – *Definition of Material*
- Revised Conceptual Framework for Financial Reporting

The adoption of the above MFRSs, amendments to published standards and IC Interpretations did not have any material impact on the current and prior year financial statements of the Group and the Company.

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 June 2020 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 June 2020

- Amendments to MFRS 16 – *Leases for Covid 19 – Related Rent Concessions*

(b) Effective for financial period beginning on or after 1 January 2021

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



NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2020 (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 (cont'd)

(c) 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

(d) 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 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*

(e) 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 the accounting standards, interpretations and amendments 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 2020 (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 2020 is RM5,794,799 (2019: 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 2020.

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



NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2020 (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 asses, 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 Company’s going concern status, the management also takes into considerations that available plans and actions are taken to assess such status of the Group and of the Company in the foreseeable future. Subsequently, the management prepares the account based on the going concern status.



NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020 (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 subsidiary companies is stated at cost in the Company's statement of financial position. Where an indication of impairment exists, the carrying amount of the subsidiary companies is assessed and written down immediately to their recoverable amount.

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 intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Intra-group 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 2020 (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 fair value at acquisition date 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 2020 (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 the 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 the 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 2020 (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 historical cost less accumulated depreciation and 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.

Motor vehicles and plant and machinery acquired under hire purchase financing are classified under property, plant and equipment and the corresponding hire purchase payables classified under loans and borrowings.

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
Long term leasehold land	60 - 97
Estate buildings	25
Roads and bridges	10
Plant and machineries	10
Motor vehicles, furniture, fittings and equipment	5 - 10
Bearer plants	25

Restoration cost relating to an item of property, plant and equipment is capitalised only if such expenditure is expected to increase the future benefits from the existing



NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2020 (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 2020 (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 machinery and 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 revenue in the statement of profit or loss due to its operating nature. 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 2020 (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 2020 (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 Biological assets (cont'd)

Biological assets are classified as current assets for bearer plants 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, 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 2020 (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

For the purpose of 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 2020 (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 2020 (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 2020 (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 2020 (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 FVTOCI 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 2020 (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 2020 (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 ("FVTOCI") (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 2020 (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 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 2020 (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)

(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, amount owing to a shareholder, amount owing to a director, 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 2020 (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 recognise 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 2020 (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 2020 (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 2020 (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 2020 (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.18 Revenue recognition (cont'd)

3.18.3 Rental income

Income from rental of offices and hotel 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 2020 (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 Goods and service tax ("GST") has been replaced with Sales and Services Tax ("SST") effective from 1 September 2018. 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 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 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.



NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2020 (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.20 Employee benefits (cont'd)

(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”).

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.



NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2020 (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

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.



NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020 (cont'd)

4. PROPERTY, PLANT AND EQUIPMENT

Group

Cost	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
At 1 January 2019	162,679,772	225,797,729	31,511,076	55,432,590	53,728,939	1,325,930	530,476,036
Additions	1,243,604	4,586,805	-	207,177	232,187	23,000	6,292,773
Disposal	-	-	-	-	(414,203)	-	(414,203)
Written off	-	(984,682)	-	(20,000)	-	-	(1,004,682)
Transfer to asset classified as held for sale	(46,780,879)	(13,691,852)	-	(14,579,392)	(3,664,978)	(1,268,530)	(79,985,631)
Transfer to investment properties	(67,491,671)	-	-	-	-	-	(67,491,671)
At 31 December 2019 (before restated)	49,650,826	215,708,000	31,511,076	41,040,375	49,881,945	80,400	387,872,622
Prior year adjustment (Note 38)	1,820,453	-	-	-	-	-	1,820,453
At 31 December 2019 (restated)	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 asset 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



NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2020 (cont'd)

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

Group (cont'd)

Accumulated depreciation

	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
At 1 January 2019	34,643,476	42,626,091	19,415,000	35,469,142	43,970,830	-	176,124,539
Charge for the year	3,482,242	5,970,283	1,653,696	4,047,964	3,835,265	-	18,989,450
Disposal	-	-	-	-	(380,862)	-	(380,862)
Written off	-	-	-	(19,999)	-	-	(19,999)
Transfer to asset classified as held for sale	(11,695,977)	(1,319,482)	-	(12,719,165)	(3,268,619)	-	(29,003,243)
Transfer to investment properties	(15,180,488)	-	-	-	-	-	(15,180,488)
At 31 December 2019 (before restated)	11,249,253	47,276,892	21,068,696	26,777,942	44,156,614	-	150,529,397
Prior year adjustment (Note 38)	290,060	-	-	-	-	-	290,060
At 31 December 2019 (restated)	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 asset 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



NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020 (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 2019	-	-	-	-	471,570	-	471,570
Charge for the year	-	17,765,000	-	-	-	-	17,765,000
At 31 December 2019	-	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
Carrying amount							
At 31 December 2019 (restated)	39,931,966	150,666,108	10,442,380	14,262,433	5,253,761	80,400	220,637,048
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



NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2020 (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 2019	128,711,940	28,153,246	3,964,703	16,576,998	16,456,627	1,268,530	195,132,044
Additions	1,243,604	962,328	-	187,777	-	23,000	2,416,709
Disposal	-	-	-	-	(364,203)	-	(364,203)
Written off	-	-	-	(20,000)	-	-	(20,000)
Transfer to assets classified as held for sale	(46,780,879)	(13,691,852)	-	(14,579,392)	(600,772)	(1,268,530)	(76,921,425)
Transfer to investment properties	(67,491,671)	-	-	-	-	-	(67,491,671)
At 31 December 2019	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



NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2020 (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 2019	28,094,802	4,561,517	510,654	14,447,655	14,544,854	-	62,159,482
Charge for the year	2,014,781	740,315	373,272	289,221	410,086	-	3,827,675
Disposal	-	-	-	-	(364,202)	-	(364,202)
Written off	-	-	-	(19,999)	-	-	(19,999)
Transfer to asset classified as held for sale	(11,695,977)	(1,319,482)	-	(12,719,165)	(566,187)	-	(26,300,811)
Transfer to investment properties	(15,180,488)	-	-	-	-	-	(15,180,488)
At 31 December 2019	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 asset 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



NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2020 (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 2019	-	-	-	-	471,570	-	471,570
Charge for the year	-	-	-	-	-	-	-
At 31 December 2019	-	-	-	-	471,570	-	471,570
Written off	-	-	-	-	(471,570)	-	(471,570)
At 31 December 2020	-	-	-	-	-	-	-
Carrying amount							
At 31 December 2019	12,449,876	11,441,372	3,080,777	167,671	995,531	23,000	28,158,227
At 31 December 2020	2,030,779	10,847,766	2,738,327	132,134	2,453,665	2,050,700	20,253,371



NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2020 (cont'd)

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

Security

Land and buildings of the Group and of the Company with a carrying amount of RM8,364,844 and RMNIL (2019: RM8,840,668 and RM8,840,668) respectively, are charged to banks as security for banking facilities granted to the Company and a subsidiary as disclosed in Note 21.

Others

Included in the property, plant and equipment of the Group and of the Company are motor vehicles and equipment acquired by means of hire purchase arrangements with carrying amount of RM2,799,631 and RM1,638,225 (2019: RM2,008,640 and RMNil) respectively.

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

	Group		Company	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
	RM	RM	RM	RM
Staff costs	66,284	692,904	6,275	692,904
Depreciation of leasehold land	59,743	123,648	-	-
Depreciation of property, plant and equipment	36,564	36,564	-	-
Finance cost	70,416	430,342	-	-



NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020 (cont'd)

5. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

Group	<u>Land use rights</u> RM	<u>Long term leasehold land</u> RM	<u>Total</u> RM
Cost			
At 1 January 2019	24,810,233	83,944,608	108,754,841
Additions	203,508	-	203,508
At 31 December 2019 (before restated)	25,013,741	83,944,608	108,958,349
Prior year adjustment (Note 38)	14,687,296	-	14,687,296
At 31 December 2019 (restated) and 31 December 2020	39,701,037	83,944,608	123,645,645
Accumulated depreciation			
At 1 January 2019	1,906,576	17,283,935	19,190,511
Charge for the year	420,611	1,251,265	1,671,876
At 31 December 2019 (before restated)	2,327,187	18,535,200	20,862,387
Prior year adjustment (Note 38)	517,527	-	517,527
At 31 December 2019 (restated)	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
Accumulated impairment losses			
At 1 January 2019	-	2,195,279	2,195,279
Charge for the year	-	10,236,000	10,236,000
At 31 December 2019 and 31 December 2020	-	12,431,279	12,431,279
Net carrying amount			
At 31 December 2019 (restated)	36,856,323	52,978,129	89,834,452
At 31 December 2020	35,889,585	51,807,668	87,697,253



NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020 (cont'd)

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

Company	<u>Land use rights</u> RM	<u>Long term leasehold land</u> RM	<u>Total</u> RM
Cost			
At 1 January 2019	-	45,540,000	45,540,000
Additions	-	-	-
At 31 December 2019 (before restated)	-	45,540,000	45,540,000
Prior year adjustment (Note 38)	14,687,296	-	14,687,296
At 31 December 2019 (restated) and 31 December 2020	14,687,296	45,540,000	60,227,296
Accumulated depreciation			
At 1 January 2019	-	9,554,140	9,554,140
Charge for the year	-	619,728	619,728
At 31 December 2019 (before restated)	-	10,173,868	10,173,868
Prior year adjustment (Note 38)	517,527	-	517,527
At 31 December 2019 (restated)	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
Net carrying amount			
At 31 December 2019 (restated)	14,169,769	35,366,132	49,535,901
At 31 December 2020	13,512,312	34,746,403	48,258,715

Long term leasehold land represents land which the Group has obtained the titles.

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

Each lease generally imposes a restriction that the right-of-use asset can only be used by the Group. The Group is prohibited from selling or pledging the underlying leased assets as security.



NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020 (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 an area in Sarawak into oil palm plantation for a lease period of 60 years. In consideration of the Company 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.

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

Group	<u>2020</u> RM	<u>2019</u> RM
Non-current	<u>21,942,822</u>	<u>21,859,924</u>
At 1 January	21,859,924	21,459,426
Accretion of interest	1,328,672	1,854,210
Payments	<u>(1,245,774)</u>	<u>(1,453,712)</u>
At 31 December	<u>21,942,822</u>	<u>21,859,924</u>

Variable lease payments

Right-of-use assets with carrying value of RM13,512,312 (2019: RM14,169,769) related to the lease of 5 pieces of land located at Sarawak that is owned by affiliated companies.

On 27 March 2018, 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 Company as the exclusive contractor to develop and manage the biological. 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 Company will exercise the option to extend the lease.



NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2020 (cont'd)

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

Lease liabilities (cont'd)

Variable lease payments (cont'd)

As consideration for the exclusive appointment, the Company agreed to bear 42% of the total cost incurred which agreed by a supplementary agreement at RM14,687,296. The Company shall be entitled to 42% of the net plantation profit until the upfront cost is recovered. Thereafter, 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 in 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.

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

	<u>2020</u> RM	<u>2019</u> RM
Group		
Lease payments not recognised as liability:-		
- Variable lease payments	<u>1,050,349</u>	<u>714,678</u>
Total amount recognised in profit or loss	<u><u>1,050,349</u></u>	<u><u>714,678</u></u>

Each lease generally imposes a restriction that the right-of-use asset can only be used by the Group. The Group is prohibited from selling or pledging the underlying leased assets as security.



NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020 (cont'd)

6. INVESTMENT PROPERTIES

	Land and buildings	
	<u>Group</u>	<u>Company</u>
	RM	RM
Cost		
At 1 January 2019	59,131,640	24,796,219
Transfer from property, plant and equipment	67,491,671	67,491,671
At 31 December 2019 (before restated)	126,623,311	92,287,890
Prior year adjustment (Note 38)	(1,820,453)	-
At 31 December 2019 (restated)	124,802,858	92,287,890
Transfer from property, plant and equipment	-	11,092,810
Transfer to assets classified held for sale	(3,730,826)	(3,730,826)
At 31 December 2020	<u>121,072,032</u>	<u>99,649,874</u>
Accumulated amortisation		
At 1 January 2019	1,524,616	1,235,989
Charge for the year	409,996	324,784
Transfer from property, plant and equipment	15,180,488	15,180,488
At 31 December 2019 (before restated)	17,115,100	16,741,261
Prior year adjustment (Note 38)	(290,060)	-
At 31 December 2019 (restated)	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 held for sale	(4,123)	(4,123)
At 31 December 2020	<u>18,131,101</u>	<u>20,734,144</u>
Net carrying amount		
At 31 December 2019 (restated)	<u>107,977,818</u>	<u>75,546,629</u>
At 31 December 2020	<u>102,940,931</u>	<u>78,915,730</u>



NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020 (cont'd)

6. INVESTMENT PROPERTIES (CONT'D)

Included in the above following:

	Group		Company	
	<u>2020</u> RM	<u>2019</u> RM	<u>2020</u> RM	<u>2019</u> RM
Net carrying amount				
Freehold land	63,092,949	63,092,949	33,466,128	33,466,128
Long term leasehold land	7,206,543	4,334,761	2,956,994	-
Buildings	32,641,439	40,550,108	42,492,608	42,080,501
	<u>102,940,931</u>	<u>107,977,818</u>	<u>78,915,730</u>	<u>75,546,629</u>

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

	Group		Company	
	<u>2020</u> RM	<u>2019</u> RM	<u>2020</u> RM	<u>2019</u> RM
Rental income	3,262,848	2,713,120	3,192,848	3,423,410
Parking fee income	128,870	115,101	128,870	115,101

Direct operating expenses:

Income generating investment properties	3,500,355	2,703,462	3,894,127	2,589,149
Non-income generating investment properties	46,212	49,812	-	3,600

The investment properties comprise vacant land, agricultural land and shophouses that are leased to third parties.

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 RM68,220,793 and RM76,585,637 (2019: RM69,854,745 and RM69,854,745) respectively is pledged to a licensed bank for facilities granted to the Group and the Company.



NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2020 (cont'd)

6. INVESTMENT PROPERTIES (CONT'D)

Fair value information

The fair value of the investment properties as of 31 December 2020 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 (2019: 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 follow:-

	<u>Group</u>		<u>Company</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
	RM	RM	RM	RM
Freehold land and building	127,390,000	133,690,000	99,390,000	105,690,000
Long term leasehold land and building	<u>8,530,000</u>	<u>8,530,000</u>	<u>8,200,000</u>	<u>-</u>
	<u>135,920,000</u>	<u>142,220,000</u>	<u>107,590,000</u>	<u>105,690,000</u>



NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2020 (cont'd)

7. INVESTMENTS IN SUBSIDIARIES

	Company	
	<u>2020</u>	<u>2019</u>
	RM	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	123,673,850	118,099,997
Less: Accumulated impairment losses	<u>(50,656,340)</u>	<u>(46,663,000)</u>
	<u>73,017,510</u>	<u>71,436,997</u>
Contribution to subsidiaries:-		
Shares granted to employees of subsidiaries (Note 28)	220,100	-
Share options granted to employees of subsidiaries (Note 28)	<u>129,600</u>	<u>-</u>
	<u>349,700</u>	<u>-</u>
	<u>135,456,418</u>	<u>133,526,205</u>

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

<u>Name of company</u>	<u>Principal place of business</u>	<u>Effective equity interest</u>		<u>Principal activities</u>
		<u>2020</u>	<u>2019</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 2020 (cont'd)

7. INVESTMENTS IN SUBSIDIARIES (CONT'D)

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

Name of company	Principal place of business	Effective equity interest		Principal activities
		2020 %	2019 %	
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 Benganan 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 Benganan 2020 RM	2019 RM
Percentage of ownership interest and voting interest (%)	40%	40%
Carrying amount of non-controlling interests	<u>(13,322,945)</u>	<u>(12,663,263)</u>
Total comprehensive loss allocated to non-controlling interests	<u>(659,682)</u>	<u>(1,744,015)</u>



NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2020 (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 Benganan	
	<u>2020</u>	<u>2019</u>
	RM	RM
Summary of financial position		
Non-current assets	85,872,746	89,900,268
Current assets	2,441,743	1,859,248
Non-current liabilities	(6,502)	(46,954)
Current liabilities	<u>(121,833,347)</u>	<u>(123,588,718)</u>
Net liabilities	<u>(33,525,360)</u>	<u>(31,876,156)</u>
Summary of financial performance		
Total comprehensive loss for the financial year	<u>(1,649,204)</u>	<u>(4,360,036)</u>
Included in the total comprehensive loss is:		
Revenue	<u>14,335,787</u>	<u>15,014,038</u>
Summary of cash flows		
Cash flows (used in)/from operating activities	(2,478,470)	4,752,848
Cash flows used in investing activities	(584,712)	(1,403,051)
Cash flows from/(used in) financing activities	<u>3,063,619</u>	<u>(3,346,158)</u>
Net increase in cash and cash equivalents	<u>437</u>	<u>3,639</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 RM96,433,108 (2019: RM93,202,652) which bear interest at 3.50% (2019: 3.50%) per annum and repayable on demand.



NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020 (cont'd)

8. OTHER INVESTMENTS

	Group and Company	
	<u>2020</u>	<u>2019</u>
	RM	RM
Non-current		
Equity instrument at FVOCI		
- In a Malaysia unquoted corporation	<u>2,500,000</u>	<u>-</u>
Current		
Equity instrument at FVTPL		
- In Malaysia quoted corporations	<u>3,892,023</u>	<u>-</u>
Recognised in profit or loss:-		
- Loss on fair value adjustment for other investments	<u>(50,350)</u>	<u>-</u>

9. AMOUNT OWING FROM/(TO) SUBSIDIARIES

	Company	
	<u>2020</u>	<u>2019</u>
	RM	RM
Amount owing from subsidiaries	11,533,192	8,225,315
Less: Allowance for expected credit losses	<u>(6,766,972)</u>	<u>(3,093,419)</u>
	<u>4,766,220</u>	<u>5,131,896</u>
Amount owing to subsidiaries	<u>15,238,545</u>	<u>63,148,932</u>

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

	Company	
	<u>2020</u>	<u>2019</u>
	RM	RM
At 1 January	3,093,419	790,000
Recognised in profit or loss	<u>3,673,553</u>	<u>2,303,419</u>
At 31 December	<u>6,766,972</u>	<u>3,093,419</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 from subsidiaries amounting to RM2,073,768 (2019: RM51,734,906) which bear interest at 3.5% (2019: 3.5%) per annum and repayable on demand.



NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2020 (cont'd)

10. GOODWILL ON CONSOLIDATION

	Group	
	<u>2020</u>	<u>2019</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>2020</u>	<u>2019</u>
	RM	RM
Masranti Plantation Sdn. Bhd. (“Masranti”)	<u>5,794,799</u>	<u>5,794,799</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>2020</u>	<u>2019</u>
	RM	RM
Duration of cash flow projection	20 years	20 years
Commodity price/Metric tonnes (“MT”)	RM2,700	RM2,400
Pre-tax discount rate	17.86%	18.76%
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.



NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020 (cont'd)

10. GOODWILL ON CONSOLIDATION (CONT'D)

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.

11. BIOLOGICAL ASSETS

	Group		Company	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
	RM	RM	RM	RM
Fresh fruit bunches at fair value:-				
At 1 January	2,163,902	1,373,627	705,482	366,779
Change in fair value	1,781,899	790,275	947,766	338,703
At 31 December	<u>3,945,801</u>	<u>2,163,902</u>	<u>1,653,248</u>	<u>705,482</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 2020, the Group and the Company harvested approximately 114,751 and 37,170 tonnes of FFB (2019: 159,812 and 49,126 tonnes) respectively. The quantity of unharvested FFB of the Group and of the Company as at 31 December 2020 included in the fair valuation of FFB was 8,024 and 2,987 tonnes (2019: 5,840 and 1,699 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 to harvest is negligible. Therefore, quantity of unripe FFB on bearer plant of up to 15 days prior to harvest was used for valuation purpose. The value of the unripe FFB was estimated to be approximately 91% (2019: 90%) 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 (2019: 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 2020 and 2019 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 signs fixed price short term contracts with certain customers.



NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020 (cont'd)

12. INVENTORIES

	Group		Company	
	<u>2020</u> RM	<u>2019</u> RM	<u>2020</u> RM	<u>2019</u> RM
Plantation produce	956,879	1,087,938	-	-
Consumables and spares	2,114,842	1,928,196	75,178	29,407
Nursery	2,158,785	2,171,895	-	-
Food and beverage	9,801	7,257	-	-
Total inventories	<u>5,240,307</u>	<u>5,195,286</u>	<u>75,178</u>	<u>29,407</u>

A total of RM60,085,821 and RM586,303 (2019: RM49,115,079 and RM881,978) of inventories of the Group and of the Company were included in profit or loss as expense.

Included in cost of sales of the Group and of the Company are inventories written-off amounting to RMNil and RMNil (2019: RM309,865 and RM309,865) respectively.

13. TRADE RECEIVABLES

	Group		Company	
	<u>2020</u> RM	<u>2019</u> RM	<u>2020</u> RM	<u>2019</u> RM
Trade receivables	3,465,561	4,901,967	3,082,259	1,415,431
Less: Allowance for expected credit losses	<u>(309,305)</u>	<u>(22,681)</u>	<u>(309,305)</u>	<u>(22,681)</u>
	<u>3,156,256</u>	<u>4,879,286</u>	<u>2,772,954</u>	<u>1,392,750</u>

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

	Group and Company	
	<u>2020</u> RM	<u>2019</u> RM
At 1 January	22,681	26,175
Allowance for expected credit losses	286,624	-
Written off	-	<u>(3,494)</u>
At 31 December	<u>309,305</u>	<u>22,681</u>



NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020 (cont'd)

13. TRADE RECEIVABLES (CONT'D)

Trade receivables comprise amounts 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 (2019: 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 31(b) to the Financial Statements.

14. OTHER RECEIVABLES

	Group		Company	
	<u>2020</u> RM	<u>2019</u> RM	<u>2020</u> RM	<u>2019</u> RM
Non-trade receivables	828,911	5,095,878	58,354	4,437,452
GST receivable	-	224,994	-	224,994
Sales proceeds receivables from the disposal of investment in a subsidiary	13,600,000	13,600,000	13,600,000	13,600,000
Deposits	468,767	408,741	376,146	243,670
Prepayments	3,257,554	2,318,122	83,856	94,861
	18,155,232	21,647,735	14,118,356	18,600,977
Less: Allowance for expected credit losses				
- Non-trade receivables	(100,000)	-	-	-
Less: Allowance for impairment loss				
- Prepayments	(1,925,175)	-	-	-
Total other receivables	<u>16,130,057</u>	<u>21,647,735</u>	<u>14,118,356</u>	<u>18,600,977</u>

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

	Group	
	<u>2020</u> RM	<u>2019</u> RM
At 1 January	-	-
Recognised in profit or loss	<u>100,000</u>	-
At 31 December	<u>100,000</u>	-



NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2020 (cont'd)

14. OTHER RECEIVABLES (CONT'D)

- 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 which also a supplier to the Company. The sales proceeds is to be offset with amount payable to the supplier upon agreed by both parties.

Based on the above factors, there was no change to the estimation technique or significant assumptions made during for the current year ended in assessing the allowance for expected credit losses for sales proceeds receivable from the disposal of investment in a subsidiary.

- 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 period, 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>2020</u> RM	<u>2019</u> RM	<u>2020</u> RM	<u>2019</u> RM
Amount owing from affiliated companies	3,553,949	4,459,898	651,742	1,561,158
Less: Allowance for expected credit losses	(889,654)	(889,654)	-	-
	<u>2,664,295</u>	<u>3,570,244</u>	<u>651,742</u>	<u>1,561,158</u>
Amount owing to affiliated companies	<u>1,572,478</u>	<u>16,924,729</u>	<u>1,306,846</u>	<u>16,666,075</u>

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

	Group	
	<u>2020</u> RM	<u>2019</u> RM
At 1 January	889,654	757,890
Recognised in profit or loss	-	131,764
At 31 December	<u>889,654</u>	<u>889,654</u>

Affiliated companies refer to the companies in which certain Directors have substantial financial interests.



NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020 (cont'd)

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

The amounts 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 and repayable on demand.

16. CASH AND BANK BALANCES

	Group		Company	
	<u>2020</u> RM	<u>2019</u> RM	<u>2020</u> RM	<u>2019</u> RM
Cash on hand and at banks	15,542,583	1,232,472	14,001,986	791,008
Pledged deposits with licensed banks	2,396,624	389,017	2,396,624	389,017
Fixed deposits with licensed banks	<u>20,000,000</u>	<u>-</u>	<u>20,000,000</u>	<u>-</u>
	<u>37,939,207</u>	<u>1,621,489</u>	<u>36,398,610</u>	<u>1,180,025</u>

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

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

	Group and Company	
	<u>2020</u> RM	<u>2019</u> RM
Pledged deposits with licensed banks:-		
Interest rate (%)	1.75 to 2.95	2.95 to 3.20
Maturity (days)	30 - 365	30
Fixed deposits with licensed banks:-		
Interest rate (%)	1.60 to 1.95	-
Maturity (days)	<u>30 - 90</u>	<u>-</u>



NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020 (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 2019	18,430,400	-	-	-	-	18,430,400
Disposal	(18,430,400)	-	-	-	-	(18,430,400)
Transfer from property, plant and equipment	35,084,902	12,372,370	1,860,227	396,359	1,268,530	50,982,388
At 31 December 2019	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



NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020 (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 2019	18,430,400	-	-	-	-	18,430,400
Disposal	(18,430,400)	-	-	-	-	(18,430,400)
Transfer from property, plant and equipment	35,084,902	12,372,370	1,860,227	34,585	1,268,530	50,620,614
At 31 December 2019	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



NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2020 (cont'd)

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

- (a) On 8 August 2018, the Company entered into a Sale and Purchase Agreement for the disposal of 3 pieces of land together with factory buildings for a total sale consideration of RM19,000,000. The disposal was completed on 31 January 2019.
- (b) On 29 April 2019, the Company entered into a Sale and Purchase Agreement (“SPA”) with Far East Holdings Bhd (“Far East”), a third-party, to dispose a part of the estate located in the State of Pahang together with an oil mill (“Lian Hup Oil Palm Estate”) for a total consideration of approximately RM183,000,000 (“Proposed Disposal”). The Proposed Disposal has been approved by the shareholders on 13 August 2019. The sale and purchase of the property is subject to several conditions precedent being fulfilled (“Conditions Precedent”).

On 25 July 2019, the Company entered into a 2nd Supplementary Agreement with Far East, whereby Far East agreed to release an additional part of total consideration of approximately RM10,000,000 to the Company, prior to the completion of the Conditions Precedent in the SPA.

On 25 July 2019, the Company entered into a Management Agreement with Far East of which, Far East is appointed as the management company of the estate and mill, based on certain terms and conditions agreed by both parties. As the management company, Far East will bear all operational costs and expenses of the operations and management of the estate and mill, and are entitled to all revenue derived from the estate and mill. The risk and handing over of the possession of the estate and mill will be upon the completion of all Conditions Precedent and full payment of total consideration.

On 29 January 2020, the Company and Far East agreed to extend the Conditional Period stipulated in the SPA from 29 January 2020 to 29 April 2020. On 27 May 2020, the Company announced on Bursa Malaysia that the Conditions Precedent pursuant to the SPA has been fulfilled and the Unconditional Date has been set at 22 May 2020. Completion date of the SPA will be within 3 months from the Unconditional Date. Further 2 months extension of Completion Date to Extended Completion Date is also available under the SPA. The balance of the purchase consideration was fully paid by Far East to the Company and the disposal was completed on 25 August 2020.

- (c) On 13 January 2020, a subsidiary of the Company, Tanaim Sdn. Bhd., authorised the disposal of its trailers to a third party, for a total consideration of RM850,000. The disposal was completed on 12 March 2020.
- (d) On 18 January 2021, the Company entered into a Sale and Purchase Agreement for the disposal of 2 pieces of land together with buildings for a total sale consideration of RM3,400,000. The disposal was completed on 20 April 2021.



NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020 (cont'd)

18. SHARE CAPITAL

	<u>2020</u> Number of shares	<u>2020</u> RM	<u>2019</u> Number of shares	<u>2019</u> RM
Group and Company				
Issued and fully paid-up with no par value:-				
Ordinary shares				
At 1 January	185,477,159	198,380,013	185,477,159	198,380,013
Pursuant to exercise of Employee Share Option Scheme				
	1,200,000	720,000	-	-
Transfer from share option reserves				
	-	324,000	-	-
Issued during the year	7,000,000	2,800,000	-	-
At 31 December	<u>193,677,159</u>	<u>202,224,013</u>	<u>185,477,159</u>	<u>198,380,013</u>

During the current financial year, 7,000,000 new ordinary shares were issued by way of private placement.

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>2020</u> RM	<u>2019</u> RM	<u>2020</u> RM	<u>2019</u> RM
Distributable				
Retained earnings	127,549,755	48,697,795	86,982,784	8,686,441
Non-distributable				
Treasury shares	(5,892,395)	(9,871,127)	(5,892,395)	(9,871,127)
Share option reserve	1,009,800	-	1,009,800	-
	<u>122,667,160</u>	<u>38,826,668</u>	<u>82,100,189</u>	<u>(1,184,686)</u>

Treasury shares

Treasury shares relates to the ordinary shares of the Company that is held by the Company. At the Annual General Meeting held on 28 September 2020, the shareholders of the Company approved the Company's plan to repurchase its own shares.



NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2020 (cont'd)

19. RESERVES (CONT'D)

Treasury shares (cont'd)

During the financial year ended 31 December 2020, the Company repurchased 480,500 of its issued shares from the open market for total consideration paid, including transaction costs of RM241,390. The average price paid for the shares repurchased was approximately RM0.50 per share and was financed by internally generated funds. The shares repurchased are being held as treasury shares and treated in accordance with the requirements of Section 127(6) of the Companies Act 2016.

During the financial year ended 31 December 2020, the Company transferred 4,633,000 of its treasury shares in relation to share grants to employees under the Employee Share Scheme (Note 28).

As at 31 December 2020, the Company held 8,104,800 treasury shares.

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> (Years)	<u>Exercise Period</u>		<u>Exercise price</u> (RM)
		Issue date	Expiry date	
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.

There was no exercise of Warrants during the financial year.



NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020 (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.

20. DEFERRED TAX LIABILITIES

	Group		Company	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
	RM	RM	RM	RM
Deferred tax liabilities				
1 January	39,109,446	48,948,446	-	8,340,000
Transferred from profit or loss	4,997,959	(9,821,000)	2,963,000	(8,340,000)
Overprovision in prior year	-	(18,000)	-	-
31 December	<u>44,107,405</u>	<u>39,109,446</u>	<u>2,963,000</u>	<u>-</u>
Deferred tax assets				
1 January	(19,152,000)	(27,967,000)	-	(8,340,000)
Transferred from profit or loss	<u>(7,126,371)</u>	<u>8,815,000</u>	<u>(2,963,000)</u>	<u>8,340,000</u>
31 December	<u>(26,278,371)</u>	<u>(19,152,000)</u>	<u>(2,963,000)</u>	<u>-</u>
Total	<u>17,829,034</u>	<u>19,957,446</u>	<u>-</u>	<u>-</u>



NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020 (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:-

Group	<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	35,343,446	8,763,959	44,107,405
Biological assets	3,766,000	(3,766,000)	-
	<u>39,109,446</u>	<u>4,997,959</u>	<u>44,107,405</u>
Deferred tax assets			
Unabsorbed capital allowances	(8,824,000)	(6,655,000)	(15,479,000)
Unutilised tax losses	(10,243,000)	(538,000)	(10,781,000)
Others	(85,000)	66,629	(18,371)
	<u>(19,152,000)</u>	<u>(7,126,371)</u>	<u>(26,278,371)</u>
	<u>19,957,446</u>	<u>(2,128,412)</u>	<u>17,829,034</u>
2019			
Deferred tax liabilities			
Property, plant and equipment	48,948,446	(13,605,000)	35,343,446
Biological assets	-	3,766,000	3,766,000
	<u>48,948,446</u>	<u>(9,839,000)</u>	<u>39,109,446</u>
Deferred tax assets			
Unabsorbed capital allowances	(9,205,000)	381,000	(8,824,000)
Unutilised tax losses	(18,439,000)	8,196,000	(10,243,000)
Others	(323,000)	238,000	(85,000)
	<u>(27,967,000)</u>	<u>8,815,000</u>	<u>(19,152,000)</u>
	<u>20,981,446</u>	<u>(1,024,000)</u>	<u>19,957,446</u>



NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020 (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:-

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	-	2,963,000	2,963,000
Deferred tax assets			
Unabsorbed capital allowances	-	(2,963,000)	(2,963,000)
	-	-	-
2019			
Deferred tax liabilities			
Property, plant and equipment	8,340,000	(8,340,000)	-
Deferred tax assets			
Unabsorbed capital allowances	(8,340,000)	8,340,000	-
	-	-	-

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.

No deferred tax assets have been recognised for the following temporary differences:

	Group		Company	
	<u>2020</u> RM	<u>2019</u> RM	<u>2020</u> RM	<u>2019</u> RM
Taxable temporary differences	17,386,000	9,808,000	11,161,000	3,274,000
Unabsorbed capital allowances	15,853,000	26,214,000	-	11,244,000
Unutilised tax losses	75,197,000	68,229,000	40,621,000	32,314,000
	<u>108,436,000</u>	<u>104,251,000</u>	<u>51,782,000</u>	<u>46,832,000</u>

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



NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020 (cont'd)

20. DEFERRED TAX LIABILITIES (CONT'D)

The unutilised tax losses which are available to offset against future taxable profit of the Group and of the Company, having the following expiry or when there is a substantial change in shareholders (of 50% or more) which ever earlier, under the current tax legislation. If there is substantial change in shareholders, unutilised tax losses as stated above will not be available to the Group and the Company.

	RM	Carried forward up to YA	Unutilised amount will be disregarded in <u>YA</u>
Group			
Business loss incurred in Year of Assessment ("YA")			
Up to 2018	60,839,000	2025	2026
2019	5,933,000	2026	2027
2020	<u>8,875,000</u>	2027	2028
Company			
Business loss incurred in Year of Assessment ("YA")			
Up to 2018	27,643,000	2025	2026
2019	4,671,000	2026	2027
2020	<u>8,307,000</u>	2027	2028

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

21. LOANS AND BORROWINGS

	Group	
	<u>2020</u> RM	<u>2019</u> RM
<u>Current</u>		
Secured:-		
Term loans	8,208,499	47,046,452
Bank overdrafts	18,177,589	23,823,779
Hire purchase payables	816,754	762,144
Share margin account	3,133,250	-
Unsecured:-		
Bank overdraft	-	<u>16,719,348</u>
Total current	<u>30,336,092</u>	<u>88,351,723</u>



NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020 (cont'd)

21. LOANS AND BORROWINGS (CONT'D)

	Group	
	<u>2020</u>	<u>2019</u>
	RM	RM
<u>Non-current</u>		
Secured:-		
Term loans	38,248,789	8,332,744
Hire purchase payables	<u>1,141,148</u>	<u>462,260</u>
Total non-current	<u>39,389,937</u>	<u>8,795,004</u>
Total borrowings	<u><u>69,726,029</u></u>	<u><u>97,146,727</u></u>
	Company	
	<u>2020</u>	<u>2019</u>
	RM	RM
<u>Current</u>		
Secured:-		
Term loans	3,253,016	23,484,563
Hire purchase payables	266,700	3,333
Share margin account	3,133,250	-
Unsecured:-		
Bank overdraft	<u>-</u>	<u>11,729,227</u>
Total current	<u>6,652,966</u>	<u>35,217,123</u>
<u>Non-current</u>		
Secured:-		
Term loans	25,902,435	8,332,744
Hire purchase payables	<u>1,078,509</u>	<u>-</u>
Total non-current	<u>26,980,944</u>	<u>8,332,744</u>
Total borrowings	<u><u>33,633,910</u></u>	<u><u>43,549,867</u></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, right-of-use assets and investment properties of the Group and of the Company as disclosed in Notes 4, 5 and 6. The term loans 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 3.52% to 8.75% (2019: 4.77% to 8.75%) and 3.52% to 8.75% (2019: 4.77% to 8.75%) per annum respectively.



NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020 (cont'd)

21. LOANS AND BORROWINGS (CONT'D)

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 6.17% to 6.62% (2019: 6.87% to 9.87%) and 6.62% (2019: 8.6%) 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% (2019: Nil%) and BLR less 2.00% (2019: Nil%) per annum respectively.

The hire purchase arrangements of both the Group and the Company ranged from 3 to 5 years. For the financial year ended 31 December 2020, the effective interest rates of the Group and of the Company ranged from 3.50% to 8.05% and at 3.50% to 4.31% (2019: 3.82% to 8.05% and 3.82% to 4.34%) per annum respectively. Interest rates are fixed at the inception of the hire purchase arrangements.

The hire purchase payables, 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.

22. TRADE PAYABLES

Trade payables comprise amounts outstanding for trade purchases. The credit terms granted to the Group ranged from 30 days to 90 days (2019: 30 days to 90 days).

As at 31 December 2020, the Group and the Company have entered into settlement arrangements with certain trade payables that exceeded credit terms. Under these arrangements, late payment interest up to 24% (2019: up to 24%) per annum can be imposed and is subject to negotiation.

23. OTHER PAYABLES

	Group		Company	
	<u>2020</u> RM	<u>2019</u> RM	<u>2020</u> RM	<u>2019</u> RM
Non-trade payables	6,129,861	33,803,586	3,432,836	16,931,283
Accrual of expenses	21,040,829	21,558,074	3,730,972	6,713,188
Real Property Gain				
Tax payable	<u>7,412,348</u>	<u>-</u>	<u>7,412,348</u>	<u>-</u>
	<u>34,583,038</u>	<u>55,361,660</u>	<u>14,576,156</u>	<u>23,644,471</u>

Certain non-trade payables of the Group and of the Company bear late payment interest of up to 2% (2019: up to 2%) per annum.



NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020 (cont'd)

24. AMOUNT OWING TO A DIRECTOR

The amount owing to a director was non-trade in nature, unsecured, bore no interest and repayable upon demand in previous financial year.

25. REVENUE

Revenue comprises the following:-

Group	<u>2020</u> RM	<u>2019</u> RM
Revenue from contracts with customers		
Sales of plantation produce and related products	118,922,714	113,713,853
Revenue from other sources		
Property and other income	<u>3,000,906</u>	<u>3,187,242</u>
	<u>121,923,620</u>	<u>116,901,095</u>
Timing of revenue recognition		
At point in time	118,922,714	113,713,853
Other sources		
Property and other income	<u>3,000,906</u>	<u>3,187,242</u>
	<u>121,923,620</u>	<u>116,901,095</u>
Company		
Revenue from contracts with customers		
Sales of plantation produce and related products	19,876,278	20,780,179
Revenue from other sources		
Property and other income	<u>3,321,717</u>	<u>2,905,439</u>
	<u>23,197,995</u>	<u>23,685,618</u>
Timing of revenue recognition		
At point in time	19,876,278	20,780,179
Other sources		
Property and other income	<u>3,321,717</u>	<u>2,905,439</u>
	<u>23,197,995</u>	<u>23,685,618</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 2020 (cont'd)

26. PROFIT/(LOSS) BEFORE TAX

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

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Auditors' remuneration				
- statutory	190,000	212,300	80,000	104,500
- non-statutory	10,000	22,000	10,000	22,000
- underprovision in prior year	10,000	-	-	-
Depreciation of				
- property, plant and equipment	16,729,877	18,989,450	1,414,984	3,827,675
- right-of-use assets	2,077,456	1,511,664	1,277,186	619,728
- investment properties	1,310,184	409,996	1,744,864	324,784
Impairment loss on				
- property, plant and equipment	212,294	17,765,000	-	-
- right-of-use assets	-	10,236,000	-	-
- investment in subsidiaries	-	-	3,993,340	9,011,000
- other receivables	1,925,175	-	-	-
Provision of severance pay	153,283	1,979,339	153,283	1,979,339
Property, plant and equipment written off	13,722	984,682	13,722	1
Inventories written off	-	309,865	-	309,865
Allowance for expected credit losses on				
- other receivables	100,000	-	-	-
- amount owing from subsidiaries	-	-	3,673,553	2,303,419
- amount owing from affiliated companies	-	131,764	-	-
Allowance for expected credit losses on trade receivables no longer required	-	(3,494)	-	(3,494)
Bad debts written off	14,704	-	14,704	-
Gain on fair value of biological assets	(1,781,899)	(790,275)	(947,766)	(338,703)
Gain on disposal of assets held for sale	(119,120,074)	(569,600)	(118,585,687)	(569,600)
Gain on disposal of property, plant and equipment	(245,498)	(34,508)	(237,998)	(14,001)
Finance income	(505,152)	(10,482)	(2,932,868)	(2,420,308)
Finance costs	8,678,356	10,002,131	3,474,692	6,409,034



NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020 (cont'd)

27. TAX EXPENSE

	Group		Company	
	<u>2020</u> RM	<u>2019</u> RM	<u>2020</u> RM	<u>2019</u> RM
Current year's tax expense				
Current year	3,112,543	2,425,649	-	-
Under/(Over)provision in prior year	22,958	(11,635)	-	119,017
	<u>3,135,501</u>	<u>2,414,014</u>	-	<u>119,017</u>
Deferred tax (Note 20)				
Relating to origination and reversal of temporary differences	(2,128,412)	(1,006,000)	-	-
Overprovision in prior year	-	(18,000)	-	-
	<u>(2,128,412)</u>	<u>(1,024,000)</u>	-	-
	<u>1,007,089</u>	<u>1,390,014</u>	-	<u>119,017</u>

Malaysian income tax is calculated at the statutory tax rate of 24% (2019: 24%) of the estimated taxable profits for the financial year.

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

	<u>2020</u> RM	<u>2019</u> RM
Group		
Profit/(Loss) before tax	<u>99,110,996</u>	<u>(58,644,959)</u>
Tax expense at Malaysian statutory tax rate of 24% (2019: 24%)	23,786,639	(14,074,000)
Tax effects in respect of:-		
Expenses not deductible for tax purposes	6,500,113	7,146,649
Income not subject to tax	(30,306,621)	-
Deferred tax assets not recognised	1,004,000	8,347,000
Under/(Over)provision of tax expense in prior financial year	22,958	(11,635)
Over provision of deferred tax in prior financial year	-	(18,000)
Total tax expense	<u>1,007,089</u>	<u>1,390,014</u>



NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020 (cont'd)

27. TAX EXPENSE (CONT'D)

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

	<u>2020</u> RM	<u>2019</u> RM
Company		
Profit/(Loss) before tax	<u>98,207,972</u>	<u>(29,593,509)</u>
Tax expense at Malaysian statutory tax rate of 24% (2019: 24%)	23,569,913	(7,102,000)
Tax effects in respect of:-		
Expenses not deductible for tax purposes	4,691,121	4,533,000
Income not subject to tax	(29,449,034)	(580,000)
Deferred tax assets not recognised	1,188,000	3,149,000
Under provision of tax expense in prior financial year	<u>-</u>	<u>119,017</u>
Total tax expense	<u>-</u>	<u>119,017</u>

28. EMPLOYEE BENEFITS EXPENSE

28.1 Employee benefits expenses

	Group		Company	
	<u>2020</u> RM	<u>2019</u> RM	<u>2020</u> RM	<u>2019</u> RM
Group				
Staff costs	<u>25,492,614</u>	<u>17,269,003</u>	<u>14,443,803</u>	<u>14,614,945</u>



NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020 (cont'd)

28. EMPLOYEE BENEFITS EXPENSE (CONT'D)

28.1 Employee benefits expenses (cont'd)

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

	Group		Company	
	<u>2020</u> RM	<u>2019</u> RM	<u>2020</u> RM	<u>2019</u> RM
Staff costs	19,324,208	16,103,676	9,414,527	14,118,654
Less:				
Capitalised in bearer plant	<u>(66,284)</u>	<u>(692,904)</u>	<u>(6,275)</u>	<u>(692,904)</u>
	<u>19,257,924</u>	<u>15,410,772</u>	<u>9,408,252</u>	<u>13,425,750</u>
EPF contributions	2,028,430	1,858,231	1,178,991	1,189,195
Employee share grant expenses	2,872,460	-	2,652,360	-
Employee share option grant expenses	<u>1,333,800</u>	<u>-</u>	<u>1,204,200</u>	<u>-</u>
	<u>25,492,614</u>	<u>17,269,003</u>	<u>14,443,803</u>	<u>14,614,945</u>

28.2 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 2020 (cont'd)

28. EMPLOYEE BENEFITS EXPENSE (CONT'D)

28.2 Employee share scheme (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 proceeding the offer date;
- (g) ESS Share options vested immediately upon grant and are exercisable within 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 2020 (cont'd)

28. EMPLOYEE BENEFITS EXPENSE (CONT'D)

28.2 Employee share scheme (cont'd)

Employee share options

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

	<u>2020</u>		<u>2019</u>	
	Number of share option	Weighted average exercise price RM	Number of share option	Weighted average exercise price RM
Group				
At 1 January	-	-	-	-
Granted during the financial year	4,943,000	0.60	-	-
Forfeited during the financial year	(3,000)	0.60		
Exercised during the financial year	<u>(1,200,000)</u>	0.60	<u>-</u>	-
At 31 December	<u>3,740,000</u>		<u>-</u>	
Options exercisable at 31 December	<u>3,740,000</u>		<u>-</u>	
Company				
At 1 January	-	-	-	-
Granted during the financial year	4,463,000	0.60	-	-
Forfeited during the financial year	(3,000)	0.60		
Exercised during the financial year	<u>(1,200,000)</u>	0.60	<u>-</u>	-
At 31 December	<u>3,260,000</u>		<u>-</u>	
Options exercisable at 31 December	<u>3,260,000</u>		<u>-</u>	

During the financial year, 1,200,000 shares options were exercised. The weighted average share price at the date of exercise for the year was RM0.64 and the remaining contractual life is 4 years.



NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020 (cont'd)

28. EMPLOYEE BENEFITS EXPENSE (CONT'D)

28.2 Employee share scheme (cont'd)

Employee share options (cont'd)

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 RM0.27 per share option. The inputs and assumptions used are as follows:-

	Group and Company	
	<u>2020</u>	<u>2019</u>
	RM	RM
Average share price at grant date	0.62	-
Expected volatility (based on historical volatility)	48.84%	-
Exercise price (RM)	0.60	-
Expected option life (years)	5	-
Risk-free interest rate	<u>3.19%</u>	<u>-</u>

Employee share grants

4,633,000 shares were granted to employees of the Group and the Company 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 RM0.62 per share.

28.3 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 RM155,554 (2019: RM159,000).

