CEPATWAWASAN GROUP BERHAD

Registration No. 200101000743 (536499-K)

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Contents

Notice of The Twenty-Second Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Twenty-Second Annual General Meeting of the Company will be held at Amadeus III, Level 2, Sabah Hotel Sandakan, KM 1, Jalan Utara, 90703 Sandakan, Sabah on Wednesday, 25 May 2022 at 11.30 a.m. for the following businesses:

AGENDA	**Ordinary Resolution No.**
1. To lay the audited financial statements of the Company for the financial year ended 31 December 2021 together with the reports of the directors and auditors.	
2. To approve the payment of Directors' fees of up to RM190,000 for the period from the day after the Annual General Meeting to the next Annual General Meeting.	Resolution 1
3. To approve the payment of Directors' benefits (excluding Directors' fees) to the Non-Executive Directors up to an amount of RM50,000 for the period from the day after the Annual General Meeting to the next Annual General Meeting.	Resolution 2
4. To re-elect the following directors retiring in accordance with Article 103 of the Company's Constitution:	
a) Dato' Seri Mah King Seng	Resolution 3
b) Mr. Chan Kam Leong	Resolution 4
5. To appoint auditors and to authorise the Directors to fix their remuneration.	Resolution 5
6. To consider and if thought fit, to pass the following Ordinary Resolution, with or without modifications:	
AUTHORITY TO ALLOT SHARES	
"THAT subject always to the approvals of the relevant governmental and/or regulatory authorities, the Directors be and are hereby authorised pursuant to Section 75 of the Companies Act 2016 to allot and issue shares in the Company at any time until the conclusion of the next Annual General Meeting upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares to be allotted pursuant to this Resolution does not exceed 10% of the total number of issued shares of the Company for the time being."	Resolution 6
7. To consider and if thought fit, to pass the following Ordinary Resolution, with or without modifications:	
PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY	
"THAT subject to the Companies Act 2016 ("Act"), provisions of the Company's Constitution and the requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and any other relevant authorities, and other relevant approvals, the Directors of the Company be and are hereby authorised to purchase the Company's ordinary shares ("Shares") through Bursa Securities, subject to the following:	Resolution 7
(a) The maximum number of Shares which may be purchased by the Company shall not exceed ten per centum (10%) of the total number of issued shares of the Company at any point in time;	

Ordinary Resolution No.

(b) The maximum fund to be allocated by the Company for the purpose of purchasing its shares shall not exceed the retained profits of the Company;

(c) The authority conferred by this resolution will be effective upon passing of this resolution and will continue in force until:

   (i) the conclusion of the next Annual General Meeting ("AGM") of the Company following the AGM at which this resolution was passed, at which time the authority shall lapse, unless the authority is renewed by an ordinary resolution passed at the next AGM, either unconditionally or conditionally; or

   (ii) the expiry of the period within which the next AGM of the Company after that date is required to be held pursuant to Section 340 of the Act; or

   (iii) the authority is revoked or varied by an ordinary resolution passed by the shareholders in a general meeting;

   whichever occurs first;

(d) Upon completion of the purchase(s) of the Shares by the Company, the Shares shall be dealt in the following manner as the Directors of the Company may decide:

   (i) cancel the Shares so purchased; or

   (ii) retain the Shares so purchased as treasury shares; or

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

   (iv) distribute the treasury shares as dividends to shareholders;

   (v) resell the treasury shares or any of the shares in accordance with the relevant rules of Bursa Securities;

   (vi) transfer the treasury shares, or any of the shares for the purposes of or under an employees' share scheme;

   (vii) transfer the treasury shares, or any of the shares as purchase consideration;

   (viii) cancel the treasury shares or any of the treasury shares; or

   (ix) sell, transfer or otherwise use the treasury shares for such other purposes as the Minister may by order prescribe.

THAT the Directors of the Company be and are hereby authorised to take all such steps and enter into all agreements, arrangements and guarantees with any party or parties as are necessary to implement, finalise and give full effect to the aforesaid purchase with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be imposed by the relevant authorities from time to time to implement or to effect the purchase of its own shares."

Ordinary Resolution No.

8. To consider and if thought fit, to pass the following Ordinary Resolutions, with or without modifications:

APPROVAL TO CONTINUE IN OFFICE AS SENIOR INDEPENDENT DIRECTOR

"THAT Datuk Chua Kim Yin (JP) who has served the Board as the Senior Independent Non-Executive Director of the Company for a cumulative term of more than twelve years since 21 July 2005 be and is hereby retained as the Senior Independent Non-Executive Director of the Company." Resolution 8

APPROVAL TO CONTINUE IN OFFICE AS INDEPENDENT DIRECTOR

"THAT Mr. Chan Kam Leong who has served the Board as the Independent Non-Executive Director of the Company for a cumulative term of more than twelve years since 2 May 2008 be and is hereby retained as the Independent Non-Executive Director of the Company." Resolution 9

9. To transact any other business for which due notice shall have been given.

BY ORDER OF THE BOARD

KANG SHEW MENG [SSM PC NO. 201908002065]
SEOW FEI SAN [SSM PC NO. 201908002299]
Secretaries

Petaling Jaya

26 April 2022

Notes:-

(a) Only members whose names appear on the Record of Depositors as at 18 May 2022 shall be entitled to attend, speak and vote at the said meeting or appoint proxies on his/her behalf.

(b) A member entitled to attend, speak and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy may but need not be a member of the Company.

(c) A member may appoint not more than two (2) proxies to attend, participate, speak and vote at the same meeting. Where a member appoints two (2) proxies, he shall specify the proportion of his shareholdings to be represented by each proxy.

(d) Where a Member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account known as an omnibus account, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account its holds. Where an exempt authorised nominee appoints more than one (1) proxies, the proportion of the shareholding to be represented by each proxy must be specified.

(e) If the appointer is a corporation, the Form of Proxy must be executed under its seal or under the hand of its attorney.

(f) To be valid this form duly completed must be deposited at the Company's Share Registrar's Office at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively at their Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not less than forty-eight hours (48) hours before the time appointed for holding the meeting or any adjournment thereof.

Explanatory Note

- **Ordinary Resolutions 1 & 2**

Pursuant to Section 230(1) of the Companies Act 2016 ("Act"), the fees and any benefits payable to the directors including any compensation for loss of employment of a director or former director of a public company or a listed company and its subsidiaries, shall be approved at a general meeting. In this respect, the Board agreed that the shareholders' approval shall be sought at the Twenty-Second Annual General Meeting ("AGM") on the Directors' fees and benefits in two (2) separate resolutions as below:

- Ordinary Resolution 1 on payment of Directors' fees for the period from the day after the AGM to the next AGM
  - The total amount of Directors' fees payable to the Non-Executive Directors for the period from the day after the AGM to the next AGM tabled for the members' approval is RM190,000.

- Ordinary Resolution 2 on payment of Directors' benefits (excluding Directors' fees) for the period from the day after the AGM to the next AGM
  - The Directors' benefits payable to the Non-Executive Directors for the period from the day after the AGM to the next AGM tabled for the members' approval is RM50,000.

The fee and benefits of the Non-Executive Directors of the Group consist of:
- Monthly fixed fee for duties as Non-Executive Director; and
- Meeting allowance for each Board/Board Committee/general meeting attended.

The Board will seek shareholders' approval at the next AGM in the event the amount of the Directors' fee and benefits are insufficient due to an increase in Board/Board Committee meetings and/or increase in Board size.

For information, the shareholders at the Twenty-First AGM had approved the payment of Directors' fees and benefits of up to RM240,000.00 to Non-Executive Directors for the period from 19 November 2021 until the conclusion of the Twenty-Second AGM.

- **Ordinary Resolution 6**

The proposed Ordinary Resolution 6, if passed, will empower the Directors of the Company to allot and issue not more than 10% of the total number of issued shares of the Company subject to the approvals of all the relevant governmental and/or other regulatory bodies and for such purposes as the Directors consider would be in the interest of the Company. This authorisation will, unless revoked or varied by the Company in a general meeting, expire at the next Annual General Meeting of the Company.

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 Twenty-First Annual General Meeting held on 18 November 2021 and which will lapse at the conclusion of the Twenty-Second Annual General Meeting.

The authority will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for purpose of funding future investment project(s), working capital, repayment of bank borrowings and/or acquisitions.

- **Ordinary Resolution 7**

The proposed Ordinary Resolution 7, if passed, will empower the Directors of the Company to continue to purchase the Company's shares up to ten percent (10%) of the total number of issued shares of the Company by utilising the funds allocated which shall not exceed the total retained earnings of the Company. Further information on the Proposed Renewal of the Share Buy-Back Authority is set out in the Share Buy-back Statement dated 26 April 2022 which is despatched together with Company's Annual Report 2021.

- **Ordinary Resolution 8**

The Board of Directors has via the Nomination Committee conducted an annual performance evaluation and assessment of Datuk Chua Kim Yin (JP) who has served as Senior Independent Director of the Company for a cumulative term of more than twelve years.

Besides being an Associate Member of Certified Practising Accountant Australia, Datuk Chua Kim Yin (JP) as a senior Partner in a Sabah law firm has good knowledge and experience on the law in that State where the Group operates. He has vast experience in a diverse range of business matters from his profession. He has been with the Company for more than twelve years and is well versed with its business operations. The Board is of the opinion that he has brought and will continue to bring positive contributions to the Group through his area of expertise and his understanding of its business operations.

Thus, the Board recommends him to continue to act as Independent Director of the Company.

The Company would apply the two-tier voting process in seeking shareholders' approval to retain Independent Director beyond twelve years of tenure as cited by the Malaysian Code on Corporate Governance.

- **Ordinary Resolution 9**

The Board of Directors has via the Nomination Committee conducted an annual performance evaluation and assessment of Mr. Chan Kam Leong who has served as Independent Director of the Company for a cumulative term of more than twelve years.

Mr. Chan Kam Leong has more than 45 years of experience in civil and structural engineering consultancy, being a winner of Tan Sri Hj Yusoff Prize for publishing an outstanding paper for The Institution of Engineers, Malaysia. He has a good understanding of the Company's operations and has always provided valuable technical guidance. He has been with the Company for more than twelve years and is familiar with its business operations.

The Board is of the opinion that he has brought and will continue to bring positive contributions to the Group through his area of expertise and his understanding of its operations and recommends him to continue to act as Independent Director of the Company.

The Company would apply the two-tier voting process in seeking shareholders' approval to retain Independent Director beyond twelve years of tenure as cited by the Malaysian Code on Corporate Governance.

Corporate Information

BOARD OF DIRECTORS

Executive Chairman
Tan Sri Dr. Mah King Thian @ Mah King Thiam
(**Alternate Director**: Dr. Jordina Mah Siu Yi)

Managing Director
Dato' Seri Mah King Seng
(**Alternate Director**: Mah Li-Na)

Independent & Non-Executive Directors
Datuk Chua Kim Yin (JP)
Chan Kam Leong
Wan Salmah Binti Wan Abdullah

EXECUTIVE COMMITTEE
Datin Seri Ooi Ah Thin *(Chairperson)*
Tan Sri Dr. Mah King Thian
@ Mah King Thiam *(Member)*
Dato' Seri Mah King Seng *(Member)*

AUDIT COMMITTEE
Datuk Chua Kim Yin (JP) *(Chairman)*
Chan Kam Leong *(Member)*
Wan Salmah Binti Wan Abdullah
(Member)

NOMINATION COMMITTEE
Datuk Chua Kim Yin (JP) *(Chairman)*
Chan Kam Leong *(Member)*
Wan Salmah Binti Wan Abdullah
(Member)

REMUNERATION COMMITTEE
Chan Kam Leong *(Chairman)*
Datuk Chua Kim Yin (JP) *(Member)*
Wan Salmah Binti Wan Abdullah
(Member)

REGISTERED OFFICE
Lot 70, Block 6, Prima Square
Mile 4, North Road
90000 Sandakan, Sabah
Tel: 089-272 773
Fax: 089-272 772, 220 881
221 494
E-mail: pa@cepatgroup.com
Website: www.cepatgroup.com

COMPANY SECRETARIES
Kang Shew Meng
(MAICSA 0778565)
Seow Fei San
(MAICSA 7009732)

AUDITORS
Messrs PKF PLT
Lot 23-1 & 25-1, 1st Floor
Lintas Plaza
Lorong Lintas Plaza
88300 Kota Kinabalu
Sabah

PRINCIPAL BANKERS
Alliance Bank Malaysia Berhad
AmBank (M) Berhad
Hong Leong Bank Berhad
Malayan Banking Berhad
Public Bank Berhad
RHB Bank Berhad

SHARE REGISTRAR
Tricor Investor & Issuing House
Services Sdn Bhd
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Tel: 03-2783 9299
Fax: 03-2783 9222

STOCK EXCHANGE LISTING
Bursa Malaysia Securities Berhad

Profile of Board of Directors

TAN SRI DR. MAH KING THIAN @ MAH KING THIAM
Malaysian, male, aged 58
Executive Chairman

Tan Sri Dr. Mah King Thian @ Mah King Thiam ("Tan Sri Dr. Mah") was appointed as a Director and Chairman of the Company on 27 October 2005 and 31 October 2005 respectively. He is also a member of the Executive Committee.

He graduated from Monash University, Australia with a Bachelor of Economics Degree majoring in Accounting in 1986 and also a Bachelor of Laws Degree in 1987. He was subsequently admitted and enrolled as an Advocate and Solicitor of the High Court of Malaya in 1989. He is also a Fellow Member of Certified Practising Accountant Australia (FCPA).

In 2018, Tan Sri Dr. Mah successfully completed his postgraduate study on oil palm renewable energy businesses and was conferred the degree of Doctor of Philosophy (PhD) by the Liverpool Business School in the United Kingdom.

Tan Sri Dr. Mah is a Director of Behrang 2020 Sdn. Bhd. and several other private limited companies. He is also the Managing Director of MHC Plantations Bhd, a company listed on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Malaysia"). He is also the Executive Chairman of an existing subsidiary of the Company, Timah Resources Limited, an Australian incorporated company listed on the Australian Securities Exchange.

Tan Sri Dr. Mah is deemed connected to MHC Plantations Bhd and Yew Lee Holdings Sdn. Berhad, two of the major shareholders of the Company. He is the younger brother of Dato' Seri Mah King Seng, the Managing Director of the Company, father of Dr. Jordina Mah Siu Yi, the Alternate Director to him and son of Datin Seri Ooi Ah Thin, a Director and substantial shareholder of Dato' Mah Pooi Soo Realty Sdn. Bhd. ("DMR"), which in turn a major shareholder of the Company. He has no conflict of interest with the Company. He has no conviction for offences within the past five (5) years and he has no public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 December 2021.

DATO' SERI MAH KING SENG
Malaysian, male, aged 63
Managing Director

Dato' Seri Mah King Seng was appointed as a Director and Managing Director of the Company on 27 October 2005 and 27 February 2008 respectively. He is also a member of the Executive Committee.

He graduated from University of Minnesota, United States of America with a degree in Agricultural Science in 1978. In 1980, he attended the Palm Oil Mill Engineer/Executive Training course on palm oil mill operations organised by the Malaysian Oil Palm Growers Council. He subsequently obtained his Bachelor of Laws Degree in 1985 from the University of Buckingham, United Kingdom and was admitted and enrolled as an Advocate and Solicitor of the High Court of Malaya in 1990. He is the Executive Chairman of MHC Plantations Bhd, a company listed on the Main Marktet of Bursa Malaysia and also a Director of Behrang 2020 Sdn. Bhd. and several other private limited companies. He is also the Managing Director of an existing subsidiary of the Company, Timah Resources Limited, an Australian incorporated company listed on the Australian Securities Exchange.

Dato' Seri Mah King Seng is deemed connected to MHC Plantations Bhd and Yew Lee Holdings Sdn. Berhad, two of the major shareholders of the Company. He is the elder brother of Tan Sri Dr. Mah, the Executive Chairman of the Company, father of Ms. Mah Li-Na, the Alternate Director to him and son of Datin Seri Ooi Ah Tin, a Director and substantial shareholder of DMR, which in turn a major shareholder of the Company. He has no conviction for offences within the past five (5) years and he has no public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 December 2021.

DATUK CHUA KIM YIN (JP)
Malaysian, male, aged 60
Senior Independent Non-Executive Director

Datuk Chua Kim Yin (JP) was appointed as an Independent Non-Executive Director of the Company on 21 July 2005 and appointed Senior Independent Non-Executive Director on 25 February 2013. He is the Chairman of both the Audit Committee and Nomination Committee. He is also a member of the Remuneration Committee.

He graduated from Monash University, Victoria, Australia with Bachelor of Economics (Accounting) in 1984 and Bachelor of Laws in 1986. He was then admitted to practise as a Barrister and Solicitor of the Supreme Court of Victoria, Australia in 1987. He was admitted as an Advocate of the High Court in Borneo, in the State of Sabah in 1988. He is currently a partner of a legal firm, Messrs RCK & Co. in Kota Kinabalu, Sabah. Datuk Chua is a Justice of The Peace (JP), Sabah and he is also an Associate Member of Certified Practising Accountant Australia.

He has no family relationship with any directors and/or major shareholders of the Company and has no conflict of interest with the Company. He has no conviction for offences within the past five (5) years and he has no public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 December 2021.

CHAN KAM LEONG
Malaysian, male, aged 81
Independent Non-Executive Director

Mr. Chan Kam Leong was appointed as an Independent Non-Executive Director of the Company on 2 May 2008. He is the Chairman of Remuneration Committee. He is also a member of the Audit Committee and Nomination Committee.

He holds the qualifications of Bachelor of Science (Eng), Master of Science (Construction Management) and Professional Engineer, Malaysia as well as Chartered Engineer, United Kingdom (UK). He is also members of The Institution of Civil Engineers, UK, The Institution of Structural Engineers, UK, The Institution of Engineers, Malaysia (IEM) and The Association of Consulting Engineers, Malaysia.

He had three years working experience each in both Kuala Lumpur and Singapore and three and a half years working experience in London before founding K.L. Chan & Associates Sdn. Bhd. (formerly known as K.L. Chan Associates) of which he is presently a partner. He has more than forty-five years of experience in civil and structural engineering consultancy. He was also the winner of the Tan Sri Hj. Yusoff Prize in 2007 for publishing an outstanding paper in the IEM Journal.

He is a Director of MHC Plantations Bhd, a company listed on the Bursa Malaysia.

He has no family relationship with any directors and/or major shareholders of the Company and has no conflict of interest with the Company. He has no conviction for offences within the past five (5) years and he has no public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 December 2021.

Profile of Board of Directors (continued)

WAN SALMAH BINTI WAN ABDULLAH
Malaysian, female, aged 68
Independent Non-Executive Director

Puan Wan Salmah Binti Wan Abdullah was appointed as an Independent Non-Executive Director of the Company on 24 August 2021. She is a member of the Audit Committee, Remuneration Committee and Nomination Committee.

She graduated from University Sains Malaysia with a Bachelor of Social Science (Hons). She has more than 20 years' experience in property development and land related matters. She began her career working with Perbadanan Kemajuan Negeri Perak (PKNP) as a Project Officer and was promoted to Director of Land and Property and Director of Land and Industrial Estate Development in 1995. She was also appointed as a Director of some of the subsidiaries of PKNP. She had previously served as a Director of Majuperak Holdings Berhad from 1995 to June 2008.

She is a Director of MHC Plantations Bhd, a company listed on the Bursa Malaysia.

She has no family relationship with any directors and/or major shareholders of the Company and has no conflict of interest with the Company. She has no conviction for offences within the past five (5) years and she has no public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 December 2021.

DR. JORDINA MAH SIU YI
Malaysian, female, aged 29
Alternate Director to Tan Sri Dr. Mah King Thian @ Mah King Thiam

Dr. Jordina Mah Siu Yi ("Dr. Mah") was appointed as the Alternate Director to Tan Sri Dr. Mah on 7 March 2018. She graduated from the University of Glasgow, United Kingdom (UK) with a Bachelor of Medicine and Bachelor of Surgery (MBChB) in 2016. In anticipation of her current role, she subsequently embarked on her postgraduate studies in Law in the UK, and successfully completed her Bar Professional Training Course (BPTC) at CITY, University of London in July 2019. She has been admitted to Lincoln's Inn as a Barrister of England and Wales. Dr. Mah is also the Alternate Director of Tan Sri Dr. Mah in MHC Plantations Berhad, a company listed on the Main Market of Bursa Malaysia. She has co-authored papers in international medical journals. Previously, she has interned at World Vision Australia in Melbourne, Messrs. Wong Kian Kheong, Advocates & Solicitors in Kuala Lumpur and University Malaya Medical Centre.

She is the eldest daughter of Tan Sri Dr. Mah, who is the Executive Chairman of the Company and a substantial shareholder of DMR, which in turn a major shareholder of the Company and the granddaughter of Datin Seri Ooi Ah Thin, who is also a Director and substantial shareholder of DMR. She has no conflict of interest with the Company. She has no conviction for offences within the past five (5) years and she has no public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 December 2021.

MAH LI-NA
Malaysian, female, aged 31
Alternate Director to Dato' Seri Mah King Seng

Ms. Mah Li-Na was appointed as the Alternate Director to Dato' Seri Mah King Seng on 16 May 2018. Ms. Mah Li-Na is currently with Cepatwawasan Group Berhad as Management Accountant. She also assists the Managing Director, Dato' Seri Mah King Seng in management duties.

She initially graduated from the University of Melbourne, Australia with a Bachelor of Commerce majoring in Accounting and Finance in 2010. Thereafter, she joined the Chinese Language Programme in Tsinghua University, Beijing to enhance her fluency in Mandarin. She went on to pursue her second degree, Bachelor of Laws with the University of London and completed with a Upper Second-Class Honours in 2016.

She has previously interned with KPMG Malaysia, Forensics Accounting Department in 2009, then proceeded to join the firm as an Associate in 2012. During her tenure there, she participated in investigations of financial frauds and was involved in the preparation of the KPMG Fraud Survey report.

She was appointed to the Board of MHC Plantations Bhd on 7 March 2018 as the Alternate Director to Dato' Seri Mah King Seng. She is the daughter of Dato' Seri Mah King Seng, who is a Director and substantial shareholder of DMR, which in turn a major shareholder of the Company, and the granddaughter of Datin Seri Ooi Ah Thin, who is also a Director and substantial shareholder of DMR. She has no conflict of interest with the Company. She has no conviction for offences within the past five (5) years and she has no public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 December 2021.

Profile of Key Senior Management

TAN SRI DR. MAH KING THIAN
Malaysian, male, aged 58,
Executive Chairman
* The profile of Tan Sri Dr. Mah is listed in the Profile of Directors on page 8 of the Annual Report.

DATO' SERI MAH KING SENG
Malaysian, male, aged 63
Managing Director
* The profile of Dato' Seri Mah King Seng is listed in the Profile of Directors on page 8 of the Annual Report.

SOONG SWEE KOON
Malaysian, male, aged 66
Chief Operating Officer

Mr. Soong Swee Koon is a qualified engineer with a Steam Engineers Certificate of Competency (First Grade). He started his career in power generation with Perak Hydro Electric Power Company (UK firm) in 1974. In the subsequent years, he specialised in power generation, Hydro and Steam Thermal Power Plants, and maintenance and workshop overhaul of Cummins Diesel Engines and generators. From 1980 to1996, he worked as an engineer in United Plantations Bhd. The palm oil mill under Mr. Soong's management was the winner of the Anugerah Award for Best Palm Oil Mill in Malaysia (2nd Place from year 1990-1995). He served as senior engineer, technical advisor, project manager and regional consultant to a number of energy companies from 1996 to 2010. He was appointed as Chief Operating Officer of MHC Plantations Bhd on 15 November 2012. He is also the Executive Director of Timah Resources Limited, an Australian incorporated company listed on the Australian Securities Exchange.

He does not have any family relationship with any other Director and/or major shareholder of the Company and has no conflict of interest with the Company. He has no conviction for offences within the past five (5) years and he has no public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 December 2021.

MANIAM A/L PERUMAL
Malaysian, male, aged 59
Group General Manager

Mr Maniam A/L Perumal was appointed as Group General Manager on 17 July 2021.

Mr. Maniam holds a Bachelor Degree in Economics from University Kebangsaan Malaysia, Bangi, Malaysia. He has more than 32 years of extensive experience in the plantation industry which includes 26 years of operational and 6 years of advisory experience. He started his career as an Assistant Manager with Boustead Estate Agency Sdn. Bhd. and rose through the ranks to various capacities. He later joined Trade Winds Plantation Berhad as Planting adviser and was later promoted to Regional General Manager. Prior to him joining Cepatwawasan Group Berhad, he was with Acapalm Plantation Services as Visiting Agent.

He has no family relationship with any Directors and/or major shareholders of the Company, and has no conflict of interest with the Company. He has no conviction for offences within the past five (5) years and he has no public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 December 2021.

He does not hold any directorship in public companies and listed issuers.

LIU SWEE KAN
Malaysian, male, aged 54
Group Accountant

Mr. Liu Swee Kan joined the Company as Group Accountant on 14 April 2016.

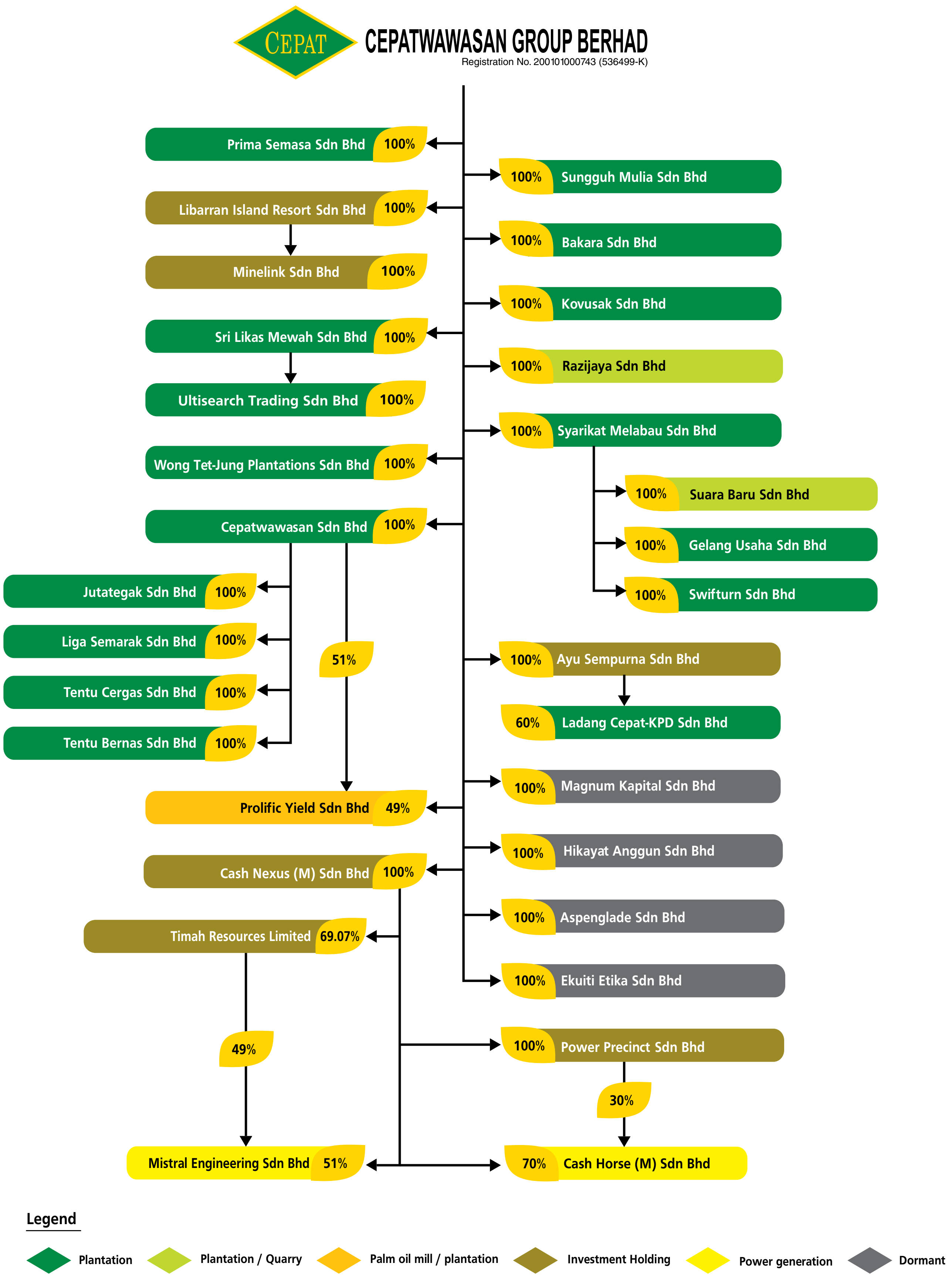
He obtained his professional qualification from the Malaysia Institute of Certified Public Accountants in 2005 and is currently a member of the Malaysian Institute of Accountants (MIA).

