KIM LOONG
RESOURCES BERHAD
錦隆資源有限公司
197501000991 (22703-K)

STRATEGIC ADVANCEMENT OF
OPERATING SUCCESS

Annual Report

2021

THE PRINCIPAL ACTIVITIES OF THE KLR GROUP ARE DIVIDED INTO TWO MAIN AREAS: PLANTATION OPERATIONS AND MILLING OPERATIONS. YEARS OF EXPERIENCE AND EXPERTISE OF THE BOARD AND THE MANAGEMENT HAVE PROPELLED THE KLR GROUP TO MATURE AND EXCEL IN BOTH ACTIVITIES.

CONTENTS

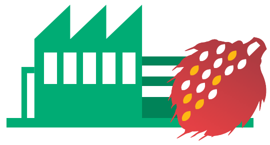
DATE OF TRANSPLANTING
02/12/2020
BATCH : NO .12
RAMET :9590 SEEEDS
PRE-NURSERY
DATE OF PLANTED
29.07.2020

CORPORATE MILESTONES

1967

Sharikat Kim Loong Sendirian Berhad ("SKL"), holding company of Kim Loong Resources Berhad, commenced business with 1,000-acre rubber plantation at Ulu Tiram, Johor. (The first planting of oil palm started in 1968).

1977



Incorporation of Kim Loong Palm Oil Sdn. Bhd. (currently a subsidiary of Kim Loong Resources Berhad) by SKL to undertake the milling operation and relocation of palm oil mill to Kota Tinggi, Johor under Kim Loong Palm Oil Mills Sdn. Bhd. which commenced operations in 1996.

1981

SKL expanded into Sabah by acquiring 1,000 acres of land in Sandakan, Sabah. Cocoa was first planted on the land followed by oil palm.

1997

Incorporation of Desa Kim Loong Plantations Sdn. Bhd. (currently known as Kim Loong - KPD Plantations Sdn. Bhd.) to enter into a JV with Korporasi Pembangunan Desa to develop 4,000 acres of land in Telupid, Sandakan, Sabah into an oil palm plantation.

Restructuring exercise to transfer all Sabah plantation operations to Kim Loong Resources Berhad.

1998

Incorporation of Kim Loong Corporation Sdn. Bhd. ("KLC") by SKL to enter into a JV with Desa Cattle (S) Sdn. Bhd. to develop 17,731 acres of land into oil palm plantation and to erect new palm oil mill in Sook, Keningau, Sabah.

Kota Tinggi Mill was ranked the largest commercial mill in Malaysia in terms of its CPO Production.

1999

As part of the listing restructuring exercise, KLPO group (milling operations at Kota Tinggi, Johor) and KLC (the plantation and milling operations at Sook, Keningau, Sabah) were transferred to Kim Loong Resources Berhad.

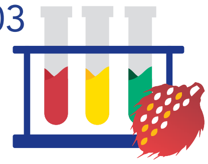
2000

Kim Loong Resources Berhad was listed on the Main Board of the Kuala Lumpur Stock Exchange (now known as Bursa Malaysia Securities Berhad).

2002

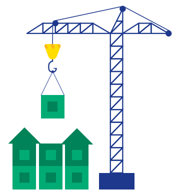
Construction of the Keningau Mill which commenced operations in February 2003. Kota Tinggi Mill won the most innovative mill award by MPOB.

2003



Kim Loong Resources Berhad expanded its downstream diversification by entering into a Supply and Installation Contract and a Joint Venture Agreement in 2004 to undertake projects to extract CPO from wet palm fibre and to extract tocotrienol concentrates from CPO under Kim Loong Technologies Sdn. Bhd. and Palm Nutraceuticals Sdn. Bhd. respectively.

2004



The Group entered into a Development cum Joint Venture with Al-Yatama Berhad to develop 2,702 acres of land in Kota Tinggi, Johor.

Capacity of our Keningau Mill was successfully expanded to 45 MT of FFB per hour.

2005

Keningau Mill was awarded by MPOB for achieving OER exceeding 25%.

2006

The Group undertook a biogas plant in our Kota Tinggi mill as a Clean Development Mechanism ("CDM") project under the Kyoto Protocol to the United Nations Framework Convention on Climate Change ("UNFCCC").

CORPORATE MILESTONES
(cont'd)

2007

Keningau Mill was awarded by MPOB as the highest OER mill in Malaysia in year 2007. The Group undertook another CDM project in our Keningau mill.

2008

Commissioned the 3rd palm oil mill at Telupid, Sabah. Commissioned our first CDM project at Kota Tinggi in August 2008. Kim Loong Resources Berhad received an award from Malaysia Cocoa Board under cocoa estate category.

2013/2014

Telupid Mill was awarded by MPOB for achieving the highest OER (External FFB Source) in Malaysia.

2010

Kim Loong Resources Berhad received the shareholder value award (Agriculture & Fisheries sector) from KPMG.

Commissioned the second palm pressed fibre oil extraction plant.

The Group expanded into Sarawak by acquiring Tetangga Akrab Pelita (Pantu) Sdn Bhd (currently known as Winsome Pelita (Pantu) Sdn. Bhd.), a joint venture company with Pelita Holdings Sdn. Bhd. to develop Native Customary Rights Land ("NCR Land") with estimated plantable area of 6,300 Ha in Sri Aman Division.

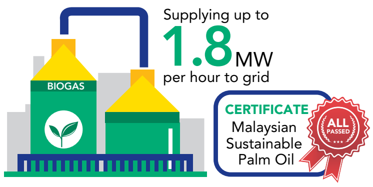
2016/2017

Kim Loong Resources Berhad was awarded by The Edge in year 2016 as the highest returns to shareholders over three years in Malaysia (Plantation).

2020/2021

The Company entered into Sale and Purchase Agreements to acquire oil palm plantation land in Sabah with a total gross land area of approximately 2,862 acres. In February 2021, the Group took possession of 2,722 acres.

2019



Biogas plant at Kota Tinggi mill commenced supplying power up to 1.8 MW per hour to grid.

All the plantations and mills under the Group have passed the Malaysian Sustainable Palm Oil ("MSPO") audit and have obtained MSPO certification.

2018

Kim Loong Resources Berhad was awarded by The Edge in year 2018 as the highest returns to shareholders over three years in Malaysia (Plantation).

The Company had successfully implemented Corporate Exercises involving Share Split (1 existing ordinary share to 3 Subdivided Shares) and Bonus Issue of Warrants (1 Warrant for every 20 Subdivided Shares) in April 2018.

Keningau mill was awarded by MPOB as the best palm oil mill (External FFB source in Sabah/Sarawak).

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Forty-sixth Annual General Meeting of Kim Loong Resources Berhad will be held at the Lido Room, Level 6, Amari Johor Bahru, No. 82C, Jalan Trus, 80000 Johor Bahru, Johor Darul Takzim on Wednesday, 28 July 2021 at 11.00 a.m. for the following purposes:-

AGENDA

As Ordinary Business

1. To receive the Directors' Report and the Audited Financial Statements for the financial year ended 31 January 2021 together with the Auditors' Report thereon.

2. To declare a final single tier dividend of 3 sen per share in respect of the financial year ended 31 January 2021. **(Ordinary Resolution 1)**

3. To approve the following payment to Directors:-

   (a) Fees totalling RM288,000 for the financial year ended 31 January 2021. **(Ordinary Resolution 2)**

   (b) Benefits of up to RM40,000 from this Annual General Meeting until the next annual general meeting of the Company. **(Ordinary Resolution 3)**

4. To re-elect the following Directors retiring in accordance with Clause 88 of the Constitution of the Company:-

   (a) Mr. Gooi Seong Chneh **(Ordinary Resolution 4)**

   (b) Mr. Cheang Kwan Chow **(Ordinary Resolution 5)**

5. To re-appoint M/s. Ernst & Young PLT as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Ordinary Resolution 6)**

As Special Business, to consider and if thought fit, to pass the following resolutions:-

6. AUTHORITY TO ALLOT AND ISSUE SHARES

   "THAT subject always to the Companies Act, 2016, the Constitution of the Company and the approval of the relevant governmental/regulatory bodies, the Directors be and are hereby authorised pursuant to Sections 75 and 76 of the Companies Act, 2016, to allot and issue shares in the Company at any time and upon such terms and conditions and for such purposes as they may deem fit and that the Directors be and are hereby empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad provided always that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the total number of issued shares (excluding treasury shares) of the Company for the time being and that such authority shall continue in force until the conclusion of the next annual general meeting of the Company." **(Ordinary Resolution 7)**

NOTICE OF ANNUAL GENERAL MEETING
(cont'd)

7. PROPOSED RENEWAL OF AUTHORITY FOR SHARE BUY-BACK

"THAT subject to compliance with all applicable rules, regulations and orders made pursuant to the Companies Act, 2016 ("the Act"), the provisions of the Company's Constitution and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and any other relevant authority, approval be and is hereby given to renew the authority for the Company to purchase its own shares through Bursa Securities, subject to the following:-

(a) the maximum number of shares which may be purchased by the Company (which includes the shares already purchased and held as treasury shares) shall be 93,541,573 representing 10% of the total number of issued shares of the Company as at 22 April 2021;

(b) the maximum fund to be allocated by the Company for the purpose of purchasing the shares shall not exceed the audited retained profits of the Company as at 31 January 2021 of RM109,824,166;

(c) the authority conferred by this Ordinary Resolution will be effective immediately upon the passing of this Ordinary Resolution and will expire at the conclusion of the next annual general meeting or the expiry of the period within which the next annual general meeting is required by law to be held, whichever occurs first (unless earlier revoked or varied by ordinary resolution of the shareholders of the Company in a general meeting) but not so as to prejudice the completion of purchase(s) by the Company or any person before the aforesaid expiry date and in any event, in accordance with the provisions of the requirements issued by Bursa Securities or any other relevant authorities;

(d) upon completion of the purchase by the Company of its own shares, the shares shall be dealt with in the following manner:-

   (i) to cancel the shares so purchased; or

   (ii) to retain the shares so purchased in treasury for distribution as dividend to the shareholders of the Company and/or resell through Bursa Securities and/or subsequently cancel the treasury shares and/or transfer the treasury shares for the purposes of or under an employees' share scheme or as purchase consideration; or

   (iii) to retain part of the shares so purchased as treasury shares and cancel the remainder;

   and in any other manner as prescribed by Section 127 of the Act, rules, regulations and orders made pursuant to the Act and the requirements of Bursa Securities and any other relevant authority for the time being in force;

AND THAT the Directors of the Company be and are hereby authorised to take all steps as are necessary or expedient to implement or to effect the purchase(s) of the shares with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments as may be imposed by the relevant authorities from time to time and to do all such acts and things as the Directors may deem fit and expedient in the best interest of the Company." **(Ordinary Resolution 8)**

8. RETENTION OF INDEPENDENT NON-EXECUTIVE DIRECTOR

"THAT Mr. Gan Kim Guan, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than 12 years, be retained as an Independent Non-Executive Director of the Company in accordance with the Malaysian Code on Corporate Governance 2017." **(Ordinary Resolution 9)**

NOTICE OF ANNUAL GENERAL MEETING

(cont'd)

9. RETENTION OF INDEPENDENT NON-EXECUTIVE DIRECTOR

"THAT Mr. Chan Weng Hoong, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than 9 years, be retained as an Independent Non-Executive Director of the Company in accordance with the Malaysian Code on Corporate Governance 2017." **(Ordinary Resolution 10)**

10. RETENTION OF INDEPENDENT NON-EXECUTIVE DIRECTOR

"THAT Mr. Cheang Kwan Chow, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than 9 years, be retained as an Independent Non-Executive Director of the Company in accordance with the Malaysian Code on Corporate Governance 2017." **(Ordinary Resolution 11)**

11. PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

"THAT subject always to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given for the renewal of the Proposed Shareholders' Mandate for the Company and / or its subsidiaries to enter into and give effect to the category of the recurrent related party transactions of a revenue or trading nature with the related parties, as specified in Section 2.3 of the Circular to Shareholders dated 28 May 2021 provided that such transactions are made on an arm's length basis and on normal commercial terms and subject further to the following:-

(a) the transactions are in the ordinary course of business and are on terms not more favourable to the related parties than those generally available to the public and not to the detriment of the minority shareholders; and

(b) disclosure is made in the Annual Report of the breakdown of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year based on the following information:-

(i) the type of the recurrent transactions made; and

(ii) the names of the related parties involved in each type of the recurrent transactions made and their relationship with the Company,

and such authority shall commence upon the passing of this Ordinary Resolution and shall continue to be in force until:-

(a) the conclusion of the next annual general meeting of the Company following the general meeting at which such mandate was passed, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed;

(b) the expiration of the period within which the next annual general meeting after the date it is required to be held pursuant to Section 340(2) of the Companies Act, 2016 (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the said Act); or

(c) revoked or varied by resolution passed by the shareholders in a general meeting;

whichever is the earlier;

AND THAT the Directors and / or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) to give effect to the transactions contemplated and / or authorised by this Ordinary Resolution." **(Ordinary Resolution 12)**

12. To consider any other business for which due notice shall have been given.

NOTICE OF ANNUAL GENERAL MEETING
(cont'd)

NOTICE OF DIVIDEND PAYMENT

NOTICE IS HEREBY GIVEN that subject to the approval of the shareholders at the Forty-sixth Annual General Meeting, the final single tier dividend of 3 sen per share in respect of the financial year ended 31 January 2021 will be paid on 30 August 2021 to depositors registered in the Record of Depositors on 13 August 2021.

A depositor shall qualify for entitlement only in respect of:-

(a) shares transferred into the Depositor's Securities Account before 4.30 p.m. on 13 August 2021 in respect of ordinary transfers; and

(b) shares bought on Bursa Malaysia Securities Berhad ("Bursa Securities") on a cum entitlement basis according to the Rules of Bursa Securities.

By Order of the Board

CHONG FOOK SIN (CCM PC No. 202008000484) (MACS 00681)
KAN CHEE JING (CCM PC No. 202008000596) (MAICSA 7019764)
CHUA YOKE BEE (CCM PC No. 202008000604) (MAICSA 7014578)
Company Secretaries

Petaling Jaya
28 May 2021

IMPORTANT NOTICE

Due to the COVID-19 pandemic, the Company has put in place the rules and controls for this Annual General Meeting in order to safeguard the health of attendees at the meeting. Shareholder is requested to read and adhere to the Administrative Guide which can be downloaded from the Company's website or via announcement in Bursa Malaysia's website.

NOTES:

(1) A member whose name appears in the Record of Depositors as at 21 July 2021 shall be regarded as a member entitled to attend, speak and vote at the meeting.

(2) Proxy -

A member entitled to attend and vote at the meeting is entitled to appoint any person as his proxy to attend, speak and vote instead of him. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy. To be valid, the Form of Proxy duly completed must be deposited at the Registered Office of the Company not less than twenty-four (24) hours before the time set for holding the meeting or any adjournment thereof. If the appointor is a corporation, this Form must be executed under its common seal or under the hand of its attorney. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account. 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.

(3) Audited Financial Statements for the financial year ended 31 January 2021 -

The Audited Financial Statements are laid in accordance with Section 340(1)(a) of the Companies Act, 2016 for discussion only under Agenda 1. They do not require shareholders' approval and hence, will not be put for voting.

NOTICE OF ANNUAL GENERAL MEETING

(cont'd)

NOTES: (CONT'D)

(4) Ordinary Resolution 3 -

The Directors' benefits comprise the following -

(a) Meeting allowance of RM500 per meeting day; and

(b) Training benefits.

(5) Ordinary Resolution 7-

This resolution, if approved, will give the Directors authority to allot and issue new ordinary shares up to an amount not exceeding 10% of the total number of issued shares (excluding treasury shares) of the Company for such purposes as the Directors consider would be in the best interest of the Company. This authority will commence from the date of this Annual General Meeting and unless revoked or varied by the Company at a general meeting, expire at the next annual general meeting.

The approval is a renewed general mandate and is sought to provide flexibility and to avoid delay and cost in convening a general meeting for such issuance of shares.

As at the date of this Notice, no new shares in the Company were issued pursuant to the authority granted to the Directors at the last annual general meeting held on 28 July 2020 and which will lapse at the conclusion of the Forty-sixth Annual General Meeting.

Should there be a decision to issue new shares after the authority is sought, the Company will make an announcement of the actual purpose and utilization of proceeds arising from such issuance of shares.

(6) Ordinary Resolution 8 -

The detailed text on this resolution on the Proposed Renewal of Authority for Share Buy-Back is included in the Statement to Shareholders dated 28 May 2021 which is enclosed together with the Annual Report 2021.

(7) Ordinary Resolutions 9, 10 & 11 -

Both the Nominating Committee and the Board have assessed the independence of Mr. Gan Kim Guan, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than 12 years, and Mr. Chan Weng Hoong and Mr. Cheang Kwan Chow, who have served as Independent Non-Executive Directors of the Company for a cumulative term of more than 9 years, and recommended them to be retained as Independent Non-Executive Directors of the Company based on the following justifications:-

(a) They have fulfilled the criteria under the definition of an Independent Director as stated in the Main Market Listing Requirements of Bursa Securities, and thus, they would be able to provide independent judgement, objectivity and check and balance to the Board.

(b) They perform their duties and responsibilities diligently and in the best interests of the Company without being subject to influence of the management.

(c) Their in-depth knowledge of the Group's businesses and their extensive knowledge, commitment and expertise continue to provide invaluable contributions to the Board.

(d) They, having been with the Company for more than 12 and 9 years respectively, are familiar with the Group's business operations and have devoted sufficient time and attention to their professional obligations and attended the Board and Committee meetings for an informed and balanced decision making.

(e) They are independent as they have shown great integrity and have not entered into any related party transaction with the Group.

(f) They are currently not sitting on the board of any other public and/or private companies having the same nature of business as that of the Group.

Shareholders' approval for Ordinary Resolution 9 will be sought on a single tier voting basis.

(8) Ordinary Resolution 12 -

The detailed text on this resolution on the Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature is included in the Circular to Shareholders dated 28 May 2021 which is enclosed together with the Annual Report 2021.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

PURSUANT TO PARAGRAPH 8.27(2) OF THE MAIN MARKET LISTING REQUIREMENTS
OF BURSA MALAYSIA SECURITIES BERHAD

(1) The following Directors are standing for re-election pursuant to Clause 88 of the Constitution of the Company at the Forty-sixth Annual General Meeting:-

(a) Mr. Gooi Seong Chneh
(b) Mr. Cheang Kwan Chow

The profiles of the Directors standing for re-election as mentioned in paragraph above at the Forty-sixth Annual General Meeting are set out in the Annual Report 2021 under the section named Profile of Directors.

(2) The statement relating to the general mandate for authority to allot and issue shares is set out in Note 5 to the Notice of the Forty-sixth Annual General Meeting.

CORPORATE INFORMATION

BOARD OF DIRECTORS

1. **Gooi Seong Lim**
   Executive Chairman
2. **Gooi Khai Chien**
   Alternate Director to Mr Gooi Seong Lim
3. **Gooi Seong Heen**
   Managing Director
4. **Gooi Chuen Kang**
   Alternate Director to Mr Gooi Seong Heen
5. **Gooi Seong Chneh**
   Executive Director
6. **Gooi Seong Gum**
   Executive Director
7. **Gan Kim Guan**
   Senior Independent Non-Executive Director
8. **Chan Weng Hoong**
   Independent Non-Executive Director
9. **Cheang Kwan Chow**
   Independent Non-Executive Director

AUDIT COMMITTEE

Gan Kim Guan
Chairman
Chan Weng Hoong
Cheang Kwan Chow

COMPANY SECRETARIES

Chong Fook Sin
(CCM PC No. 202008000484)
(MACS 00681)

Kan Chee Jing
(CCM PC No. 202008000596)
(MAICSA 7019764)

Chua Yoke Bee
(CCM PC No. 202008000604)
(MAICSA 7014578)

REGISTERED OFFICE

Unit 203, 2nd Floor, Block C,
Damansara Intan,
No. 1, Jalan SS 20/27,
47400 Petaling Jaya,
Selangor Darul Ehsan.
Tel : 03 7118 2688
Fax : 03 7118 2693

REGISTRAR

Tacs Corporate Services Sdn. Bhd.
Unit No. 203, 2nd Floor, Block C,
Damansara Intan,
No. 1, Jalan SS20/27,
47400 Petaling Jaya,
Selangor Darul Ehsan.
Tel : 03 7118 2688
Fax : 03 7118 2693

AUDITORS

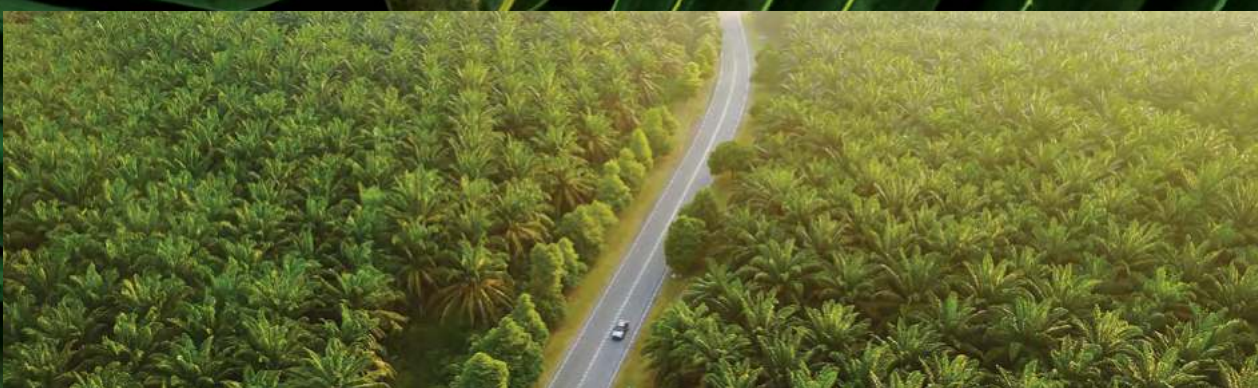
Ernst & Young PLT
B-15, Medini 9,
Persiaran Medini Sentral 1,
Bandar Medini Iskandar,
79250 Iskandar Puteri, Johor.

PRINCIPAL BANKERS

OCBC Bank (Malaysia) Berhad
AmBank (M) Berhad
Malayan Banking Berhad
Public Bank Berhad
HSBC Bank Malaysia Berhad

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad
Stock Short Name : KMLOONG
Stock Code : 5027



BOARD OF DIRECTORS

From left to right

GOOI SEONG HEEN
Managing Director

GOOI SEONG LIM
Executive Chairman

GOOI SEONG CHNEH
Executive Director

From left to right

GAN KIM GUAN
Senior Independent Non-Executive Director

GOOI SEONG GUM
Executive Director

CHAN WENG HOONG
Independent Non-Executive Director

BOARD OF DIRECTORS
(cont'd)

From left to right

GOOI CHUEN KANG
Alternate Director To Mr Gooi Seong Heen

CHEANG KWAN CHOW
Independent Non-Executive Director

GOOI KHAI CHIEN
Alternate Director To Mr Gooi Seong Lim

From left to right

KAN CHEE JING
Company Secretary

CHONG FOOK SIN
Company Secretary

CHUA YOKE BEE
Company Secretary

PROFILE OF DIRECTORS

Gooi Seong Lim

EXECUTIVE CHAIRMAN

Age: 72
Gender: Male

Gooi Seong Lim, Male, aged 72, a Malaysian, was appointed to the Board of Kim Loong Resources Berhad ("KLR") as an Executive Director on 28 February 1990. He was a Managing Director up to 30 March 2006 before redesignation as the Executive Chairman of KLR. He was also a member of the Remuneration Committee with effect from 27 March 2002 until 30 January 2018. He graduated from the University of Toronto, Canada, with a Bachelor of Applied Science degree in Mechanical Engineering in 1975. From 1975 until to-date, he has been the Managing Director of Sharikat Kim Loong Sendirian Berhad ("SKL"), a company which owns a controlling stake in KLR and Crescendo Corporation Berhad ("CCB"). Both KLR and CCB are public companies listed on the Main Board of Bursa Malaysia Securities Berhad ("Bursa Securities"). The success of the Group owes much to his extensive involvement in plantation and milling operations. He also sits on the Board of CCB and several other private companies.

Mr Gooi has no personal interest in any business arrangement involving KLR, except that he is deemed interested in the transactions entered into with SKL Group (excluding KLR) which are carried out in the ordinary course of business, by virtue of his directorship and shareholding in SKL. He has not been convicted of any offences within the past 5 years and has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year 2021. He attended all the three (3) Board meetings held during the financial year 2021.

Gooi Seong Heen

MANAGING DIRECTOR

Age: 70
Gender: Male

Gooi Seong Heen, Male, aged 70, a Malaysian, was appointed to the Board of KLR as an Executive Director on 28 February 1990. He was redesignated as Managing Director on 30 March 2006. He graduated with a Bachelor of Applied Science degree in Chemical Engineering from the University of Toronto in 1972 and obtained a Master's degree in Business Administration from the University of Western Ontario, Canada in 1976. He served as an engineer with Esso Singapore Pte Ltd from 1973 to 1974. His experience embraces oil palm and rubber estate management, palm oil mill management and property development. From 1972, he has been a Director of SKL, a company which owns a controlling stake in KLR and CCB. Since 1977, he has been a director of KLPO Group which is involved in palm oil milling. He is currently also a director of CCB and several other private companies.

Mr Gooi has no personal interest in any business arrangement involving KLR, except that he is deemed interested in the transactions entered into with SKL Group (excluding KLR) which are carried out in the ordinary course of business, by virtue of his directorship and shareholding in SKL. He has not been convicted of any offences within the past 5 years and has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year 2021. He attended two (2) out of three (3) Board meetings held during the financial year 2021.

PROFILE OF DIRECTORS

(cont'd)

Gooi Seong Chneh

EXECUTIVE DIRECTOR

Age: 66
Gender: Male

Gooi Seong Chneh, Male, aged 66, a Malaysian, was appointed to the Board of KLR on 28 February 1990. He is currently an Executive Director of KLR. He graduated with a Bachelor of Science degree from the University of Toronto, Canada in 1975 and obtained a Bachelor's degree in Civil Engineering from the University of Ottawa, Canada in 1980. He is a member of the Professional Engineers Association of Alberta, Canada. He was formerly a consultant with Campbell Engineering and Associates, Calgary, Canada for three (3) years from 1981 to 1983. He has extensive experience in construction site management and property development. His experience also includes oil palm and cocoa estate management. From 1976, he has been a Director of SKL, a company which owns a controlling stake in KLR and CCB. He has been responsible for the development and management of oil palm and cocoa estates in Johor, Sabah and Sarawak since 1985. He is also a director of CCB and several other private companies.

Mr Gooi has no personal interest in any business arrangement involving KLR, except that he is deemed interested in the transactions entered into with SKL Group (excluding KLR) which are carried out in the ordinary course of business, by virtue of his directorship and shareholding in SKL. He has not been convicted of any offences within the past 5 years and has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year 2021. He attended all the three (3) Board meetings held during the financial year 2021.

Gooi Seong Gum

EXECUTIVE DIRECTOR

Age: 65
Gender: Male

Gooi Seong Gum, Male, aged 65, a Malaysian, was appointed to the Board of KLR on 28 February 1990. He is currently an Executive Director of KLR. He graduated with a Bachelor's degree in Civil Engineering from the University of Ottawa, Canada in 1980. He was an engineering consultant for Bobrowski & Partners, Calgary, Canada for one (1) year from 1982 to 1983. His experience covers oil palm and rubber estate management, property development and construction site management. From 1980, he has been a Director of SKL, a company which owns a controlling stake in KLR and CCB. Since 1983, he has been a director of KLPO Group which is involved in palm oil milling. He also sits on the Board of CCB and several other private companies.

Mr Gooi has no personal interest in any business arrangement involving KLR, except that he is deemed interested in the transactions entered into with SKL Group (excluding KLR) which are carried out in the ordinary course of business, by virtue of his directorship and shareholding in SKL. He has not been convicted of any offences within the past 5 years and has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year 2021. He attended two (2) out of three (3) Board meetings held during the financial year 2021.

PROFILE OF DIRECTORS
(cont'd)

Gan Kim Guan

SENIOR INDEPENDENT NON-EXECUTIVE DIRECTOR

Age: 58
Gender: Male

Gan Kim Guan, Male, aged 58, a Malaysian, was appointed to the Board of KLR as an Independent Non-Executive Director on 28 March 2001. He is currently the Senior Independent Non-Executive Director of KLR. He was appointed as a member of the Audit Committee on 28 March 2001 and currently, he is the Chairman of the Audit Committee. He also sits as a member of both the Nominating and Remuneration Committees with effect from 27 March 2002. He was appointed as the Chairman of the Nominating Committee and Remuneration Committee with effect from 31 December 2012 and 28 March 2013 respectively. He is a Chartered Accountant and has experience in accounting and financing related work. He is also a director of CCB.

Mr Gan is a Chartered Accountant of the Malaysian Institute of Accountants. He has no personal interest in any business arrangement involving KLR. He has not been convicted of any offences within the past 5 years and has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year 2021. He attended all the three (3) Board meetings held during the financial year 2021.

Chan Weng Hoong

INDEPENDENT NON-EXECUTIVE DIRECTOR

Age: 72
Gender: Male

Chan Weng Hoong, Male, aged 72, a Malaysian, was appointed to the Board of KLR as an Independent Non-Executive Director on 24 March 2011. He is a member of the Audit Committee of KLR with effect from 24 March 2011. He also sits as a member of both the Nominating and Remuneration Committees with effect from 24 March 2011. He graduated with a Bachelor of Agricultural Science (Hon) from the University of Malaya in 1973. Since graduation, he has worked as an agronomist throughout his career. He retired from Applied Agricultural Resources Sdn. Bhd. (AARSB) in 2004 as Principal Research Officer and Head of Oil Palm and Rubber Advisory Divisions and was on job extension as Agronomist/Consultant Agronomist until March 2015 when he fully retired from AARSB. He is well versed in both rubber and oil palm and continues to work as a freelance Consultant Agronomist. He has presented or published numerous papers on rubber at national and international conferences and also some papers on oil palm at local conferences.

Mr Chan has no personal interest in any business arrangement involving KLR. He has not been convicted of any offences within the past 5 years and has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year 2021. He attended all the three (3) Board meetings held during the financial year 2021.

PROFILE OF DIRECTORS

(cont'd)

Cheang Kwan Chow

INDEPENDENT NON-EXECUTIVE DIRECTOR

Age: 68
Gender: Male

Cheang Kwan Chow, Male, aged 68, a Malaysian, was appointed to the Board of KLR as an Independent Non-Executive Director on 20 October 2011. He is a member of the Audit Committee of KLR with effect from 20 October 2011. He also sits as a member of both the Nominating and Remuneration Committees with effect from 20 October 2011. He has a Diploma in Marketing from Redditch College, Worcestershire, England and a Postgraduate Diploma in Export Marketing and Diploma in Export from Buckinghamshire College, Buckinghamshire, England. He graduated with a Master of Arts Communications Management from University of South Australia and a Master of Leadership in Organisational Learning from Monash University. He joined the Kuok Group of companies in 1980 and had over the years, held various senior management positions in various companies within the Kuok Group. He was appointed as Deputy Managing Director of PGEO Group Sdn. Bhd. and PGEO Marketing Sdn. Bhd in July 2002, the position which he held until December 2007. He also sat on the board of PPB Group Berhad until May 2011. He is currently a Member of the Chartered Institute of Arbitrators, London, United Kingdom and sits on the Panel of Arbitrators of the Palm Oil Refiners Association of Malaysia.

Mr Cheang has no personal interest in any business arrangement involving KLR. He has not been convicted of any offences within the past 5 years and has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year 2021. He attended all the three (3) Board meetings held during the financial year 2021.

Gooi Khai Chien

ALTERNATE DIRECTOR TO MR GOOI SEONG LIM

Age: 29
Gender: Male

Gooi Khai Chien, Male, aged 29, a Malaysian, was appointed to the Board of KLR as Alternate Director to Mr Gooi Seong Lim on 31 March 2016 and is currently the Investor Relations Director of KLR. He graduated with a Bachelor's Degree in Chemical Engineering in 2014 and a Master's Degree in Investments and Wealth Management in 2015. He started his career as an Investment analyst with Target Asset Management in Singapore from 2016 to 2019, during which he led the technology portfolio and a team of junior analysts. Since then, he has been involved in the business operations of KLR Group.

Mr Gooi has no personal interest in any business arrangement involving KLR except that he is deemed interested in the transactions entered into with SKL Group (excluding KLR) which are carried out in the ordinary course of business, by virtue of being a person connected to Mr Gooi Seong Lim. He has not been convicted of any offences within the past 5 years and has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year 2021.

PROFILE OF DIRECTORS
(cont'd)

Gooi Chuen Kang

ALTERNATE DIRECTOR TO MR GOOI SEONG HEEN

Age: 35
Gender: Male

Gooi Chuen Kang, Male, aged 35, a Malaysian, was appointed to the Board of KLR as Alternate Director to Mr Gooi Seong Heen on 31 March 2016 and is currently the Plantation Director of KLR. He graduated with a Bachelor of Engineering (Chemical and Biomolecular Engineering) from the University of Melbourne in 2008. He worked as an analyst attached with Accenture Kuala Lumpur from 2010 to 2014. Since then, he has been involved in the business operations of KLR Group.

Mr Gooi has no personal interest in any business arrangement involving KLR except that he is deemed interested in the transactions entered into with SKL Group (excluding KLR) which are carried out in the ordinary course of business, by virtue of being a person connected to Mr Gooi Seong Heen. He has not been convicted of any offences within the past 5 years and has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year 2021.

Family Relationships

Gooi Seong Lim, Gooi Seong Heen, Gooi Seong Chneh and Gooi Seong Gum are brothers.

Gooi Seong Lim is father of Gooi Khai Chien.

Gooi Seong Heen is father of Gooi Chuen Kang.

Save for the above, none of the other Directors are related.

PROFILE OF KEY SENIOR MANAGEMENT

The executive function in the Group is spearheaded by the Executive Chairman and Managing Director, namely Mr Gooi Seong Lim and Mr Gooi Seong Heen, whose profiles are included under the section on Directors' profile on pages 13 of this Annual Report. The following Directors assist them with day to day running of the various operations of the Group.

1

Mr Gooi Seong Chneh
Executive Director
(Profile on Page 14 of this Annual Report)

2

Mr Gooi Seong Gum
Executive Director
(Profile on Page 14 of this Annual Report)

3

Mr Gooi Chuen Kang
Plantation Director
(Profile on Page 17 of this Annual Report)

4

Mr Gooi Khai Chien
Investor Relations Director
(Profile on Page 16 of this Annual Report)

The profiles of the other Key Senior Management members are set out below:

Chow Kok Hiang

FINANCE DIRECTOR

Chow Kok Hiang, male, aged 54, a Malaysian, is currently the Finance Director of KLR and has vast experience in the Audit and Business Advisory Services, having served as Assistant Manager of Price Waterhouse (Currently known as PricewaterhouseCoopers) before joining Crescendo Corporation Berhad in 1997 as Group Accountant. He was transferred to KLR in 1999 to head the Finance Department of KLR Group. Mr Chow is a Chartered Accountant with the Malaysian Institute of Accountants and a member of the Malaysian Institute of Certified Public Accountants. He also sits on the board of several private companies involved in property development, construction, educational services, trading and manufacturing.

Mr Chow has no family relationship with any Director and/or major shareholder of the Company. He does not hold any directorship in public companies. He has no conflict of interest with the Company. He has no conviction for any offences within the past 5 years and has no public sanction or penalty imposed on him by the relevant regulatory bodies during the financial year 2021.

Gooi Chuen Howe

MARKETING & MILL DIRECTOR

Gooi Chuen Howe, male, aged 37, a Malaysian, was appointed as Marketing Director in March 2019 and is currently the Marketing & Mill Director of KLR. He holds a Master of Business Administration from London Business School and a Master of Science degree in Applied Finance from the Singapore Management University. He started his career as an investment analyst in asset management companies from 2008 to 2009. Subsequently, he worked as an investment manager in Primevest Holdings Private Limited from 2010 to 2015. He has been the alternate director to Mr Gooi Seong Heen in CCB since 31 March 2016.

Mr Gooi has no personal interest in any business arrangement involving KLR, except that he is deemed interested in the transactions entered into with SKL Group (excluding KLR) which are carried out in the ordinary course of business, by virtue of being a person connected to Mr Gooi Seong Heen. He has not been convicted of any offences within the past 5 years and has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year 2021.

PROFILE OF KEY SENIOR MANAGEMENT
(cont'd)

Chang Chee Chiong

GENERAL MANAGER

Chang Chee Chiong, male, aged 59, a Malaysian, is currently the General Manager of KLR in charge of the Group's estates in Sabah and Sarawak. He obtained the Licentiate Diploma from the Incorporated of Society Planters and with more than 30 years of working experience, he has vast experience in oil palm cultivation and plantation management. He was in the position of Deputy General Manager since 2010 before being promoted to the position of General Manager in 2014.

Mr Chang has no family relationship with any Director and/or major shareholder of the Company. He does not hold any directorship in public companies. He has no conflict of interest with the Company. He has no conviction for any offences within the past 5 years and has no public sanction or penalty imposed on him by the relevant regulatory bodies during the financial year 2021.

Chang Chow Swan

GENERAL MANAGER

Chang Chow Swan, male, aged 67, a Malaysian, is currently the General Manager of Kim Loong Palm Oil Mills Sdn. Bhd. ("KLPOM"), a subsidiary of KLR. He graduated with a Bachelor degree in Chemical Engineering from National Taiwan University in 1978. A First Grade Steam Engineer with more than 40 years of hands-on experience for multiple breakthroughs in palm oil milling waste, biogas, biomass and downstream treatment. He is currently leading a group of engineers to initiate ideas to convert mill waste into higher value products, bring up KLPOM Complex as a pioneer of waste minimization in palm oil industry in Malaysia, and benefiting the milling operation of KLR Group. He is currently a Committee Member of Malaysia Palm Oil Millers Association ("POMA"). He also sits on the board of one subsidiary company of KLR Group involved in palm oil milling business.

Mr Chang has no family relationship with any Director and/or major shareholder of the Company. He does not hold any directorship in public companies. He has no conflict of interest with the Company. He has no conviction for any offences within the past 5 years and has no public sanction or penalty imposed on him by the relevant regulatory bodies during the financial year 2021.

Gan Liong Hoe

DEPUTY GENERAL MANAGER

Gan Liong Hoe, male, aged 47, a Malaysian, is currently the Deputy General Manager of KLR. He graduated with a Bachelor of Engineering (Mechanical) from Queensland University of Technology in 1997. Mr Gan started his career as an engineer in IOI Corporation Berhad in 1998 and later joined TSH Resources Berhad in 2001 as engineer until 2007 before joining Desa Kim Loong Palm Oil Sdn. Bhd. ("DKLPO"), a subsidiary of KLR as a Senior Mill Manager, in November 2007. He was transferred to KLR and promoted to the position of Deputy General Manager in 2013 for Group's milling operations in Sabah. Mr Gan is a First Grade Steam Engineer and Second Grade Internal Combustion Engine Engineer with the Department of Occupational Safety and Health. He also sits on the board of two subsidiary companies of KLR Group involved in palm oil milling business.

Mr Gan has no family relationship with any Director and/or major shareholder of the Company. He does not hold any directorship in public companies. He has no conflict of interest with the Company. He has no conviction for any offences within the past 5 years and has no public sanction or penalty imposed on him by the relevant regulatory bodies during the financial year 2021.

GROUP STRUCTURE

AS AT 31 JANUARY 2021

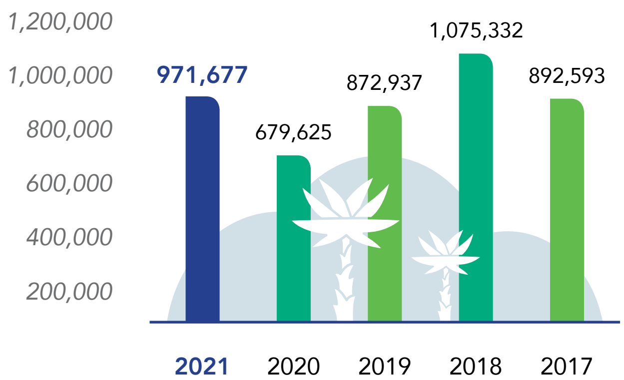
KIM LOONG
RESOURCES BERHAD
錦隆資源有限公司
197501000991(22703-K)

- 100% **Kim Loong Palm Oil Sdn. Bhd.**
  - 100% Kim Loong Palm Oil Mills Sdn. Bhd.
    - 100% Sungkit Enterprise Sdn. Bhd.
    - 100% Kim Loong Evergrow Sdn. Bhd.
    - 75% Kim Loong Biomass Sdn. Bhd.
- 100% **Kim Loong Sabah Mills Sdn. Bhd.**
- 100% **Kim Loong Power Sdn. Bhd.**
- 100% **Kim Loong Technologies Sdn. Bhd.**
- 70% **Kim Loong - KPD Plantations Sdn. Bhd.**
- 70% **Desa Kim Loong Palm Oil Sdn. Bhd.**
  - 100% Desa Kim Loong Industries Sdn. Bhd.
  - 100% Kim Loong Technologies (Sabah) Sdn. Bhd.
- 70% **Palm Nutraceuticals Sdn. Bhd.**
- 90% **Winsome Yields Sdn. Bhd.**
  - 68% Winsome Al-Yatama Sdn. Bhd.
- 100% **Tyeco Corporation Sdn. Bhd.**
- 100% **Kim Loong Corporation Sdn. Bhd.**
  - 60% Winsome Pelita (Pantu) Sdn. Bhd.
  - 100% Kim Loong Carus Sdn. Bhd. (formerly known as Sepulut Plantations Sdn. Bhd.)
- 100% **Suhenson Estate Sdn. Bhd.**
- 100% **Okidville Holdings Sdn. Bhd.**
  - 51% Desa Okidville Sdn. Bhd.
- 100% **Selokan Sdn. Bhd.**
- 95% **Okidville Plantations Sdn. Bhd.**
  - 100% Okidville Resources Sdn. Bhd.
  - 70% Winsome Jaya Sdn. Bhd.
- 100% **Okidville Jaya Sdn. Bhd.**
- 100% **Winsome Plantations Sdn. Bhd.**
  - 70% Winsome Pelita (Kranggas) Sdn. Bhd.
- 100% **Winsome Sarawak Plantations Sdn. Bhd.**

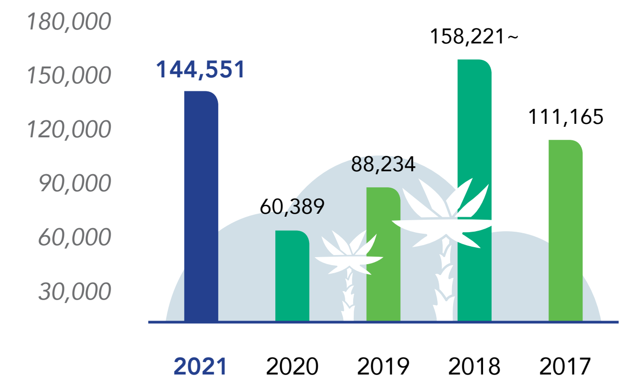
GROUP FINANCIAL HIGHLIGHTS

STATEMENT OF COMPREHENSIVE INCOME (RM'000)

REVENUE

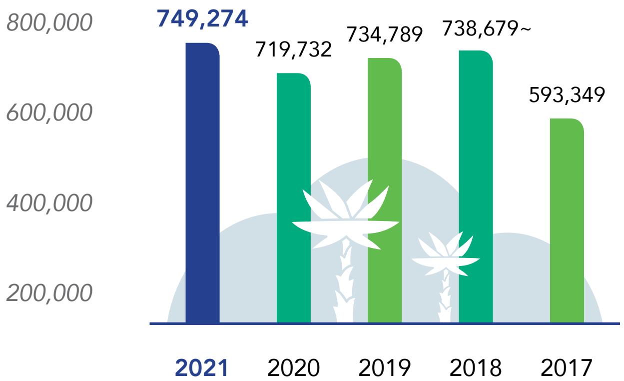


PROFIT BEFORE TAX

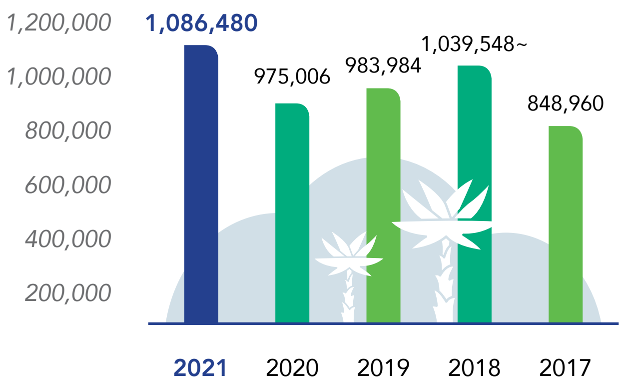


STATEMENT OF FINANCIAL POSITION (RM'000)

EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY

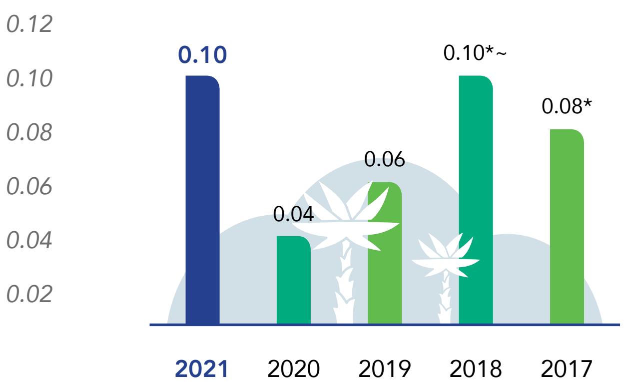


TOTAL ASSETS

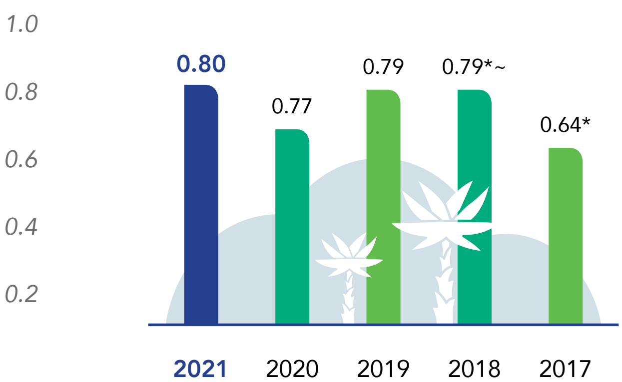


PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY (RM)

EARNINGS



NET ASSETS



GROUP FINANCIAL HIGHLIGHTS

(cont'd)

		2017	2018	2019	2020	2021
STATEMENT OF COMPREHENSIVE INCOME (RM'000)						
Revenue		892,593	1,075,332	872,937	679,625	**971,677**
EBITDA		143,431	193,270 ~	123,495	95,249	**180,511**
Profit before tax		111,165	158,221 ~	88,234	60,389	**144,551**
Profit after tax		85,688	121,785 ~	59,690	44,989	**110,621**
Net profit attributable to owners of the Compan		71,118	96,545 ~	52,123	41,061	**94,891**
STATEMENT OF FINANCIAL POSITION (RM'000)						
Paid-up share capital		311,804	318,430	318,433	318,433	**318,437**
Total shareholders' equity		673,446	829,975 ~	825,852	807,026	**844,158**
Equity attributable to owners of the Company		593,349	738,679 ~	734,789	719,732	**749,274**
Total Assets		848,960	1,039,548 ~	983,984	975,006	**1,086,480**
PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY (RM)						
Earnings		0.08 *	0.10 * ~	0.06	0.04	**0.10**
Net Assets		0.64 *	0.79 * ~	0.79	0.77	**0.80**
Gross Dividend		0.07 *	0.08 *	0.06	0.03	**0.10**
Share Price at Year End		1.14 *	1.39 *	1.25	1.26	**1.36**
Weighted Average Number of Share in Issue ('000)		933,605 *	933,605 *	933,606	933,607	**933,607**
FINANCIAL INDICATORS						
Return on Equity	(%)	12.72	14.67 ~	7.23	5.57	**13.10**
Return on Total Assets	(%)	10.09	11.72 ~	6.07	4.61	**10.18**
Gearing Ratio	(times)	0.05	0.03 ~	0.02	0.02	**0.06**
Price-Earnings Ratio	(times)	14.91	13.48 ~	22.40	28.64	**13.39**
Interest Coverage Ratio	(times)	60.75	113.45 ~	83.00	86.17	**144.34**
Gross Dividend Yield	(%)	5.83	5.74	4.80	2.38	**7.35**

* Adjusted for subdivision of every 1 existing ordinary share into 3 ordinary shares ("Share Split") completed in April 2018.
~ Adjusted for effects of transition to MFRS.