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

	Group		Company	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
	RM	RM	RM	RM
Directors of the Company				
Non-executive Directors:				
Fees	200,000	200,000	200,000	200,000
Allowances and other emoluments	<u>195,000</u>	<u>190,000</u>	<u>195,000</u>	<u>190,000</u>
	<u>395,000</u>	<u>390,000</u>	<u>395,000</u>	<u>390,000</u>



NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020 (cont'd)

28. EMPLOYEE BENEFITS EXPENSE (CONT'D)

28.3 Directors' remunerations (cont'd)

	Group		Company	
	<u>2020</u> RM	<u>2019</u> RM	<u>2020</u> RM	<u>2019</u> RM
Executive Directors:				
Salaries, bonus and allowances	4,455,790	4,612,750	3,039,750	4,408,750
Fees	3,600	3,600	-	-
Defined contribution plan	518,562	551,700	406,530	551,700
Share grant expenses	1,860,000	-	1,860,000	-
Share option grant expenses	810,000	-	810,000	-
	<u>7,647,952</u>	<u>5,168,050</u>	<u>6,116,280</u>	<u>4,960,450</u>
Directors of a subsidiary				
Executive Directors:				
Salaries, bonus and allowances	-	-	-	-
Fees	9,600	9,600	-	-
Defined contribution plan	-	-	-	-
	<u>9,600</u>	<u>9,600</u>	<u>-</u>	<u>-</u>
	<u>8,052,552</u>	<u>5,567,650</u>	<u>6,511,280</u>	<u>5,350,450</u>



NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2020 (cont'd)

29. RELATED PARTY DISCLOSURES

	Group		Company	
	<u>2020</u> RM	<u>2019</u> RM	<u>2020</u> RM	<u>2019</u> RM
Transactions with Directors' related companies:-				
- advances received from	-	-	-	510,288
Transactions with subsidiary companies:-				
- sale of goods	-	-	4,152,368	3,964,591
- interest income	-	-	2,427,716	2,409,896
- interest expense	-	-	1,460,118	2,211,210
- transportation charged	-	-	-	543,123
- rental income	-	-	895,000	30,000
Transactions with affiliated companies:-				
- Management fee income	60,000	60,000	60,000	60,000
- Rental income	35,994	26,174	35,994	26,174
- Purchase of air tickets	13,756	30,588	3,491	6,416
- Purchase of insurance	1,197	-	-	-
- Purchase of motor vehicles	90,002	-	90,002	-
- Insurance expenses	-	32,562	-	27,246
- Share of profit arising from estate and plantation management	1,050,349	714,678	1,050,349	714,678
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>1,814,078</u>	<u>1,414,908</u>	<u>1,658,554</u>	<u>1,300,064</u>

- (a) The outstanding balances arising from related party transactions as at the reporting date are disclosed in Note 9, 15 and 24 to the Financial Statements.



NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020 (cont'd)

29. RELATED PARTY DISCLOSURES (CONT'D)

- (b) The remuneration of key management personnel is disclosed in Note 28 to the Financial Statements. 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 and entity that provides key management personnel services to 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 key management personnel (excluding directors of the Group and of the Company) are disclosed as follows:-

	Group		Company	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
	RM	RM	RM	RM
Short-term				
employee benefits				
Salaries	3,561,850	2,385,500	2,123,850	1,045,500
EPF contribution	<u>191,800</u>	<u>221,140</u>	<u>139,080</u>	<u>125,460</u>
	<u>3,753,650</u>	<u>2,606,640</u>	<u>2,262,930</u>	<u>1,170,960</u>

30. CAPITAL COMMITMENTS

	Group		Company	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
	RM	RM	RM	RM
Authorised but not contracted for	10,359,565	10,213,650	1,357,640	959,600
Contracted but not provided for	<u>1,074,813</u>	<u>252,000</u>	<u>1,074,813</u>	<u>80,000</u>
	<u>11,434,378</u>	<u>10,465,650</u>	<u>2,432,453</u>	<u>1,039,600</u>



NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020 (cont'd)

31. FINANCIAL INSTRUMENTS

Categories of financial instruments

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

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

Group	<u>Carrying amount</u> RM	<u>AC</u> RM	<u>FVTPL</u> RM	<u>FVOCI</u> RM
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	-	-
Cash and bank balances	37,939,207	37,939,207	-	-
Other investments	6,392,023	-	3,892,023	2,500,000
	<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	69,726,029	69,726,029	-	-
	<u>128,934,257</u>	<u>121,521,909</u>	<u>-</u>	<u>-</u>



NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020 (cont'd)

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

Group	Carrying amount RM	AC RM	FVTPL RM	FVOCI RM
2019				
Financial assets				
Trade receivables	4,879,286	4,879,286	-	-
Other receivables	21,647,735	19,104,619	-	-
Amount owing from affiliated companies	3,570,244	3,570,244	-	-
Cash and bank balances	<u>1,621,489</u>	<u>1,621,489</u>	<u>-</u>	<u>-</u>
	<u>31,718,754</u>	<u>29,175,638</u>	<u>-</u>	<u>-</u>
Financial liabilities				
Trade payables	74,484,637	74,484,637	-	-
Other payables	55,361,660	55,361,660	-	-
Amount owing to affiliated companies	16,924,729	16,924,729	-	-
Amount owing to a director	960,288	960,288	-	-
Loans and borrowings	<u>97,146,727</u>	<u>97,146,727</u>	<u>-</u>	<u>-</u>
	<u>244,878,041</u>	<u>244,878,041</u>	<u>-</u>	<u>-</u>



NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2020 (cont'd)

31. 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 at amortised cost (“AC”)
- Financial assets and liabilities are measured at fair value through profit or loss (“FVTPL”)
- Financial assets and liabilities are 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	-	-
Cash and bank balances	36,398,610	36,398,610	-	-
Other investments	6,392,023	-	3,892,023	2,500,000
	<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	33,633,910	33,633,910	-	-
	<u>68,772,363</u>	<u>61,360,015</u>	<u>-</u>	<u>-</u>



NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2020 (cont'd)

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

	Carrying amount RM	AC RM	FVTPL RM	FVOCI RM
Company				
2019				
Financial assets				
Trade receivables	1,392,750	1,392,750	-	-
Other receivables	18,600,977	18,281,122	-	-
Amount owing from subsidiaries	5,131,896	5,131,896	-	-
Amount owing from affiliated companies	1,561,158	1,561,158	-	-
Cash and bank balances	1,180,025	1,180,025	-	-
	<u>27,866,806</u>	<u>27,546,951</u>	<u>-</u>	<u>-</u>
Financial liabilities				
Trade payables	20,824,311	20,824,311	-	-
Other payables	23,644,471	23,644,471	-	-
Amount owing to subsidiaries	63,148,932	63,148,932	-	-
Amount owing to affiliated companies	16,666,075	16,666,075	-	-
Amount owing to a director	960,288	960,288	-	-
Loans and borrowings	43,549,867	43,549,867	-	-
	<u>168,793,944</u>	<u>168,793,944</u>	<u>-</u>	<u>-</u>



NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020 (cont'd)

31. FINANCIAL INSTRUMENTS (CONT'D)

Net gains and losses arising from financial instruments

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Net gains/(losses) on:-				
Financial assets categorised as FVTPL	406,962	-	406,962	-
Financial assets categorised as AC	1,673,390	46,963	1,757,702	23,883
Financial liabilities categorised as AC	(8,678,356)	(10,002,131)	(3,474,692)	(6,409,034)
Included in gains/(losses) on financial instruments:-				
Total finance income for financial assets at AC				
- Pledged deposits and fixed deposits	416,261	10,482	416,261	10,482
- Bank balances	88,891	-	88,891	-
- Amount owing from subsidiaries	-	-	84,318	13,400
Total finance costs for financial liabilities at AC				
- Amount owing to subsidiaries	-	-	1,460,119	2,211,210
- Trade and other payables	2,557,984	1,681,427	121,035	937,169
- Term loans	2,920,904	3,706,193	1,799,276	2,206,218
- Bank overdrafts	1,868,408	3,463,735	72,969	1,050,652
- Lease liabilities	1,328,673	1,453,712	-	-
- Hire purchase payables	72,803	127,406	21,293	3,785
Less: Interest capitalised in bearer plants	(70,416)	(430,342)	-	-
	8,678,356	10,002,131	3,474,692	6,409,034

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 2020 (cont'd)

31. 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
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	-	1,808,766
	<u>22,396,624</u>	<u>24,205,390</u>



NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2020 (cont'd)

31. 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
2020		
Fixed rate instruments		
<u>Financial liabilities</u>		
Loans and borrowings	1,957,901	1,345,210
Lease liabilities	21,942,822	-
Amount owing to subsidiaries	-	14,953,169
	<u>23,900,723</u>	<u>16,298,379</u>
Floating rate instruments		
<u>Financial liability</u>		
Loans and borrowings	<u>67,768,128</u>	<u>32,288,700</u>
	<u>Group</u> RM	<u>Company</u> RM
2019		
Fixed rate instruments		
<u>Financial assets</u>		
Pledged deposits with licensed banks	389,017	389,017
Amount owing from subsidiaries	-	565,829
	<u>389,017</u>	<u>954,846</u>
<u>Financial liabilities</u>		
Loans and borrowings	1,088,836	3,333
Lease liabilities	21,859,924	-
Amount owing to subsidiaries	-	61,995,670
	<u>22,948,760</u>	<u>61,999,003</u>



NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2020 (cont'd)

31. 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
2019		
Floating rate instruments		
<u>Financial liabilities</u>		
Bank overdrafts	11,729,227	11,729,227
Term loans	84,193,096	31,817,307
	<u>95,922,323</u>	<u>43,546,534</u>

The following table illustrates the sensitivity of profit to a reasonably possible change in interest rates of +/- 100 (2019: +/-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.

	<u>(Decrease)/Increase on Profit/(loss) for the financial year</u>	
	+ 100 bp RM	- 100 bp RM
Group		
31 December 2020	<u>677,681</u>	<u>(677,681)</u>
31 December 2019	<u>959,223</u>	<u>(959,223)</u>
Company		
31 December 2020	<u>322,887</u>	<u>(322,887)</u>
31 December 2019	<u>435,465</u>	<u>(435,465)</u>



NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2020 (cont'd)

31. 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>2020</u> RM	<u>2019</u> RM	<u>2020</u> RM	<u>2019</u> RM
Classes of financial assets:-				
Trade receivables	3,156,256	4,879,286	2,772,954	1,392,750
Other receivables	14,797,678	19,304,619	14,034,500	18,281,122
Amount owing from subsidiaries	-	-	4,766,220	5,131,896
Amount owing from affiliated companies	2,664,295	3,570,244	651,742	1,561,158
Cash and bank balances	37,939,207	1,621,489	36,398,610	1,180,025
Other investments	<u>6,392,023</u>	<u>-</u>	<u>6,392,023</u>	<u>-</u>
Net carrying amount	<u>64,949,459</u>	<u>29,375,638</u>	<u>65,016,049</u>	<u>27,546,951</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.



NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2020 (cont'd)

31. FINANCIAL INSTRUMENTS (CONT'D)

Risk management objectives and policies (cont'd)

(b) Credit risk (cont'd)

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>	
	2020	2019	2020	2019
	RM	RM	RM	RM
Plantation	2,076,290	4,773,196	1,703,700	1,291,247
Property rental and others	1,079,966	106,090	1,069,254	101,503
	<u>3,156,256</u>	<u>4,879,286</u>	<u>2,772,954</u>	<u>1,392,750</u>

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

Property and others relate to property rental segment to office, commercial and a hotel operator. 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 2020 (cont'd)

31. FINANCIAL INSTRUMENTS (CONT'D)

Risk management objectives and policies (cont'd)

(b) Credit risk (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 →				Net RM
	Gross RM	Expected credit losses (individually impaired) RM	(collectively impaired) RM	Total RM	
Group					
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>
2019					
Within terms	4,731,744	-	-	-	4,731,744
Past due 1 to 30 days	11,955	-	-	-	11,955
Past due 31 to 60 days	25,141	-	-	-	25,141
Past due 61 to 90 days	133,127	(22,681)	-	(22,681)	110,446
	<u>4,901,967</u>	<u>(22,681)</u>	<u>-</u>	<u>(22,681)</u>	<u>4,879,286</u>



NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020 (cont'd)

31. FINANCIAL INSTRUMENTS (CONT'D)

Risk management objectives and policies (cont'd)

(b) Credit risk (cont'd)

	<u>Gross</u> RM	← Allowance for impairment loss →		<u>Total</u> RM	<u>Net</u> RM
		<u>Expected credit losses</u> (individually impaired) RM	<u>(collectively</u> <u>impaired)</u> RM		
Company					
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>
2019					
Within terms	1,364,151	-	-	-	1,364,151
Past due 1 to 30 days	11,955	-	-	-	11,955
Past due 31 to 60 days	1,014	-	-	-	1,014
Past due 61 to 90 days	38,311	(22,681)	-	(22,681)	15,630
	<u>1,415,431</u>	<u>(22,681)</u>	<u>-</u>	<u>(22,681)</u>	<u>1,392,750</u>

The credit risk concentration profile of the Group's and the Company's trade receivables as at the reporting date are as follows:-

	<u>2020</u>		<u>2019</u>	
	RM	%	RM	%
Group				
Top 3 customers	2,837,926	90	4,659,139	96
Company				
Top 3 customers	<u>2,538,500</u>	<u>92</u>	<u>1,329,958</u>	<u>95</u>

In respect of other receivables, the Group is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. Based on historical information about customer default rates, the management consider the credit quality of other receivables that are not past due or impaired to be good.