He was with audit firms for 10 years before working as a Finance Manager in a shipping and logistic company in Sarawak for 3 years. He then joined a plantation company based in Sarawak for about 8 years, holding positions from Accountant to Senior Accountant.

He has no family relationship with any Directors and/or major shareholders of the Company. He has no conviction for offences within the past five (5) years and he has no public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 December 2021.

He does not hold any directorship in public companies and listed issuers.

Group Structure



Chairman's Statement

Group's Performance

On behalf of the Board of Directors, it gives me great pleasure to present the Annual Report of the Company and its subsidiaries (hereinafter collectively referred to as the "Group") for the financial year ended 31 December 2021.

The Group recorded revenue of RM363.00 million and a profit (before tax) of RM66.48 million in 2021. This was a significant increase compared to the revenue and profit of RM234.99 million and RM21.78 million respectively in 2020. This remarkable performance in 2021 was mainly due to higher average selling prices of CPO, PK, FFB and EFB Oil by 66%, 86%, 77% and 74% respectively.

The resulting profit after tax was RM53.85 million compared to RM15.21 million in 2020 and hence, the Group's net earnings per share increased from 4.73 sen to 16.38 sen. Net assets per share attributable to ordinary equity holders of the Company is now 1.22 sen.

The highlights of the Group's performance are as stated below:

	2021 (RM)	2020 (RM)	Increase/Decrease (-)
Average selling price per metric tonne ("mt"):-			
CPO	4,427	2,671	+66%
PK	2,892	1,551	+86%
FFB	871	493	+77%
Production:-			
CPO (mt)	51,968	53,796	-3%
PK (mt)	12,348	12,928	-4%
FFB (mt)	106,660	109,950	-3%
Electricity Export (MWh)	50,787	62,856	-19%
Extraction rate:-			
CPO	20.03%	19.71%	+0.32%
PK	4.76%	4.74%	+0.02%

Dividend

On 28 March 2022, your Directors approved the following single-tier interim dividend:

1. Single-tier dividend of 1.0 sen per share for the financial year ended 31 December 2021;

2. Special "Bumper Profit" single-tier dividend of 1.0 sen per share for the financial year ended 31December 2021; and

3. Special "Last and Final Covid-19 Relief" single-tier dividend of 2.0 sen per share for the financial year ending 31 December 2022.

COVID-19

The Covid-19 global pandemic has presented significant challenges to our operations. Despite this, the Group has adapted well to the difficulties faced and we continue to remain viable. With strict Standard Operating Procedures in place, we have been able to maintain negligible Covid-19 positive cases amongst our workforce in 2021. We recognise the serious threat and danger that the virus poses and we strive to keep our employees safe at all times.

To support Malaysia's National Covid-19 Immunisation Programme, the Group together with its Holding Company, MHC Plantations Bhd, contributed three (3) units of 3-ton trucks as "Mobile Clinic & Mobile Vaccine Centres" worth RM250,000 each. The Mobile Vaccine Centres are meant to assist vaccination efforts particularly for rural communities in Malaysia. A unit each had been given to the District Health Offices of Muallim (Perak), Hilir Perak and Sandakan.

Prospect and Outlook

The Group expects CPO prices to remain firm in 2022 in view of supply tightness amid strong demand.

The Group will continue to face challenges from increasing production costs and shortages of foreign labour in the palm oil industry stemming from international travel restrictions implemented as part of COVID-19 measures. As such, the Group will continue to improve its operating efficiency and productivity in order to maintain a low operating cost. The Group will also continuously focus on the maturity profile of its oil palm trees whilst looking into new methods of mechanisation.

On the whole, your Board is confident that, barring any unforeseen circumstances, the Group will continue to perform satisfactorily for the financial year 2022.

Acknowledgment

I wish to express my gratitude to our Management and Staff for their dedicated services and contributions throughout the year.

To all our valued suppliers, customers, bankers, business associates and advisers, thank you very much for your loyalty and commitment.

And finally, to all our shareholders, please accept my heartfelt thanks for your unwavering and continuous support. May I wish you all a very successful and prosperous year ahead.

Regards
Tan Sri Dr. Mah King Thian
Executive Chairman

Management's Discussion and Analysis

DESCRIPTION OF OUR GROUP'S BUSINESS

Cepatwawasan Group Berhad ("CGB") was incorporated in Malaysia under the Companies Act 1965 on 11 January 2001.

CGB is an investment holding company with its subsidiaries ("the Group") principally involved in oil palm cultivation, milling, quarrying, sales of oil palm products and power generation. These business units are organized into three major operating segments namely Plantation, Oil Mill and Power Plant.

As at 31 December 2021, the Group has a landbank of approximately 10,280 hectares in Sabah, Malaysia. The Group owns one oil mill in Sandakan, Sabah with a milling capacity of 90 metric tonnes ("mt") per hour. In addition, the Group has ventured into oil palm renewable energy by investing in and operating a 12.0 Megawatt Biomass power plant and a 4.0 Megawatt Biogas power plant, both in Sandakan, Sabah.

FINANCIAL REVIEW

Revenue

For 2021, the Group recorded revenue of RM363.00 million, which is an increase of RM128.01 million (54%) as compared to 2020. The increase in revenue is mainly due to the increase/(decrease) of sales volume and price as stated below:-

Average unit selling price:	2021 (RM)	2020 (RM)	Increase/ Decrease (-)
CPO	4,427	2,671	66%
PK	2,892	1,551	86%
FFB	871	493	77%
Electricity/kWh	0.3861	0.3820	1%
EFB Oil/mt	4,013	2,306	74%
Sales Volume			
CPO (mt)	52,163	54,016	-3%
PK (mt)	12,322	13,067	-6%
FFB (mt)	52,485	52,978	-1%
Electricity (MWh)	50,787	62,856	-19%
EFB Oil (mt)	7,506	8,069	-7%

FINANCIAL REVIEW (continued)

Profit before Taxation

For this financial year under review, the Group recorded increases in revenue of RM128.01 million (54%) and Profit before tax RM44.70 million (>100%), from RM234.99 million and RM21.78 million in the preceding year to RM363.00 million and RM66.48 million respectively. The achievement was mainly due to higher average selling prices of CPO, PK, FFB and EFB Oil by 66%, 86%, 77% and 74% respectively. Productions of CPO, PK, FFB were marginally lower by 3%, 4%, 3% respectively while production of EFB oil decreased by 14%.

Performance of the respective operating business segments for this financial year under review as compared to the preceding year corresponding period is analyzed as follows:

i) Plantation – Segment profit increased by RM36.73 million(>100%) from Segment profit of RM14.90 million to Segment profit of RM51.62 million mainly due to an increase in average FFB selling price by 77% while FFB production was marginally lower by 3%.

ii) Oil Mill – Segment Profit increased by RM1.77 million (33%) from Segment profit of RM5.31 million to Segment profit RM7.08 million mainly due to inventory written off of RM 1.18 million in preceding year corresponding quarter and higher mill margin in current year.

iii) Power Plant – Segment profit increased by RM3.35 million (24%) from Segment profit of RM14.06 million to a Segment profit of RM17.41 million despite a drop in Power Export to SESB by 19%. This drop was mainly due to the shutdown maintenance of the Biomass Plant and the delay caused by the MCO border controls. Fortunately, the benefits from the 74% increase in average EFB Oil selling price has outweighed any negative impacts resulting from the decrease in Power Export and the concurrent 7% reduction in FFB Oil sales quantity by 7%..

Other Income

Other income increased by RM1.94 million (>100%) from RM1.50 million to RM3.44 million mainly due to an increase in fair value gain on biological assets from RM0.25 million in 2020 to RM2.21 million in 2021.

Other expenses

Other operating expenses increased marginally from RM2.13 million to RM2.58 million due to increase in write -off of property, plant and equipment.

Finance Cost

Finance cost decreased by 22% from RM3.68 million to RM2.88 million mainly due to decrease in the Group's borrowings from RM91.04 million to RM44.36 million.

Taxation

The effective tax rate for 2021 was lower than the statutory tax rate of 24% principally due to the recognition of deferred tax asset arising from unabsorbed tax losses and investment tax incentive not recognised in previous financial year.

Profit Attributable to Equity Holders of the Company

Profit attributable to equity holders and earnings per share of the Group increased from 4.73 sen to 16.38 sen.

FINANCIAL REVIEW (continued)

Cash Flow

In 2021, the Group generated higher net cash from operating activities of RM81.30 million as compared to RM41.61 million in 2020, mainly due to increase in revenue as a result of increase in palm product prices.

Net cash used in investing activities decreased by RM1.66 million or 13% due to a decrease in capital expenditure of RM5.41 million (47%) offsetted by an increase in short term investment by RM4.19 million.

Net cash used in financing activities in 2021 increased by RM36.52 million (>100%) primarily due to net increase in payment of revolving credit and term loan by RM33.92 million.

Overall, the Group registered a net increase in cash and cash equivalents of RM13.25 million in 2021, bringing total cash and cash equivalents to RM34.64 million as at 31 December 2021.

FIVE -YEAR FINANCIAL HIGHLIGHT

Financial Amount in RM'000 unless otherwise stated	**2021** **RM'000**	**2020** **RM'000**	**2019** **RM'000**	**2018** **RM'000**	**2017** **RM'000**
Revenue	363,002	234,994	215,280	249,705	285,656
Profit before taxation	66,478	21,780	6,718	8,385	31,747
Taxation	(12,629)	(6,566)	(4,282)	(3,767)	(7,407)
Profit for the financial year	53,849	15,214	2,436	4,618	24,340
Attributable to:-					
Equity holders of the Company	50,610	14,618	418	5,087	22,601
Non-controlling interests	3,239	596	2,018	(469)	1,739
	53,849	15,214	2,436	4,618	24,340
Share capital	318,446	318,446	318,446	318,446	318,446
Treasury shares	(11,097)	(11,097)	(11,097)	(11,097)	(11,097)
Reserves	(81,056)	(80,874)	(80,934)	(80,713)	(80,461)
Retained earnings	150,930	107,693	96,825	101,042	102,382
Non-controlling interests	8,026	7,384	9,846	9,164	11,390
Total equity	385,249	341,552	333,086	336,842	340,660
Loans and borrowings	11,233	46,295	54,500	54,646	58,538
Lease liabilities	748	851	732	-	-
Trade and other payables	26,789	19,064	24,687	24,524	29,179
Income tax payable	3,526	1,079	745	228	1,622
Deferred tax liabilities	27,056	24,889	23,223	19,950	18,045
Lease liabilities (non-current)	2,521	3,186	2,614	-	-
Loans and borrowings (non-current)	33,126	44,751	49,309	53,070	51,827
Lease rental payable	-	-	-	267	267
	490,248	481,667	488,896	489,527	500,138
Property, plant and equipment	326,602	342,434	350,518	346,435	346,768
Investment properties	43,340	43,340	43,340	43,340	43,340
Intangible assets	17,358	17,358	17,358	17,358	17,358
Land use rights	-	-	-	1,910	1,938
Deferred tax assets	6,539	6,777	7,559	5,769	4,677
Biological assets	4,385	2,180	1,927	1,142	2,630
Inventories	16,628	16,482	23,151	26,719	25,283
Trade and other receivables	16,911	12,831	13,953	12,132	18,227
Tax recoverable	1,690	832	1,503	3,364	1,187
Short term investments	18,076	13,883	13,927	13,860	17,062
Cash and bank balances	38,719	25,550	15,660	17,498	21,668
	490,248	481,667	488,896	489,527	500,138
Basic earnings per share (sen)	16.38	4.73	0.14	1.65	7.32
Net dividend per share (sen)	3.00	1.50	1.50	1.50	2.00
Dividend cover (times)	5.46	3.15	0.09	0.87	3.66

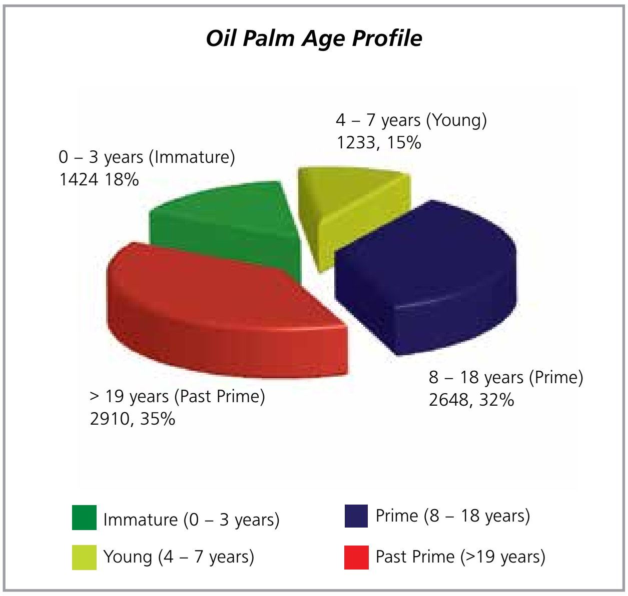
OPERATION REVIEW

Plantation Operations

		2021	2020	2019	2018	2017
Production:						
FFB	(mt)	106,660	109,950	118,804	121,514	133,336
To Own Mill	(mt)	54,175	56,972	92,230	85,687	82,347
To External Mill	(mt)	52,485	52,978	26,574	35,827	50,989
Yield per matured hectare						
Group	(mt)	16.27	16.20	18.91	17.38	18.82
Sabah MPOB average	(mt)	15.77	16.84	17.66	18.16	18.35
Average selling price:						
FFB	(RM/mt)	871	494	365	411	551
Planted Oil Palm Area						
(Weighted average hectares):		8,215	8,292	8,440	8,442	8,450
Mature		6,555	6,788	6,282	6,990	7,083
Immature		1,660	1,504	2,158	1,452	1,367
Total planted area		8,215	8,292	8,440	8,442	8,450

The age profile of the Group Plantation is shown below:-

Particulars	Hectare	%
0 – 3 years (Immature)	1,424	18%
4 – 7 years (Young)	1,233	15%
8 – 18 years (Prime)	2,648	32%
> 19 years (Past Prime)	2,910	35%
TOTAL	**8,215**	**100%**



The Group is a mid-sized oil palm plantation group based in Sabah with plantations spanning across Sandakan, Kinabatangan, Sugut and Beaufort. As of 31 December 2021, total plantation land stands at approximately 10,280 hectares of which 80% or 8,215 hectares are planted with oil palms. Out of this total planted area, approximately 82% or 6,791 hectares are mature while the remaining 18% or 1,424 hectares are at the immature stage.

Total FFB production for the year stood at 106,660 mt, dropping by 3% compared with the preceding year. While MPOB Sabah's average FFB yield decreased by 6% or 1.07 mt per hectare, the Group's FFB yield increased marginally by 0.4% or 0.07 mt per hectare due to increase in Planted area with Prime- aged palm from 2,119 hectares to 2,648 hectares.

OPERATION REVIEW (continued)

Despite a lower FFB production during the year, the plantation segment registered an increase in segmental profit by RM36.73 million (>100%) from RM14.90 million in 2020 to RM51.62 million in 2021 due to an increase in FFB price by77% during the year.

Milling Operations

		2021	2020	2019	2018	2017
FFB Process						
- own estates		54,175	56,972	92,230	85,687	82,347
- purchase		205,275	216,010	266,159	302,981	251,931
		259,450	272,982	358,389	388,668	334,278
Production						
Crude palm oil	(mt)	51,968	53,796	70,982	75,874	65,997
Palm kernel	(mt)	12,348	12,928	17,050	18,754	15,831
Group						
Oil extraction rate	%	20.03	19.71	19.81	19.51	19.74
Palm kernel rate	%	4.76	4.74	4.76	4.83	4.74
Sabah MPOB average						
Oil extraction rate	%	20.55	20.74	20.97	20.60	20.60
Average selling price:						
Crude palm oil	(RM/mt)	4,427	2,671	2,059	2,217	2,741
Palm kernel	(RM/mt)	2,892	1,551	1,204	1,730	2,474

The Group's palm oil mill, Prolific Yield Palm Oil Mill, with an operating capacity of 90 mt/hr, processed 259,450 mt (2020: 272,982 mt) of FFB in 2021. Out of this total, 205,276 mt (79%) was from external purchases and 54,174 mt (21%) from our own estates. FFB processed during the year decreased by 4.96% from 272,982 mt to 259,450 mt due to the decline in internal FFB processed by 2,797 mt (4.91%) and external FFB processed by 10,735 mt (4.97%). The decreased in FFB processed by the mill is in tandem with the decrease in FFB Production in Sabah by 4.67%.

The Group OER improved marginally from 19.71% to 20.03% as compare with Sabah's MPOB average OER which declined from 20.74% to 20.55%. The Group's OER was lower than Sabah's MPOB average due to higher percentage of external FFB processed. These external FFB were supplied primarily by smallholders who usually have problems controlling their FFB quality due to shortages of skilled harvesters and manuring issues. Nevertheless the Group has always tried its best in cooperating with MPOB in educating FFB suppliers on controlling crop quality.

Segment Profit increased by RM1.77 million (33%) from Segment profit of RM5.31 million to Segment profit RM7.08 million mainly due to inventory written off of RM1.18 million in the preceding year and higher mill margin in the current year.

OPERATIONAL REVIEW (continued)

Power Plant Operations

The Group operates a renewable energy division consisting of a Biomass power plant and a Biogas power plant in Sandakan, Sabah.

The 12 Megawatt Biomass power plant generates electricity using oil palm empty fruit bunches (EFB) as primary fuel, alongside oil palm shells and mesocarp fibres as secondary fuels. The Group obtained the Feed-In Tariff (FiT) Approval from the Sustainable Energy Development Authority Malaysia (SEDA) on 12 May 2014 to sell renewable electricity to Sabah Electricity Sdn Bhd (SESB) at the FiT rate of RM0.3486/kWh for 16 years commencing from 1 January 2015.

The 4.0 Megawatt Biogas power plant generates electricity by capturing the methane gas from palm oil mill effluent (POME) and combusting the gas in biogas engines, thereby mitigating the emission of greenhouse gases. There is also Zero discharge to the river as the final discharge from the Biogas plant is released through a system of drip irrigation for land application. On 18 February 2015, the Group obtained the FiT Approval from SEDA to sell renewable electricity to SESB for 16 years commencing from 15 February 2017.

Segment profit for current year increased by RM3.35 million (24%) from Segment profit of RM14.06 million to a Segment profit of RM17.41 million. Despite a drop in Power Export to SESB by 19% mainly due to the shutdown maintenance of the Biomass Plant and its delay caused by the MCO border controls, the effect of the increase in the average EFB Oil selling price by 74% outweighs this negative impact from the reduction in Power Export and also a reduction in FFB Oil sales quantity by 7%.

PROSPECT

The Group's prospects for 2022 are largely dependent on its FFB production and the prevailing prices of oil palm products. Current selling prices of CPO are strong and expected to continue with support from the supply tightness of palm oil as well as Indonesia's recent export ruling. Unfortunately, the Group's FFB production is expected to be affected by a worsening labour shortage situation that has been exacerbated by the recent lockdown and by the movement restrictions the Malaysia Government implemented to counter the Covid 19 Pandemic. Despite the recent relaxation of all these restrictions, the acute labour shortage issue is expected to continue unabated.

Overall, barring any unforeseen circumstances, the Group expects a better performance in 2022.

Corporate Governance Overview Statement

The Board of Directors ("Board") of Cepatwawasan Group Berhad ("Company") is committed to ensure that the highest standards of Corporate Governance are practise throughout the Group towards enhancing business prosperity and corporate accountability to realise long term shareholders' value for the Company's shares. The Board is working towards ensuring full compliance with principles and best practices of Malaysian Code on Corporate Governance that was implemented in 2021 ("MCCG").

The Board is pleased to report to shareholders on the manner the Group has applied the three (3) main principles known as Board Leadership and Effectiveness (Principle A), Effective Audit and Risk Management (Principle B) and Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders (Principle C) throughout the financial year ended 31 December 2021.

This Corporate Governance Overview Statement should be read together with Corporate Governance Report 2021 which is available on the Company's website at www.cepatgroup.com.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

I Board Responsibilities

1.0 Every company is headed by a Board, which assumes responsibility for the Company's leadership and is collectively responsible for meeting the objectives and goals of the Company.

1.1 The Board assumes full responsibilities for the overall performance of the Company and its subsidiaries by setting the policies, establishing goals and monitoring the achievement of the goals through strategic action plans and careful stewardship of the Group's assets and resources. It focuses on financial performance and crucial business issues, like principal risks and their management, succession planning for senior management, investor relations programme and shareholders communication policy, systems for internal control and compliance with laws and regulations.

1.2 In discharging their responsibility, the Board considers all aspects of the operations of the Group and in particular the following areas:
- Reviewing and adopting a strategic business plan for the Group.
- Overseeing the conduct of the business of the Group.
- Identifying and putting in place systems to manage any principal risk.
- Succession planning for senior management.
- Developing and implementing investor relations programme or shareholder communications policy.
- Reviewing internal control and management information systems.

1.3 To ensure the effective discharge of its function and responsibilities, the Board has delegated specific responsibilities to the following Committees:
- Audit Committee
- Nomination Committee
- Remuneration Committee
- Executive Committee

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (continued)

I Board Responsibilities (continued)

1.0 Every company is headed by a Board, which assumes responsibility for the Company's leadership and is collectively responsible for meeting the objectives and goals of the Company. (continued)

1.4 The roles of the Chairman and Managing Director are separate and each has a clearly accepted division of responsibilities to ensure a balance of power and authority. The Chairman is primarily responsible for the orderly conduct and working of the Board while the Managing Director has overall responsibilities in the implementation of Board policies and decisions as well as some of the Group's day-to-day operations.

1.5 The Board is supported by qualified and experienced Company Secretaries who facilitate overall compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia") ("MMLR") and other relevant laws and regulations. Both Company Secretaries of the Company are qualified to act as company secretary under section 235 of the Companies Act 2016.

1.6 The Board meets on a quarterly basis and additionally as and when required. All Directors are provided with an agenda and a set of board papers issued at a reasonable period from the date of Board Meetings so as to ensure that the Directors can appreciate the issues to be deliberated and to obtain further explanations, where necessary.

1.7 In carrying out their duties, the Directors have complete access to all staff for information pertaining to the Group's affairs. The Directors also have full access to advice and services of the Company Secretary. Where necessary, the Directors engage independent professional for advice at the Group's expense to enable them to discharge their duties with full knowledge of the cause and effect.

2.0 There is demarcation of responsibilities between the Board, Board Committees and Management. There is clarity in the authority of the Board, its Committees and individual Directors.

2.1 The Board has established clear functions reserved for the Board and those delegated to Management in the Charter which serves as a reference point for Board's activities. The Charter provides guidance for Directors and Management on the responsibilities of the Board, its Committees and requirements of Directors and it is subject to periodical review to ensure consistency with the Board's strategic intent as well as relevant standards of corporate governance. The Charter is made available at the Company's website at www.cepatgroup.com.

2.2 The Chairman of the Board does not assume the position of Chairman of Audit Committee, Nomination Committee and Remuneration Committee. However, by invitation of these Committee, the Chairman of the Board/Managing Director and other appropriate officer(s) may be invited to attend these Committee meeting, where their presence are considered appropriate as determined by the Chairman of these Committee.

The Board had on 24 February 2022 reviewed its Board Charter.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (continued)

I Board Responsibilities (continued)

3.0 The Board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness. The Board, Management, Employees and other Stakeholders are clear on what is considered acceptable behaviour and practice in the Company.

3.1 The Company has also formalised a set of ethical standards through a Code of Conduct and Ethics, which is subject to periodical review, to ensure Directors practise ethical, business like and lawful conduct, including proper use of authority and appropriate decorum when acting as Board members. The Board would review the said Code of Conduct and Ethics when necessary. The Code of Conduct and Ethics is published on the Company's website at www.cepatgroup.com.

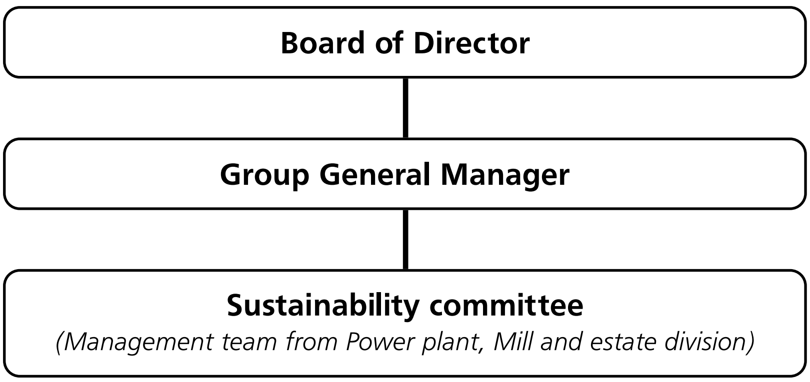
The Board had on 24 February 2022 reviewed its Code of Conduct and Ethics.

3.2 Along with good governance practices and in order to enhance transparency and accountability, the Board has established and put in place the following policies and procedures, full details of which are made available at the Company's website at www.cepatgroup.com:

- Board Charter and Code of Conduct and Ethics
- Shareholder's Right relating to General Meeting
- Whistleblowing Policy and Procedure
- Sustainability Policy
- Anti-Bribery and Corruption Policy
- Diversity Policy

4.0 The Company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

4.1 The Group has established a Sustainability Governance structure as below that is more extensively discuss on page 36 to the Sustainability report.



4.2 The Group currently does not have a formal performance evaluation on its board and senior management in addressing the Company's material sustainability risks and opportunities.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (continued)

II Board Composition

5.0 Board decisions are made objectively in the best interests of the Company taking into account diverse perspectives and insights.

5.1 The Company has complied with the requirement of paragraph 15.02 of the MMLR whereby majority of the Board of Directors are Independent Non-Executive Directors. The Board currently consists of two (2) Executive Directors, two (2) Alternate Directors and three (3) Independent Non-Executive Directors.

5.2 The Constitution of the Company requires that all Directors shall be subject to re-election by shareholders at the first Annual General Meeting of the Company and that at least one third (1/3) or the number nearest to one third (1/3) of the Directors, be subject to re-election thereafter by rotation at least once in every three (3) years at the Annual General Meeting. Annual evaluation and assessment on each Director by the Nomination Committee ("NC") was carried out on 25 October 2021, including the Directors subject to retirement by rotation namely Dato' Seri Mah King Seng and Mr. Chan Kam Leong. Their re-elections were supported by the Board.

5.3 NC had assessed the performance and independence of Datuk Chua Kim Yin (JP) and Mr Chan Kam Leong on 25 October, 2021, who served on the Board for more than nine (9) years as independent Directors. The Board, being satisfied with the justifications and criteria based on the recommendation of NC, shall be seeking the shareholders' approval at this forthcoming AGM of the Company on the retention of their directorate as Independent Directors.