	2017	2018	2019	2020	2021
STATISTICS					
PLANTATIONS					
Plantation Area (Ha)					
Oil palm					
Mature	14,256	14,255	13,943	12,874	**11,765**
Immature	700	691	1,003	1,635	**3,092**
Under development	-	-	-	438	**38**
Unplanted land	408	448	328	328	**323**
Total plantable area	15,364	15,394	15,274	15,275	**15,218**
Infrastructure and unplantable land	555	552	552	551	**608**
Total land area	15,919	15,946	15,826	15,826	**15,826**
Production and Yield					
Fresh fruit bunches ("FFB") (MT)	251,926	340,410	310,082	260,512	**276,634**
Yield per mature hectare (RM/Ha)	17.66	23.88	21.78	19.20	**22.41**
MILLS					
Production and Extraction/Recovery Rates					
Crude palm oil ("CPO") (MT)	250,197	322,407	316,268	247,659	**280,493**
Oil extraction rate (% of FFB)	21.67	21.32	21.35	21.72	**21.14**
Palm kernel ("PK") (MT)	56,689	73,382	75,336	60,119	**69,073**
Kernel recovery rate (% of FFB)	4.91	4.85	5.08	5.27	**5.21**
AVERAGE SELLING PRICE [RM/MT]					
CPO	2,682	2,718	2,169	2,118	**2,755**
PK	2,638	2,398	1,656	1,228	**1,600**

CHAIRMAN'S STATEMENT

GOOI SEONG LIM

EXECUTIVE CHAIRMAN

On behalf of the Board of Directors of Kim Loong Resources Berhad ("KLR"), I am pleased to present to you the Annual Report and Audited Financial Statements for the financial year ended 31 January 2021.

FINANCIAL HIGHLIGHTS

RESULTS

The Group recorded another year of strong financial performance across its core business operations despite the challenging global pandemic and macroeconomic environment. Total revenue of the Group for the year ended 31 January 2021 ("FY2021") reached RM971.68 million, an increase of 43% from previous financial year ("FY2020"), resulting in an impressive profit before tax ("PBT") of RM144.55 million, a 139% increase from FY2020. The current year's strong financial performance and position reflects the strength of our business operational efficiencies during a challenging year.

The improved financial performances in both revenue and PBT were mainly driven by higher average selling prices and higher production achieved in both plantation and palm oil milling operations. The average selling prices for FFB and CPO for the current financial year have recorded sharp increases of 33% and 30% respectively. The production of FFB from plantation operations also increased by 6% or 16,100 MT to 276,600 MT in FY2021 whilst the milling operations managed to increase the CPO production by 13% to 280,500 MT.

In terms of yield, the plantation operations achieved 22.41 MT per hectare which was an improvement of 17% as compared to last year and exceeded the average National FFB yield as published by Malaysian Palm Oil Board ("MPOB").

In addition, the Group generated a higher revenue of RM5.1 million (FY2020: RM1.8 million) from supplying power to TNB grid from our Kota Tinggi milling operations in FY2021. We are committed to play a socially and environmentally responsible role as a renewable energy supplier whilst minimizing the impact of pollution from our milling operations.

Overall, the Group's Return on Equity (after tax) has improved to 13.1% compared to 5.6% in FY2020.

CHAIRMAN'S STATEMENT
(cont'd)

DIVIDEND

With the impressive financial performance achieved, the Company decided to reward its shareholders with an interim and a special dividend of 4 sen and 3 sen respectively during the year. The Board has also recommended a final dividend of 3 sen for the FY2021 (FY2020: Nil). Consequently, the total single tier dividend for FY2021 is 10 sen per share (FY2020: 3 sen per share).

The dividend payout ratio for FY2021 represents close to 100% of the annual profit attributable to owners of the Company and achieved a remarkable yield of 7.35% based on the closing share price of RM1.36 at the end of the financial year.

Our strong financial fundamentals over the past years have continued to be the key strengths of the Group for achieving robust earnings and cash flow growth, and the Group will continue to pursue quality investments in order to nurture growth and create economic values and returns to the shareholders.

DEVELOPMENT AND PROSPECTS

On 9 February 2021, the Group took possession of 2,722 acres which is equivalent to 95% of total 2,862 acres of oil palm plantation lands from the vendors, namely (1) Greenfingers Sdn. Bhd.; (2) R & H Sdn. Bhd.; (3) Bakti Perusahaan Sdn. Bhd.; and (4) Sri Handal Sdn. Bhd. pending the fulfillment of all Conditions Precedent by the Vendors. It is expected that accretive contribution of 30,000 MT of FFB can be produced from the above-mentioned lands and this will contribute towards optimising utilisation of the mill's processing capacity as well as to reduce dependence on FFB supply from third parties especially during a seasonal low crop period for the Group's palm oil mill at Telupid, Sabah.

Barring any further unforeseen circumstances, the Acquisitions are expected to be completed in the second quarter of year 2021.

In view of current strong CPO price, the Management has adjusted replanting programme with deferment on areas which continue to contribute good yield and planned to replant only 600 Ha in the financial year 2022.

For the financial year ending 31 January 2022, we forecast the FFB production to be about 10% higher than the quantity achieved in the financial year 2021 after taking into consideration the impact of on-going replanting programme.

For palm oil milling operations, the management expects a total processing quantity of 1.3 – 1.4 million MT of FFB for the financial year 2022.

On the projects to supply power to the grid using biogas engines, the installation of plants under the FiT project at our Keningau mill for supplying power up to 2.0 megawatt per hour to grid is near completion and is expected to commence operations in the second half of year 2021. As for the FiT project at Telupid, Sabah, we have ordered the biogas engines and installation is currently in progress. Barring any unforeseen circumstance, we expect the plant at Telupid to be commissioned and in operations in year 2022.

To further reduce the environmental impact from the milling operations, we have committed substantial capital expenditure to install new and more efficient boilers and Electro-Static Precipitators to minimize the emission of soot from all our mills.

As the palm oil industry is considered as essential services, the Group's plantation and milling activities have been running largely as normal during the various phases of MCO period since March 2020. Therefore, the management expects there should be no significant financial impact caused by the current stage of MCO on the Group's performance in the financial year 2022.

We foresee the CPO inventory level to remain stable and could start to rebuild when palm oil production recovers toward the third quarter of year 2021. Although we expect the CPO price could retract slightly from current high level, we believe it will remain above RM3,000 per MT towards the end of this year.

Based on the above, we expect the Group to perform well for the financial year 2022.

APPRECIATION

I would like to take this opportunity to express my appreciation to the management and staff for their loyal and dedicated services to the Group, and to various government authorities and agencies, bankers, valued customers, suppliers and business associates for their co-operation and continued support.

Finally, I wish to thank my fellow Board members for their support and the shareholders for their confidence in the Board and Management of the Group.

Gooi Seong Lim
Executive Chairman
Johor Bahru, Johor
Date: 19 May 2021

MANAGEMENT DISCUSSION AND ANALYSIS

DESCRIPTION OF OUR GROUP'S BUSINESS AND STRATEGIES

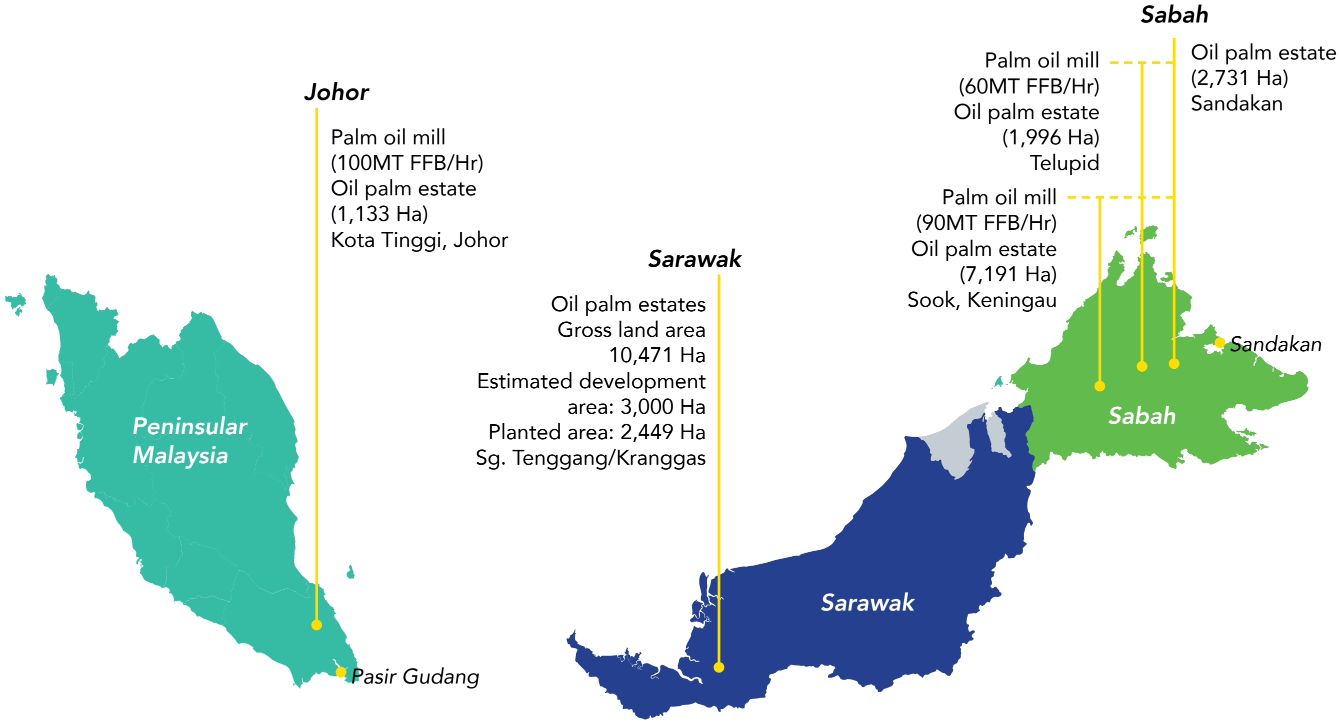
Kim Loong Resources Berhad and its subsidiaries (the "Group" or "KLR Group") are principally involved in investment holding, cultivation of oil palm, processing of oil palm fresh fruit bunches and marketing of oil palm products, processing of oil palm fibre and biogas and power generation.

The principal activities of the Group can be divided into two main segments, namely plantation operations and palm oil milling operations.

As at 31 January 2021, the Group's total plantation land holdings stood at 15,826 hectares ("Ha") of which 94% are fully planted with oil palms. Out of the total planted area, approximately 74% are mature above 6 years old, 5% are young mature below 6 years old while the remaining 21% are at immature stage. Our plantations are located in the states of Johor, Sabah and Sarawak.

The Group also owns and operates three (3) palm oil mills which are strategically located within the vicinity of our plantations in Kota Tinggi, Johor and in Keningau and Telupid, Sabah. Our palm oil mills have a total FFB processing capacity of 1.5 million MT per annum.

Location of operations:



In order to facilitate the Group's progress and development in Sarawak, the Group will continue with its effort to secure a milling license and setting up a palm oil mill in Sarawak and will continue to source for additional suitable plantation land in Johor, Sabah and Sarawak for expansion.

The Group remains committed in its effort to improve its operational efficiency and generating additional income from palm oil mill wastes through new innovation and technology.

Although the Malaysia government has implemented the various phases of Movement Control Order ("MCO") since 18 March 2020 to curb the spread of COVID-19, the plantations and palm oil milling operations of the Group have been running largely as usual during the financial year as the Group's principal business activities are classified as essential services.

MANAGEMENT DISCUSSION AND ANALYSIS
(cont'd)

FINANCIAL REVIEW

Revenue

The revenue of the Group was RM971.68 million for the financial year 2021 ("FY2021") as compared to RM679.63 million recorded for the financial year 2020 ("FY2020").

The increase of 43% in revenue was primarily attributable to higher selling prices and quantity sold as compared to the last financial year. Before inter-segments adjustments and eliminations, revenue from plantation operations has increased by 40% whilst the revenue from milling operations also improved by 43% as compared to the last financial year.

The average selling prices and sales quantity of Crude Palm Oil ("CPO"), Palm Kernel ("PK") and Fresh Fruit Bunches ("FFB") for FY2021 and FY2020 of the Group are as follows:

Average selling price per metric ton ("MT"):-

	FY2021 (RM)	FY2020 (RM)	Change (%)
CPO	**2,755**	2,118	30.08%
PK	**1,600**	1,228	30.29%
FFB	**520**	391	32.99%

Sales quantity:-

	FY2021 (MT)	FY2020 (MT)	Change (%)
Main palm oil milling products:			
CPO	**292,053**	268,070	8.95%
PK	**69,817**	60,704	15.01%
Plantation produce:			
FFB : to own mills	**223,936**	215,765	3.79%
to external parties	**52,698**	44,747	17.77%
Total	**276,634**	260,512	6.19%

Other Income

Other income for the year was RM19.41 million which was RM2.87 million higher as compared to FY2020. It consisted mainly of interest income which was 44% (2020: 51%). In the current financial year, the other income also included recognition of RM7.62 million insurance compensation for the fire incident in June 2019.

Cost of Sales

Generally, the production of CPO and PK, the major palm oil milling products, by the Group during the year has increased by more than 10%. The summary of production of major products by the Group is tabulated below:-

	FY2021 (MT)	FY2020 (MT)	Change (%)
CPO	**280,493**	247,659	13.26%
PK	**69,073**	60,119	14.89%
FFB	**276,634**	260,512	6.19%

In order to meet sales contracts committed, the Group has purchased 8,300 MT (2020: 3,600 MT) of CPO from external parties at prevailing market price during the year.

In view of higher production under the milling operations, the cost of sales increased by 36% or RM211.26 million to RM796.89 million, mainly due to higher cost of FFB purchased in milling operations resulted from higher volume of FFB intake as well as higher price.

Unit Cost of Production of CPO

The unit cost of production (excluding raw materials) of CPO has dropped by 15% to RM230 per MT of CPO. The total unit cost of production of CPO has also decreased by 12% to RM1,350 per MT of CPO. The drop in unit cost of production was mainly contributed by higher production throughput of mills as well as improvement in FFB production yield at plantations.

Finance Cost

Finance cost recognised in income statement has increased by 42% or RM0.30 million to RM1.01 million as compared to FY2020 mainly due to drawn down of RM40 million term loan from a licensed bank during the year.

MANAGEMENT DISCUSSION AND ANALYSIS
(cont'd)

Profit before Tax ("PBT")

The Group recorded an impressive PBT of RM144.55 million for the FY2021 which was 139% better than RM60.39 million for the FY2020.

Out of the RM84.16 million increase in the Group's PBT, both the plantation and milling operations contributed by more than RM40 million respectively as a result of higher FFB selling price and production under the plantation operations and better processing margin achieved by the milling operations.

Taxation

The effective tax rate for FY2021 of 22.41% was slightly lower than statutory tax rate. This was mainly due to certain income was not taxable and recognition of deferred tax assets on investment tax allowances brought forward due to expected utilization against probable future taxable profit.

Profit Attributable to Equity Holders of the Company

Profit attributable to equity holders of the Company and earnings per share of the Group improved significantly by 131% year-on-year to RM94.89 million and 10.16 sen respectively as compared to RM41.06 million and 4.40 sen recorded for the preceding financial year.

Cash Flows

The Group's cash and cash equivalents (excluding short term funds) increased by 58% or RM84.38 million to RM230.26 million mainly due to the following:

(i) more cash generated from operating activities due to better profitability; and
(ii) draw down of RM40 million term loan from a licensed bank.

The Group's investment in short term funds has increased by 12% or RM11.39 million to RM105.87 million as compared to FY2020. It is expected that investment in short term funds would generate higher tax-exempt return as compared to conventional deposits with bank.

It is the Group's practice to include short term funds as an important instrument in its cash flows and liquidity management. As at end of the financial year, total short term funds and cash and cash equivalents was RM336.13 million.

Share Price Performance

Our Company's share price performance for the period from February 2020 till 6 May 2021:

Source: Bursa Malaysia

During the financial year, the share price was traded between the range of RM0.895 to RM1.67 and closed at RM1.36 at the end of the financial year.

MANAGEMENT DISCUSSION AND ANALYSIS

(cont'd)

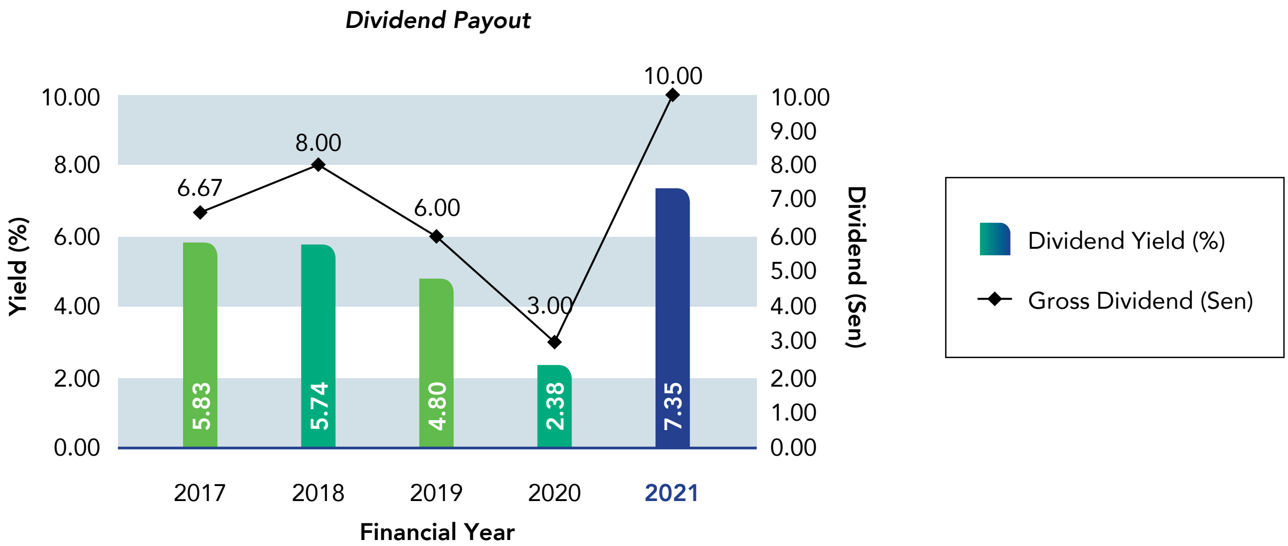
Dividend

With the impressive financial performance achieved, the Company rewarded its shareholders by declaring an interim and a special dividend of 4 sen and 3 sen respectively during the year. The Board has also recommended a final dividend of 3 sen for the FY2021 (FY2020: Nil). Consequently, the total single tier dividend for FY2021 is 10 sen per share (FY2020: 3 sen per share).

The dividend payout ratio for FY2021 represents close to 100% of the annual profit attributable to owners of the Company and achieved a remarkable yield of 7.35% based on the closing share price of RM1.36 at the end of the financial year.

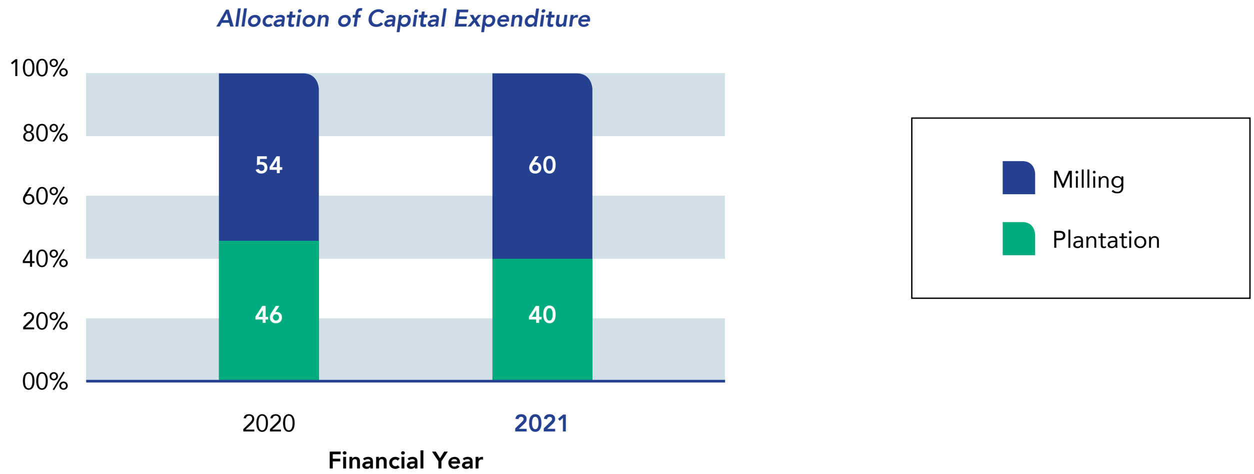
The 4 sen interim dividend and 3 sen special dividend declared for the FY2021 has been paid on 18 November 2020 and 22 February 2021 respectively.

In the past four out of five years, the Group has recorded gross dividend yields that were more attractive than returns from conventional deposits with bank, save for the FY2020.



CAPITAL EXPENDITURE

The Group incurred RM46 million for capital expenditure in FY2021 which was 28% less than RM64 million for FY2020. The capital expenditure spent for the plantation operations has dropped from RM29 million to RM18 million partly due to deferment of scheduled replanting program. On the other hand, milling operations have incurred RM28 million during the year mainly for the acquisition of new boilers and capital expenditure in respect of Feed-in Tariff ("FiT") projects to supply power to grid.



MANAGEMENT DISCUSSION AND ANALYSIS
(cont'd)

REVIEW OF OPERATING ACTIVITIES

PALM OIL MILLING OPERATIONS

The profit from the palm oil milling operations recorded an impressive increase of 129% or RM41.56 million to RM73.77 million as compared to RM32.21 million recorded for the last financial year. The improved profit achieved was mainly due to higher CPO production and better processing margin.

Despite a 3% marginal drop in the CPO extraction rate to 21.14%, the operations have achieved satisfactory processing margin especially during the first three quarters of the financial year where the Group has also benefited from additional FFB intake diverted from surrounding mills which were likely affected by COVID-19. However, the Group faced shortage of crop supply in the fourth quarter which had led to stiff competition and more aggressive pricing strategy resulting in negative impact on processing margin. Overall, the Group's mills processed a total FFB quantity of 1.33 million MT during the current financial year, representing a 16% increase as compared to 1.14 million MT in the last financial year.

The Group recognised and received the insurance compensation of RM7.62 million for the fire incident that happened in June 2019 as other income. The compensation substantially covered the entire cost of repair and replacement of assets damaged.

Total CPO production for the year under review was 280,493 MT, which was 13% higher than 247,659 MT recorded in the last financial year. The market condition and demand for the Group's main milling products has been good and steady during the financial year.

The sale of CPO, the main product, was up by 9% to 292,053 MT as compared to 268,070 MT in the last financial year. As of the year end, the CPO inventory level has remained low at 2,200 MT as compared to the 5,500 MT at preceding financial year end.

The average selling price of CPO of the Group for the current financial year was RM2,755 per MT which was 30% higher than RM2,118 per MT in the last financial year.

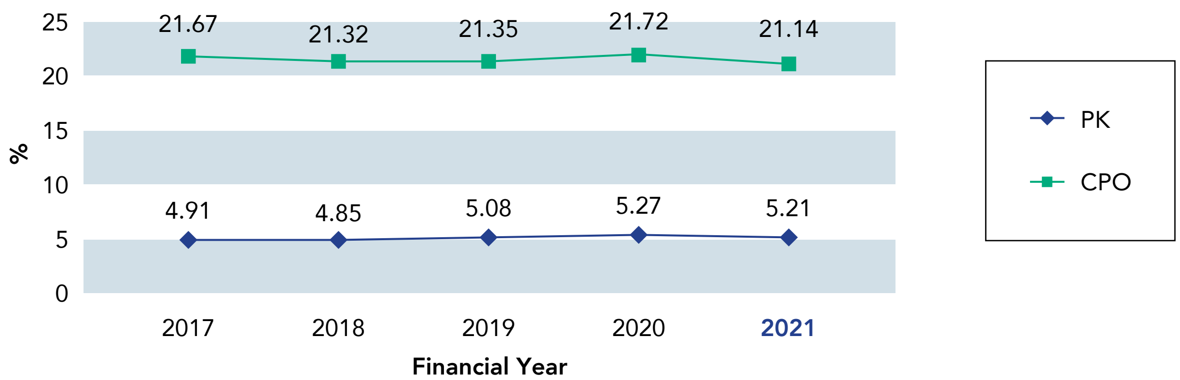
The extraction rate for CPO and recovery rate for PK for FY2021 and FY2020 can be analysed as follows:

	FY2021	FY2020	Change (%)
CPO:			
KLR Group CPO extraction rate (%)	21.14	21.72	(2.67%)
Malaysia National CPO extraction rate* (%)	19.92	20.21	(1.43%)
PK:			
KLR Group PK recovery rate (%)	5.21	5.27	(1.14%)
Malaysia National PK recovery rate* (%)	4.90	4.98	(1.61%)

* *The statistics for Malaysia National CPO extraction and PK recovery rates are extracted from MPOB web-site based on calendar year 2020 and 2019 whilst the figures from KLR Group are based on its financial year (Feb – Jan).*

The Group's performance in terms of extraction/recovery rates are broadly consistent with the previous year. The extraction/recovery rates performance of the Group's milling operations have remained largely consistent for the past five (5) years as shown below:

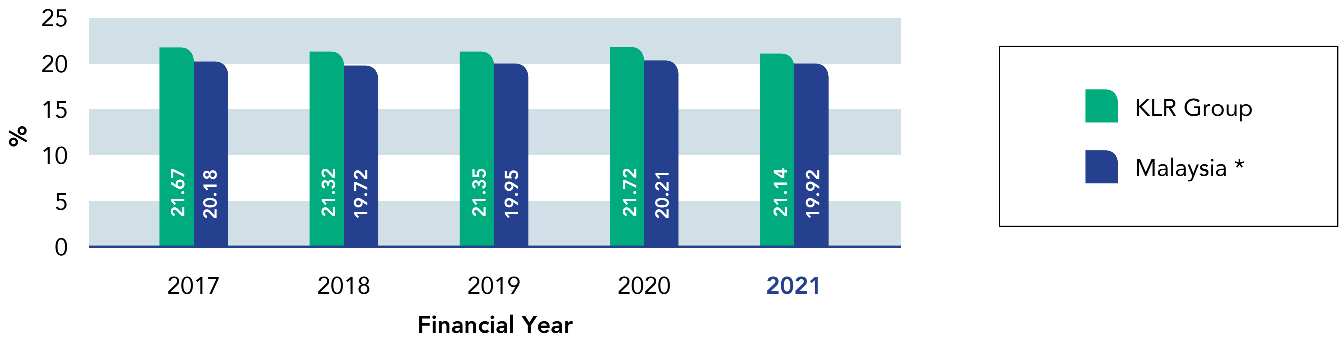
CPO extraction and PK recovery rates



MANAGEMENT DISCUSSION AND ANALYSIS

(cont'd)

The Group's average CPO extraction rates have outperformed Malaysia National average extraction rates for the past five (5) years as tabulated below:



* *The statistics for Malaysia National CPO extraction rates are extracted from MPOB web-site based on calendar year 2016 - 2020 whilst the figures from KLR Group are based on its financial year (Feb – Jan).*

Currently, all our three (3) palm oil mills have methane capturing facilities to reduce greenhouse gas emission into atmosphere. With the project of capturing methane gas implemented, the Group has successfully commissioned the utilisation of biogas in gas engines with total installed capacity of 3.5 megawatts. This has supplemented the power needs by the operations and together with better efficiency boiler/turbine, we have managed to maintain low usage of diesel consumed by gen-set and also minimised burning of palm kernel shell which can be made available for sales.

On the projects to supply power to the grid using biogas engines, the plant at Kota Tinggi mill has commenced supplying power up to 1.8 megawatt per hour to TNB grid since June 2019 and has contributed revenue of approximately RM5.1 million for the current financial year.

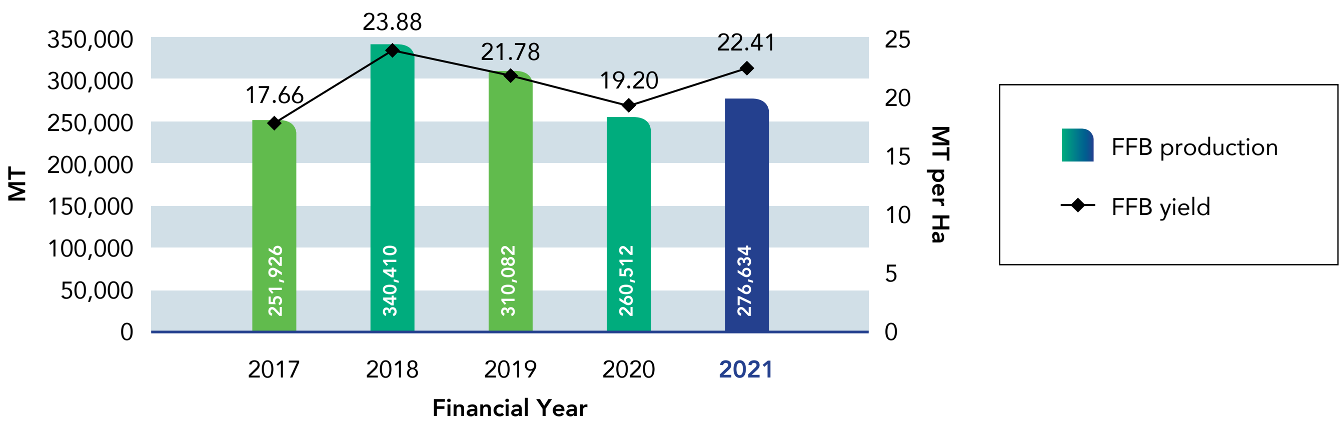
The installation progress of plants under FiT project at our Keningau and Telupid mills have been disrupted by MCO implementation and are still in progress. The plant at Keningau mill is expected to commence operations in the second half of year 2021 whilst the plant at Telupid mill would be in operations in year 2022.

PLANTATION OPERATIONS

The profit from the plantation operations was RM71.15 million, representing a remarkable 168% increase or RM44.65 million, as compared to RM26.50 million recorded for the last financial year. The increase in profit was mainly due to 33% higher average selling price for FFB.

In addition, the FFB production for the year under review was 276,634 MT which was 6% higher than 260,512 MT achieved in the last financial year mainly contributed by the estates in our Group which have shown a strong recovery from low yield cycle suffered in last financial year. Despite only 6% increase in production partly as a result of ongoing replanting programme, the FFB yield per hectare has improved by 17% as compared to the last financial year. The Group's average FFB yield performance has exceeded the average National FFB yield as published by Malaysian Palm Oil Board ("MPOB") for the past five (5) years. The plantation operations did not face problems in selling its FFB produce as most of the produce was supplied to mills within the Group. Tabulated below is the Group's FFB production and yield per Ha for the past five (5) years:

FFB Production and Yield

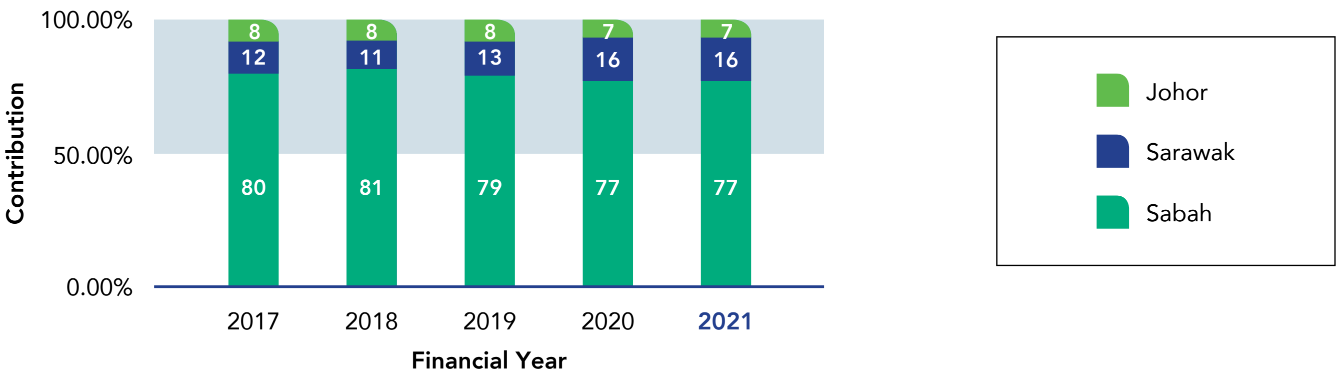


MANAGEMENT DISCUSSION AND ANALYSIS
(cont'd)

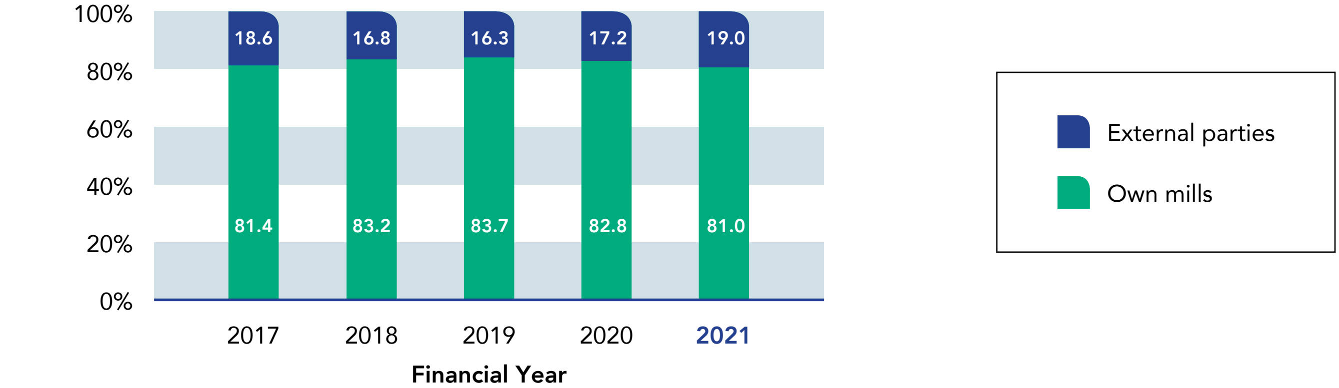
Out of the total average productive area during the year, 72% and 20% are located in Sabah and Sarawak whilst the remaining is located in Johor.

Most of the FFB produce is supplied to our own mills located nearby the estates while the FFB produce from our estates in Sarawak has to be sold to third party mill. Analysis of production and sales of FFB is tabulated below:

Group's FFB production by estates location (by State)



Sales of FFB



Our average oil yield per Ha for Sabah estates has improved significantly to 5.35 MT per Ha in FY2021 as compared to 4.53 MT per Ha in FY2020 mainly due to the estates in Sabah have recorded a strong recovery in production over the relatively low production yield records in the preceding year. Our overall Group average oil yield has also increased to 4.86 MT per Ha as compared to 4.23 MT per Ha in FY2020.

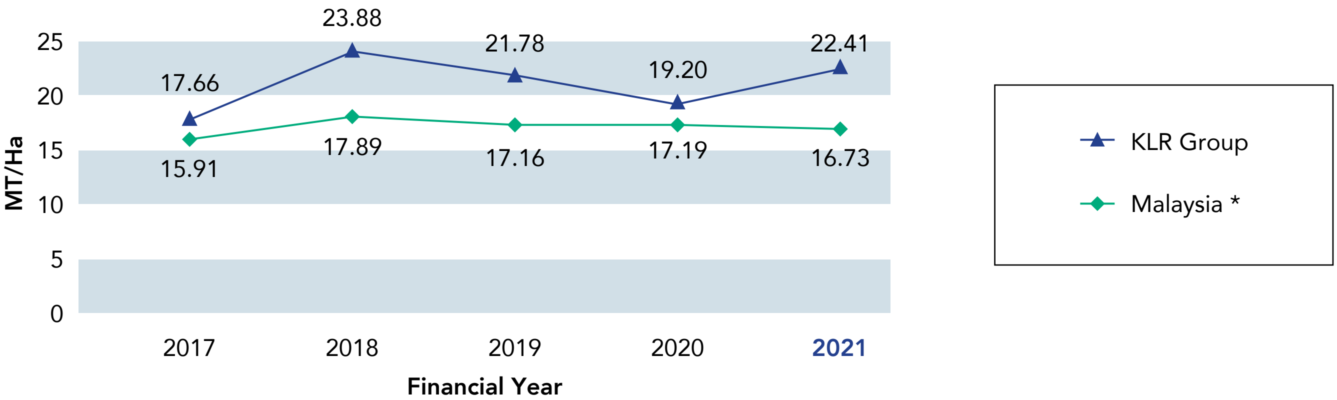
The yield per Ha analysis for FY2021 and FY2020 can be analysed as follows:

	FY2021	FY2020	Change (%)
FFB Yield:			
KLR Group FFB Yield (MT per Ha)	**22.41**	19.20	16.71%
Malaysia National FFB Yield* (MT per Ha)	**16.73**	17.19	(2.68%)
CPO Yield:			
KLR Group Oil Yield (MT per Ha)	**4.86**	4.23	14.89%
Malaysia National Oil Yield* (MT per Ha)	**3.33**	3.47	(4.03%)

* *The statistics for Malaysia National CPO and PK extraction rates are extracted from MPOB web-site based on calendar year 2020 and 2019 whilst the figures from KLR Group are based on its financial year (Feb – Jan).*

MANAGEMENT DISCUSSION AND ANALYSIS
(cont'd)

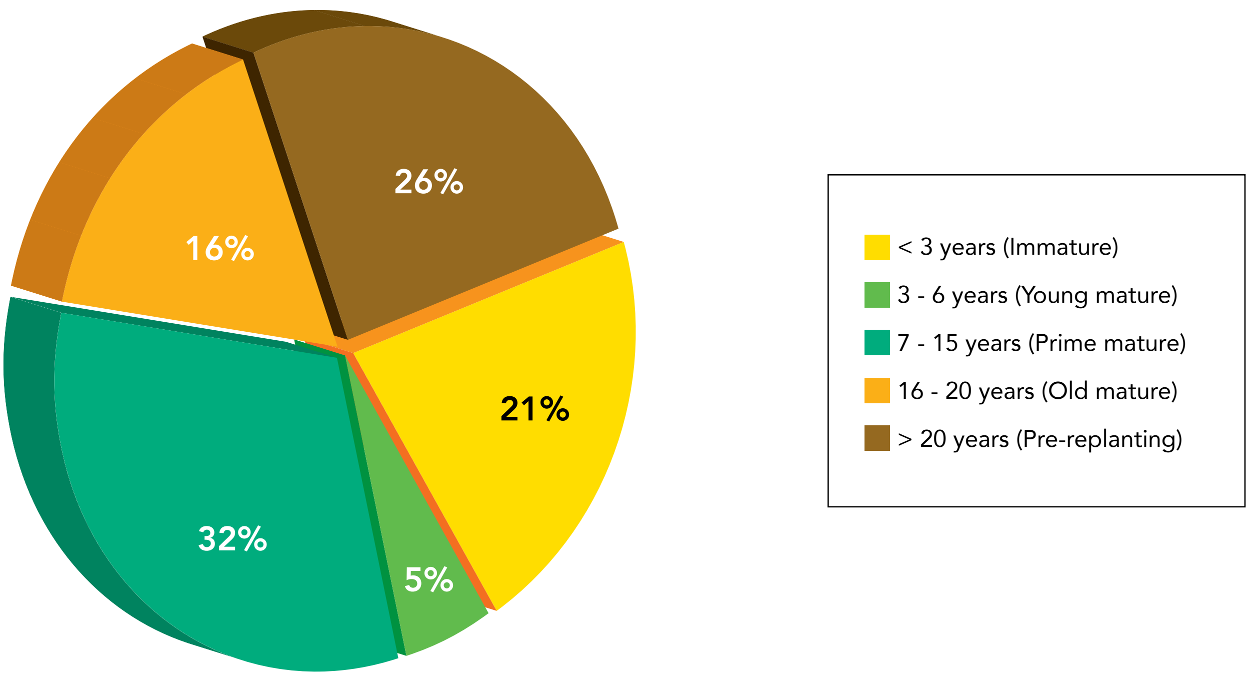
The Group's five (5) year FFB yield performance comparison with the Malaysia National performance is tabulated below:



** The statistics for Malaysia National CPO and PK extraction rates are extracted from MPOB web-site based on calendar year 2016 to 2020 whilst the figures from KLR Group are based on its financial year (Feb – Jan).*

As at 31 January 2021, the Group's total planted area (excluding land for infrastructure, area under development and unplantable land) is 14,857 hectares. In terms of age profiles of the Group's oil palm plantations, 48% of the planted areas are with palm age between 7 to 20 years old.

AGE PROFILE OF PALMS (AS AT 31 January 2021)



During the current financial year, the Group has carried out replanting of about 1,100 hectares.

Moving forward, with current strong CPO price, the Management has adjusted replanting programme with deferment on areas which continue to contribute good yield and planned to replant only 600 Ha in the financial year 2022. Subsequently, the Group would continue its replanting programme of approximately 1,000 hectares per year for old palms from 2022 to 2027.

MANAGEMENT DISCUSSION AND ANALYSIS
(cont'd)

RISKS EXPOSURE AND MITIGATION

The Group's business operations are within the plantation industry that is generally subject to the following major risks that may have a material effect on the Group's operations, performance, financial condition and liquidity:

a) Volatility in palm oil commodity prices as well as foreign currency exchange rate;
b) Fluctuation in production of FFB due to seasonal cyclical as well as weather factors such as El Nino phenomenon.
c) Demand in palm oil products that may be adversely affected by alternative supply of oils and fats worldwide;
d) Import policies of major importing countries;
e) Shortage in skilled labour in plantation sector; and
f) Increase in operation cost partly caused by up-going trend of minimum wages as well as increased recruitment cost for foreign workers.

There have been no significant changes in the above-mentioned risks since the previous financial year but in order to curb the spread of COVID-19, the Government has implemented the MCO and imposed restriction on cross-country travelling. Consequently, the oil palm plantation industry has faced challenging situation in recruiting sufficient foreign workers to optimise the operational efficiency of plantations.

The management acknowledges that COVID-19 pandemic has caused serious impact on the global economy and unprecedented volatility in crude oil commodity price in year 2020. With the recent development and vaccination progress worldwide as well as in the country, the management will still remain vigilant and resilient upon dealing with challenges and any potential adverse impact arising from COVID-19 pandemic on the operations of the Group. Nevertheless, the impact of COVID-19 pandemic on the operations of the Group is not expected to be significant based on current observation.

The management constantly monitors the movements in palm oil commodity prices and may take steps to mitigate unfavourable movement in commodity prices, where necessary, to reduce impact on the Group's financial performance. To achieve this, the Group may use derivatives such as Futures and Swap contract to hedge against cash flow risks faced by the Group arising from its forecasted production.

Considering plantation is still a labour-intensive industry, it is unlikely to operate without manual labour, therefore the Group has been putting its best efforts to manage its operations with limited labour force and where possible, to invest in mechanization and automation in its plantations as well as palm oil milling operations to reduce dependence on labour.

The Group also observes best practices in managing its plantation and milling operations such as adhering to requirements under MSPO certification scheme, manuring programmes recommended by Agronomists, strict control to minimize oil loss, so as to achieve optimal operation efficiency in terms of both production quantity and quality.

DEVELOPMENT AND PROSPECTS

Plantation operations:

On 9 February 2021, the Group took possession of 2,722 acres which is equivalent to 95% of total 2,862 acres of oil palm plantation lands under the Acquisitions from the Vendors, namely (1) Greenfingers Sdn. Bhd.; (2) R & H Sdn. Bhd.; (3) Bakti Perusahaan Sdn. Bhd.; and (4) Sri Handal Sdn. Bhd. whilst pending the fulfillment of all Conditions Precedent by the Vendors.

It is expected that additional 30,000 MT of FFB can be produced from the above-mentioned lands.

Barring any further unforeseen circumstances, the Acquisitions are expected to be completed in the second quarter of year 2021.

These Acquisitions will increase the supply of FFB produce to the Group's palm oil mill at Telupid, Sabah and this will contribute towards optimising utilisation of the mill's processing capacity as well as to reduce dependence on FFB supply from third parties especially during a seasonal low crop period. The Acquisitions will increase the land bank of the KLR Group for oil palm plantations and will contribute positively towards the Group's long-term growth in profitability.

The Group will continue its replanting programme to replant the old palms which are unable to meet the expectation of FFB yield. In view of current strong CPO price, the Management has adjusted replanting programme with deferment on areas which continue to contribute good yield and planned to replant only 600 Ha in the financial year 2022.

To support our plantation operations in Sarawak, the Group will continue with its effort to secure a milling license and setting up a palm oil mill in Sarawak.

For the financial year ending 31 January 2022, we forecast the FFB production to be about 10% higher than the quantity achieved in the financial year 2021 after taking into consideration of the impact of on-going replanting programme.

With the recent rally in CPO commodity price since the beginning of year, the management is of the view that the Group's plantation operations will benefit significantly from high CPO price for the financial year 2022 if the average CPO price could hold above the level of RM3,500 per MT.

MANAGEMENT DISCUSSION AND ANALYSIS
(cont'd)

Milling operations:

The management expects a total processing quantity of 1.3 – 1.4 million MT of FFB for the financial year 2022.