The credit risk for cash and bank balances, short-term deposits and fixed deposits with licensed banks are considered negligible, since the counterparties are reputable banks with high quality external credit ratings.



NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2020 (cont'd)

31. FINANCIAL INSTRUMENTS (CONT'D)

Risk management objectives and policies (cont'd)

(b) Credit risk (cont'd)

Financial guarantee

The Company has provided corporate guarantee of RM63,298,206 (2019: RM79,239,429) 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.

(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
<u>2020</u>			
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	32,717,063	31,840,941	14,409,396
Lease liabilities	1,350,700	5,402,800	66,481,720
	<u>93,275,991</u>	<u>37,243,741</u>	<u>80,891,116</u>
Total undiscounted financial liabilities			
Financial guarantee*	<u>63,298,206</u>	<u>-</u>	<u>-</u>



NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2020 (cont'd)

31. FINANCIAL INSTRUMENTS (CONT'D)

Risk management objectives and policies (cont'd)

(c) Liquidity risk (cont'd)

	Group		
	Current	← Non-current →	
	Less than <u>1 year</u> RM	Between <u>1 to 5 years</u> RM	More than 5 <u>years</u> RM
2019			
Non-derivative financial liabilities			
Trade payables	74,484,637	-	-
Other payables	55,361,660	-	-
Amount owing to affiliated companies	16,924,729	-	-
Amount owing to a director	960,288	-	-
Loans and borrowings	100,556,568	5,740,873	5,598,309
Lease liabilities	1,215,750	5,402,800	67,832,426
Total undiscounted financial liabilities	<u>249,503,632</u>	<u>11,143,673</u>	<u>73,430,735</u>
Financial guarantee*	<u>79,239,429</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	-	-
Loans and borrowings	8,273,144	18,970,963	13,822,772
Total undiscounted financial liabilities	<u>43,411,597</u>	<u>18,970,963</u>	<u>13,822,772</u>
2019			
Non-derivative financial liabilities			
Trade payables	20,824,311	-	-
Other payables	23,644,471	-	-
Amount owing to subsidiaries	63,148,932	-	-
Amount owing to affiliated companies	16,666,075	-	-
Amount owing to a director	960,288	-	-
Loans and borrowings	42,471,839	5,266,796	5,598,309
Total undiscounted financial liabilities	<u>167,715,916</u>	<u>5,266,796</u>	<u>5,598,309</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 2020 (cont'd)

32. CAPITAL MANAGEMENT OBJECTIVE

The primary capital management objective of the Group and 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 2020 and 2019.

The Group and the Company manages 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 the Company are as follows:-

	Group		Company	
	<u>2020</u> RM	<u>2019</u> RM	<u>2020</u> RM	<u>2019</u> RM
Total equity	311,568,228	224,543,418	284,324,202	197,195,327
Borrowings	69,726,029	97,146,727	33,633,910	43,549,867
Debt-to-equity ratio	0.22	0.43	0.12	0.22

33. 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				
2020				
Fair value of financial instruments carried at fair value				
Other investments	<u>3,892,023</u>	<u>-</u>	<u>2,500,000</u>	<u>6,392,023</u>
2019				
Fair value of financial instruments carried at fair value				
Other investments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>



NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2020 (cont'd)

33. 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.

34. 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 hotel operations 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 2020 (cont'd)

34. OPERATING SEGMENT - GROUP (CONT'D)

Business segments

Segment capital expenditure comprises additions to property, plant and equipment, right-of-use assets and investment properties.

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

	<u>Plantation</u> RM	Property and <u>others</u> RM	<u>Elimination</u> RM	<u>Total</u> RM
2020				
Assets				
Reported segment assets	364,581,076	106,625,988	-	471,207,064
Unallocated corporate assets				<u>11,765,896</u>
Consolidated total assets				<u><u>482,972,960</u></u>
Liabilities				
Segment liabilities	140,210,089	24,591,009	-	164,801,098
Unallocated corporate liabilities				<u>6,603,634</u>
Consolidated total liabilities				<u><u>171,404,732</u></u>
Revenue				
External sales	118,922,714	3,000,906	-	121,923,620
Inter-segment income [^]	18,847,924	974,648	(19,822,572)	-
Total revenue	<u>137,770,638</u>	<u>3,975,554</u>	<u>(19,822,572)</u>	<u>121,923,620</u>
Segment results	121,182,395	(7,097,798)	-	114,084,597
Finance costs	(6,842,593)	(1,835,763)	-	(8,678,356)
Unallocated (expenses)/ income:				
Director's remuneration				(8,052,552)
Others				<u>1,757,307</u>
Profit before tax				<u><u>99,110,996</u></u>



NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020 (cont'd)

34. OPERATING SEGMENT - GROUP (CONT'D)

Business segments (cont'd)

	<u>Plantation</u> RM	Property and <u>others</u> RM	<u>Elimination</u> RM	<u>Total</u> RM
2019				
Assets				
Reported segment assets	329,437,276	130,816,253	-	460,253,529
Unallocated corporate assets				<u>54,051,975</u>
Consolidated total assets				<u><u>514,305,504</u></u>
Liabilities				
Segment liabilities	235,232,405	36,609,496	-	271,841,901
Unallocated corporate liabilities				<u>17,920,185</u>
Consolidated total liabilities				<u><u>289,762,086</u></u>
Revenue				
External sales	113,713,853	3,187,242	-	116,901,095
Inter-segment income [^]	<u>19,701,444</u>	<u>30,000</u>	<u>(19,731,444)</u>	<u>-</u>
Total revenue	<u>133,415,297</u>	<u>3,217,242</u>	<u>(19,731,444)</u>	<u>116,901,095</u>
Segment results	(39,331,253)	(3,630,320)	-	(42,961,573)
Finance costs	(8,819,329)	(1,182,802)	-	(10,002,131)
Unallocated expenses:				
Director's remuneration				(5,567,650)
Others				<u>(113,606)</u>
Loss before tax				<u><u>(58,644,960)</u></u>

[^] Inter-segment income is eliminated on consolidation and reflects in the elimination column.

Included in revenue arising from external sales of RM121,923,620 (2019: RM116,901,095) is revenue of approximately RM63,023,892 (2019: RM85,521,078) which arose from sales to the largest customer of the Group. No other single customer contributed 10% or more to the revenue of the Group for both 2020 and 2019.



NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2020 (cont'd)

35. EARNINGS/(LOSS) PER ORDINARY SHARE

Group

Basic earnings/(loss) per ordinary share

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

	2020	<u>Group</u> 2019
Profit/(Loss) after tax for the financial year attributable to owners of the Company (RM)	98,763,589	(58,290,958)
Weighted average number of ordinary shares in issue	189,056,047	173,219,859
Basic earnings/(loss) per ordinary share (sen)	<u>52.24</u>	<u>(33.65)</u>

Diluted earnings/(loss) per ordinary share

The fully diluted earnings per ordinary share of the Group for year 2020 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 anti-dilutive effect since the exercise price of the Warrants and Employee Share Options exceeded the average market price of ordinary shares of the Company during the financial year ended 31 December 2020.

36. 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 property valuer, PA International Property Consultants Sdn Bhd. 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. As at the end of the reporting period, the decision of the Federal Court is still pending.



NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2020 (cont'd)

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

- (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 procuring the alienation of the lease as contribution for the 30% shareholding of the NCR Owners and capital contributions from the other shareholders, the subsidiary shall progressively increase its issued and paid-up share capital. In the 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 as trustees for the NCR Owners.

In year 2016, Harn Len Pelita, was served with a Writ and Statement of Claim by the High Court of Sabah and Sarawak, where 36 the NCR alleged that the Company 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 had erred in dismissing the NCR owners’ claim. Upon hearing both parties and upon the suggestion by the NCR owners for the possibility of settlement, the Court directed parties to explore into settlement and adjourned the matter to 25 June 2021. The Court also directed the NCR owners to write to the Company on their proposal of settlement for the consideration of the Company. In brief, the NCR owner’s counsel mentioned that their proposal is to participate in the land scheme and be paid accordingly.

The directors of the said 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 Harn Len Pelita explicitly grants the rights of the land to Harn Len Pelita for plantation development purposes.

At the end of the reporting period, the title to the leasehold land of Harn Len Pelita has yet to be issued by the relevant authority to Harn Len Pelita.



NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2020 (cont'd)

37. SIGNIFICANT EVENT

SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

On 11 March 2020, the World Health Organisation declared the Coronavirus (“COVID-19”) outbreak as a pandemic in recognition of its rapid spread across the globe. On 16 March 2020, the Malaysian Government has imposed the Movement Control Order (“MCO”) starting from 18 March 2020 to curb the spread of the COVID-19 outbreak in Malaysia and has subsequently entered into various phases of MCO. The COVID-19 outbreak also resulted in travel restriction, lockdown and other precautionary measures imposed in various countries. The emergence of the COVID-19 outbreak since early 2020 has brought significant economic uncertainties in Malaysia and markets in which the Group and the Company operate. Worker shortages, already a prevalent industry issue prior to the COVID-19 pandemic, exacerbated in 2020 due to the various stages of MCOs and border closures. This has continued to negatively impact plantation production volume.

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

SIGNIFICANT EVENT AFTER THE FINANCIAL YEAR

The Government of Malaysia Government has again imposed the MCO and Conditional Movement Control Order (“CMCO”) for selected states which are severely affected by the novel coronavirus (“COVID 19- pandemic”) on 11 January 2021. Besides, the Malaysia King declared state of emergency for the country until 1 August 2021 to curb the spread of Covid-19 on 12 January 2021.

The restrictions imposed have not, however, further impacted the Group’s financial performance as our main plantation business was allowed to operate throughout the MCO/CMCO, under guidelines set by the National Security Council, Ministry of Health and Ministry of International Trade and Industry respectively.

As at the date of authorisation of the financial statements, the COVID-19 pandemic situation is still evolving and uncertain. The Group will continue to actively monitor and manage its funds and operations to minimise any impact arising from the COVID-19 pandemic.



NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020 (cont'd)

38. COMPARATIVE FIGURES AND PRIOR YEAR ADJUSTMENTS

- (a) The comparative figures were not audited by Grant Thornton Malaysia PLT.
- (b) In the prior year, the Management Agreements with affiliate companies as the exclusive contractor to develop and manage the plantation and bearer plants has been assessed to be leases under MFRS 16 as the contract conveys the right to the control the use of the plantation and the biological assets thereon for 25 years. Upfront payments paid and payable as at the effective date of the agreements amounting to RM14,687,296 were recognised as prepayments. HLCB's share of the net plantation profit was subsequently accounted for as variable lease payments and the affiliate companies' share of net plantation profit was accounted for as share of loss arising from estates and plantation management.

Lease payments made at or before the commencement date of the contract, as well as fixed payments payable for the right to use the asset should have been recognised as the cost of right-of-use assets. Accordingly, the net carrying value amounting to RM14,169,769 has been reclassified from prepayments to right-of-use assets from 1 January 2019 (adoption of MFRS 16). The affiliate companies' share of net plantation profit is accounted for as variable lease payments.

- (c) The Company rented 2 units of shophouses to its subsidiary, Ngee Heng Square Sdn. Bhd, since 1 July 2019 for the purpose of operating a food and beverage business. As at 31 December 2019, the properties were carried at carrying value of RM1,530,393 and classified under investment properties although the properties were owner occupied at group level. Accordingly, prior year adjustment was made to reclassify the amount to property, plant and equipment.
- (d) The Group and the Company have aligned the presentation of the statements of comprehensive income during the current financial year. Accordingly, the comparative information was reclassified to conform with the current year's presentation.