5.4 The Company does not have a policy on the tenure of Independent Director, however, the Company recognises the MCCG's recommendation on the tenure of an independent director should not exceed a cumulative term of nine (9) years. Upon completion of nine (9) years, the Independent Director may continue to serve on the Board as an Independent Director subject to assessment by the Board and shareholders' approval at the general meeting. The Company would apply the two-tier voting process in seeking shareholders' approval to retain Independent Director beyond nine (9) years of tenure of office.

5.5 The Board acknowledges the importance of boardroom diversity. A diversity policy has been established by the Board. The Board endeavours to have at least one woman participate on the Board at all times. The Board endeavours to have diversity of the Board as well as its workforce in terms of experience, qualification, ethnicity and age. The Board is mindful of the target of at least 30% women directors and has taken the initial step of appointing Puan Wan Salmah bin Wan Abdullah on 24 August 2021. Currently 20% of the Board members is woman, comprises 4 male Directors and 1 female Director.

5.6 During selection of new directors, any list of proposed candidates to the Board shall consist of woman candidate, wherever reasonably possible. The Nomination Committee is responsible in ensuring that diversity objectives are adopted in board recruitment, board performance evaluation and succession planning processes. The potential candidate may be proposed by existing director, senior management staff, shareholders or third-party referrals.

5.7 The Board held four (4) Board meetings during the financial year. The details of attendance of each individual Director are as follows:

Name	**Meetings attended**
Tan Sri Dr. Mah	4/4
Dato' Seri Mah King Seng	4/4
Datuk Chua Kim Yin (JP)	4/4
Mr. Chan Kam Leong	4/4
Mr. Choong Pak Wan (Demised on 6 June 2021)	2/2
Puan Wan Salmah binti Wan Abdullah (Appointed on 24 August 2021)	1/1

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (continued)

II Board Composition (continued)

5.0 Board decisions are made objectively in the best interests of the Company taking into account diverse perspectives and insights. (continued)

5.8 The Company recognises the importance of continuous professional development and training for its directors. The Board as a whole has undertaken an assessment of the training needs of each director after taking into account the training programmes the Directors had attended in the past three years and the qualification, role, responsibilities, knowledge and experience of the respective Directors. The proposed training programmes encompass areas related to the industry or businesses of the Group, governance, risk management and the relevant regulations related to the Group.

5.9 During the financial year ended 31 December 2021, the following training programmes and seminars were attended by the following Directors:
- Sustainability Reporting Virtual Training by Moore Stephens Associates and Effective Fund Raising and Valuations for the New Normal and Post-Covid 19 By Bursa Malaysia attended by Dato' Seri Mah King Seng;
- Sustainability Reporting Virtual Training by Moore Stephens Associates attended by Tan Sri Dr. Mah;
- Sustainability Reporting Virtual Training by Moore Stephens Associates, Promotion of Best Practices of Regulations, Circular and Guideline on Safety and Health of CIDB and DOSH attended by Mr. Chan Kam Leong;
- Sustainability Reporting Virtual Training by Moore Stephens Associates attended by Puan Wan Salmah Wan Abdullah;
- Sustainability Reporting Virtual Training by Moore Stephens Associates and Web Seminar "Can you Survive a transfer Pricing Audit" by CPA Australia attended by Datuk Chua Kim Yin;
- Sustainability Reporting Virtual Training by Moore Stephens Associates, Towards a Resilient and Sustainable Food Security for Malaysia in Challenging Times by Faculty of Accountancy and Management (FAM), Belt & Road Strategic Research Centre, and Center for Entrepreneurial Sustainability, MPOB's Virtual Conference on Palm Oil Economic Review & Outlook, Navigating through uncertain times by Ernst and Young, IBBK Biogas online training, SVDP, Tax Audits & Investigations by KPMG, Children in Plantation by Earthworm & IOI, Transfer Pricing Workshop by PKF PLT attended by Ms Mah Li-Na;
- Sustainability Reporting Virtual Training by Moore Stephens Associates attended by Dr. Jordina Mah Siu Yi.

6.0 Stakeholders are able to form an opinion on the overall effectiveness of the board and individual directors.

6.1 During the financial year ended 31 December 2021, the Nomination Committee held one (1) Nomination Committee Meeting on 25 October 2021 with the attendance of each member as follows:

Name	Meetings attended
Datuk Chua Kim Yin (JP) *(Chairman)*	1/1
Mr. Chan Kam Leong	1/1
Puan Wan Salmah binti Wan Abdullah (Appointed on 24 August 2021)	1/1

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (continued)

II Board Composition (continued)

6.0 Stakeholders are able to form an opinion on the overall effectiveness of the board and individual directors. (continued)

The summary of activities carried out during the financial year are:

- Reviewed the mix of skill and experience and other qualities of the Board.
- Assessed the effectiveness of the Board as a whole, the Board committees and the Directors.
- Discussed the Company's Directors' retirement by rotation.
- Reviewed the term of office of each of the Audit Committee members and performance of the Audit Committee and each of its members.
- Reviewed the composition of the Board and Board Committees and recommended to the Board for the necessary change in composition to be in line with the MCCG.
- Assessed and reviewed the profile of candidate for recommendation to the Board for appointment.

Based on the current position and practices of the Company, the Nomination Committee upon its review on the composition of the Board, was satisfied that the Board structure, size, composition, mix of skills and qualities of the Directors were appropriate and conformed to the best practices in the MCCG, thus no recommendation was made to the Board for any change to the Board composition.

7.0 The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives. The remuneration policies and decisions are made through a transparent and independent process.

7.1 The Board has established a remuneration policy to facilitate the Remuneration Committee to review, consider and recommend to the Board for decision the remuneration packages of the Executive Directors and Managing Director.

The remuneration policy and procedure can be found at the Company's website at www.cepatgroup.com.

The Remuneration Committee consists of three members, namely:

Name		Position
Mr. Chan Kam Leong	(Independent Non-Executive Director)	Chairman
Datuk Chua Kim Yin (JP)	(Independent Non-Executive Director)	Member
Puan Wan Salmah Bin Wan Abdullah (Appointed on 24 August 2021)	(Independent Non-Executive Director)	Member

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (continued)

II Board Composition (continued)

7.0 The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives. The remuneration policies and decisions are made through a transparent and independent process. (continued)

The Board recognised that the Remuneration Committee should only consist of Non-Executive Directors where a majority of them must be Independent Directors.

The Board had on 24 February 2022 reviewed the terms of reference of Remuneration Committee.

8.0 Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

The aggregate remuneration paid or payable to all Directors of the Company for the financial year ended 31 December 2021 is as follows:

Company						
	Salaries	Fees	Bonus	Allowances	EPF & SOCSO	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
EXECUTIVE DIRECTORS						
Tan Sri Dr. Mah	315	-	155	-	56	526
Dato' Seri Mah King Seng	315	-	155	-	56	526
ALTERNATE DIRECTOR						
Ms. Mah Li-Na	88	-	37	-	15	140
Subtotal	**718**	**-**	**347**	**-**	**127**	**1,192**
NON EXECUTIVE DIRECTORS						
Datuk Chua Kim Yin (JP)	-	53	-	-	-	53
Mr. Chan Kam Leong	-	52	-	-	-	52
Mr. Choong Pak Wan	-	26	-	-	-	26
Puan Wan Salmah Binti Wan Abdullah	-	21	-	-	-	21
Subtotal	**-**	**152**	**-**	**-**	**-**	**152**
Total	**718**	**152**	**347**	**-**	**127**	**1,344**

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (continued)

II Board Composition (continued)

8.0 Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance. (continued)

The aggregate remuneration paid or payable to all Directors of the Company for the financial year ended 31 December 2021 is as follows: (continued)

Group						
	Salaries	Fees	Bonus	Allowances	EPF & SOCSO	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
EXECUTIVE DIRECTORS						
Tan Sri Dr. Mah	629	31	309	40	114	1,123
Dato' Seri Mah King Seng	629	-	309	40	114	1,092
Directors of Subsidiaries	629	-	310	40	-	979
ALTERNATE DIRECTOR						
Ms. Mah Li-Na	88	-	37	-	16	141
Subtotal	**1,975**	**31**	**965**	**120**	**244**	**3,335**
NON EXECUTIVE DIRECTORS						
Datuk Chua Kim Yin (JP)	-	53	-	-	-	53
Mr Chan Kam Leong	-	52	-	-	-	52
Mr Choong Pak Wan	-	26	-	-	-	26
Puan Wan Salmah Binti Wan Abdullah	-	21	-	-	-	21
Directors of Subsidiaries	**-**	**93**	**-**	**-**	**-**	**93**
Subtotal	**-**	**245**	**-**	**-**	**-**	**245**
Total	**1,975**	**276**	**965**	**120**	**244**	**3,580**

The Company has on 18 November 2021 obtained a shareholders' mandate on payment of Directors' fees and benefits of not exceeding RM240,000 per annum.

Remuneration paid to the three (3) Senior Management who are not Directors of the Company for the financial year ended 31 December 2021 are as follows:

	Group	Company
Key Senior Management		
From RM200,000 to RM300,000	2	1
From RM300,000 to RM400,000	1	1

The remuneration of these three (3) Senior Management of the Company disclosed above is on an aggregate basis. At this particular juncture, the Board is of the opinion that the disclosure of the Senior Management personnel's names and the various remuneration components (salary, bonus, benefits in-kind, other emoluments) would not be in the best interest of the Group due to confidentiality and security concerns.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

I Audit Committee

9.0 There is an effective and independent audit committee. The board is able to objectively review the audit committee's findings and recommendations. The company's financial statement is a reliable source of information.

9.1 The Audit Committee consists entirely of three (3) non-executive directors chaired by Datuk Chua Kim Yin (JP), who is also the Chairman of Nomination Committee.

9.2 The Audit Committee had on 24 February 2022 assessed the suitability and independence of the external auditors based on the criteria set forth in the policy and procedure on evaluation of external auditors adopted. In its assessment, the Audit Committee considered several factors, which included adequacy of experience and knowledge of the relevant accounting standards, ability to meet deadlines, quality and quantity of human resources used to perform the assigned audit, clarity of presentations and quality of reports produced and independence of PKF PLT.

9.3 The Board does not have a policy requires a former key audit partner to observe a cooling-off period of at least three (3) years before being appointed as a member of the AC as the Board has no intention to appoint any former key audit partner as member of the AC.

II Risk Management and Internal Control Framework

10.0 Company makes informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives. The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

10.1 The Board has ultimate responsibility for reviewing the Company's risks, approving the risk management framework and policy and overseeing the Company's strategic risk management and internal control framework to achieve its objectives within an acceptable risk profile as well as safeguarding the interest of stakeholders and shareholders and the Group's assets.

10.2 The key features of the Risk Management Framework are presented in the Statement on Risk Management and Internal Control of the Company as set out on pages 49 to 51 of this Annual Report.

11.0 The Company has an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

11.1 The Statement on Risk Management and Internal Control furnished on pages 49 to 51 of the Annual Report provides an overview on the state of internal controls within the Group, in an effort to manage risk. The Board is aware of the need to establish corporate disclosure policies and procedures to enable comprehensive, accurate and timely disclosures of material information relating to the Company and its subsidiaries to be made to the regulators, shareholders and stakeholders.

11.2 During the year the internal audit function is outsourced to KPMG Management & Risk Consulting Sdn. Bhd which reports directly to the Audit Committee.

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

I Communication with Stakeholders

12.0 There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other's objectives and expectations. Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.

The Company has implemented a shareholder communications policy to ensure effective communication with its shareholders and other stakeholders.

Communication between the Company and its shareholders are done in the following manner:

12.1 Dialogue between Companies and Investors

The annual report, quarterly reports and various mandatory announcements are the main channel of information by the Company of its financial performance, operations and corporate developments.

The Company's website at www.cepatgroup.com contains vital information concerning the Group which is updated on a regular basis and shareholders are able to put questions to the Company through the website.

The Board considers it is essential that investors are kept informed of all the latest financial result and developments of the Company and where appropriate, will provide disclosure that is in the best interest of the Company and also of the shareholders. All such reporting information can be obtained from the websites of the Company and Bursa Malaysia.

12.2 The Annual General Meeting

The Annual General Meeting ("AGM") is an important event for the Company as the Board has the opportunity to have a dialogue with the shareholders to present the results and performance of the Group and to address all questions that may arise. Suggestions and comments by shareholders will be noted by the Board for consideration.

12.3 Integrated reporting

The Company is not categorised as a "Large Company" and hence has not adopted integrated reporting based on a globally recognised framework.

12.4 Board attendance at AGM

Chairman of the Board and Chairman of Remuneration Committee were unable to attend the last AGM held on 18 November 2021, the Company will ensure its past practice to have the full Board present at future AGM.

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (continued)

II Conduct of General Meetings

13.0 Shareholders are able to participate, engage the board and senior management effectively and make Informed voting decisions at general meetings.

13.1 The Group last AGM was conducted physically on 18 November 2021. The AGM is the principal forum for dialogue and interaction with shareholders. The key element of the Company's dialogue with its shareholders is the opportunity to gather views of, and answer questions from, both the individual and institutional investors in all aspects relevant to the Company at the AGM. It is the Company's practice to send the Notice of the AGM to its shareholders at least twenty-eight (28) days before the meeting. At the AGM, shareholders are encouraged to ask questions both about the resolutions being proposed or about the Group's operations in general to seek more information. Where it is not possible to provide immediate answers, the Chairman will undertake to furnish the shareholders with a written answer after the AGM.

13.2 All resolutions set out in the notice of general meetings will be carried out by poll voting. The Board makes announcement of the detailed results showing the number of votes cast for and against each resolution at general meetings to facilitate greater shareholder participation.

13.3 The Minutes of AGM was published on the Company website on www.cepatgroup.com on 22 March 2022, more than 30 business days after the general meeting.

Additional Compliance Information

In compliance with the MMLR, the following additional information is provided:

a Utilisation of Proceeds
This was not applicable during the financial year.

b Material Contracts
There is no material contract entered into by the Company and its subsidiaries involving Directors and substantial shareholders either subsisting at the end of the financial year ended 31 December 2021 or entered into since the previous financial year.

c Recurrent Related Party Transactions
There are no recurrent related party transactions transacted by the Company and its subsidiaries except for those disclosed under significant related party transactions on pages 126 to 128 of the Annual Report.

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (continued)

II Conduct of General Meetings (continued)

13.0 Shareholders are able to participate, engage the board and senior management effectively and make Informed voting decisions at general meetings. (continued)

Additional Compliance Information (continued)

In compliance with the MMLR, the following additional information is provided: (continued)

d Auditors' remuneration

During the financial year, the amount of audit fee and non-audit fee paid and payable to the External Auditors of the Company during the financial year ended 31 December 2021 were as follows:

Fee Incurred	Audit fee RM'000	Non Audit Fee RM'000
The Company	55	8
The Group	310	30

The non-audit fees were in respect of the review of interim financial information for one (1) of the subsidiaries of the Group for the financial period ended 30 June 2021 and 31 December 2021 in accordance with International Standard on Review Engagement, ISRE2410 Review of Interim Financial Information performed by the Independent Auditor of the Entity and review of Statement on Risk Management and Internal Control.

Sustainability Report

INTRODUCTION

Cepatwawasan Group Berhad's Sustainability Statement highlights the sustainability initiatives and strategies employed by the Company and Group for its Plantations, Power plants and Oil Mill.

This Sustainability Report focuses primarily on activities carried out within the financial year ended 31 December 2021.

The report has been prepared in accordance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia"). In the preparation of this report, we have given due consideration to the material issues that affect our business operations as well as its impact on our internal and external stakeholders, which include investors, regulatory bodies, employees, suppliers, customers and the local community.

We will continue to strengthen our performance whilst maintaining timely disclosures to various stakeholders. We plan to do this by monitoring specific targets and key performance indicators, fostering close relationships with our stakeholders and harmonising material sustainability risks across the Group.

SUSTAINABILITY GOVERNANCE STRUCTURE

The Group General Manager ("GGM") is primarily responsible for providing overall direction, leading strategic decision-making and driving execution for all of the Group's sustainability related matters. The Board of Directors, entrusted with oversight of the Group's sustainability practices, is kept informed and regularly updated on the progress of sustainability matters and any issues arising therefrom.

The Group has established a sustainability governance structure as depicted below:-

Committee	Responsibilities
Board of Directors	• Approve and monitor the development of Management's corporate sustainability strategies, policies and performance.
Group General Manager	• Responsible for providing overall direction, leading strategic decision-making and driving execution for all of the Group's sustainability related matters.
Sustainability Committee	• Lead the implementation of sustainability strategies and policies within their respective departments; • Monitor and provide regular updates to the GGM regarding their department's sustainability performance, based on the strategic direction set out by the Board; • Identify, assess, evaluate, manage and report material sustainability risks and opportunities relevant to the Group's operations for approval; and • Facilitate sustainability disclosures as required by laws and regulations, and subsequently recommend them for approval.

The Sustainability Policy of the Group can be found on the Company's website at www.cepatgroup.com.

MATERIALITY

The Group, when conducting its materiality analysis exercise, took into consideration the views and responses of all its stakeholders. It has deliberated over the various environmental, economic and social aspects of its operation whilst simultaneously taking into account their respective impact and risks. By doing this, the Group has also discovered opportunities for future success and continued growth.

Based on stakeholders' feedback, the Group adhered to the Twelve (12) key sustainability issues identified and discussed in the previous year's Sustainability report.

KEY SUSTAINABILITY MATTERS	SUSTAINABILITY FRAMEWORK
Economic Performance	**MARKET PLACE**
Regulatory compliance and Business Ethics	
Sustainability Certification	
Stakeholder Engagement	
Water Management	**ENVIRONMENT**
Energy	
Greenhouse Gas (GHG) Emission	
Training and Education	**WORKPLACE**
Labour Relations and Human rights	
Occupational Safety and Health	
Employee Retention & Engagement	
Community Care and CSR initiatives	**COMMUNITY**

MARKET PLACE

Economic Performance

The Group recorded revenue of RM363.00 million and profit (before tax) of RM66.48 million for the financial year ended 31 December 2021 as compared to RM234.99 million and RM21.78 million respectively in the previous financial year. Further details of the Group's economic performance for 2021 can be found in the Financial Statement in this Annual Report.

The breakdown of the direct economic value generated and distributed by the Group's Malaysian operations for 2021 and 2020 is tabulated below:

Direct Economic Value Distribution	2021 RM000	2020 RM000
Employee Wages and Benefits	29,945	27,777
Payments to Government (Taxes and Levies)	30,913	15,798
CSR Activities	498	423

MARKET PLACE (continued)

Regulatory compliance and Business Ethics

Our business conduct shall be guided by honesty, integrity and a commitment to excellence. We are committed to promoting responsible practices among our business partners and showing care for the wellbeing of our customers. The group upholds the principles of good corporate governance in line with the expectations of our stakeholders and investors, whilst adhering to the rules and regulations of the law. The Group's practices, alongside our continuous improvements and commitment to corporate governance, are further elaborated in the 'Corporate Governance Overview Statement' found in this Annual Report.

In keeping with good corporate governance and as per the Group's Whistleblowing Policy (Policy), all our employees and workers are encouraged to raise genuine concerns regarding any improper conduct. Wrongdoings include, but are not limited to, any breaches of trust, corruption, fraud, waste and/or misappropriation of Group resources, abuses of power or position, sexual harassment, endangerment of the health and safety of employees or the public and any attempt to conceal or suppress information relating to the above.

The Group's Code of Conduct and Ethics, Whistleblowing Policy and other Corporate Governance policies which are listed below are accessible through the Group's website at www.cepatgroup.com

Board Charter	Remuneration Policy and Procedure
Matters reserved for the Board	Term of Reference of Audit Committee
Shareholder's Rights relating to General Meeting	Terms of Reference of Nomination Committe
Nomination and Election Process of Board Members	Term of Reference of Remuneration Committee
Diversity policy	Anti-Bribery and Corruption Policy

Sustainability Certification

Malaysian Sustainable Palm Oil Certification ("MSPO")

MSPO is a mandatory national sustainability certification scheme for the oil palm industry in Malaysia, covering the entire 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. All our plantations and our Mill have completed MSPO certification. In this reporting period, we successfully completed an annual surveillance audit as mandated by MSPO.

Stakeholder Engagement

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

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

MARKET PLACE (continued)

Stakeholder Engagement (continued)

Stakeholder	Modes of Engagement	Key Areas of Interest
Employees	• Meetings • Internal communications • Training sessions • Events and functions	• Safety and health issues and practices • Employee engagement • Suggestions and areas for Improvement
Smallholders and local communities	• Formal and informal meetings • Corporate social responsibility events	• MSPO certification program for oil palm cultivation • Employment opportunities • Complaints and grievances
Customers	• One-to-one meetings • Phone calls • Site visits	• Product quality • Price competitiveness
Government and Regulators	• One-to-one meetings • Site visits and inspections • Events and seminars	• Compliance of relevant regulatory requirements
Shareholders and investors	• Quarterly reporting • Annual General Meeting • As and when needed	• Operational performance • Good corporate governance • Business Strategy
Contractors and Suppliers	• One-to-one meetings • Visits • Product/technology trial	• Company's policies and governance • Sustainability related matters

ENVIRONMENT

Water Management

The Group's water management involves measures taken to preserve and protect waterways, whilst optimizing water usage.

The Group adopts a zero discharge policy regarding Palm Oil Mill Effluent ("POME"). To prevent POME entry into waterways, it is first polished in the Biogas Plant and then passed through a polishing plant before it is discharged via land irrigation.

Measures and practices that have been implemented by the Group include:-

- land irrigation and application with treated POME;
- increase in water reservoirs and storage tanks for rainwater harvesting in the housing sites;
- riparian zones identified and maintained to avoid runoff from cultivated land into natural waterways; and
- Adopting strategies to reduce the water footprint in Palm Oil production by controlling milling Water Consumption. In 2021, the milling water consumption was 1.11 m3/mt (2020: 2.01 m3/mt) of FFB processed.

ENVIRONMENT (continued)

Water Management (continued)

We have adopted environmentally friendly techniques and used them to innovate our Integrated Pest Management System. The Group favours an integrated pest management approach which includes the deployment of biological control instead of widespread pesticide use for pest control. The placement of pheromone traps to capture rhinoceros beetles are among the methods that have proven effective in reducing pest damage to our crops over the years. We also plan to introduce barn owls in our estates to suppress rat populations.

Substitution of chemical fertilizers with nutrient-rich organic matter such as empty fruit bunches and treated POME are also a common practice in our estates.

Since 2011, the Group has not purchased Paraquat herbicide due to concerns raised over its potential to harm workers.. In adhering to government regulations, only chemicals approved by the Pesticides Board are used in the estate.

Energy Consumption

At our Estates

Diesel fuels are primarily used by mechanised equipment, agricultural machinery and vehicles for the operation of our estates.

In 2021, total diesel fuel consumption of our estates and estates' housing quarters was 1.5 million liters (2020:1.6 million liters).

At our Oil Mills

The main source of power for our palm oil mill operation is derived from renewable energy. The fuel used in the boilers is biomass fiber and shell from oil palm fruit bunches.

Almost 83% (2020:83%) of the energy consumption in our oil mill came from renewable sources.

Greenhouse Gas ("GHG") Emission

To mitigate Greenhouse Gas emissions, the Group constructed and operates a Biogas Power Plant ("Biogas Plant") as well as a Biomass Power Plant ("Biomass Plant"). Both are located in Sandakan, Sabah and they generate and export green power to the electrical grid.

Methane emissions from the treatment of POME are a large contributor to operational GHG emissions. The biogas plants commissioned by the Group in Sandakan can capture methane and mitigate GHG emissions, while the Group's Biomass power plant produce less CHG emissions compare to emission from fossil energy, together both plant have contributed to a CHG reduction of of approximately 80,800 MT of CO2 in 2021.

Additionally, our oil mill recycles the POME residual solids, namely belt press solid and decanter cake, into organic fertilisers which are then reapplied to our estates. This helps preserve the environment by decreasing the application of chemical fertilisers whilst also reducing the Group's cost on fertilisers.

The Group maintains a strict Zero Burning Policy for new plantings, re-plantings and all other related developments.

ENVIRONMENT (continued)

Conservation and HCV areas

We are committed to sustainable development through protection of the environment and conservation of biodiversity. A total of 172 hectares (2020:162 hectares) of land have been declared as Conservation and HCV areas.

WORKPLACE

Labour Relations and Human rights

Fair Employment Practices

The Group considers its employees to be one of its greatest assets and recognises them as major contributors to its success.
The Group advocates fair employment policies and practices. It is committed to equal employment opportunities without discrimination in regard to gender, age, religion, race, ethnicity, and origin. We do not use forced labour nor do we approve of the practice of child labour. We do not tolerate any involvement in human trafficking.

The equality policy is embedded in all workplace procedures, starting from the recruitment process. A Sexual Harassment Policy is also in place to ensure female employees and workers are protected from sexual harassment or any form of violence in the workplace.

In addition, we have a formal grievance mechanism in place so that complaints of mistreatment and abuse can be reported. The mechanism covers complaints on labour practices and human rights and also comes with a remediation process.

Employees Wages and Welfare

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

We are dedicated to having a comfortable environment for our workers and their dependents to work and live in. To this end, a comprehensive range of amenities is provided at the Group's operating units. This includes housing, water and electricity supply, healthcare, places of worship, childcare facilities and other recreational amenities. The Group continues to upgrade these amenities to ensure compliance with "Workers' Minimum Standards of Housing and Amenities Act 1990 (Act 446).

WORKPLACE (continued)

Occupational Safety and Health

The Group is committed to providing a safe and healthy working environment for all employees and contractors engaged at work. An Occupational Safety & Health (OSH) Policy is in place that applies to the whole Group. We also have Safety and Health Committees (consisting of management and employee representatives) based in all our estates and in our oil mill.

The Group's Safety and Health Officer (SHO) makes periodic workplace inspections to ensure safety protocols are implemented in compliance with legislative requirements. Workers are provided with safety equipment as befits their job responsibilities and they are given working procedures to follow. The codes of health and safety practices and procedures are strictly adhered to at all times by all parties concerned. Safety operating procedures and system checks for all processes and equipment are in place and product quality standards are stringently maintained in a responsible manner.

Our target is to always maintain zero fatalities at the workplace. There has been zero fatalities at the workplace for the whole Group for the past 12 months and the Lost Time Injury Frequency Rate (LTIFR) is at 1.37 (2020:4.28).

Training and Education

Our human capital development programmes include in-house and external training, seminars and the provision of information/knowledge sharing platforms to encourage shared knowledge and communication.

The Group has carried out internal training throughout the year at each of its operating units. Training topics included personal protective equipment (PPE), chemical handling, hazard guidance, vehicle competency, safety work procedures and safe handling of tools & equipment at mechanical/vehicle workshops.

Recruitment and Employee Retention

The Group faces challenges from the shortage of foreign labour in the palm oil industry. This is partly due to strict entry rules into Malaysia but also the result of improving job opportunities in workers' home countries such as Indonesia.

The Group also finds it difficult to attract and retain younger employees due to the remote location of the plantation and the nature of the plantation tasks.

The Group mitigates high employee turnover and job dissatisfaction through comprehensive employee benefits, competitive remuneration, training and personal development and a conducive working culture.

To mitigate the risk of labour shortages, we are continuously devising ways to increase efficiency and productivity whilst looking into methods of mechanization.

COMMUNITY

<u>Community Care and CSR initiatives</u>

The Group cares about the well-being of the community. We believe in sharing and giving back to our communities to promote their growth and also to improve the overall well-being of their people.

The Group contributes to the local community through Dato' Seri Mah Pooi Soo Benevolent Fund ("the Fund") which is a charitable organisation funded by the Group and its holding company, MHC Plantations Bhd.

