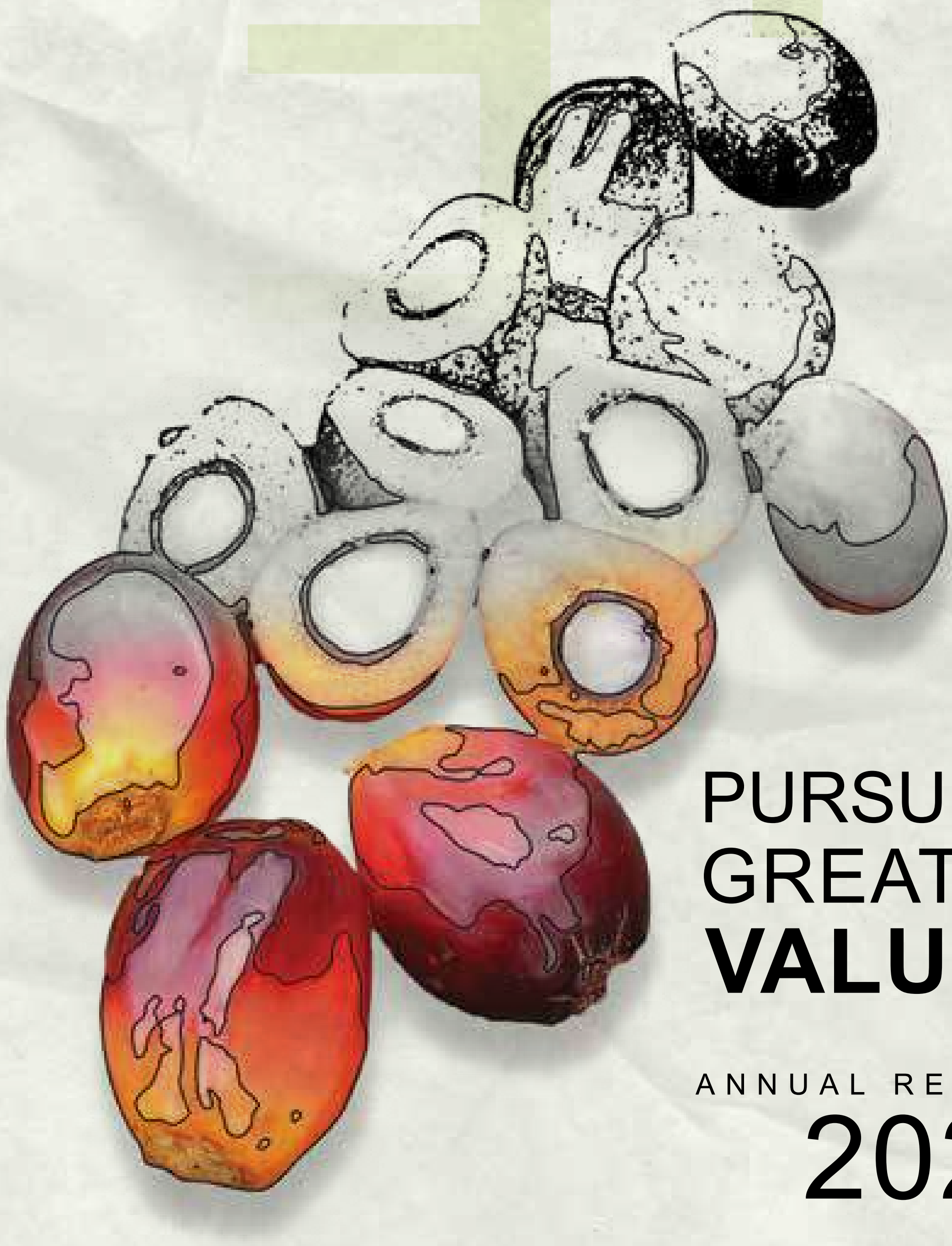
FAR EAST
HOLDINGS BERHAD

197301001753 (14809-W)



PURSUING GREATER **VALUES**

ANNUAL REPORT

2020

INSIDE

THIS REPORT

47th

Annual General Meeting ("AGM") of

FAR EAST HOLDINGS BERHAD

VENUE:

The Zenith Hotel
Jalan Putra Square 6
25200 Kuantan
Pahang Darul Makmur

DATE & TIME:

Wednesday, 9 June 2021
at 10.00 a.m.