On the projects to supply power to the TNB grid using biogas engines, the installation of plants under the FiT project at our Keningau mill for supplying power up to 2.0 megawatt per hour to grid is near completion and is expected to commence operations in the second half of year 2021.

As for the FiT project at Telupid, Sabah, we have ordered the biogas engines and installation is currently in progress. Barring any unforeseen circumstance, we expect this plant to be commissioned and in operations in year 2022.

Despite the volatile palm oil prices recently, the management expects the milling operations to perform satisfactorily on the ground of good production efficiency as well as competitive pricing for sourcing FFB supply. In general, palm oil milling is less sensitive to volatility of palm oil prices.

General:

As the palm oil industry is considered as essential services, the Group's plantation and milling activities have been running largely as normal during the various phases of MCO period since March 2020. Therefore, the management expects there should be no significant financial impact caused by the current stage of MCO on the Group's performance in the financial year 2022.

We foresee the CPO inventory level to remain stable and could start to rebuild when palm oil production recovers toward the third quarter of year 2021. Although we expect the CPO price could retract slightly from current high with the general expectation of increase in production, we believe it will remain above RM3,000 per MT towards the end of this year. On the other hand, supply of other vegetable oil particularly soybean oil, could also affect the prospect of CPO price. Nevertheless, the prospects of demand for biodiesel may also provide support to the CPO price.

The management will continue to observe closely the movement of CPO commodity price and take necessary actions to mitigate the risk exposure arising from volatility of commodity price, including hedging to lock in selling price of projected FFB produce. However, CPO price is also generally susceptible to fluctuation of currency exchange rate, demand and supply of commodity and import policies of major importing countries.

Based on the above, we foresee the Group will perform well for the financial year 2022.

SUSTAINABILITY STATEMENT

This Sustainability Statement ("Statement"), which is prepared in accordance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("MMLR"), sets out what the Board considers as material sustainability risks and opportunities, collectively known as Material Sustainability Matters ("MSMs"), that impact the way the Group's operations are carried out as well as how such MSMs are managed to achieve the strategic objectives of the Group. This Statement also explains the governance structure of the Group in overseeing sustainability matters and how measures are being deployed to achieve their desired results. The contents of this Statement encompass the entire Group's operations. In preparing this Statement, the Board has considered the Sustainability Reporting Guide and its accompanying Toolkits, issued by Bursa Securities.

Kim Loong Resources Berhad ("Kim Loong") group's principal activities, which remain largely unchanged during the financial year ended 31 January 2021, comprise investment holding, cultivation of oil palm, processing of oil palm fresh fruit bunches and marketing of oil palm products, processing of oil palm fibre and biogas and power generation. These businesses are streamlined into two (2) main segments, namely plantation operations and palm oil milling operations.

As a responsible corporate citizen, the Company, via its Board of Directors ("Board"), is mindful of the need to have, and supports a growth strategy that incorporates sustainable development and management.

Our sustainability management are guided by the four key principles. The Group, in all its undertaking seeks a balance between all four pillars to ensure the Company creates constructive and long-term shared values for our stakeholders, whilst managing risks in a holistic manner.

ENVIRONMENT	COMMUNITY	WORKPLACE	MARKETPLACE
▪ To practise responsible stewardship on the environment given that our business is closely related to nature. ▪ To adhere to the principles of sustainable development for the benefit of current and future generations.	▪ To build mutually beneficial relationship with the communities where we operate and with society at large through active engagements. ▪ To enrich the communities where we operate.	As our people is our most important asset, we strive ▪ To create a conducive and balanced working environment encircling good practices, safety and well-being of employees. ▪ To attract and retain talent, and nurture our employees to enable them to realise their full potential. ▪ To remunerate employees commensurating to their academic and work achievements. ▪ To provide continuous development through training and further academic learning.	▪ To conduct our business with honesty, integrity and a commitment to excellence. ▪ To personify exemplary corporate governance and transparent business conduct.

Our Sustainability Governance Structure

The Group has established a Risk Management and Sustainability Committee ("RMSC"), helmed by the Managing Director and other Executive Directors of the Company as well as Heads of Business Unit of the Group as Committee members. The RMSC, which assists and reports directly to the Board on risk management and sustainability matters faced by the Group, is supported by a working group comprising the Managing Director and other Executive Directors, Heads of Business Unit and key Management staff. The working group is involved in the identification of MSMs, including how MSMs are managed, which are deliberated at the RMSC, monitored and the outcome thereof disseminated to the Board for notification and comments, as the case may be.

BOARD OF DIRECTORS — MANAGING DIRECTOR — RISK MANAGEMENT AND SUSTAINABILITY COMMITTEE — WORKING GROUP

SUSTAINABILITY STATEMENT
(cont'd)

The roles of each team in the Sustainability Governance Structure are as follows:

Board of Directors	• Assesses the sustainability performance of Kim Loong's operations.
Managing Director	• Monitors the strategies, direction of Kim Loong and agenda for implementation towards sustainability. • Drives the Group's sustainability agendas. • Approves the sustainability strategy and framework.
Risk Management & Sustainability Committee ("RMSC")	• Evaluates overall sustainability risks and opportunities and develops the sustainability strategies with agenda for implementation. • Monitors sustainability implementation to ensure compliance from all departments at operational level. • Resolves critical or major sustainability issues that may impact Kim Loong. • Periodically reviews the progress of sustainability implementation and reports to the Board. • Reports to the Board of any unresolved critical sustainability issues.
Working Groups (Plantation)	• Promotes effective implementation of the sustainability strategies through regular monitoring, reviewing and improving sustainability practices in all plantations. • Ensuring resources and procedures are in place to achieve its sustainability commitments and targets. • Continuously improves the management system to meet Malaysian Sustainable Palm Oil ("MSPO") Standard. • Periodically reports to RMSC on the progress of sustainability implementation in plantation. • Reports to RMSC of any critical or major sustainability issues in plantation.
Working Groups (Milling)	• Promotes effective implementation of the sustainability strategies through regular monitoring, reviewing and improving sustainability practices in mills. • Ensuring resources and procedures are in place to achieve its sustainability commitments and targets. • Continuously improves the management system to meet the requirements of MSPO and other Quality Management Systems. • Periodically reports to RMSC on the progress of sustainability implementation in mills. • Reports to RMSC of any critical or major sustainability issues in mills.

Our Stakeholder Engagement and Prioritisation

The Group's stakeholder identification process is based on an exercise of identifying key external and internal groups which have a substantial impact on the Group or upon which the Group has a substantial impact. The Group's businesses have a relatively wide reach and affect not only commercial stakeholders but also communities and other entities who have non-financial interest in the impact of the Group's activities.

Continuous and meaningful engagement with our key stakeholders is integral towards understanding and fulfilling their expectation. This ensure the Group's business continuity and sustainability. The stakeholder identification and prioritisation process were carried out by the RMSC and key Management personnel.

SUSTAINABILITY STATEMENT
(cont'd)

The Group utilises different approaches to engage with our key stakeholders. Outlined below is an overview of the Group's engagement with key stakeholders as well as concerns raised throughout FY2021 and our response to these concerns.

Stakeholder group	Method of engagement	Key topics and concerns raised	Group's response
Employees (including field workers)	• Roll call/daily muster • Annual appraisal • Circular of internal policies • Sports and recreation activities • Committee meetings (Gender, Joint Consultative Committee, Occupational, Safety and Health ("OSH") etc) • Informal gathering to enhance bonding • Internal training • Stakeholder meetings	• Operational concerns • OSH issues • Other organisation wide issues	• Enhance better understanding and awareness among employees on Group Policies, sustainability requirements and compliance • Improve mechanism for complaints and grievances • Stricter enforcement on Safety Policy and more OSH and relevant Safe Operating Procedures training
Board of Directors	• Board meetings • Site visits	• Progress of sustainability matters • The Group's performance • Strategic planning	• Better understanding of the Group's sustainability progress and initiatives
Customers	• Meetings with the management • Site visits • One-to-one meeting • Contract negotiation	• Greenhouse gas ("GHG") emissions, discharges and waste management, high carbon stock, peat development • Human and workers rights, social welfare, and OSH • Sustainability certifications	• Create awareness of the Group's commitment to sustainability and better understanding of our policies, cultures and values.
Suppliers and Contractors	• Meeting with the management • Visits to estates and mills • Contract negotiation • One-to-one meeting • Stakeholders meeting	• Biodiversity & conservation, GHG emissions, discharges and waste management • Deforestation, high carbon stock, peat development • Workers rights, social welfare and OSH • Product quality	• Raise awareness of the Group's commitment to sustainability • Better understanding of the Group's business activities • Payment terms and timeliness • Work ethics
Shareholders and Investors	• Meetings with shareholders (Annual General Meetings) • Announcements to Bursa Securities, details of which may be accessed by shareholders • Company's corporate website	• Free, Prior Informed Consent ("FPIC") • Product quality	• Maintain good relationship and positive reputation amongst investors constructive feedback

Stakeholder group	Method of engagement	Key topics and concerns raised	Group's response
Government agencies, regulatory and certification bodies	• Inspections by the agencies • Attends workshops and trainings • Meeting with the regulators • Correspondences with regulators on requirements • Stakeholders meeting	• Compliance with legal requirements • Human and workers' rights, social welfare, OSH, equal treatment, code of ethics and governance • Product quality, supply chain and evaluation of supplier / contractors' sustainability commitment	• Support and contribute to the development of national sustainability standards
Small holders and local communities	• Awareness briefing • Meetings • Circulars/Notices • Dialogue session • One-to-one communications • Stakeholders meeting • Community out-reach activities and development program	• Job opportunities in KLR for the locals • Donations • Road maintenance for local accessibility	• Conduct social impact assessment • Established human rights policy • Amicable solutions on conflicts and grievances • Give priority to employing qualified and eligible local • Contribute and donate to community needs and development • Improved road access

The feedback from engagement with key stakeholders is considered in evaluating whether a sustainability risk and opportunity is considered material to enable pertinent responses to be factored in the Group's strategies.

Our Materiality Assessment Process

Materiality, in sustainability terms, is not limited to matters that may have a significant financial impact on our Group but also includes matters that may impinge on our ability to meet present and future needs. Our definition of materiality is drawn from the Sustainability Reporting Guide provided by Bursa Securities, where material issues are defined as such if they:

- reflect an organisation's significant Economic, Environmental and Social impacts; or
- substantively influence the assessment and decisions of stakeholders.

Accordingly, we believe that the results for FY2021 stemmed largely from, inter-alia, the Group's continuing emphasis on human capital development and retention, sustainable environmental practices and focus on community development, which have been identified as the Group's Material Sustainability Matters.

ECONOMIC

Performance and achievement

On the back of a revenue amounting to RM971.68 million for the financial year 2021 as compared to RM679.63 million recorded in the preceding financial year, the Group recorded a pre-tax profit of RM144.55 million for FY2021, which was 139% higher than RM60.39 million for FY2020.

The Group recognises the importance of, and is committed to provide quality products and services in meeting prevailing standards and expectations of the market and our customers through our available resources.

SUSTAINABILITY STATEMENT
(cont'd)

Malaysian Sustainable Palm Oil ("MSPO") Certification

MSPO is a mandatory national sustainability certification scheme for the oil palm industry in Malaysia, covering the whole supply chain from oil palm plantations to downstream facilities. All oil palm industry players in Malaysia are mandated to be certified under the MSPO certification scheme by the end of 2019.

The MSPO Standards contains seven principles which form the general requirements of a management system framework, based on the three pillars of sustainability: economically viable, socially acceptable, and environmentally sound. The seven principles are:

Principle 1 – Management commitment and responsibility
Principle 2 – Transparency
Principle 3 – Compliance to legal requirements
Principle 4 – Social responsibility, health, safety and employment conditions
Principle 5 – Environment, natural resources, biodiversity and ecosystem services
Principle 6 – Best practices
Principle 7 – Development of new plantings

The new addition to the MSPO certification scheme is the MSPO Supply Chain Certification Standard ("MSPO SCCS"), which was launched on the 1 October 2018. The standard which is applicable to the oil palm downstream industry covers management requirements and traceability of the production throughout the supply chain from the raw materials to processing and manufacturing of palm and palm oil-based products. The mandatory timeline is by 1 January 2020. All the three palm oil mills in the Group have successfully passed the audit under this scheme.

In this reporting period, we successfully completed an annual surveillance audit as mandated by MSPO Oil Palm Management Certification (Parts 3 and 4 of the Principles and Criteria) as well as under the MSPO SCCS. Prior to the audits by the MSPO accredited auditor, the SIRIM QAS International and NIOSH Certification Sdn Bhd, we conducted our internal audit and management review of our MSPO and SCCS systems.

In spite of the COVID-19 pandemic, we continued to serve our customers and the broader community. We abided by regulations and guidelines established by national authorities and established further Standard Operating Procedures (SOPs) to safeguard the health and wellbeing of all our employees and other stakeholders, and to ensure our business continuity.

Tracebility

As part of our efforts to manage our supply chain, we underline the importance of traceability as part of our internal procurement and supplier management processes. Our efforts are aimed at:

- Ensuring the estates are able to trace fresh fruit bunches ("FFB") produced from various stages, including source of the seedlings, planting, harvesting, and transportation.
- Ensuring palm oil mills are able to trace the production of crude palm oil ("CPO") and palm kernel ("PK") – from receipt of FFB, mill processing, transporting, and delivery.
- All our palm oil mills have obtained the MSPO SCCS certification.

To ensure the FFB produced at estates as well as the CPO and PK produced as part of milling operations are traceable, we have established procedures to ensure sustainable production of our FFB, CPO and PK.

SUSTAINABILITY STATEMENT
(cont'd)

ENVIRONMENT

Being cognizant of the impact its operations may have on the environment, the Group has undertaken the following salient sustainable practices throughout the financial year under review.

Water Management

Water is a critical input for palm oil industry and the threat of climate change increases the intensity and frequency of natural disasters and water related extreme events (unpredictable rainfall, flash floods and droughts). Resolving the challenges of the future requires a thorough re-evaluation of how water is managed on our estates and palm oil mills and how this can be repositioned in the broader context of overall water resources management and water security.

In line with our efforts to conserve water on our estates, we plant leguminous cover crops, wherever suitable during replanting process to reduce evaporation water losses and conserve soil moisture storage. In our estates, we have also constructed water conservation pits where appropriate to collect water for irrigation purposes.

The Group recognises that maintaining good water quality is vital for safeguarding the health of our employees as well as of the local communities.

Measures taken included setting up water treatment plant to process and supplying clean water safe for human consumption. Collection of water sample is carried out at least once a year for testing of water quality to ensure that it is safe for drinking and other daily usage.

The milling operations reduce water consumption by using technology as well as recycling of water to reduce the amount of effluent discharge.

Water sampling

Our mills and estates share rivers with local communities, hence it is our responsibility to prevent contamination of the rivers due to effluent and water discharge from our operations. To do so, we conduct water sampling in these rivers. Water sampling is conducted by external laboratories and the results are retained for reference. To date, there have been no instances of water contamination in rivers surrounding our operations.

SUSTAINABILITY STATEMENT

(cont'd)

Zero burning in land clearing

The Group adheres strictly to the policy of zero burning in both new planting and replanting of oil palm. Zero burning not only keeps the air smoke-free but yields several benefits as well. The remnant debris, comprising bushes or small trees which are felled, are shredded and spread in the field to biodegrade, releasing nutrients slowly, adds valuable organic matter to the soils, reducing the use of fertilisers during the immature period. This policy is incorporated in the land clearing contract in which external contractors are engaged.

Soil enrichment and conservation program

The Group has implemented some of the Good Agriculture Practices ("GAP") and recognises the importance of managing various types of soil in plantations as it is a key contributor to crop productivity. A healthy soil can sustain healthy and productive palms and provide viable environment for beneficial animals and soil microbes. Some of the GAP carried out are as follows:

- Planting of leguminous cover crop in new planting and replanted areas. The fast-growing plants provide cover to protect the soil and build up nutrients in the topsoil as well as to suppress weed.
- Solid organic waste material generated from the milling operations such as decanter cake and empty fruit bunches ("EFB") are applied in fields, especially at marginal soil areas.
- Maintaining of soft grasses in palm avenues.
- Field application of oil mill processing co-products such as treated palm oil mill effluent ("POME") and decanter cake.
- Conservation of soil and water by building conservation pits and bunds, terracing, roadside drainage and sumps and water catchment ponds.

Fertiliser management program

The management of fertiliser application processes in our Group is documented in our standard operating procedures. Monitoring practices are also put in place to ensure optimum dosage and uptake of nutrients by the palms. Oil palm nutrient requirements are determined through yield performance profile of the palm trees, soil and leaf analysis conducted by an independent Agronomist team. Recommendations for type and dosage of fertilisers are given to the respective estate based on these analysis. This prescriptive practice allows a more precise and efficient application of fertilisers with minimum wastage. Fertiliser application is timed during months where rainfall is at moderate levels to prevent runoff losses and potential volatilisation losses during dry months. In addition, the quality of fertiliser to be applied is also periodically assessed by taking samples and sending to independent labs for testing of nutrient contents.

Integrated Pest Management ("IPM")

IPM is a component of GAP which incorporates use of biological, mechanical and physical methods to reduce the use of chemicals and pesticides. Implementation of IPM, wherein responsible use of chemicals and pesticides is paramount to ensure safety of our workforce, local communities and the environment where we operate. This is achieved through due diligence and justification process and prioritise biological control prior to use of chemicals and pesticides, thus limiting introduction of hazardous agents to the open environment. This approach requires surveillance and monitoring of pests and diseases and ensures no prophylactic use of chemicals and pesticides unless in exceptional circumstances as identified within the local legal requirements.

Some of the IPM techniques carried out by the Group include:

- Propagation of beneficial plants such as Cassia Cobanensis, Antigonon Leptopus and Turnera Subulata to increase population of predators of pests that could control the population of bagworms and nettle caterpillars on our Group's estates.
- Use of pheromone traps to minimise damage to young palms rhinoceros beetles.
- To allow local predator animals such as barn owl and snake to propagate in our estates to control rat population.

To enhance the effectiveness of IPM and safe use of chemicals and pesticides, training and field demonstrations are regularly conducted by the chemical suppliers for estate personnel from our management to our workers. This training encompasses identification of various pests and diseases in oil palm, safe procedures to apply chemicals and pesticides, and the proper procedures to adhere to in managing the pests and diseases of oil palm.

Monitoring with Geographic Information System ("GIS") / Global Positioning System ("GPS") Data

With drones becoming more affordable and widely available, we have started to perform census of our Group's palm tree with this technology. This project will provide a realistic overview of our plantation assets and landbank status incorporating GIS and GPS information. This will enable more accurate data collection of our Group's total palm stand to facilitate more effective management planning, utilisation of resources and the correct dosage of fertiliser application.

Waste and effluent management

The Group applies the best management practices in the handling of wastes at our sites by minimising waste generation and proper segregation, storage, transport and disposal of scheduled waste and domestic waste in adherence to standards set by the Department of Environment ("DOE") and local municipal councils.

All scheduled wastes are handled in accordance with the Environmental Quality (Scheduled Wastes) Regulation 2005 requirements. Assigned competent person for all operation sites will periodically submit reports through DOE online reporting system (Electronic Scheduled Waste Information System).

POME is properly treated and monitored by assigned competent person to ensure full compliance with the Environmental Quality (Industrial Effluent) Regulations 2009 requirements. Our effluent treatment system allows capturing greenhouse gas to reduce greenhouse gas emission to the atmosphere and is adequately designed to meet the discharge parameters mandated. However, the quality of discharge may be influenced by various factors including quantity of FFB milled and rainfall. The DOE comes for regular site inspection and collects effluent sample at final discharge point for analysis.

This ensures that communities downstream of our palm oil mills are also able to enjoy the use of water resources.

Reduction of greenhouse gas emission

The Group has successfully implemented three (3) methane capture facilities for the renewable power generation projects at its three (3) mills which reduce greenhouse gas emissions as well as reducing the reliance on diesel power generator during start-up or low crop period. The power generated from greenhouse gas is either sold to the grid or utilised by milling operations and other downstream activities of the Group. The project implemented in our Kota Tinggi mill was the first project on biogas generated from POME that is registered with the Clean Development Mechanism ("CDM") Executive Board of United Nations Framework Convention on Climate Change. As a result, better utilisation of energy from waste material and biomass contributes towards reducing the environmental impact and improve sustainability of the palm oil industry.

Riparian reserves

Riparian reserves are areas of conservation between land and rivers teeming with life from the habitats of flora and fauna. The importance of identifying these areas for conservation lies in their role of supporting local ecosystems as well as maintaining water and soil quality. As part of our efforts, we have identified and incorporated buffer zones and riparian reserves within our plantations.

To manage and preserve our riparian reserves, we plant legumes cover crops to prevent soil erosion.

Prudent use of paper practices

We acknowledge that the environmental impact of paper usage is significant. Our approach is to avoid unnecessary paper consumption and waste generation, where possible and appropriate. We always look at ways to reduce paper usage and encourage the usage of electronic platforms such as WhatsApp social media, SMS and email as efficient alternative modes of communication with our suppliers and customers and for our day-to-day internal operations, and to use recycled paper to print any document where possible.

Electronic publications

To reduce the consumption of paper, the Annual Report of the Company is published on the Company's website for access by shareholders and investors.

WORKPLACE

The Group is aware that the quality of its people is crucial to deliver its strategy and to ensure its future success and, therefore, aims to create a positive work culture in the Workplace where employees are able to constantly learn new skills and improve their efficiency in carrying out their tasks, with the intent of improving their quality of living as an individual. The Group has a total workforce of 1,480 as at 31 January 2021 of which about 51% are Malaysian.

The Group continues to place high emphasis on developing its human capital, the organisation's most valuable asset as it is a significant resource in the labour-intensive agriculture sector. All the more so as the sector has over recent years been experiencing severe labour shortages.

In view of above, the Group has invested heavily on employee housing, provision of free/subsidised electricity and free water supplies to the employees in the estates and mills with the objective of alleviating the living conditions of residents. In addition, the Board has emphasised on talent development, motivation and retention measures, including safety and health imperatives.

Human and Workers Rights

The Group is committed to ensure the dignity and rights of our workers are respected in line with legal regulations and the United Nations' guiding principles on human rights.

Our commitments include the following:

- Providing, for all employees, a safe environment free from discrimination and violence on any ground, and from harassment at work including sexual harassment.
- Ensuring employees are paid based on legal requirement on minimum wage.
- Prohibiting child labour and forced labour within our organisation.
- To resolve all complaints and grievances of employees through a standard procedure.
- The passports of foreign workers are made available at any time.

Freedom of Association & Collective Bargaining

The management respects the rights of employees and workers to form and join trade unions of their choice and recognises their rights to bargain collectively for their mutual benefit. We believe that building harmonious relationship with employees enhances our organisational productivity and performance.

Working Hours

Working hours for our workforce are compliant to national laws and industry standards. Overtime is voluntary and shall not exceed the limit provided in the national laws, collective agreements or industry standards. The Company ensures appropriate safeguards are in place to protect workers' health and safety when overtime work is practiced by the workers.

Diversity & Inclusion

In respect to diversity and inclusivity, the Group is committed to ensure equal opportunities to all employees irrespective of their gender, racial, religious or socioeconomic background. We consistently nurture the development of our human assets within conducive workplace by fostering an inclusive culture and promoting cultural diversity as well as having active employee engagements.

The plantation industry is traditionally dominated by men as the nature of work is often arduous and entails manual labour. We are actively encouraging women to join all aspects of our ever-growing operations. The Group establishes gender committees at all our estates and palm oil mills to safeguard the interest of our female workforce.

Sexual Harassment Policy

Kim Loong Resources Berhad has a sexual harassment policy in place which must be observed by all our workforce, contractors and suppliers. This policy prohibits all forms of harassment behaviour that may create an atmosphere of hostility and intimidation of any kind at the workplace. No one should be subjected to any form of sexual harassment while carrying out their duties.

For the financial year 2021, no sexual harassment or sexual related cases was reported for the entire Group.

SUSTAINABILITY STATEMENT
(cont'd)

Improving the quality of life

The Group has carried out the following activities to improve the quality of life and foster a sense of belonging in the Group:

- Various staff activities, including festival celebrations and sporting events through the In-house Sports/Welfare Club;
- Employees were encouraged to cultivate their own vegetables for food production in designated areas within the estate/mill to enhance food sufficiency by providing seeds and young plants, including fruit tree planting within the housing compound. These initiatives were supported through the provision of planting materials, agro-fertilisers and bio-mass inputs. The produce was then distributed among employees;
- Retail prices for essential food items at the grocery shops in the estates were monitored to ensure that those items were reasonably priced; and
- At the estate/mill level, family day, sports day, annual 'kenduri' and dinners were conducted to foster better relations between the staff and workers and promote healthy lifestyle;

Anti-Corruption Practices

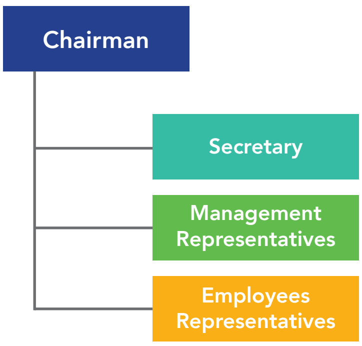
The Group avoids all forms of corruption at the workplace and has in place mitigation measures such as operational limits of authority and procedures for all directors and employees to declare any conflicts of interest. In addition, our 'open-door' policy promotes open channels of communication at the workplace.

As we recognise the importance of formalising our values and workplace practices, we have established our own Code of Ethics to guide our management and employees in a structured manner. Our Whistle-Blowing Policy has been formalised and enforced to further endorse a safe and secure platform to report any incidents.

Safety and health at the workplace

The safety and health of our employees is of utmost importance to us. The Group is committed to create a culture of safety and health within the organisation in which employees are trained to be aware of and adopt safe practices and healthy lifestyle.

A safety and health committee is established at each business unit in line with the requirements of the Occupational Safety and Health Act, 1994.



Safety and Health Committee Responsibilities:

- Assist in the development of health and safety rules and a safe working system;
- Review the effectiveness of safety and health programmes;
- Analyse trends of accidents, near-miss incidents, dangerous occurrences, occupational poisoning and occupational disease occurring at the workplace;
- Report any unsafe or unhealthy work conditions or practices at the workplace to the management together with recommendations for corrective actions;
- Conduct workplace inspections at least once every three months;
- Conduct investigations on accidents occurring at the workplace; and
- Promote and conduct occupational safety and health ("OSH") activities such as health and safety campaigns, competitions, and promotions.

In addition, the following measures were carried out by the Group to address health and safety at the workplace:

- Providing appropriate Personal Protective Equipment for workers;
- Maintaining Safe Operations Procedures;
- Providing medical supplies for the medical clinics at the mills and employing Hospital Assistants. In addition to the regular duties, the Hospital Assistants carry out regular inspections of the employees' housing to ensure that sanitation, health and drainage standards are properly maintained according to the Group's policies; and
- 'Gotong-royong' and cleaning up activities were conducted to step up the hygiene condition and prevention of mosquitoes breeding at housing areas of the Group's estates/mills.

There was no fatality suffered by the Group during the FY2021.

SUSTAINABILITY STATEMENT
(cont'd)

Chemical Health Risks Assessment ("CHRA")

In line with the Use and Standards of Exposure of Chemicals Hazardous to Health (USECHH) Regulations 2000, the Group has appointed a certified assessor to conduct Chemical Health Risk Assessment ("CHRA"), for all chemicals utilised in the respective plantations and oil mills. This is reviewed every 5 years by the appointed assessor as stipulated in the Regulations and annual medical health surveillance is conducted on all employees engaged in handling pesticide and other chemicals. In this context, training programmes on the use of personal protective equipment for workers exposed to hazardous compounds are regularly conducted.

Based on CHRA recommendation, competent Hygiene Technician 1 registered with DOSH are appointed to conduct Employee Personal Exposure Monitoring for staff handling hazardous chemical to monitor their degree of exposure once a year. The said staff is required to go for medical surveillance once a year to ensure their good health and wellbeing in maintaining a safe workplace.

Hazards Identification Risks Assessment and Risks Control ("HIRARC")

HIRARC has been conducted on all estates and mills to identify all potential hazards related to work activities. Risk assessments shall be conducted to prioritize the risks and control measures to be implemented to mitigate the risks.

HIRARC shall be reviewed whenever there are any changes in process, work activities, new equipment, findings from any accidents or near miss incidents and finding from workplace inspection reported by the Occupational Safety Committee member.

Noise Exposure Monitoring According to Factory and Machinery (Noise Exposure) Regulations 1989

The Group has appointed Noise Competent Person registered with DOSH to conduct Area Noise Mapping and Employee Noise Exposure Monitoring to ascertain whether any employee is exposed to noise level above Permissible Exposure Limit of 90dB(A) at all mills.

Hearing Protection Devices ("HPD") shall be provided by company and training conducted to staff to ensure proper usage of HPD and care of the HPD. Staff working in high noise area has been sent for audiometric testing program by registered Occupational Health Doctor on an annual basis. Briefing on the results of the audiometric test and also the provisions of the regulations and effects of noise on hearing has been conducted to relevant staffs.

Human capital development - equipping and learning culture

Training allows our employees to be equipped with the knowledge to apply our policies and standards consistently.

The Group inculcates a learning culture in the organisation so that employees at all levels are equipped with the necessary knowledge, skills and exposure, and that not only could they be fully effective in their current jobs but also prepared for their career progression and future assignments in support of the Group's objectives and business plan. With this in mind, we have established our own Plantation Training Centre in Keningau, Sabah to provide different levels and areas of training to our plantation staff and workers to boost their productivity and to improve their efficiency and work performance.

The Group also engaged experts to share knowledge on a variety of issues that could benefit the employees on a personal and professional level, as well as conducted inhouse training for staff on human capital, safety, accounting, technical issues and management skills. Where specialist training was required, the staff were sent for external training.

COMMUNITY

The Company strongly believes that in playing its role as a socially responsible corporate citizen, it creates business sustainability and enhances value for all its stakeholders. We strive to make a positive difference to the communities in which we live and operate.

The Group has over the years placed great emphasis on enhancing living conditions of the communities where we operate. This is evidenced by the Group's contributions in areas of education, infrastructure, cultural and social development initiatives. It is the Group's practice to create and offer priority in job opportunities to local villagers, either by way of direct employment, internship or through the award of contract works. This approach has proven effective in improving their living standards.

The Group is involved in the development of land belonging to an orphanage into an oil palm estate under a joint venture agreement, providing good long-term income and development fund to Al Yatama Berhad, an organisation involved in charity work (running an orphanage).

The Group has undertaken the development of oil palm plantations on Native Customary Rights ("NCR") land in Sarawak. The aim of this project is to bring social and economic benefits to landowners who are from the indigenous community of Malaysia. The Group now manages 2,774 Ha as at 31 January 2021 under this NCR project of which 2,449 Ha have been planted. The Group's involvement in developing NCR land has enabled sustainable income to be provided for about 700 local land owners, a major effort contributing to poverty alleviation in the rural areas.

During the year, the Group has assisted trainees from various universities, institutes of higher learning and training centres to undergo their practical training. Suitable candidates have been identified for employment after they have completed their training.

SUSTAINABILITY STATEMENT

(cont'd)

Corporate social responsibilities initiatives

The Group has initiated an education program with Humana Child Aid Society to support its mission to provide education for children in plantations and mills in Sabah. The Group also made several contributions and donations amounting to approximately RM197,000 to governmental and non-governmental organisations to support their sports, cultural and welfare activities. Donations were also made to schools for their building funds, sports day and Parents and Teachers Associations in Johor, Sabah and Sarawak. Some of the notable donations includes:

- RM80,000 (community partner with OCBC Bank (Malaysia) Bhd and Women of Will) to provide household essentials for B40 families, out of which RM64,000 is for families in Keningau, Sabah. 1,600 individuals benefited from this exercise.
- RM20,000 to Melolisa Foundation (MEOA COVID-19 fund) - to procure personal protective equipment ("PPE") for medical frontliners and battle against COVID-19.
- Joint scholarship with Loo Geok Eng foundation to fully finance tuition fee to selected local universities students.

This Statement has been reviewed and approved by the Board of Directors at a meeting held on 19 May 2021.

華僑銀行聯合2機構

捐受疫情影響民衆食品

亚庇27日讯｜大马华侨银行（OCBC）·Will of Women以及Kim Loong Resources 3机构联合捐赠两个月的食品援助物资·总额共16万5500令吉。

这项义举也获得红新月会的帮助下向家庭发放·帮助受新冠肺炎疫情影响民众能获得食品湖口。

华侨银行（OCBC）再其专页脸书上贴文如此指出·这项举动让根地咬附近偏僻甘榜662个B40家厅的3500人以及生活在西马巴生谷受灾重区的Projek Perumahan Rakyat（PPR）居民受惠·以获得生活必需品·以确保他们在这困苦的时期中得以获益。

■沙巴受惠者，开心领取物资。

3500人獲家用必需品

華僑銀行錦隆資源捐贈

■WOW和红新月会将物资搬下车，以移交给受惠家庭。

（吉隆坡23日讯）3500名来自沙巴州根地咬的Sook，及巴生谷受到新冠肺炎重创地区之662个B40家庭的人士，将获赠价值16万5500令吉，足够两个月之需的家用必需品，以协助他们应付新冠肺炎大流行的打击和度过难关。

其中总值10万1500令吉的援助品，是由华侨银行（马来西亚）有限公司（华侨银行）及其首席执行长拿督王荣敏捐赠，另一批价值6万4000令吉，由锦隆资源有限公司捐赠的援助品则将捐至锦隆资源运营已久的沙巴州。

华侨银行和锦隆资源皆承诺，徇众要求而在明年捐赠更多义款。

发起该善举的当地非政府组织Women of Will（WOW）指出，WOW与当地社区合作已有很多年，这一次通过两个组织前所未有地提供抗防新冠肺炎疫情支持，将可确保那些受到重创的人士不至于在最需要时被遗忘。

巴生谷和根地咬分别将有1900人和1600人受惠，巴生谷受惠者包括来自尤基英达、安邦、峇都慕达、冼都、蕉赖、克拉末邦沙、梳邦谷，八打灵再也、增江、斯里阿南和黑风洞等地区。

必需品将从本周起陆续发放给上述家庭，包括白米、食油、面粉、白糖、奶粉、奶精、美禄、茶叶、饼乾、花生、辣椒干、红洋葱、大蒜、马铃薯、鸡蛋、沙丁鱼、肥皂和清洁剂。

SUSTAINABILITY STATEMENT
(cont'd)

Battling Covid-19

Help for hard-hit communities

Companies give essentials to B40 families in Sabah and Klang Valley

A TOTAL of 3,500 people from 662 families within the B40 group in hard-hit areas of Sook, Keningau, Sabah and the Klang Valley received supplies of household essentials worth RM165,500.

This is to help them through the next two months as they fight to survive the effects of the ongoing pandemic.

The aid comprises RM101,500 from OCBC Bank (M) Bhd and its chief executive officer Datuk Ong Eng Bin, and another RM64,000 from Kim Loong Resources Bhd earmarked specifically for Sabah where it has operations and long been a community partner.

Both OCBC Bank and Kim Loong Resources have committed to providing additional funds next year based on feedback from the ground.

According to local NGO Women of Will (WOW), which is spearheading the effort, the unprecedented Covid-19 support through the two organisations would ensure those who had been hardest hit were not left behind in their time of need.

A total of 1,900 individuals in the Klang Valley and 1,600 in Keningau are set to benefit from this exercise.

Several members of a community in Keningau, Sabah receiving the household essentials.

In the Klang Valley, these include individuals from hard-hit Projek Perumahan Rakyat (PPR) in areas such as Ukay Indah, Ampang, Batu Muda, Sentul, Cheras, Keramat Pangsa, Lembah Subang, Petaling Jaya, Jinjang, Seri Alam, Batu Muda, Sentul and Batu Caves.

In Keningau, the beneficiaries are from Tulid, Maatol, Mototou, Kebulu, Alab Lanas, Kuit, Lanas Stesen, Pinipi, Kilo, Mampisas, Bunang Ulu, Seri Menanti, Lalapakon, Menggarimot and Mansiat.

Speaking for WOW, president Datin Goh Suet Lan said the essential items delivered to the households included rice, cooking oil, flour, sugar, milk powder, creamer, Milo, tea, biscuits, groundnuts, dried chillies, red onions, garlic, potatoes, eggs, sardines, soap and detergent.

"It takes an average of about RM250 to get a household in these areas through two months.

"Since we do not see the pandemic going away very soon, we are preparing well in advance, and companies like OCBC Bank and Kim Loong Resources are true partners in time of need for making this possible," she said.

"Hopefully, the affected communities will be able to be self-sufficient after this period.

"That remains the vision of WOW as our end goal is always for communities to become self-sufficient.

"However, these are unprecedented times needing extraordinary efforts to ensure the survival of communities," Goh added.

Ong said, "When we noticed how these communities were badly hit, we decided that some forward planning would be necessary since the months could pass by very quickly and the lack of aid could have devastating effects.

"We cannot underestimate the impact of Covid-19.

"While we have initially committed ourselves to this two-month support programme, we have also made it clear to WOW that we will come in for a further two-month support after this if the situation warrants."

Kim Loong Resources executive chairman Gooi Seong Lim said: "Kim Loong Group has always placed great emphasis on enhancing living conditions of the communities where it operates.

"When we were informed of the devastating impact of the pandemic on these communities, we decided to participate in this programme to help the hard-hit communities in Keningau, Sabah."

Some of the recipients of the household essentials donated by OCBC Bank (Malaysia) Berhad and Kim Loong Resources Berhad.

Members of WOW and Malaysian Red Crescent sorting out the items for distribution to the community in Keningau.

1,600 in Keningau given household essentials

KOTA KINABALU: A total of 3,500 individuals from 662 B40 families in the hard-hit areas of Sook, Keningau (Sabah) and the Klang Valley are receiving supplies of household essentials worth RM165,500 to tide them through the next two months as they fight to survive the effects of the ongoing Covid-19 pandemic.

The aid comprises a total of RM101,500 from OCBC Bank (Malaysia) Berhad and its CEO Dato' Ong Eng Bin, and another RM64,000 from Kim Loong Resources Berhad earmarked specifically for Sabah where it has operations and long been a community partner.

Both OCBC Bank and Kim Loong Resources have also committed to providing additional funds next year based on feedback from the ground.

According to local NGO Women of Will (WOW), which is spearheading the effort and has been working with the communities for several years now, the unprecedented Covid-19 support through the two organisations will ensure those who have been hardest hit are not left behind in their time of need.

A total of 1,900 individuals in the Klang Valley and 1,600 in Keningau are set to benefit from this exercise.

In the Klang Valley, these include individuals from hard-hit Projek Perumahan Rakyat (PPRs) in areas like Ukay Indah, Ampang, Batu Muda, Sentul, Cheras, Keramat Pangsa, Lembah Subang, PJ, Jinjang, Seri Alam, Batu Muda, Sentul and Batu Caves. In Keningau, the beneficiaries are from Tulid, Maatol, Mototou, Kebulu, Alab Lanas, Kuit, Lanas Stesen, Pinipi, Kilo, Mampisas, Bunang Ulu, Seri Menanti, Lalapakon, Menggarimot and Mansiat. Speaking for WOW, President Datin Wira Goh Suet Lan said the essential items delivered to the households beginning last week include rice, cooking oil, flour, sugar, milk powder, milk creamer, Milo, tea, biscuits, groundnuts, dried chili, red onions, garlic, potatoes, eggs, sardines, soap and detergent.

"It takes an average of about RM250 to get a household in these areas through two months. Since we do not see the pandemic going away very soon, we are preparing well in advance, and companies like OCBC Bank and Kim Loong Resources are true partners in time of need for making this possible.

"Hopefully, the affected communities will be able to return to independence and self-sufficiency after this time.

"That remains the vision of WOW as our end-goal is always for communities to become self-sufficient rather than dependent on others. That is at the heart of our programme.

"However, these are unprecedented times needing extraordinary efforts to ensure the survival of the communities," Goh said. Ong added: "When we at OCBC Bank noticed how badly hit these communities are, we decided that some forward planning would be necessary since the months can pass very quickly and the lack of aid can have devastating effects; we cannot underestimate the impact of Covid-19.

"While we have initially committed ourselves to this two-month support programme, we have also made it clear to WOW that we will come in for a furthertwo-month support after this if the situation warrants." Kim Loong Resources Executive Chairman Gooi Seong Lim said: "Kim Loong Group has always placed great emphasis on enhancing living conditions of the communities where it operates and when we were informed of the devasting impact of the Covid-19 pandemic on these communities, we decided to participate in this programme to help the hard-hit communities in Keningau, Sabah."

CORPORATE GOVERNANCE OVERVIEW STATEMENT

This Statement is prepared in compliance with MMLR and it is to be read together with the Corporate Governance Report 2021 of the Company ("CG Report") which is available on the Company's website: www.kimloong.com.my. The explanation for departure is further disclosed in the CG Report.

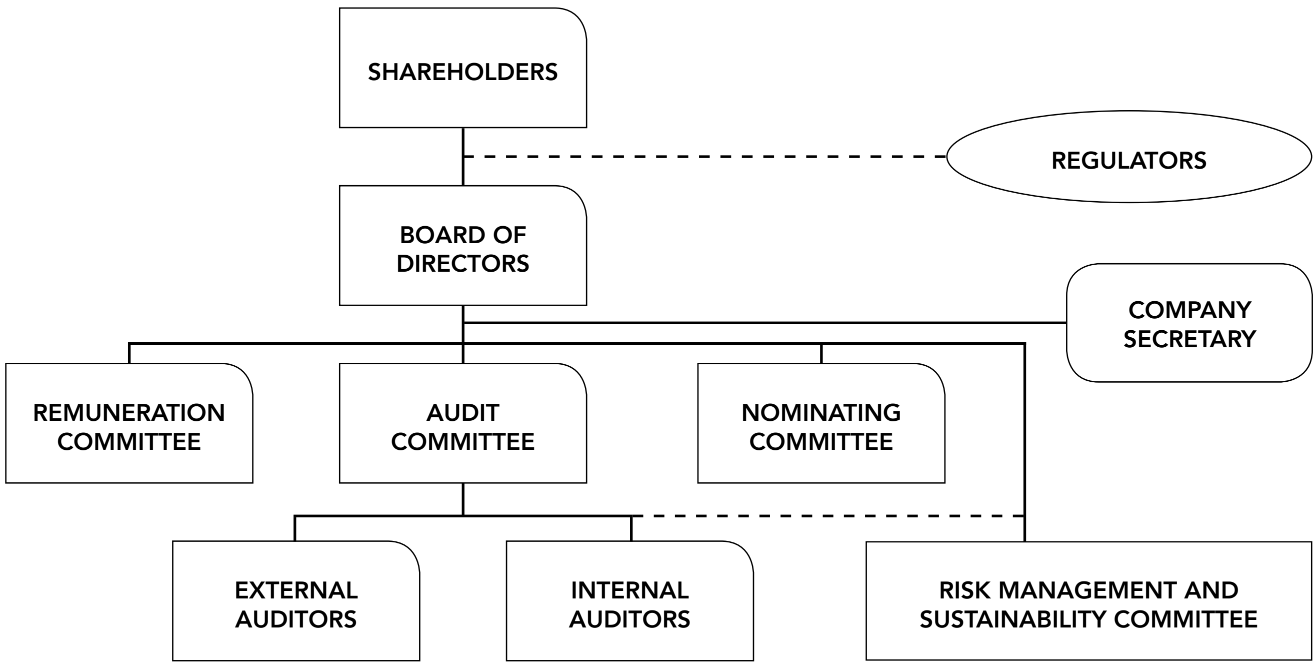
The Board of Directors of Kim Loong Resources Berhad acknowledges the importance of good corporate governance ("CG") in protecting and enhancing the interest of shareholders. As such the Board is committed towards adherence to the principles, intended outcomes and best practices set out in the Malaysian Code on Corporate Governance ("MCCG" or the "Code") issued by the Securities Commission Malaysia.

The Board recognises the importance of CG and conscientiously strives to attain high business ethics and governance in conducting the day-to-day business affairs of the Company and its Group of Companies ("the Group"), so as to safeguard and enhance shareholder's value, which includes protecting the interests of all stakeholders.

The Board believes that good CG adds value to the business of the Group and will ensure that this practice continues. The Board of Directors believes in playing an active role in guiding the Management through its oversight review while at the same time steer the Group's business direction and strategy.

The Board is pleased to disclose the manner and the extent in which the principles and practices set out in the MCCG and governance standards in accordance with the MMLR that have been adopted by the Company and the Group for all its business dealings and affairs throughout the financial year ended 31 January 2021.

Our Corporate Governance Framework, which is set out below, is vital in contributing towards our growth and long-term sustainability.



The Board is pleased to provide an overview of the CG practices, which made reference to the three (3) key CG principles as set out in the MCCG throughout FY2021, which are as follows:

Principle A : Board Leadership and Effectiveness.
Principle B : Effective Audit and Risk Management.
Principle C : Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

I. BOARD RESPONSIBILITIES

1.1 Roles of the Board

The Board's pivotal role is to lead and establish the Group's vision, strategic direction, key policies and framework, including the management of the succession planning process of the Group and the appointment of key senior management. In view thereof, the Board's roles and responsibilities include but are not limited to the following:

- Reviewing and approving the strategic business plan developed by Management for the Group;
- Overseeing the conduct of the Group's business to evaluate whether the business is being properly managed;
- Identifying and approving policies pertaining to the management of all principal risks of the Group's business activities and ensure the implementation of appropriate systems to manage these risks;
- Serving as the ultimate approving authority for all significant investment and acquisition & disposal of assets;
- Developing and implementing a shareholder communications policy for the Company;
- Reviewing the adequacy and the integrity of the Group's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines;
- Approving the remuneration package of both Executive and Non-Executive Directors; and
- Ensuring that the Group adheres to high standards of conducts, ethics and corporate professional behaviour.

The Board has delegated specific responsibilities to the following committees:

i. Audit Committee
ii. Nominating Committee
iii. Remuneration Committee

These Board Committees have been constituted with clear terms of reference and they are actively engaged to ensure that the Group is in adherence with good CG.

1.2 Board Corporate Governance Manual

All Board members are expected to show good stewardship and act in a professional manner, as well as uphold the core values of integrity and enterprise with due regard to their fiduciary duties and responsibilities. The Board has formalised and adopted a Board Corporate Governance Manual ("Board CG Manual") which provides guidance to the Board in fulfilment of its roles, functions duties and responsibilities. The Board will review the Board CG Manual as and when required to ensure relevance and compliance with the regulations. Extracts of the Board CG Manual is now available at the Company's website at www.kimloong.com.my. The Board CG Manual is the primary document that elucidates on the governance of the Board, Board Committees and individual Directors.

The Board CG Manual sets out the role, functions, composition, operation and processes of the Board to ensure that all Board members acting on behalf of the Company are aware of their duties and responsibilities as Board members. The Board CG Manual also acts as a source of reference and primary induction literature in providing insights to Board members and senior management.