The Fund is dedicated to the advancement of education and religion, relief of poverty and other purposes beneficial to the community.

To support the National Covid-19 Immunisation Programme of Malaysia, the Group contributed in 2021 three (3) units of 3-ton truck as "Mobile Clinic & Mobile Vaccine Centre" worth RM250,000 each. The Mobile Vaccine Centres are meant to assist vaccination efforts particularly for rural communities in Malaysia. A unit each had been given to the District Health Offices of Muallim (Perak), Hilir Perak and Sandakan.

Handing over the Mobile Vaccine Centre to Dr Mohd Fadhli bin Samsuri (Pegawai Kesihatan Daerah Hilir Perak) and Dr Nurul Aini Bt Abd Rashid (Pegawai Perubatan Primer PKD Hilir Perak).

Sustainability Report (continued)

Handing over the Mobile Vaccine Centre to Dr Ngaesah Hamed (Pegawai Kesihatan Daerah Muallim) witnessed by Puan Norhaidah Kiboet (Ketua Penolong Pegawai Dearah Muallim).

Handing over the Mobile Vaccine Centre to Dr Haji Asits Bin Sanna (Timbalan Pengarah Kesihatan Negeri Sabah) and Dr Haji Johari Bin Awang Besar (Pegawai Kesihatan Kawasan Sandakan).

COMMUNITY (continued)

Community Care and CSR initiatives (continued)

The Group is working with the Borneo Child Aid Society, Sabah (Humana) in Sandakan to provide basic education and care for children of foreign plantation workers, who are unable to enroll in the Malaysian national schools. The Cepatwawasan-Humana Education Resource Centre currently has 98 (2020:73) students, the majority of whom consists of our workers' children. The Group has also built a new learning centre in its estate located in Beaufort, Sabah. Once again, this centre is catering to plantation workers' children who are unable to attend Malaysian national schools. This centre offers classes based on the Indonesian curriculum in preparation for the children's future repatriation to their home country. In 2021, the number of students attending this learning centre was 36 (2020:58).

This Statement is made in accordance with the resolution of the Board of Directors passed on 24 February 2022.

Statement of Directors' Responsibility
for Preparing the Financial Statements

The Directors are required by the Companies Act 2016 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and of the Company as at the end of the financial year and of their results and cash flows for the financial year then ended.

In preparing the financial statements, the Directors have:

- selected appropriate accounting policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent; and
- stated whether applicable accounting standards have been followed and made a statement to the effect in the financial statements, subject to any material departures being disclosed and explained in the financial statements.

The Directors are responsible for ensuring that proper accounting records are kept which disclose with reasonable accuracy at any time the financial position of the Company and Group and to enable them to ensure that the financial statements comply with the provisions of the Companies Act 2016 and the applicable approved accounting standards in Malaysia. They are responsible for taking reasonable steps to safeguard the assets of the Company and Group, for the prevention and detection of fraud and other irregularities.

Audit Committee Report

COMMITTEE MEMBERS

The members of the Audit Committee as at the date of this report are as follows:

Chairman
Datuk Chua Kim Yin (JP)
(Senior Independent Non-Executive Director)

Committee Members
Mr. Chan Kam Leong
(Independent Non-Executive Director)
Puan Wan Salmah Binti Wan Abdullah
(Independent Non-Executive Director)

The terms of reference of Audit Committee can be found at the Company's website at www.cepatgroup.com.

The Board had on 24 February 2022 reviewed the terms of reference of Audit committee.

MEETINGS

The Audit Committee members held four (4) meetings during the financial year ended 31 December 2021.

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

Member	Meetings attended
Datuk Chua Kim Yin (JP)	4/4
Mr. Chan Kam Leong	4/4
Mr. Choong Pak Wan (Demised on 6 June 2021)	2/2
Puan Wan Salmah binti Wan Abdullah (Appointed on 24 August 2021)	1/1

Members of the senior management were invited to attend these meetings as and when necessary. The external auditors and internal auditors have also attended the meetings by invitation.

WORKS

The summary of the works of the Audit Committee in the discharge of its functions, duties and responsibilities for the financial year included the following:-

(i) Reviewed the scope of work and audit plan of the external auditors.

(ii) Reviewed with the external auditors, the results of their audit, the audit report and internal control recommendations in respect of improvements in the internal control procedures noted in the course of their audit.

(iii) Reviewed the adequacy of the internal audit scope and plan, and the findings identified by the internal audit function.

WORKS (continued)

(iv) Reviewed the audited financial statements of the Company prior to submission to the Board for their consideration and approval. The review was to ensure that the audited financial statements were drawn up in accordance with the provisions of the Companies Act 2016 and the applicable approved accounting standards issued by the Malaysian Accounting Standards Board.

(v) Reviewed the compliance of the Company with the applicable approved accounting standards issued by the Malaysian Accounting Standards Board.

(vi) Reviewed the unaudited quarterly Group results before recommending to the Board for approval for announcement to Bursa Malaysia Securities Berhad.

(vii) Reviewed the related party transactions entered into by the Group.

(viii) Reviewed and recommended to the Board the re-appointment of external auditors and their audit fees.

(ix) Reviewed the audit committee report and statement on risk management and internal control before recommending to the Board for approval for inclusion in the Annual Report.

INTERNAL AUDIT FUNCTION

The Group outsourced its internal audit function. The role of the internal audit function, which reports directly to the Audit Committee, is to support the Audit Committee by providing it with independent and objective reports on the adequacy and effectiveness of the system of internal control and the extent of compliance with the procedures and by recommending ways to rectify shortfall and improve the existing control environment in relation to the Group's operations. It submits its findings and recommendations to the Audit Committee and senior management of the Group.

During the year, the internal Auditors, KPMG Management & Risk Consulting Sdn. Bhd. had conducted an internal audit for the financial year ended 31 December 2021 covering the following processes of Prolific Yield Sdn Bhd (Oil Mill Operation):-

- Fresh Fruit Bunches receiving, storage and security controls;
- Crude Palm Oil Monitoring and Reporting
- Oil Extraction Rate Reporting; and
- Feasibility study of online payment.

The audit report incorporating the internal auditors' findings and recommendations with regard to the system operations and control weaknesses noted in the course of their audit and the management's responses thereto were subsequently submitted to the Audit Committee for discussion on 24 February 2022.

The internal audit adopts a risk-based approach with focus on effective risk management practices and is guided under International Professional Practices Framework.

Statement on Risk Management and Internal Control

The Board of Directors ("Board") recognises the importance of a sound risk management framework and internal control system to safeguard shareholders' investments and the Group's assets.

The Board's Statement on Risk Management and Internal Control outlines the nature and scope of internal control of the Group during the financial year.

BOARD'S RESPONSIBILITY

The Board affirms its responsibility for the adequacy and effectiveness of the Group's system of internal control. This includes reviewing the adequacy and integrity of financial, operational and compliance controls, and risk management procedures.

In view of the limitations that are inherent in any system of internal control, the Board ensures that this system is designed to manage the Group's risks within an acceptance risk profile, rather than eliminate the risk of failure to achieve corporate objectives of the Group. Accordingly, the system can provide reasonable but not absolute assurance against material misstatement of management and financial information and records or against operational failures, fraud or financial loss.

Following the publication of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, the Board has established an ongoing process for identifying, evaluating and managing significant risks faced by the Group. This ongoing process which includes updating the system of internal controls when there are changes in the business environment or regulatory guidelines is reviewed by the Board. The Board is of the view that the risk management and the system of internal controls in place for the year under review and up to the date of the issuance of the financial statements are sound and sufficient to safeguard the shareholders' investments and the Group's assets.

RISK MANAGEMENT AND INTERNAL CONTROL

The Management has reviewed the Group's internal control system and formalised the risk management practices to comply with the Malaysian Code on Corporate Governance 2021 (the "Code"). In consequence, a formal risk management framework has been established to ensure that structured and consistent approach and methods are practised in the ongoing process of identifying and assessing various critical risks that are considered likely to affect the profitable operation of the business units in the Group. These include operational risk, market risk, legal risk and environmental risk. After the review and taking into consideration of the nature of the Group's business, the Directors are of the view that the Group is not materially exposed to legal and environmental risks and therefore have concluded to focus on the operational risks relevant to each of its business segments. Although there is exposure to market risk as a result of price fluctuations in the palm oil commodity market, the Directors consider these as movement in market forces inherent in the palm oil industry in which the Group operates.

The Board is supported by the Group Risk Management Committee that comprises the Executive Chairman, Managing Director, and senior management in overseeing the risk management efforts within the Group. The Management has worked within the approved and adopted framework for principal risks affecting the Group's strategic business objectives throughout the year. Additional reviews will be carried out as and when required annually. The ongoing implementation is monitored by the Management and is reported to the Board. The outcome of such risk management efforts is a database of all major risks, and their controls or action plans to mitigate such risks were compiled to produce a divisional risk profile for each business segment.

RISK MANAGEMENT AND INTERNAL CONTROL (continued)

The Group has also implemented a system of internal controls as set out in the Operations Manual. The Board will review from time to time and update the financial authority limits set out therein as and when necessary. Such system of internal controls and financial authority limits serve as a check and balance mechanism on the Group's daily operations.

INTERNAL AUDIT FUNCTION

The Board recognises that effective monitoring on a continuous basis is a vital component of a sound internal control system. In this respect, the Board through the Audit Committee regularly receives and reviews reports on internal control from its internal audit function.

The internal audit function is outsourced to KPMG Management & Risk Consulting Sdn. Bhd. which reports directly to the Audit Committee. The scope of work covered by the internal audit function is determined by the Audit Committee after careful consideration and discussion of the audit plan with the Board. Observations from internal audits were presented to the Audit Committee together with management's response and proposed action plans for its review. The action plans were then followed up during subsequent internal audits with implementation status reported to the Audit Committee. The costs incurred for the internal audit function for the financial year ended 31 December 2021 totalled at RM28,000.

A number of minor internal control weaknesses were identified during the internal audit for the current year, all of which have been or are being addressed. None of the weaknesses have resulted in any material losses, contingencies or uncertainties that would require a disclosure in the Group's Annual Report.

OTHER KEY ELEMENTS OF INTERNAL CONTROL

Other key elements of the Group's internal control are as follows:

i. BOARD MEETINGS

The Board meets at least once quarterly and has a formal agenda on matters for discussion. The Chairman, together with the Managing Director, leads the presentations of board papers and provides comprehensive explanation of pertinent issues. The Board is also kept updated on the Company's and the Group's activities and operations on a regular basis including any material issues. Proposals for major capital expenditure and investment by the Group are reviewed and approved in these Board meetings.

ii. AUDIT COMMITTEE

The Audit Committee of the Group reviews the annual internal audit plan and any internal control issues identified by the internal auditors, the external auditors, regulatory authorities and Management, and evaluate the adequacy and effectiveness of the risk management and internal control systems. The Audit Committee also reviews the internal audit functions and quality of internal audits. The Audit Committee holds discussions on the actions taken on internal control issues identified in the reports prepared by the internal auditor and such discussions are minuted in the Audit Committee meetings. The minutes of the Audit Committee meetings are then tabled to the Board.

OTHER KEY ELEMENTS OF INTERNAL CONTROL (continued)

Other key elements of the Group's internal control are as follows: (continued)

iii. ORGANISATIONAL STRUCTURE

The Group's organisational structure is formed with formally defined reporting lines and authorities to facilitate quick response to changes in the evolving business environment and accountability for operational performance.

To identify, discuss and resolve business and operational issues, weekly management meetings at head office as well as scheduled meetings at operation sites are held. Regular visits to operating units by the Managing Director and senior management are also conducted whenever appropriate. The Group has been restructured in such a way that duties are properly segregated to ensure safe custody of the Group's assets and to provide clear and transparent reporting lines.

iv. PERFORMANCE MANAGEMENT FRAMEWORK

Management reports are generated on a monthly basis to facilitate the Board's review of the Group's financial and operating performance. The review covers areas such as financial and non-financial key performance indicators and variances between budget and operating results.

The Board has reviewed and approved the Group's budget for the next financial year. The budgeting process involves the preparation of budgets by individual operating units, which are then reviewed and approved at management level and ultimately by the Board. The Board monitors the actual performance against the Group's budget on a quarterly basis. Significant variances are identified, investigated and reported.

ADEQUACY AND EFFECTIVENESS OF THE GROUP'S RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

The Board has received assurance from the Managing Director and Group Accountant that the Group's risk management and internal control system are operating adequately and effectively in all material aspects. It is of the view that the risk management and internal control system is satisfactory, and there are no material internal control failures nor have any of the reported weaknesses resulted in material losses or contingencies during the financial year under review.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

In accordance with paragraph 15.23 of the Main Market Listing Requirements of the Bursa Malaysia Securities Berhad, the external auditors have reviewed this Statement for inclusion in the Annual Report of the Group for the year ended 31 December 2021, and reported to the Board that nothing has come to their attention that caused them to believe that the Statement is inconsistent with their understanding of the process the Board has adopted in the review of the adequacy and integrity of internal controls of Cepatwawasan Group Berhad.

Directors' Report

The Directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2021.

Principal activities

The principal activities of the Company are investment holding and provision of management services to its subsidiaries.

The principal activities of the subsidiaries are set out in Note 18 to the financial statements.

Results

	Group RM'000	Company RM'000
Profit/(Loss) for the financial year attributable to:		
Owners of the Company	50,610	(2,542)
Non-controlling interests	3,239	-
	53,849	(2,542)

Reserves and provisions

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

Dividends

Since the end of the previous financial year, the Company declared:

(i) single-tier ordinary dividend of 1.5 sen per ordinary share totalling RM4,634,505 in respect of the financial year ended 31 December 2020 and paid on 12 May 2021; and
(ii) single-tier special dividend of 1.0 sen per ordinary share totalling RM3,089,670 in respect of the financial year ended 31 December 2021 and paid on 12 May 2021.

On 28 March 2022, the Board approved the following single-tier ordinary dividend:

(i) single-tier ordinary dividend of 1.0 sen per ordinary share totalling RM3,089,670 in respect of the financial year ended 31 December 2021 and payable on 29 April 2022;
(ii) single-tier special dividend of 1.0 sen per ordinary share totalling RM3,089,670 in respect of the financial year ended 31 December 2021 and payable on 29 April 2022; and
(iii) single-tier special dividend of 2.0 sen per ordinary share totalling RM6,179,340 in respect of the financial year ending 31 December 2022 and payable on 29 April 2022.

Directors

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

Tan Sri Dr. Mah King Thian @ Mah King Thiam*
Dato' Seri Mah King Seng*
Datuk Chua Kim Yin, JP
Chan Kam Leong
Dr. Jordina Mah Siu Yi*
Mah Li-Na*
Wan Salmah Binti Wan Abdullah *(Appointed on 24 August 2021)*
Choong Pak Wan *(Demised on 8 June 2021)*

* These Directors are also Directors of certain subsidiaries of the Company.

Pursuant to Section 253 of the Companies Act, 2016 in Malaysia, the Directors of subsidiaries during the financial year and up to the date of this report, who are not also the Directors of the Company, are as follows:

Soong Swee Koon
Jack Tian Hock Tan
Lee Chong Hoe
Derrick Martin De Souza
Lee Nyuk Choon @ Jamilah Ariffin
Andree Alexander Funk
Datin Seri Ooi Ah Thin

Directors' interests in shares

The holdings and deemed holdings in the ordinary shares of the Company and its related corporations (other than wholly-owned subsidiaries) of those who were Directors at the end of the financial year, as recorded in the Register of Directors' Shareholding kept under Section 59 of the Companies Act, 2016 in Malaysia are as follows:

	Number of ordinary shares			
	At 1.1.2021	**Bought**	**Sold**	**At 31.12.2021**
The Company				
Direct interest:				
Mah Li-Na	1,000	-	-	1,000
Indirect interest:				
Tan Sri Dr. Mah King Thian @ Mah King Thiam	118,937,600	-	-	118,937,600
Dato' Seri Mah King Seng	118,937,600	-	-	118,937,600
Chan Kam Leong #	540,000	-	-	540,000

Directors' interests in shares (continued)

	Number of ordinary shares			
	At 1.1.2021	Bought	Sold	At 31.12.2021
The holding company, MHC Plantations Bhd.				
Direct interest:				
Tan Sri Dr. Mah King Thian @ Mah King Thiam	93,248	-	-	93,248
Dato' Seri Mah King Seng	338,948	-	-	338,948
Chan Kam Leong	234,800	-	(234,800)	-
Mah Li-Na	1,000	-	-	1,000
Indirect interest:				
Tan Sri Dr. Mah King Thian @ Mah King Thiam	90,188,024	-	-	90,188,024
Dato' Seri Mah King Seng	90,189,024	-	-	90,189,024
Chan Kam Leong #	708,294	-	(115,000)	593,294

Interest by virtue of shares held by spouse.

By virtue of their interests in the Company, Tan Sri Dr. Mah King Thian @ Mah King Thiam and Dato' Seri Mah King Seng are deemed to have interests in shares in its related corporations during the financial year to the extent of the Company's interest in accordance with Section 8 of the Companies Act, 2016.

None of the other Directors holding office at the end of the financial year had any interest in the ordinary shares of the Company and its related corporations during the financial year.

Directors' benefits

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as disclosed in the financial statements or the fixed salary of a full-time employee of the Company or related corporations) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, except as disclosed in Note 32 to the financial statements.

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

Directors' remuneration

The remuneration paid to or receivable by the Directors of the Group and Company during the financial year is amounted to RM3,579,476 and RM1,343,985 respectively.

Indemnity and insurance for Directors, officers and auditors

There was no indemnity given to or liability insurance effected for any Director, officer or auditor of the Group or of the Company during the financial year.

Subsidiaries

The details of the Company’s subsidiaries are disclosed in Note 18 to the financial statements.

Issues of shares and debentures

The Company did not issue any new shares or debentures during the financial year.

Treasury shares

As at 31 December 2021, the Company held as treasury shares a total of 9,479,200 of its 318,446,210 issued ordinary shares. Such treasury shares are held at a carrying amount of RM11,097,392 and further relevant details are disclosed in Note 25 to the financial statements.

Options granted over unissued shares

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

Other statutory information

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

(i) all known bad debts had been written off and adequate allowance had been made for doubtful debts; and

(ii) all current assets have been stated at the lower of cost and net realisable value.

At the date of this report, the Directors are not aware of any circumstances:

(i) which would render it necessary to write off any bad debts, or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or

(ii) which would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading; or

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

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

Other statutory information (continued)

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

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

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

No contingent liability or other liability of the Group and of the Company has become enforceable, or is likely to become enforceable within the period of twelve (12) months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the Directors, the financial performance of the Group and of the Company for the financial year ended 31 December 2021 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of the financial year and the date of this report.

Holding company

The Directors regard MHC Plantations Bhd., a public limited liability company incorporated in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad, as the holding company.

Significant and subsequent events

Details of significant and subsequent events are disclosed in Note 39 to the financial statements.

Auditors

The auditors, Messrs PKF PLT (202206000012 (LLP0030836-LCA) & AF0911), have indicated their willingness to continue in office.

PKF PLT (202206000012 (LLP0030836-LCA) & AF0911) has converted from a conventional partnership, PKF (AF0911), to a limited liability partnership on 28 February 2022.

The auditors' remuneration of the Group and of the Company are amounted to RM309,712 and RM55,000 respectively for the financial year ended 31 December 2021.

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

TAN SRI DR MAH KING THIAN @ MAH KING THIAM
Director

DATO' SERI MAH KING SENG
Director

Dated 20 April 2022

Statement by Directors
Pursuant to Section 251(2) of the Companies Act, 2016

In the opinion of the Directors, the accompanying financial statements set out on pages 64 to 143 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2021 and of their financial performance and cash flows for the financial year ended on that date.

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

TAN SRI DR MAH KING THIAN @ MAH KING THIAM
Director

DATO' SERI MAH KING SENG
Director

Dated 20 April 2022

Statutory Declaration
Pursuant to Section 251(1)(B) of the Companies Act, 2016

I, LIU SWEE KAN, being the Officer primarily responsible for the financial management of CEPATWAWASAN GROUP BERHAD, do solemnly and sincerely declare that to the best of my knowledge and belief, the accompanying financial statements set out on pages 64 to 143 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 in Malaysia.

Subscribed and solemnly declared by)
the abovenamed LIU SWEE KAN)
at Sandakan in the state of Sabah)
on 20 April 2022)

LIU SWEE KAN
CA No. 24234

Before me,

SALBIAH BINTI SULAIMAN
NO: S-069

Independent Auditors' Report to the Members of Cepatwawasan Group Berhad (Incorporated in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of CEPATWAWASAN GROUP BERHAD, which comprise the statements of financial position as at 31 December 2021 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 64 to 143.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2021, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Key Audit Matters

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

Independent Auditors' Report to the Members of Cepatwawasan Group Berhad
(Incorporated in Malaysia) (continued)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (continued)

Key Audit Matters (continued)

We have determined the matters described below to be the key audit matters to be communicated in our report.

Area of focus	How our audit addressed the key audit matter
Impairment testing of property, plant and equipment	
As highlighted in Note 15 to the financial statements, the carrying value of property, plant and equipment of the Group was RM327 million as at 31 December 2021. The market capitalisation of the Group amounted to RM217 million as of 31 December 2021 is lower than the net tangible assets of the Group of RM368 million, which gives indication that the carrying amounts of property, plant and equipment of the subsidiaries of the Group may potentially be higher than their recoverable amounts and therefore, a formal estimate of their recoverable amounts may be required for impairment testing. In carrying out the impairment testing of the property, plant and equipment, the Group considered whether the market capitalisation to book value shortfall can be reasonably related to specific subsidiaries or cash generating units within the Group. The Group has identified a few subsidiaries exhibiting indicators of impairment and has accordingly performed impairment testing on the property, plant and equipment of these subsidiaries. The Group has engaged independent valuer to determine the recoverable amount of property, plant and equipment of one (1) of the subsidiaries involved in quarry operations that is exhibiting impairment indicators. This independent valuer uses industry/market accepted valuation methodology and approaches to determine the fair value of the underlying asset. For plantation subsidiaries exhibiting indicators of impairment, the Group has assessed the fair value of their property, plant and equipment based on recent market transaction prices of similar plantation land. Due to the measurement of fair value being inherently judgemental and the carrying value of these assets being material to the Group, we have considered this to be a key audit matter.	Our audit procedures included, among others: • obtaining the valuation report prepared by the independent valuer engaged by the Group; • reviewing this report for appropriateness of the methodology used and the reasonableness of the assumptions used; • assessing the competency, capabilities and objectivity of this independent valuer engaged by the Group; and • assessing the comparability of the plantation land and consideration of adjusting factors on the plantation land comparables.

Independent Auditors' Report to the Members of Cepatwawasan Group Berhad
(Incorporated in Malaysia) (continued)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (continued)

Key Audit Matters (continued)

Area of focus	How our audit addressed the key audit matter
Impairment testing of goodwill	
As highlighted in Note 17 to the financial statements, the carrying value of goodwill of the Group was RM17 million as at 31 December 2021. In accordance with paragraph 10 of MFRS 136 Impairment of Assets, goodwill is required to be tested for impairment annually by comparing its carrying amount with its recoverable amount, irrespective of whether there is any indication that it may be impaired. The Group estimated the recoverable amounts of the cash generating units ("CGUs") to which goodwill is allocated based on either fair value less costs of disposal ("FVLCD") or value in use ("VIU"). For FVLCD, the Group adopted recent market transaction prices of similar plantation land to determine the recoverable amount of certain significant property, plant and equipment relating to the CGUs that are exhibiting impairment indicators. Due to the measurement of fair value being inherently judgemental and the carrying value of these assets being material to the Group, we have considered this to be a key audit matter. Estimating the VIU involves estimating the future cash inflows and outflows that will be generated by the CGUs and discounting them at an appropriate rate. Significant judgements are required in determining the assumptions to be used to estimate the VIU of the CGUs as these assumptions are affected by expected future demand and economic conditions, which include estimates of future sales volumes, prices, operating costs, terminal value and the discount rate to use.	Our audit procedures included, among others: FVLCD • assessing the comparability of the plantation land and consideration of adjusting factors on the plantation land comparables. VIU • assessing whether the assumptions on which the cash flow projections are based are consistent with past actual outcomes, in particular the assumptions about estimated future sales volumes, prices, operating costs, terminal value and possible variations in the timing of those future cash flows; • assessing the discount rate used to determine the present value of the cash flows; • testing the mathematical accuracy of the impairment assessment; and • performing stress test and sensitivity analysis around the key inputs that are expected to be most sensitive to the recoverable amount.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (continued)

Key Audit Matters (continued)

Area of focus	How our audit addressed the key audit matter
Deferred tax assets	
Deferred tax asset of the Group with a carrying amount of RM7 million as at 31 December 2021 is associated with the biogas power plant operation of Mistral Engineering Sdn. Bhd. ("MESB"). Management has used significant judgement and estimates in determining the sufficiency of future taxable profits to utilise the deferred tax asset. Therefore, we had determined the realisability of the deferred tax asset to be a key audit matter. As the generation of electricity and resulting profitability of the biogas power plant of MESB is dependent on sufficiency of liquid waste from processing of crude palm oil and kernel oil by the palm oil mill, management considered various factors to forecast future level of crude palm oil and kernel oil processing to support the biogas power plant. These factors include sufficiency of oil palm crops, market demand of crude palm oil and kernel oil and anticipated future prices of the commodities. Based on historical results of normalised level of crude palm oil and kernel oil processed, current market trends and susceptibility of the industry to global developments, management has forecasted sufficient future taxable profits to utilise the deferred tax asset.	Our audit procedures included, among others: • obtaining management forecast on future taxable profits and held discussions with management on their judgements and assumptions in arriving at the forecast; • examining the inputs used in the forecast such as price and quantity of electricity sale and evaluating its reasonableness based on the historical normalised level of crude palm oil and kernel oil processing, trend of electricity tariff rates, impact of latest developments affecting the palm oil industry and its ability to cope and others; • performing sensitivity analysis on possible variations to the values of inputs used by management in their forecast and challenging where necessary on certain judgements used in arriving at these values; and • considering if management had disregarded any contradictory evidence in forecasting the future taxable profits.

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

Independent Auditors' Report to the Members of Cepatwawasan Group Berhad

(Incorporated in Malaysia) (continued)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (continued)

Responsibilities of the Directors for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

(i) 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.

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

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

(iv) 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.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (continued)

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

(v) 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.

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

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

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

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

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 2016 in Malaysia, we report that the subsidiary of which we have not acted as auditors, is disclosed in Note 18 to the financial statements.

Other Matter

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.