	Note	Original 2019 RM	Reclassification 2019 RM	Restated 2019 RM
Group				
<u>Statements of financial position</u>				
Other receivables	(b)	35,817,504	(14,169,769)	21,647,735
Right-of-use assets	(b)	75,664,683	14,169,769	89,834,452
Property, plant and equipment				
Investment properties	(c)	219,106,655	1,530,393	220,637,048
	(c)	109,508,211	(1,530,393)	107,977,818
Company				
Other receivables	(b)	32,770,746	(14,169,769)	18,600,977
Right-of-use assets	(b)	35,366,132	14,169,769	49,535,901



NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2020 (cont'd)

38. COMPARATIVE FIGURES AND PRIOR YEAR ADJUSTMENTS (CONT'D)

	Note	Original 2019 RM	Reclassification 2019 RM	Restated 2019 RM
<u>Statements of other comprehensive income</u>				
Group				
Administrative expense	(d)	33,940,258	(2,299,925)	31,640,333
Other expenses	(d)	28,001,000	2,299,925	30,300,925
Company				
Administrative expense	(d)	18,470,629	(2,299,925)	16,170,704
Other expenses	(d)	9,011,000	2,299,925	11,310,925



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	51,367	43	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 Estate Buildings	Leasehold 2070 2072 2078 2079	2,116.31 Ha	Oil Palm Plantation	34,746	N/A	18.07.2003
iii)	Six (6) units Double-Storey Terrace Shophouses held under - Lot 2046 Grn 2250 158 Jalan Ngee Heng - Lot 2048 Grn 99923 160 Jalan Ngee Heng - Lot 2049 Grn 99924 161 Jalan Ngee Heng - Lot 2050 Grn 51476 162 Jalan Ngee Heng - Lot 2051 Grn 99925 163 Jalan Ngee Heng - Lot 2047 Grn 99922 159 Jalan Ngee Heng All in Bandar Johor Bahru, Johor Darul Takzim	Freehold Freehold Freehold Freehold Freehold Freehold	1,707 sq ft 1,617 sq ft 1,613 sq ft 1,655 sq ft 1,706 sq ft 1,634 sq ft	Rented Out/ Staff Quarters Rented Out Rented Out Food and Beverage Outlet Food and Beverage Outlet Rented Out/ Staff Quarters	3,481 577	85 85 85 85 85 85	15.10.2010 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	Factory cum Office Rented Out	15,102	24	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	8,365	5-7	20.01.2015
vi)	Two units of shopoffice - Lot 1754, Geran 239831 No. 35 & 35A, Jalan Tan Hiok Nee, 80000 Johor Bahru & No. 43 & 43A, Jalan Ibrahim, 80000 Johor Bahru, Johor Darul Takzim - Lot 1755 Geran 41807 No. 44 & 44A, Jalan Ibrahim, 80000 Johor Bahru, Johor Darul Takzim	Freehold Freehold	157.5584 sq m 95.3185 sq m	Assets Classified as Held for Sale Assets Classified as Held for Sale	1,856 1,465	>70 >70	22.12.2017 22.12.2017
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	52	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	17,752	N/A	15.01.2004



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
2.	MASRANTI PLANTATION SDN BHD iii) Lot No 38, Block 8 TRN.: 08-LCPLS-024-008-00038 Punda-Sabal Land District of Samarahan Division Sarawak Estate Buildings Factory Buildings	Leasehold 2071	525 Ha	Oil Palm Plantation	3,593 6,888 15,028	N/A 3-17 4-10	08.09.2011
3.	MASRANTI SEBANGKOI SDN BHD Kampung Sebangkoi & Kampung Mawang Simunjan Division, Sarawak Estate Buildings	NCR Native Land 60 Years	2,140.16 Ha	Oil palm Plantation	14,148 142	N/A 5-6	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	2,059 2,937	N/A 3-15	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	1,834	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	2,074	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	2,176	N/A	17.11.2016
8.	MIDWEST EQUITY SDN BHD (961977-W) 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	206,052		

Abbreviations

N/A - Not Applicable

NCR - Native Customary Rights

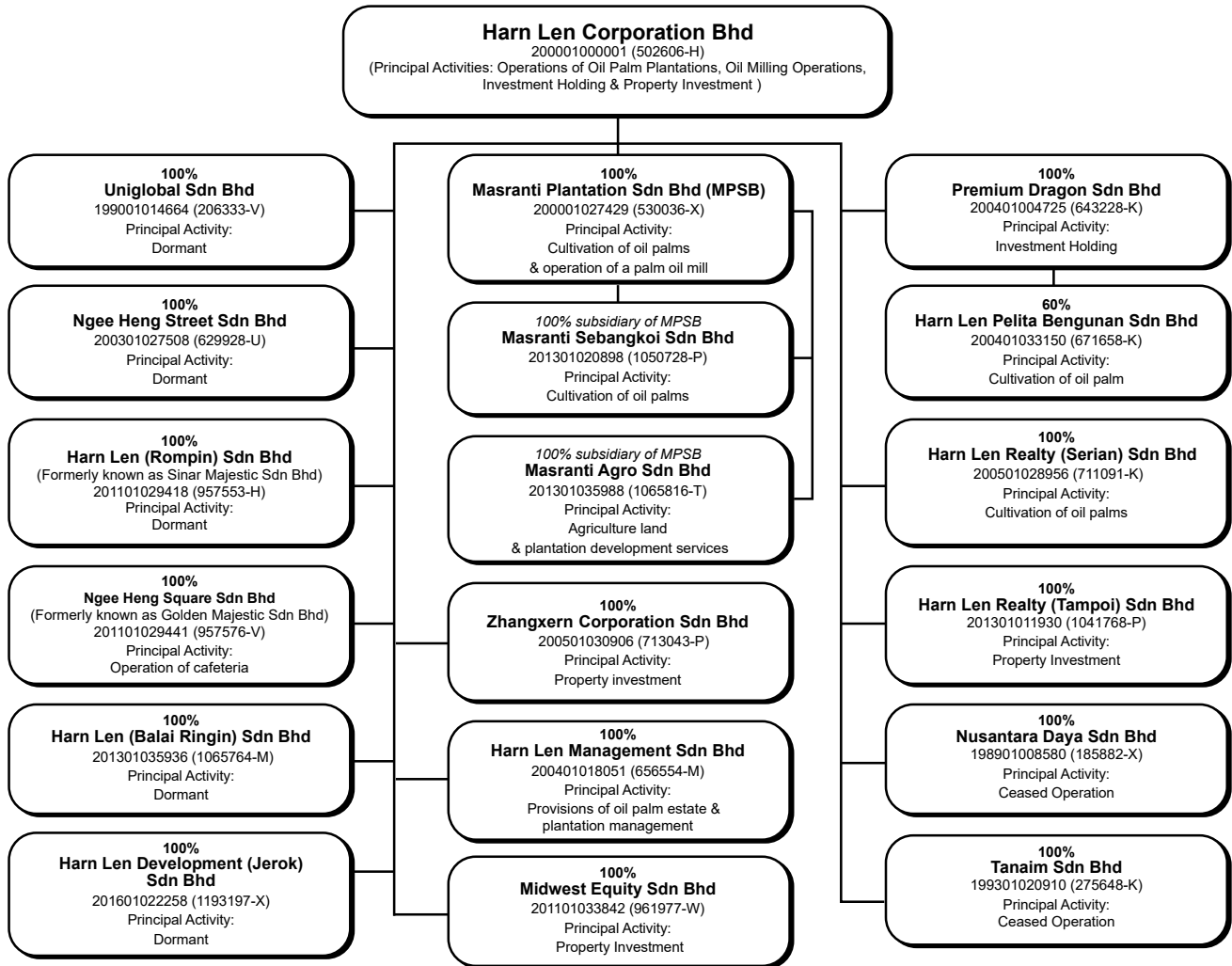
Ha - Hectare

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

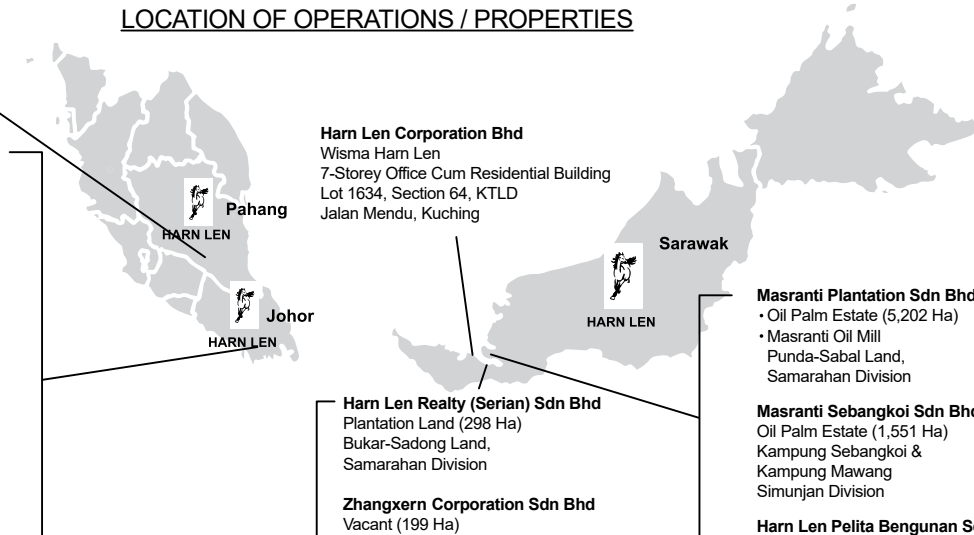
Harn Len Realty (Serian) Sdn Bhd
 Plantation Land (298 Ha)
 Bukar-Sadong Land,
 Samarahan Division

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 Bangunan Sdn Bhd
 Oil Palm Estate (6,344 Ha)
 Bukit Bungenan, Sri Aman Division





ANALYSIS OF SHAREHOLDINGS AS AT 15 APRIL 2021

ISSUED AND PAID-UP SHARE CAPITAL	:	RM201,780,013 DIVIDED INTO 193,677,159 ORDINARY SHARES
NO. OF TREASURY SHARES HELD BY THE COMPANY	:	8,104,800
CLASS OF SHARES	:	ORDINARY SHARES
NO OF SHAREHOLDERS	:	2,721
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	2.90	112,377,975 ^{*1}	60.56
2.	Puan Sri Datin Chan Pui Leorn	880,000	0.47	122,797,108 ^{*2}	66.17
3.	Dato Liew Kuek Hin	-	-	114,507,245 ^{*3}	61.70
4.	Low Quek Kiong	5,700,200	3.07	117,762,308 ^{*4}	63.46
5.	Low Kueck Shin	500,000	0.27	117,762,308 ^{*4}	63.46
6.	Low Kwek Lee	500,000	0.27	117,762,308 ^{*4}	63.46
7.	Low Kuek Kong	550,000	0.30	117,762,308 ^{*4}	63.46
8.	Low Kuit Son	-	-	137,804,108 ^{*5}	74.26
9.	Low Kok Yong	890,000	0.48	122,797,108 ^{*6}	66.17
10.	Low Kok Yaow	500,000	0.27	122,797,108 ^{*6}	66.17
11.	LNH Enterprise Sdn Bhd	49,155,896	26.49	455,330 ^{*7}	0.25
12.	Low Nam Hui United Holdings Sdn Bhd	52,265,679	28.16	-	-
13.	Shande Ancestral Park Berhad	10,500,000	5.66	-	-

Notes:-

- *1. Deemed interested in the shares held by the Executors, 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.
- *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, Yong Yaow Properties Sdn Bhd and Shande Ancestral Park Berhad and the shares held by 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, 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.