The Board CG Manual covers amongst others, the following matters:

- Policies on Corporate Social Responsibilities, Gender Equality and Sustainable
- Board Charter
- Role, Responsibilities and Power of the Board, Individual Directors, Chairman and Managing Director
- Role of Board Committees
- Role of Company Secretary
- Board and General Meetings
- Corporate Disclosure Policy
- Whistle-blowing Policy
- Code of Ethics and Conduct
- Corporate Integrity Policy - Anti Fraud Policy
- Risk Management Policy
- Investor Relations Policy

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

I. BOARD RESPONSIBILITIES (Cont'd)

1.2 Board Corporate Governance Manual (Cont'd)

This Board CG Manual will be regularly reviewed and updated in accordance with the needs of the Company and any new regulations. Any amendments to the Board CG Manual shall be approved by the Board. The Board CG Manual was adopted on 17 May 2018. Extracts of the Board CG Manual is available on the Company's website at www.kimloong.com.my.

1.3 Roles and Responsibilities of the Executive Chairman, Managing Director, Executive Directors, Senior Independent Non-Executive Director and Independent Non-Executive Directors

EXECUTIVE CHAIRMAN	MANAGING DIRECTOR
• Ensures that the Board functions effectively, cohesively and independently of Management • Promotes the highest standards of corporate governance • Leads the Board, including presiding over Board meetings and Company meetings and direct Board discussions to effectively use the time available to address the critical issues facing the Company • Promotes constructive and respectful relationship among Board members and between Board members and Management • Ensures that there is effective communication between the Company and/or the Group and its shareholders and relevant stakeholders	• Develops the strategic direction of the Group • Ensures that the Company and/or the Group's business is properly and efficiently managed by ensuring that the executive team implements the policies and strategies adopted by the Board and its Committees • Ensures that the objectives and standards of performance are understood by the Management and employees • Ensures that the operational planning and control systems are in place • Monitors performance results against plans • Takes remedial action, where necessary
SENIOR INDEPENDENT NON-EXECUTIVE DIRECTOR	**EXECUTIVE DIRECTORS**
• Acts as a sounding board for the Chairman and Executive Directors • Acts as a conduit for the views of other Non-Executive Directors • Conducts the Chairman's annual performance appraisal • Helps to resolve shareholders' concerns	• Under the leadership of the Group Managing Director, make and implement decisions in all matters affecting the operations, performance and strategy of the Group's business • Provide specialist knowledge and experience to the Board • Chart the overall business direction of the Group • Design, develop and implements strategic plans • Deal with day-to-day operations of the Group
INDEPENDENT NON-EXECUTIVE DIRECTORS	**COMPANY SECRETARIES**
• Challenge constructively • Actively participate in Board decision making • Scrutinise management performance • Satisfy themselves on the integrity of financial information • Provide independent judgement, experience and objectivity	• Advise the Board • Ensure accurate and timely information and required support are provided to Directors • Organise Directors' induction and training • Communicate with shareholders as appropriate and ensure due regard is paid to their interests

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

I. BOARD RESPONSIBILITIES (Cont'd)

1.3 Roles and Responsibilities of the Executive Chairman, Managing Director, Executive Directors, Senior Independent Non-Executive Director and Independent Non-Executive Directors (Cont'd)

Office of Executive Chairman

The Company's Chairman is an Executive Director and there are three (3) Independent Non-Executive Directors out of seven (7) board members (excluding the two (2) Alternate Directors).

Under the Code, it recommends that at least half of the Board of Directors comprises independent directors. As of now, the Board is of the opinion that it should not urgently increase independent directors to form at least half of the Board composition because the current number of independent directors is sufficient to ensure effective check and balance of power and authority on the Board.

Segregation of Role and Responsibilities of Executive Chairman and Managing Director

The roles and responsibilities of the Executive Chairman and the Managing Director are held by two different individuals to exercise and clearly separated to enable a balance of power and authority. This is in line with the recommendation of the Code, which requires the Board to establish clear functions reserved for the Board and those delegated to the management.

The Board is led by Mr Gooi Seong Lim, as the Executive Chairman, whilst the executive management is helmed by Mr Gooi Seong Heen, the Managing Director of the Group. Both have many years of experience in managing the Group's core businesses.

The Executive Chairman is responsible for ensuring Board effectiveness and conduct. He ensures the integrity and effectiveness of the governance process of the Board and acts as a facilitator at Board meetings. Every Board resolution is put to a vote, if necessary, which would reflect the collective decision of the Board and not individuals or an interest group. He also maintains regular dialogues/meetings with the Managing Director/Head of business units on all operational matters.

The Managing Director has the overall responsibility for the profitability and development of the Group. He is responsible for the stewardship of all the Group's assets, day-to-day running of the business and effective implementation of Board decisions, annual operating plan, budget, policies decisions as approved by the Board. The Managing Director's in-depth and intimate knowledge of the Group's affairs contribute significantly towards the ability of the Group to achieve its goals and objectives.

The segregation of duties between the Executive Chairman and the Managing Director facilitates an appropriate balance of role, responsibility and accountability and promotes appropriate supervision of the management.

1.4 Qualified and Competent Company Secretaries

The Board is supported by three (3) qualified Company Secretaries who are members of professional bodies such as the Malaysian Institute of Chartered Secretaries and Administrators (MAICSA) or the Malaysian Association of Company Secretaries (MACS) and are qualified to act as company secretary under Section 235(2)(a) of the Companies Act, 2016.

The Company Secretaries are external Company Secretary from Tacs Corporate Services Sdn. Bhd. with vast knowledge and experience from being in public practice and is supported by a dedicated team of company secretarial personnel.

The Company Secretaries are entrusted to record the Board's and their Committees deliberations, in terms of issues discussed, and the conclusions and the minutes of the previous Board meeting are distributed to the Directors prior to the Board meeting for their perusal before confirmation of the minutes at the commencement of the following Board meeting. The Directors may comment or request clarification before the minutes are tabled for confirmation and signed by the Chairman of the meeting as a correct record of the proceedings of the meeting.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

I. BOARD RESPONSIBILITIES (Cont'd)

1.4 Qualified and Competent Company Secretaries (Cont'd)

All Directors have direct access to the advice and services of the Company Secretaries whether as a full Board or in their individual capacity, in discharging their duties.

The Company Secretaries, who are qualified, experienced and competent, is a central source of information and advice to the Board and its Committees on issues relating to compliance with laws, rules, corporate governance best practices, procedures and regulation and the resultant implications to the Company and the Board in discharging their duties and responsibilities.

The appointment and removal of the Company Secretaries is a matter for the Board as a whole. The Board is satisfied with the performance and support rendered by the Company Secretaries to the Board in the discharge of their functions.

1.5 Access to Information and Advice

The Executive Chairman and the Managing Director have the primary responsibility for organising information necessary for the Board to deal with the agenda and ensuring all Directors have full and timely access to the information relevant to matters that will be deliberated at Board meetings.

In exercising their duties, all Directors have the same right of access to all information within the Group and they have a duty to make further enquiries which they may require in discharging their duties. The Directors also have access to advice and services of the Company Secretaries, who are available to provide them with appropriate advice and services to ensure that Board meeting procedures are followed and all applicable rules and regulations are complied with. If necessary, the services of other senior management will be arranged to brief and help the Directors to clear any doubt or concern to further facilitate the decision-making process.

All Directors are provided with an agenda and a set of comprehensive Board papers, issued within sufficient time prior to Board meetings to ensure that the Directors can appreciate the issues to be deliberated on, and where necessary, to obtain further explanation. The Board papers include updates on financial, operational and corporate developments of the Group. Board papers are also presented with details on other issues that may require the Board's deliberation or decisions, policies, strategic issues which may affect the Group's businesses and factors imposing potential risks affecting the performance of the Group. Senior management staff and external advisors may be invited to attend Board meetings, to advise and provide the Board with detailed explanations and clarifications whenever necessary on matters that are tabled.

The Board papers prepared for the quarterly scheduled meetings include, among others, the following:

- Minutes of previous Board meeting
- Minutes of the Board Committee's meeting
- Reports on matters arising
- Quarterly financial report
- Reports on operations

Other matters highlighted for the Board's decision include the approval of corporate plans, acquisitions and disposals of assets that are material to the Group, major investments, changes to management and control structure of the Group, including key policies, procedures and authority limits.

1.6 Independent Professional Advice

The Directors, whether acting as a full Board member or in their individual capacity, in the furtherance of their duties, may obtain independent professional advice at the Company's expense, in the event that circumstances warrant the same. The Company has placed internal procedures for the application and appointment process for the services.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

I. BOARD RESPONSIBILITIES (Cont'd)

1.7 Conflict of Interest and Related Party Transactions

The Directors are responsible at all times to determine whether they have a potential or actual conflict of interest in relation to any matter, which comes before the Board. All Directors are required to make declarations on whether they have any interest in transactions tabled at Board meetings. The Directors acknowledge that they have to declare any interest they have in the Company and its subsidiaries and abstained from the deliberation and voting on the related resolutions at the Board or any general meetings convened to consider the matter. In the event that a corporate proposal is required to be approved by shareholders, interested directors will abstain from voting in respect of their shareholdings in Kim Loong Resources Berhad on the resolution related to the corporate proposal, and will further ensure that persons related to them also refrain from voting on the resolution.

II. BOARD COMPOSITION

2.1 Board Composition

The Board composition is in compliance with Paragraph 15.02(1) of the MMLR which stipulates that at least two Directors or 1/3 of the Board, whichever is higher, must be independent directors.

As of now, the Board does not believe that it should urgently increase independent directors to form at least half of the Board composition to comply with the recommendation by the MCCG because the current number of independent directors is sufficient to ensure effective check and balance in the Board. However, the Board will continuously review and evaluate such recommendation.

Details of the current individual director's qualifications and experiences are presented in the Board of Directors' Profile from page 13 to 17 of this Annual Report.

2.2 Independent Non-Executive Directors

The presence of Independent Non-Executive Directors provides a pivotal role in corporate accountability. The role of the Independent Non-Executive Directors is particularly important as they provide independent and objective views, advice and judgement and ensure strategies proposed by the management are thoroughly discussed and evaluated, and that the long-term interests of stakeholders are considered. The Independent Non-Executive Directors do not participate in the operation of the Group in order to uphold their objectivity and fulfil their responsibility to provide check and balance to the Board.

i. Annual Assessment of Independent Directors

The Board recognises the importance of independence and objectivity in its decision-making process. The Independent Directors who are professionals of high calibre and integrity and possess in-depth knowledge of the Group's business, bring their independent and objective views and judgement to Board deliberations.

During the financial year, the Board through the Nominating Committee performs an evaluation of all Directors including the Independent Directors and was satisfied that the Independent Directors continued to exercise independent and objective judgement and acted in the interest of the Company and its stakeholders.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

II. BOARD COMPOSITION (Cont'd)

2.2 Independent Non-Executive Directors (Cont'd)

ii. Tenure of Independent Director

The Board noted the recommendation of the Code that the tenure of an Independent Director should not exceed a cumulative term of nine (9) years. Upon completion of the nine (9) years, an independent director may continue to serve on the board as a non-independent director. If the Board intends of retaining an individual as independent director beyond nine (9) years, it should justify and seek annual shareholders' approval. If the board continues to retain the independent director after twelve (12) years, the board should seek annual shareholders' approval through a two-tier voting process.

The Nominating Committee and the Board have deliberated on the recommendation and hold the view that the ability of an Independent Director to exercise independent judgement is not affected by the length of his service as an Independent Director. The suitability and ability of Independent Director to carry out his roles and responsibilities effectively is very much a function of his calibre, experience and personal qualities. Restriction on tenure may cause loss of experience and expertise that are important contributors to the efficient working of the Board.

Both the Nominating Committee and the Board have assessed the independence of Mr Gan Kim Guan, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than twelve (12) years, Mr Chan Weng Hoong and Mr Cheang Kwan Chow who have served for a cumulative term of more than nine (9) years and recommended them be retained as the Independent Non-Executive Directors of the Company based on the following justifications:

a. They have fulfilled the criteria under the definition of an Independent Director as stated in the MMLR, and thus, they would be able to provide independent judgement, objectivity and check and balance to the Board;
b. They perform their duties and responsibilities diligently and in the best interests of the Company without being subject to influence of the management;
c. Their in-depth knowledge of the Group's businesses and their extensive knowledge, commitment and expertise continue to provide invaluable contributions to the Board;
d. They, having been with the Company for more than twelve (12) and nine (9) years respectively, are familiar with the Group's business operations and have devoted sufficient time and attention to their professional obligations and attended the Board and Committee meetings for an informed and balanced decision making;
e. They are independent as they have shown great integrity and they have not entered into any related party transaction with the Group; and
f. They currently do not sit on the board of any other public and/or private companies having the same nature of business as that of the Group.

Both the Nominating Committee and the Board also recognise the benefits of the experience, valuable insights, expertise and stability brought by Mr Gan Kim Guan, Mr Chan Weng Hoong and Mr Cheang Kwan Chow, their continued service will serve the interest of the Company and its shareholders.

The Board is unanimous in its opinion that Mr Gan Kim Guan, who has served on the Board as an Independent Director, exceeding a cumulative term of twelve (12) years, and Mr Chan Weng Hoong and Mr Cheang Kwan Chow for a cumulative term of more than nine (9) years respectively, continues to fulfil the criteria and definition of an Independent Director as set out under Paragraph 1.01 of the MMLR.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

II. BOARD COMPOSITION (Cont'd)

2.2 Independent Non-Executive Directors (Cont'd)

ii. Tenure of Independent Director (Cont'd)

In this respect, the Board has approved the continuation of Mr Gan Kim Guan, Mr Chan Weng Hoong and Mr Cheang Kwan Chow as Independent Directors of the Company. The Board believes that it is in the best position to identify, evaluate and determine whether any Independent Director can continue acting in the best interests of the Company and bringing independent and professional judgement to board deliberations. Accordingly, the Board strongly recommends retaining Mr Gan Kim Guan, Mr Chan Weng Hoong and Mr Cheang Kwan Chow as Independent Non-Executive Directors and will be tabling Ordinary Resolutions 9, 10 and 11 to shareholders at the 46th AGM for the said purpose. Shareholders' approval for the Ordinary Resolutions will be sought on a single tier voting process.

iii. Shareholder Approval for Retention of Independent Director

The Board takes cognizance of the recommendation of the Code regarding tenure of Independent Directors but will seek approval of the shareholders through a single tier voting process for retention of Independent Director who has served for a cumulative term of more than twelve (12) years. This is in line with the general rule on voting as provided in the Companies Act, 2016 which states that every shareholder has one vote for every share he holds, and resolutions are to be decided by a simple majority for ordinary resolutions and 75% of votes for special resolutions through a single tier voting process.

iv. Independent Directors and Balance of Power

The Code recommends that at least half of the Board comprises Independent Directors. The Board is of the opinion that current number of Independent Directors is sufficient to ensure balance of power and authority on the Board.

The Board is also satisfied with its composition in respect of representation of minority shareholders by the Independent Non-Executive Directors.

2.3 Board Diversity

Whilst acknowledging the recommendation of the Code on gender diversity, the Board is of the collective opinion that there was no necessity to adopt a formal gender diversity policy as the Group is committed to provide fair and equal opportunities and nurturing diversity within the Group.

When appointing a Director, the Nominating Committee and the Board will always evaluate and match the criteria of the candidate to the Board based on individual merits, experience, skill, competency, knowledge and potential contribution, whilst the Code will also be given due consideration for boardroom diversity.

The Company does not set any specific target for boardroom diversity and female representation will be considered when suitable candidates are identified.

2.4 Foster Commitment of the Director

Board Meetings

The Board normally meets at least four (4) times a year with additional meetings convened when urgent and important decisions need to be taken between scheduled meetings. Due notice of issue to be discussed, deliberated and conclusions arrived are recorded in discharging its duties and responsibilities.

During the financial year, due to the COVID-19 pandemic and the imposition of the Movement Control Order ("MCO"), the Board met on three (3) occasions where it deliberated upon and considered a variety of matters including approving the Group's financial results, strategic and investment decisions as well as financial and operating performance of its subsidiary companies.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

II. BOARD COMPOSITION (Cont'd)

2.4 Foster Commitment of the Director (Cont'd)

Board Meetings (Cont'd)

The agenda for each Board meeting and papers relating to the agenda are sent to all Directors at least seven (7) days before the meeting, in order to provide sufficient time for the Directors to review the Board papers and seek clarifications, if any.

All proceedings at the Board meetings are recorded by way of minutes and signed by the Chairman of the respective meeting.

Time Commitment and Protocol for Accepting New Directorships

The Directors are aware of the time commitment expected from them to attend to matters of the Group in general, including attendance at meetings of the Board and Board Committees and other types of meeting. Meetings for each financial year are scheduled in advance for Directors to plan their schedule ahead.

The Board is satisfied with the level of time commitment given by the Directors in the discharge of their roles and responsibilities as the Directors of the Company as evidenced by their attendance at the respective meetings set out below:

Name of Director	Status of Directorship	Number Meetings Attended	Percentage (%)
Gooi Seong Lim	Executive Chairman	3	100
Gooi Seong Heen	Managing Director	2	67
Gooi Seong Chneh	Executive Director	3	100
Gooi Seong Gum	Executive Director	2	67
Gan Kim Guan	Senior Independent Non-Executive Director	3	100
Chan Weng Hoong	Independent Non-Executive Director	3	100
Cheang Kwan Chow	IndependentNon-Executive Director	3	100

Note:

The Board was unable to convene the first quarter meeting as expected due to the initial Movement Control Order (MCO) imposed by the Government, and all the matters in the agenda were duly approved by circular resolutions of the Board. All subsequent Board meetings were held virtually via video-conference during the financial year.

2.5 Overall Board Effectiveness

The Board reviews its performance and that of the Board Committees and individual Directors on an annual basis based on a set of predetermined criteria on a process that is facilitated by the Nominating Committee.

A comprehensive and independent assessment of the candidate will be conducted by the Nominating Committee without any influence from the major controlling shareholders, Group Managing Director or Executive Directors.

In evaluation of Directors, the Nominating Committee takes into account the following criteria:

- skills, knowledge, expertise and experience;
- character, integrity and professionalism;
- perceived ability to work cohesively with other members of the Board;
- number of directorships and other external obligations which may affect the Director's commitment, including time commitment and value contribution;
- diversity in age, gender and experience/background; and
- such other relevant factors as may be determined by the Nominating Committee which would contribute to the Board's collective skills.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

II. BOARD COMPOSITION (Cont'd)

2.5 Overall Board Effectiveness (Cont'd)

whilst taking into account the current and future needs of the Company, boardroom diversity and other soft attributes required as Directors.

There is no change to the composition of the Board during the financial year.

2.6 Directors Training

All Directors including the Alternate Directors have completed the "Mandatory Accreditation Programme for Directors of Public Listed Companies" pursuant to Paragraph 15.08 of the MMLR.

During the financial year under review, the Board has discussed training programmes proposed for the Directors' attendance. Directors are also encouraged to participate in seminars and/or conferences organised by relevant regulatory authorities, professional bodies and commercial entities providing training. This is part of their Continuous Education Programme to keep abreast with relevant new developments on a continuous basis on the general regulatory, economic, industry and technical developments to further enhance their skills, knowledge and experience as well as update themselves on new developments in the business environment in order to fulfil their duties as Directors.

Directors also receive briefing from Internal and External Auditors on updates in financial reporting and new accounting standards affecting the Group, bankers on available financial instruments and suppliers/contractors on their products. The Executive Directors represent the Group at the Committee of East Malaysia Planters' Association and Malaysian Estate Owners' Association and they are kept informed on new developments affecting the plantation industry.

During the financial year under review, the Directors have attended the following training programmes/courses and/or conferences listed below:

	Gooi Seong Lim	Gooi Seong Heen	Gooi Seong Chneh	Gooi Seong Gum	Gan Kim Guan	Chan Weng Hoong	Cheang Kwan Chow	Gooi Chuen Kang	Gooi Khai Chien
15 July 2020 Corporate Liability on Anti-Corruption - Section 17A of The Malaysian Anti-Corruption Commission Act 2009 (Amended 2018) organised by Kolej International Crescendo (SRJ/1328)	X	X	X	X	X	X	X	X	X
21-24 & 28 December 2020 MPOCC Endorsed MSPO MS 2530:2013 Lead Auditor Training by NIOSH Certification Sdn. Bhd.								X	
20 January 2021 MIA Webinar Series: Corporate Liability: The Ins and Outs of Section 17A, MACC Act—a Director's Cut by Malaysian Institute of Accountants		X			X		X		
27 January 2021 Section 17A MACC Act 2009: A New Horizon in Malaysian Corporate Accountability organised by KPMG Management & Risk Consulting Sdn. Bhd.	X	X	X	X	X	X	X	X	X

Directors training was limited due to cancellation of many seminars or workshops resulting from the outbreak of COVID-19 pandemic. Nevertheless, the Directors continue to remain updated on industrial practice, business environment, information and communication technologies via various in-house talks and online materials as well as webinars during the financial year.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

II. BOARD COMPOSITION (Cont'd)

2.7 Board Committees

In order to assist in the execution of Board's responsibilities for the Group, certain functions have been delegated by the Board to Board Committees. Clearly defined terms of reference have been given to these Committees to enable them to operate effectively. However, these Committees do not have any executive powers. The Chairman of the respective Committees reports to the Board the outcome of the Committee meetings and such reports are incorporated in the Board papers (except the power of the Audit Committee to report to Bursa Securities in circumstances described in the Audit Committee Report).

The Board periodically reviews the Committees' Terms of Reference.

a. Audit Committee

The Audit Committee serves as a focal point of communication between Directors, External Auditors, Internal Auditors and the senior management on matters pertaining to financial accounting, reporting and controls. The Committee also assists the Board in fulfilling its fiduciary responsibilities as to accounting policies and reporting practices of the Company and all subsidiaries and the sufficiency of auditing of the Group. It is also the Board's principal agent in ensuring independence of the Company's External Auditors and the adequacy of disclosures to shareholders.

The Committee has full access to the auditors both internal and external, who in turn, have access at all times to the Chairman of the Audit Committee.

In line with good corporate governance practices, none of the Executive Directors are members of the Audit Committee. The Terms of Reference of the Audit Committee is available on the Company's website at www.kimloong.com.my and the Report of the Audit Committee is disclosed on pages 78 to 81 of this Annual Report. The works of the Audit Committee during the financial year ended 31 January 2021 are also set out in the Report of the Audit Committee.

b. Remuneration Committee

The Remuneration Committee is responsible for recommending the remuneration framework and the remuneration packages of the Executive Chairman, Managing Director, Executive Directors and senior management, so as to ensure that rewards are linked to their performance and contributions to the Group's growth and profitability in order to align the interest of the Directors and senior management with those of shareholders. The Committee also ensures that the level of remunerations for Executive Directors and senior management are linked to their level of responsibilities and contribution to the effective functioning of the Company and the Group. None of the Executive Directors participated in any way in determining their individual remuneration.

The Board as a whole determines the remuneration packages of Independent Non-Executive Directors with the Directors concerned abstaining from discussions in respect of their individual remuneration. In deciding on an appropriate level of fees for each Independent Non-Executive Director, the Board has considered the responsibility level and time commitment required in attending both the scheduled and special Board meetings, deliberation time required for Board papers, as well as the number of Board Committees involved.

The Terms of Reference of the Remuneration Committee is available on the Company's website at www.kimloong.com.my and the Report of the Remuneration Committee is on page 82 of this Annual Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

II. BOARD COMPOSITION (Cont'd)

2.7 Board Committees (Cont'd)

c. Nominating Committee

The Nominating Committee is empowered by the Board through clearly defined terms of reference to ensure that there are appropriate procedures in place for the nomination, selection and evaluation of Directors. The Nominating Committee assesses the effectiveness of the Board as a whole and each of the Board Committees as well as the contribution of each individual Director, including the Independent Non-Executive Directors, Executive Chairman and Managing Director on an annual basis. All assessments and evaluations carried out by the Nominating Committee in discharging its duties are documented in the minutes of meetings.

The objective of the assessment of the effectiveness of the Board as a whole, the Board Committee and the contribution of each Director was to improve the Board and the Committee's effectiveness and to enhance the Director's awareness on the key areas that need to be addressed. The evaluation result was tabled for consideration of the Nominating Committee and its recommendations to the Board.

The Board, through the Nominating Committee's annual appraisal process, believes that it possesses the required mix of skills, experience and other qualities including core competencies brought by Independent Non-Executive Directors which enables it to discharge its duties in an effective manner in light of the challenging economic and operating environment in which the Group operates. Furthermore, the Board continuously reviews its size and composition with particular consideration on its impact on the effective functioning of the Board.

The Board appoints its members through a selection process. All new appointees will be considered and evaluated by the Nominating Committee for the candidates' ability to discharge responsibilities as expected from them. The Committee will then recommend the candidates to be approved and appointed by the Board. The Company Secretaries will ensure that all appointments are properly made and that legal and regulatory obligations are met.

The Terms of Reference of the Nominating Committee is available on the Company's website at www.kimloong.com.my and the Report of the Nominating Committee is on page 83 of this Annual Report.

III. REMUNERATION

3.1 The remuneration policy of the Company is based on the philosophy to enable the Company to attract and retain Directors and senior management of calibre and relevant experience and expertise to manage the Group successfully. For an Executive Director and senior management, the remuneration will depend on the achievement of goals including targets and personal achievement and is linked to the Group and individual performance. In the case of a Non-Executive Director, the level of remuneration reflects the experience, expertise and level of responsibilities undertaken by the particular Non-Executive Director concerned. All Independent Non-Executive Directors are paid Director's fees for serving as Directors on the Board and its Committees. The Company also reimburses reasonable expenses incurred by these Directors in the course of their duties.

a. The level and make up of Remuneration

The remuneration package of the Executive Directors and senior management is reviewed by the Remuneration Committee for consideration of the Board.

The remuneration of all Non-Executive Directors is reviewed by the Board, based on their experience and expertise and the level of responsibilities of the Directors concerned as well as the condition of the industry.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

III. REMUNERATION (Cont'd)

3.1 (Cont'd)

b. Procedure

The Remuneration Committee recommends to the Board the remuneration package of the Executive Directors and senior management. The Executive Directors do not participate in decisions regarding their own remuneration packages. The Board as a whole determines the remunerations of Non-Executive Directors with individual Directors abstaining from making decisions in respect of their individual remunerations. The Directors' fees and meeting allowance are approved at the AGM by shareholders.

c. Disclosure

A summary of the remuneration of the Directors of the Group and of the Company for the year ended 31 January 2021, distinguishing between Executive and Non-Executive Directors, with categorisation into appropriate components is set out as below:

Group

	Directors' fees (RM'000)	Basic salary (RM'000)	Bonus (RM'000)	Benefit-in-kind (RM'000)	Other emoluments (RM'000)	Total (RM'000)
Gooi Seong Lim (Executive Chairman)	80.5	840.0	815.0	3.9	320.7	2,060.1
Gooi Seong Heen (Managing Director)	80.5	936.0	927.0	32.5	359.8	2,335.8
Gooi Seong Chneh (Executive Director)	80.5	840.0	815.0	3.9	320.7	2,060.1
Gooi Seong Gum (Executive Director)	80.5	840.0	815.0	21.3	320.3	2,077.1
Gan Kim Guan (Senior Independent Non-Executive Director)	100.0	-	-	-	1.5	101.5
Chan Weng Hoong (Independent Non-Executive Director)	94.0	-	-	-	1.5	95.5
Cheang Kwan Chow (Independent Non-Executive Director)	94.0	-	-	-	1.5	95.5
Total	**610.0**	**3,456.0**	**3,372.0**	**61.6**	**1,326.0**	**8,825.6**

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

III. REMUNERATION (Cont'd)

3.1 (Cont'd)

c. Disclosure (Cont'd)

Company

	Directors' fees (RM'000)	Basic salary (RM'000)	Bonus (RM'000)	Benefit-in-kind (RM'000)	Other emoluments (RM'000)	Total (RM'000)
Gooi Seong Lim (Executive Chairman)	-	480.0	560.0	3.9	199.7	1,243.6
Gooi Seong Heen (Managing Director)	-	576.0	672.0	28.8	238.7	1,515.5
Gooi Seong Chneh (Executive Director)	-	480.0	560.0	3.9	199.7	1,243.6
Gooi Seong Gum (Executive Director)	-	480.0	560.0	21.2	199.2	1,260.4
Gan Kim Guan (Senior Independent Non-Executive Director)	100.0	-	-	-	1.5	101.5
Chan Weng Hoong (Independent Non-Executive Director)	94.0	-	-	-	1.5	95.5
Cheang Kwan Chow (Independent Non-Executive Director)	94.0	-	-	-	1.5	95.5
Total	**288.0**	**2,016.0**	**2,352.0**	**57.8**	**841.8**	**5,555.6**

3.2 Remuneration Disclosure for Top Five (5) Key Senior Management

The Company has an existing policy whereby the remuneration of employees is classified as confidential.

The Board is of the view that disclosure on a named basis of the top five (5) Senior Management's remuneration components in bands of RM50,000 as being disadvantageous to the Group given the competitiveness in the palm oil industry for talent due to confidentiality of remuneration packages. It could also possibly give rise to unnecessary staff rivalry and disillusionment. Additionally, as the components of the remuneration of Senior Management are subject to the Personal Data Protection Act 2010, the Board has opted not to disclose personal data of its Senior Management to the public at large.

The performance of senior management is evaluated on an annual basis and measured against pre-determined targets including responsibilities. The Board will ensure that the remuneration for senior management is appropriately commensurate with their performance, in order to attract, retain and motivate them to contribute positively towards the Group's performance. The Board will continuously undertake a robust internal process to ensure that the remuneration of Senior Management is competitive and fair.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(cont'd)

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

4.1 Compliance of Financial Statements with Applicable Financial Reporting Standards

The Audit Committee is tasked with assisting the Board in maintaining a sound system of internal control across the Group. Accurate and reliable financial statements are a key outcome of a sound system of internal control and towards this end, the Audit Committee considers the following on a regular basis:

- Changes in accounting policies, practices and implementation thereof
- Significant adjustment arising from external audit process
- Qualification of the External Auditors' report (if any)
- Going concern assumption
- Adequacy and appropriateness of disclosures

The Audit Committee also meets with the External Auditors without the presence of Management, and this is a forum at which the External Auditors may raise, among other matters, any concern they may have on the compliance aspect of the financial statements.

The Directors consider that in preparing the financial statements, the Group has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgment and estimates. All accounting standards which the Board considers to be applicable have been adopted, subject to any explanation for material departures disclosed in the notes to the financial statements.

The Finance Director updates the Audit Committee on a quarterly basis on the Group's financial performance and highlights key issues in connection with the preparation of the results, including the adoption of new accounting standards/policies. The Finance Director is responsible for ensuring that the Group is aware of impending changes to the accounting standards and also the relevant regulatory requirements, recognises the implication of those changes and complies with the requirements.

The Company's financial statements are prepared in accordance with the requirements of the Companies Act, 2016 and Malaysian Financial Reporting Standards in Malaysia. The Board is responsible to ensure that the financial statements give a true and fair view and balanced and understandable assessment of the state of affairs of the Company and of the Group. The Audit Committee assists the Board to ensure accuracy and adequacy of all information for disclosure and compliance with accounting standards.

The Board presents a balanced and meaningful assessment of the Group's financial performance and prospects to the shareholders, investors and regulatory authorities, primarily through the quarterly financial results and annual financial statements, Chairman's Statement and Management Discussion & Analysis in the Annual Report.

4.2 External Auditors

The Board through the establishment of the Audit Committee, has established a good working relationship with its External Auditors i.e., Messrs Ernst & Young PLT. The Group also maintains a transparent and professional relationship with its External Auditors in seeking professional advice and ensuring compliance with the applicable Malaysian Financial Reporting Standards in Malaysia. Messrs Ernst & Young PLT report to the shareholders of the Company on their opinion which are included as part of the Group's Annual Report with respect to their audit on each year's statutory financial statements. The Company's External Auditors are appointed every year during the AGM.

The External Auditors are invited to attend the Audit Committee meetings and AGM and are available to answer shareholders' questions on the conduct of the statutory audit and the preparation and content of their audit report.

The Board has adopted a procedure in relation to the provision of non-audit services by the Company's External Auditors to ensure that it is not in conflict with the role of the External Auditors or their independence. The External Auditors are required to declare their independence annually.

The Audit Committee is responsible to review all the non-audit services provided by the External Auditors and the aggregate amount of fees paid to them. Details of the amounts paid to the External Auditors for non-audit services performed during the year are set out in the Additional Compliance Information of this Annual Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(cont'd)

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (Cont'd)

4.2 External Auditors (Cont'd)

The Audit Committee is also aware of the recommendation of the Code to have policies and procedures in place to assess the suitability and independence of External Auditors. Considering the expertise and existing business knowledge of the current External Auditors and the location of the Company and its subsidiaries, the Audit Committee is of the opinion that the current External Auditors are still suitable for re-appointment. While assessing the independence of the External Auditors, the Audit Committee is satisfied and agreed with the representation by the External Auditors in their Audit Planning Memorandum for the audit of the financial year ended 31 January 2021, that they are independent in accordance with the By-laws (on Professional Ethics, Conduct and Practise) of the Malaysian Institute of Accountants. Furthermore, during the financial year ended 31 January 2021, the External Auditors were not engaged for any significant services other than the statutory audit.

The Board is satisfied based on advice from the Audit Committee that the provision of the non-audit services does not in any way compromise on their independence. In addition, the Audit Committee has obtained a written assurance from the External Auditors confirming that they are and have been independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

4.3 Internal Audit Function

The Group's internal audit function adopts a co-sourcing model whereby risk management and specialised audits are performed by the Internal Audit Department of Company which acts independently from the activities and operations of the Group. The Internal Audit Department has been renamed as Assurance and Governance Department to reflect the scope of work undertaken by the department with effect from 1 March 2021. The internal audit team reports to the Head of Internal Audit and the Audit Committee. Meanwhile, KPMG Management & Risk Consulting Sdn. Bhd., a professional service firm has been appointed to perform risk-based internal audit where results are directly reported to the Audit Committee.

The main purposes of the Internal Auditors are:

- Review effectiveness of the Group's systems of internal controls;
- Assist in reviewing the adequacy, integrity and effectiveness of the Company's internal control system for the Board as well as to assist in drafting the Statement of Risk Management and Internal Control in the Annual Report;
- Support the Audit Committee in evaluating the effectiveness of the existing internal control system, identify future requirements and co-develop a prioritized action plan to further enhance the internal control system;
- Identify the key business processes within the Group and the Company that Internal Audit should focus on;
- Allocate necessary resources to selected areas of audit in order to provide management and the Audit Committee an effective and efficient level of internal audit coverage; and
- Coordinate risk identification and risk management processes and activities.

The Internal Auditors adopts a risk-based auditing approach by focusing on identified high risk areas for compliance with control policies and procedures, identifying business risks which have not been appropriately addressed and evaluating the adequacy and integrity of controls and statutory requirements based on an internal audit plan agreed annually with the Audit Committee and report on the systems of financial and operations control to the Audit Committee. Submission of the audit results to the Management and the Audit Committee would ensure that the Management is compliant with the internal control systems and implementing continuous improvement.

4.4 Related Party Transactions

Directors recognise that they have to declare their respective interests in transactions with the Company and with the Group and abstain from deliberation and voting on the relevant resolution in respect of such transactions at the Board or at any general meetings convened to consider the matter. The Company has an internal framework to ensure it complies with the related party transactions as prescribed in the Listing Requirements. The related party transactions are recorded and presented to the Audit Committee on a half-yearly basis for review and discussion should any concern arise. All related party transactions are reviewed as part of the annual internal audit plan, and the Audit Committee reviews any related party transactions and conflict of interest situation that may arise within the Group including any transactions, procedure or course of conduct that causes questions of management integrity to arise.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (Cont'd)

4.5 Risk Management Framework

The Board recognises that risk management is an integral part of the Group's business operations and is important for the achievement of its business objectives. The Group has established a Risk Management and Sustainability Committee ("RMSC") that is chaired by the Managing Director and its members comprise the Executive Directors, Heads of Divisions & Departments ("HODS") and staff from key operations. They have also been trained to identify the risks relating to their areas; the likelihood of these risks occurring; the consequences if they do occur; and the actions being and/or to be taken to manage these risks to the desired level. The risk profiles and risk treatment measures determined from this process are documented in risk registers with each business or operations area having its respective risk register.

The risk registers are eventually compiled to form the Group Risk Profile for reporting to the RMSC and the Audit Committee.

Ongoing risk management education and training is provided at Management and staff level by members of the RMSC.

4.6 Internal Control

The Board acknowledges that it is responsible for the Group's system of internal controls which is to maintain a sound system of internal control to safeguard shareholders' investment and the Group's assets. It involves key management of each business unit to meet the Group's particular needs, manage risks to which it is exposed, the effective and efficient conduct of operations, financial controls and compliance with laws and regulations as well as with internal procedures and guidelines to provide reasonable but not absolute assurance against misstatement or loss.

The review on the systems of internal control is set out under the Statement on Risk Management & Internal Control as set out in pages 69 to 77 of this Annual Report.

The Statement on Risk Management & Internal Control provides an overview of the risk management framework and state of internal control within the Group.

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

5.1 Corporate Disclosure Policy

The Company's Corporate Disclosure Policy provides a framework for the Board, management and relevant staff to communicate effectively with shareholders, investors, other stakeholders and the public generally. The policy encompasses the following objectives:

- to raise awareness and provide guidance to the Board and employees of the Group on the Company's disclosure obligations and practices;
- to provide policies and guidelines in disseminating information to, and in dealing with shareholders, financial analysts, media, regulators, the investing community and other stakeholders;
- to ensure compliance with applicable legal and regulatory requirements on disclosure of material information; and
- to build good relations with the investing community to foster trust and confidence.

The Corporate Disclosure policy regulates the review and release of information to the stock exchange as well as through the Company's website, facilitating timely and accurate disclosure of the Company's affairs.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(cont'd)

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (Cont'd)

5.2 Leveraging on Information Technology for Effective Dissemination of Information

The Board recognises the importance of information technology for effective dissemination of information.

The Company's website has become a key communication channel for the Company to reach its shareholders and general public. The website has a number of sections which provide up-to-date information on the Group activities, Board Charter, financial results, announcements released to Bursa Securities, annual reports and company profile, corporate presentations and other information on the Company and can be found on the Company's website at www.kimloong.com.my to further enhance investors and shareholders communication.

5.3 Insider Trading

Directors and senior management are prohibited from dealing in securities if they have knowledge of any price-sensitive information which has not been publicly disclosed in accordance with the Listing Requirements and the relevant regulatory provisions.

5.4 Anti-Bribery and Anti-Corruption Policy

With the adoption of the Anti-Bribery and Anti-Corruption ("ABC") policy, the Group practises zero tolerance policy against all forms of bribery and corruption. The ABC policy elaborates upon those principles and provides guidance to employees on how to deal with improper solicitation, bribery and other corrupt activities and issues that may arise in the course of conducting business. The ABC policy is also applicable to all employees, directors, contractors, sub-contractors, consultants, agents, representatives and others performing work or services for or on behalf of the Group.

For more information on the ABC policy, please refer to the Company's website at www.kimloong.com.my

5.5 Dialogue between the Group and Investors

The Board adheres to the disclosure requirements of Bursa Securities and ensures timely release of the financial results on a quarterly basis in order to provide its shareholders with an overview of the Group's financial and operational performance. In addition, it communicates with its shareholders, institutional and potential investors through various announcements made during the year.

This Annual Report is also an important channel of communication to reach shareholders and investors as it provides comprehensive information pertaining to the Group.

A press conference is normally held after the AGM and/or Extraordinary General Meeting ("EGM") of the Company to provide the media the opportunity of receiving an update from the Board and to address any queries or areas of interest by the media.

In addition, the Group recognises the need for independent third-party assessment of itself. In this regard, the Executive Chairman, Managing Director and key senior management of the Group also conduct dialogue sessions or briefings with Investment/Financial Analysts and the Press on the results, performance and the potential of new developments of the Group. These briefings enable a direct and frank dialogue on the affairs of the Group.

Other avenues whereby shareholders and interested stakeholders have access to company data are through quarterly filing of financial data at Bursa Securities and via the Company's website at www.kimloong.com.my which they can access for information about the Group.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(cont'd)

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (Cont'd)

5.6 AGM

The AGM is the principal forum of dialogue with shareholders. In accordance with the Company's Constitution, Notice of AGM is sent to shareholders at least twenty one (21) days prior to the meeting.

Each item of special business included in the notice of meeting is accompanied by an explanation for the proposed resolution. At the AGM, the Board presents the progress and performance of the Group as contained in the Annual Report and shareholders are encouraged to participate and are given every opportunity to raise questions or seek more information during the meeting. The Executive Chairman, Managing Director and Board members are available to respond to all shareholders' queries.

Due to the COVID-19 pandemic, only three (3) Directors attended the last AGM held during the financial year. The Executive Chairman explained the Group's strategy, performance and major developments.

Shareholders who are unable to attend are allowed to appoint proxies to attend and vote on their behalf. Shareholders can also leave written questions for the Board to respond. The Share Registrar is available to attend to matters relating to shareholders' interests.

Shareholders are welcome to raise queries by contacting the Company at any time throughout the year and need not wait for the AGM for such an opportunity.

5.7 Poll Voting

The Company has always made the necessary preparation for poll voting for all resolutions tabled at the AGM. The Company will explore the suitability and feasibility of employing electronic means for poll voting.

In line with Paragraph 8.29A of the MMLR, the Company has ensured that any resolution set out in the notice of any general meeting, or in any notice of resolution which may properly be moved and is intended to be moved at any general meeting, is voted by poll. At the same time, the Company is appointing at least one (1) independent scrutineer to validate the votes cast at the general meeting.

The Company conducted poll voting in respect of all resolutions put before the shareholders at the last AGM as required by the MMLR. The poll results of each resolution were announced to Bursa Securities after the AGM via Bursa Link on the same day.

The Company will explore the suitability and feasibility of employing electronics means for poll.

5.8 Annual Report

The Directors believe that an important channel to reach shareholders and investors is through the Annual Report. Besides including comprehensive financial performance and information on the business activities, the Group strives to improve the contents of the Annual Report in line with the developments in corporate governance practices.

The Company's Annual Report can be accessed at the Company's website at www.kimloong.com.my. Bursa Securities also provides facilities for the Company to electronically publish all its announcements, including full version of its quarterly results announcements and Annual Report at its website at www.bursamalaysia.com.

COMPLIANCE STATEMENT

The Company has committed to achieving high standard of corporate governance throughout the Group and to the highest level of integrity and ethical standards in all its business dealings.

This Statement has been reviewed and approved by the Board of Directors at a meeting held on 19 May 2021.

STATEMENT ON DIRECTORS' RESPONSIBILITIES

The Board is required under paragraph 15.26(a) of the MMLR to issue a statement explaining its responsibility for preparing the annual audited financial statements. The Directors are required by the Companies Act, 2016 (the Act) to prepare financial statements for each financial year which give a true and fair view of the financial position of the Group and of the Company as at the financial year end and of the financial performance and cash flows of the Group and of the Company for the financial year then ended.

In preparing the financial statements, the Directors have:

- applied the appropriate and relevant accounting policies on a consistent basis;
- made judgements and estimates that are reasonable and prudent; and
- prepared the annual financial statements in accordance with Malaysian Financial Reporting Standards, the requirements of the Act and the MMLR.

The Directors are responsible for ensuring that the Company and its subsidiaries keep accounting records which disclose with reasonable accuracy at any time the financial position of each company and which enable them to ensure that the financial statements comply with the requirements of the Act.

The Directors consider that, in preparing the financial statements of KIM LOONG RESOURCES BERHAD for the financial year ended 31 January 2021, the Group has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgement and estimates.

The Directors also consider that all applicable Malaysian Financial Reporting Standards have been complied with and confirm that the financial statements have been prepared on a going concern basis. The Directors are also responsible for taking such steps that are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

BOARD APPROVAL FOR FINANCIAL STATEMENTS

The annual financial statements for the financial year ended 31 January 2021 are set out on pages 84 to 173. The preparation thereof was supervised by the Finance Director and approved by the Board of Directors on 19 May 2021.

This Statement has been reviewed and approved by the Board of Directors on 19 May 2021.

ADDITIONAL COMPLIANCE INFORMATION

To comply with the MMLR, the following information is provided:

Utilisation of Proceeds from Corporate Proposals

During the financial year, there were no proceeds raised by the Company from any corporate proposal.

Audit and Non-audit fees

The audit fees paid or payable to the External Auditors, Messrs Ernst & Young PLT, by the Company and the Group during the financial year 2021 were as follows:

Audit Fees

Group (RM)	Company (RM)
315,000	63,000

The non-audit fees paid or payable to the External Auditors, Messrs Ernst & Young PLT, by the Company and the Group during the financial year 2021 were as follows:

Non-audit Fees

Group (RM)	Company (RM)
6,000	6,000

Material Contracts Involving Directors and Major Shareholders' Interest

There were no material contracts for the Company and/or its subsidiaries involving Directors and major shareholders' interest either subsisting at the end of the financial year or entered into since the end of the previous financial year.

Recurrent Related Party Transactions

The details of the recurrent related party transactions of a revenue in nature entered by the Company and/or its subsidiaries with the Related Party, namely Kim Loong Plantations Sdn. Bhd. ("KLP"), during the financial year ended 31 January 2021 pursuant to the shareholders mandate were as follows:

Nature of Transactions	Related Party	Relationship between Related Party and the Company	Value of Transactions during the financial year (RM'000)
Purchase of oil palm fresh fruit bunches by the Company and/or its subsidiaries from KLP	KLP	KLP is a wholly-owned subsidiary of Sharikat Kim Loong Sendirian Berhad ("SKL"), the holding company of the Company. Gooi Seong Lim, the Executive Chairman and a major shareholder of the Company, is a director of KLP and SKL and a substantial shareholder of SKL. Gooi Seong Heen, the Managing Director and a major shareholder of the Company, is a director of KLP and SKL and a substantial shareholder of SKL. Gooi Seong Chneh and Gooi Seong Gum, both are Executive Directors and major shareholders of the Company, are directors of KLP and SKL and substantial shareholders of SKL. Gooi Khai Chien is an Alternate Director to Gooi Seong Lim of the Company. Gooi Chuen Kang is an Alternate Director to Gooi Seong Heen of the Company.	9,704

The Company is seeking a shareholders' mandate for recurrent related party transactions of a revenue in nature or trading nature pursuant to Paragraph 10.09 of the MMLR at the forthcoming AGM.

This Statement is made in accordance with a resolution of the Board of Directors dated 19 May 2021.

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

This Statement on Risk Management & Internal Control is made pursuant to the Malaysian Code on Corporate Governance ("the Code") and Paragraph 15.26 (b) of the MMLR with regards to the Group's state of internal control.

The Board of Directors ("the Board") of KIM LOONG RESOURCES BERHAD ("KLR" or "the Company") is pleased to present below its Statement on Risk Management & Internal Control as a group for the financial year under review, prepared in accordance with the Statement on Risk Management & Internal Control: Guidelines for Directors of Listed Issuers ("the Guidelines") issued by the Institute of Internal Auditors Malaysia and adopted by Bursa Securities and taking into consideration the recommendations underlying the Code.