PKF PLT
202206000012 (LLP0030836-LCA) & AF0911
CHARTERED ACCOUNTANTS

CHAU MAN KIT
02525/03/2024 J
CHARTERED ACCOUNTANT

Kota Kinabalu

Dated 20 April 2022

Statements of Profit or Loss and Other Comprehensive Income

For the financial year ended 31 December 2021

	Note	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Revenue	5	363,002	234,994	9,257	7,972
Cost of sales		(286,354)	(201,215)	-	-
Gross profit		76,648	33,779	9,257	7,972
Interest income	6	375	513	3,457	4,385
Other operating income	7	3,444	1,500	-	-
Other expenses	8	(2,585)	(2,133)	(9,391)	(611)
Administrative expenses		(8,520)	(8,201)	(3,592)	(3,618)
Profit/(Loss) from operations	11	69,362	25,458	(269)	8,128
Finance costs	12	(2,884)	(3,678)	(1,980)	(3,050)
Profit/(Loss) before taxation		66,478	21,780	(2,249)	5,078
Income tax expense	13	(12,629)	(6,566)	(293)	(332)
Profit/(Loss) for the financial year		53,849	15,214	(2,542)	4,746
Other comprehensive (loss)/ income, net of tax					
Item that may be reclassified subsequently to profit or loss:					
Exchange differences on translation of a foreign operation		(61)	280	-	-
Other comprehensive (loss)/ income for the financial year, net of tax		(61)	280	-	-
Total comprehensive income/ (loss) for the financial year		53,788	15,494	(2,542)	4,746
Profit/(Loss) attributable to:					
Owners of the Company		50,610	14,618	(2,542)	4,746
Non-controlling interests		3,239	596	-	-
		53,849	15,214	(2,542)	4,746
Total comprehensive income/ (loss) attributable to:					
Owners of the Company		50,570	14,793	(2,542)	4,746
Non-controlling interests		3,218	701	-	-
		53,788	15,494	(2,542)	4,746
Earnings per share attributable to owners of the Company (sen per share)					
Basic and diluted	14	16.38	4.73		

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

Statements of Financial Position

As at 31 December 2021

ASSETS	Note	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Non-current assets					
Property, plant and equipment	15	326,602	342,434	1,511	1,721
Investment properties	16	43,340	43,340	-	-
Intangible assets	17	17,358	17,358	-	-
Investments in subsidiaries	18	-	-	308,094	317,485
Deferred tax assets	19	6,539	6,777	146	73
Trade and other receivables	20	-	-	68,125	74,630
		393,839	409,909	377,876	393,909
Current assets					
Biological assets	21	4,385	2,180	-	-
Inventories	22	16,628	16,482	-	-
Trade and other receivables	20	16,911	12,831	23,043	24,736
Tax recoverable		1,690	832	-	-
Short-term investments	23	18,076	13,883	-	-
Cash and bank balances	24	38,719	25,550	2,865	5,035
		96,409	71,758	25,908	29,771
TOTAL ASSETS		490,248	481,667	403,784	423,680
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	25	318,446	318,446	318,446	318,446
Treasury shares	25	(11,097)	(11,097)	(11,097)	(11,097)
Reserves	26	(81,056)	(80,874)	(8,482)	(8,482)
Retained profits	27	150,930	107,693	29,002	39,268
		377,223	334,168	327,869	338,135
Non-controlling interests		8,026	7,384	-	-
Total equity		385,249	341,552	327,869	338,135
Non-current liabilities					
Loans and borrowings	28	33,126	44,751	33,126	41,814
Deferred tax liabilities	19	27,056	24,889	-	-
Lease liabilities	29	2,521	3,186	-	-
		62,703	72,826	33,126	41,814
Current liabilities					
Loans and borrowings	28	11,233	46,295	6,883	26,295
Lease liabilities	29	748	851	-	-
Trade and other payables	30	26,789	19,064	35,898	17,374
Taxation		3,526	1,079	8	62
		42,296	67,289	42,789	43,731
Total liabilities		104,999	140,115	75,915	85,545
TOTAL EQUITY AND LIABILITIES		490,248	481,667	403,784	423,680

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

Statements of Changes in Equity
For the financial year ended 31 December 2021

		← Attributable to owners of the Company →						
		← Non-distributable →			Distributable			
Group	Note	Share capital RM'000	Treasury shares RM'000	Reserves RM'000	Retained profits RM'000	Sub-total RM'000	Non-controlling interests RM'000	Total equity RM'000
At 1 January 2020		318,446	(11,097)	(80,934)	96,825	323,240	9,846	333,086
Profit for the financial year		-	-	-	14,618	14,618	596	15,214
Other comprehensive income								
- Foreign currency translation	26	-	-	175	-	175	105	280
Total comprehensive income for the financial year		-	-	175	14,618	14,793	701	15,494
Effect of subsidiary treasury share transaction	26	-	-	(115)	(129)	(244)	(549)	(793)
Effect of acquisition of non-controlling interests	18	-	-	-	1,014	1,014	(1,014)	-
Transactions with owners of the Company								
- Dividend on ordinary shares	31	-	-	-	(4,635)	(4,635)	-	(4,635)
- Dividend on ordinary shares to non-controlling interests		-	-	-	-	-	(1,600)	(1,600)
Total transactions with owners of the Company		-	-	-	(4,635)	(4,635)	(1,600)	(6,235)
At 31 December 2020		318,446	(11,097)	(80,874)	107,693	334,168	7,384	341,552

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

Group	Note	Attributable to owners of the Company — Non-distributable: Share capital RM'000	Treasury shares RM'000	Reserves RM'000	Distributable: Retained profits RM'000	Sub-total RM'000	Non-controlling interests RM'000	Total equity RM'000
At 1 January 2021		318,446	(11,097)	(80,874)	107,693	334,168	7,384	341,552
Profit for the financial year		-	-	-	50,610	50,610	3,239	53,849
Other comprehensive income								
- Foreign currency translation	26	-	-	(40)	-	(40)	(21)	(61)
Total comprehensive income for the financial year		-	-	(40)	50,610	50,570	3,218	53,788
Effect of subsidiary treasury share transaction	26	-	-	(142)	-	(142)	(84)	(226)
Effect of acquisition of non-controlling interests	18	-	-	-	351	351	(892)	(541)
Transactions with owners of the Company								
- Dividend on ordinary shares	31	-	-	-	(7,724)	(7,724)	-	(7,724)
- Dividend on ordinary shares to non-controlling interests		-	-	-	-	-	(1,600)	(1,600)
Total transactions with owners of the Company		-	-	-	(7,724)	(7,724)	(1,600)	(9,324)
At 31 December 2021		318,446	(11,097)	(81,056)	150,930	377,223	8,026	385,249

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

		Attributable to owners of the Company				
		Non-distributable			Distributable	
Company	Note	Share capital RM'000	Treasury shares RM'000	Reserves RM'000	Retained profits RM'000	Total equity RM'000
At 1 January 2020		318,446	(11,097)	(8,482)	39,157	338,024
Total comprehensive income for the financial year		-	-	-	4,746	4,746
Transaction with owners of the Company						
- Dividend on ordinary shares	31	-	-	-	(4,635)	(4,635)
At 31 December 2020		318,446	(11,097)	(8,482)	39,268	338,135
Total comprehensive loss for the financial year		-	-	-	(2,542)	(2,542)
Transaction with owners of the Company						
- Dividend on ordinary shares	31	-	-	-	(7,724)	(7,724)
At 31 December 2021		318,446	(11,097)	(8,482)	29,002	327,869

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 December 2021

	Group		Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Cash flows from operating activities				
Profit/(Loss) before taxation	66,478	21,780	(2,249)	5,078
Adjustments for:				
Allowance for expected credit losses	-	-	-	39
Bad debts written off	-	270	-	-
Deposits written off	-	39	-	-
Depreciation of property, plant and equipment	21,581	21,840	230	235
Dividend income from subsidiaries	-	-	(6,400)	(5,085)
Fair value gain on biological assets	(2,205)	(253)	-	-
Gain on disposal of property, plant and equipment	-	(25)	-	-
Gain on termination of lease liabilities	(23)	-	-	-
Impairment on investments in subsidiaries	-	-	9,391	572
Impairment on slow moving inventories	1,310	-	-	-
Interest expenses	2,884	3,678	1,980	3,050
Interest income	(375)	(513)	(3,457)	(4,385)
Inventories written off	341	1,626	-	-
Property, plant and equipment written off	934	190	-	-
Reversal of allowance for expected credit losses	(51)	(46)	-	-
Operating profit/(loss) before working capital changes	90,874	48,586	(505)	(496)
Change in inventories	(1,797)	5,043	-	-
Change in receivables	(4,027)	948	(32)	912
Change in payables	7,727	(5,628)	402	203
Cash from/(used in) operations	92,777	48,949	(135)	619
Income tax paid	(9,018)	(3,548)	(420)	(264)
Income tax refunded	383	435	-	-
Interest paid	(3,213)	(4,743)	(1,980)	(3,050)
Interest received	375	513	3,457	4,385
Net cash from operating activities	81,304	41,606	922	1,690

(forward)

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 December 2021 (continued)

	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Cash flows from investing activities				
Acquisition of property, plant and equipment*	(6,214)	(11,629)	(20)	(5)
Acquisition of non-controlling interests	(541)	-	-	-
Change in short-term investments	(4,193)	44	-	-
Decrease/(Increase) in amounts due from subsidiaries	-	-	8,230	(10,878)
Dividend received	-	-	6,400	5,085
Withdrawal/(Placement) of deposits with licensed banks	13	(1,280)	-	-
Proceeds from disposal of property, plant and equipment	-	272	-	-
Net cash (used in)/from investing activities	(10,935)	(12,593)	14,610	(5,798)
	70,369	29,013	15,532	(4,108)
Cash flows from financing activities				
Acquisition of subsidiary's treasury shares	(226)	(793)	-	-
Dividend paid to equity holders of the Company	(7,724)	(4,635)	(7,724)	(4,635)
Dividend paid to non-controlling interests	(1,600)	(1,600)	-	-
Drawdown of loans and borrowings	-	16,450	-	16,450
Increase in amounts due to subsidiaries	-	-	18,122	6,812
Repayment of loans and borrowings	(46,687)	(29,213)	(28,100)	(9,650)
Repayment of lease liabilities	(885)	(808)	-	-
Net cash (used in)/from financing activities	(57,122)	(20,599)	(17,702)	8,977
Net increase/(decrease) in cash and cash equivalents	13,247	8,414	(2,170)	4,869
Effect of exchange rate fluctuations	(65)	196	-	-
Cash and cash equivalents at beginning of financial year	21,453	12,843	5,035	166
Cash and cash equivalents at end of financial year (Note 24)	34,635	21,453	2,865	5,035

(forward)

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 December 2021 (continued)

Non-cash transactions

* Acquisition of property, plant and equipment

During the financial year, the Group and the Company acquired property, plant and equipment inclusive of interest capitalised of RM328,766 and RMNil (2020: RM1,065,208 and RMNil) with an aggregate cost of RM6,924,868 and RM19,851 (2020: RM14,193,105 and RM4,927) respectively of which RM382,629 and RMNil (2020: RM1,499,100 and RMNil) respectively were acquired by means of lease liabilities. Cash payments of RM6,225,971 and RM19,851 (2020: RM11,628,797 and RM4,927) respectively were made to acquire property, plant and equipment.

Reconciliation of liabilities arising from financing activities:

Group	1 January	Cash flows	Non-cash changes **	31 December
2021	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Loans and borrowings	91,046	(46,687)	-	44,359
Lease liabilities	4,037	(885)	117	3,269
	95,083	(47,572)	117	47,628
2020				
Loans and borrowings	103,809	(12,763)	-	91,046
Lease liabilities	3,346	(808)	1,499	4,037
	107,155	(13,571)	1,499	95,083

Company	1 January	Cash flows	Non-cash changes	31 December
2021	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Amounts due to subsidiaries	16,559	18,122	-	34,681
Loans and borrowings	68,109	(28,100)	-	40,009
	84,668	(9,978)	-	74,690
2020				
Amounts due to subsidiaries	9,747	6,812	-	16,559
Loans and borrowings	61,309	6,800	-	68,109
	71,056	13,612	-	84,668

** Included in non-cash changes of lease liabilities of the Group are non-cash acquisition and termination of lease liabilities amounted to RM382,629 and RM265,335 (2020: RM1,499,100 and RMNil).

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 December 2021

1. **General information**

The Company is a public limited liability company that is incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad. The principal activities of the Company are investment holding and provision of management services to its subsidiaries. The principal activities of the subsidiaries are set out in Note 18 to the financial statements.

The registered office and principal place of business of the Company are located at Lot 70, Block 6, Prima Square, Mile 4, North Road, 90000 Sandakan, Sabah, Malaysia.

The Directors regard MHC Plantations Bhd., a public limited liability company incorporated in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad, as the holding company. The holding company produces financial statements available for public use.

These financial statements were authorised for issue by the Directors in accordance with a resolution of the Board of Directors dated 20 April 2022.

2. **Basis of preparation**

(a) **Statement of compliance**

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

(b) **Basis of measurement**

The significant accounting policies adopted by the Group and the Company are consistent with those adopted in previous financial year unless otherwise stated.

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

(c) **Functional and presentation currency**

The financial statements are prepared in Ringgit Malaysia (RM) which is the Company's functional currency, and all values are rounded to the nearest thousand (RM'000) unless otherwise stated. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(d) **Adoption of new and revised MFRS**

During the financial year, the Group and the Company have adopted the following amendments to standards issued by the MASB that are mandatory for current financial year:

- Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16: Interest Rate Benchmark Reform - Phase 2
- Amendment to MFRS 16: COVID-19-Related Rent Concessions

The adoption of the amendments to standards did not have any significant impact on the financial statements of the Group and of the Company

2. **Basis of preparation** (continued)

(e) **Standards issued but not yet effective**

Certain new accounting standards and interpretations have been issued but not yet effective for 31 December 2021 reporting periods and have not been early adopted by the Group and the Company. These standards are not expected to have a material impact on the Group and the Company in the current or future reporting periods.

3. **Significant accounting judgements and estimates**

The preparation of the Group's and the Company'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 periods.

(a) **Judgements made in applying accounting policies**

In the process of applying the Group's and the Company's accounting policies, management has made the following judgement, apart from those involving estimations, which could have a significant effect on the amounts recognised in the consolidated financial statements.

(i) **Operating segments**

The segments disclosed in Note 38 to the financial statements have been determined by distinguishing the business activities from which the Group earns revenues and incurs expenses. The economic characteristics of the operating segments have been reviewed and operating segments have been grouped based on the reporting to the chief operating decision maker.

(b) **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) **Depreciation of property, plant and equipment**

The estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions.

The Group and the Company anticipate that the residual values of their property, plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount. The management estimates the useful lives of the property, plant and equipment to be within seven (7) to ninety-nine (99) years. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

3. **Significant accounting judgements and estimates** (continued)

(b) **Key sources of estimation uncertainty** (continued)

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: (continued)

(ii) **Income taxes**

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group and the Company recognise tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the year in which such determination is made.

(iii) **Impairment of property, plant and equipment**

The Group reviews the carrying amount of property, plant and equipment at each reporting date to assess whether there is any indication of impairment. If any such indication exists, 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 of disposal ("FVLCD") and its value in use ("VIU").

The Group estimates the recoverable amount of the cash-generating unit ("CGU") based on FVLCD and VIU. Estimating the VIU involves estimating the future cash inflows and outflows that will be generated by the CGUs and discounting them at an appropriate rate. In estimating the recoverable amounts of FVLCD, the Directors relied on independent professional valuer and recent market transaction prices of similar properties.

(iv) **Impairment of goodwill**

Goodwill is tested for impairment annually and at other times when such indicators exist. Impairment exists when the carrying value of an asset or CGU exceeds its recoverable amount, which is the higher of its FVLCD and its VIU. This requires an estimation of the recoverable amounts of the CGUs to which goodwill is allocated.

Estimating a VIU amount requires management to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Further details of the carrying value, key assumptions applied in the impairment assessment of goodwill and sensitivity analysis to changes in the assumptions are disclosed in Note 17 to the financial statements.

(v) **Biological assets**

The Group carries its biological assets at fair value with changes in fair value being recognised in profit or loss. The determination of the fair value of the biological assets requires the use of estimates on the projected harvest quantities and market price of fresh fruit bunches ("FFB") as at the reporting date. The carrying amount and key assumptions used to determine the fair value of the biological assets are further disclosed in Note 21 to the financial statements.

3. **Significant accounting judgements and estimates** (continued)

(b) **Key sources of estimation uncertainty** (continued)

(vi) **Carrying value of investments in subsidiaries**

Investments in subsidiaries are reviewed for impairment annually in accordance with its accounting policy as disclosed in Note 4(n)(ii) to the financial statements, or whenever events or changes in circumstances indicate that the carrying value may not be recoverable.

Significant judgment is required in the estimation of the present value of future cash flows generated by the subsidiaries, which involves uncertainties and are significantly affected by assumptions and judgments made regarding estimates of future cash flows and discount rates. Changes in assumptions could significantly affect the carrying value of investments in subsidiaries.

(vii) **Deferred tax assets and liabilities**

Deferred tax implications arising from the changes in corporate income tax rates are measured with reference to the estimated realisation and settlement of temporary differences in the future periods in which the tax rates are expected to apply, based on the tax rates enacted or substantively enacted at the reporting date. While management's estimates on the realisation and settlement of temporary differences are based on the available information at the reporting date, changes in business strategy, future operating performance and other factors could potentially impact on the actual timing and amount of temporary differences realised and settled. Any difference between the actual amount and the estimated amount would be recognised in the statement of profit or loss and other comprehensive income in the period in which actual realisation and settlement occurs.

Deferred tax assets are recognised for all deductible temporary differences, unutilised tax credits and unutilised tax losses to the extent that it is probable that taxable profit will be available against which these items can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The carrying amount of recognised and unrecognised deferred tax assets are disclosed in Note 19 to the financial statements.

Assumptions about generation of future taxable profits would depend on the achievability of projected profits and this requires judgement of the management. These assumptions and judgement are subject to risks and uncertainty, hence there is possibility that changes in circumstances will alter expectations, which may impact on the amount of deferred tax assets recognised.

(viii) **Impairment of financial assets**

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

3. **Significant accounting judgements and estimates** (continued)

(b) **Key sources of estimation uncertainty** (continued)

(ix) **Leases**

The measurement of the right-of-use asset and lease liability for leases where the Group is lessee requires the use of judgements and assumptions, such as lease term and incremental borrowing rate. In determining the lease term, the Group considers all facts and circumstances that create an economic incentive to exercise an extension option. Extension options are only included in the lease term if the lease is reasonably certain to be extended. The incremental borrowing rate is the interest rate that the Group would have to pay to borrow over a similar term, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. Therefore, the incremental borrowing rate requires estimation, particularly when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the incremental borrowing rate using observable inputs when available and is required to make certain entity-specific estimates.

4. **Significant accounting policies**

(a) **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.

(i) **Subsidiaries**

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

Control exists when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The Company considers it has *de facto* power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return. Potential voting rights are considered when assessing control only when such rights are substantive.

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

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

(a) **Basis of consolidation** (continued)

(ii) **Business combinations**

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

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

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

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

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

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

(iii) **Transactions eliminated on consolidation**

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

Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(iv) **Loss of control**

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

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

(a) **Basis of consolidation** (continued)

(v) **Non-controlling interests**

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

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

(vi) **Transactions with non-controlling interests**

Transactions with non-controlling interests are accounted for using the entity concept method, whereby, transactions with non-controlling interests are accounted for as transactions with owners.

On acquisition of non-controlling interests, the difference between the consideration and the Group' share of the net assets acquired is recognised directly in equity. Gain or loss on disposal to non-controlling interests is recognised directly in equity.

(b) **Foreign currencies**

(i) **Functional and presentation currencies**

The Group's consolidated financial statements are presented in Ringgit Malaysia (RM), which is also the Company's functional currency. Each entity in the Group determines its own company's functional currency and items included in the financial statements of each entity are measured using that functional currency.

(ii) **Foreign currency transactions**

Transactions in foreign currencies are measured in the respective functional currencies of the Group and the Company and are recorded on initial recognition in the functional currencies at 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 except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

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

(b) **Foreign currencies** (continued)

(ii) **Foreign currency transactions** (continued)

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.

(iii) **Foreign operations**

The assets and liabilities of foreign operations are translated into RM at the rate of exchange ruling at the reporting date and income and expenses are translated at exchange rates at the dates of the transactions. The exchange differences arising on the translation are taken the dates of the transactions. The exchange differences arising on the translation are taken directly to other comprehensive income. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income and accumulated in equity under foreign currency translation reserve relating to that particular foreign operation is recognised in the profit or loss.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the reporting date.

(c) **Revenue recognition**

Revenue from contracts with customers is recognised by reference to each distinct performance obligation promised in the contract with the customer when or as the Group transfers controls of the goods or services promised in a contract and the customer obtains control of the goods or services.

Revenue from contracts with customers is measured at its transaction price, being the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, net of discounts. Generally, the Group receives short-term advances from its customers. Using the practical expedient in MFRS 15, the Group does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised goods or services to the customer and when the customer pays for that goods or services will be one (1) year or less.

The transaction price is allocated to each distinct good or service promised in the contract. Depending on the terms of the contract, revenue is recognised when the performance obligation is satisfied, which may be a point in time or over time.

The Group satisfies a performance obligation and recognises revenue over time, if one (1) of the following criteria is met:

- The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs.

- The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.

- The Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If none of the above conditions are met, the Group recognises revenue at the point in time at which the performance obligation is satisfied.

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

(c) **Revenue recognition** (continued)

For performance obligations that the Group satisfies over time, the Group determined that the input method is the best method in measuring progress of the services because there is direct relationship between the Group's effort and the transfer of service to the customer. For measuring progress of the services of supply of electricity, the Group used output method because for supply of electricity, the output transmitted to receive by the customer is the best measure of transfer of service to the customer.

(i) **Sale of plantation produce**

The Group's revenue from plantation and mill segments are derived mainly from agricultural produce such as FFB, crude palm oil ("CPO"), palm kernel ("PK") and oil from empty fruit bunches.

Revenue from sale of agricultural produce is recognised net of discount and taxes at the point in time when control of the goods has been transferred to the customer.

The transaction price is allocated to each performance obligation based on the standalone selling price of the goods.

There is no element of financing present as the Group's sale of goods are either on cash terms (immediate payments or advance payment not exceeding 30 days); or on credit terms of up to 30 days.

(ii) **Sale of earth and stones**

Sale of earth and stones is recognised upon delivery of products and customers' acceptance.

(iii) **Supply of electricity**

Revenue from supply of electricity is recognised over time as the consumer simultaneously receives and consumes the electricity provided by the entity.

(iv) **Management fee**

Management fee is recognised upon rendering of services to subsidiaries.

(v) **Dividend income**

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

(vi) **Other revenue**

Revenue from other sources are recognised as follows:

(a) interest income is recognised on a time proportion basis that reflects the effective yield on the assets; and

(b) rental income is recognised on a time proportion basis.

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

(d) **Employee benefits**

The Group and the Company recognise a liability when an employee has provided service in exchange for employee benefits to be paid in the future and an expense when the Group and the Company consume the economic benefits arising from service provided by an employee in exchange for employee benefits.

(i) **Short term benefits**

Wages and salaries are usually accrued and paid on a monthly basis and are recognised as an expense, unless they relate to cost of producing inventories or other assets.

Paid absences (annual leave, maternity leave, paternity leave, sick leave, etc.) are accrued in each period if they are accumulating paid absences that can be carried forward, or in the case of non-accumulating paid absences, recognised as and when the absences occur.

Profit sharing and bonus payments are recognised when, and only when, the Group and the Company have a present legal or constructive obligation to make such payment as a result of past events and a reliable estimate of the obligation can be made.

(ii) **Post-employment benefits (defined contribution plans)**

The Group and the Company make statutory contributions to the approved provident funds and the contributions made are charged to profit or loss in the period to which they relate. When the contributions have been paid, the Group and the Company have no further payment obligations.

(e) **Tax assets and liabilities**

A current tax for current and prior periods, to the extent unpaid, is recognised as a current tax liability. If the amount already paid in respect of current and prior periods exceed the amount due for those periods, the excess is recognised as a current tax asset. A current tax liability/(asset) is measured at the amount the entity expects to pay/(recover) using tax rates and laws that have been enacted or substantially enacted by the reporting date.

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit/(or tax loss). The exceptions for initial recognition differences include items of property, plant and equipment that do not qualify for capital allowances and acquired intangible assets that are not deductible for tax purposes.

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised, unless the deferred tax asset 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 accounting profit nor taxable profit/(or tax loss). The exceptions for the initial recognition differences include non-taxable government grants received and reinvestment allowances and investment tax allowances on qualifying plant and equipment.

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

(e) **Tax assets and liabilities** (continued)

A deferred tax asset is recognised for the carry-forward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised.

Deferred taxes are measured using tax rates (and tax laws) that have been enacted or substantially enacted by the end of the reporting period. The measurement of deferred taxes reflects the tax consequences that would follow from the manner in which the Group and the Company expect, at the end of the reporting period, to recover or settle the carrying amount of its assets or liabilities.

At the end of each reporting period, the carrying amount of a deferred tax asset is reviewed and is reduced to the extent that it is no longer probably that sufficient taxable profit will be available to allow the benefit of a part or all of that deferred tax asset to be utilised. Any such reduction will be reversed to the extent that it becomes probably that sufficient taxable profit will be available.

A current or deferred tax is recognised as income and expense in profit or loss for the period, except to the extent that the tax arises from items recognised outside profit or loss. For an income or expense item recognised in other comprehensive income, the current or deferred tax expense or tax income is recognised in other comprehensive income. For items recognised directly in equity, the related tax effect is also recognised directly in equity.

(f) **Earnings per share**

The Group presents basic and diluted earnings per share data for its ordinary shares ("EPS"). Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

(g) **Property, plant and equipment**

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 comprise pre-cropping expenditure incurred from land clearing to the point of maturity. Such expenditure is capitalised and is amortised at maturity of the crop over the useful lives of the crop.

Direct expenditure incurred on quarry development is capitalised under quarry development expenditure. A portion of the indirect overheads which include general and administrative expenses and interest expense incurred on quarry development is similarly capitalised under quarry development expenditure until such time when the quarry commences operation.

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

(g) **Property, plant and equipment** (continued)

Quarry development expenditure is amortised based on the proportion of stone volume extracted over the estimated volume of extractable stone from the quarry reserve.

Capital work-in-progress is not depreciated as these assets are not available for use. Depreciation will commence on these assets when they are ready for their intended use.

Property, plant and equipment are depreciated on a straight-line basis to write off the cost of the property, plant and equipment over the term of their estimated useful lives. The principal annual rates of depreciation used are as follows:

Long term leasehold land	63 – 99 years
Leasehold buildings	50 years
Oil mill and other buildings	14 – 20 years
Plantation infrastructure	63 – 99 years
Heavy equipment, plant and machinery	10 – 25 years
Bearer plants – oil palm	22 years
Furniture, fitting and equipment	10 years
Motor vehicles	7 – 10 years

The carrying values of property, plant and equipment 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 is 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.

(h) **Investment properties**

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value which reflects market condition as at the reporting date. Fair value is arrived at by reference to market evidence of transaction prices for similar properties and is performed by registered independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the year in which they arise.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and 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 fair value 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 as disclosed in Note 4 (g) up to the date of change in use.

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

(i) **Intangible assets**

Goodwill

Goodwill arising from a business combination is initially measured at cost being the excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following the initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired is allocated, from the acquisition date, to each of the Group's CGU that are expected to benefit from the synergies of the combination.

The CGU to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the CGU may be impaired, by comparing the carrying amount of the CGU, including the allocated goodwill, with the recoverable amount of the CGU. Where the recoverable amount of the CGU is less than the carrying amount, an impairment loss is recognised in profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

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

(j) **Biological assets**

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

Biological assets are classified as current assets as it relates to produce on the bearer plants that are expected to be harvested at a date not more than twelve (12) months.

(k) **Inventories**

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and conditions are accounted for as follows:

(a) **Palm oil products and quarry inventories**

Costs of direct materials, direct labour, other direct charges and appropriate proportions of factory overheads. These costs are assigned on weighted average cost method.

(b) **Consumable stores**

Purchase costs and expenses in bringing them into store on a weighted average cost method.

(c) **Oil palm nurseries**

Purchase costs and upkeep expenses on a weighted average cost method.

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.

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

(l) **Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(i) **Financial assets**

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 not contain a significant financing component or for which the Group and the Company have applied the practical expedient are measured at the transaction price determined under MFRS 15.

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.

For purposes of subsequent measurement, financial assets are classified in four (4) 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

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

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

(l) **Financial instruments** (continued)

(i) **Financial assets** (continued)

Financial assets at amortised cost (debt instruments) (continued)

Financial assets at amortised cost are subsequently measured using the effective interest rate (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 includes trade and other receivables and cash and bank balances.

Financial assets at fair value through OCI (debt instruments)

The Group and the Company measure debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; 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

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

The Group and the Company have no debt instruments at fair value through OCI.