Follow the steps below to scan the QR code in 3 easy steps:

Download the "QR Code Reader" on Apple App Store or Google Play Store

Run the QR Code Reader app and point your camera to the QR Code

Get access to the softcopy of our Website to review our Annual Report

The soft copy of Far East Holdings Berhad ("FEHB") Annual Report 2020 is available on our website. Go to www.fehb.com.my or scan the code above with your smartphone.

KEY INDICATORS

As at 31 December 2020

REVENUE
RM669.05 Million

EARNINGS PER SHARE
16.50 Sen

PROFIT BEFORE TAX
RM112.20 Million

PROFIT AFTER TAX
RM103.15 Million

TOTAL EQUITY
RM1,182.57 Million

NET TANGIBLE ASSET
RM1.99 Per Share

MARKET CAPITALISATION
RM1.67 Billion

SHARE PRICE
RM2.82
(Source: Bursa Market Watch)
Price as at 31 December 2020

FINANCIAL CALENDAR

As at 31 December 2020

QUARTERLY FINANCIAL RESULTS

01
First Quarter
18 June 2020

02
Second Quarter
25 August 2020

03
Third Quarter
26 November 2020

04
Fourth Quarter
24 February 2021

NOTICE AND ANNUAL GENERAL MEETING

30
April 2021
Notice of Annual General Meeting

(10.00 a.m.)
09
June 2021
Annual General Meeting

DIVIDENDS

	INTERIM	FINAL
Book Closure Announcement Date	26 November 2020	30 April 2021
Entitlement Date	14 December 2020	17 June 2021
Payment Date	22 December 2020	30 June 2021

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 47th Annual General Meeting ("**AGM**") of Far East Holdings Berhad ("FEHB" or "Company") will be held at The Zenith Hotel, Jalan Putra Square 6, 25200 Kuantan, Pahang Darul Makmur on Wednesday, 9 June 2021 at 10.00 a.m. to transact the following businesses:-

AS ORDINARY BUSINESS

1. To receive the Audited Reports and Financial Statements for the financial year ended 31 December 2020 together with the Reports of the Directors and the Auditors thereon. *Refer to Explanatory Note 1*

2. To approve the payment of a final single tier dividend of five (5) sen per share in respect of the financial year ended 31 December 2020 as recommended by Directors. **(Ordinary Resolution 1)**

3. To re-elect the following Directors who retire pursuant to Clause 77 of the Constitution of the Company and who being eligible, offer themselves for re-election:

   (a) Dato' Sri Kamaruddin bin Mohammed **(Ordinary Resolution 2)**
   (b) Datuk Mohd Afrizan bin Husain **(Ordinary Resolution 3)**
   Refer to Explanatory Note 2

4. To re-elect the following Directors who retire pursuant to Clause 76 of the Constitution of the Company and who being eligible, offer themselves for re-election:

   (a) Dato' Asmin binti Yahya **(Ordinary Resolution 4)**
   (b) Miss Ng Yee Kim **(Ordinary Resolution 5)**
   Refer to Explanatory Note 2

5. To approve the payment of fees to the Directors up to an amount of RM687,814 from the 47th AGM until the next AGM of the Company. **(Ordinary Resolution 6)**
   Refer to Explanatory Note 3

6. To approve the payment of benefits to the Directors up to an amount of RM1,246,450 from the 47th AGM until the next AGM of the Company. **(Ordinary Resolution 7)**
   Refer to Explanatory Note 4

7. To re-appoint Messrs Moore Stephens Associates PLT as Auditors of the Company for the financial year ending 31 December 2021 and to authorise the Directors to determine their remuneration. **(Ordinary Resolution 8)**
   Refer to Explanatory Note 5

AS SPECIAL BUSINESS

8. To consider and, if thought fit, pass the following Ordinary Resolution:

   Proposed Renewal of Shareholders' Mandate For Existing Recurrent Related Party Transactions of a Revenue or Trading Nature with Related Parties