BOARD RESPONSIBILITIES

The Board affirms its overall responsibilities for the Group's system of risk management and internal control, and for reviewing the adequacy and integrity of the Group's risk management and internal control system. The Board's responsibility in relation to the system of risk management & internal control is embedded in all aspects of the Group's activities and encompasses all subsidiaries of the Company.

The Board has received assurance from the Managing Director and Finance Director that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects.

However, as there is inherent limitation in any system of risk management and internal control, such system put into effect by Management can only manage but not to eliminate all risk that may impede the achievement of the Group's business objectives.

Therefore, the risk management and internal control system can only provide reasonable assurance and not absolute assurance against material misstatement or loss. The process to identify, evaluate and manage the significant risks is a concerted and continuing effort throughout the financial year under review.

The Board sets the policy on internal controls after conducting a proper assessment of operational and financial risks by considering the overall control environment of the organisation and an effective monitoring mechanism. The Managing Director and his management carried out the process of implementation and maintenance of the control systems. Except for insurable risks where insurance covers are purchased, other risks are reported on a general reporting basis and managed by the respective Committees within the Group.

KEY FEATURE OF THE GROUP'S RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

The responsibility for reviewing the adequacy and integrity of the risk management and internal control system has been delegated by the Board to the Audit Committee. On a periodic basis, the Audit Committee assesses the adequacy and integrity of the risk management and internal control system through independent reviews conducted and reports it received from the Internal Auditors, the External Auditors and Management. Significant risk management and internal control matters were brought to the attention of the Audit Committee.

The Audit Committee then in turn reports such matters to the Board, if the Audit Committee deems such matters warrant the Board's attention.

Key elements of the Group's risk management and internal control system that have been established to facilitate the proper conduct of the Group's businesses are described below:

i. Control Environment

- Policies and Procedures

  Clearly defined policies and procedures are in place and are undergoing constant improvements to ensure that they continue to support the Group's business activities as the Group continues to grow.

- Operations Review and Monitoring

  Operations of the Group are constantly monitored with up-to-date reports being presented by the Management, which reviews the performance of the Group against budget and prior year performance on a quarterly basis. Variances are carefully analysed, and corrective actions are taken where necessary. Detailed reports on performance review with steps to be taken are presented to Executive Directors periodically.

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

(cont'd)

KEY FEATURE OF THE GROUP'S RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM (Cont'd)

i. Control Environment (Cont'd)

- Operations Review and Monitoring (Cont'd)

  General Manager and Executive Directors regularly visit the Group's estates. During the visits, Estate Managers report on the progress and performance, discuss and resolve the estates' operational and key management issues.

  Executive Directors also monitor the performance of the business units through reports produced by external Planting Advisors. The roles of the Planting Advisors and Agronomist are to ensure that the technical aspects of all estates under the Group are based on current best practices in plantation management.

  The milling operations are regularly visited by the Managing Director, Executive Directors and General Manager. During the visits, they discuss and resolve all operational and key management issues faced by the mill managers.

- Organisational Structure and Authorisation Procedures

  The Group maintains a formal organisational structure with clear lines of reporting to the Board, Committees and Senior Management with defined roles and responsibilities, authority limits, review and approval procedures and proper segregation of duties which supports the maintenance of a strong control environment.

  Specific responsibilities have been delegated to relevant Committees, all of which have formalised terms of reference.

  These Committees have the authority to examine all matters within their scope and report to the Executive Chairman, Managing Director and Executive Directors with their recommendations.

- Human Capital Policy

  Guidelines on employment, performance appraisal, training and retention of employees are in place, to ensure that the Group has a team of employees who are well-trained and equipped with all the necessary knowledge, skills and abilities to carry out their responsibility effectively.

  Emphasis is being placed on enhancing the quality and ability of employees through training and development.

  Employees' competencies are assessed annually through the annual appraisal system and subsequently, further development and training requirements are highlighted for Heads of Departments and business units for follow up.

- Management Style

  The Board relies on the experience of the Executive Chairman, Managing Director, Executive Directors and the respective business units' management teams to run and manage the operations and businesses of the Group in an effective and efficient manner.

  The Executive Chairman, Managing Director and management adopt a "hands on" approach in managing the businesses of the Group. This enables timely identification and resolution of any significant issues arising.

- Quality Control

  Strong emphasis is placed on ensuring that the Group adheres to health, safety and environmental regulations as required by the various authorities.

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

KEY FEATURE OF THE GROUP'S RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM (Cont'd)

i. Control Environment (Cont'd)

- Other Key Elements of Internal Control

  Other key elements of procedures established by the Board which provide effective internal control include:

  - Centralised functions of finance, treasury administration, human resource, agronomic, marketing and bulk purchases to ensure that uniform policies and procedures are implemented throughout the Group.
  - Regular site visits to the operations within the Group by the Executive Chairman, Managing Director and Executive Directors and Senior Management.
  - The Finance Department monitors the activities and performance of the subsidiaries through the monthly management accounts and ensures control accounts are reconciled with the subsidiary's records.
  - Adequate insurance and physical safeguarding of major assets are in place to ensure these assets are sufficiently covered against any mishap that may result in material losses to the Group.
  - The documented policies and procedures form an integral part of the internal control system to safeguard the Group's assets against material losses and to ensure complete and accurate financial information. The documents consist of memoranda, circulars, manuals and handbooks that are regularly revised and updated to meet operational needs.
  - Proposals for major capital expenditure of the Group are reviewed and approved by the Executive Directors.
  - Regular Board and management meetings to assess performance of business units.
  - All recurrent related party transactions are dealt with in accordance with the MMLR. The Audit Committee and the Board review the recurrent related party transactions at the respective meetings of the Audit Committee and the Board.
  - Reporting mechanism whereby Executive Directors receive monthly performance and plantation statistic with explanation and justification.

- Code of Ethics and Conduct and other related Policies

  In addition, the following Internal Control component have been embedded and defined in the CG Manual to assist the Board in maintaining sound internal control system:

  - Code of Ethics and Conduct defines acceptable behaviour for staff in dealing with key stakeholders. The Code is made available to all staff through their respective Head of Department.
  - Corporate Integrity Policy - Anti Fraud Policy has been developed to define consistent and clear process focussed on the prevention, detection and management of fraud and applies to any irregularity, or suspected irregularity, involving employees as well as shareholders, consultants, vendors, contractors, external parties doing business with employees with the Group.
  - Whistle Blowing Policy has been formulated to encourage and provide a channel to employees to report in good faith and in confidence, without fear of reprisals, of concerns about possible improprieties. Allegations of improprieties which have been reported via the whistle blowing channel are appropriately followed up upon and the outcome(s) reported at the Audit Committee meetings.

ii. Risk Management Framework

The Board recognises that risk management is an integral part of the Group's business operations and is important for the achievement of its business objectives. The Group has established a Risk Management and Sustainability Committee ("RMSC") that is chaired by the Managing Director and its members comprising the Executive Directors, Heads of Divisions & Departments ("HODS") and staff from key operations. They have also been trained to identify the risks relating to their areas, the likelihood of these risks occurring, the consequences if they do occur, and the actions being and/or to be taken to manage these risks to the desired level. The risk profiles and risk treatment measures determined from this process are documented in risk registers with each business or operations area having its respective risk register. The risk registers are eventually compiled to form the Group Risk Profile for reporting to the RMSC and the Audit Committee.

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

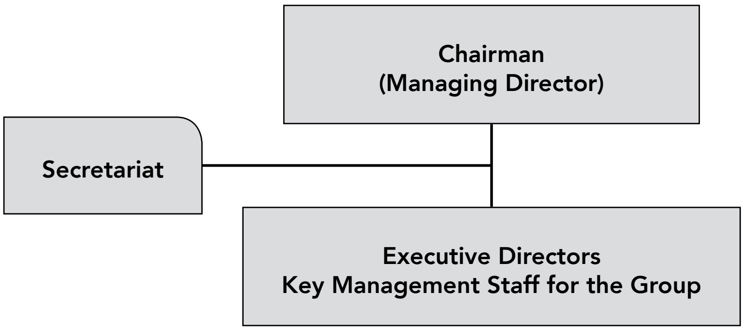
(cont'd)

KEY FEATURE OF THE GROUP'S RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM (Cont'd)

ii. Risk Management Framework (Cont'd)

Ongoing risk management education and training is provided at management and staff level by members of RMSC.

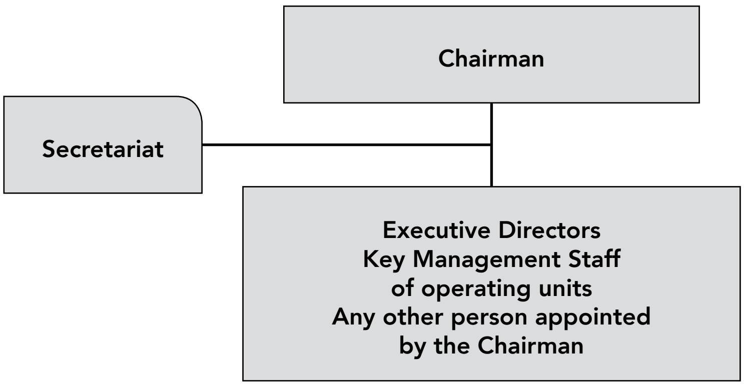
Risk Management and Sustainability Committee



Key Roles:

- Develop Group strategies and policies
- Monitoring sustainable performance

Risk Management and Sustainability Committee - Working Group



Roles:

- To monitor the implementation of sustainability practices and standards
- Raising sustainability practices awareness amongst employees
- Continues stakeholders engagement efforts

Note:

The Chairman of the Working Group can be a member of the Risk Management and Sustainability Committee or appointed by the Risk Management and Sustainability Committee.

Significant risks identified for the financial year ended 31 January 2021

Anti Corruption and Anti Bribery

The Malaysian Anti-Corruption Commission (Amendment) Bill 2018 was gazetted on 4 May 2018 as the MACC Amendment Act 2018. The enforcement of provisions on corporate liability became effective on 1 June 2020. The provisions criminalise a commercial organisation if a person associated with it corruptly gives, agrees to give, promises or offers to any person any gratification with intent to obtain or retain business, or an advantage in the conduct of business, for the organisation. The Group has formulated policies and procedures, which will be reviewed regularly, to mitigate the potential risks.

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

(cont'd)

KEY FEATURE OF THE GROUP'S RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM (Cont'd)

ii. Risk Management Framework (Cont'd)

Significant risks identified for the financial year ended 31 January 2021 (Cont'd)

COVID-19

The COVID-19 pandemic outbreak is a human tragedy, affecting millions of people. As such, the coming financial year is expected to have some negative impact on global economic growth and activity. This casts uncertainties for the business environment along with the disruptions caused by global trade uncertainties, policy changes and commodity fluctuations for the coming year.

In Malaysia, to contain the spread of COVID-19, the Government imposed movement control measures but allowing industries providing essential services including the palm oil industry to operate provided they employ risk mitigation measures.

As the Group's principal activities are classified as essential services, the operations of the Group have been running largely as usual during the financial year.

OUR ACTIONS

Kim Loong have established an ad-hoc management team headed by Executive Chairman. Other members to the team consist of Executive Director, Head of Business Units and other key Management staffs to address the COVID-19 issues and identify incidents with serious repercussions to business operations and propose a corresponding action plan.

Several guidelines were put in place to ensure employee health as well as to minimise contact and any transmission risks and in compliance with the standard operating procedures ("SOP") issued by the authorities.

With the safety and health of our employees, contractors and stakeholders in mind, the Group implemented measures which included daily temperature screening for employees and visitors, the distribution of masks and hand sanitisers to employees, increased the frequency of disinfection of work spaces, vehicles and living quarters, restricted the non-essential movement of personnel and visitors to and from our properties and put in place safe distancing practices, amongst others.

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

(cont'd)

KEY FEATURE OF THE GROUP'S RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM (Cont'd)

ii. Risk Management Framework (Cont'd)

OUR ACTIONS (Cont'd)

Other key risks and actions taken are summarised below:

Risk Category	Description & Impact	Mitigation Measures
Operational Risk: Escalating operational costs	Escalating operational costs due to external factors e.g. the risk of increasing labour cost, weak Ringgit, increase in inflation rate and also due to increase in the size of the Group and commercial undertakings.	We apply close monitoring and adherence to the approved budget to keep our costs in check. The Group is constantly improving its productivity through efficient management of its labour force, introducing better tools to work with and mechanization in selected operational areas including consolidation and automation of the mills to be more labour efficient.
Operational Risk: Inability to achieve optimum oil yield per hectare due to ageing palm tree profile affecting overall palm oil yield	The factors that influence the yield of Fresh Fruit Bunches ("FFB") include the age and maturity of oil palms. Their prime productive period is at year 10 through 20 after planting. Thus, it is advisable for plantation companies to consider replanting after the palm age attained above 20 years to ensure continuous long-term efficient production and sustainable yields. However, newly planted oil palms do not yield FFB until they reach harvestable age, which is about two and half years after planting, and the yield of young trees are significantly lower than the yield of mature trees. Our replanting programme has a short to medium term impact on the FFB production which in turn may affect our revenue and margins.	We structured our replanting programme on a rolling basis to minimise the effect on FFB production in any given year. We have embarked on the programme since year 2009 and will continue until the age profile of our plantation is fully optimized.
Foreign Currency and Commodity Price Risks: Fluctuation of local and international commodity prices affecting prices of FFB, CPO and other palm oil milling products	Fluctuation in exchange rate between USD and Ringgit Malaysia could have adverse effect on palm oil prices. Change in import tariff on palm oil by major importing countries may affect palm oil prices which could impact the Group's revenue and profits. Globally, the palm oil competes with other edible oils, such as soybean oil. Our profit may be impacted by the fluctuation of palm oil prices which may result in a lower profit. A prolonged low palm oil prices would have a material adverse effect on the Group's cash flows and profits.	The Management constantly monitor the movement in palm oil commodity prices and may take steps to mitigate unfavourable movement in commodity prices, where necessary, to reduce the impact on the Group's financial performance. To achieve this, the Group may use derivatives such as Futures and Swap contract to hedge against cash flow risks faced by the Group arising from its forecasted probable production.

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

KEY FEATURE OF THE GROUP'S RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM (Cont'd)

ii. Risk Management Framework (Cont'd)

OUR ACTIONS (Cont'd)

Risk Category	Description & Impact	Mitigation Measures
Environmental Risk: Erratic weather conditions impacting operation	Unfavourable weather such as prolonged dry weather and excessive rainfalls may affect FFB production and evacuation. Dry weather may also affect water supply to employees' quarters.	We have provided sufficient budget for the maintenance of infrastructure within our estates. Additional ponds are also progressively constructed and existing ponds are deepened especially to meet the requirements of the FFB processing mills. Our estates continuously explore new methods and innovation e.g., tube-well systems were introduced to mitigate drought conditions.
Human Resource and Labour Shortage Risks: High dependency on foreign labour	Due to difficulties in securing local labour, our plantation is highly dependent on foreign workers especially from Indonesia and Philippines for its operations. Additionally, policy changes, increased competition and intensified scrutiny of labour may impact our operations, which in turn leads to decrease in revenue and profit.	We have taken several initiatives to improve the relationship with our existing workers so that they can assist in recruitment. Relationship with the local authorities and recruiting agents has been emphasized to assist in the recruitment process.
Organisation Capability Risk: Ensuring the Group has a talent pool with right competency and skillsets	Pool of talent with right skill-sets and competency is necessary to ensure continuous growth of the Group.	Apart from external trainings, in-house training programmes are developed for our employees to bridge the competency gap.
Competition Risk: Competition for FFB supply	The palm oil industry is highly competitive. The Group faces stiff competition for the supply of FFB locally as a large proportion of FFB supply is from external suppliers.	The Group has progressively reviewed and strengthened our marketing strategy and approach.

iii. Internal Audit Function

The roles, responsibilities and activities of the Internal Audit function are described and detailed on pages 80 to 81 under the Report of the Audit Committee in this Annual Report. There were neither major weaknesses in the system identified during the year, nor have any of the reported weaknesses resulted in material losses or contingencies requiring disclosure in the Annual Report. Those areas of non-compliance with the procedures and policies and those which require improvements as highlighted by the Internal Auditors during the period are being addressed.

iv. Information and Communication

Information critical to meeting the Group's business objectives are communicated through established reporting lines across the Group. This is to ensure that matters that require the Board and Senior Management's attention are highlighted for review, deliberation and resolution on a timely basis.

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

(cont'd)

KEY FEATURE OF THE GROUP'S RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM (Cont'd)

v. Review and Monitoring Process

The Group's management teams carry out monthly monitoring and review of the Group's operations and performance, including financial results and forecasts for all business operations within the Group.

In addition to the above, scheduled and ad-hoc meetings are held at operational and management levels to identify, discuss and resolve business and operational issues as and when necessary. The Board monitors the Group's performance by reviewing its quarterly results and operations and examines the announcement to Bursa Securities. These are usually reviewed by the Audit Committee before they are tabled to the Board for approval.

CONFIDENTIAL REPORTING

The Group's Whistle-blowing policy enables staff, in confidence, to raise concerns about possible improprieties in financial and other matters and to do so without fear of reprisal. Details of the policy are set out on the Company's website at www.kimloong.com.my. The Audit Committee receives reports on whistleblowing incidents and remains satisfied that the procedures in place are satisfactory to enable independent investigation and follow up action of all matters reported. No major issues have been reported in financial year 2021 (major issues being defined for this purpose as matters having a financial impact greater than RM10,000).

ASSURANCE PROVIDED BY THE MANAGING DIRECTOR AND FINANCE DIRECTOR

In line with the Guidelines, the Managing Director and Finance Director have provided assurance to the Board that the Group's risk management and internal control systems have been operated adequately and effectively, in all material aspects, to meet the Group's business objectives during the financial year under review.

The Managing Director and Finance Director have in turn obtained relevant assurance from the business heads in the Group.

REVIEW OF STATEMENT BY EXTERNAL AUDITORS

Pursuant to Paragraph 15.23 of the MMLR, the External Auditors have reviewed this Statement on Risk Management & Internal Control for inclusion in the Annual Report for the financial year ended 31 January 2021.

The External Auditors have reviewed this Statement on Risk Management & Internal Control pursuant to the scope set out in Audit and Assurance Practice Guide ("AAPG 3"), Guidance for Auditors on Engagements to Report on the Statement on Risk Management & Internal Control included in the Governance & Financial Report issued by the Malaysian Institute of Accountants (MIA) for inclusion in the Governance & Financial Report of the Group for the year ended 31 January 2021, and reported to the Board that nothing has come to their attention that causes them to believe that the statement intended to be included in the Report of the Group, in all material aspects:

(a) has not been prepared in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management & Internal Control: Guidelines for Directors of Listed Issuers, or
(b) is factually inaccurate.

AAPG 3 does not require the external auditors to consider whether the Directors' Statement on Risk Management & Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Board of Directors and Management thereon. The auditors are also not required to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in this Report will, in fact, remedy the problems.

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

(cont'd)

CONCLUSION

The Board is of the view that the system of internal control in place throughout the year under review is sound and sufficient to safeguard the shareholders' investment, the interests of customers, regulators, employees of the Group and to facilitate the expansion of its operations. Additionally, the Board regards the risks faced by the Group are within acceptable levels to the business environment within which the Group operates.

There were no material losses or fraud during the current financial year as a result of internal control failures and the Board and Management are continuously taking measures to improve and strengthen the internal control framework and environment of the Group.

This Statement is made in accordance with a resolution of the Board of Directors dated 19 May 2021.

REPORT OF THE AUDIT COMMITTEE

OVERVIEW

The COVID-19 pandemic has impacted all aspects of business, and auditing is no exception. Governments have imposed various measures to control the virus, resulting in many consequences that affect economies around the world. Auditing has become more difficult to carry out. At the same time, the risks of mistakes and even fraud occurring are heightened. The Audit Committee ("AC") has been conscious of the need to maintain a vigilant stance during this period.

The Board of Directors of Kim Loong Resources Berhad is pleased to present the Report of the Audit Committee which lays out the activities held throughout the financial year ended 31 January 2021 and in compliance with Paragraph 15.15 (1) of the MMLR.

MEMBERS OF THE AUDIT COMMITTEE

The Audit Committee presently comprises three (3) Directors of the Board, all of whom are Independent Non-Executive Directors. The members are:

Chairman : Gan Kim Guan
Members : Chan Weng Hoong
Cheang Kwan Chow
Secretaries : Chong Fook Sin, Kan Chee Jing, Chua Yoke Bee

MEMBERSHIP

The Audit Committee is appointed by the Board of Directors from amongst the Non-Executive Directors and consists of three (3) members, all of whom are Independent Non-Executive Directors.

The Chairman of the Audit Committee, Mr Gan Kim Guan, is a member of the Malaysian Institute of Accountants (MIA) and has therefore complied with Paragraph 15.09(1)(c)(i) of the MMLR.

MEETINGS

During the financial year 2021, due to the COVID-19 pandemic and the imposition of the MCO, the Audit Committee held a total of two (2) meetings with the attendance of the Finance Director, Group Financial Controller, Head of Internal Audit, senior representative of the External Auditors and the Company Secretaries.

A quorum consists of two (2) members present and both of whom must be Independent Directors. Other Board members and Senior Management may attend meetings upon the invitation of the Audit Committee. Both the Internal and External Auditors, too, may request a meeting if they consider that one is necessary.

During the financial year, the Chairman of the Audit Committee had engaged on a continuous basis with Senior Management, Head of Internal Audit and the External Auditors, in order to keep abreast of matters and issues affecting the Group.

The Company Secretary acts as the secretary to the Audit Committee. Minutes of each meeting are distributed electronically to each Board member, and the Chairman of the Audit Committee reports on key issues discussed at each meeting to the Board.

Details of the Audit Committee members' attendance are tabled below:

Member	Total number of meetings held in the financial year during Member's tenure in Office	Meeting attended by member
Gan Kim Guan	2	2
Chan Weng Hoong	2	2
Cheang Kwan Chow	2	2

TERMS OF REFERENCE

The details of the Terms of Reference of the Audit Committee are available at www.kimloong.com.my

REPORT OF THE AUDIT COMMITTEE

(cont'd)

SUMMARY OF WORKS OF THE AUDIT COMMITTEE

The Audit Committee met at scheduled times with due notices of meetings issued, and with agenda planned and itemised so that issues raised were deliberated and discussed in a focussed and detailed manner.

During the financial year 2021, the Audit Committee discharged its duties and responsibilities in accordance with its Terms of Reference.

The Chairman of the Audit Committee reported on each meeting to the Board. Detailed audit reports by the External Auditors, Internal Auditors and the respective Management response were circulated to members of the Committee before each meeting.

The main works undertaken by the Audit Committee were as follows:

Financial and Operations Review

- Reviewed and recommended for the Board's approval the quarterly reports for announcement to Bursa Securities in compliance with the Malaysian Financial Reporting Standards and adhered to other legal and regulatory requirements;
- Reviewed the annual audited financial statements of the Group and of the Company. The Audit Committee discussed with the management and the External Auditors the accounting principles and standards that were applied and their judgement of the items that may affect the financial statements;
- Reviewed the impact of new or proposed changes in accounting standards and regulatory requirements on the Group; and
- Reviewed the application of the corporate governance principles and the extent of the Group's compliance with the Code in conjunction with the preparation of the Corporate Governance Overview Statement and Statement on Risk Management & Internal Control.

External Audit

- Reviewed the External Auditors' annual audit plan and audit strategy for the financial year ended 31 January 2021 to ensure their scope of work adequately covered the activities of the Group and of the Company;
- Discussed with the management and the External Auditors the Malaysian Financial Reporting Standards applicable to the financial statements of the Group and of the Company that were applied and their judgement of the items that may affect the financial statements;
- Reviewed with the External Auditors, the result of the audit, the audit report and internal control recommendations in respect of control weaknesses noted in the course of the audit that required appropriate actions and the Management's responses thereon;
- Inquired of the External Auditors whether they have become aware of any items relating to the detection of material illegal acts or material related party transactions during the course of their procedures;
- Reviewed and evaluated the External Auditors' performance, objectivity and independence during the year before recommending to the Board for reappointment and remuneration;
- Held independent meeting (without the presence of Management) with the External Auditors; and
- Reviewed and approved the provision of non-audit services by the External Auditors that were agreed to prior to their commencement of such work and confirmed as permissible for them to undertake, as provided under the By-Laws of the Malaysian Institute of Accountants.

  The amount of audit and non-audit fee incurred for the financial year ended 31 January 2021 were as follows:

	Audit Fees (RM)	Non-Audit Fees (RM)
The Group	315,000	6,000
The Company	63,000	6,000

REPORT OF THE AUDIT COMMITTEE

(cont'd)

SUMMARY OF WORKS OF THE AUDIT COMMITTEE (Cont'd)

Internal Audit

- Reviewed and approved the Internal Auditors' plans for the financial year to ensure adequate coverage over the activities of the respective subsidiaries;
- Reviewed the internal audit reports presented by the Internal Auditors on findings, recommendations and management responses thereto and ensured that material findings were adequately addressed by Management and reported relevant issues to the Board;
- Held independent meeting (without the presence of Management) with the Internal Auditors;
- Reviewed whistleblowing activities to monitor the actions taken by the Group in respect of whistleblowing reports received; and
- Monitored the implementation of the audit recommendation to ensure all the key risks and controls have been addressed.

Risk Management

- Reviewed the outcome of the risk management programme, including key risks identified, the potential impacts and the likelihood of the risks occurring, existing controls which can mitigate the risks and action plans; and
- Reviewed the Risk Management and Sustainability Committee's reports and assessment.

Related Party Transactions

- The Audit Committee reviewed all significant related party transactions and recurrent related party transactions entered into by the Group and the Company to ensure that such transactions are undertaken at arm's length basis on normal commercial terms which are not detrimental to the interests of the minority shareholders of the Company and the internal control procedures employed are both sufficient and effective before recommending to the Board for approval.

Reporting Responsibilities

- Regularly reported to the Board of Directors about the Committee's activities, issues and related recommendations.
- Provided an open avenue of communication between the Internal Auditors, the External Auditors and the Board of Directors.
- Reported annually to the shareholders, describing the Committee's composition, responsibilities and how they were discharged, and any other information required by Listing Requirements, including approval of non-audit services.
- Reviewed any other reports issued by the Company that relate to the Committee's responsibilities.

TRAINING

During the financial year, Audit Committee members attended various seminars, training programmes and conferences. Kindly refer to the Corporate Governance Overview Statement on page 57 for further details.

INTERNAL AUDIT FUNCTION

The Group's internal audit function adopts a co-sourcing model whereby risk management and specialised audits are performed by the Internal Audit Department of the Company which acts independently from the activities and operations of the Group and KPMG Management & Risk Consulting Sdn. Bhd., a professional services firm has been appointed to perform risk-based internal audit where the results were directly reported to the Audit Committee.

The main purposes of the Internal Auditors are:

- To review effectiveness of the Group's systems of internal controls;
- To assist in reviewing the adequacy, integrity and effectiveness of the Company's internal control system for the Board as well as to assist in drafting the Statement on Risk Management & Internal Control in the Annual Report;
- To support the Audit Committee in evaluating the effectiveness of the existing internal control system, identify future requirements and co-develop a prioritized action plan to further enhance the internal control system;
- To identify the key business processes within the Group and the Company that Internal Audit should focus on;
- To allocate necessary resources to selected areas of audit in order to provide management and the Audit Committee an effective and efficient level of internal audit coverage; and
- To coordinate risk identification and risk management processes and activities.

REPORT OF THE AUDIT COMMITTEE

(cont'd)

INTERNAL AUDIT FUNCTION (Cont'd)

The Internal Auditors adopt a risk-based auditing approach by focusing on identified high risk areas for compliance with control policies and procedures, identifying business risks which have not been appropriately addressed and evaluating the adequacy and integrity of controls and statutory requirements. Submission of the audit results to the Management and the Audit Committee would ensure that the Management is compliant with the internal control systems and implementing continuous improvement.

During the financial year under review, the Internal Auditors carried out periodic internal audit reviews in accordance with the approved internal audit plan to monitor compliance with the Group's procedures and to review the adequacy and effectiveness of the Group's system of risk management and internal control. The results of these reviews have been presented to the Audit Committee at their scheduled meetings. Follow up reviews were also conducted to ensure that the recommendations for improvement have been implemented by Management on a timely basis.

The Internal Auditors communicate regularly and report directly to the Audit Committee on their activities based on the approved Annual Internal Audit Plan to ensure their independent status within the Group. The Internal Auditors are also invited to attend all meetings of the Audit Committee. The total cost incurred in respect of the internal audit function during the financial year was approximately RM507,000.

The Internal Auditors assisted the Audit Committee in discharging its duties and responsibilities with respect to adequacy and integrity of internal control within the Group. The Internal Auditors undertook the following works in accordance with the approved Audit Plan:

i. Carrying out the internal auditing of the Group.
ii. Facilitating the improvement of business processes within the Group.
iii. Establishing a follow up process in monitoring the implementation of audit recommendation by Management.
iv. Monitoring the effectiveness of the Group's risk management systems by reviewing the implementation of the risk assessment action plans by Management.
v. Conducting investigation audits or special assignment from time to time as requested by Management.

CONCLUSION

During the financial year, the Audit Committee carried out its duties and responsibilities in accordance with its terms of reference and held discussions with the Internal Auditors, External Auditors and relevant members of Management. The Audit Committee is of the view that no material misstatements or losses, contingencies or uncertainties have arisen, based on the reviews made and discussions held.

This Report is made in accordance with a resolution of the Board of Directors dated 19 May 2021.

REPORT OF THE REMUNERATION COMMITTEE

COMPOSITION OF MEMBERS

Members

The Committee comprises the following members:

Chairman	:	Gan Kim Guan
Members	:	Chan Weng Hoong
		Cheang Kwan Chow
Secretaries	:	Chong Fook Sin, Kan Chee Jing, Chua Yoke Bee

TERMS OF REFERENCE

The details of the Terms of Reference of the Remuneration Committee are available on the Company's website at www.kimloong.com.my

SUMMARY OF ACTIVITIES OF THE COMMITTEE

The Committee met once during the financial year 2021. The attendance of the members of the Committee of the meetings is as follows:

Member	Total number of meetings held in the financial year during Member's tenure in Office	Meeting attended by member
Gan Kim Guan	1	1
Chan Weng Hoong	1	1
Cheang Kwan Chow	1	1

The main activities undertaken by the Committee during the year under review were as follows:

- Reviewed the structure of the remuneration package for each of the Executive Directors and Senior Management; and
- Reviewed the performance bonuses for each of the Executive Directors and Senior Management.

This Report is made in accordance with a resolution of the Board of Directors dated 19 May 2021.

REPORT OF THE NOMINATING COMMITTEE

COMPOSITION OF MEMBERS

Members

The Committee comprises the following members:

Chairman	:	Gan Kim Guan
Members	:	Chan Weng Hoong
		Cheang Kwan Chow
Secretaries	:	Chong Fook Sin, Kan Chee Jing, Chua Yoke Bee

TERMS OF REFERENCE

The details of the Terms of Reference of the Nominating Committee are available on the Company's website at www.kimloong.com.my

SUMMARY OF ACTIVITIES OF THE COMMITTEE

The Committee met once during the financial year 2021.

The attendance of the members of the Committee of the meetings is as follows:

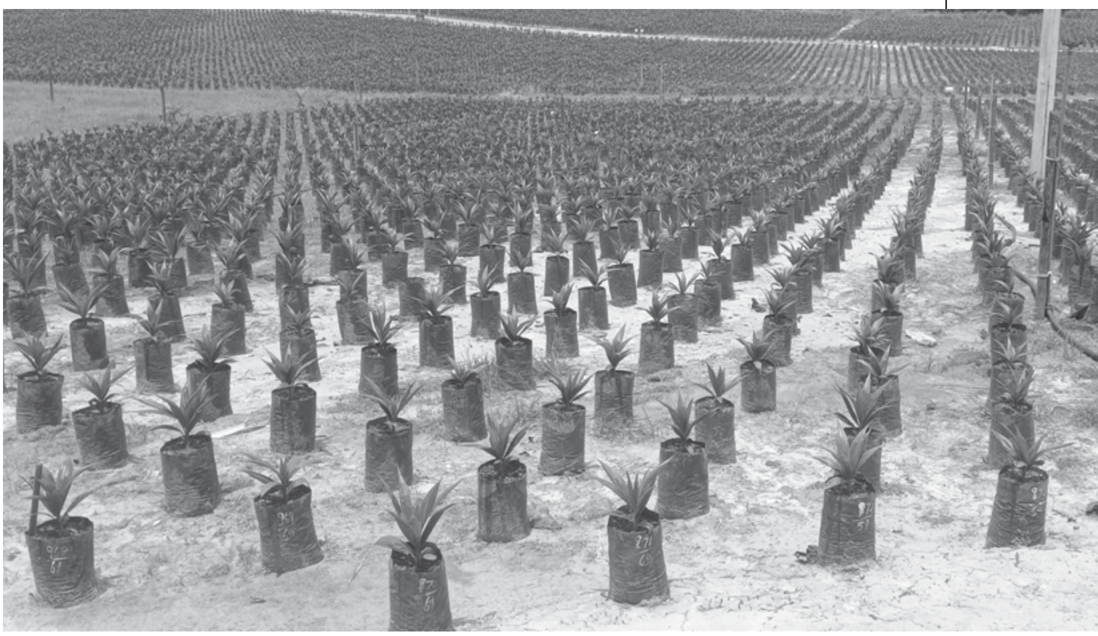
Member	Total number of meetings held in the financial year during Member's tenure in Office	Meeting attended by member
Gan Kim Guan	1	1
Chan Weng Hoong	1	1
Cheang Kwan Chow	1	1

The main activities undertaken by the Committee during the year under review were as follows:

a) Reviewed the re-election of Directors retiring at the AGM as provided in the Constitution of the Company;
b) Assessed the independence of Independent Directors;
c) Reviewed the composition and the required mix of skills, experience and other qualities of the Board and gender diversity;
d) Reviewed the effectiveness of the Board as a whole and the Board Committees and performance of each of the Board members and the Audit Committee members; and
e) Reviewed and recommended retention of Independent Director.

This Report is made in accordance with a resolution of the Board of Directors dated 19 May 2021.

FINANCIAL STATEMENTS



DIRECTORS' REPORT

The Directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 January 2021.

Principal activities

The principal activities of the Company are those of cultivation of oil palm and investment holding.

The principal activities and other information relating to the subsidiaries are disclosed in Note 17 to the financial statements.

Results

	Group RM	Company RM
Profit net of tax	110,621,273	67,338,069
Profit net of tax attributable to:		
Owners of the Company	94,891,349	67,338,069
Non-controlling interests	15,729,924	-
	110,621,273	67,338,069

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

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

Dividends

The amount of dividends paid by the Company since 31 January 2020 were as follows:

	RM
In respect of the financial year ended 31 January 2021:	
- Interim single-tier dividend of 4 sen per share on 933,607,332 ordinary shares, declared on 28 September 2020 and paid on 18 November 2020	37,344,293
- Special single-tier dividend of 3 sen per share on 933,609,732 ordinary shares, declared on 29 December 2020 and paid on 22 February 2021	28,008,292
	65,352,585

At the forthcoming Annual General Meeting, a final single-tier dividend in respect of the financial year ended 31 January 2021 of 3 sen per ordinary share, amounting to a dividend payable of RM28,008,292 will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 January 2022.

DIRECTORS' REPORT

(cont'd)

Directors

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

Gooi Seong Lim *	
Gooi Seong Heen *	
Gooi Seong Chneh *	
Gooi Seong Gum *	
Gan Kim Guan	
Chan Weng Hoong	
Cheang Kwan Chow	
Gooi Khai Chien *	(Alternate Director to Gooi Seong Lim)
Gooi Chuen Kang	(Alternate Director to Gooi Seong Heen)

* These directors are also directors of the Company's subsidiaries.

The names of the Directors of the Company's subsidiaries in office since the beginning of the financial year to the date of this report (not including those directors listed above) are:

Dato' Tan Sui Hou	
Datuk Yusoff @ Hunter Bin Mohamed Kasim	
Gan Liong Hoe @ Zephyrinus	
Lee Nyuk Choon @ Jamilah Ariffin (f)	
Andree Alexander Funk	
Monaliza Binti Zaidel (f)	
Abdul Rashid Bin Abdul Kassim	
George Lentton Anak Indang	
Zainah Binte Ibrahim (f)	
Quek Sai Luang (f)	
Chang Chow Swan	
Subramaniam A/L V.V. Chellam	
Rizal Shah Bin Abdullah @ Mahadevan A/L Chellam	
Yeo Jon Tian @ Eeyo Jon Thiam	
Datuk Tuan Hj Mohamed Bin Mahmood	
Tuan Hj Ramley Bin Othman	
Gee Ping Tou	
Lim Chor Lan (f)	
Gooi Tsih Ern (f)	
Yap Chee Chin	
Mohd Shah bin Kardi	
Mohd Faiz bin Md Yasin	
Samry Bin Suhaimin	(Appointed on 25 November 2020)
Datuk Honorsius Bosuin	(Resigned on 25 November 2020)
Soh Geok Toh (f)	(Resigned on 4 March 2021)
Ahmad Bin Abu Bakar	(Resigned on 1 May 2021)

DIRECTORS' REPORT
(cont'd)

Directors' benefits

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

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the Directors or the fixed salary of a full-time employee of the Company as shown below) by reason of a contract made by the Company or a related corporation with any director or with a firm of which he is a member, or with a company in which he has a substantial financial interest, except as disclosed in Note 32 to the financial statements.

The Directors' benefits are as follows:

	Group RM	Company RM
Salaries and other emoluments	6,842,500	4,377,500
Fees	610,000	288,000
Defined contribution plan	1,297,320	829,920
Social security costs	14,227	2,371
Estimated money value of benefit-in-kind	61,508	57,857
	8,825,555	5,555,648

Indemnifying Directors or Officers

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

Directors' interests

The following Directors who held office at the end of the financial year had, according to the register of Directors' shareholdings, interests in shares in the Company and its related corporations as stated below:

		Number of ordinary shares		
	1.2.2020	Acquired	Sold	31.1.2021
The Company				
Gooi Seong Lim				
- direct interest	2,050,656	3,705,744	-	5,756,400
- indirect interest	602,519,603	-	-	602,519,603
Gooi Seong Heen				
- direct interest	5,303,736	-	-	5,303,736
- indirect interest	598,511,606	-	-	598,511,606
Gooi Seong Chneh				
- direct interest	4,883,736	-	-	4,883,736
- indirect interest	598,511,606	-	-	598,511,606
Gooi Seong Gum				
- direct interest	397,800	-	-	397,800
- indirect interest	598,679,606	-	-	598,679,606
Gooi Khai Chien				
- indirect interest	2,999,997	-	-	2,999,997

DIRECTORS' REPORT
(cont'd)

Directors' interests (Cont'd)

	Number of warrants 2018/2025			
	1.2.2020	**Acquired**	**Sold**	**31.1.2021**
The Company				
Gooi Seong Lim				
- direct interest	102,532	-	-	102,532
- indirect interest	29,916,369	-	-	29,916,369
Gooi Seong Heen				
- direct interest	265,186	-	-	265,186
- indirect interest	29,715,970	-	-	29,715,970
Gooi Seong Chneh				
- direct interest	244,186	-	-	244,186
- indirect interest	29,715,970	-	-	29,715,970
Gooi Seong Gum				
- direct interest	19,890	-	-	19,890
- indirect interest	29,724,370	-	-	29,724,370
Gooi Khai Chien				
- indirect interest	149,999	-	-	149,999

	Number of ordinary shares			
	1.2.2020	**Acquired**	**Sold**	**31.1.2021**
Holding company				
Sharikat Kim Loong Sendirian Berhad				
Gooi Seong Lim				
- direct interest	22,125	-	-	22,125
- indirect interest	11,250	-	-	11,250
Gooi Seong Heen				
- direct interest	22,125	-	-	22,125
- indirect interest	11,250	-	-	11,250
Gooi Seong Chneh				
- direct interest	22,125	-	-	22,125
- indirect interest	11,250	-	-	11,250
Gooi Seong Gum				
- direct interest	22,125	-	-	22,125
- indirect interest	11,250	-	-	11,250

DIRECTORS' REPORT
(cont'd)

Directors' interests (Cont'd)

		Number of ordinary shares		
	1.2.2020	**Acquired**	**Sold**	**31.1.2021**
Related corporation				
Crescendo Corporation Berhad				
Gooi Seong Lim				
- direct interest	1,130,452	-	-	1,130,452
- indirect interest	196,063,786	-	-	196,063,786
Gooi Seong Heen				
- direct interest	4,559,121	-	-	4,559,121
- indirect interest	192,216,114	-	-	192,216,114
Gooi Seong Chneh				
- direct interest	4,144,124	-	-	4,144,124
- indirect interest	192,148,114	-	-	192,148,114
Gooi Seong Gum				
- indirect interest	192,148,114	-	-	192,148,114
Gooi Khai Chien				
- indirect interest	3,775,672	-	-	3,775,672
Related corporation				
Crescendo Overseas Corporation Sdn. Bhd.				
Gooi Seong Lim				
- direct interest	12,250	-	-	12,250
- indirect interest	51,000	-	-	51,000
Gooi Seong Heen				
- direct interest	12,250	-	-	12,250
- indirect interest	51,000	-	-	51,000
Gooi Seong Chneh				
- direct interest	12,250	-	-	12,250
- indirect interest	51,000	-	-	51,000
Gooi Seong Gum				
- direct interest	12,250	-	-	12,250
- indirect interest	51,000	-	-	51,000
Related corporation				
Panoramic Housing Development Sdn. Bhd.				
Gooi Seong Lim				
- direct interest	5,700	-	-	5,700
- indirect interest	1,444,200	-	-	1,444,200
Gooi Seong Heen				
- direct interest	5,700	-	-	5,700
- indirect interest	1,444,200	-	-	1,444,200
Gooi Seong Chneh				
- direct interest	5,700	-	-	5,700
- indirect interest	1,444,200	-	-	1,444,200
Gooi Seong Gum				
- direct interest	5,700	-	-	5,700
- indirect interest	1,444,200	-	-	1,444,200

DIRECTORS' REPORT
(cont'd)

Directors' interests (Cont'd)

By virtue of their interests in the shares in the holding company, Sharikat Kim Loong Sendirian Berhad, Gooi Seong Lim, Gooi Seong Heen, Gooi Seong Chneh and Gooi Seong Gum are also deemed to have interests in the shares in the Company and its related corporations to the extent that the holding company has interests.

The other Directors in the office at the end of the financial year had no interest in shares in the Company and its related corporations during the financial year.

Issue of shares, share options and debentures

During the financial year, the Company issued 2,400 new ordinary shares pursuant to the exercise of 2,400 warrants and the relevant details are disclosed in Note 29(b) to the financial statements.

The Company did not issue any debentures or grant any share options during the financial year.

Treasury shares

During the financial year, the Company did not repurchase any ordinary shares from the open market. The shares repurchased are being held as treasury shares in accordance with Section 127 of the Companies Act 2016.

At 31 January 2021, the Company held as treasury shares a total of 1,806,000 of its 935,415,732 issued ordinary shares. Such treasury shares are held at a carrying amount of RM1,625,853 and further relevant details are disclosed in Note 29(c) to the financial statements.

Holding and ultimate holding company

The Directors regard Sharikat Kim Loong Sendirian Berhad, a company incorporated in Malaysia, as the Company's holding and ultimate holding company.

Other statutory information

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

  (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of 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

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

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

  (i) the amount 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; and

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

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

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

DIRECTORS' REPORT
(cont'd)

Other statutory information (Cont'd)

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

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

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

(f) In the opinion of the Directors:

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

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

Significant event

Details of significant event are disclosed in Note 40 to the financial statements.

Auditors

The auditors, Ernst & Young PLT, have expressed their willingness to continue in office.

Auditors' remuneration is as follows:

	Group RM	**Company RM**
Ernst & Young PLT		
- Statutory audit	315,000	63,000
- Other services	6,000	6,000
	321,000	69,000

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

Signed on behalf of the Board in accordance with a resolution of the Directors dated 19 May 2021.

Gooi Seong Lim

Gooi Seong Chneh

STATEMENT BY DIRECTORS

Pursuant to Section 251(2) of the Companies Act 2016

We, Gooi Seong Lim and Gooi Seong Chneh, being two of the Directors of Kim Loong Resources Berhad, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 97 to 173 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 January 2021 and of their financial performance and cash flows for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 19 May 2021.

Gooi Seong Lim

Gooi Seong Chneh

STATUTORY DECLARATION

Pursuant to Section 251(1)(b) of the Companies Act 2016

I, Chow Kok Hiang, being the Officer primarily responsible for the financial management of Kim Loong Resources Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 97 to 173 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by	)	
the abovenamed Chow Kok Hiang at	)	
Johor Bahru in the State of Johor	)	
Darul Ta’zim on 19 May 2021	)	Chow Kok Hiang

Before me,

VASANTHI A/P VADIVELOO
No. J258
Commissioner for Oaths
Johor Bahru

INDEPENDENT AUDITORS' REPORT

To the members of Kim Loong Resources Berhad (Incorporated in Malaysia)

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Kim Loong Resources Berhad, which comprise the statements of financial position as at 31 January 2021 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 97 to 173.

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 January 2021, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for opinion

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

Independence and other ethical responsibilities

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significant in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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

(a) Revenue recognition

(Refer to Notes 2.19 and 4 to the financial statements).

Revenue from sale of palm oil milling products recognised by the Group during the year amounted to RM940.18 million. Given the nature of the business operations of the Group, we identified revenue recognition in respect of sale of palm oil milling products to be an area of audit focus as we consider the high volume of transactions to be a possible cause of higher risk of material misstatements in the timing and amount of revenue recognised. Specifically, we focused our audit efforts to determine the possibility of overstatement of revenue.

INDEPENDENT AUDITORS' REPORT

To the members of Kim Loong Resources Berhad (Incorporated in Malaysia) (cont'd)

Key audit matters (Cont'd)

(a) Revenue recognition (Cont'd)

How our audit addressed the matter

Our audit procedures to address this area of focus included amongst others:

(i) testing the Group's internal controls over timing and amount of revenue recognised;

(ii) inspecting the terms of significant sales contracts to determine the transaction price and point of customer obtains control of the goods;

(iii) inspecting documents which evidenced the delivery of goods to customers;

(iv) testing the recording of sales transactions close to the year end, including credit notes issued after year end, to establish whether the transactions were recorded in the correct accounting period; and

(v) assessing the adequacy of the disclosures made in the financial statements.

(b) Bearer plants

(Refer to Notes 2.8 and 15 to the financial statements).

During the current financial year, the Group and the Company incurred plantation expenditure amounting to RM60.00 million and RM15.73 million respectively for operations with mature and immature oil palm plantations. Out of these amounts, the Group and the Company capitalised a total of pre-cropping (i.e. new planting and replanting) expenditure of RM16.67 million and RM4.37 million, respectively, as part of their bearer plants. Due to the significance of the expenditure incurred, we consider this to be an area requiring audit focus. Specifically, we focused our audit efforts to determine whether the capitalisation of pre-cropping expenditure was made in accordance with the Group's policy and whether any expenditure incurred ought to be expensed to the income statement.