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Group and the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under MFRS 132 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group and the Company have no equity instruments at fair value through OCI.

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

(l) **Financial instruments** (continued)

(i) **Financial assets** (continued)

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. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. 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 statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

The Group’s financial assets at fair value through profit or loss includes short-term investments.

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 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

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

(l) **Financial instruments** (continued)

(i) **Financial assets** (continued)

Derecognition (continued)

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.

(ii) **Financial liabilities**

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, within the scope of MFRS 9, are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or financial liabilities measured at amortised cost.

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities held for trading include derivatives entered into by the Group and the Company that do not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

Financial liabilities measured at amortised cost

The Group's and the Company's financial liabilities measured at amortised cost include trade and other payables and loans and borrowings.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

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

(l) **Financial instruments** (continued)

(ii) **Financial liabilities** (continued)

Financial liabilities measured at amortised cost (continued)

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group and the Company have an unconditional right to defer settlement of the liability for at least twelve (12) months after the reporting date.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. 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 a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

(m) **Cash and cash equivalents**

Cash and cash equivalents comprise cash in hand, at banks, deposits with licensed banks with maturity not exceeding three (3) months and short-term, highly liquid investments which are readily convertible to cash with short periods to maturity and are subject to an insignificant risk of changes in value, net of outstanding bank overdrafts, if any.

(n) **Impairment**

(i) **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 (2) 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 and contract assets, 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.

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

(n) **Impairment** (continued)

(i) **Impairment of financial assets** (continued)

For debt instruments considered to have low credit risk, the Group and the Company apply the low credit risk simplification. At every reporting date, the Group and the Company evaluate whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group and the Company reassess the internal credit rating of the debt instrument.

In addition, the Group and the Company consider that there has been a significant increase in credit risk when contractual payments are more than one (1) year past due. It is the Group's and the Company's policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL.

The Group and the Company consider a financial asset in default when contractual payments are one (1) year 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.

(ii) **Impairment of non-financial assets**

The Group and the Company assess 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 and the Company make 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 (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 except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

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

(n) **Impairment** (continued)

(ii) **Impairment of non-financial assets** (continued)

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 unless that asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment loss on goodwill is not reversed in a subsequent period.

(o) **Equity instruments**

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

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Dividends on ordinary shares are recognised as an appropriation of retained profits upon declaration, and are only taken up as liabilities upon the necessary approval being obtained.

(p) **Treasury shares**

When shares of the Company, that have not been cancelled, recognised as equity are reacquired, the amount of consideration paid is recognised directly in equity. Reacquired shares are classified as treasury shares and presented as a deduction from total equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of treasury shares. When treasury shares are reissued by resale, the difference between the sales consideration and the carrying amount is recognised in equity.

(q) **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 borrowings costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group incurred in connection with the borrowing of funds.

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

(r) **Leases**

(i) **Classification**

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

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

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

(ii) **Lease term**

In determining the lease term, the Group considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not to be terminated).

(iii) **Recognition and initial measurement**

As a lessee

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

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

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

(r) **Leases** (continued)

(iii) **Recognition and initial measurement** (continued)

As a lessee (continued)

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

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

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

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

As a lessor

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

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

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

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

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

(r) **Leases** (continued)

(iv) **Subsequent measurement**

As a lessee

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

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

The Group reassess the lease term upon the occurrence of a significant event or change in circumstances that is within the control of the Group affects whether the Group and the Company is reasonably certain to exercise an option not previously included in the determination of lease term, or not to exercise an option previously included in the determination of lease term. A revision in lease term results in remeasurement of the lease liabilities.

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

As a lessor

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

(s) **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 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.

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

(t) **Provisions**

Provisions are recognised when the Group and the Company have present legal or constructive obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations, and a reliable estimate of the amount can be made.

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 resources embodying economic benefits will be required to settle the obligation, the provision will be reversed. Where the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability and the present value of the expenditure expected to be required to settle the obligation. When discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

(u) **Contingencies**

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

Contingent liabilities and assets are not recognised in the statements of financial position of the Group.

(v) **Segment reporting**

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

(w) **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 transactions to sell the asset or transfer the liability takes place either:

(i) In the principal market for the asset or liability, or

(ii) In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or 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.

The 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.

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

(w) **Fair value measurement** (continued)

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

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

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.

5. Revenue

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Revenue from contracts with customers				
Type of goods or services				
Sale of:				
- crude palm oil	230,917	144,261	-	-
- earth and stones	973	1,700	-	-
- empty fruit bunches oil	30,127	18,604	-	-
- fresh fruit bunches	45,738	26,143	-	-
- palm kernel	35,640	20,274	-	-
Supply of electricity	19,607	24,012	-	-
	363,002	234,994	-	-
Revenue from other sources				
Dividend income from subsidiaries	-	-	6,400	5,085
Management fees from subsidiaries	-	-	2,857	2,887
	363,002	234,994	9,257	7,972
Timing of revenue recognition				
At a point in time	343,395	210,982	6,400	5,085
Over time	19,607	24,012	2,857	2,887
	363,002	234,994	9,257	7,972

There are no unfulfilled performance obligations, whether satisfied or partially satisfied to be recognised over the subsequent periods.

6. Interest income

	Group		Company	
Interest on:	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
- Amounts due from subsidiaries	-	-	3,451	4,385
- Short-term investments and fixed deposits	375	513	6	-
	375	513	3,457	4,385

7. Other operating income

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Fair value gain on biological assets (Note 21)	2,205	253	-	-
Gain on disposal of property, plant and equipment	-	25	-	-
Gain on termination of lease liabilities	23	-	-	-
Miscellaneous income	454	214	-	
Realised gain on foreign exchange	61	-	-	-
Rental income	88	3	-	-
Reversal of allowance for expected credit losses (Note 20)	51	46	-	-
Sale of:				
- bunch ash	-	1	-	-
- empty fruit bunches	-	11	-	-
- fibre	110	75	-	-
- palm kernel shell	316	535	-	-
- scrapped iron	136	144	-	-
- sludge oil	-	118	-	-
- waste oil	-	75	-	-
	3,444	1,500	-	-

8. Other expenses

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Allowance for expected credit losses (Note 20)	-	-	-	39
Bad debts written off	-	270	-	-
Deposits written off	-	39	-	-
Impairment on investments in subsidiaries (Note 18)	-	-	9,391	572
Impairment on slow moving inventories (Note 22)	1,310	-	-	-
Inventories written off	341	1,626	-	-
Property, plant and equipment written off (Note 15)	934	190	-	-
Realised loss on foreign exchange	-	8	-	-
	2,585	2,133	9,391	611

9. Employee benefits expense

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Salaries and wages	28,196	26,168	2,348	2,219
Contributions to defined contribution plan	1,509	1,379	261	243
Contributions to employees insurance system	15	15	1	1
Social security contributions	225	215	8	10
	29,945	27,777	2,618	2,473
Capitalised in bearer plants (Note 15)	954	1,836	-	-
Capitalised in inventories (Nurseries) (Note 22)	182	148	-	-
Recognised in profit or loss	28,809	25,793	2,618	2,473
	29,945	27,777	2,618	2,473

Included in employee benefits expense of the Group and of the Company are Executive Directors' remuneration amounting to RM3,334,868 (2020: RM2,907,514) and RM1,192,485 (2020: RM1,002,402) respectively as further disclosed in Note 10 to the financial statements.

10. Directors' remuneration

The details of remuneration received and receivable by Directors of the Group and of the Company during the financial year are as follows:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Executive Directors' remuneration (Note 9)				
- Salaries and other emoluments	1,979	1,976	718	716
- Bonus	965	493	347	179
- Fee	31	120	-	-
- Allowance	120	116	-	-
- Contributions to defined contribution plan	240	202	127	107
	3,335	2,907	1,192	1,002
Non-executive Directors' remuneration				
- Fee	245	159	152	159
Total Directors' remuneration	3,580	3,066	1,344	1,161

Notes to the Financial Statements
For the financial year ended 31 December 2021 (continued)

11. Profit/(Loss) from operations

	Group		Company	
Other than as disclosed in Notes 6, 7, 8, 9 and 10, profit/(loss) from operations is arrived at after charging:	**2021 RM'000**	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Auditors' remuneration				
- Statutory audit				
- Current year	310	278	55	60
- (Over)/Under provision in prior year	(22)	38	(5)	3
- Other services	20	107	8	8
Depreciation of property, plant and equipment (Note 15)	21,581	21,840	230	235
Rental expenses*	161	97	-	-

* Expenses relating to short-term lease accounted for applying the recognition exception of MFRS 16 Leases. There are no material expense relating to low value assets.

12. Finance costs

	Group		Company	
Interest expenses:	**2021 RM'000**	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
- Lease liabilities	231	173	-	-
- Revolving credits	1,198	1,970	427	905
- Term loans	1,784	2,600	1,553	2,145
	3,213	4,743	1,980	3,050
Less: Capitalised in bearer plants (Note 15)	(329)	(1,065)	-	-
	2,884	3,678	1,980	3,050

13. **Income tax expense**

	Group 2021 RM'000	Group Restated 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Current taxation	9,983	4,041	364	321
Deferred tax (Note 19)	2,580	1,944	(73)	-
	12,563	5,985	291	321
Under/(Over) provision in prior years:				
- Current taxation	241	77	2	11
- Deferred tax (Note 19)	(175)	504	-	-
	66	581	2	11
	12,629	6,566	293	332

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

	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Profit/(Loss) before taxation	66,478	21,780	(2,249)	5,078
Taxation at Malaysian statutory tax rate of 24%	15,955	5,227	(540)	1,219
Non-deductible expenses	1,838	1,314	2,842	1,055
Non-taxable income	(453)	-	(2,011)	(1,953)
Effect of utilisation of previously unrecognised temporary differences	(4,777)	(556)	-	-
	12,563	5,985	291	321
Under/(Over) provision in prior years				
- Current taxation	241	77	2	11
- Deferred tax	(175)	504	-	-
	66	581	2	11
	12,629	6,566	293	332

14. **Earnings per share**

(a) **Basic**

Basic earnings per share is calculated by dividing profit for the financial year, net of tax, 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'000)	50,610	14,618
Weighted average number of ordinary shares in issue* ('000)	308,967	308,967
Basic earnings per share (sen)	16.38	4.73

* The weighted average number of ordinary shares takes into account the weighted average effect of changes in treasury shares transactions during the financial year.

(b) **Diluted**

There is no dilution in the earnings per share of the current and previous year end as there are no dilutive potential ordinary shares outstanding at the end of the reporting period.

15. **Property, plant and equipment**

Group **2021** **Cost**	**Long term leasehold land RM'000**	**Buildings, plantation infrastructure and quarry RM'000**	**Heavy equipment, plant and machinery RM'000**	**Bearer plants RM'000**	**Furniture, fittings and equipment RM'000**	**Motor vehicles RM'000**	**Capital work-in-progress RM'000**	**Total RM'000**
At 1 January 2021	63,605	160,317	201,634	152,336	6,458	7,704	2,003	594,057
Additions	412	214	291	4,806	129	-	1,073	6,925
Disposals	(370)	-	-	-	-	-	-	(370)
Written off (Note 8)	-	-	(445)	-	(14)	(415)	(929)	(1,803)
Reclassification	-	272	894	(36)	8	-	(1,138)	-
At 31 December 2021	63,647	160,803	202,374	157,106	6,581	7,289	1,009	598,809
Accumulated depreciation								
At 1 January 2021	11,003	47,990	96,449	85,769	4,909	5,503	-	251,623
Charge for the financial year (Note 11)	941	5,290	10,125	4,445	320	460	-	21,581
Disposals	(128)	-	-	-	-	-	-	(128)
Written off (Note 8)	-	-	(442)	-	(12)	(415)	-	(869)
At 31 December 2021	11,816	53,280	106,132	90,214	5,217	5,548	-	272,207
Net book value								
At 31 December 2021	51,831	107,523	96,242	66,892	1,364	1,741	1,009	326,602

15. **Property, plant and equipment** (continued)

Group **2020** **Cost**	**Long term leasehold land RM'000**	**Buildings, plantation infrastructure and quarry RM'000**	**Heavy equipment, plant and machinery RM'000**	**Bearer plants RM'000**	**Furniture, fittings and equipment RM'000**	**Motor vehicles RM'000**	**Capital work-in-progress RM'000**	**Total RM'000**
At 1 January 2020	63,544	157,413	202,029	146,035	6,352	7,069	1,304	583,746
Additions	61	652	2,617	6,788	193	793	3,089	14,193
Disposals	-	-	(794)	-	(28)	(135)	-	(957)
Written off (Note 8)	-	-	(2,404)	(487)	(11)	(23)	-	(2,925)
Reclassification	-	2,252	186	-	(48)	-	(2,390)	-
At 31 December 2020	63,605	160,317	201,634	152,336	6,458	7,704	2,003	594,057
Accumulated depreciation								
At 1 January 2020	10,105	43,012	88,866	81,495	4,616	5,134	-	233,228
Charge for the financial year (Note 11)	898	5,280	10,191	4,670	324	477	-	21,840
Disposals	-	-	(580)	-	(18)	(112)	-	(710)
Written off (Note 8)	-	-	(2,312)	(396)	(6)	(21)	-	(2,735)
Reclassification	-	(302)	284	-	(7)	25	-	-
At 31 December 2020	11,003	47,990	96,449	85,769	4,909	5,503	-	251,623
Net book value								
At 31 December 2020	52,602	112,327	105,185	66,567	1,549	2,201	2,003	342,434

15. **Property, plant and equipment** (continued)

Buildings, plantation infrastructure and quarry comprise:

Group

Cost	Leasehold buildings RM'000	Oil mill and other buildings RM'000	Plantation infrastructure RM'000	Quarry RM'000	Total RM'000
At 1 January 2020	780	87,413	59,772	9,448	157,413
Additions	-	33	619	-	652
Reclassification	-	-	2,252	-	2,252
At 31 December 2020	780	87,446	62,643	9,448	160,317
Additions	-	124	90	-	214
Reclassification	-	236	36	-	272
At 31 December 2021	780	87,806	62,769	9,448	160,803
Accumulated depreciation					
At 1 January 2020	328	35,528	6,191	965	43,012
Charge for the financial year	16	4,443	821	-	5,280
Reclassification	-	(302)	-	-	(302)
At 31 December 2020	344	39,669	7,012	965	47,990
Charge for the financial year	16	4,432	842	-	5,290
At 31 December 2021	360	44,101	7,854	965	53,280
Net book value					
At 31 December 2021	420	43,705	54,915	8,483	107,523
At 31 December 2020	436	47,777	55,631	8,483	112,327

15. **Property, plant and equipment** (continued)

Company

	Buildings RM'000	Furniture fittings and equipment RM'000	Total RM'000
Cost			
At 1 January 2020	3,799	748	4,547
Additions	3	2	5
At 31 December 2020	3,802	750	4,552
Additions	-	20	20
Written off	-	(3)	(3)
At 31 December 2021	3,802	767	4,569
Accumulated depreciation			
At 1 January 2020	2,042	554	2,596
Charge for the financial year (Note 11)	191	44	235
At 31 December 2020	2,233	598	2,831
Charge for the financial year (Note 11)	186	44	230
Written off	-	(3)	(3)
At 31 December 2021	2,419	639	3,058
Net book value			
At 31 December 2021	1,383	128	1,511
At 31 December 2020	1,569	152	1,721

The property, plant and equipment of the Group held as right-of-use assets are as follows:

Group

2021	Cost RM'000	Accumulated depreciation RM'000	Net book value RM'000
Long term leasehold land	63,647	(11,816)	51,831
Heavy equipment	2,971	(888)	2,083
Motor vehicles	2,298	(810)	1,488
	68,916	(13,514)	55,402

15. **Property, plant and equipment** (continued)

The property, plant and equipment of the Group held as right-of-use assets are as follows: (continued)

Group	**Cost**	**Accumulated depreciation**	**Net book value**
2020	**RM'000**	**RM'000**	**RM'000**
Long term leasehold land	63,605	(11,003)	52,602
Heavy equipment	2,971	(590)	2,381
Motor vehicles	2,298	(527)	1,771
	68,874	(12,120)	56,754

Leased assets of the Group with a carrying amount of RM25,360,676 (2020: RM25,741,990) and RM3,572,299 (2020: RM4,151,659) respectively are pledged as securities for the related bank loans and finance lease liabilities as disclosed in Note 28 and 29 to the financial statements.

In addition to the leased assets above, the net carrying value of the property, plant and equipment of the Group pledged to licensed banks to secure the loans and borrowings granted to the Group as disclosed in Note 28 to the financial statements are as follows:

	Group	
	2021 RM'000	**2020 RM'000**
Buildings	20,285	26,794
Plantation infrastructure	43,915	43,412
Plant and machinery	75,180	118,463
Bearer plants	46,131	45,449
Furniture, fittings and equipment	828	1,751
Motor vehicles	233	376
Capital work-in-progress	170	1,421
	186,742	237,666

Additions in bearer plants during the financial year included the following:

	Group	
	2021 RM'000	**2020 RM'000**
Employee benefits expense (Note 9)	954	1,836
Interest expense (Note 12)	329	1,065

16. **Investment properties**

	Group Freehold land 2021 RM'000	Group Freehold land 2020 RM'000
Fair value		
At 1 January/31 December	43,340	43,340

There is no rental income and direct expense relating to the investment properties as it was not rented out.

Investment properties are stated at fair value, which has been determined based on valuations performed during the financial year by independent professional valuers using sales comparison method that makes reference to the sales prices of comparable properties in close proximity which are adjusted for differences in key attributes such as property size and location. The most significant input into this valuation approach is price per square foot of comparable properties.

Valuation technique	Significant unobservable inputs	Range of adjustment factor 2021 %	Range of adjustment factor 2020 %
Market comparable approach	Difference in size and bulk discount	5	5

For all investment properties that are measured at fair value, the current use of the properties are considered the highest and best use.

17. **Intangible assets**

	Group 2021 RM'000	Group 2020 RM'000
Goodwill		
At 1 January/31 December	17,358	17,358

17. **Intangible assets** (continued)

Impairment testing of goodwill

Goodwill which arose from business combinations has been allocated to CGUs identified according to the individual subsidiaries, all of which are principally involved in plantation activities for impairment testing.

The recoverable amount of the above CGUs has been determined based on either FVLCD where the management relied on independent professional valuers using comparison method valuation or VIU calculations using cash flow projections approved by management covering a five-year period. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

	Group	
	2021	**2020**
CPO per metric tonne ("MT")	RM3,800	RM3,000
PK per MT	RM2,400	RM1,600
Discount rates	10%	10%

(i) CPO and PK prices are based on the current market outlook of product prices relating to the CGU.

(ii) Discount rates used for cash flows discounting purpose is the Group's weighted average cost of capital.

For CGUs determined based on FVLCD, the recoverable values were determined by reference to recent market transacted prices of similar properties. These prices are adjusted for factors of size and location by a range of 5% - 10% to arrive at a range of valuation of RM22,500 to RM26,250 per acre for plantation land.

In prior year, the recoverable values for CGUs determined based on FVLCD were determined by the professional valuers on plantation land using market comparison approach that reflects recent transacted prices of similar properties. These prices are adjusted for factors of size and location by a range of 5% - 10% to arrive at a range of valuation of RM30,000 to RM34,000 per acre for plantation land.

Sensitivity to changes in assumptions

With regard to the assessment of VIU of the plantation segment, management believes that any reasonable possible change in any of the above key assumptions applied is unlikely to materially cause the recoverable amounts to be lower than the carrying values of the CGU.

18. Investments in subsidiaries

	Company 2021 RM'000	Company 2020 RM'000
Unquoted shares, at cost	318,057	318,057
Less: Impairment loss		
At 1 January	(572)	-
Addition (Note 8)	(9,391)	(572)
At 31 December	(9,963)	(572)
Net carrying amount	308,094	317,485

Details of the subsidiaries are as follows:

Name of subsidiary	Country of incorporation	Proportion of ownership interest 2021 %	Proportion of ownership interest 2020 %	Principal activities
Held by the Company				
Cepatwawasan Sdn. Bhd.	Malaysia	100	100	Cultivation of oil palm
Syarikat Melabau Sdn. Bhd.	Malaysia	100	100	Cultivation of oil palm
Wong Tet-Jung Plantations Sdn. Bhd.	Malaysia	100	100	Cultivation of oil palm
Razijaya Sdn. Bhd.	Malaysia	100	100	Cultivation of oil palm and operation of a quarry
Sri Likas Mewah Sdn. Bhd.	Malaysia	100	100	Cultivation of oil palm
Kovusak Sdn. Bhd.	Malaysia	100	100	Cultivation of oil palm
Libarran Island Resort Sdn. Bhd.	Malaysia	100	100	Investment holding
Bakara Sdn. Bhd.	Malaysia	100	100	Cultivation of oil palm
Sungguh Mulia Sdn. Bhd.	Malaysia	100	100	Cultivation of oil palm
Prima Semasa Sdn. Bhd.	Malaysia	100	100	Cultivation of oil palm
Ayu Sempurna Sdn. Bhd.	Malaysia	100	100	Investment holding
Cash Nexus (M) Sdn. Bhd.	Malaysia	100	100	Investment holding
Magnum Kapital Sdn. Bhd.	Malaysia	100	100	Dormant
Hikayat Anggun Sdn. Bhd.	Malaysia	100	100	Dormant
Aspenglade Sdn. Bhd.	Malaysia	100	100	Dormant
Ekuiti Etika Sdn. Bhd.	Malaysia	100	100	Dormant

18. **Investments in subsidiaries** (continued)

Details of the subsidiaries are as follows: (continued)

Name of subsidiary	Country of incorporation	Proportion of ownership interest 2021 %	2020 %	Principal activities
Held through Cepatwawasan Sdn. Bhd.				
Prolific Yield Sdn. Bhd.	Malaysia	100	100	Milling and sale of oil palm products
Jutategak Sdn. Bhd.	Malaysia	100	100	Cultivation of oil palm
Liga Semarak Sdn. Bhd.	Malaysia	100	100	Cultivation of oil palm
Tentu Cergas Sdn. Bhd.	Malaysia	100	100	Cultivation of oil palm
Tentu Bernas Sdn. Bhd.	Malaysia	100	100	Cultivation of oil palm
Held through Syarikat Melabau Sdn. Bhd.				
Suara Baru Sdn. Bhd.	Malaysia	100	100	Cultivation of oil palm and operation of a quarry
Gelang Usaha Sdn. Bhd.	Malaysia	100	100	Cultivation of oil palm
Swifturn Sdn. Bhd.	Malaysia	100	100	Letting of oil palm fresh fruit bunches collection centre
Held through Sri Likas Mewah Sdn. Bhd.				
Ultisearch Trading Sdn. Bhd.	Malaysia	100	100	Cultivation of oil palm
Held through Libarran Island Resort Sdn. Bhd.				
Minelink Sdn. Bhd.	Malaysia	100	100	Investment property holding
Held through Ayu Sempurna Sdn. Bhd.				
Ladang Cepat-KPD Sdn. Bhd.	Malaysia	60	60	Cultivation of oil palm
Held through Cash Nexus (M) Sdn. Bhd.				
Power Precinct Sdn. Bhd.	Malaysia	100	100	Investment holding
Cash Horse (M) Sdn. Bhd.	Malaysia	100	100	Operation of a biomass power plant
Timah Resources Limited # ^	Australia	69.07	66.13	Investment holding
Mistral Engineering Sdn. Bhd.*	Malaysia	51	51	Power generation

18. **Investments in subsidiaries** (continued)

Details of the subsidiaries are as follows: (continued)

Name of subsidiary	**Country of incorporation**	**Proportion of ownership interest 2021 %**	**2020 %**	**Principal activities**
Held through Timah Resources Limited				
Mistral Engineering Sdn. Bhd.*	Malaysia	33.84	32.40	Power generation

Audited by firm of auditors other than PKF PLT, Malaysia.
^ Listed on the ASX Limited
* Mistral Engineering Sdn. Bhd. is held through both Cash Nexus (M) Sdn. Bhd. and Timah Resources Limited

Increase in stake of a subsidiary

2021

On 25 October 2021, the Group acquired an additional 2.94% equity interest in Timah Resources Limited ("Timah") as follows:

	RM'000
Consideration paid for the 2.94% increase in stake	541
Carrying value of the additional interest in Timah	(892)
Difference recognised in retained profits	(351)

2020

On 7 August 2020, the Group had undertaken an internal restructuring exercise to increase its effective interest in a subsidiary, Mistral Engineering Sdn. Bhd. ("Mistral Engineering"), from 62.71% to 83.40%. Cash Nexus (M) Sdn. Bhd. acquired an additional 9,627,552 ordinary shares at a value of RM1.64 totaling RM15,803,627, representing an additional 20.69% equity interest in Mistral Engineering for consideration by way of conversion of a portion of debt owed by Mistral Engineering to the Company to equity.

Following is a schedule of additional interest acquired in Mistral Engineering Sdn. Bhd.:

	RM'000
Consideration paid for the 20.69% increase in stake	-
Carrying value of the additional interest in Mistral Engineering	(1,014)
Difference recognised in retained profits	(1,014)

18. **Investments in subsidiaries** (continued)

Non-controlling interests in subsidiaries

The financial information of the subsidiaries of the Group that have non-controlling interests ("NCI") is as follows:

Equity interest held by material non-controlling interests are as follows:

Name of subsidiary companies	Country of incorporation	Ownership interest 2021 %	Ownership interest 2020 %
Ladang Cepat-KPD Sdn. Bhd.	Malaysia	40	40
Mistral Engineering Sdn. Bhd.	Malaysia	15.16	16.60
Timah Resources Limited	Australia	30.93	33.87

Carrying amount of material NCI:

Name of subsidiary companies	2021 RM'000	2020 RM'000
Ladang Cepat-KPD Sdn. Bhd.	13,760	12,055
Mistral Engineering Sdn. Bhd.	1,182	1,047
Timah Resources Limited	(6,916)	(5,718)
	8,026	7,384

Profit allocated to material NCI:

Name of subsidiary companies	2021 RM	2020 RM
Ladang Cepat-KPD Sdn. Bhd.	3,305	725
Mistral Engineering Sdn. Bhd.	135	123
Timah Resources Limited	(201)	(252)
	3,239	596

Total comprehensive income allocated to material NCI:

Name of subsidiary companies	2021 RM	2020 RM
Ladang Cepat-KPD Sdn. Bhd.	3,305	725
Mistral Engineering Sdn. Bhd.	135	123
Timah Resources Limited	(222)	(147)
	3,218	701

18. **Investments in subsidiaries** (continued)

	Ladang Cepat-KPD Sdn. Bhd.		Mistral Engineering Sdn. Bhd.		Timah Resources Limited	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Summarised statements of profit or loss and other comprehensive income						
Revenue	19,257	10,296	8,773	9,929	-	-
Profit/(Loss) for the financial year	9,204	2,776	832	505	(611)	(680)
Total comprehensive income/(loss)	9,204	2,776	832	505	(676)	(484)
Summarised statements of financial position						
Non-current assets	10,311	10,662	46,309	50,224	26,161	26,161
Current assets	24,374	18,339	7,567	7,992	2,824	3,713
Non-current liabilities	(1,814)	(1,814)	(30,515)	(32,466)	-	-
Current liabilities	(1,702)	(1,291)	(336)	(2,457)	(91)	(82)
Net assets	31,169	25,896	23,025	23,293	28,894	29,792
Summarised cash flows information						
Net cash from/(used in) operating activities	10,418	3,843	(324)	45,775	544	(566)
Net cash used in investing activities	(4,804)	(352)	(89)	(58,008)	(225)	(172)
Net cash (used in)/from financing activities	(4,000)	(4,000)	-	13,998	-	-
Net increase/(decrease) in cash and cash equivalents	1,614	(509)	(413)	1,765	319	(738)
Net foreign exchange difference	-	-	-	-	(65)	196
Cash and cash equivalents at beginning of the financial year	2,523	3,032	3,834	2,069	2,519	3,061
Cash and cash equivalents at end of the financial year	4,137	2,523	3,421	3,834	2,773	2,519
Dividend paid to non-controlling interests	(1,600)	(1,600)	-	-	-	-

19. Deferred tax assets/(liabilities)

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
At 1 January	(18,112)	(15,664)	73	73
Recognised in profit or loss (Note 13)	(2,405)	(2,448)	73	-
At 31 December	(20,517)	(18,112)	146	73

The components of deferred tax assets and liabilities as at the end of the financial year prior to offsetting are as follows:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Deferred tax assets				
Provision	629	329	166	97
Allowance for expected credit losses	46	46	-	-
Unutilised tax losses	1,198	2,125	-	-
Unabsorbed agriculture and capital allowances	8,191	8,430	-	-
Unabsorbed investment tax allowances	5,688	5,688	-	-
	15,752	16,618	166	97
Deferred tax liabilities				
Property, plant and equipment and investment properties	(35,365)	(34,274)	(20)	(24)
Biological assets	(904)	(456)	-	-
	(36,269)	(34,730)	(20)	(24)
Deferred tax liabilities recognised	(20,517)	(18,112)	146	73

Presented after appropriate offsetting as follows:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Deferred tax assets	6,539	6,777	146	73
Deferred tax liabilities	(27,056)	(24,889)	-	-
	(20,517)	(18,112)	146	73

19. **Deferred tax assets/(liabilities)** (continued)

No deferred tax asset has been recognised for the following items:

	Group	
	2021 RM'000	**2020 RM'000**
Unabsorbed capital allowances	68,480	82,394
Unutilised tax losses	20,228	26,218
	88,708	108,612
Tax rate	24%	24%
Deferred tax assets not recognised	21,290	26,067

The unabsorbed capital allowances disclosed above are available indefinitely for offsetting against future taxable profits of the Group whereas the unutilised tax losses is available to be carried forward up to the maximum of seven (7) years, subject to no substantial change in shareholdings of these subsidiaries under the Income Tax Act, 1967 and guidelines issued by the tax authority.

Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits.

20. **Trade and other receivables**

	Group		Company	
Non-current	**2021 RM'000**	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Other receivables				
Amounts due from subsidiaries	-	-	68,125	74,669
Less: Allowance for expected credit losses	-	-	-	(39)
Other receivables, net	-	-	68,125	74,630
Current				
Trade receivables				
Third parties	13,364	9,730	-	-
Less: Allowance for expected credit losses	(227)	(278)	-	-
Trade receivables, net	13,137	9,452	-	-

20. **Trade and other receivables** (continued)

Current	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Other receivables				
Deposits	2,869	2,175	12	12
GST receivables	132	152	-	-
Prepayments	726	812	105	73
Other receivables				
- Amounts due from subsidiaries	-	-	22,926	24,651
- Third parties	1,115	1,315	272	272
	4,842	4,454	23,315	25,008
Less: Allowance for expected credit losses - Third parties	(1,068)	(1,075)	(272)	(272)
Other receivables, net	3,774	3,379	23,043	24,736
Trade and other receivables, current	16,911	12,831	23,043	24,736
Total trade and other receivables	16,911	12,831	91,168	99,366

Trade receivables are non-interest bearing and are generally on 7 to 30 days (2020: 7 to 30 days) terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Amounts due from subsidiaries are unsecured, interest bearing and repayable on demand. The interest bearing advances are subject to interest charge based on recovery of borrowing cost incurred by the Company. The non-current portion of amounts due from subsidiaries relates to amounts in which the Company has no intention in demanding repayment within twelve (12) months after the year end.

During the financial year, the following (gains)/losses were recognised in profit or loss in relation to impaired financial assets:

Group	Trade receivables RM'000	Other receivables RM'000	Total RM'000
At 1 January 2020	325	1,074	1,399
Reversal during the financial year (Note 7)	(47)	1	(46)
At 31 December 2020	278	1,075	1,353
Reversal during the financial year (Note 7)	(51)	-	(51)
Written off	-	(7)	(7)
At 31 December 2021	227	1,068	1,295

20. **Trade and other receivables** (continued)

During the financial year, the following (gains)/losses were recognised in profit or loss in relation to impaired financial assets: (continued)

Company	**Other receivables RM'000**
At 1 January 2020	272
Charge for the financial year (Note 8)	39
At 31 December 2020	311
Written off	(39)
At 31 December 2021	272

Information about the Group's exposure to credit risks and expected credit losses for trade receivables is included in Note 35 to the financial statements.

21. **Biological assets**

	Group	
At fair value	**2021 RM'000**	**2020 RM'000**
At 1 January	2,180	1,927
Fair value gain (Note 7)	2,205	253
At 31 December	4,385	2,180

The biological assets of the Group comprise fresh fruit bunches ("FFB") prior to harvest. To arrive at the fair value of FFB, the management has considered the oil content of the unripe FFB and derived at the assumption that the net cash flows to be generated from FFB prior to more than six (6) weeks to harvest is negligible, therefore quantity of unripe FFB on bearer plants of up to six (6) weeks prior to harvest was used for valuation purpose. The value of the unripe FFB was estimated to be approximately 17% for FFB that are five (5) to six (6) weeks prior to harvest, 50% for FFB that are three (3) to four (4) weeks prior to harvest and 83% for FFB that are one (1) to two (2) weeks prior to harvest. The quantity of unharvested FFB of the Group as at 31 December 2021 included in the fair valuation of FFB was 11,000 metric tonne (2020: 9,000 metric tonne). The net present value of cash flows is then determined with reference to the market value of crude palm oil at the date of harvest, adjusted for freight and other costs to sell at the point of harvest.

The valuation model adopted by the Group is a discounted cash flow model which includes all cash inflows, cash outflows and imputed contributory asset charges where no actual cash flows associated with the use of assets essential to the agricultural activity are accounted for. The net present value of cash flows is then determined with reference to the market value of crude palm oil at the date of harvest, adjusted for freight, extraction rates, production, transportation, contributory asset charges and other costs to sell at the point of harvest. Changes to the assumed prices of the FFB and tonnage included in the valuation will have a direct effect on the reported valuation.

21. **Biological assets** (continued)

The relationship of the unobservable inputs to changes in fair value, with all other variables held constant is as follows:

	Fair value gain/(loss)			
	2021		2020	
	Increase by 10% RM'000	Decrease by 10% RM'000	Increase by 10% RM'000	Decrease by 10% RM'000
Unobservable inputs				
FFB price	541	(541)	295	(295)
Production volume	438	(438)	217	(217)
Harvest and transportation costs	(103)	103	(78)	78

22. **Inventories**

	Group	
Cost	**2021 RM'000**	**2020 RM'000**
Shell	1	14
Fibre	47	29
Empty fruit bunches	33	40
Empty fruit bunches oil	294	579
Crude palm oil	1,573	926
Palm kernels	668	492
Quarry inventories	7,964	9,373
Fertilisers and chemicals	2,662	234
Store, spares and consumable supplies	4,338	3,733
Nurseries	358	1,062
	17,938	16,482
Less: Impairment	(1,310)	-
	16,628	16,482

Notes to the Financial Statements
For the financial year ended 31 December 2021 (continued)

22. Inventories (continued)

Movement in the impairment account is as follows:

	Group 2021 RM'000	Group 2020 RM'000
At 1 January	-	-
Charge for the financial year (Note 8)	1,310	-
At 31 December	1,310	-

During the financial year, the amount of inventories recognised as an expense in cost of sales of the Group was RM22,169,624 (2020: RM18,050,942).

Additions in nurseries during the financial year included the following:

	Group 2021 RM'000	Group 2020 RM'000
Employee benefits expense (Note 9)	182	148

23. Short-term investments

Fair value through profit or loss	Group 2021 RM'000	Group 2020 RM'000
Short-term investments	18,076	13,883

Short-term funds are investments in income trust funds in Malaysia.

24. Cash and cash equivalents

	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Cash in hand and at banks	22,565	18,278	665	5,035
Deposits with licensed banks	16,154	7,272	2,200	-
Cash and bank balances	38,719	25,550	2,865	5,035
Less: Deposits pledged as securities for banking facilities and deposits with maturity of more than three (3) months	(4,084)	(4,097)	-	-
Cash and cash equivalents	34,635	21,453	2,865	5,035

24. **Cash and cash equivalents** (continued)

Deposits with licensed banks are made for varying periods of between one (1) day to twelve (12) months (2020: three (3) months to twelve (12) months) depending on the cash requirements of the Group, and earn interest at the respective fixed deposit rates. The weighted average effective interest rate as at year end for the Group was 0.41% (2020: 1.07%) per annum.

25. **Share capital and treasury shares**

Group/Company	**No. of ordinary shares**			
Issued and fully paid:	**Share capital**	**Treasury shares**	**Share capital RM'000**	**Treasury shares RM'000**
At 1 January 2020/ 31 December 2020/ 31 December 2021	318,446,210	(9,479,200)	318,446	(11,097)

Share capital

The holders of ordinary shares (except treasury shares) are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company's residual assets.

Treasury shares

Treasury shares relate to ordinary shares of the Company that are held by the Company. This amount relates to the acquisition cost of treasury shares net of the proceeds received on their subsequent sale or issuance.

The Directors of the Company are committed to enhance 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.

26. Reserves

Group	Foreign currency translation reserve RM'000	Other reserve RM'000	Total RM'000
At 1 January 2020	414	80,520	80,934
Exchange differences on translation of a foreign operation	(175)	-	(175)
Effect of subsidiary treasury share transaction	-	115	115
At 31 December 2020	239	80,635	80,874
Exchange differences on translation of a foreign operation	40	-	40
Effect of subsidiary treasury share transaction	-	142	142
At 31 December 2021	279	80,777	81,056

Company	Reserve RM'000
At 1 January 2020/31 December 2020/31 December 2021	8,482

Foreign currency translation reserve

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of a foreign subsidiary whose functional currency is different from that of the Group's presentation currency.

Other reserve

Other reserve represents:

(i) the difference between the adjusted carrying amount of the non-controlling interests and the fair value of consideration paid of the Group of RM1,719,776 (2020: RM1,577,984); and
(ii) restructuring reserve arising from business combination of the Group and of the Company of RM79,057,653 (2020: RM79,057,653) and RM8,482,304 (2020: RM8,482,304) respectively.

27. Retained profits

The Group's and the Company's policy is to treat all gains and losses that pass through the statements of profit or loss and other comprehensive income (i.e. non-owner transactions or events) as revenue reserves. Other than retained profits, all other revenue reserves are regarded as non-distributable in the form of cash dividends to shareholders. Accumulated losses are the opposite of retained profits and when an entity is in an accumulated loss position, it is prohibited from distributing cash dividends to shareholders.

28. Loans and borrowings

	Group		Company	
	2021	2020	2021	2020
Non-Current	RM'000	RM'000	RM'000	RM'000
Secured:				
Term loans	33,126	44,751	33,126	41,814
Current				
Secured:				
Revolving credits	3,300	33,300	200	19,800
Term loans	7,933	12,995	6,683	6,495
	11,233	46,295	6,883	26,295
Total loans and borrowings				
Secured:				
Revolving credits	3,300	33,300	200	19,800
Term loans	41,059	57,746	39,809	48,309
	44,359	91,046	40,009	68,109
Maturity structure of loans and borrowings				
Within one year	11,233	46,295	6,883	26,295
Between one to two years	6,830	9,575	6,830	6,638
Between two to five years	17,790	22,766	17,790	22,766
More than five years	8,506	12,410	8,506	12,410
	44,359	91,046	40,009	68,109

The interest rate structures are as follows:

	Effective interest rate per annum	
	2021	2020
Revolving credits	ICOF + 1.20%, COF + 1.125% to 1.50%	ICOF + 1.20%, COF + 1.125% to 1.50%
Term loans	COF + 1.10% to 1.50%	COF + 1.10% to 1.50%

ICOF – Islamic Cost of Funds
COF – Cost of Funds

28. Loans and borrowings (continued)

(i) Revolving credits

The revolving credits are secured by way of

(a) Legal charges over certain leasehold plantations together with the plant and machinery and palm oil mill of certain subsidiaries, sub-divided land together with the power plant erected thereon of a subsidiary as disclosed in Note 15 to the financial statements;
(b) Debentures incorporating fixed and floating charges over all the assets of these subsidiaries presently owned and subsequently acquired;
(c) Corporate guarantees given by the Company and these subsidiaries; and
(d) Short-term deposits with licensed bank.

(ii) Term loans

The loans are secured by way of

(a) Legal charges over sub-divided land together with the power plant erected thereon of certain subsidiaries as disclosed in Note 15 to the financial statements;
(b) Legal charges over certain leasehold plantations as disclosed in Note 15 to the financial statements;
(c) Debentures incorporating fixed and floating charges over all the assets of certain subsidiaries presently owned and subsequently acquired;
(d) Short-term deposits with licensed bank; and
(e) Corporate guarantees given by the Company and certain subsidiaries.

29. Lease liabilities

	Group	
	2021 RM'000	2020 RM'000
Current	748	851
Non-current	2,521	3,186
	3,269	4,037

Maturity structure of lease liabilities:

	2021 RM'000	2020 RM'000
Within one year	748	851
Between one to two years	678	727
Between two to five years	1,291	1,791
More than five years	552	668
	3,269	4,037

29. Lease liabilities (continued)

The Group has lease contracts of land used in its operations as disclosed in Note 15 to the financial statements. Leases of land have lease terms of average five (5) to thirty (30) years. The average discount rate implicit in the leases is 7.64% (2020: 7.64%) per annum.

The table below describes the nature of the Group's leasing activities by type of right-of-use asset recognised in the statement of financial position:

Right-of-use asset	No. of right-of-use assets leased	Range of remaining term	Average remaining lease term	No. of leases with extension options	No. of leases with variable payment	No. of leases with termination option
Leasehold land	10	4 – 21 years	8 years	5	-	-

The leases of the Group are secured by a charge over the leased assets which consists of heavy equipment and motor vehicles as disclosed in Note 15 to the financial statements. These leases of the Group bear effective interest rates ranging from 4.44% to 7.12% (2020: 4.44% to 7.12%) per annum.

There were no leases with residual value guarantee or leases which have yet to commence of which the Group and the Company have committed.

30. Trade and other payables

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Trade payables				
Third parties	13,998	8,489	-	-
Other payables				
Accruals	4,902	5,680	968	772
CPO sales tax and MPOB cess	1,751	957	-	-
Retention sum payable to contractor	1,303	1,303	-	-
Other payables				
- Amounts due to subsidiaries	-	-	34,681	16,559
- Third parties	4,835	2,635	249	43
	12,791	10,575	35,898	17,374
Total trade and other payables	26,789	19,064	35,898	17,374

Trade payables are non-interest bearing and the normal credit terms granted to the Group are 30 to 90 days (2020: 30 to 90 days).

Amounts due to subsidiaries are unsecured, interest free and repayable on demand.

Notes to the Financial Statements
For the financial year ended 31 December 2021 (continued)

31. Dividend

	Group		Company	
Recognised during the financial year	**2021 RM'000**	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Dividend on ordinary shares:				
Final single-tier dividend of 1.50 sen (2020: 1.50 sen) per ordinary share	4,635	4,635	4,635	4,635
Single-tier special dividend of 1.00 sen (2020: Nil sen) per ordinary share	3,089	-	3,089	-
	7,724	4,635	7,724	4,635

32. Significant related party transactions

(a) Identities of related parties

Parties are considered to be related to the Group and the Company if the Group and the Company have the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control or common significant influence. Related parties could be individuals or other entities.

(b) Related parties' transactions and outstanding balances

The aggregate value of transactions and outstanding balances of the related parties of the Group and the Company were as follows:

Company		**Transaction value**		**Balance outstanding**	
Name of related parties	**Type of transaction**	**2021 RM'000**	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
With subsidiaries:					
Aspenglade Sdn. Bhd.	Interest on advances	-	(2)	5	-
Ayu Sempurna Sdn. Bhd.	Dividend income	(2,400)	(2,390)	-	-
Bakara Sdn. Bhd.	Management fee	(195)	(195)	(2,824)	(441)
	Interest on advances	-	(20)		
Cash Horse (M) Sdn. Bhd.	Interest on advances	(263)	(672)	6,114	11,835
Cash Nexus (M) Sdn. Bhd.	Interest on advances	(1,130)	(850)	32,166	30,387
Cepatwawasan Sdn. Bhd.	Management fee	(537)	(536)	(4,168)	(41)
	Dividend income	(4,000)	-		
	Interest on advances	4	(174)		
Ekuiti Etika Sdn. Bhd.	-	-	-	(4,881)	(4,886)
Gelang Usaha Sdn. Bhd.	Management fee	(115)	(115)	(4,091)	(1,960)
Hikayat Anggun Sdn. Bhd.	-	-	-	(192)	(198)
Jutategak Sdn. Bhd.	Management fee	(105)	(105)	(3,220)	(1,309)

Notes to the Financial Statements
For the financial year ended 31 December 2021 (continued)

32. Significant related party transactions (continued)

(b) Related parties' transactions and outstanding balances (continued)

The aggregate value of transactions and outstanding balances of the related parties of the Group and the Company were as follows: (continued)

Company		**Transaction value**		**Balance outstanding**	
		2021	**2020**	**2021**	**2020**
Name of related parties	**Type of transaction**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
With subsidiaries:					
Kovusak Sdn. Bhd.	Management fee	(48)	(48)	(2,040)	(765)
Ladang Cepat-KPD Sdn. Bhd.	-	-	-	53	27
Libarran Island Resort Sdn. Bhd.	Interest on advances	(3)	(3)	88	78
Liga Semarak Sdn. Bhd.	Management fee	(14)	(14)	(439)	(238)
Magnum Kapital Sdn. Bhd.	-	-	-	(49)	(55)
Minelink Sdn. Bhd.	Interest on advances	(10)	(9)	276	211
Mistral Engineering Sdn. Bhd.	Interest on advances	(1,107)	(1,867)	29,476	32,119
Power Precinct Sdn. Bhd.	-	-	-	(29)	(35)
Prima Semasa Sdn. Bhd.	Management fee	(638)	(643)	1,410	7,260
	Interest on advances	(197)	(327)		
Prolific Yield Sdn. Bhd.	Management fee	(356)	(368)	17,577	11,210
	Interest on advances	(557)	(147)		
	Dividend income	-	(2,695)		
Razijaya Sdn. Bhd.	Management fee	(56)	(56)	(5,274)	(3,779)
Sri Likas Mewah Sdn. Bhd.	Management fee	(186)	(186)	(3,391)	(1,259)
Suara Baru Sdn. Bhd.	Management fee	(320)	(328)	911	2,721
	Interest on advances	(76)	(122)		
Sungguh Mulia Sdn. Bhd.	Management fee	(61)	(61)	(1,175)	(284)
	Interest on advances	-	(1)		
Syarikat Melabau Sdn. Bhd.	Management fee	(78)	(84)	(641)	487
	Interest on advances	(2)	(53)		
Swiftturn Sdn. Bhd.	-	-	-	(42)	(42)
Tentu Bernas Sdn. Bhd.	Management fee	(16)	(16)	(515)	(241)
Tentu Cergas Sdn. Bhd.	Management fee	(12)	(12)	(435)	(176)
Ultisearch Trading Sdn. Bhd.	Management fee	(18)	(18)	(1,302)	(850)
Wong-Tet-Jung Plantations Sdn. Bhd.	Management fee	(102)	(102)	2,975	2,946
	Interest on advances	(110)	(138)		

32. **Significant related party transactions** (continued)

(c) **Compensation of key management personnel**

The remuneration of Directors and other members of key management during the financial year was as follows:

	Group		Company	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Short-term employee benefits	4,382	3,680	1,774	1,719
Contributions to defined contribution plan	364	302	196	189
	4,746	3,982	1,970	1,908
Included in the key management personnel are:				
Directors' remuneration (Note 10)	3,580	3,066	1,344	1,161
Key management personnel's remuneration	1,166	916	626	747
	4,746	3,982	1,970	1,908

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company either directly or indirectly, including any Director of the Group and of the Company.

The terms and conditions and prices of the above transactions are mutually agreed between the parties.

33. **Financial guarantees**

The fair value of financial guarantees provided by the Company to the banks to secure banking facilities granted to subsidiaries as disclosed in Note 28 to the financial statements with nominal amount of RM103,700,000 (2020: RM118,700,000) are negligible as the probability of the financial guarantees being called is remote as those subsidiaries will be able to meet their short term loans and borrowings obligations as and when they are due.

34. **Commitments and contingencies**

(a) Capital commitments

	Group	
	2021 RM'000	**2020 RM'000**
Approved and contracted for:		
- Property, plant and equipment	598	2,496

34. **Commitments and contingencies** (continued)

(b) Contingent liability

On 10 May 2021, John Bin Until, Nokra Bin HJ Segun, Kuning Bin Kadir, Liew Ah Hon, Ongong Bin Unangga ("the Plantiffs") on behalf of themselves and 144 other residents of Kampung Segaliud, Sandakan, sued a subsidiary of the Company, namely, Prolific Yield Sdn. Bhd. ("Prolific") and another third party for negligence and breach of duty for alleged discharge of industrial effluent from their palm oil mill and thereby causing pollution to the nearby Segaliud River.

The Plaintiffs alleged they have suffered loss and damage to their livelihood and therefore, seek an injunction to restrain Prolific from the said alleged unlawful act and for loss and damages to be assessed by the Court.

Prolific has strongly denied the said claim as they maintain that at all material times they had set up and operated a safe and adequate industrial effluent treatment system duly approved and licensed by the relevant authorities and in compliance with the terms and conditions of the said license and all applicable relevant laws and regulations.

The Sandakan High Court has fixed the trial of this claim on 4 July 2022 to 8 July 2022.

The legal counsel is of the opinion that Prolific has a meritorious defence to this claim and there is a good prospect of succeeding in dismissing this claim.

The Board of Directors of the Company is of the view that the court case will have no immediate material financial and operational impact on Prolific as pursuant to the facts of the case, the documents presently available and the advice of its solicitors, Prolific has a good defence against the Plaintiffs' claim.

As at the date of approval of these financial statements, the court case is still pending and the settlement of obligation relating to the contingency is still uncertain.

35. **Financial instruments**

(a) **Categories of financial instruments**

	Group		Company	
Financial assets	**2021 RM'000**	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Measured at amortised cost				
Trade and other receivables	14,229	10,732	91,063	99,293
Cash and bank balances	38,719	25,550	2,865	5,035
Measured at fair value through profit or loss				
Short-term investments	18,076	13,883	-	-
	71,024	50,165	93,928	104,328
Finance liabilities				
Measured at amortised cost				
Trade and other payables	25,038	18,107	35,898	17,374
Loans and borrowings	44,359	91,046	40,009	68,109
Lease liabilities	3,269	4,037	-	-
	72,666	113,190	75,907	85,483

35. **Financial instruments** (continued)

(a) **Categories of financial instruments** (continued)

A reconciliation of trade and other receivables financial assets to the amounts reflected in the statements of financial position is as follows:

Trade and other receivables	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
As reflected in the statements of financial position (Note 20)	16,911	12,831	91,168	99,366
Less: Prepayments and non-refundable deposits	(2,550)	(1,947)	(105)	(73)
GST receivables	(132)	(152)	-	-
	14,229	10,732	91,063	99,293

A reconciliation of trade and other payables financial liabilities to the amounts reflected in the statements of financial position is as follows:

Trade and other payables	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
As reflected in the statements of financial position (Note 30)	26,789	19,064	35,898	17,374
Less: CPO sales tax and MPOB cess	(1,751)	(957)	-	-
	25,038	18,107	35,898	17,374

(b) **Financial risk management**

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 and foreign currency risk.

The Board of Directors reviews and agrees on policies and procedures for the management of these risks, which are executed by Executive Committee. The audit committee provides independent oversight to the effectiveness of the risk management process.

35. **Financial instruments** (continued)

(b) **Financial risk management** (continued)

The following sections provide details regarding the Group's and the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(i) **Credit risk**

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty defaults on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including short-term investments and cash and bank balances), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties.

It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

As 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 RM103,700,000 (2020: RM118,700,000) relating to corporate guarantees provided by the Company to the banks to secure banking facilities granted to the subsidiaries.

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 quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored.

At each reporting date, the Group assesses whether any of the trade receivables are credit impaired.

The gross carrying amounts of credit impaired trade receivables are written off (either partially or full) when there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay amounts subject to the write-off. Nevertheless, trade receivables and contract asset that are written off could still be subject to enforcement activities.

As at the end of the reporting period, the maximum exposure to credit risk arising from trade receivables is represented by the carrying amounts in the statements of financial position. The Group does not hold collateral as security.

35. **Financial instruments** (continued)

(b) **Financial risk management** (continued)

(i) **Credit risk** (continued)

The ageing analysis of the Group's trade receivables as at the reporting date is as follows:

2021	**Gross amount RM'000**	**Expected credit losses RM'000**	**Carrying value RM'000**
Not past due	12,341	-	12,341
Past due:			
- less than 30 days	739	-	739
- between 31 to 60 days	57	-	57
- between 61 to 90 days	-	-	-
- more than 90 days	227	(227)	-
	1,023	(227)	796
	13,364	(227)	13,137

2020	**Gross amount RM'000**	**Expected credit losses RM'000**	**Carrying value RM'000**
Not past due	8,908	-	8,908
Past due:			
- less than 30 days	466	-	466
- between 31 to 60 days	10	-	10
- between 61 to 90 days	21	(3)	18
- more than 90 days	325	(275)	50
	822	(278)	544
	9,730	(278)	9,452

35. **Financial instruments** (continued)

(b) **Financial risk management** (continued)

(i) **Credit risk** (continued)

Trade receivables (continued)

Impairment for trade receivables is measured at an amount equal to lifetime expected credit loss. The expected credit losses on trade receivables includes both individual impairment for those that show objective evidence of impairment (stage 3 loss) and collective impairment (stage 2 loss). Collective impairment has been provided using the provisional matrix based on historical loss experience of the respective entities in the Group with reference to past due status of the debtor, as follows:

	Expected credit loss rates	
	2021	**2020**
Not past due	0%	0%
Past due:		
- less than 30 days	0%	0%
- between 31 to 60 days	0%	0%
- between 61 to 90 days	0%	14%
- more than 90 days	100%	94% – 100%

The expected credit loss rates are based on the historical loss rates experienced by each entity in the Group as adjusted for forward looking element as necessary.

As at the reporting date, the Group has significant concentration of credit risk in the form of outstanding balances due from 4 (2020: 4) major customers representing 79% (2020: 89%) of the total trade receivables.

Other receivables

For other receivables, a lifetime expected credit loss is assessed for those counterparties that show significant increase in credit risk as at the end of the reporting period, and impairment made based on objective evidence of impairment.

Inter-company advances

The Company provides advances to subsidiaries. The Company monitors the ability of the subsidiaries to repay the advances on an individual basis and considers advances to subsidiaries to have low credit risks.

The Company determines the probability of default for these advances individually using internal information available.

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position. Advances provided are not secured by any collateral or supported by any other credit enhancements.

35. **Financial instruments** (continued)

(b) **Financial risk management** (continued)

(i) **Credit risk** (continued)

Cash and cash equivalents

The cash and cash equivalents are held with banks and financial institutions. As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position.

These banks and financial institutions have low credit risks. Consequently, the Group and the Company are of the view that loss allowance is not material and hence, it is not provided for.

(ii) **Liquidity risk**

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

As part of its overall 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 financial institutions and balances its portfolio with some short term funding so as to achieve overall cost effectiveness.