   "THAT in accordance with Paragraph 10.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, and subject to the Companies Act 2016 ("Act"), the Constitution of the Company, other applicable laws, guidelines, rules and regulations, and the approvals of the relevant governmental and/or regulatory authorities, approval be and is hereby given to the Company and/or its subsidiary companies to enter into recurrent related party transactions of a revenue or trading nature with the related parties involving interest of Directors, major shareholders or person connected, as set out in Section 2.2 of Part A of the Circular to Shareholders dated 30 April 2021, which are necessary for the day-to-day operations in the ordinary course of business of the Company and/or its subsidiary companies on normal commercial terms which are not more favourable to the related parties than those generally available to the public, undertaken on arm's length basis, and are not detrimental to the minority shareholders of the Company ("Mandate");

Notice of Annual General Meeting (Cont'd)

THAT the Mandate shall continue to be in force until:

(a) the conclusion of the next AGM of the Company following this AGM at which such Mandate is passed, at which time it will lapse, unless renewed by a resolution passed at that AGM, the authority is again renewed; or

(b) the expiration of the period within which the next AGM is required to be held pursuant to Section 340(2) of the Act, (but shall not extend to such extensions as may be allowed pursuant to Section 340(4) of the Act); or

(c) the Mandate is revoked or varied by ordinary resolution passed by the shareholder in an AGM or EGM;

whichever is the earlier;

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Mandate."

(Ordinary Resolution 9)
Refer to Explanatory Note 6

9. To consider and if thought fit, pass the following Special Resolution, with or without modification:

Proposed Amendment of Constitution "THAT the proposed amendment to the following Clause of the Company's Constitution, be and is hereby approved:-

Existing Constitution (Clause 111)	Proposed Amendment (Clause 111)
A document purporting to be a copy of a resolution of the Board or an extract from the minutes of a meeting of the Directors which is certified as such in accordance with the provisions of Clause **112** shall be conclusive evidence in favour of all persons dealing with the Company upon the faith thereof that such resolution has been duly passed, or as the case may be, that such extract is a true and accurate record of a duly constituted meeting of the board.	A document purporting to be a copy of a resolution of the Board or an extract from the minutes of a meeting of the Directors which is certified as such in accordance with the provisions of Clause **110** shall be conclusive evidence in favour of all persons dealing with the Company upon the faith thereof that such resolution has been duly passed, or as the case may be, that such extract is a true and accurate record of a duly constituted meeting of the board.

That the Directors of the Company be and are hereby authorised to assent to any conditions, variations, modifications and/or amendments as may be required by any relevant authorities and to do all act and things and take all such steps as may be considered necessary to give full effect to the Proposed Amendment to the Constitution for and on behalf of the Company.

AND THAT the Secretary be authorised and instructed to do all the necessary and deemed fit to lodge the Constitution as amended herewith the Companies Commission of Malaysia on behalf of the Company in accordance with the provisions of the Companies Act 2016".

(Special Resolution 1)
Refer to Explanatory Note 7

10. To transact any other business for which due notice shall have been given in accordance with the Companies Act 2016 and the Constitution of the Company.

Notice of Annual General Meeting (Cont'd)

Notice of Dividend Entitlement and Payment

NOTICE IS HEREBY GIVEN THAT a final single tier dividend of five (5) sen per share for the financial year ended 31 December 2020 if approved by the shareholders at the Annual General Meeting will be paid on 30 June 2021 to the shareholders whose names appear in the Record of Depositors of the Company at the close of business on 17 June 2021.

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

(a) Shares deposited into the Depositor's Securities Account before 12.30 p.m. on 15 June 2021 (in respect of share which are exempted from mandatory deposit); and

(b) Shares transferred into Depositor's Securities Account before 4.00 p.m. on 17 June 2021 (in respect of ordinary shares).

By Order of the Board

Noor Anisah binti Sabarudin
Company Secretary (LS 0008153)
(SSM PC No. 201908003026)
Kuantan, Pahang Darul Makmur, Malaysia