ANALYSIS OF SHAREHOLDINGS (cont'd) AS AT 15 APRIL 2021

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.
- *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, Seri Cemerlang Plantation (Pahang) Sdn Bhd, Yong Yaow Properties Sdn Bhd and Shande Ancestral Park Berhad and the shares held by the Executors pursuant to Section 8 of the Companies Act, 2016.
- *7. Deemed interested in the shares held by Seri Cemerlang Plantation (Pahang) Sdn Bhd 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	880,000	0.49	122,797,108 ^{*1}	66.17
2.	Low Quek Kiong	5,700,200	3.07	118,762,308 ^{*2}	64.00
3.	Low Kueck Shin	500,000	0.27	117,812,308 ^{*3}	63.49
4.	Low Kwek Lee	500,000	0.27	117,812,308 ^{*4}	63.49
5.	Low Kuek Kong	550,000	0.30	117,762,308 ^{*5}	63.46
6.	Low Kok Yong	890,000	0.48	122,797,108 ^{*1}	66.17
7.	Low Kok Yaow	500,000	0.27	122,797,108 ^{*1}	66.17
8.	Loh Wann Yuan	1	0.00	-	-
9.	Brig. Jen. (B) Dato' Ali Bin Hj. Musa	-	-	-	-
10.	Law Piang Woon	-	-	-	-
11.	Mohamed Akwal Bin Sultan Mohamad	-	-	-	-

Notes:-

- *1. 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 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, Seri Cemerlang Plantation (Pahang) Sdn Bhd and Shande Ancestral Park Berhad and the shares held by his immediate family members namely, the Executors and Low Yew Yern 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, Seri Cemerlang Plantation (Pahang) 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, Seri Cemerlang Plantation (Pahang) 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 15 APRIL 2021

B) LIST OF DIRECTORS' SHAREHOLDINGS (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 and Shande Ancestral Park Berhad and the shares held by the Executors pursuant to Section 8 of the Companies Act, 2016.

C) DISTRIBUTION OF SHAREHOLDINGS

No. of Holders	Holdings	Total Holdings	Percentage (%)
50	Less than 100	1,333	0.000
945	100 to 1,000	261,037	0.140
1,113	1,001 to 10,000	5,919,288	3.189
524	10,001 to 100,000	18,278,577	9.849
86	100,001 to less than 5% of issued shares	56,190,549	30.279
3	5% and above of issued shares	104,921,575	56.539
Total:	2,721	185,572,359	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	28.16
2.	LNH ENTERPRISE SDN. BHD.	42,155,896	22.72
3.	SHANDE ANCESTRAL PARK BERHAD	10,500,000	5.66
4.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEGDED SECURITIES ACCOUNT FOR LNH ENTERPRISE SDN BHD	7,000,000	3.77
5.	LOW NAM HUI	5,384,333	2.90
6.	LOW QUEK KIONG	5,125,200	2.76
7.	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEGDED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR YONG YAOW PROPERTIES SDN.BHD. (SMART)	5,034,800	2.71
8.	HLIB NOMINEES (TEMPATAN) SDN BHD PLEGDED SECURITIES ACCOUNT FOR ASTINAS CONSTRUCTION & DEVELOPMENT SDN. BHD. (MG0037-222)	3,500,000	1.89
9.	UOB KAY HIAN NOMINEES (TEMPATAN) SDN BHD PLEGDED SECURITIES ACCOUNT FOR TEO KWEE HOCK	2,314,100	1.25
10.	MAYBANK NOMINEES (TEMPATAN) SDN BHD CHUA ENG HO WA'A @ CHUA ENG WAH	1,675,300	0.90
11.	UOB KAY HIAN NOMINEES (TEMPATAN) SDN BHD PLEGDED SECURITIES ACCOUNT FOR TEO SIEW LAI	1,600,000	0.86
12.	TOH EAN HAI	1,400,000	0.75
13.	SEE SO KIM HUAT	1,051,500	0.57
14.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEGDED SECURITIES ACCOUNT FOR YONG LOY HUAT (7000875)	1,000,000	0.54



ANALYSIS OF SHAREHOLDINGS (cont'd) AS AT 15 APRIL 2021

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

No.	NAME	NO. OF SHARES HELD	PERCENTAGE (%)
15.	AMBank (M) BERHAD PLEGDED SECURITIES ACCOUNT FOR ONG YOONG NYOCK (SMART)	1,000,000	0.54
16.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEGDED SECURITIES ACCOUNT FOR CHAN PUI LEORN (7000640)	880,000	0.47
17.	CIMB GROUP NOMINEES (ASING) SDN. BHD. EXEMPT AN FOR DBS BANK LTD (SFS)	610,700	0.33
18.	NG CHING SOONG	589,800	0.32
19.	LOW QUEK KIONG	575,000	0.31
20.	LOW KUEK KONG	550,000	0.30
21.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEGDED SECURITIES ACCOUNT FOR LOW KOK YONG	550,000	0.30
22.	GAN HONG LIANG	548,100	0.30
23.	LIFE ENTERPRISE SDN BHD	545,700	0.29
24.	LIM SENG QWEE	516,000	0.28
25.	GAN HONG LEE	500,000	0.27
26.	LOW KOK YAOW	500,000	0.27
27.	LOW KUECK SHIN	500,000	0.27
28.	LOW KWEK LEE	500,000	0.27
29.	LOW YEW YERN	500,000	0.27
30.	LOW YEW YERN	500,000	0.27



ANALYSIS OF WARRANT HOLDINGS AS AT 15 APRIL 2021

NO OF WARRANTS ISSUED : 51,965,924
CLASS OF WARRANTS : WARRANTS B
NO OF WARRANTS HOLDERS : 2,228

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.	14,743,768	28.37	-	-
2.	LOW NAM HUI UNITED HOLDINGS SDN BHD	10,423,403	20.06	-	-
3.	SHANDE ANCESTRAL PARK BERHAD	3,150,000	6.06	-	-

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	165,000	0.32	33,843,819 ^{*1}	65.13
2.	Low Quek Kiong	1,522,500	2.93	32,333,379 ^{*2}	62.22
3.	Low Kueck Shin	-	-	32,333,379 ^{*2}	62.22
4.	Low Kwek Lee	-	-	32,333,379 ^{*2}	62.22
5.	Low Kuek Kong	-	-	32,333,379 ^{*2}	62.22
6.	Low Kok Yong	216,000	0.42	33,843,819 ^{*1}	65.13
7.	Low Kok Yaow	-	-	33,843,819 ^{*1}	65.13
8.	Loh Wann Yuan	-	-	-	-
9.	Brig. Jen. (B) Dato' Ali Bin Hj. Musa	-	-	-	-
10.	Law Piang Woon	-	-	-	-
11.	Mohamed Akwal Bin Sultan Mohamad	-	-	-	-

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, Seri Cemerlang Plantation (Pahang) 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, Seri Cemerlang Plantation (Pahang) 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 15 APRIL 2021

C) DISTRIBUTION OF WARRANTHOLDINGS

	No. of Holders	Holdings	Total Holdings	Percentage (%)
	809	Less than 100	31,171	0.059
	529	100 to 1,000	267,673	0.515
	664	1,001 to 10,000	2,317,196	4.459
	197	10,001 to 100,000	6,095,355	11.729
	26	100,001 to less than 5% of issued warrants	14,937,358	28.744
	3	5% and above of issued warrants	28,317,171	54.491
Total:	2,228		51,965,924	100.00

D) TOP 30 LARGEST SECURITIES ACCOUNT HOLDERS

No.	NAME	NO. OF WARRANTS HELD	PERCENTAGE (%)
1.	LNH ENTERPRISE SDN. BHD.	14,743,768	28.37
2.	LOW NAM HUI UNITED HOLDINGS SDN BHD	10,423,403	20.06
3.	SHANDE ANCESTRAL PARK BERHAD	3,150,000	6.06
4.	SERI CEMERLANG PLANTATION (PAHANG) SDN BHD	2,400,909	4.62
5.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR BAKAT IMPIAN SDN BHD (8124505)	1,650,000	3.18
6.	LOW NAM HUI	1,615,299	3.11
7.	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR YONG YAOW PROPERTIES SDN.BHD. (SMART)	1,510,440	2.91
8.	LOW QUEK KIONG	1,500,000	2.89
9.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TNTT REALTY SDN BHD	1,000,000	1.92
10.	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR BANK OF SINGAPORE LIMITED (FOREIGN)	743,190	1.43
11.	TEO KWEE HOCK	607,500	1.17
12.	MAYBANK NOMINEES (TEMPATAN) SDN BHD CHUA ENG HO WA'A @ CHUA ENG WAH	492,400	0.95
13.	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TEH SWEE HENG (MM1118)	450,000	0.87
14.	NG KIM HOW	450,000	0.87
15.	LOKE PAK JOEN	303,700	0.58
16.	LIEW KON MOY	272,700	0.52
17.	LAI YEW KIN	200,000	0.38
18.	CIMB GROUP NOMINEES (ASING) SDN. BHD. EXEMPT AN FOR DBS BANK LTD (SFS)	183,210	0.35



ANALYSIS OF WARRANT HOLDINGS (cont'd) AS AT 15 APRIL 2021

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

No.	NAME	NO. OF SHARES HELD	PERCENTAGE (%)
19.	YAT YEE TONG	180,000	0.35
20.	NG CHING SOONG	176,940	0.34
21.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHAN PUI LEORN (7000640)	165,000	0.32
22.	GAN HONG LIANG	164,430	0.32
23.	KENANGA NOMINEES (TEMPATAN) SDN BHD RAKUTEN TRADE SDN BHD FOR TAN KIM CHEW	144,700	0.28
24.	TAN AIK SENG	131,400	0.25
25.	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LU LIP LAI (731389)	129,340	0.25
26.	LOO CHEAN KEONG	129,000	0.25
27.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAY KIM CHUAN (E-JAH)	117,200	0.23
28.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LOW KOK YONG (E-TJJ)	117,000	0.23
29.	LEE CHIN YEN	103,000	0.20
30.	CHONG MING MING	100,000	0.19

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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 21st Annual General Meeting ("21st AGM" or "Meeting") of the Company to be held at Merdeka Hall, Ground Floor, Johor Tower, 15 Jalan Gereja, 80100 Johor Bahru, Johor, Malaysia on Wednesday, 23 June 2021 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 2020 and the Reports of the Directors and Auditors thereon			
Ordinary Business:				
2.	To approve the payment of Directors' fees of RM200,000 to Independent Non-Executive Directors for the financial year ended 31 December 2020.	1		
3.	To approve the payment of Directors' benefits payable to the Directors up to RM220,000 for the period 1 July 2021 to 30 June 2022.	2		
4.	To re-elect the following Directors who retire by rotation pursuant to Clause 76(3) of the Company's Constitution of the Company.			
4.1	Mr Low Quek Kiong	3		
4.2	Mr Low Kueck Shin	4		
4.3	Mr Low Kwek Lee	5		
4.4	Mr Low Kok Yaow	6		
5.	To re-appoint Messrs Grant Thornton Malaysia PLT as Auditors of the Company for the financial year ending 31 December 2021 and to authorise the Directors to fix their remuneration..	7		
Special Business:				
6.	Continuing in office as Independent Non-Executive Director			
6.1	Brig. Jen. (B) Dato' Ali Bin Hj. Musa	8		
6.2	Mr Law Piang Woon	9		
7.	Authority to allot shares pursuant to Sections 75 and 76 of the Companies Act, 2016.	10		
8.	Proposed Renewal of Share Buy-Back	11		

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 _____ 2021.

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 21st 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 21st 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 "TIIH"), via the **TIIH Online** website at <https://tiih.online> no later than **Monday, 21 June 2021 at 10.00 a.m.** Please follow the Pre-Register Procedures in the Administrative Details for 21st AGM.
2. For the purpose of determining who shall be entitled to attend the 21st AGM, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company, a **Record of Depositors as at 15 June 2021**. Only a member whose name appears on this Record of Depositors shall be entitled to attend the 21st AGM or appoint a proxy to attend, speak and vote on his/her/its behalf.
3. A member entitled to attend and vote at the 21st 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 21st 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 Securities Industry (Central Depositories) Act 1991 ("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 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 21st AGM must request his/her proxy or attorney or corporate representative to **PRE-REGISTER** their attendance at **TIIH Online** website at <https://tiih.online> no later than **Monday, 21 June 2021 at 10.00 a.m.** Please follow the Pre-Register Procedures in the Administrative Details for 21st 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 21st 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 TIIH Online
In the case of an appointment made via TIIH Online, this form of proxy can be lodged via **TIIH Online** at <https://tiih.online>. Kindly refer to the Administrative Details on the procedure for electronic lodgement of form of proxy via TIIH 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 21st 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 proxy form is **Monday, 21 June 2021 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 Company's registered office 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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HARN LEN CORPORATION BHD
200001000001(502606-H)

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Tel: 07-2221777 Fax: 07-2249213 Email: general@harnlen.com.my
Website: www.harnlen.com.my