How our audit addressed the matter

Our audit procedures to address this area of focus included amongst others:

(i) testing the effectiveness of the internal controls at estate level in respect of recording and categorisation of pre-cropping expenditure. We inspected documents such as contracts with suppliers to support the expenditure incurred such as land clearing, seedling, labour and manuring costs;

(ii) testing the allocation of expenditure by fields categorised by matured and immature fields;

(iii) testing whether the expenditure incurred on matured fields were appropriately expensed to the income statement;

(iv) testing whether the expenditure incurred on immature fields were appropriately capitalised as bearer plants; and

(v) assessing the adequacy of the disclosures made in the financial statements.

Information other than the financial statements and auditors' report thereon

The Directors of the Company are responsible for the other information. The other information comprise 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.

INDEPENDENT AUDITORS' REPORT

To the members of Kim Loong Resources Berhad (Incorporated in Malaysia) (cont'd)

Information other than the financial statements and auditors' report thereon (Cont'd)

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 the directors for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

(a) 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.

(b) 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 Company's internal control.

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

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

(e) 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.

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

INDEPENDENT AUDITORS' REPORT

To the members of Kim Loong Resources Berhad (Incorporated in Malaysia) (cont'd)

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

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

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

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

Other matters

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

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

Lee Ming Li
02983/03/2022 J
Chartered Accountant

Johor Bahru, Malaysia

Date: 19 May 2021

STATEMENTS OF COMPREHENSIVE INCOME

For the financial year ended 31 January 2021

		Group		Company	
		2021	**2020**	**2021**	**2020**
	Note	**RM**	**RM**	**RM**	**RM**
Revenue	4	**971,677,438**	679,625,433	**23,376,136**	17,938,244
Cost of sales	5	**(796,887,132)**	(585,625,050)	**(11,358,080)**	(11,665,206)
Gross profit		**174,790,306**	94,000,383	**12,018,056**	6,273,038
Other items of income	6	**19,405,836**	16,534,496	**76,568,321**	61,152,996
Other items of expense					
Distribution cost		**(18,312,756)**	(18,339,887)	**(1,468,725)**	(1,686,792)
Administrative expenses		**(26,525,146)**	(25,478,074)	**(15,991,745)**	(14,842,208)
Finance costs	7	**(1,008,453)**	(709,028)	**-**	-
Other expenses		**(3,798,294)**	(5,618,998)	**(378,891)**	(90,184)
Profit before tax	8	**144,551,493**	60,388,892	**70,747,016**	50,806,850
Taxation	11	**(33,930,220)**	(15,399,566)	**(3,408,947)**	(1,761,213)
Profit net of tax, representing total comprehensive income for the year		**110,621,273**	44,989,326	**67,338,069**	49,045,637
Total comprehensive income attributable to:					
Owners of the Company		**94,891,349**	41,061,432	**67,338,069**	49,045,637
Non-controlling interests		**15,729,924**	3,927,894	**-**	-
		110,621,273	44,989,326	**67,338,069**	49,045,637
Earnings per share attributable to owners of the Company (sen per share):					
- Basic	12	**10.16**	4.40		
- Diluted	12	**10.15**	4.40		

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

STATEMENTS OF FINANCIAL POSITION

As at 31 January 2021

		Group		Company	
		2021	2020	2021	2020
	Note	RM	RM	RM	RM
Assets					
Non-current assets					
Property, plant and equipment	13	**255,814,474**	260,118,805	**12,357,335**	19,263,564
Right-of-use assets	14	**287,374,960**	292,294,486	**174,244,138**	177,161,488
Bearer plants	15	**91,466,532**	82,417,038	**30,248,691**	27,105,871
Investment properties	16	**5,876,424**	-	**5,876,424**	-
Investment in subsidiaries	17	**-**	-	**46,669,211**	46,669,211
Other receivables	20	**-**	-	**92,885,331**	139,597,286
Deferred tax assets	27	**3,374,640**	3,375,000	**-**	-
Prepayments for acquisition of property, plant and equipment	31	**26,030,219**	17,857,900	**21,728,654**	9,258,829
		669,937,249	656,063,229	**384,009,784**	419,056,249
Current assets					
Inventories	18	**20,463,824**	27,211,137	**225,427**	237,968
Biological assets	19	**3,181,000**	3,128,000	**420,000**	456,000
Trade and other receivables	20	**48,790,971**	40,318,059	**7,934,775**	6,577,966
Prepayments		**3,144,503**	2,592,149	**498,878**	425,184
Tax recoverable		**2,989,939**	2,573,321	**-**	-
Short term funds	22	**105,868,400**	94,479,110	**27,250,763**	35,466,398
Cash and bank balances	23	**232,103,780**	148,640,722	**85,302,282**	13,008,018
		416,542,417	318,942,498	**121,632,125**	56,171,534
Total assets		**1,086,479,666**	975,005,727	**505,641,909**	475,227,783
Equity and liabilities					
Current liabilities					
Trade and other payables	25	**69,478,887**	63,931,122	**4,800,650**	5,951,124
Loans and borrowings	26	**11,688,086**	13,688,993	**-**	-
Dividend payable		**28,008,292**	-	**28,008,292**	-
Tax payable		**5,482,371**	1,986,678	**916,000**	23,000
		114,657,636	79,606,793	**33,724,942**	5,974,124
Net current assets		**301,884,781**	239,335,705	**87,907,183**	50,197,410
Non-current liabilities					
Loans and borrowings	26	**37,620,000**	570,000	**-**	-
Deferred tax liabilities	27	**90,044,214**	85,883,166	**45,282,036**	44,607,572
Government grants	28	**-**	1,920,000	**-**	-
		127,664,214	88,373,166	**45,282,036**	44,607,572
Total liabilities		**242,321,850**	167,979,959	**79,006,978**	50,581,696
Net assets		**844,157,816**	807,025,768	**426,634,931**	424,646,087

STATEMENTS OF FINANCIAL POSITION

As at 31 January 2021 (cont'd)

		Group		Company	
		2021	**2020**	**2021**	**2020**
	Note	**RM**	**RM**	**RM**	**RM**
Equity attributable to owners of the Company					
Share capital	29	**318,436,618**	318,433,258	**318,436,618**	318,433,258
Treasury shares	29(c)	**(1,625,853)**	(1,625,853)	**(1,625,853)**	(1,625,853)
Retained earnings	30	**432,463,029**	402,924,265	**109,824,166**	107,838,682
		749,273,794	719,731,670	**426,634,931**	424,646,087
Non-controlling interests		**94,884,022**	87,294,098	**-**	-
Total equity		**844,157,816**	807,025,768	**426,634,931**	424,646,087
Total equity and liabilities		**1,086,479,666**	975,005,727	**505,641,909**	475,227,783

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 January 2021

			← Attributable to owners of the Company →				
					← Distributable →		
	Note	Total equity	Total	Share capital (Note 29)	Retained earnings (Note 30)	Treasury shares	Non-controlling interests
		RM	RM	RM	RM	RM	RM
At 1 February 2020		807,025,768	719,731,670	318,433,258	402,924,265	(1,625,853)	87,294,098
Changes in equity for the year:							
Profit net of tax, representing total comprehensive income		110,621,273	94,891,349	-	94,891,349	-	15,729,924
Transactions with owners							
Issuance of shares arising from exercise of warrants		3,360	3,360	3,360	-	-	-
Dividends paid to non-controlling interests		(8,140,000)	-	-	-	-	(8,140,000)
Dividends for the year ended - 31 January 2021	39	(65,352,585)	(65,352,585)	-	(65,352,585)	-	-
Total transactions with owners		(73,489,225)	(65,349,225)	3,360	(65,352,585)	-	(8,140,000)
At 31 January 2021		844,157,816	749,273,794	318,436,618	432,463,029	(1,625,853)	94,884,022

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 January 2021 (cont'd)

			← Attributable to owners of the Company →				
					← Distributable →		
	Note	Total equity RM	Total RM	Share capital (Note 29) RM	Retained earnings (Note 30) RM	Treasury shares RM	Non-controlling interests RM
At 1 February 2019		825,851,883	734,788,707	318,433,258	417,981,302	(1,625,853)	91,063,176
Changes in equity for the year:							
Profit net of tax, representing total comprehensive income		44,989,326	41,061,432	-	41,061,432	-	3,927,894
Transactions with owners							
Acquisition of shares from non-controlling interest		(1)	(102,029)	-	(102,029)	-	102,028
Issuance of shares to non-controlling interest of a subsidiary		1,056,000	-	-	-	-	1,056,000
Dividends paid to non-controlling interests		(8,855,000)	-	-	-	-	(8,855,000)
Dividends for the year ended							
- 31 January 2019	39	(28,008,220)	(28,008,220)	-	(28,008,220)	-	-
- 31 January 2020	39	(28,008,220)	(28,008,220)	-	(28,008,220)	-	-
Total transactions with owners		(63,815,441)	(56,118,469)	-	(56,118,469)	-	(7,696,972)
At 31 January 2020		807,025,768	719,731,670	318,433,258	402,924,265	(1,625,853)	87,294,098

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

COMPANY STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 January 2021

				← Distributable →	
	Note	Total equity RM	Share capital (Note 29) RM	Retained earnings (Note 30) RM	Treasury shares RM
At 1 February 2020		**424,646,087**	**318,433,258**	**107,838,682**	**(1,625,853)**
Changes in equity for the year:					
Profit net of tax, representing total comprehensive income		**67,338,069**	**-**	**67,338,069**	**-**
Transactions with owners					
Issuance of shares arising from exercise of warrants		**3,360**	**3,360**	**-**	**-**
Dividends for the year ended					
- 31 January 2021	39	**(65,352,585)**	**-**	**(65,352,585)**	**-**
Total transactions with owners		**(65,349,225)**	**3,360**	**(65,352,585)**	**-**
At 31 January 2021		**426,634,931**	**318,436,618**	**109,824,166**	**(1,625,853)**
At 1 February 2019		431,616,890	318,433,258	114,809,485	(1,625,853)
Changes in equity for the year:					
Profit net of tax, representing total comprehensive income		49,045,637	-	49,045,637	-
Transactions with owners					
Dividends for the year ended					
- 31 January 2019	39	(28,008,220)	-	(28,008,220)	-
- 31 January 2020	39	(28,008,220)	-	(28,008,220)	-
Total transactions with owners		(56,016,440)	-	(56,016,440)	-
At 31 January 2020		424,646,087	318,433,258	107,838,682	(1,625,853)

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

STATEMENTS OF CASH FLOWS

For the financial year ended 31 January 2021

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Operating activities				
Cash receipts from customers	**974,234,259**	677,105,297	**31,956,264**	23,424,099
Rental received	**188,728**	170,090	**50,400**	50,400
Interest received	**6,885,746**	8,626,915	**9,121,308**	10,626,658
Dividends received	**-**	-	**56,110,000**	43,575,000
Cash paid to suppliers and employees	**(795,759,624)**	(568,392,918)	**(23,926,136)**	(21,202,946)
Cash generated from operations	**185,549,109**	117,509,384	**73,311,836**	56,473,211
Interest paid	**(980,710)**	(735,258)	**-**	-
Net tax paid	**(26,689,737)**	(13,650,879)	**(1,841,483)**	(1,974,908)
Net cash generated from operating activities	**157,878,662**	103,123,247	**71,470,353**	54,498,303
Investing activities				
Acquisition of bearer plants, right-of-use assets and property, plant and equipment (Note a)	**(55,091,131)**	(65,572,573)	**(16,515,306)**	(19,181,696)
Advances to subsidiaries	**-**	-	**(1,576,045)**	(26,879,172)
Repayments from subsidiaries	**-**	-	**47,184,000**	15,050,000
Acquisition of shares from non-controlling interest	**-**	(1)	**-**	-
Additional investment in existing subsidiary	**-**	-	**-**	(500,000)
Proceeds from disposal of a subsidiary	**-**	-	**-**	2
Placement of fixed deposit pledged	**(15,537)**	(21,824)	**-**	-
Government grants received	**2,246,000**	154,000	**-**	-
Net (investment in)/withdrawal from short term funds	**(10,685,055)**	(14,675,784)	**8,928,531**	(453,125)
Proceeds from disposal of property, plant and equipment (Note b)	**18,958**	961,510	**16,200**	315,000
Sundry advances	**(600,000)**	(400,000)	**-**	-
Net cash (used in)/generated from investing activities	**(64,126,765)**	(79,554,672)	**38,037,380**	(31,648,991)

STATEMENTS OF CASH FLOWS

For the financial year ended 31 January 2021 (cont'd)

	Group		Company	
	2021	**2020**	**2021**	**2020**
	RM	**RM**	**RM**	**RM**
Financing activities				
Dividends paid	**(37,344,293)**	(56,016,440)	**(37,344,293)**	(56,016,440)
Dividends paid to non-controlling interests	**(8,140,000)**	(8,855,000)	**-**	-
Proceeds from issuance of shares	**3,360**	-	**3,360**	-
Proceeds from issuance of shares to non-controlling interest	**-**	264,000	**-**	-
Proceeds from bank borrowings	**40,000,000**	-	**-**	-
Repayments of bank borrowings	**(4,020,000)**	(4,925,000)	**-**	-
Net cash used in financing activities	**(9,500,933)**	(69,532,440)	**(37,340,933)**	(56,016,440)
Net increase/(decrease) in cash and cash equivalents	**84,250,964**	(45,963,865)	**72,166,800**	(33,167,128)
Cash and cash equivalents at beginning of the year	**145,879,692**	191,840,319	**13,008,018**	46,171,908
Effect of exchange rates changes on cash and cash equivalents	**127,464**	3,238	**127,464**	3,238
Cash and cash equivalents at the end of the year (Note 23)	**230,258,120**	145,879,692	**85,302,282**	13,008,018

Note a: Acquisition of bearer plants, right-of-use assets and property, plant and equipment

	Group		Company	
	2021	**2020**	**2021**	**2020**
	RM	**RM**	**RM**	**RM**
Bearer plants, right-of-use assets and property, plant and equipment acquired	**45,978,307**	63,569,205	**4,426,301**	11,447,319
Less expenses capitalised:				
- depreciation	**(1,766,492)**	(1,276,123)	**(953,908)**	(951,364)
Cash paid for prior year's acquisition	**8,550,210**	1,415,609	**573,088**	-
Unpaid balances of current year's acquisition included under payables	**(5,669,830)**	(10,999,133)	**-**	(573,088)
Prepayment/deposits paid in prior year	**(7,048,764)**	(2,850,750)	**-**	-
Prepayment/deposits paid in current year	**15,047,700**	15,713,765	**12,469,825**	9,258,829
Cash paid	**55,091,131**	65,572,573	**16,515,306**	19,181,696

Note b: Proceeds from disposal of property, plant and equipment

	Group		Company	
	2021	**2020**	**2021**	**2020**
	RM	**RM**	**RM**	**RM**
Sale proceeds from disposals during the year	**18,958**	504,510	**16,200**	315,000
Add amount received in respect of disposal in prior year	**-**	457,000	**-**	-
Cash received	**18,958**	961,510	**16,200**	315,000

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 January 2021

1. Corporate information

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad. The principal place of business of the Company is located at Lot 18.01, 18th Floor, Public Bank Tower, 19, Jalan Wong Ah Fook, 80000 Johor Bahru, Johor. The registered office of the Company is located at Unit No. 203, 2nd Floor, Block C, Damansara Intan, No.1, Jalan SS 20/27, 47400 Petaling Jaya, Selangor Darul Ehsan.

The principal activities of the Company are those of cultivation of oil palm and investment holding. The principal activities and other information relating to the subsidiaries are disclosed in Note 17 to the financial statements.

The Directors regard Sharikat Kim Loong Sendirian Berhad, a company incorporated in Malaysia, as the Company's holding and ultimate holding company.

2. Summary of significant accounting policies

2.1 Basis of preparation

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

The financial statements of the Group and of the Company have been prepared on a historical cost basis except as disclosed in the accounting policies below and are presented in Ringgit Malaysia ("RM").

2.2 Changes in accounting policies

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

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

Description	Effective for annual periods beginning on or after
Amendments to MFRS 3: Business Combinations - Definition of a Business	1 January 2020
Amendments to MFRS 101: Presentation of Financial Statements and MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Material	1 January 2020
Amendments to references to the Conceptual Framework in MFRS Standards	1 January 2020
Amendments to MFRS 9, MFRS 139 and MFRS 7: Interest Rate Benchmark Reform	1 January 2020

The adoption of the above Amendments did not have any significant impact on the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 January 2021 (cont'd)

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

2.3 Standards, Amendments and Annual Improvements issued but not yet effective

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

Description	Effective for annual periods beginning on or after
Amendment to MFRS 16: Leases - Covid-19 Related Rent Concessions	1 June 2020
Amendments to MFRS 4 Insurance Contracts: Extension of the Temporary Exemption from Applying MFRS 9	17 August 2020
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16: Interest Rate Benchmark Reform - Phase 2	1 January 2021
Amendment to MFRS 16: Leases - Covid-19 Related Rent Concessions beyond 30 June 2021	1 April 2021
Annual Improvements to MFRS Standards 2018-2020	1 January 2022
Amendments to MFRS 3: Business Combinations - Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 116: Property, Plant and Equipment - Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137: Provisions, Contingent Liabilities and Contingent Assets - Onerous Contracts - Cost of Fulfilling a Contract	1 January 2022
MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 101: Presentation of Financial Statements - Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to MFRS 101: Presentation of Financial Statements - Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108: Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

The Directors are of opinion that the Standards, Amendments and Annual Improvements above would not have any material impact on the financial statements in the year of initial adoption.

2.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

The Group controls an investee if and only if the Group has all the following:

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 January 2021 (cont'd)

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

2.4 Basis of consolidation (Cont'd)

When the Group has less than a majority of the voting rights of an investee, the Group considers the following in assessing whether or not the Group's voting rights in an investee are sufficient to give it power over the investee:

(i) The size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;

(ii) Potential voting rights held by the Group, other vote holders or other parties;

(iii) Rights arising from other contractual arrangements; and

(iv) Any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Subsidiaries are consolidated when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

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

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. The resulting difference is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets and liabilities of the subsidiary and any non-controlling interest, is recognised in profit or loss. The subsidiary's cumulative gain or loss which has been recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss or where applicable, transferred directly to retained earnings. The fair value of any investment retained in the former subsidiary at the date control is lost is regarded as the cost on initial recognition of an investment.

2.5 Subsidiaries

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

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

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

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

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

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

2.6 Transactions with non-controlling interest

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

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

2.7 Foreign currency

(i) Functional and presentation currency

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

(ii) Foreign currency transactions

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

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss.

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

2.8 Property, plant and equipment and bearer plants

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

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

Bearer plants are living plants 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, except for incidental scrap sales. The bearer plants that are available for use are measured at cost less accumulated depreciation and any accumulated impairment losses. Cost includes plantation expenditure, which represents the total cost incurred from land clearing to the point of harvesting.

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

2.8 Property, plant and equipment and bearer plants (Cont'd)

Freehold land has unlimited useful life and therefore is not depreciated. New planting and replanting expenditure incurred on land clearing, development and upkeep of immature oil palms (including interest incurred) during the pre-maturity period (pre-cropping costs) is not depreciated. Upon maturity, all subsequent maintenance expenditure is charged to profit or loss. Depreciation commences when the bearer plants mature or when the assets are ready for use. Other property, plant and equipment are depreciated on a straight-line basis to write down the cost of each asset to their residual values over their estimated useful lives as follows:

	Number of years
Buildings	20 - 50
Bearer plants	20
Plant and machinery	4 - 17
Equipment, furniture and fittings	10 - 17
Motor vehicles	10

Assets under construction in progress are not depreciated as these assets are not yet available for use.

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

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

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

2.9 Investment properties

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment losses.

Depreciation of investment properties is computed on a straight line basis over the estimated useful life of the asset as follows:

	Number of years
Leasehold lands	892
Buildings	50

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

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the carrying amount at the date of change in use. For a transfer from owner-occupied property to investment property, the property is accounted for in accordance with the accounting policy for property, plant and equipment set out in Note 2.8 up to the date of change in use.

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

2.10 Biological assets

The biological assets of the Group comprises fresh fruit bunches ("FFB") prior to harvest. Biological assets are classified as current assets for bearer plants that are expected to be harvested and sold or used for production on a date not more than 14 days after the reporting date.

Biological assets are measured at fair value less costs to sell. Any gains or losses arising from changes in the fair value less costs to sell are recognised in profit or loss.

2.11 Impairment of non-financial assets

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

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss.

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

2.12 Financial instruments - initial recognition and subsequent measurement

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

(a) Financial assets

Initial recognition and measurement

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

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group 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, transaction costs. Trade receivables that do no 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 January 2021 (cont'd)

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

2.12 Financial instruments - initial recognition and subsequent measurement (Cont'd)

(a) Financial assets (Cont'd)

Initial recognition and measurement (Cont'd)

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's and the Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

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

Subsequent measurement

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

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

The Group's and the Company's financial assets are its financial assets at amortised cost (debt instruments) and at fair value through profit or loss.

- ***Financial assets at amortised cost (debt instruments)***

  The Group and the Company measure financial assets at amortised cost if both of the following conditions are met:

  - The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows

  And

  - The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

  Financial assets at amortised cost are subsequently measured using the effective interest (EIR) 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 comprise trade and other receivables balances and cash and bank balances.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 January 2021 (cont'd)

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

2.12 Financial instruments - initial recognition and subsequent measurement (Cont'd)

(a) Financial assets (Cont'd)

Subsequent measurement (Cont'd)

- ***Financial assets at fair value through profit or loss***

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch. Financial assets at fair value through profit or loss are carried in the statements of financial position at fair value with net changes in fair value recognised in profit or loss.

This category comprises the Group's and the Company's derivative instruments and short term funds. The Group and the Company use derivative financial instruments such as futures contracts to hedge its commodity price risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Dividends are recognised as other income in the statements of comprehensive income when the right of payment has been established. Interests are recognised as finance income in the statements of comprehensive income when the right of payment has been established.

Short term funds are investments in unit trust funds carried in the statements of financial position at fair value with net changes in fair value recognised in profit or loss.

Derecognition

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

- The rights to receive cash flows from the asset have expired; or

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 January 2021 (cont'd)

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

2.12 Financial instruments - initial recognition and subsequent measurement (Cont'd)

(a) Financial assets (Cont'd)

Impairment of financial assets

The Group and the Company recognise an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the 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 will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

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

For trade receivables, the Group 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 the economic environment.

For other receivables, the Group and the Company apply low credit risk simplification. At every reporting date, the Group and the Company evaluate whether the other receivables are considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In addition, the Group and the Company consider that there has been a significant increase in credit risk when the contractual payments are more than 6 months past due.

The Group and the Company consider a financial asset in default when contractual payments are 12 months past due. However, in certain cases, the Group and the Company may also consider a financial asset to be in default when internal or external information indicates that the Group and the Company are unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group and the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

(b) Financial liabilities

Initial recognition and measurement

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

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

The Group's and the Company's financial liabilities comprise trade and other payables and loans and borrowings which are classified as *Loans and borrowings*.

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

2.12 Financial instruments - initial recognition and subsequent measurement (Cont'd)

(b) Financial liabilities (Cont'd)

Subsequent measurement

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

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

This category generally applies to interest-bearing loans and borrowings.

Derecognition

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

(c) Offsetting of financial instruments

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

2.13 Cash and cash equivalents

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

2.14 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- Raw materials, consumables and spare parts: purchase costs on a first-in first-out basis.
- Nursery stocks: includes cost of seedlings, labour, materials and attributable overheads in bringing the nursery stocks to their present location and condition.
- Finished goods and work-in-progress: costs of direct materials and labour and a proportion of production overheads based on normal operating capacity. These costs are assigned on a first-in first-out basis.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 January 2021 (cont'd)

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

2.15 Provision

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

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

2.16 Segment reporting

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

The Group does not identify segments by geographical location as it operates only in Malaysia.

The accounting policies adopted in segment reporting are identical to the accounting policies of the Group.

2.17 Share capital and share issuance expenses

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

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

2.18 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group and of the Company.

Contingent liabilities and assets are not recognised in the statement of financial position of the Group and of the Company.

2.19 Revenue from contracts with customers

Revenue is measured based on the consideration to which the Group and the Company expect to be entitled in exchange for transferring promised goods or services to a customer. Revenue is recognised when the Group and the Company satisfy a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 January 2021 (cont'd)

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

2.19 Revenue from contracts with customers (Cont'd)

(a) Sale of goods

The Group and the Company contract with its customers for sales of oil palm products and supply of electricity. Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods. Payment is generally due within 30 to 90 days upon delivery. Revenue is recognised at an amount that reflects the consideration to which the Group and the Company expect to be entitled in exchange for those goods.

(b) Interest income

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

(c) Management fees

Management fee income is recognised on the accrual basis.

(d) Dividend income

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

(e) Rental income

Rental income is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

2.20 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

2.21 Taxes

(a) Current tax

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 January 2021 (cont'd)

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

2.21 Taxes (Cont'd)

(b) Deferred tax

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

Deferred tax liabilities are recognised for all temporary differences, except where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unutilised tax allowances and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unutilised tax allowances and unused tax losses can be utilised except where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

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

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

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

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

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

Revenue are recognised net of the amount of SST.

The amount of SST incurred in a purchase of assets or services is not recoverable from the taxation authority and is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable.

The amount of SST payable to the taxation authority is included as part of payables in the statement of financial position.

2.22 Government grants

Government grants are recognised when there is reasonable assurance that the grant will be received and all the attached conclusion will be complied with. When the grant relates to an expense item, it is recognised as income on as systematic basis over the periods that related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as deduction in calculating the carrying amount of the asset. The grant is recognised in profit or loss over the life of a depreciable asset as a reduced depreciation expense.

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

2.23 Employee benefits

(i) Short term benefits

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

(ii) Defined contribution plans

As required by law, companies in Malaysia make contributions to the state pension scheme, the Employees Provident Fund ("EPF"). Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

2.24 Financial guarantee contracts

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

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee. If the debtor fails to make payment relating to financial guarantee contract when it is due and the Group, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised less cumulative amortisation.

2.25 Leases

(i) As lessee

The Group and the Company recognise a right-of-use asset and a lease liability at the commencement date of the contract for all leases excluding short-term leases or leases for which the underlying asset is of low value, conveying the right to control the use of an identified asset for a period of time.

The right-of-use assets are initially recorded at cost, which comprises:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date of the lease, less any lease incentives received; and
- any initial direct costs incurred by the Group and the Company.

Subsequent to initial recognition, the right-of-use assets are measured at cost less any accumulated depreciation, accumulated impairment losses and adjusted for any remeasurement of lease liabilities.

Depreciation is computed on a straight-line basis over the estimated useful lives of the right-of-use assets as follows:

	Number of years
Leasehold land	30 - 770

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 January 2021 (cont'd)

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

2.25 Leases (Cont'd)

(i) As lessee (Cont'd)

If the lease transfers ownership of the underlying asset to the Group and the Company by the end of the lease term or if the cost of the right-of-use asset reflects that the Group and the Company will exercise a purchase option, the Group and the Company depreciate the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Group and the Company depreciate the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The lease liability is initially measured at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the Group's and the Company's incremental borrowing rate. Subsequent to the initial recognition, the Group and the Company measure the lease liability by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect lease payments made, and remeasuring the carrying amount to reflect any reassessment or lease modifications.

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

(ii) As lessor

Leases where the Group and the Company retain substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.19(e).

2.26 Hedge accounting

The Group and the Company use derivatives to manage its exposure to commodity price risk. These derivatives comprise commodity swap and futures contracts. The Group and the Company apply hedge accounting for those commodity swap and futures contracts which qualify for hedge accounting.

For the purpose of hedge accounting, hedging relationships are classified as cash flow hedges as the Group and the Company are hedging exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction.

At the inception of a hedge relationship, the Group and the Company formally designate and document the hedge relationship to which the Group and the Company wish to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair values or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges which meet the strict criteria for hedge accounting are accounted for as a cash flow hedge.

Under a cash flow hedge, the effective portion of the gain or loss on the hedging instrument is recognised directly in other comprehensive income into hedge reserve, while any ineffective portion is recognised immediately in profit or loss as other expenses.

If the forecast transaction or firm commitment is no longer expected to occur, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, any cumulative gain or loss previously recognised in other comprehensive income remain in equity until the forecast transaction or firm commitment affects profit or loss.

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

2.27 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- 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 the Group.

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

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

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

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

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities

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

Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

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

Policies and procedures are determined by senior management for both recurring fair value measurement and for non-recurring measurement.

External valuers are involved for valuation of significant assets and significant liabilities. Involvement of external valuers is decided by senior management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The senior management decides, after discussions with the external valuers, which valuation techniques and inputs to use for each case.

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

2.28 Current versus non-current classification

Assets and liabilities in the statements of financial position are presented based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 January 2021 (cont'd)

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

2.28 Current versus non-current classification (Cont'd)

All other assets are classified as non-current. A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

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

3. Significant accounting estimates and judgements

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

Key sources of estimation uncertainty

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

(i) Useful lives of property, plant and equipment and bearer plants

MFRS 116: Property, Plant and Equipment requires the review of the residual value and remaining useful life of an item of property, plant and equipment and bearer plants at least at each financial year end. The Group and the Company reviewed the residual values and remaining useful lives of its property, plant and equipment and bearer plants and found that no revisions to the residual values and remaining useful lives of these assets were necessary.

(ii) Deferred tax assets

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

Assumptions about generation of future taxable profits depend on management's estimates of future cash flows. These depend on estimates of future production and sales volume, operating costs, capital expenditure, dividends and other capital management transactions. Judgement is also required about application of income tax legislation. These judgements and assumptions are subject to risks and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets recognised in the statements of financial position and the amount of unrecognised tax losses and unrecognised temporary differences. Further details of the recognised and unrecognised deferred tax assets are disclosed in Note 27.

(iii) Impairment of non-financial assets

The Group and the Company assess whether there are any indicators of impairment for all non-financial assets at each reporting date. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 January 2021 (cont'd)

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

Key sources of estimation uncertainty (Cont'd)

(iii) Impairment of non-financial assets (Cont'd)

Property, plant and equipment, right-of-use assets and bearer plants

The carrying amount of property, plant and equipment, right-of-use assets and bearer plants of the Group as at 31 January 2021 was RM634,655,966 (2020: RM634,830,329). The Group has recognised impairment losses in respect of property, plant and equipment and bearer plants of certain subsidiaries and the accumulated impairment loss amounted to RM9,210,167 (2020: RM7,610,167). In current financial year, the Group carried out the impairment test using the cash generating unit's ("CGU") fair value less cost to sell and value-in-use based on discounted cashflow forecast of certain subsidiaries which have indicators of impairment and additional impairment loss of RM1,600,000 is provided on the property, plant and equipment of a subsidiary which involves in processing of oil palm fibre. Further details of the impairment loss provided for the subsidiary is disclosed in Note 13 and Note 15.

Investment in subsidiaries

The carrying amount of investment in subsidiaries of the Company as at 31 January 2021 was RM46,669,211 (2020: RM46,669,211). The Company has recognised impairment losses in respect of cost of investment of certain subsidiaries and the accumulated impairment loss amounted to RM6,079,086 (2020: RM6,079,086). In current financial year, the Company carried out the impairment test based on the cash generating unit's ("CGU") fair value less cost to sell and noted no further impairment is required for investment in subsidiaries. Further details of the impairment loss for the investment in subsidiaries are disclosed in Note 17.

4. Revenue

	Group		Company	
	2021	**2020**	**2021**	**2020**
	RM	**RM**	**RM**	**RM**
Revenue from contracts with customers:				
Fresh fruit bunches	**26,369,072**	22,642,346	**23,376,136**	17,938,244
Palm oil milling products	**940,180,748**	655,222,782	**-**	-
Supply of electricity	**5,127,618**	1,760,305	**-**	-
	971,677,438	679,625,433	**23,376,136**	17,938,244
Timing of revenue recognition				
Goods transferred at a point in time	**971,677,438**	679,625,433	**23,376,136**	17,938,244

5. Cost of sales

	Group		Company	
	2021	**2020**	**2021**	**2020**
	RM	**RM**	**RM**	**RM**
Sale of goods	**796,887,132**	585,625,050	**11,358,080**	11,665,206

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 January 2021 (cont'd)

6. Other items of income

	Group		Company	
	2021	**2020**	**2021**	**2020**
	RM	**RM**	**RM**	**RM**
Interest income	**8,481,935**	8,388,744	**10,505,798**	10,510,779
Rental income	**189,728**	170,090	**50,400**	50,400
Proceeds from insurance claim	**7,621,468**	-	**-**	-
Sundry income	**1,171,966**	907,420	**136,931**	154,766
Commission received	**-**	-	**1,349,829**	1,106,290
Management fee income	**188,280**	124,165	**6,810,671**	4,439,534
Gain on compulsory acquisition of land	**-**	2,980,672	**-**	-
Gain on disposal of property, plant and equipment	**1,646**	16,680	**1,605**	5,758
Gain on fair value change in biological assets	**53,000**	517,000	**-**	210,000
Fair value gain on derivatives	**866,114**	1,237,230	**762,727**	247,748
Gain on foreign exchange				
- unrealised	**-**	3,238	**-**	3,238
- realised	**127,464**	-	**127,464**	-
Gains on fair value changes in short term funds	**704,235**	1,366,757	**712,896**	849,483
Waiver of debts	**-**	822,500	**-**	-
Dividend income from subsidiaries	**-**	-	**56,110,000**	43,575,000
	19,405,836	16,534,496	**76,568,321**	61,152,996

7. Finance costs

	Group	
	2021	**2020**
	RM	**RM**
Interest expense on bank borrowings	**1,008,453**	709,028

8. Profit before tax

The following items have been included in arriving at profit before tax:

	Group		Company	
	2021	**2020**	**2021**	**2020**
	RM	**RM**	**RM**	**RM**
Auditors' remuneration				
- Statutory audit	**315,000**	306,500	**63,000**	60,000
- Other services	**6,000**	6,000	**6,000**	6,000
Employee benefit expenses (Note 9)	**61,722,585**	57,987,952	**16,114,689**	14,394,814
Depreciation of:				
- property, plant and equipment (Note 13)	**22,639,661**	23,017,756	**747,675**	759,447
- right-of-use assets (Note 14)	**3,903,831**	4,043,979	**2,111,593**	2,116,627
- bearer plants (Note 15)	**6,741,573**	7,088,954	**1,230,862**	1,084,642
- investment properties (Note 16)	**66,218**	-	**66,218**	-
Write off of:				
- property, plant and equipment	**150,176**	1,740,081	**2,597**	10,944
- bearer plants	**877,964**	1,873,251	**7**	2
- bad debts	**79,817**	16,525	**56,614**	50,000
- inventories	**500**	1,373	**-**	-
Write down of inventories (Note 18)	**499,907**	368,147	**-**	-
Write back of inventories (Note 18)	**-**	(259,513)	**-**	-
Allowance for impairment losses on:				
- property, plant and equipment (Note 13)	**1,600,000**	-	**-**	-
- other receivables (Note 20)	**-**	-	**1,104,000**	950,000
Fair value gain on derivatives				
- realised (Note 21)	**(866,114)**	(110,065)	**(762,727)**	(247,748)
Rental of premises	**296,124**	314,431	**193,724**	209,431
Gain on disposal of property, plant and equipment	**(1,646)**	(16,680)	**(1,605)**	(5,758)
Loss on disposal of property, plant and equipment	**9,838**	41,678	**-**	-
(Gain)/loss on fair value changes in biological assets (Note 19)	**(53,000)**	(517,000)	**36,000**	(210,000)
Gain on foreign exchange				
- unrealised	**-**	(3,238)	**-**	(3,238)
- realised	**(127,464)**	-	**(127,464)**	-
Rental income	**(189,728)**	(170,090)	**(50,400)**	(50,400)
Gross dividend income from:				
- subsidiaries	**-**	-	**(56,110,000)**	(43,575,000)
Interest income from:				
- deposits/short term funds	**(6,706,058)**	(8,321,784)	**(1,939,179)**	(2,225,520)
- subsidiaries	**-**	-	**(6,790,742)**	(8,218,299)
- others	**(1,775,877)**	(66,960)	**(1,775,877)**	(66,960)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 January 2021 (cont'd)

9. Employee benefit expenses

	Group		Company	
	2021	**2020**	**2021**	**2020**
	RM	**RM**	**RM**	**RM**
Salaries, wages and bonuses	**58,030,585**	53,673,208	**14,655,994**	13,274,425
Defined contribution plan	**5,598,887**	5,084,834	**2,041,974**	1,733,960
Social security costs	**572,032**	491,026	**75,548**	59,211
Human Resources Development ("HRD") fund	**53,639**	106,510	**-**	-
Provision for unutilised leave (Note 25(c))	**118,864**	-	**118,864**	-
Total employee benefit expenses	**64,374,007**	59,355,578	**16,892,380**	15,067,596
Amount capitalised in bearer plants (Note 15)	**(2,651,422)**	(1,367,626)	**(777,691)**	(672,782)
Total employee benefit expenses recognised in profit or loss	**61,722,585**	57,987,952	**16,114,689**	14,394,814

Included in employee benefit expenses of the Group and of the Company are Executive Directors' remuneration amounting to RM8,471,547 (2020: RM7,906,167) and RM5,205,291 (2020: RM4,755,011) respectively as further disclosed in Note 10.

10. Directors' remuneration

	Group		Company	
	2021	**2020**	**2021**	**2020**
	RM	**RM**	**RM**	**RM**
Directors of the Company				
Executive:				
Fees	**322,000**	322,000	**-**	-
Salaries and other emoluments	**6,838,000**	6,467,500	**4,373,000**	4,042,000
Defined contribution plan	**1,297,320**	1,102,440	**829,920**	710,640
Social security costs	**14,227**	14,227	**2,371**	2,371
	8,471,547	7,906,167	**5,205,291**	4,755,011
Estimated monetary value of benefits-in-kind	**61,508**	67,266	**57,857**	67,266
	8,533,055	7,973,433	**5,263,148**	4,822,277
Non-Executive:				
Fees	**288,000**	288,000	**288,000**	288,000
Other emoluments	**4,500**	7,000	**4,500**	7,000
	292,500	295,000	**292,500**	295,000
	8,825,555	8,268,433	**5,555,648**	5,117,277

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 January 2021 (cont'd)

11. Taxation

	Group		Company	
	2021	**2020**	**2021**	**2020**
	RM	**RM**	**RM**	**RM**
Income tax:				
- Current year	**28,234,231**	14,545,701	**2,716,000**	1,673,000
- Underprovision in prior year	**1,534,581**	346,557	**18,483**	139,709
	29,768,812	14,892,258	**2,734,483**	1,812,709
Deferred tax (Note 27):				
- Relating to origination and reversal of temporary differences	**4,165,408**	287,308	**704,464**	(56,496)
- Overprovision of deferred tax assets in prior year	**119,000**	280,000	**-**	-
- (Over)/underprovision of deferred tax liabilities in prior year	**(123,000)**	(60,000)	**(30,000)**	5,000
	4,161,408	507,308	**674,464**	(51,496)
Tax expense for the year	**33,930,220**	15,399,566	**3,408,947**	1,761,213

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2020: 24%) of the estimated assessable profit for the year.

A reconciliation of income tax expense applicable to profit before tax at the statutory income tax rate to income tax expense of the Group and of the Company is as follows:

	2021	**2020**
Group	**RM**	**RM**
Profit before tax	**144,551,493**	60,388,892
Taxation at Malaysian statutory tax rate of 24% (2020: 24%)	**34,692,358**	14,493,334
Tax effects of:		
- Expenses not deductible for tax purposes	**1,540,411**	1,145,815
- Income not subject to tax	**(2,313,471)**	(1,861,068)
- Deferred tax assets not recognised during the year on deductible temporary differences	**410,612**	182,182
- Double deductions	**(41,066)**	(164,838)
- Reinvestment allowances	**(598,205)**	(989,216)
- Utilisation of investment tax allowances brought forward	**(188,000)**	-
- Recognition of deferred tax assets on investment tax allowances brought forward	**(1,255,000)**	-
- Change in tax legislation *	**152,000**	2,026,800
Underprovision of income tax expense in prior year	**1,534,581**	346,557
Overprovision of deferred tax assets in prior year	**119,000**	280,000
Overprovision of deferred tax liabilities in prior year	**(123,000)**	(60,000)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 January 2021 (cont'd)

Tax expense for the year	**33,930,220**	15,399,566

11. Taxation (Cont'd)

	2021 RM	2020 RM
Company		
Profit before tax	**70,747,016**	50,806,850
Taxation at Malaysian statutory tax rate of 24% (2020: 24%)	**16,979,284**	12,193,644
Tax effects of:		
- Expenses not deductible for tax purposes	**409,941**	361,560
- Income not subject to tax	**(13,968,761)**	(10,938,700)
Underprovision of income tax expense in prior year	**18,483**	139,709
(Over)/underprovision of deferred tax liabilities in prior year	**(30,000)**	5,000
Tax expense for the year	**3,408,947**	1,761,213

Group

* Due to change in tax legislation that unabsorbed business losses shall be deductible for a maximum period of 7 years with effect from year of assessment 2019, deferred tax assets of RM152,000 (2020: RM2.0 million) in respect of unabsorbed business losses of a subsidiary is derecognised as there is uncertainty that sufficient profit will be generated within 7 years for utilisation of unabsorbed business losses brought forward.

12. Earnings per share

(a) Basic

Basic earnings per share is calculated by dividing the profit net of tax for the year attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year, excluding treasury shares held by the Company.

	Group	
	2021	2020
Profit net of tax attributable to owners of the Company (RM)	**94,891,349**	41,061,432
Weighted average number of ordinary shares in issue	**933,607,470**	933,607,332
Basic earnings per share (sen)	**10.16**	4.40

12. Earnings per share (Cont'd)

(b) Diluted

Diluted earnings per share is calculated by dividing profit net of tax for the year attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year, excluding treasury shares held by the Company, plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The following reflect the profit and share data used in the computation of diluted earnings per share for the years ended 31 January:

	Group	
	2021	**2020**
Profit net of tax attributable to owners of the Company (RM)	**94,891,349**	41,061,432
Weighted average number of ordinary shares in issue	**933,607,470**	933,607,332
Effect of dilution - Warrants	**979,251**	-
Adjusted weighted average number of ordinary shares in issue	**934,586,721**	933,607,332
Diluted earnings per share (sen)	**10.15**	4.40

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 January 2021 (cont'd)

13. Property, plant and equipment

Group	Freehold Land RM	Buildings RM	Plant and machinery RM	Equipment, furniture and fittings RM	Motor vehicles RM	Construction in progress RM	Total RM
Cost							
At 1 February 2019	22,134,000	99,370,571	294,196,393	14,475,228	18,708,065	12,817,322	461,701,579
Additions	-	2,617,253	10,600,823	2,922,191	2,122,920	28,915,939	47,179,126
Disposals	-	-	(555,742)	(7,360)	(609,404)	-	(1,172,506)
Written off	-	(562,678)	(4,540,089)	(342,638)	(12,000)	-	(5,457,405)
Expensed off	-	-	-	-	-	(14,782)	(14,782)
Reclassifications	-	5,954,691	7,795,700	-	-	(13,750,391)	-
At 31 January 2020 and 1 February 2020	**22,134,000**	**107,379,837**	**307,497,085**	**17,047,421**	**20,209,581**	**27,968,088**	**502,236,012**
Additions	**-**	**118,457**	**3,192,328**	**604,716**	**161,000**	**25,232,775**	**29,309,276**
Transferred to investment properties (Note 16)	**-**	**-**	**-**	**-**	**-**	**(5,942,642)**	**(5,942,642)**
Disposals	**-**	**-**	**(73,814)**	**(57,133)**	**-**	**-**	**(130,947)**
Written off	**-**	**(517,469)**	**(832,819)**	**(120,170)**	**(20,680)**	**-**	**(1,491,138)**
Expensed off	**-**	**-**	**-**	**-**	**-**	**(103,181)**	**(103,181)**
Government grants (Note 28)	**-**	**-**	**-**	**-**	**-**	**(2,400,000)**	**(2,400,000)**
Reclassifications	**-**	**588,215**	**10,187,704**	**49,467**	**(152,000)**	**(10,673,386)**	**-**
At 31 January 2021	**22,134,000**	**107,569,040**	**319,970,484**	**17,524,301**	**20,197,901**	**34,081,654**	**521,477,380**

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

Group	Freehold Land RM	Buildings RM	Plant and machinery RM	Equipment, furniture and fittings RM	Motor vehicles RM	Construction in progress RM	Total RM
Accumulated depreciation							
At 1 February 2019	-	40,788,221	156,980,925	10,158,558	8,007,334	-	215,935,038
Charge for the year	-	4,517,342	16,825,891	730,101	1,344,999	-	23,418,333
Disposals	-	-	(418,708)	(2,353)	(221,937)	-	(642,998)
Written off	-	(230,302)	(3,162,681)	(318,221)	(6,120)	-	(3,717,324)
At 31 January 2020 and 1 February 2020	-	**45,075,261**	**170,225,427**	**10,568,085**	**9,124,276**	**-**	**234,993,049**
Charge for the year	-	**4,694,463**	**16,546,016**	**859,353**	**1,290,626**	**-**	**23,390,458**
Disposals	-	**-**	**(66,302)**	**(37,495)**	**-**	**-**	**(103,797)**
Written off	-	**(460,122)**	**(758,976)**	**(101,184)**	**(20,680)**	**-**	**(1,340,962)**
Reclassifications	-	**-**	**(15,738)**	**-**	**15,738**	**-**	**-**
At 31 January 2021	-	**49,309,602**	**185,930,427**	**11,288,759**	**10,409,960**	**-**	**256,938,748**

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

Group	Freehold Land RM	Buildings RM	Plant and machinery RM	Equipment, furniture and fittings RM	Motor vehicles RM	Construction in progress RM	Total RM
Accumulated impairment losses							
At 1 February 2019, 31 January 2020 and 1 February 2021	-	-	**7,013,579**	**110,579**	-	-	**7,124,158**
Impairment loss for the year (Note 8)	-	-	**1,600,000**	-	-	-	**1,600,000**
At 31 January 2021	-	-	**8,613,579**	**110,579**	-	-	**8,724,158**
Net carrying amount							
At 31 January 2020	22,134,000	62,304,576	130,258,079	6,368,757	11,085,305	27,968,088	260,118,805
At 31 January 2021	**22,134,000**	**58,259,438**	**125,426,478**	**6,124,963**	**9,787,941**	**34,081,654**	**255,814,474**

During the current financial year, an impairment loss of RM1,600,000 is provided on the property, plant and equipment of a subsidiary which involves in processing of oil palm fibre, using value in use ("VIU") method. The VIU calculation is based on discounted cash flow model for a cash-flow forecast for the next 10 years and discount rate of 9.70%.