30 April 2021

Notes On Proxy

1. Depositors who appear in the Record of Depositors as at 3 June 2021 (which is not less than three (3) market days before the date of this meeting) shall be regarded as member of the Company entitled to attend at the 47th AGM or appoint a proxy or proxies to attend and vote on his behalf.
2. To be valid, the duly completed form of proxy must be deposited at the registered office of the Company, Level 23, Menara Zenith, Jalan Putra Square 6, 25200 Kuantan, Pahang Darul Makmur, not less than 24 hours before the time for holding the meeting.
3. A member who is an authorised nominee may appoint one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
4. A member other than an authorised nominee shall be entitled to appoint not more than two (2) proxies to attend and vote at the same meeting.
5. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportions of his/her holdings to be represented by each proxy.
6. If the member is a corporation, the form of proxy must be executed under its Common Seal or under the hand of an officer or attorney duly authorised.
7. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiples beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
8. Where an authorised nominee appoints two (2) proxies, or where an exempt authorised nominee appoints two (2) or more proxies, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
9. Pursuant to Paragraph 8.29A (1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in this notice shall be put to vote by poll.
10. Voting right of shareholders. Every member of the Company present in person or by proxy shall have one vote on a show of hand and in the case of a poll shall have one vote for every share of which he/she is the holder.

Notice of Annual General Meeting (Cont'd)

Explanatory Notes

1. Audited Reports and Financial Statements for the Financial Year Ended 31 December 2020

The Audited Reports and Financial Statements are laid in accordance with Section 340(1)(a) of the Act for discussion only. The Audited Reports and Financial Statements do not require shareholders' approval and as such, will not be put forward for voting to be formally approved by the shareholders.

2. Ordinary Resolutions 2,3,4 & 5 – Election and re-election of Directors Pursuant to Clause 77 and Clause 76 of the Constitution of the Company

(a) Clause 77 of the Constitution of the Company expressly states that at every AGM, at least one-third (1/3) of the Directors for the time being shall retire from office at each AGM. A Director retiring at a meeting shall retain office until the conclusion of the meeting. In addition, Clause 77 of the Constitution of the Company states that all Directors shall retire from office at least once every three (3) years. A retiring Director shall be eligible for re-election.

Dato‘ Sri Kamaruddin bin Mohammed and Datuk Mohd Afrizan bin Husain being eligible, have offered themselves for re-election at the 47th AGM pursuant to Clause 77 of the Constitution of the Company.

(b) Clause 76 of the Constitution of the Company expressly states that a Director appointed by the Board shall hold office until the conclusion of the next AGM of the Company and shall be eligible for election.

Dato' Asmin binti Yahya and Miss Ng Yee Kim were appointed after the last AGM and being eligible, have offered themselves for election at the 47th AGM pursuant to Clause 76 of the Constitution of the Company. The Directors have completed their Mandatory Accreditation Programme pursuant to the provision of the Listing Requirements.

3. Ordinary Resolution 6 - Payment of Fees to the Directors up to an amount of RM687,814 from the 47th AGM until the next AGM of the Company

Pursuant to Section 230(1) of the Act, fees and benefits payable to the Directors of the Company will have to be approved by shareholders at a general meeting. The Company is requesting for the shareholders' approval for the payment of Directors fees up to an amount of RM687,814 from the 47th AGM until the next AGM of the Company in accordance with the remuneration structure as set out below:

	RM
Executive Directors	*220,000*
Non-Executive Directors/Members	*467,814*
The payment of the Directors' fees in respect of the financial year ended 31 December 2020 will only be made if the proposed Ordinary Resolution 6 has been passed at the 47th Annual General Meeting.	

4. Ordinary Resolution 7 - Payment of Directors' Benefit (Excluding Directors' Fees)

The Company is seeking the shareholders' approval for the following payment of benefit to its Directors pursuant to Section 230(1) of the Companies Act, 2016 for the period from the 47th Annual General Meeting to 48th AGM to be held in 2022.

Type of Benefit/Allowance	***RM***
Meeting allowance (Board and Committees)	*430,750*
Other benefits • *Business travel, medical, insurance coverage and other claimable and reimbursement for the purpose of enabling the Directors to perform their duties.*	*815,700*
Total	***1,246,450***

Notice of Annual General Meeting (Cont'd)

5. Ordinary Resolution 8 - Re-appointment of Auditors

The Audit Committee ("AC") at its meeting held on 23 February 2021 undertook the annual assessment of the suitability and effectiveness of the external audit process, and the performance, suitability and independence of the external auditors, Messrs Moore Stephens Associates PLT ("Moore Stephens"). The following factors were taken into consideration:

(a) Dissemination of information about policies and processes for maintaining independence, objectivity and the monitoring of Moore Stephens compliance with professional ethical standards;
(b) Communication of audit strategy and current developments in relation to accounting and auditing standards relevant to the Group's financial statements and the potential impact on the audit; and
(c) Reasonableness of the audit fees charged.