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

Group **2021**	**Carrying amount RM'000**	**Contractual undiscounted cashflows RM'000**	**Within One (1) year RM'000**	**One (1) to Five (5) years RM'000**	**Over Five (5) years RM'000**
Financial liabilities					
Trade and other payables	25,038	25,038	25,038	-	-
Loans and borrowings	44,359	48,675	12,050	27,000	9,625
Lease liabilities	3,269	4,396	923	2,362	1,111
	72,666	78,109	38,011	29,362	10,736

35. **Financial instruments** (continued)

(b) **Financial risk management** (continued)

(ii) **Liquidity risk** (continued)

Group **2020**	**Carrying amount RM'000**	**Contractual undiscounted cashflows RM'000**	**Within One (1) year RM'000**	**One (1) to Five (5) years RM'000**	**Over Five (5) years RM'000**
Financial liabilities					
Trade and other payables	18,107	18,107	18,107	-	-
Loans and borrowings	91,046	97,473	49,050	31,423	17,000
Lease liabilities	4,037	5,102	1,075	2,979	1,048
	113,190	120,682	68,232	34,402	18,048

Company **2021**	**Carrying amount RM'000**	**Contractual undiscounted cashflows RM'000**	**Within One (1) year RM'000**	**One (1) to Five (5) years RM'000**	**Over Five (5) years RM'000**
Financial liabilities					
Trade and other payables	35,898	35,898	35,898	-	-
Loans and borrowings	40,009	44,125	7,500	27,000	9,625
Financial guarantees*	-	103,700	103,700	-	-
	75,907	183,723	147,098	27,000	9,625
2020					
Financial liabilities					
Trade and other payables	17,374	17,374	17,374	-	-
Loans and borrowings	68,109	74,300	27,300	30,000	17,000
Financial guarantees*	-	118,700	118,700	-	-
	85,483	210,374	163,374	30,000	17,000

* The maximum amount of the issued financial guarantee contracts is allocated to the earliest period in which the guarantees could be called.

35. **Financial instruments** (continued)

(b) **Financial risk management** (continued)

(iii) **Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group's and the Company's exposure to interest rate risk arises mainly from their loans and borrowings. Most of the Group's and the Company's loans and borrowings are charged a fixed interest rate plus the financial institutions' cost of fund per annum. The fixed interest rate is reviewed annually. Whilst, the cost of fund used by the financial institutions vary according to the rates set by the respective financial institutions. Meanwhile, interest rates charged on finance leases are fixed at the inception of the finance lease arrangements. The investments in financial assets are mainly short term in nature and have been mostly placed in fixed deposits and short-term investments.

The Group's policy is to manage interest cost using a mix of fixed and floating rate debts.

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

	Group (Decrease)/Increase		**Company (Decrease)/Increase**	
Effects on profit after taxation	**2021 RM'000**	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Increase of 70bp (2020: 50bp)	(44)	(93)	(66)	(82)
Decrease of 70bp (2020: 50bp)	44	93	66	82

(iv) **Foreign currency risk**

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of change in foreign exchange rate.

The Group holds cash and bank balances denominated in foreign currencies for working capital purposes. As at the reporting date, such foreign currency balances (mainly in AUD, USD and SGD) amounted to RM4,021,212 (2020: RM3,726,972).

35. **Financial instruments** (continued)

(b) **Financial risk management** (continued)

(iv) **Foreign currency risk** (continued)

The following table demonstrates the sensitivity of the Group's profit after tax to a reasonably possible change in the AUD, USD and SGD exchange rates against the respective functional currencies of the Group entities, with all other variables held constant:

	Group (Decrease)/Increase	
Effects on profit after taxation	**2021 RM'000**	**2020 RM'000**
AUD/RM		
- strengthened 5% (2020: 5%)	(107)	(98)
- weakened 5% (2020: 5%)	107	98
USD/RM		
- strengthened 5% (2020: 5%)	(27)	(26)
- weakened 5% (2020: 5%)	27	26
SGD/RM		
- strengthened 5% (2020: 5%)	(18)	(18)
- weakened 5% (2020: 5%)	18	18

36. **Fair value information**

The financial assets and financial liabilities maturing within the next twelve (12) months approximated their fair values due to the relatively short-term maturity of the financial instruments.

The carrying amount of the variable rate term loans approximated their fair value as the loans will be re-priced to market interest rate on or near reporting date.

As at the reporting date, the Group held the following at fair value in the statement of financial position:

2021					
Assets measured at fair value	**Note**	**Carrying amount RM'000**	**Level 1 RM'000**	**Level 2 RM'000**	**Level 3 RM'000**
Investment properties	16	43,340	-	-	43,340
Biological assets	21	4,385	-	-	4,385
Short-term investments	23	18,076	18,076	-	-
		65,801	18,076	-	47,725

36. **Fair value information** (continued)

2020 **Assets measured at fair value**	**Note**	**Carrying amount RM'000**	**Level 1 RM'000**	**Level 2 RM'000**	**Level 3 RM'000**
Investment properties	16	43,340	-	-	43,340
Biological assets	21	2,180	-	-	2,180
Short-term investments	23	13,883	13,883	-	-
		59,403	13,883	-	45,520

There have been no transfers between the levels during the current and previous financial years.

Financial guarantees

The fair value of financial guarantees is determined based on probability weighted discounted cash flow method. The probability has been estimated and assigned using the following key assumptions:

- The likelihood of the guaranteed party defaulting within the guaranteed period;
- The exposure on the portion that is not expected to be recovered due to the guaranteed party's default; and
- The estimated loss exposure if the guaranteed party were to default.

The financial guarantees have not been recognised in the financial statements of the Group as the requirements to reimburse are remote and the Group does not expect to incur material losses under these corporate guarantees. As at 31 December 2021, there was no indication that the subsidiaries would default on payments.

37. **Capital management**

The primary objective of the Group's and of the Company's capital management is to ensure that they maintain a strong credit rating and healthy capital ratios in order to support their businesses and maximise shareholders' value.

The Group and the Company manage their capital structure, and make adjustment to it, in the light of changes in economic conditions. To maintain or adjust the capital structure, the Group and the Company may adjust dividend payment to shareholders, return capital to shareholders or issue new shares. The Group's strategies were unchanged from the previous financial year.

The Group and the Company monitor capital using gearing ratio. The gearing ratio is calculated as net debt divided by total equity. Net debt is calculated as borrowings plus payables less cash and bank balances and short-term investments.

37. **Capital management** (continued)

The gearing ratio of the Group and of the Company as at the end of the reporting period was as follows:

	Group		Company	
	2021	**2020**	**2021**	**2020**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Loans and borrowings	44,359	91,046	40,009	68,109
Lease liabilities	3,269	4,037	-	-
Trade and other payables	26,789	19,064	35,898	17,374
Less: Cash and bank balances	(38,719)	(25,550)	(2,865)	(5,035)
Short-term investments	(18,076)	(13,883)	-	-
Net debt	17,622	74,714	73,042	80,448
Total equity	385,249	341,552	327,869	338,135
Gearing ratio	5%	22%	22%	24%

The Group maintains a gearing ratio that complies with the applicable debt covenant as at the reporting date. The Group is not subject to any other externally imposed capital requirements.

38. **Segment information**

(i) **Operating segment**

For management purposes, the Group is organised into business units based on its products and services, and has four (4) reportable operating segments as follows:

Plantation	Cultivation of oil palm
Mill	Milling and sale of oil palm products
Power plant	Power generation and sale of biomass by-products
All other segments	Extraction and sale of earth stone and others

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated statement of profit or loss and other comprehensive income. Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

38. Segment information (continued)

(i) Operating segment (continued)

2021	Plantation RM'000	Mill RM'000	Power plant RM'000	All other segments RM'000	Adjustments and eliminations RM'000	Note	Per consolidated financial statements RM'000
Revenue							
External customers	45,738	266,557	49,734	973	-		363,002
Inter-segment	46,605	-	-	3,222	(49,827)	(a)	-
Total revenue	92,343	266,557	49,734	4,195	(49,827)		363,002
Results							
Interest income	327	2,303	31	3,459	(5,745)		375
Finance costs	147	957	4,102	3,123	(5,445)		2,884
Depreciation of property, plant and equipment	6,063	3,126	10,271	249	1,872		21,581
Segment profit	51,625	7,079	17,410	(198)	(9,438)	(b)	66,478
Assets							
Addition to non-current assets	5,320	617	951	37	-	(c)	6,925
Segment assets	236,720	43,450	136,258	67,281	6,539	(d)	490,248
Liabilities							
Segment liabilities	10,897	15,647	9,971	41,428	27,056	(e)	104,999

38. Segment information (continued)

(i) **Operating segment** (continued)

2020 **Revenue**	**Plantation RM'000**	**Mill RM'000**	**Power plant RM'000**	**All other segments RM'000**	**Adjustments and eliminations RM'000**	**Note**	**Per consolidated financial statements RM'000**
External customers	26,143	164,535	42,616	1,700	-		234,994
Inter-segment	28,163	-	-	353	(28,516)	(a)	-
Total revenue	54,306	164,535	42,616	2,053	(28,516)		234,994
Results							
Interest income	393	2,706	120	4,385	(7,091)		513
Finance costs	316	865	6,219	3,914	(7,636)		3,678
Depreciation of property, plant and equipment	6,121	3,116	10,220	235	2,148		21,840
Segment profit	14,897	5,313	14,062	758	(13,250)	(b)	21,780
Assets							
Addition to non-current assets	10,712	1,139	2,337	5	-	(c)	14,193
Segment assets	228,150	37,472	137,017	72,251	6,777	(d)	481,667
Liabilities							
Segment liabilities	7,918	19,926	18,626	68,756	24,889	(e)	140,115

38. **Segment information** (continued)

(i) **Operating segment** (continued)

(a) Inter-segment revenue are eliminated on consolidation. This is represented mainly by sale of fresh fruit bunches by plantation segment to mill segment and sale of earth and stones by quarry segment (included in All other segments) to plantation and mill segments.

(b) The profit from inter-segment sales is deducted from segment profit to arrive at "Profit before taxation" presented in the consolidated statement of profit or loss and other comprehensive income.

(c) Additions to non-current assets consist of:

	2021 RM'000	**2020 RM'000**
Property, plant and equipment	6,925	14,193

(d) The following items are added to segment assets to arrive at total assets reported in the consolidated statement of financial position:

	2021 RM'000	**2020 RM'000**
Deferred tax assets	6,539	6,777

(e) The following items are added to segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position:

	2021 RM'000	**2020 RM'000**
Deferred tax liabilities	27,056	24,889

(ii) **Geographical information**

No geographical information has been provided as the Group activities are predominantly conducted in Malaysia.

(iii) **Major customers**

Revenue from 2 (2020: 2) major customers amounted to RM107,605,645 (30% of revenue) and RM98,001,004 (27% of revenue) (2020: RM70,017,437 (30% of revenue) and RM62,162,772 (26% of revenue)) respectively arising from mill segment.

39. **Significant and subsequent events**

(i) The emergence and spread of the coronavirus (COVID-19) in early 2020 has affected businesses and economic activities in Malaysia and beyond. The Group has not been adversely affected as at the date of this report. No adjustments are required to the financial position and operating results for the current financial year. The Group shall continue to monitor the developments of the COVID-19 situation closely, assess and react actively to its impacts on the financial position and operating results of the Group for the financial year ending 31 December 2022. This includes continuous special attention to be given towards ensuring all standard operating procedures set by the Government are complied with to minimise the risk of COVID-19 occurrences and addressing the acute labour shortages, which may impact the operations of the Group negatively.

(ii) Two (2) former Directors of the Company, Tengku Dato' Kamal Ibni Sir Sultan Abu Bakar and Lt. Kol. Tengku Dato' Kamarul Zaman Ibni Almarhum Sir Sultan Abu Bakar were given three (3) months from 1 April 2022 by High Court of Malaya at Kuala Lumpur, Wilayah Persekutuan to restore to the Company RM13 million paid to Opti Temasek Sdn. Bhd., an action in breach of the financial assistance provisions of Bursa Malaysia Securities Berhad's Listing Requirements under Section 360 of the Capital Markets and Services Act 2007.

List of Properties of the Group as at 31 December 2021

	Location of Property Sabah	Tenure	Year of Expiry	Land Area	Description	Net Book Value As At 31.12.2021 RM'000	Year Acquired
1	Prolific, Wong Tet-Jung Plantations Off KM 63.7 Sandakan-Lahad Datu Highway	Leasehold 99 years	2069	39.752 hectares	Oil Palm Plantation & Oil Mill	9,412	2001
			2070	30.607 hectares			
			2074	8.010 hectares			
			2075	207.903 hectares			
			2076	9.967 hectares			
			2077	24.460 hectares			2005
			2082	6.463 hectares			
			2082	72.790 hectares			
	Kolapis-Beluran Area	Perpetuity (Sublease 99 years)	2097	6.435 hectares			
	District of Labuk Sugut	Leasehold 99 years	2073	2.250 hectares	Plantable Reserve		2002
				408.637 hectares			
	Prolific Yield Lot 38, Block C Taman Indah Jaya Phase 4A, Mile 4, Jalan Utara, Sandakan	Under Sub Division Leasehold 99 years (Parent title TL077552035)	2081	**167.220 Sq.M**	Double Storey Terrace Shoplot	113	2002
2	Melabau, Suara Baru, Gelang Usaha 0.2 KM East of KM 96 Sandakan-Lahad Datu Highway	Leasehold 99 years	2069	27.480 hectares	Oil Palm Plantation	543	2002
			2078	17.110 hectares	Oil Palm Plantation & Quarry	20,132	2001
			2079	260.780 hectares			
			2080	202.303 hectares			
			2081	136.615 hectares			
			2082	88.690 hectares			
			2085	252.660 hectares			
			2086	14.930 hectares			
			2095	4.993 hectares			
			2093	154.700 hectares			
			2097	12.300 hectares			
		Perpetuity (Sublease 99 years)	2075	316.549 hectares			
			2080	136.763 hectares			
			2093	5.751 hectares			
			2097	10.930 hectares			
	KM 28, Jalan Labuk	Leasehold 99 years	2065	1.842 hectares	Plantable Reserve		
				1,644.396 hectares			
3	Sri Likas Mewah, Ultisearch Trading 2.6 KM north of KM 31, Sukau Road	Leasehold 99 years	2085	10.120 hectares	Oil Palm Plantation	3,249	2001
			2094	386.100 hectares			
			2096	168.700 hectares			
			2098	47.750 hectares			
				612.670 hectares			
4	Bakara Bukit Garam/Sg. Lokan Off KM 76.5, Sandakan-Lahad Highway	Leasehold 99 years	2085	150.300 hectares	Oil Palm Plantation	3,143	2001
			2087	400.000 hectares			
				550.300 hectares			
5	Cepatwawasan & Kovusak KM 4.5, Jalan Beluran	Leasehold 99 years	2061	992.700 hectares	Oil Palm Plantation	22,534	2001
			2071	133.550 hectares			
			2078	485.300 hectares			
				1,611.550 hectares			
6	Razijaya & Sugguh Mulia Sungai-Sungai Locality 99 KM North-West of Sandakan	Leasehold 99 years	2098	**362.200 hectares**	Oil Palm Plantation, Quarry & Plantable Reserve	12,371	2001

List of Properties of the Group as at 31 December 2021 (continued)

	Location of Property Sabah	Tenure	Year of Expiry	Land Area		Description	Net Book Value As At 31.12.2021 RM'000	Year Acquired
7	Prima Semasa Sonsogon Suyad, Paitan Locality 105 KM North-West of Sandakan	Leasehold 99 years	2094	**2,997.000**	**hectares**	Oil Palm Plantation & Plantable Reserve	32,034	2003
8	Cepatwawasan, Tentu Bernas Tentu Cergas, Liga Semarak & Jutategak Sg. Kawananan Locality 113 KM North-West of Sandakan	Leasehold 99 years	2097 2098 2099 2100	242.800 145.710 48.550 48.520 **485.580**	hectares hectares hectares hectares **hectares**	Oil Palm Plantation & Plantable Reserve	4,491	2005
9	Ladang Cepat-KPD 85 KM South-West of Beaufort	Leasehold 99 years	2087	**1,602.840**	**hectares**	Oil Palm Plantation	20,711	2007
10	Cepatwawasan Group Berhad Lot 70, Block 6, Prima Square Mile 4, North Road Sandakan	Leasehold 99 years	2106	**564.386**	**Sq.M**	Three Storey Shop/Office	659	2009
	Cepatwawasan Group Berhad Unit no. F-7-2, Level 7, Block F Utama Court, Phase 2, Mile 6 North Road, Sandakan	Leasehold 99 years	2081	**106.500**	**Sq.M**	Eight Storey Apartment	98	2011
	Cepatwawasan Group Berhad Unit no. F-8-2, Level 8, Block F Utama Court, Phase 2, Mile 6 North Road, Sandakan	Leasehold 99 years	2081	**106.500**	**Sq.M**	Eight Storey Apartment	98	2011
	Cepatwawasan Group Berhad Unit no. B1-10-1 Sri Utama Condominiums Mile 6, North Road Sandakan	Leasehold 99 years	2081	**122.140**	**Sq.M**	Eight Storey Condominium	285	2015
	Cepatwawasan Group Berhad Unit no. B1-10-3 Sri Utama Condominiums Mile 6, North Road Sandakan	Leasehold 99 years	2081	**105.140**	**Sq.M**	Eight Storey Condominium	232	2015
11	Mistral Engineering Sdn Bhd Off KM 63.7 Sandakan-Lahad Datu Highway	Leasehold 99 years	2074	**3.115**	**hectares**	Biogas power plant	3,880	2012
12	Cash Horse (M) Sdn Bhd Off KM 63.7 Sandakan-Lahad Datu Highway	Leasehold 99 years	2074	**7.070**	**hectares**	Biomass power plant	38,943	2012

List of Properties of the Group as at 31 December 2021 (continued)

	Location of Property Kuala Lumpur	Tenure	Year of Expiry	Land Area	Description	Net Book Value As At 31.12.2021 RM'000	Date of Last Revaluation
13	Minelink HS (D) 118739, No. PT 9103 Damansara Heights Mukim of Kuala Lumpur	Freehold	-	896.976 Sq.M	High-end residential property	7,339	2021
	Minelink HS (D) 118740, No. PT 9104 Damansara Heights Mukim of Kuala Lumpur	Freehold	-	877.693 Sq.M	High-end residential property	7,181	2021
	Minelink HS (D) 118741, No. PT 9105 Damansara Heights Mukim of Kuala Lumpur	Freehold	-	896.829 Sq.M	High-end residential property	7,337	2021
	Minelink HS (D) 118742, No. PT 9106 Damansara Heights Mukim of Kuala Lumpur	Freehold	-	878.490 Sq.M	High-end residential property	7,188	2021
	Minelink HS (D) 118743, No. PT 9107 Damansara Heights Mukim of Kuala Lumpur	Freehold	-	884.183 Sq.M	High-end residential property	7,234	2021
	Minelink HS (D) 118744, No. PT 9108 Damansara Heights Mukim of Kuala Lumpur	Freehold	-	863.043 Sq.M	High-end residential property	7,061	2021

Statistical Report as at 31 March 2022

Issued & Fully Paid-Up Share Capital	:	318,446,210 (including treasury shares of 9,479,200)
Type of Share	:	Ordinary Share
No. of Shareholders	:	6,720
Voting Rights	:	One Vote for Every Share

ANALYSIS BY SIZE OF SHAREHOLDINGS

SIZE OF HOLDINGS	NO. OF HOLDERS	%	NO. OF SHARES	%
1 to 99	99	1.473	4,242	0.001
100 to 1,000	576	8.571	374,207	0.121
1,001 to 10,000	3,664	54.523	19,131,074	6.191
10,001 to 100,000	2,074	30.863	64,877,083	20.998
100,001 to 15,448,349 (*)	305	4.538	119,587,554	38.705
15,448,350 AND ABOVE (**)	2	0.029	104,992,850	33.981
TOTAL :	**6,720**	**100.000**	**308,967,010**	**100.000**

* - LESS THAN 5% OF ISSUED SHARES
** - 5% AND ABOVE OF ISSUED SHARES

LIST OF SUBSTANTIAL SHAREHOLDERS

as per the Register of Substantial Shareholders as at 31 March 2022

	No. of Shares		No. of Shares	
Shareholders	**Direct**	**%**	**Indirect**	**%**
MHC Plantations Bhd	88,937,600	28.79	30,000,000	9.71 (1)
Dato' Mah Pooi Soo Realty Sdn Bhd	-	-	118,937,600	38.50 (2)
Tan Sri Dr. Mah King Thian @ Mah King Thiam	-	-	118,937,600	38.50 (2)
Dato' Seri Mah King Seng	-	-	118,937,600	38.50 (2)
Datin Seri Ooi Ah Thin	-	-	118,937,600	38.50 (2)
Yew Lee Holdings Sdn. Berhad	16,055,250	5.20	13,944,750	4.51 (3)

Notes:

1. *Deemed interested pursuant to Section 8 of the Companies Act 2016 by virtue of its shareholdings in Yew Lee Holdings Sdn Berhad and Hutan Melintang Plantations Sdn Berhad*
2. *Deemed interested pursuant to Section 8 of the Companies Act 2016 by virtue his/her shareholdings in MHC Plantations Bhd.*
3. *Deemed interested pursuant to Section 8 of the Companies Act 2016 by virtue of its shareholdings in Hutan Melintang Plantations Sdn Berhad*

Statistical Report as at 31 March 2022 (continued)

LIST OF DIRECTORS' SHAREHOLDERS
as per the Register of Directors' Shareholdings as at 31 March 2022

Directors	No. of Shares Direct	%	No. of Shares Indirect	%
1. Tan Sri Dr. Mah King Thian @ Mah King Thiam	-	-	118,937,600	38.50 (1)
2. Dato' Seri Mah King Seng	-	-	118,937,600	38.50 (1)
3. Datuk Chua Kim Yin (JP)	-	-	-	-
4. Chan Kam Leong	-	-	540,000	0.17 (2)
5. Wan Salmah Binti Wan Abdullah	-	-	-	-
6 Dr Jordina Mah Siu Yi (Alternate Director to Tan Sri Dr. Mah King Thian @ Mah King Thiam)	-	-	-	-
7 Mah Li-Na (Alternate Director to Dato' Seri Mah King Seng)	1,000	0.00	-	-

Notes:

1. *Deemed interested pursuant to Section 8 of the Companies Act 2016 by virtue his shareholdings in MHC Plantations Bhd.*
2. *Deemed interested pursuant to Section 59 of the Companies Act 2016 by virtue his spouse's interest.*

LIST OF TOP 30 HOLDERS as at 31 March 2022

No.	Names	Holdings	%
1	MHC PLANTATIONS BHD.	88,937,600	28.785
2	YEW LEE HOLDINGS SDN. BERHAD	16,055,250	5.196
3	HUTAN MELINTANG PLANTATIONS SDN. BERHAD	13,944,750	4.513
4	LEE GUAN HUAT	4,538,550	1.468
5	TLK CAPITAL SDN.BHD.	4,400,000	1.424
6	MAYBANK NOMINEES (TEMPATAN) SDN BHD JINCAN SDN BHD	2,850,000	0.922
7	GAN HONG LIANG	2,407,250	0.779
8	MAH SIEW HOE	1,975,250	0.639
9	LIM CHENG HAI	1,500,000	0.485
10	CITIGROUP NOMINEES (ASING) SDN BHD UBS AG	1,424,000	0.460
11	HLIB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR YAP QWEE BENG	1,399,000	0.452
12	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR LAI SIAK HWEE	1,353,700	0.438
13	MAYBANK SECURITIES NOMINEES (ASING) SDN BHD MAYBANK KIM ENG SECURITIES PTE LTD FOR HO SEONG PENG	1,300,000	0.420

Statistical Report as at 31 March 2022 (continued)

LIST OF TOP 30 HOLDERS as at 31 March 2022 (continued)

No.	Names	Holdings	%
14	SU MING YAW	1,118,000	0.361
15	TAN AIK CHOON	1,048,400	0.339
16	CHYE AH LAM @ CHAI MING SENG	1,038,000	0.335
17	LOH LAI KIM	1,026,800	0.332
18	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LAI SIAK HWEE (7000153)	1,023,500	0.331
19	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR GAN CHEE PENG (CONNAUGHT-CL)	1,000,000	0.323
20	KOE LIEW HIN	1,000,000	0.323
21	AMSEC NOMINEES (ASING) SDN BHD KGI SECURITIES (SINGAPORE) PTE. LTD. FOR MAH SIEW CHUAN (33488)	975,000	0.315
22	CHENG GEK HONG	975,000	0.315
23	ROVENT SDN. BHD.	968,100	0.313
24	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHONG YIEW ON (6000006)	948,600	0.307
25	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR GAN TEE JIN	900,000	0.291
26	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LOKE SEE OOI (CEB)	895,400	0.289
27	LAM SO HA @ LIM CHONG SWEE	862,600	0.279
28	MAH SIEW KEONG	854,700	0.276
29	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR LEOW MING FONG @ LEOW MIN FONG (PB)	850,000	0.275
30	CHEAH YAW SONG	837,000	0.270
	TOTAL	**158,406,45**	**51.269**

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Form of Proxy

CDS Account No.	No of Shares Held

I/We ____ (BLOCK LETTERS)

NRIC No./Passport No./Company No. ____ of

____ being

(a) Member(s) of CEPATWAWASAN GROUP BERHAD [200101000743 (536499-K)] hereby appoint the following person(s):

Name of proxy & NRIC No./Passport No.	**No. & % of shares to be represented by each proxy**
1. ______________________	______________________
2. ______________________	______________________

or failing him/her,

1. ______________________	______________________
2. ______________________	______________________

or failing him/her, THE CHAIRMAN OF THE MEETING as my/our proxy to vote for me/us on my/our behalf at the Twenty-Second Annual General Meeting of the Company to be held at Amadeus III, Level 2, Sabah Hotel Sandakan, KM 1, Jalan Utara, 90703 Sandakan, Sabah on Wednesday, 25 May 2022 at 11.30 a.m. and at any adjournment thereof and to vote as indicated below:

	FOR	**AGAINST**
ORDINARY RESOLUTION 1		
ORDINARY RESOLUTION 2		
ORDINARY RESOLUTION 3		
ORDINARY RESOLUTION 4		
ORDINARY RESOLUTION 5		
ORDINARY RESOLUTION 6		
ORDINARY RESOLUTION 7		
ORDINARY RESOLUTION 8		
ORDINARY RESOLUTION 9		

Please indicate with an "X" in the space above on how you wish to cast your vote. In the absence of specific directions, your proxy will vote or abstain as he/she thinks fit.

Signed this __________ day of ____________________, 2022

____
Signature/Seal of Member

Notes:

(a) Only members whose names appear on the Record of Depositors as at 18 May 2022 shall be entitled to attend, speak and vote at the said meeting or appoint proxies on his/her behalf.

(b) A member entitled to attend, speak and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy may but need not be a member of the Company.

(c) A member may appoint not more than two (2) proxies to attend, participate, speak and vote at the same meeting. Where a member appoints two (2) proxies, he shall specify the proportion of his shareholdings to be represented by each proxy.

(d) Where a Member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account known as an omnibus account, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account its holds. Where an exempt authorised nominee appoints more than one (1) proxies, the proportion of the shareholding to be represented by each proxy must be specified.

(e) If the appointer is a corporation, the Form of Proxy must be executed under its seal or under the hand of its attorney.

(f) To be valid this form duly completed must be deposited at the Company's Share Registrar's Office at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively at their Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not less than forty-eight hours (48) hours before the time appointed for holding the meeting or any adjournment thereof.

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Stamp

CEPATWAWASAN GROUP BERHAD
200101000743 (536499-K)
c/o Tricor Investor & Issuing House Services Sdn Bhd
Unit 32-01, Level 32, Tower A,
Vertical Business Suite, Avenue 3,
Bangsar South, No. 8, Jalan Kerinchi,
59200 Kuala Lumpur.

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