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

Company	Buildings RM	Plant and machinery RM	Equipment, furniture and fittings RM	Motor vehicles RM	Construction in progress RM	Total RM
Cost						
At 1 February 2019	12,100,175	3,997,284	2,550,521	3,645,656	-	22,293,636
Additions	34,457	502,570	25,909	9,000	6,095,290	6,667,226
Disposals	-	(71,500)	-	(346,004)	-	(417,504)
Written off	-	-	(37,307)	(12,000)	-	(49,307)
At 31 January 2020 and 1 February 2020	**12,134,632**	**4,428,354**	**2,539,123**	**3,296,652**	**6,095,290**	**28,494,051**
Additions	**-**	**8,925**	**43,687**	**-**	**-**	**52,612**
Transferred to investment properties (Note 16)	**-**	**-**	**-**	**-**	**(5,942,642)**	**(5,942,642)**
Disposals	**-**	**-**	**(36,488)**	**-**	**-**	**(36,488)**
Written off	**-**	**(1,890)**	**(9,132)**	**-**	**-**	**(11,022)**
Expensed off	**-**	**-**	**-**	**-**	**(103,181)**	**(103,181)**
Reclassifications	**-**	**-**	**49,467**	**-**	**(49,467)**	**-**
At 31 January 2021	**12,134,632**	**4,435,389**	**2,586,657**	**3,296,652**	**-**	**22,453,330**

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

Company	Buildings RM	Plant and machinery RM	Equipment, furniture and fittings RM	Motor vehicles RM	Construction in progress RM	Total RM
Accumulated depreciation						
At 1 February 2019	2,603,459	2,814,050	1,807,465	1,242,049	-	8,467,023
Charge for the year	239,633	230,212	186,139	254,105	-	910,089
Disposals	-	(71,499)	-	(36,763)	-	(108,262)
Written off	-	-	(32,243)	(6,120)	-	(38,363)
At 31 January 2020 and 1 February 2020	**2,843,092**	**2,972,763**	**1,961,361**	**1,453,271**	**-**	**9,230,487**
Charge for the year	**239,977**	**258,696**	**181,293**	**215,860**	**-**	**895,826**
Disposals	**-**	**-**	**(21,893)**	**-**	**-**	**(21,893)**
Written off	**-**	**(1,889)**	**(6,536)**	**-**	**-**	**(8,425)**
At 31 January 2021	**3,083,069**	**3,229,570**	**2,114,225**	**1,669,131**	**-**	**10,095,995**
Net carrying amount						
At 31 January 2020	9,291,540	1,455,591	577,762	1,843,381	6,095,290	19,263,564
At 31 January 2021	**9,051,563**	**1,205,819**	**472,432**	**1,627,521**	**-**	**12,357,335**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 January 2021 (cont'd)

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

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Depreciation charge for the year:				
Amount capitalised in bearer plants (Note 15)	**750,797**	400,577	**148,151**	150,642
Amount recognised in profit or loss (Note 8)	**22,639,661**	23,017,756	**747,675**	759,447
	23,390,458	23,418,333	**895,826**	910,089

14. Right-of-use assets

The right-of-use assets comprise solely leasehold land.

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Cost				
At beginning of the financial year	**329,485,687**	326,380,734	**185,912,467**	185,912,467
Addition	**-**	3,104,953	**-**	-
At end of the financial year	**329,485,687**	329,485,687	**185,912,467**	185,912,467
Accumulated depreciation				
At beginning of the financial year	**37,191,201**	32,271,676	**8,750,979**	5,833,630
Depreciation charge for the year	**4,919,526**	4,919,525	**2,917,350**	2,917,349
At end of the financial year	**42,110,727**	37,191,201	**11,668,329**	8,750,979
Net carrying amount				
At end of the financial year	**287,374,960**	292,294,486	**174,244,138**	177,161,488
Depreciation charge for the year:				
Amount capitalised in bearer plants (Note 15)	**1,015,695**	875,546	**805,757**	800,722
Amount recognised in profit or loss (Note 8)	**3,903,831**	4,043,979	**2,111,593**	2,116,627
	4,919,526	4,919,525	**2,917,350**	2,917,349

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 January 2021 (cont'd)

15. Bearer plants

	Group		Company	
	2021	**2020**	**2021**	**2020**
	RM	**RM**	**RM**	**RM**
Cost				
At beginning of the financial year	**157,570,564**	154,580,993	**32,618,405**	28,183,384
Additions	**16,669,031**	13,285,126	**4,373,689**	4,780,093
Written off	**(8,202,913)**	(10,295,555)	**(1,203,924)**	(345,072)
At end of the financial year	**166,036,682**	157,570,564	**35,788,170**	32,618,405
Accumulated depreciation				
At beginning of the financial year	**74,667,517**	76,000,867	**5,512,534**	4,772,962
Depreciation for the year (Note 8)	**6,741,573**	7,088,954	**1,230,862**	1,084,642
Written off	**(7,324,949)**	(8,422,304)	**(1,203,917)**	(345,070)
At end of the financial year	**74,084,141**	74,667,517	**5,539,479**	5,512,534
Accumulated impairment losses				
At beginning and end of the financial year	**486,009**	486,009	**-**	-
Net carrying amount				
At end of the financial year	**91,466,532**	82,417,038	**30,248,691**	27,105,871
Included in the additions to bearer plants during the financial year are:				
Depreciation of property, plant and equipment (Note 13)	**750,797**	400,577	**148,151**	150,642
Depreciation of right-of-use assets (Note 14)	**1,015,695**	875,546	**805,757**	800,722
Employee benefit expenses (Note 9)	**2,651,422**	1,367,626	**777,691**	672,782

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 January 2021 (cont'd)

16. Investment properties

Group and Company	Leasehold land RM	Buildings RM	Total RM
Cost			
At 1 February 2019, 31 January 2020 and 1 February 2020	-	-	-
Transferred from property, plant and equipment (Note 13)	2,788,080	3,154,562	5,942,642
At 31 January 2021	**2,788,080**	**3,154,562**	**5,942,642**
Accumulated depreciation			
At 1 February 2019, 31 January 2020 and 1 February 2020	-	-	-
Depreciation for the year (Note 8)	3,126	63,092	66,218
At 31 January 2021	**3,126**	**63,092**	**66,218**
Net carrying amount			
At 31 January 2020	-	-	-
At 31 January 2021	**2,784,954**	**3,091,470**	**5,876,424**

The fair value of investment properties as at 31 January 2021 of the Group and of the Company approximates the net carrying amount as the investment properties were acquired in financial year 2020.

The fair value measurement of the Group's and of the Company's investment properties are categorised within Level 3 of the fair value hierarchy. There were no transfers between all three (3) levels of the fair value hierarchy during the financial year.

17. Investment in subsidiaries

	Company 2021 RM	2020 RM
Unquoted shares, at cost	**52,748,297**	52,748,297
Less: Accumulated impairment losses	**(6,079,086)**	(6,079,086)
	46,669,211	46,669,211

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 January 2021 (cont'd)

17. Investment in subsidiaries (Cont'd)

Details of the subsidiaries are as follows:

Name of subsidiaries	Country of incorporation	Principal activities	Proportion of effective ownership interest (%) 2021	2020
Held by the Company:				
Suhenson Estate Sdn. Bhd.	Malaysia	Dormant	**100**	100
Selokan Sdn. Bhd.	Malaysia	Dormant	**100**	100
Kim Loong - KPD Plantations Sdn. Bhd.	Malaysia	Cultivation of oil palm	**70**	70
Tyeco Corporation Sdn. Bhd.	Malaysia	Dormant	**100**	100
Winsome Plantations Sdn. Bhd.	Malaysia	Investment holding	**100**	100
Kim Loong Sabah Mills Sdn. Bhd.	Malaysia	Processing and marketing of oil palm products	**100**	100
Kim Loong Power Sdn. Bhd.	Malaysia	Bio-gas and power generation activities	**100**	100
Okidville Plantations Sdn. Bhd.	Malaysia	Investment holding	**95**	95
Winsome Sarawak Plantations Sdn. Bhd.	Malaysia	Dormant	**100**	100
Palm Nutraceuticals Sdn. Bhd.	Malaysia	Manufacturing of health supplements and food ingredients	**70**	70
Kim Loong Technologies Sdn. Bhd.	Malaysia	Extracting residual oil from wet palm fibre and converting palm fibre into better quality fibre	**100**	100
Kim Loong Corporation Sdn. Bhd.	Malaysia	Investment holding	**100**	100
Okidville Holdings Sdn. Bhd.	Malaysia	Cultivation of oil palm and investment holding	**100**	100
Kim Loong Palm Oil Sdn. Bhd.	Malaysia	Trading of fresh fruit bunches and investment holding	**100**	100
Desa Kim Loong Palm Oil Sdn. Bhd.	Malaysia	Processing and marketing of oil palm products and investment holding	**70**	70
Winsome Yields Sdn. Bhd.	Malaysia	Investment holding	**90**	90
Okidville Jaya Sdn. Bhd.	Malaysia	Dormant	**100**	100

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 January 2021 (cont'd)

17. Investment in subsidiaries (Cont'd)

Name of subsidiaries	Country of incorporation	Principal activities	Proportion of effective ownership interest (%) 2021	2020
Held by Kim Loong Corporation Sdn. Bhd.				
Winsome Pelita (Pantu) Sdn. Bhd.	Malaysia	Cultivation of oil palm	**60**	60
Kim Loong Carus Sdn. Bhd. *(Formerly known as Sepulut Plantations Sdn. Bhd.)*	Malaysia	Dormant	**100**	100
Held by Okidville Holdings Sdn. Bhd.				
Desa Okidville Sdn. Bhd.	Malaysia	Cultivation of oil palm	**51**	51
Held by Desa Kim Loong Palm Oil Sdn. Bhd.				
Kim Loong Technologies (Sabah) Sdn. Bhd.	Malaysia	Extracting residual oil from wet palm fibre and converting palm fibre into better quality fibre	**70**	70
Desa Kim Loong Industries Sdn. Bhd.	Malaysia	Dormant	**70**	70
Held by Kim Loong Palm Oil Sdn. Bhd.				
Kim Loong Palm Oil Mills Sdn. Bhd.	Malaysia	Processing and marketing of oil palm products and investment holding	**100**	100
Held by Kim Loong Palm Oil Mills Sdn. Bhd.				
Sungkit Enterprise Sdn. Bhd.	Malaysia	Processing and trading of palm kernel products	**100**	100
Kim Loong Evergrow Sdn. Bhd.	Malaysia	Dormant	**100**	100
Kim Loong Biomass Sdn. Bhd.	Malaysia	Processing of oil palm fibre	**75**	75
Held by Winsome Yields Sdn. Bhd.				
Winsome Al-Yatama Sdn. Bhd.	Malaysia	Cultivation of oil palm	**61**	61
Held by Okidville Plantations Sdn. Bhd.				
Winsome Jaya Sdn. Bhd.	Malaysia	Cultivation of oil palm	**67**	67
Okidville Resources Sdn. Bhd.	Malaysia	Dormant	**95**	95
Held by Winsome Plantations Sdn. Bhd.				
Winsome Pelita (Kranggas) Sdn. Bhd.	Malaysia	Cultivation of oil palm	**70**	70

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 January 2021 (cont'd)

17. Investment in subsidiaries (Cont'd)

Summarised financial information of Okidville Holdings Sdn. Bhd. and its subsidiary ("OHSB"), Kim Loong - KPD Plantations Sdn. Bhd. ("KL-KPD"), Desa Kim Loong Palm Oil Sdn. Bhd. and its subsidiaries ("DKLPO") and Kim Loong Corporation Sdn. Bhd. and its subsidiaries ("KLC") which have non-controlling interests that are material to the Group is set out below. The summarised financial information presented below is the amount before inter-company elimination.

(i) Summarised statements of comprehensive income

	OHSB RM	KL-KPD RM	DKLPO RM	KLC RM	Total RM
2021					
Revenue	**63,953,096**	**22,415,848**	**308,949,789**	**22,011,641**	**417,330,374**
Profit/(loss) before tax	**36,882,224**	**15,058,477**	**21,372,844**	**(653,849)**	**72,659,696**
Profit/(loss) net of tax, representing total comprehensive income/(loss)	**28,103,533**	**11,533,348**	**18,287,385**	**(852,227)**	**57,072,039**
Profit/(loss) net of tax, representing total comprehensive income/(loss) attributable to:					
- owners of the Company	**21,707,424**	**8,073,343**	**12,801,170**	**(934,154)**	**41,647,783**
- non-controlling interests	**6,396,109**	**3,460,005**	**5,486,215**	**81,927**	**15,424,256**
	28,103,533	**11,533,348**	**18,287,385**	**(852,227)**	**57,072,039**
2020					
Revenue	44,032,039	17,365,350	223,435,098	15,189,357	300,021,844
Profit/(loss) before tax	16,715,176	10,570,200	12,142,299	(9,574,447)	29,853,228
Profit/(loss) net of tax, representing total comprehensive income/(loss)	13,432,819	8,116,594	9,216,242	(9,647,815)	21,117,840
Profit/(loss) net of tax, representing total comprehensive income/(loss) attributable to:					
- owners of the Company	11,173,684	5,681,616	6,451,369	(6,165,503)	17,141,166
- non-controlling interests	2,259,135	2,434,978	2,764,873	(3,482,312)	3,976,674
	13,432,819	8,116,594	9,216,242	(9,647,815)	21,117,840

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 January 2021 (cont'd)

17. Investment in subsidiaries (Cont'd)

Summarised financial information of Okidville Holdings Sdn. Bhd. and its subsidiary ("OHSB"), Kim Loong - KPD Plantations Sdn. Bhd. ("KL-KPD"), Desa Kim Loong Palm Oil Sdn. Bhd. and its subsidiaries ("DKLPO") and Kim Loong Corporation Sdn. Bhd. and its subsidiaries ("KLC") which have non-controlling interests that are material to the Group is set out below. The summarised financial information presented below is the amount before inter-company elimination. (Cont'd)

(ii) Summarised statements of financial position

	OHSB RM	KL-KPD RM	DKLPO RM	KLC RM	Total RM
2021					
Non-current assets	**95,809,407**	**34,951,442**	**65,009,991**	**52,062,803**	**247,833,643**
Current assets	**67,573,926**	**69,113,024**	**70,235,158**	**5,744,827**	**212,666,935**
Total assets	**163,383,333**	**104,064,466**	**135,245,149**	**57,807,630**	**460,500,578**
Current liabilities	**6,627,961**	**2,134,657**	**24,383,780**	**10,700,813**	**43,847,211**
Non-current liabilities	**14,233,953**	**8,110,637**	**6,809,842**	**91,220,000**	**120,374,432**
Total liabilities	**20,861,914**	**10,245,294**	**31,193,622**	**101,920,813**	**164,221,643**
Net assets/(liabilities)	**142,521,419**	**93,819,172**	**104,051,527**	**(44,113,183)**	**296,278,935**
Equity attributable to:					
- owners of the Company	**90,905,841**	**65,673,420**	**72,836,069**	**(28,691,448)**	**200,723,882**
- non-controlling interests	**51,615,578**	**28,145,752**	**31,215,458**	**(15,421,735)**	**95,555,053**
	142,521,419	**93,819,172**	**104,051,527**	**(44,113,183)**	**296,278,935**
2020					
Non-current assets	91,809,279	34,252,604	59,421,604	54,462,184	239,945,671
Current assets	61,210,301	63,473,284	62,326,815	4,147,150	191,157,550
Total assets	153,019,580	97,725,888	121,748,419	58,609,334	431,103,221
Current liabilities	4,218,301	1,520,150	19,177,867	12,316,290	37,232,608
Non-current liabilities	13,043,393	7,919,914	6,806,410	89,554,000	117,323,717
Total liabilities	17,261,694	9,440,064	25,984,277	101,870,290	154,556,325
Net assets/(liabilities)	135,757,886	88,285,824	95,764,142	(43,260,956)	276,546,896
Equity attributable to:					
- owners of the Company	87,598,417	61,800,077	67,034,899	(27,757,294)	188,676,099
- non-controlling interests	48,159,469	26,485,747	28,729,243	(15,503,662)	87,870,797
	135,757,886	88,285,824	95,764,142	(43,260,956)	276,546,896

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 January 2021 (cont'd)

17. Investment in subsidiaries (Cont'd)

Summarised financial information of Okidville Holdings Sdn. Bhd. and its subsidiary ("OHSB"), Kim Loong - KPD Plantations Sdn. Bhd. ("KL-KPD"), Desa Kim Loong Palm Oil Sdn. Bhd. and its subsidiaries ("DKLPO") and Kim Loong Corporation Sdn. Bhd. and its subsidiaries ("KLC") which have non-controlling interests that are material to the Group is set out below. The summarised financial information presented below is the amount before inter-company elimination. (Cont'd)

(iii) Summarised statements of cash flows

	OHSB RM	KL-KPD RM	DKLPO RM	KLC RM	Total RM
2021					
Net cash generated from operating activities	**37,145,733**	**14,404,188**	**25,264,124**	**1,266,584**	**78,080,629**
Net cash used in investing activities	**(15,887,004)**	**(11,280,380)**	**(15,007,910)**	**(1,973,271)**	**(44,148,565)**
Net cash (used in)/generated from financing activities	**(21,340,000)**	**(6,000,000)**	**(10,000,000)**	**596,000**	**(36,744,000)**
Net (decrease)/increase in cash and cash equivalents	**(81,271)**	**(2,876,192)**	**256,214**	**(110,687)**	**(2,811,936)**
Cash and cash equivalents at beginning of the year	**28,141,158**	**40,009,929**	**32,168,882**	**159,017**	**100,478,986**
Cash and cash equivalents at end of the year	**28,059,887**	**37,133,737**	**32,425,096**	**48,330**	**97,667,050**
2020					
Net cash generated from/ (used in) operating activities	17,349,594	9,448,295	21,920,844	(7,143,966)	41,574,767
Net cash used in investing activities	(13,158,976)	(10,012,363)	(17,205,628)	(2,720,321)	(43,097,288)
Net cash (used in)/generated from financing activities	(13,045,000)	(9,000,000)	(11,000,000)	10,363,000	(22,682,000)
Net (decrease)/increase in cash and cash equivalents	(8,854,382)	(9,564,068)	(6,284,784)	498,713	(24,204,521)
Cash and cash equivalents at beginning of the year	36,995,540	49,573,997	38,453,666	(339,696)	124,683,507
Cash and cash equivalents at end of the year	28,141,158	40,009,929	32,168,882	159,017	100,478,986

17. Investment in subsidiaries (Cont'd)

Summarised financial information of Okidville Holdings Sdn. Bhd. and its subsidiary ("OHSB"), Kim Loong - KPD Plantations Sdn. Bhd. ("KL-KPD"), Desa Kim Loong Palm Oil Sdn. Bhd. and its subsidiaries ("DKLPO") and Kim Loong Corporation Sdn. Bhd. and its subsidiaries ("KLC") which have non-controlling interests that are material to the Group is set out below. The summarised financial information presented below is the amount before inter-company elimination. (Cont'd)

(iv) Dividends paid to non-controlling interests

	OHSB RM	KL-KPD RM	DKLPO RM	KLC RM	Total RM
2021	**2,940,000**	**1,800,000**	**3,000,000**	**-**	**7,740,000**
2020	2,695,000	2,700,000	3,300,000	-	8,695,000

18. Inventories

	Group		Company	
	2021 RM	**2020 RM**	**2021 RM**	**2020 RM**
Cost				
Raw materials	**517,932**	225,098	**-**	-
Finished goods	**10,640,882**	11,620,731	**-**	-
Building materials, supplies, spare parts and consumables	**6,841,662**	10,225,889	**225,427**	237,968
	18,000,476	22,071,718	**225,427**	237,968
Net realisable value				
Work-in-progress	**142,155**	11,277	**-**	-
Finished goods	**2,321,193**	5,128,142	**-**	-
	2,463,348	5,139,419	**-**	-
	20,463,824	27,211,137	**225,427**	237,968
<u>Recognised in profit or loss:</u>				
Inventories recognised as cost of sales (Note 5)	**796,887,132**	585,625,050	**11,358,080**	11,665,206
Write-down to net realisable value (Note 8)	**499,907**	368,147	**-**	-
Write back of inventories value (Note 8)	**-**	(259,513)	**-**	-

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 January 2021 (cont'd)

19. Biological assets

	Group		Company	
	2021 RM	**2020 RM**	**2021 RM**	**2020 RM**
At fair value				
Fresh fruit bunches				
At beginning of the financial year	**3,128,000**	2,611,000	**456,000**	246,000
Changes in fair value less costs to sell (Note 8)	**53,000**	517,000	**(36,000)**	210,000
At end of the financial year	**3,181,000**	3,128,000	**420,000**	456,000

The biological assets of the Group and of the Company comprise fresh fruit bunches ("FFB") prior to harvest. The valuation model adopted by the Group considers the present value of the net cash flows expected to be generated from the sale of FFB. To arrive at the fair value, the management has considered the oil content of the unripe FFB on bearer plant of up to 14 days prior to harvest was used for valuation purpose. The value of the unripe FFB was estimated to be approximately 80% of the ripe FFB, based on oil extraction rate and kernel extraction rate of the unripe FFB from the laboratory tests. Cost to sell include harvesting cost, transport and windfall profit levy.

During the financial year, the Group and the Company harvested approximately 276,600 MT (2020: 260,500 MT) and 42,400 MT (2020: 40,600 MT) of FFB respectively.

As at 31 January 2021, none of the biological assets are pledged as securities for liabilities.

The fair value measurement of the Group's biological assets are categorised within Level 3 of the fair value hierarchy. If the FFB selling price changes by 10%, fair value of the biological assets of the Group and of the Company would have equally increased or decreased by approximately RM356,000 (2020: RM364,000) and RM48,000 (2020: RM56,000) respectively.

The key assumptions used to determine the fair value are as follows:

	Group		Company	
	2021	**2020**	**2021**	**2020**
<u>Oil palms</u>				
FFB that are expected to be harvested (MT)	**5,958**	7,860	**768**	1,188
Average FFB selling price (RM/MT)	**598**	463	**625**	468

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 January 2021 (cont'd)

20. Trade and other receivables

	Group		Company	
	2021 RM	**2020 RM**	**2021 RM**	**2020 RM**
Current				
Trade receivables				
Third parties	**36,094,355**	27,540,565	**261,172**	88,254
Amount owing from subsidiary companies	**-**	-	**1,778,319**	1,476,277
Amount owing from related companies	**45,723**	10,347	**15,690**	10,347
	36,140,078	27,550,912	**2,055,181**	1,574,878
Other receivables				
Third parties	**11,777,476**	11,723,724	**5,339,271**	4,043,726
Refundable deposits	**835,491**	939,668	**102,372**	122,905
Amount owing from holding company	**4,500**	4,500	**4,500**	4,500
Amount owing from subsidiary companies	**-**	-	**400,025**	759,446
Amount owing from related companies	**33,426**	99,255	**33,426**	72,511
	12,650,893	12,767,147	**5,879,594**	5,003,088
Total trade and other receivables (current)	**48,790,971**	40,318,059	**7,934,775**	6,577,966
Non-current				
Other receivables				
Amount owing from subsidiary companies	**-**	-	**94,195,850**	140,753,805
Less: Allowance for impairment losses	**-**	-	**(1,310,519)**	(1,156,519)
	-	-	**92,885,331**	139,597,286
Total trade and other receivables (current and non-current)	**48,790,971**	40,318,059	**100,820,106**	146,175,252

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 January 2021 (cont'd)

20. Trade and other receivables (Cont'd)

(a) Trade receivables

The Group's normal trade credit terms are less than 60 days (2020: less than 60 days). Other credit terms are assessed and approved on a case-by-case basis. Trade receivables are recognised at their original invoice amounts which represent their fair values on initial recognition.

Ageing analysis of trade receivables

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

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Neither past due nor impaired	**36,140,078**	27,550,912	**2,055,181**	1,574,878

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group and the Company. None of these balances have been renegotiated during the financial year.

(b) Amount owing from subsidiary and related companies (trade)

These amounts are generally within 60 days terms (2020: within 60 days terms). They are recognised at their original invoice amounts which represent their fair values on initial recognition. These amounts are neither past due nor impaired.

(c) Amount owing from holding and related companies (non-trade)

These amounts are unsecured, non-interest bearing and repayable on demand.

(d) Amount owing from subsidiary companies (current and non-current non-trade)

Included in the amount owing from subsidiary companies is an amount of RM92,450,000 (2020: RM139,074,000) which is unsecured, bear interest of 3.51% - 6.40% per annum (2020: 4.51% - 7.40% per annum) and is not repayable within the next 12 months.

All other balances are unsecured, non-interest bearing and repayable on demand. As at the end of the financial year, the Company has provided an impairment allowance of RM1,310,519 (2020: RM1,156,519) on amount owing by certain subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 January 2021 (cont'd)

20. Trade and other receivables (Cont'd)

(e) Other receivables that are impaired

Receivables that are impaired

The Company's other receivables that are impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:

	Company Individually impaired 2021 RM	2020 RM
Other receivables-nominal amounts	**4,887,840**	4,647,840
Less: Allowance for impairment	**(1,310,519)**	(1,156,519)
	3,577,321	3,491,321

Movement in allowance accounts:

	Company 2021 RM	2020 RM
At beginning of the financial year	**1,156,519**	1,067,519
Written off	**(950,000)**	(861,000)
Addition during for the year (Note 8)	**1,104,000**	950,000
At end of the financial year	**1,310,519**	1,156,519

21. Derivatives

	2021		2020	
Group	**Contract/ Notional Amount RM**	**Fair Value Assets RM**	**Contract/ Notional Amount RM**	**Fair Value Assets RM**
Derivatives carried at fair value through profit or loss				
- Commodity futures	-	-	-	-

(i) Crude palm oil - commodity futures

One of the Group's principal activities is processing and marketing of oil palm products. The Group purchases FFB as raw material on an ongoing basis. Due to the volatility in CPO price over the past 12 months, the Group entered into CPO - commodity futures contracts to hedge against the volatility of the purchase price of FFB for specific period. The commodity futures contracts are designated as cash flow hedges and are entered into for periods consistent with fair value changes exposure. However, such derivatives do not qualify for hedge accounting. Changes in fair value of these instruments are recognised in the profit or loss.

The net gain of RM103,387 (2020: loss of RM1,127,165) of the Group arising from the CPO - commodity futures contracts during the financial year has been recognised in profit or loss as other income or expense.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 January 2021 (cont'd)

21. Derivatives (Cont'd)

(ii) Crude palm oil - commodity futures and swap

One of the Group's principal activities is cultivation of oil palm. The Group sells FFB produce on an ongoing basis. Due to the volatility in CPO price over the past 12 months, the Group entered into CPO - commodity futures and swap contracts to hedge against the volatility of the selling price of FFB for specific period. The commodity futures and swap contracts are designated as cash flow hedges and are entered into for periods consistent with fair value changes exposure. However, the Group did not adopt hedge accounting for these derivatives. Changes in fair value of these instruments are recognised in the profit or loss.

The net gain of RM762,727 (2020: RM1,237,230) and RM762,727 (2020: RM247,748) of the Group and of the Company respectively arising from the CPO - commodity futures and swap contracts during the financial year has been recognised in profit or loss as other income.

22. Short term funds

	Group		Company	
	2021 RM	**2020 RM**	**2021 RM**	**2020 RM**
At fair value through profit or loss				
Short term funds	**105,868,400**	94,479,110	**27,250,763**	35,466,398

Short term funds are investments in income trust funds in Malaysia.

The fair value measurement of the Group's and of the Company's short term funds are categorised within Level 1 of the fair value hierarchy.

23. Cash and bank balances

	Group		Company	
	2021 RM	**2020 RM**	**2021 RM**	**2020 RM**
Cash on hand and cash at banks	**122,496,206**	54,687,835	**65,302,282**	7,147,168
Time deposits with licensed banks	**109,607,574**	93,952,887	**20,000,000**	5,860,850
Cash and bank balances	**232,103,780**	148,640,722	**85,302,282**	13,008,018
Less: Bank overdraft (Note 26)	**(1,238,086)**	(2,168,993)	**-**	-
Less: Deposits pledged	**(607,574)**	(592,037)	**-**	-
Cash and cash equivalents	**230,258,120**	145,879,692	**85,302,282**	13,008,018

Arrangements have been made with certain licensed banks whereby certain bank balances can earn interest on a daily rest basis. As at the reporting date, bank balances of the Group and the Company placed under such arrangements amounted to RM115,941,166 (2020: RM49,274,166) and RM64,742,946 (2020: RM6,401,878) respectively. The average interest rate as at the end of the financial year for such deposits was 1.41% (2020: 2.43%) per annum and 1.41% (2020: 2.46%) per annum for the Group and the Company respectively.

Included in deposits with licensed banks of the Group is an amount of RM607,574 (2020: RM592,037) pledged to a licensed bank as security for credit facilities granted to a subsidiary.

23. Cash and bank balances (Cont'd)

Deposits are normally made for varying periods of between 1 day to 3 months depending on the immediate cash requirements of the Group and of the Company, and earn interest at the respective short-term deposit rates. The average interest rates as at the end of the financial years are as follows:

	Group		Company	
	2021 % per annum	2020 % per annum	2021 % per annum	2020 % per annum
Time deposits with licensed banks	**1.86**	3.25	**1.85**	1.04

24. Changes in liabilities arising from financing activities

Group	At 1 February 2020 RM	Cash flows RM	At 31 January 2021 RM
Current			
Bank overdrafts	**2,168,993**	**(930,907)**	**1,238,086**
Revolving credit	**7,500,000**	**-**	**7,500,000**
Term loan 2	**4,020,000**	**(3,450,000)**	**570,000**
Term loan 3	**-**	**2,380,000**	**2,380,000**
Non-current			
Term loan 2	**570,000**	**(570,000)**	**-**
Term loan 3	**-**	**37,620,000**	**37,620,000**
Total liabilities from financing activities	**14,258,993**	**35,049,093**	**49,308,086**

	At 1 February 2019 RM	Cash flows RM	At 31 January 2020 RM
Current			
Bank overdrafts	2,287,297	(118,304)	2,168,993
Revolving credit	7,500,000	-	7,500,000
Term loan 1	905,000	(905,000)	-
Term loan 2	4,020,000	-	4,020,000
Non-current			
Term loan 2	4,590,000	(4,020,000)	570,000
Total liabilities from financing activities	19,302,297	(5,043,304)	14,258,993

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 January 2021 (cont'd)

25. Trade and other payables

	Group		Company	
	2021 RM	**2020 RM**	**2021 RM**	**2020 RM**
Current				
Trade payables				
Third parties	**37,437,484**	34,192,869	**625,508**	598,507
Amount owing to related companies	**167,629**	443,545	**-**	-
	37,605,113	34,636,414	**625,508**	598,507
Other payables				
Sundry payables	**11,655,409**	11,668,533	**296,661**	455,085
Deposits and payments received in advance	**1,596,854**	364,524	**3,600**	3,600
Provisions	**539,146**	420,282	**539,146**	420,282
Accruals	**18,038,403**	16,252,877	**3,335,735**	3,012,874
Amount owing to subsidiary companies	**-**	-	**-**	872,284
Amount owing to related company	**43,962**	588,492	**-**	588,492
	31,873,774	29,294,708	**4,175,142**	5,352,617
Total trade and other payables	**69,478,887**	63,931,122	**4,800,650**	5,951,124

(a) Trade payables

These amounts are non-interest bearing and normally settled on 60 days (2020: 60 days) terms.

(b) Amount owing to holding and related companies (trade)

Credit terms granted by holding and related companies are less than 60 days (2020: less than 60 days).

(c) Provisions

Group and Company	**Unutilised annual leave RM**
At 1 February 2019	432,346
Utilised	(12,064)
At 31 January 2020 and 1 February 2020	**420,282**
Additions (Note 9)	**118,864**
At 31 January 2021	**539,146**

<u>Provision for unutilised annual leave</u>

Being employees' benefits accrued in respect of their unutilised annual leave entitlements.

(d) Amount owing to subsidiary companies and related company (non-trade)

These amounts are unsecured, interest free and are repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 January 2021 (cont'd)

26. Loans and borrowings

	Group	
	2021 RM	**2020 RM**
Current		
Secured:		
Bank overdrafts (Note 23)	**1,238,086**	2,168,993
Revolving credit	**7,500,000**	7,500,000
Term loan 2	**570,000**	4,020,000
Term loan 3	**2,380,000**	-
	11,688,086	13,688,993
Non-current		
Secured:		
Term loan 2	**-**	570,000
Term loan 3	**37,620,000**	-
	37,620,000	570,000
	49,308,086	14,258,993

The remaining maturities of the loans and borrowings as at the reporting date are as follows:

	Group	
	2021 RM	**2020 RM**
On demand or within one year	**11,688,086**	13,688,993
More than 1 year and less than 2 years	**5,712,000**	570,000
More than 2 years and less than 5 years	**17,136,000**	-
More than 5 years	**14,772,000**	-
	49,308,086	14,258,993

The facilities extended by financial institutions are secured by:

(i) corporate guarantee from the Company and the details of the corporate guarantee is disclosed in Note 35(a); and
(ii) personal guarantee of RM960,000 from a shareholder of a subsidiary.

The term loan 2 is repayable over 59 equal monthly instalments of RM335,000 with a final instalment of RM235,000 commencing from April 2016.

During the financial year, the Group has drawn down the Term Loan 3 amounting to RM40,000,000. The term loan 3 is repayable over 83 equal monthly instalments of RM476,000 each with a final instalment of RM492,000 commencing from September 2021.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 January 2021 (cont'd)

26. Loans and borrowings (Cont'd)

As at the reporting date, the loans and borrowings of the Group bear interest at the following rates:

	Group	
	2021 % per annum	**2020 % per annum**
Interest rates		
Overdrafts	**BLR + 1%**	BLR + 1%
	to 1.25%	to 1.25%
Term loan 2	**COF + 1%**	COF + 1%
Term loan 3	**COF + 1%**	-
Revolving credit	**KLIBOR + 1.5%**	KLIBOR + 1.5%
	/COF + 1%	/COF + 1%

As at the end of the financial year, base lending rate ("BLR") ranges from 5.45% to 5.51% per annum (2020: 6.45% to 6.51% per annum), cost of fund ("COF") ranges from 2.23% to 2.35% per annum (2020: 3.57% to 3.85% per annum) and Kuala Lumpur Interbank Offered Rate ("KLIBOR") is 1.94% per annum (2020: 3.34% per annum).

27. Deferred tax

	Group		Company	
	2021 RM	**2020 RM**	**2021 RM**	**2020 RM**
At beginning of the financial year	**82,508,166**	82,000,858	**44,607,572**	44,659,068
Recognised in profit or loss (Note 11)	**4,161,408**	507,308	**674,464**	(51,496)
At end of the financial year	**86,669,574**	82,508,166	**45,282,036**	44,607,572
Presented after appropriate offsetting as follows:				
Deferred tax assets	**(3,374,640)**	(3,375,000)	**-**	-
Deferred tax liabilities	**90,044,214**	85,883,166	**45,282,036**	44,607,572
	86,669,574	82,508,166	**45,282,036**	44,607,572

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 January 2021 (cont'd)

27. Deferred tax (Cont'd)

The components and movements of deferred tax liabilities/(assets) during the financial year are as follows:

Group	At 1 February 2020 RM	Recognised in profit or loss (Note 11) RM	At 31 January 2021 RM
Deferred tax liabilities			
Subject to income tax rate:			
Bearer plants and property, plant and equipment	51,904,800	1,877,600	53,782,400
Accrued interest income	67,000	382,000	449,000
Biological assets	750,720	12,720	763,440
Revaluation of leasehold land	48,754,266	(807,912)	47,946,354
	101,476,786	1,464,408	102,941,194
Offsetting	(17,100,000)	2,696,640	(14,403,360)
	84,376,786	4,161,048	88,537,834
Subject to Real Property Gains Tax rate:			
Revaluation of freehold land	1,506,380	-	1,506,380
	85,883,166	4,161,048	90,044,214
Deferred tax assets			
Subject to income tax rate:			
Provisions	(101,000)	(28,000)	(129,000)
Unutilised reinvestment allowances	(2,367,000)	746,000	(1,621,000)
Unutilised investment tax allowances	(5,210,000)	832,000	(4,378,000)
Unabsorbed capital allowances	(9,477,000)	795,000	(8,682,000)
Unused tax losses	(1,904,000)	152,000	(1,752,000)
Unrealised profits	(1,416,000)	200,000	(1,216,000)
	(20,475,000)	2,697,000	(17,778,000)
Offsetting	17,100,000	(2,696,640)	14,403,360
	(3,375,000)	360	(3,374,640)
	82,508,166	4,161,408	86,669,574

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 January 2021 (cont'd)

27. Deferred tax (Cont'd)

The components and movements of deferred tax liabilities/(assets) during the financial year are as follows: (Cont'd)

Group	At 1 February 2019 RM	Recognised in profit or loss (Note 11) RM	At 31 January 2020 RM
Deferred tax liabilities			
Subject to income tax rate:			
Bearer plants and property, plant and equipment	51,238,700	666,100	51,904,800
Accrued interest income	125,000	(58,000)	67,000
Derivatives	63,060	(63,060)	-
Biological assets	626,640	124,080	750,720
Revaluation of leasehold land	49,562,178	(807,912)	48,754,266
	101,615,578	(138,792)	101,476,786
Offsetting	(17,478,580)	378,580	(17,100,000)
	84,136,998	239,788	84,376,786
Subject to Real Property Gains Tax rate:			
Revaluation of freehold land	1,506,380	-	1,506,380
	85,643,378	239,788	85,883,166
Deferred tax assets			
Subject to income tax rate:			
Provisions	(104,000)	3,000	(101,000)
Unutilised reinvestment allowances	(1,846,000)	(521,000)	(2,367,000)
Unutilised investment tax allowances	(5,284,000)	74,000	(5,210,000)
Unabsorbed capital allowances	(9,216,600)	(260,400)	(9,477,000)
Unused tax losses	(2,587,500)	683,500	(1,904,000)
Unrealised profits	(2,083,000)	667,000	(1,416,000)
	(21,121,100)	646,100	(20,475,000)
Offsetting	17,478,580	(378,580)	17,100,000
	(3,642,520)	267,520	(3,375,000)
	82,000,858	507,308	82,508,166

27. Deferred tax (Cont'd)

The components and movements of deferred tax liabilities/(assets) during the financial year are as follows: (Cont'd)

Company	At 1 February 2020 RM	Recognised in profit or loss (Note 11) RM	At 31 January 2021 RM
Deferred tax liabilities			
Subject to income tax rate:			
Bearer plants and property, plant and equipment	**7,803,000**	**901,000**	**8,704,000**
Accrued interest income	**1,000**	**415,000**	**416,000**
Biological assets	**109,440**	**(8,640)**	**100,800**
Revaluation of leasehold land	**36,795,132**	**(604,896)**	**36,190,236**
	44,708,572	**702,464**	**45,411,036**
Offsetting	**(101,000)**	**(28,000)**	**(129,000)**
	44,607,572	**674,464**	**45,282,036**
Deferred tax assets			
Subject to income tax rate:			
Provisions	**(101,000)**	**(28,000)**	**(129,000)**
Offsetting	**101,000**	**28,000**	**129,000**
	-	**-**	**-**
	44,607,572	**674,464**	**45,282,036**

Company	At 1 February 2019 RM	Recognised in profit or loss (Note 11) RM	At 31 January 2020 RM
Deferred tax liabilities			
Subject to income tax rate:			
Bearer plants and property, plant and equipment	7,263,000	540,000	7,803,000
Accrued interest income	41,000	(40,000)	1,000
Biological assets	59,040	50,400	109,440
Revaluation of leasehold land	37,400,028	(604,896)	36,795,132
	44,763,068	(54,496)	44,708,572
Offsetting	(104,000)	3,000	(101,000)
	44,659,068	(51,496)	44,607,572
Deferred tax assets			
Subject to income tax rate:			
Provisions	(104,000)	3,000	(101,000)
Offsetting	104,000	(3,000)	101,000
	-	-	-
	44,659,068	(51,496)	44,607,572

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 January 2021 (cont'd)

27. Deferred tax (Cont'd)

Deferred tax assets have not been recognised in respect of the following items:

	Group	
	2021 RM	**2020 RM**
Unused tax losses		
- expires on 31 January 2025	**43,214,000**	42,999,000
- expires on 31 January 2026	**2,777,000**	2,986,000
- expires on 31 January 2027	**721,000**	435,000
- expires on 31 January 2028	**1,146,000**	-
Unutilised reinvestment allowances		
- expires on 31 January 2025	**4,307,000**	4,307,000
Unutilised investment tax allowances	**3,660,000**	9,672,000
Unabsorbed capital allowances	**6,132,000**	5,359,000
Other temporary differences	**9,074,000**	8,986,000
	71,031,000	74,744,000
Deferred tax @ 24% (2020: 24%)	**17,047,440**	17,938,560

The unabsorbed capital allowances and other deductible temporary differences are available indefinitely for offsetting against future taxable profits of the respective subsidiaries in Malaysia subject to the provisions of Income Tax Act, 1967. Effective year of assessment 2019, the availability of unused tax losses and unutilised reinvestment allowances for offsetting against future taxable profits of the respective subsidiaries in Malaysia is limited to a maximum period of 7 consecutive years of assessment. Any cumulated tax losses and reinvestment allowances brought forward from year of assessment 2018 can be carried forward for another 7 consecutive years of assessment i.e. 2019 to 2025.

28. Government grants

	Group	
	2021 RM	**2020 RM**
At beginning of the financial year	**1,920,000**	-
Recognised during the year	**480,000**	1,920,000
Transferred to reduce cost of property, plant and equipment (Note 13)	**(2,400,000)**	-
At end of the financial year	**-**	1,920,000
Disclosed under:		
Non-current liabilities	**-**	1,920,000

Pursuant to the Memorandum of Agreement dated 21 March 2018 ("Agreement") entered into between Malaysian Palm Oil Board ("MPOB") and Kim Loong Palm Oil Mills Sdn Bhd ("KLPOM"), an indirect subsidiary of Kim Loong Resources Berhad ("KLRB"), MPOB agreed to provide a Grant up to RM2,400,000 to KLPOM for the implementation of the research project on reducing/eliminating 3-MCPDE in palm oil and its products. KLPOM has received the remaining RM2,246,000 during the financial year and transferred the total grant of RM2,400,000 to reduce cost of asset upon successful achievement of production parameters set.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 January 2021 (cont'd)

29. Share capital

	Number of ordinary shares		Amount	
Issued and fully paid	**2021**	**2020**	**2021 RM**	**2020 RM**
At beginning of the financial year	**935,413,332**	935,413,332	**318,433,258**	318,433,258
Issued during the financial year:				
- exercise of warrants	**2,400**	-	**3,360**	-
At end of the financial year	**935,415,732**	935,413,332	**318,436,618**	318,433,258

(a) Share capital

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

(b) Warrants

On 11 April 2018, the Company issued 46,680,235 free warrants pursuant to the bonus issue of warrants undertaken by the Company on the basis of 1 free warrant for every 20 ordinary shares held in the Company.

The warrants entitle the registered holder, at any time within a period of 7 years commencing on and including the date of issuance of the warrants and expiring on the close of business at 5.00 p.m. in Malaysia on the date immediately preceding the 7th anniversary of the date of issuance of the warrants, and if such date is not a market day, then on the preceding market day. In relation to this, the warrants were issued at an exercise price of RM1.40 each.

The warrants were listed on Bursa Malaysia Securities Berhad on 16 April 2018 ("Warrants 2018/2025").

During the financial year, 2,400 new ordinary shares of RM1.40 each were issued pursuant to the exercise of Warrants 2018/2025 for the equivalent numbers by the registered holders.

The number of Warrants 2018/2025 unexercised at the end of the financial year is 46,675,210 (2020: 46,677,610).

The Warrants 2018/2025 will expire on 10 April 2025.

(c) Treasury Shares

Treasury shares relate to ordinary shares of the Company that are held by the Company. The amount consists of the acquisition costs of treasury shares net of the proceeds received on their subsequent sale or issuance.

The Company did not acquire any shares in the Company through purchases on the Bursa Malaysia Securities Berhad during the financial year.

The Directors of the Company are committed to enhancing the value of the Company for its shareholders and believe that the repurchase plan can be applied in the best interests of the Company and its shareholders. The repurchase transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares in accordance with Section 127 of the Companies Act 2016. The Company has the right to reissue these shares at a later date. As treasury shares, the rights attached as to voting, dividends and participation in other distributions are suspended.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 January 2021 (cont'd)

29. Share capital (Cont'd)

(c) Treasury Shares (Cont'd)

The details of treasury shares are as follows:

	Number of shares	Amount RM	Average cost per share RM
At 1 February 2019, 31 January 2020 and 31 January 2021	1,806,000	1,625,853	0.90

30. Retained earnings

The Company may distribute dividends out of its retained earnings as at 31 January 2021 and 2020 under the single tier system.

31. Prepayments for acquisition of property, plant and equipment

	Group		Company	
	2021 RM	**2020 RM**	**2021 RM**	**2020 RM**
Prepayments for property, plant and equipment	**4,301,565**	8,599,071	**-**	-
Prepayments for oil palm plantation lands	**21,728,654**	9,258,829	**21,728,654**	9,258,829
	26,030,219	17,857,900	**21,728,654**	9,258,829

Further details of the prepayments made for acquisition of the oil palm plantation lands are disclosed in Note 40.

32. Related party disclosures

(a) Sale and purchase of goods and services

In addition to the related party information disclosed elsewhere in the financial statements, the following are significant transactions between the Group and related parties during the financial year:

	Group		Company	
	2021 RM	**2020 RM**	**2021 RM**	**2020 RM**
With subsidiaries:				
Management fee income	**-**	-	**6,622,391**	4,315,369
Commission income	**-**	-	**1,349,829**	1,106,290
Rental income	**-**	-	**36,000**	36,000
Interest income	**-**	-	**6,790,742**	8,218,299
Purchase of goods and services	**-**	-	**1,651**	3,408
Sale of goods	**-**	-	**19,087,052**	16,434,469

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 January 2021 (cont'd)

32. Related party disclosures (Cont'd)

(a) Sale and purchase of goods and services (Cont'd)

	Group		Company	
	2021 RM	**2020 RM**	**2021 RM**	**2020 RM**
With subsidiaries: (Cont'd)				
Sale of plant and equipment	**-**	-	**-**	315,000
Purchase of plant and equipment	**-**	-	**-**	9,000
Dividend income	**-**	-	**56,110,000**	43,575,000
With fellow subsidiaries of the holding company:				
Management fee income	**188,280**	124,165	**188,280**	124,165
Purchase of property, plant and equipment	**-**	5,730,880	**-**	5,730,880
Purchase of goods and services	**10,888,677**	7,188,747	**-**	-
Sale of goods and services	**351,104**	253,275	**-**	-

Related companies are fellow subsidiaries of the holding company, Sharikat Kim Loong Sendirian Berhad.