The AC was satisfied with the suitability of Moore Stephens based on the quality of audit, performance, competency and sufficiency of resources that the external audit team had provided to the Far East Holdings Berhad as prescribed under Paragraph 15.21 of the Listing Requirements.

The Board at its meeting held on 23 February 2021 approved the AC's recommendation that the shareholders' approval be sought at the 47th AGM on the re-appointment of Moore Stephens as external auditors of the Company for the financial year ending 31 December 2021, under Ordinary Resolution 8. The present external auditors, Moore Stephens, have indicated their willingness to continue their services for the next financial year.

6. Ordinary Resolution 9 - Proposed Shareholders' Mandate

The proposed Ordinary Resolution 9, if passed, will enable the Company and/or its subsidiary companies to enter into recurrent related party transactions with related parties in the ordinary course of business which are necessary for the Group's day-to-day operations and are on normal commercial terms not more favourable to the related parties than those generally available to the public and are not detrimental to the minority shareholders of the Company.

Detailed information on the Proposed Shareholders' Mandate is set out in Section 2.2, Part A of the Circular to Shareholders dated 30 April 2021.

7. Special Resolution 1

The proposed Special Resolution 1, if passed, will enable the Company to amend the Clause 111 of the Constitution. Proposed amendment to the Constitution is set out in Part B of the Circular to Shareholders dated 30 April 2021.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

Names of Re-election Directors:

Clause 77 of the Company's Constitution

(a) Dato' Sri Kamaruddin bin Mohammed
(b) Datuk Mohd Afrizan bin Husain

The details of the abovenamed Directors who are standing for re-election/re-appointment are set out in the Directors' profiles (pages 14 to 22 of the Annual Report); whilst their securities holdings (where applicable) are set out in the Analysis of Shareholdings - Directors' Interests in the Company and Related Corporations (page 73 of the Annual Report).

Clause 76 of the Company's Constitution

(a) Dato' Asmin binti Yahya
(b) Miss Ng Yee Kim

Election of Director

No individual is seeking election as a Director at the forthcoming 47th Annual General Meeting of the Company except for the Directors retiring by rotation and casual vacancy.

Place, date and time of the 47th Annual General Meeting

The 47th Annual General Meeting of the Company will be held at the The Zenith Hotel, Jalan Putra Square 6, 25200 Kuantan, Pahang Darul Makmur on 9 June 2021 at 10.00 a.m.

Details of Attendance of Directors at Board Meetings

A total of six (6) Board Meetings were held during the financial year ended 31 December 2020. Details of attendance of Directors holding office at the end of financial year are as follows:-

Name	Meeting Attendance	Appointment Date	Date Resigned
Dato' Sri Kamaruddin bin Mohammed	6/6	16.08.2002	-
Dato' Suhaimi bin Mohd Yunus	6/6	05.07.2019	-
Datuk Mohd Afrizan bin Husain	6/6	01.11.2018	-
Dato' Asmin binti Yahya	3/3	20.07.2020	-
Tee Kim Tee @ Tee Ching Tee	5/6	16.08.2002	-
Tee Cheng Hua	6/6	16.08.2002	-
Tee Lip Teng	6/6	23.07.2012	-
Nik Mohamed Zaki bin Nik Yusoff	6/6	08.07.2015	-
Ng Yee Kim	3/3	20.07.2020	-
Dato' Tan Bing Hua	1/1	23.07.2012	31.03.2020
Dato' Jamaluddin bin Abd Majid	3/3	08.07.2015	15.07.2020

CORPORATE INFORMATION

BOARD OF DIRECTORS

Dato' Sri Kamaruddin bin Mohammed
Group Executive Chairman Non-Independent, Executive Director

Dato' Suhaimi bin Mohd Yunus
Non-Independent, Non-Executive Director

Datuk Mohd Afrizan bin Husain
Independent, Non-Executive Director

Dato' Asmin binti Yahya
Non-Independent, Executive Director

Tee Kim Tee @ Tee Ching Tee
Non-Independent, Non-Executive Director

Tee Cheng Hua
Non-Independent, Senior Executive Director

Tee Lip Teng
Non-Independent, Non-Executive Director

Ng Yee Kim
Independent, Non-Executive Director

Nik Mohamed Zaki bin Nik Yusoff
Senior Independent, Non-Executive Director

(Responsible for Investor Relations)
: 09-5141 936 / 948 / 339
: 09-5136 211
: nikmohamedzaki@fareh.po.my

SECRETARY

Noor Anisah binti Sabarudin
(LS0008153) (PC 201908003026)
: 09-5141 936 / 948 / 339
: 09-5136 211
: www.fehb.com.my
: nooranisah@fareh.po.my

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad - Main Market
(Listing Date: 31.01.1991)

REGISTERED ADDRESS

Level 23, Menara Zenith
Jalan Putra Square 6
25200 Kuantan
Pahang Darul Makmur

: 09-5141 936 / 948 / 339
: 09-5136 211
: www.fehb.com.my
: fareast@fareh.po.my

SHARE REGISTRAR

Boardroom Share Registrars Sdn. Bhd.
11th Floor, Menara Symphony
No 5, Jalan Prof. Khoo Kay Kim
Seksyen 13, 46200 Petaling Jaya
Selangor Darul Ehsan
: 03-7890 4700
: 03-7890 4670
: bsr.helpdesk@boardroomlimited.com

MAJOR BANKERS

CIMB Bank Berhad
Lot G-01, Kompleks Teruntum
Jalan Mahkota, 25000 Kuantan
Pahang Darul Makmur

CIMB Bank Berhad
A1, Lorong Tun Ismail 9
Sri Dagangan 2, 25000 Kuantan
Pahang Darul Makmur

SENIOR MANAGEMENT TEAM

Dato' Sri Kamaruddin bin Mohammed
Group Executive Chairman

Tee Cheng Hua
Senior Executive Director, Plantations & Milling

Dato' Asmin binti Yahya
Executive Director/ Chief Operating Officer

Nazaruddin bin Hasim
Plantation Controller, Zone B

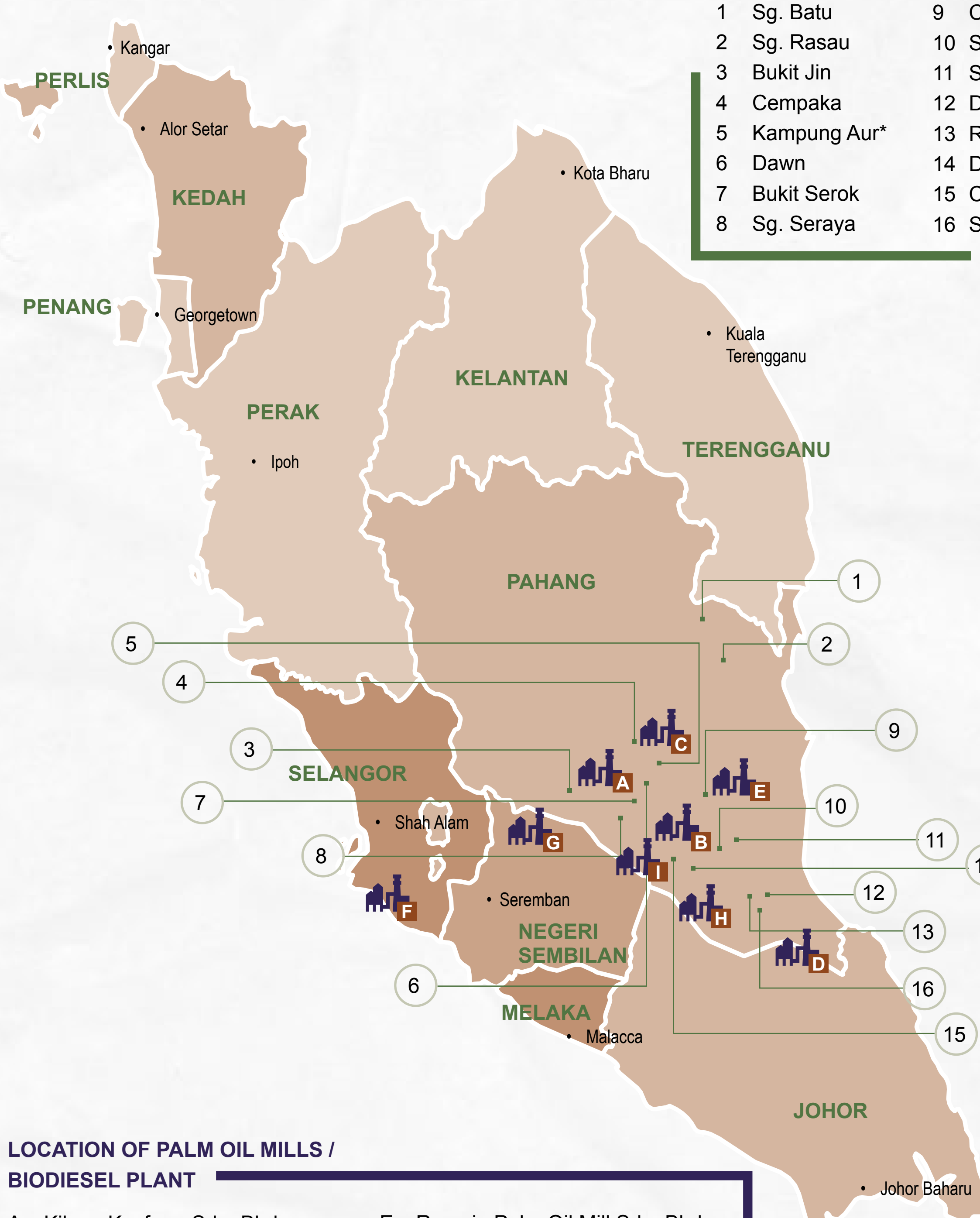
Adnan bin Mustafa
Senior Regional Manager, Zone A