(b) Key management compensation

The remuneration of key management personnel during the financial year is as follows:

	Group		Company	
	2021 RM	**2020 RM**	**2021 RM**	**2020 RM**
Short term employee benefits	**11,081,334**	10,223,759	**7,337,707**	6,686,398
Defined contribution plan	**1,924,984**	1,591,837	**1,299,599**	1,084,209
	13,006,318	11,815,596	**8,637,306**	7,770,607
Included in the total remuneration of key management personnel are remunerations of:				
- Executive Directors	**8,533,055**	7,973,433	**5,263,148**	4,822,277
- Non-executive Directors	**292,500**	295,000	**292,500**	295,000
	8,825,555	8,268,433	**5,555,648**	5,117,277

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 January 2021 (cont'd)

33. Commitments

	Group		Company	
	2021 RM	**2020 RM**	**2021 RM**	**2020 RM**
(a) Capital expenditures:				
Approved and contracted for:				
- right-of-use assets and property, plant and equipment	**101,263,000**	19,690,700	**74,585,000**	-
Approved but not contracted for:				
- right-of-use assets and property, plant and equipment	**-**	83,285,000	**-**	83,285,000

(b) Rental commitments

The future aggregate minimum lease payments under non-cancellable operating leases contracted for as at the reporting date but not recognised as liabilities are as follows:

	Group		Company	
	2021 RM	**2020 RM**	**2021 RM**	**2020 RM**
Future minimum rental payments:				
Not later than 1 year	**283,231**	301,831	**209,431**	209,431
Later than 1 year and not later than 5 years	**273,916**	582,947	**104,716**	314,147
Later than 5 years	**222,000**	481,600	**-**	-
	779,147	1,366,378	**314,147**	523,578

The Group and the Company have entered into non-cancellable operating leases contracted for lease of properties which are not accounted for in accordance with MFRS 16 as the financial impact to the financial statements is considered not material.

34. Segmental information

For management purposes, the Group is organised into business units based on their products and services, and has two reportable operating segments as follows:

(a) Plantation - cultivation of oil palm
(b) Milling - processing and marketing of oil palm products and power generation

Except as indicated above, no operating segments has been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 January 2021 (cont'd)

34. Segmental information (Cont'd)

(A) Business segment

	Plantation RM	Milling RM	Adjustments and eliminations RM	Total RM
31 January 2021				
Revenue and expenses				
Revenue				
External customers	26,369,072	945,308,366	-	971,677,438
Inter-segment	116,773,540	-	(116,773,540)	-
Total revenue	143,142,612	945,308,366	(116,773,540)	971,677,438
Results				
Segment results	71,147,325	73,765,498	561,000	145,473,823
Unallocated costs				(8,395,812)
Interest income				8,481,935
Finance costs				(1,008,453)
Profit before tax				144,551,493
Taxation				(33,930,220)
Profit net of tax				110,621,273
Assets and liabilities				
Segment assets	618,531,763	374,447,681	(57,895,351)	935,084,093
Unallocated assets				151,395,573
Total assets				1,086,479,666
Segment liabilities	123,445,783	137,916,416	(57,199,351)	204,162,848
Unallocated liabilities				38,159,002
Total liabilities				242,321,850
Other information				
Capital expenditure	18,272,037	27,706,270	-	45,978,307
Depreciation	16,726,956	18,390,819	-	35,117,775
Impairment of assets	-	1,600,000	-	1,600,000
Other non-cash expenses (Note A)	1,147,969	589,097	-	1,737,066

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 January 2021 (cont'd)

34. Segmental information (Cont'd)

(A) Business segment (Cont'd)

	Plantation RM	Milling RM	Adjustments and eliminations RM	Total RM
31 January 2020				
Revenue and expenses				
Revenue				
External customers	16,693,629	662,931,804	-	679,625,433
Inter-segment	85,215,950	11,375	(85,227,325)	-
Total revenue	101,909,579	662,943,179	(85,227,325)	679,625,433
Results				
Segment results	26,498,954	32,209,008	2,501,000	61,208,962
Unallocated costs				(8,499,786)
Interest income				8,388,744
Finance costs				(709,028)
Profit before tax				60,388,892
Taxation				(15,399,566)
Profit net of tax				44,989,326
Assets and liabilities				
Segment assets	610,901,882	355,447,099	(64,983,552)	901,365,429
Unallocated assets				73,640,298
Total assets				975,005,727
Segment liabilities	87,526,730	138,311,928	(63,861,552)	161,977,106
Unallocated liabilities				6,002,853
Total liabilities				167,979,959
Other information				
Capital expenditure	29,414,952	34,154,253	-	63,569,205
Depreciation	17,044,374	18,382,438	-	35,426,812
Other non-cash expenses (Note A)	2,260,893	1,780,162	-	4,041,055

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 January 2021 (cont'd)

34. Segmental information (Cont'd)

(A) Business segment (Cont'd)

Note Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements

A. Other non-cash expenses consist of the following items as presented in the respective notes to the financial statements:

	2021		2020	
	Plantation RM	Milling RM	Plantation RM	Milling RM
Bad debts (Note 8)	**79,717**	**100**	14,194	2,331
Property, plant and equipment written off (Note 8)	**65,709**	**84,467**	371,269	1,368,812
Bearer plants written off (Note 8)	**877,964**	**-**	1,873,251	-
Inventories written down (Note 8)	**-**	**499,907**	-	368,147
Provision for unutilised leave (Note 9)	**118,864**	**-**	-	-
Loss on disposal of property, plant and equipment (Note 8)	**5,215**	**4,623**	806	40,872
Inventories written off (Note 8)	**500**	**-**	1,373	-
	1,147,969	**589,097**	2,260,893	1,780,162

B. Breakdown of the inter-segments adjustments and eliminations:

2021	Plantation RM	Milling RM	Total RM
Segment assets	**618,531,763**	**374,447,681**	**992,979,444**
Inter-segments adjustments and eliminations:			
(a) Inventories	**-**	**(917,000)**	**(917,000)**
(b) Receivables	**(57,195,103)**	**(4,248)**	**(57,199,351)**
(c) Deferred tax assets	**221,000**	**-**	**221,000**
	(56,974,103)	**(921,248)**	**(57,895,351)**
	561,557,660	**373,526,433**	**935,084,093**
Segment liabilities	**123,445,783**	**137,916,416**	**261,362,199**
Inter-segments adjustments and eliminations:			
(a) Payables	**(4,248)**	**(57,195,103)**	**(57,199,351)**
	123,441,535	**80,721,313**	**204,162,848**
Segments results	**71,147,325**	**73,765,498**	**144,912,823**
Inter-segments adjustments and eliminations:			
(a) Unrealised profits	**561,000**	**-**	**561,000**
	71,708,325	**73,765,498**	**145,473,823**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 January 2021 (cont'd)

34. Segmental information (Cont'd)

(A) Business segment (Cont'd)

B. Breakdown of the inter-segments adjustments and eliminations: (Cont'd)

2020	Plantation RM	Milling RM	Total RM
Segment assets	610,901,882	355,447,099	966,348,981
Inter-segments adjustments and eliminations:			
(a) Inventories	-	(1,478,000)	(1,478,000)
(b) Receivables	(63,852,117)	(9,435)	(63,861,552)
(c) Deferred tax assets	356,000	-	356,000
	(63,496,117)	(1,487,435)	(64,983,552)
	547,405,765	353,959,664	901,365,429
Segment liabilities	87,526,730	138,311,928	225,838,658
Inter-segments adjustments and eliminations:			
(a) Payables	(9,435)	(63,852,117)	(63,861,552)
	87,517,295	74,459,811	161,977,106
Segments results	26,498,954	32,209,008	58,707,962
Inter-segments adjustments and eliminations:			
(a) Unrealised profits	2,501,000	-	2,501,000
	28,999,954	32,209,008	61,208,962

(B) Geographical segments

The Group does not identify segments by geographical location as it operates only in Malaysia.

Therefore, the Group's revenue from external customers by geographical location of customers are solely derived from Malaysia.

The Group's capital expenditure and segment assets are incurred and located in Malaysia.

(C) Major customers

Revenue from milling segment of approximately RM693,000,000 (2020: RM514,000,000) are derived from 3 (2020: 3) major customers in Malaysia.

35. Financial risk management objectives and policies

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk, commodity price risk and foreign currency exchange risk.

The Board of Directors reviews and agrees policies and procedures for the management of these risks, which are executed by the Managing Director. The audit committee provides independent oversight to the effectiveness of the risk management process.

35. Financial risk management objectives and policies (Cont'd)

It is, and has been throughout the current and previous financial year, the Group's policy that derivatives may be undertaken for the use as hedging instruments where appropriate and cost-efficient.

The following sections provide details regarding the Group's and Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade receivables. The Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

Trade receivables

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit risk is controlled by careful selection of customers and setting of appropriate credit limits. The Group does not have any significant exposure to any individual customer.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type, customer type and rating, and coverage by letters of credit or other forms of credit insurance). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 20.

<u>Exposure to credit risk</u>

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position and a nominal amount of RM64,060,000 (2020: RM28,080,000) relating to corporate guarantees provided by the Company to its subsidiaries for credit facilities obtained from licensed financial institutions. The Company has assessed the corporate guarantee contracts and concluded that the guarantees are not likely to be called upon by the respective counterparties and accordingly did not recognise the guarantees as financial liabilities as at the reporting date.

<u>Credit risk concentration profile</u>

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

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Plantation	**-**	-	**1,548,950**	1,226,431
Milling	**22,549,591**	15,581,277	**-**	-

At the reporting date, approximately 62% (2020: 57%) and 75% (2020: 78%) of the Group's and of the Company's trade receivables respectively are due from 3 (2020: 3) and 2 (2020: 2) major customers.

<u>Financial assets that are neither past due nor impaired</u>

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 20. Deposits with banks, short term funds and derivatives that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 January 2021 (cont'd)

35. Financial risk management objectives and policies (Cont'd)

(a) Credit risk (Cont'd)

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 20.

(b) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds.

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that refinancing, repayment and funding needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities at a reasonable level to its overall debt position. As far as possible, the Group raises committed funding from the financial institutions and balances its portfolio with some short term funding so as to achieve overall cost effectiveness. At the reporting date, assets held by the Group and the Company for managing liquidity risk included short term funds, cash and short term deposits and borrowings as disclosed in Notes 22, 23 and 26.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and of the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations.

2021	On demand or within one year RM	One to five years RM	More than five years RM	Total RM
Group				
Financial liabilities				
Trade and other payables	69,478,887	-	-	69,478,887
Loans and borrowings	13,015,234	26,389,675	15,430,796	54,835,705
Total undiscounted financial liabilities	69,478,887	26,389,675	15,430,796	124,314,592
Company				
Financial liabilities				
Trade and other payables	4,800,650	-	-	4,800,650

35. Financial risk management objectives and policies (Cont'd)

(b) Liquidity risk (Cont'd)

2020	On demand or within one year RM	One to five years RM	Total RM
Group			
Financial liabilities			
Trade and other payables	63,931,122	-	63,931,122
Loans and borrowings	13,802,700	570,851	14,373,551
Total undiscounted financial liabilities	77,733,822	570,851	78,304,673
Company			
Financial liabilities			
Trade and other payables	5,951,124	-	5,951,124

(c) Interest rate risk

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

The Group's and the Company's exposure to interest rate risk arises primarily from a combination of fixed and floating rate borrowings and cash and cash equivalents. To manage this mix in a cost-efficient manner, the Group may enter into interest rate swaps to manage certain floating rate borrowings.

Sensitivity analysis for interest rate risk

At the reporting date, if interest rates had been 25 basis points higher/lower, with all other variables held constant, the Group's profit net of tax would have been RM600,000 (2020: RM481,000) higher/lower, arising mainly as a result of higher/lower interest income from cash and cash equivalents, offset by higher/lower interest expense on floating rate loans and borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

(d) Commodity price risk

Commodity price risk is the risk that the fair value or future cash flows of the Group's and of the Company's financial instruments will fluctuate because of changes in commodity prices.

Due to the volatility in CPO price over the past 12 months, the Group entered into CPO - commodity futures and swap contracts to hedge against the volatility of the purchase/selling price of FFB for specific period. Changes in the spot and forward prices of CPO will cause corresponding changes in the fair values of the commodity futures contracts.

Determination of fair value

Fair value of the commodity futures and swap contracts is determined by reference to the difference between the contracted rate and the price quoted at the reporting date for contracts with similar maturity profiles.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 January 2021 (cont'd)

35. Financial risk management objectives and policies (Cont'd)

(e) Foreign currency exchange risk

The financial assets of the Group and of the Company which are not denominated in their functional currency are as follows:

Financial assets held in non-functional currency

	Group and Company	
	2021	**2020**
	RM	**RM**
Cash and bank balances denominated in:		
- USD	-	5,894,028

Sensitivity analysis for foreign currency exchange risk

The following table demonstrates the sensitivity of the Group's and of the Company's profit net of tax to a reasonably possible change in the exchange rates, with all other variables held constant.

	Group and Company Increase/(decrease) in profit net of tax	
	2021	**2020**
	RM	**RM**
USD/RM		
- Strengthen by 3%	-	134,384
- Weaken by 3%	-	(134,384)

(f) Fair value hierarchy

As at the financial year end, the Group and the Company held the following assets and liabilities measured at fair value:

Group	31 January 2021 RM	Level 1 RM	Level 2 RM	Level 3 RM
Assets measured at fair value through profit or loss				
Investment properties	**5,876,424**	-	-	**5,876,424**
Biological assets	**3,181,000**	-	-	**3,181,000**
Short term funds	**105,868,400**	**105,868,400**	-	-
	114,925,824	**105,868,400**	-	**9,057,424**

35. Financial risk management objectives and policies (Cont'd)

(f) Fair value hierarchy (Cont'd)

	31 January 2020 RM	Level 1 RM	Level 2 RM	Level 3 RM
Assets measured at fair value through profit or loss				
Biological assets	3,128,000	-	-	3,128,000
Short term funds	94,479,110	94,479,110	-	-
	97,607,110	94,479,110	-	3,128,000

Company	31 January 2021 RM	Level 1 RM	Level 2 RM	Level 3 RM
Assets measured at fair value through profit or loss				
Investment properties	**5,876,424**	**-**	**-**	**5,876,424**
Biological assets	**420,000**	**-**	**-**	**420,000**
Short term funds	**27,250,763**	**27,250,763**	**-**	**-**
	33,547,187	**27,250,763**	**-**	**6,296,424**

	31 January 2020 RM	Level 1 RM	Level 2 RM	Level 3 RM
Assets measured at fair value through profit or loss				
Biological assets	456,000	-	-	456,000
Short term funds	35,466,398	35,466,398	-	-
	35,922,398	35,466,398	-	456,000

There were no transfers between the various categories in the hierarchy of fair value measurement during the reporting periods ended 31 January 2021 and 2020.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 January 2021 (cont'd)

36. Fair value of financial instruments

(i) Financial instruments that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value

	Carrying amount		Fair value	
	2021	2020	2021	2020
	RM	RM	RM	RM
Company				
Financial assets:				
Other receivables (non-current) (Note 20)				
- Amount owing from subsidiary companies	**92,885,331**	139,597,286	*	*

* The amount owing from subsidiaries which have no fixed terms of repayment are repayable only when the cash flows of the borrowers permit. Accordingly, the fair values of these balances are not determinable as the timing of the future cash flows arising from the balances cannot be estimated reliably.

(ii) Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:

	Note
Trade and other receivables (current)	20
Trade and other payables (current)	25

The carrying amounts of these financial assets and liabilities are reasonable approximation of their fair values due to their relatively short maturity periods.

(iii) Loans and borrowings

The fair values of borrowings are estimated by discounting expected future cash flows at the market incremental lending rate for similar types of borrowings at the reporting date.

There is no significant difference between the interest rate on the Group's fixed rate borrowings and the market interest rate for similar types of borrowings at the reporting date. Therefore, the carrying amounts of the non-current portion of borrowings are reasonable approximation of fair value.

The carrying amounts of the current portion of borrowings are reasonable approximation of fair value due to the insignificant impact of discounting.

(iv) Derivatives

Fair value of commodity futures/swap contract is calculated by reference to forward rates or prices quoted at the reporting date for contracts with similar maturity profiles.

(v) Short term funds

The short term funds are valued at market prices quoted at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 January 2021 (cont'd)

37. Financial instruments

The financial instruments of the Group and of the Company are categorised into the following classes:

	Note	2021 RM	2020 RM
Group			
(a) Debt instruments carried at amortised cost			
Trade and other receivables	20	**48,790,971**	40,318,059
Cash and bank balances	23	**232,103,780**	148,640,722
		280,894,751	188,958,781
(b) Financial assets measured at fair value through profit or loss			
Short term funds	22	**105,868,400**	94,479,110
(c) Financial liabilities carried at amortised cost			
Trade and other payables	25	**69,478,887**	63,931,122
Loans and borrowings	26	**49,308,086**	14,258,993
		118,786,973	78,190,115
Company			
(a) Debt instruments carried at amortised cost			
Trade and other receivables	20	**100,820,106**	146,175,252
Cash and bank balances	23	**85,302,282**	13,008,018
		186,122,388	159,183,270
(b) Financial assets measured at fair value through profit or loss			
Short term funds	22	**27,250,763**	35,466,398
(c) Financial liabilities carried at amortised cost			
Trade and other payables	25	**4,800,650**	5,951,124

38. Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 January 2021 and 31 January 2020.

The Group monitors capital using a gearing ratio, which is net debt divided by total equity plus net debt. The Group includes within net debt, interest bearing loans and borrowings, trade and other payables, less short term funds and cash and bank balances, excluding discontinued operations.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 January 2021 (cont'd)

38. Capital management (Cont'd)

		Group	
		2021	**2020**
	Note	**RM**	**RM**
Loans and borrowings	26	**49,308,086**	14,258,993
Trade and other payables	25	**69,478,887**	63,931,122
Less: Short term funds	22	**(105,868,400)**	(94,479,110)
Less: Cash and bank balances	23	**(232,103,780)**	(148,640,722)
Net debt		**(219,185,207)**	(164,929,717)
Equity attributable to the owners of the Company		**749,273,794**	719,731,670
Non-controlling interests		**94,884,022**	87,294,098
Total equity		**844,157,816**	807,025,768
Capital and net debt		**624,972,609**	642,096,051
Net gearing ratio		**N/A**	N/A

39. Dividends

	Group and Company	
	2021	**2020**
	RM	**RM**
Recognised during the year:		
In respect of financial year 2019:		
- Final single-tier dividend of 3 sen per share	**-**	28,008,220
In respect of financial year 2020:		
- Interim single-tier dividend of 3 sen per share	**-**	28,008,220
In respect of financial year 2021:		
- Interim single-tier dividend of 4 sen per share	**37,344,293**	-
- Special single-tier dividend of 3 sen per share	**28,008,292**	-
	65,352,585	56,016,440
Proposed for approval at AGM (not recognised as at 31 January):		
Dividends on ordinary shares, subject to shareholders' approval at the AGM:		
- Final single-tier dividend for 2021: 3 sen (2020: Nil) per share	**28,008,292**	-

At the forthcoming Annual General Meeting, a final single-tier dividend in respect of the financial year ended 31 January 2021 of 3 sen per ordinary share, amounting to a dividend payable of RM28,008,292 will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 January 2022.

40. Significant event

On 19 February 2020, the Company announced that it entered into four (4) separate conditional Sale and Purchase Agreements ("the SPAs") with (1) Greenfingers Sdn. Bhd.; (2) R & H Sdn. Bhd.; (3) Bakti Perusahaan Sdn. Bhd.; and (4) Sri Handal Sdn. Bhd. (collectively referred to as "the Vendors") to acquire oil palm plantation lands in Sabah with a total gross land area of approximately 2,862 acres ("the Acquisitions"). The total cash purchase consideration is RM92,538,290 which is approximately RM32,500 per acre.

The Acquisitions are not subject to the shareholders' approval. However, the Acquisitions are subject to the relevant authorities' approvals ("the Conditions Precedent") such as the Sabah's Ministry of Agriculture and Fisheries which are obliged to be obtained by the Vendors within three (3) months from the date of the conditional Sale and Purchase Agreements ("the Conditional Period").

As a result of delay from the Vendors in securing the relevant approvals from the appropriate authorities, the Conditional Period was mutually agreed by both parties to be extended on 17 July 2020, 14 August 2020 and 24 August 2020. On 2 October 2020, the Company entered into four (4) separate Supplemental Agreements ("the SAs") to the SPAs with the Vendors for granting a period of three (3) months for the Vendors to fulfil all the Conditions Precedent commencing from the expiry of the Extended Conditional Period, that is, from the 22 August 2020 to 21 November 2020 or such further period may be mutually agreed by the parties ("Further Extended Conditional Period").

In conjunction with the announcement made, both parties had mutually agreed that the Vendors shall pay the Company interest calculated on a day to day basis commencing from 1 October 2020 until such date that the Company receives written confirmation from both Vendors and its solicitors that all the Conditions Precedent have been fulfilled.

As at financial year end, the Acquisitions have not been completed subjected to the fulfilment of all Conditions Precedent by the Vendors and prepayments amounting to RM21.73 million have been made by the Company as partial purchase payment and incidental costs incurred.

On 3 February 2021, the Company announced that it entered into four (4) separate Second Supplemental Agreements ("the 2nd SAs") to take over possession of oil palm plantation lands from the Vendors and agreed to release a sum equivalent to 80% of the Purchase Price. Upon release of total payments of RM52.90 million on 9 February 2021, Suhenson Estate Sdn. Bhd. ("SESB"), a wholly owned subsidiary company nominated by the Company, took possession of four (4) pieces of the lands which have been duly registered in the name of SESB whilst pending the fulfilment of all Conditions Precedent by the Vendors. Any further extension to the Further Extended Conditional Period shall be at the sole discretion of the Company.

Total area taken over is 2,722 acres which is equivalent to 95% of the total gross land area of approximately 2,862 acres under the Acquisitions. As of the date of the report, the Acquisitions have not been completed. The Company has agreed to extend the Further Extended Conditional Period in respect of the four (4) pieces of lands already in the Group's possession to 19 June 2021 and also decided to terminate the purchase of the remaining one (1) of lands measuring approximately 139.7 acres under the Acquisitions.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 January 2021 (cont'd)

41. Impact of COVID-19 outbreak

Subsequent to the outbreak of the Coronavirus Disease 2019 ("COVID-19 outbreak") in early 2020, a series of measures, including Movement Control Order ("MCO"), have been implemented to curb the COVID-19 outbreak in Malaysia where the Group operates. With the recent progress of vaccination programme rolled out worldwide as well as in Malaysia, the development of COVID-19 pandemic remains uncertain but could have impact on the Group's earnings, cash flow and financial condition going forward.

As the palm oil industry is considered as essential services, the Group's plantation and milling activities have been running largely as normal during the various phases of MCO period since March 2020.

The Group's output of main products, namely fresh fruit bunches ("FFB") and crude palm oil ("CPO"), during the financial year were generally within expectation where impact arising from COVID-19 outbreak was minimal.

Since the end of the financial year, the national average CPO price has continued its upward trend to RM4,220 per MT for April 2021, representing 13% increase from RM3,749 per MT for January 2021.

Based on the current observation, the COVID-19 outbreak is not expected to cause significant impact on the Group financial performance up to the date of this report.

42. Authorisation of financial statements for issue

The financial statements for the year ended 31 January 2021 were authorised for issue in accordance with a resolution of the Directors on 19 May 2021.

ANALYSIS OF SHAREHOLDINGS

As at 22 April 2021

Issued and Fully Paid Up Capital	:	RM318,436,618 consisting of 935,415,732 ordinary shares
Class of Shares	:	Ordinary shares
Voting Rights	:	1 vote per ordinary share

DISTRIBUTION OF SHAREHOLDINGS (As per Record of Depositors)

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Total Number of Issued Shares
Less than 100 shares	57	1.00	1,735	0.00
100 to 1,000 shares	488	8.59	315,385	0.03
1,001 to 10,000 shares	2,852	50.24	14,882,828	1.60
10,001 to 100,000 shares	1,896	33.40	60,647,787	6.50
100,001 to less than 5% of shares	383	6.75	264,692,247	28.35
5% and above of shares	1	0.02	593,069,750	63.52
Total	5,677	100.00	933,609,732 Ω	100.00

Ω is equivalent to 935,415,732 less 1,806,000 shares bought back and retained as treasury shares

THIRTY LARGEST SHAREHOLDERS (As per Record of Depositors)

	Name of Shareholders	No. of Shares held	% of Total Number of Issued Shares
1.	Sharikat Kim Loong Sendirian Berhad	593,069,750	63.52
2.	Teo Chuan Keng Sdn. Bhd.	20,397,800	2.18
3.	Krishnan Chellam	15,189,900	1.63
4.	Koperasi Polis DiRaja Malaysia Berhad	7,500,000	0.80
5.	UOB Kay Hian Nominees (Tempatan) Sdn. Bhd. – Exempt an for UOB Kay Hian Pte Ltd (A/C Clients)	6,209,000	0.67
6.	Adam Helmi bin Timbas Helmi	6,000,000	0.64
7.	Neoh Choo Ee & Company, Sdn. Berhad	5,094,594	0.55
8.	Gan Teng Siew Realty Sdn. Berhad	4,500,000	0.48
9.	Golden Fresh Sdn. Bhd.	4,500,000	0.48
10.	Key Development Sdn. Berhad	4,500,000	0.48
11.	Cimsec Nominees (Tempatan) Sdn. Bhd. – CIMB for Prudent Strength Sdn. Bhd. (PB)	3,877,100	0.42
12.	Gooi Seow Mee	3,610,656	0.39
13.	Public Nominees (Tempatan) Sdn. Bhd. – Pledged Securities Account for Gooi Seong Heen (E-JBU)	3,457,080	0.37
14.	Ang Chai Eng	3,326,200	0.36
15.	Herng Yuen Sdn. Bhd.	3,259,200	0.35
16.	Citigroup Nominees (Tempatan) Sdn. Bhd. – Exempt An For OCBC Securities Private Limited (Client A/C-RES)	3,209,997	0.34
17.	Gooi Seong Chneh	3,037,080	0.33

ANALYSIS OF SHAREHOLDINGS

As at 22 April 2021 (cont'd)

THIRTY LARGEST SHAREHOLDERS (As per Record of Depositors) (Cont'd)

Name of Shareholders		No. of Shares held	% of Total Number of Issued Shares
18.	HSBC Nominees (Tempatan) Sdn. Bhd. – Exempt an for Credit Suisse (SG BR-TST-TEMP)	2,980,000	0.32
19.	Lim Weng Ho	2,832,800	0.30
20.	Amanahraya Trustees Berhad – PB Smallcap Growth Fund	2,821,000	0.30
21.	Radeshah binti Ridzwani	2,507,400	0.27
22.	Loh Boon Hong	2,500,000	0.27
23.	Khoo Heng Suan	2,482,380	0.27
24.	Teo Tian Chai Sdn. Bhd.	2,468,800	0.26
25.	Maybank Nominees (Tempatan) Sdn. Bhd. – Pledged Securities Account for Gan Tee Jin	2,394,000	0.26
26.	Aliran Insaf (M) Sdn. Bhd.	2,374,000	0.25
27.	Loh Boon Siong	2,364,000	0.25
28.	HSBC Nominees (Tempatan) Sdn. Bhd. – HSBC (M) Trustee Bhd for Manulife Investment Progress Fund (4082)	2,250,100	0.24
29.	Loh Boon Fan	2,229,600	0.24
30.	Loh Boon Tiong	2,202,000	0.24
	TOTAL	**723,144,437**	**77.46**

The thirty largest shareholders refer to the thirty securities account holders having the largest number of securities according to the Record of Depositors (without aggregating the shares from different securities accounts belonging to the same depositor).

SUBSTANTIAL SHAREHOLDERS (excluding bare trustees) (As per Register of Substantial Shareholders)

Name of Substantial Shareholders	No. of shares held or beneficially interested in		% of Total Number of Issued Shares	
	Direct	Indirect	Direct	Indirect
Sharikat Kim Loong Sendirian Berhad	594,916,406	–	63.72	–
Gooi Seong Lim	6,000,000 [a]	602,519,603 [b]	0.64	64.54
Gooi Seong Heen	5,303,736 [c]	598,511,606 [d]	0.57	64.11
Gooi Seong Chneh	4,883,736	598,511,606 [e]	0.52	64.11
Gooi Seong Gum	397,800	598,679,606 [f]	0.04	64.13

ANALYSIS OF SHAREHOLDINGS

As at 22 April 2021 (cont'd)

DIRECTORS' SHAREHOLDINGS (As per Register of Directors' Shareholdings)

	Direct Interest		Indirect Interest	
Name of Directors	**Shareholdings**	**%**	**Shareholdings**	**%**
Gooi Seong Lim	6,000,000 [a]	0.64	602,519,603 [b]	64.54
Gooi Seong Heen	5,303,736 [c]	0.57	598,511,606 [d]	64.11
Gooi Seong Chneh	4,883,736	0.52	598,511,606 [e]	64.11
Gooi Seong Gum	397,800	0.04	598,679,606 [f]	64.13
Gan Kim Guan	–	–	–	–
Chan Weng Hoong	–	–	–	–
Cheang Kwan Chow	–	–	–	–
Gooi Khai Chien	–	–	2,999,997 [g]	0.32
Gooi Chuen Kang	–	–	–	–

Notes:-

[a] *6,000,000 shares held in bare trust by UOB Kay Hian Nominees (Tempatan) Sdn. Bhd.*

[b] *Deemed interest by virtue of his interest in Sharikat Kim Loong Sendirian Berhad ("SKL") which holds 594,916,406 shares, Herng Yuen Sdn. Bhd. ("HY") which holds 3,259,200 shares, 2,999,997 shares held in bare trust by Citigroup Nominees (Tempatan) Sdn. Bhd. for Wilgain Holdings Pte. Ltd. of which Gooi Seong Lim is a director and major shareholder and his spouse, Lim Phaik Ean, who holds 1,344,000 shares.*

[c] *1,846,656 and 3,457,080 shares held in bare trust by CIMB Group Nominees (Tempatan) Sdn. Bhd. and Public Nominees (Tempatan) Sdn. Bhd. respectively.*

[d] *Deemed interest by virtue of his interest in SKL which holds 594,916,406 shares, HY which holds 3,259,200 shares and his spouse, Looi Kok Yean, who holds 336,000 shares.*

[e] *Deemed interest by virtue of his interest in SKL which holds 594,916,406 shares, HY which holds 3,259,200 shares and his spouse, Lee T'ian C'ean, who holds 336,000 shares.*

[f] *Deemed interest by virtue of his interest in SKL which holds 594,916,406 shares, HY which holds 3,259,200 shares and his spouse, Teo Ai Mei, who holds 504,000 shares.*

[g] *Deemed interest by virtue of his interest in 2,999,997 shares held in bare trust by Citigroup Nominees (Tempatan) Sdn. Bhd. for Wilgain Holdings Pte. Ltd. of which Gooi Khai Chien is a major shareholder.*

ANALYSIS OF WARRANT HOLDINGS

As at 22 April 2021

No. of Warrants 2018/2025 issued	:	46,680,235
Exercise Price	:	RM1.40 for one ordinary share
Exercise Rights	:	Each warrant entitles the holder to subscribe for one new ordinary share
Exercise Period	:	11 April 2018 to 10 April 2025
No. of Warrants exercised	:	5,025
No. of Warrants unexercised	:	46,675,210

DISTRIBUTION OF WARRANT HOLDINGS (As per Record of Depositors)

Size of Warrant Holdings	No. of Warrant Holders	% of Warrant Holders	No. of Warrants	% of Total Warrants
Less than 100 warrants	372	11.91	13,973	0.03
100 to 1,000 warrants	1,739	55.67	656,755	1.41
1,001 to 10,000 warrants	815	26.09	2,326,552	4.99
10,001 to 100,000 warrants	160	5.12	4,953,862	10.61
100,001 to less than 5% of warrants	37	1.18	9,280,190	19.88
5% and above of warrants	1	0.03	29,443,878	63.08
Total	3,124	100.00	46,675,210	100.00

THIRTY LARGEST WARRANT HOLDERS (As per Record of Depositors)

	Name of Warrant Holders	No. of Warrants held	% of Total Warrants
1.	Sharikat Kim Loong Sendirian Berhad	29,443,878	63.08
2.	Krishnan Chellam	801,360	1.72
3.	Alliancegroup Nominees (Tempatan) Sdn. Bhd. – Pledged securities account for Kong Kok Choy (8092812)	660,000	1.41
4.	Tee Swee Keng	589,300	1.26
5.	Maybank Nominees (Tempatan) Sdn. Bhd. – Pledged Securities Account for Lim Gim Leong	586,700	1.26
6.	Low Siew Nyok	500,000	1.07
7.	Chang Peng Hoong	486,800	1.04
8.	Amanahraya Trustees Berhad – PB Smallcap Growth Fund	403,515	0.86
9.	Koperasi Polis DiRaja Malaysia Berhad	375,000	0.80
10.	Soh Eng Joo	312,600	0.67
11.	Adam Helmi bin Timbas Helmi	300,000	0.64
12.	Chang Chow Swan	273,350	0.59
13.	Neoh Choo Ee & Company, Sdn. Berhad	254,729	0.55
14.	Gan Teng Siew Realty Sdn. Berhad	225,000	0.48
15.	Key Development Sdn. Berhad	225,000	0.48
16.	Topplant Laboratories Sendirian Berhad	225,000	0.48

ANALYSIS OF WARRANT HOLDINGS

As at 22 April 2021 (cont'd)

THIRTY LARGEST WARRANT HOLDERS (As per Record of Depositors) (Cont'd)

Name of Warrant Holders		No. of Warrants held	% of Total Warrants
17.	Maybank Nominees (Tempatan) Sdn. Bhd. – Pledged securities account for Raymond Chew Hoong Keat	199,800	0.43
18.	Cimsec Nominees (Tempatan) Sdn. Bhd. – CIMB for Prudent Strength Sdn. Bhd. (PB)	192,255	0.41
19.	Gooi Seow Mee	180,532	0.39
20.	Golden Fresh Sdn. Bhd.	175,200	0.38
21.	Public Nominees (Tempatan) Sdn. Bhd. – Pledged Securities Account for Gooi Seong Heen (E-JBU)	172,854	0.37
22.	Herng Yuen Sdn. Bhd.	162,960	0.35
23.	Citigroup Nominees (Tempatan) Sdn. Bhd. – Exempt An For OCBC Securities Private Limited (Client A/C-RES)	160,499	0.34
24.	Chan Shee Bing @ Chan Chee Wing	155,000	0.33
25.	Gooi Seong Chneh	151,854	0.33
26.	Teo Chuan Keng Sdn. Bhd.	140,000	0.30
27.	Venkata Chellam A/L Subramaniam	130,000	0.28
28.	Radeshah binti Ridzwani	125,370	0.27
29.	Loh Boon Hong	123,000	0.26
30.	Maybank Nominees (Tempatan) Sdn. Bhd. – Pledged Securities Account for Gan Tee Jin	119,700	0.26
	TOTAL	**37,851,256**	**81.09**

The thirty largest warrant holders refer to the thirty securities account holders having the largest number of securities according to the Record of Depositors (without aggregating the warrants from different securities accounts belonging to the same depositor).

DIRECTORS' INTEREST IN WARRANTS 2018/2025 (As per Register of Directors' Warrant Holdings)

	Direct Interest		Indirect Interest	
Name of Directors	Warrant Holdings	%	Warrant Holdings	%
Gooi Seong Lim	102,532 [(a)]	0.22	29,916,369 [(b)]	64.09
Gooi Seong Heen	265,186 [(c)]	0.57	29,715,970 [(d)]	63.67
Gooi Seong Chneh	244,186	0.52	29,715,970 [(e)]	63.67
Gooi Seong Gum	19,890	0.04	29,724,370 [(f)]	63.68
Gan Kim Guan	–	–	–	–
Chan Weng Hoong	–	–	–	–
Cheang Kwan Chow	–	–	–	–
Gooi Khai Chien	–	–	149,999 [(g)]	0.32
Gooi Chuen Kang	–	–	–	–

ANALYSIS OF WARRANT HOLDINGS

As at 22 April 2021 (cont'd)

Notes:-

[(a)] *102,532 warrants held in bare trust by UOB Kay Hian Nominees (Tempatan) Sdn. Bhd.*

[(b)] *Deemed interest by virtue of his interest in Sharikat Kim Loong Sendirian Berhad ("SKL") which holds 29,536,210 warrants, Herng Yuen Sdn. Bhd. ("HY") which holds 162,960 warrants, 149,999 warrants held in bare trust by Citigroup Nominees (Tempatan) Sdn. Bhd. for Wilgain Holdings Pte. Ltd. of which Gooi Seong Lim is a director and major shareholder and his spouse, Lim Phaik Ean, who holds 67,200 warrants.*

[(c)] *92,332 and 172,854 warrants held in bare trust by CIMB Group Nominees (Tempatan) Sdn. Bhd. and Public Nominees (Tempatan) Sdn. Bhd. respectively.*

[(d)] *Deemed interest by virtue of his interest in SKL which holds 29,536,210 warrants, HY which holds 162,960 warrants and his spouse, Looi Kok Yean, who holds 16,800 warrants.*

[(e)] *Deemed interest by virtue of his interest in SKL which holds 29,536,210 warrants, HY which holds 162,960 warrants and his spouse, Lee T'ian C'ean, who holds 16,800 warrants.*

[(f)] *Deemed interest by virtue of his interest in SKL which holds 29,536,210 warrants, HY which holds 162,960 warrants and his spouse, Teo Ai Mei, who holds 25,200 warrants.*

[(g)] *Deemed interest by virtue of his interest in 149,999 warrants held in bare trust by Citigroup Nominees (Tempatan) Sdn. Bhd. for Wilgain Holdings Pte. Ltd. of which Gooi Khai Chien is a major shareholder.*

LIST OF PROPERTIES HELD BY THE GROUP

Beneficial owner / Location	Tenure - leasehold interest expiring on	Description and existing use	Land area (Ha)	Date of revaluation/ (acquisition)	Approx. age of building	Net carrying amount as at 31 January 2021 RM'000
Kim Loong Resources Berhad						
- CL 085311253	31/12/2077	Oil palm plantation	80.86	01 Feb 2017	Not applicable	6,628
- CL 085313079	31/12/2078	Oil palm plantation	384.25	01 Feb 2017	Not applicable	30,432
- CL 085311306	31/12/2077	Oil palm plantation	121.45	01 Feb 2017	Not applicable	8,914
- CL 085311315	31/12/2077	Oil palm plantation	102.51	01 Feb 2017	Not applicable	7,490
- CL 085311244	31/12/2077	Oil palm plantation	166.53	01 Feb 2017	Not applicable	12,525
District of Labuk/ Sugut, Sabah						
- CL 095317552	31/12/2085	Oil palm plantation	6.07	01 Feb 2017	Not applicable	467
- CL 095317561	31/12/2085	Oil palm plantation	5.93	01 Feb 2017	Not applicable	456
- CL 095315058	31/12/2085	Oil palm plantation	303.39	01 Feb 2017	Not applicable	23,352
- CL 095317436	31/12/2087	Oil palm plantation	14.25	01 Feb 2017	Not applicable	1,087
- CL 095310777	31/12/2078	Oil palm plantation	395.78	01 Feb 2017	Not applicable	31,840
- CL 095315049	31/12/2085	Oil palm plantation	343.90	01 Feb 2017	Not applicable	28,097
- CL 095316957	31/12/2086	Oil palm plantation	80.82	01 Feb 2017	Not applicable	6,162
- CL 095310428	31/12/2077	Oil palm plantation	81.06	01 Feb 2017	Not applicable	6,644
- CL 095310982	31/12/2078	Oil palm plantation	400.56	01 Feb 2017	Not applicable	30,400
- CL 095310526	31/12/2077	Oil palm plantation	243.74	01 Feb 2017	Not applicable	17,889
District of Kinabatangan, Sabah						
- Lot 7052, Section 64 Jalan Sekama Kuching, Sarawak	31/12/2779	Shoplot office	-	(01 Feb 2010)	37 years	1,161
- H.S.(D) 570643 (PN 73481), PTD 228528 (Lot 210827) Mukim Plentong, Johor Bahru, Johor	27/10/2911	Single storey semi-detached factory with two storey office	-	(28 May 2019)	1 year	2,634
- H.S.(D) 570644 (PN 73482), PTD 228529 (Lot 210828) Mukim Plentong, Johor Bahru, Johor	27/10/2911	Single storey semi-detached factory with two storey office	-	(28 May 2019)	1 year	3,242
Kim Loong - KPD Plantations Sdn. Bhd.						
- CL 255332631	31/12/2086	Oil palm plantation	1,610.00	31 Jan 2004	Not applicable	25,655
- CL 255340160	30/06/2062	Oil palm plantation	385.60 (1)	31 Jan 2004	Not applicable	7,269
District of Tongod, Sabah						

LIST OF PROPERTIES HELD BY THE GROUP

(cont'd)

Beneficial owner / Location	Tenure - leasehold interest expiring on	Description and existing use	Land area (Ha)	Date of revaluation/ (acquisition)	Approx. age of building	Net carrying amount as at 31 January 2021 RM'000
Okidville Holdings Sdn. Bhd.						
- CL 135328782 Sook, District of Keningau, Sabah	31/12/2083	Oil palm plantation	2,755.50	31 Jan 2004	Not applicable	37,911
Desa Okidville Sdn. Bhd.						
- CL 135367930 Sook, District of Keningau, Sabah	31/12/2080	Oil palm plantation	4,355.55	31 Jan 2004	Not applicable	52,022
Desa Kim Loong Palm Oil Sdn. Bhd.						
- CL 135367912	31/12/2080	Palm oil mill	12.14	01 Feb 2011	18 years	9,449
- CL 135367921	31/12/2080	Oil palm plantation	27.51	01 Feb 2011	Not applicable	3,260
- Part of CL 135367903 Sook, District of Keningau, Sabah	29/02/2064	Housing area, water reservoir and POME area	77.13 (1)	(01 Mar 2004)	Not applicable	3,342
Kim Loong Palm Oil Mills Sdn. Bhd.						
- GRN 60265, Lot 2420	Freehold	Palm oil mill	24.18	01 Feb 2011	24 years	17,766
- H.S.(D) 32061, PTD 3878 & H.S.(D) 32062, PTD 3879 Mukim Ulu Sungei Sedeli Besar, Kota Tinggi, Johor	Freehold	Vacant land	8.22	01 Feb 2011	Not applicable	8,726
Winsome Al-Yatama Sdn. Bhd.						
- H.S.(D) 34747, PTD 828 Mukim Hulu Sg Sedeli Besar, Kota Tinggi, Johor	08/11/2064	Oil palm plantation	1,085.63 (1)	(09 Nov 2004)	Not applicable	17,125
Palm Nutraceuticals Sdn. Bhd.						
- GRN 60265, Lot 2420 Mukim Ulu Sungei Sedeli Besar, Kota Tinggi, Johor	Freehold	Factory/office (2)	-	Not applicable	16 years	939
Kim Loong Technologies Sdn. Bhd.						
- GRN 60265, Lot 2420 Mukim Ulu Sungei Sedeli Besar, Kota Tinggi, Johor	Freehold	Factory (2)	-	Not applicable	15 years	791

LIST OF PROPERTIES HELD BY THE GROUP

(cont'd)

Beneficial owner / Location	Tenure - leasehold interest expiring on	Description and existing use	Land area (Ha)	Date of revaluation/ (acquisition)	Approx. age of building	Net carrying amount as at 31 January 2021 RM'000
Kim Loong Sabah Mills Sdn. Bhd.						
- CL 255340179 District of Tongod, Sabah	31/12/2086	Palm oil mill	13.80	01 Feb 2011	13 years	12,705
Kim Loong Technologies (Sabah) Sdn. Bhd.						
- CL 135367912 Sook, District of Keningau, Sabah	31/12/2080	Factory [2]	-	Not applicable	11 years	716
Kim Loong Power Sdn. Bhd.						
- GRN 60265, Lot 2420 Mukim Ulu Sungei Sedeli Besar, Kota Tinggi, Johor	Freehold	Factory/store [2]	-	Not applicable	12 years	1,010
- CL 135367912 Sook, District of Keningau, Sabah	31/12/2080	Fencing [2]	-	Not applicable	11 years	16
- CL 255340179 District of Tongod, Sabah	31/12/2086	Factory [2]	-	Not applicable	8 years	782
Winsome Pelita (Pantu) Sdn. Bhd.						
- Sungai Tenggang and Kranggas/Mawang Sri Aman, Sarawak	NCR Native Land 60 years	Oil palm plantation	2,773.70	(06 Jan 2010)	Not applicable	47,567
Winsome Jaya Sdn. Bhd.						
- H.S.(D) 34748, PTD 413 Mukim Ulu Sungei Sedeli Besar, Kota Tinggi, Johor	26/08/2111	Oil palm plantation	47.74 [1]	(27 Aug 2013)	Not applicable	591
			15,907.80			**467,062**

(1) These lands were subleased from third parties.
(2) These buildings are sited on rented land held by related companies.

KIM LOONG
RESOURCES BERHAD
錦隆資源有限公司
197501000991(22703-K)

FORM OF PROXY

CDS Account No.	
Contact No.	

I/We, ____

Company No./NRIC No. (new) ______________________ (old)______________________

of ____

being (a) member(s) of Kim Loong Resources Berhad do hereby appoint: ______________________

NRIC No. (new) ______________________ (old) ______________________

of ____

and/or failing whom ______________________ NRIC No. (new) ______________________

(old) ______________________ of ______________________

or failing whom the Chairman of the Meeting as my/our proxy to attend and vote for me/us and on my/our behalf at the Forty-sixth Annual General Meeting of the Company to be held at the Lido Room, Level 6, Amari Johor Bahru, No. 82C, Jalan Trus, 80000 Johor Bahru, Johor Darul Takzim on Wednesday, 28 July 2021 at 11.00 a.m. and at any adjournment thereof in the manner as indicated below:-

No.	Ordinary Resolution	For	Against
1.	Declaration of final dividend		
2.	Payment of Directors' fees		
3.	Payment of Directors' benefits		
4.	Re-election of Director : Mr. Gooi Seong Chneh		
5.	Re-election of Director : Mr. Cheang Kwan Chow		
6.	Re-appointment of Auditors		
7.	Authority to allot and issue shares		
8.	Proposed Renewal of Authority for Share Buy-Back		
9.	Retention of Independent Non-Executive Director : Mr. Gan Kim Guan		
10.	Retention of Independent Non-Executive Director : Mr. Chan Weng Hoong		
11.	Retention of Independent Non-Executive Director : Mr. Cheang Kwan Chow		
12.	Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature		

(Please indicate with an 'X' in the appropriate box against each resolution how you wish your proxy to vote. If no instruction is given, this form will be taken to authorise the proxy to vote at his/her discretion.)

Dated this ________ day of ________ 2021

Number of shares held

For appointment of two proxies, percentage of shareholdings to be represented by proxies:		
	No. of shares	**Percentage**
Proxy 1		
Proxy 2		
Total		**100%**

____

Signature(s)/Common Seal of Member(s)

NOTES:

A member whose name appear in the Record of Depositors as at 21 July 2021 shall be regarded as a member entitled to attend, speak and vote at the meeting.

A member entitled to attend and vote at the meeting is entitled to appoint any person as his proxy to attend, speak and vote instead of him. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.

To be valid, the Form of Proxy duly completed must be deposited at the Registered Office of the Company not less than twenty-four (24) hours before the time set for holding the meeting or any adjournment thereof. If the appointor is a corporation, this Form must be executed under its common seal or under the hand of its attorney.

Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account. 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.

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STAMP

The Secretary
Kim Loong Resources Berhad
Unit No. 203, 2nd Floor, Block C,
Damansara Intan,
No. 1, Jalan SS 20/27,
47400 Petaling Jaya,
Selangor Darul Ehsan.

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KIM LOONG
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