Noor Anisah binti Sabarudin
Manager, Secretarial & Corporate Affairs

Rosliha binti Husin
Manager, Finance

Norfadli bin Mahrom
Head of Internal Audit

LOCATION OF OPERATIONS



LOCATION OF ESTATES

1	Sg. Batu	9	Chengal
2	Sg. Rasau	10	Sg. Gayung*
3	Bukit Jin	11	Sg. Marung*
4	Cempaka	12	Delima
5	Kampung Aur*	13	Rangkaian
6	Dawn	14	DSK
7	Bukit Serok	15	Cenderawasih
8	Sg. Seraya	16	Sg. Sawak

LOCATION OF PALM OIL MILLS / BIODIESEL PLANT

A	Kilang Kosfarm Sdn. Bhd.	E	Rompin Palm Oil Mill Sdn. Bhd.
B	Kilang Sawira Makmur Sdn. Bhd.	F	Future Prelude Sdn. Bhd.
C	Wujud Wawasan Sdn. Bhd.	G	Prosper Palm Oil Mill Sdn. Berhad
D	Endau Palm Oil Mill Sdn. Bhd.	H	Merchong Palm Oil Mill Sdn. Bhd.
		I	Cenderawasih Palm Oil Mill

Notes:

* *The estates under Kampung Aur Oil Palm Company (Sdn.) Berhad's Group are managed by Far East Holdings Berhad.*

CORPORATE STRUCTURE

Far East Holdings Berhad
197301001753 (14809-W)

- **100%** Number of issued shares 1,800,150 units
  B.S. Oil Palm Plantations Sdn. Bhd.
- **100%** Number of issued shares 1,800,150 units
  Dawn Oil Palm Plantations Sdn. Bhd.
- **100%** Number of issued shares 2 units (Dormant)
  Spectacular Potential Sdn. Bhd.
- **100%** Number of issued shares 200,000 units (Dormant)
  Inai Prisma Sdn. Bhd.
- **80%** Number of issued shares 1,000,000 units
  Far East Delima Plantations Sdn. Bhd.
- **70%** Number of issued shares 2,000,000 units
  F.E. Rangkaian Sdn. Bhd.
- **51%** Number of issued shares 10,000,000 units
  Kilang Kosfarm Sdn. Bhd.
  - **51%** Number of issued shares 5,250,000 units
    Wujud Wawasan Sdn. Bhd.
  - **30%** Number of issued shares 100,000 units
    PGC Management Services Sdn. Bhd.
  - **45%** Number of issued shares 100,000 units
    Jaspurna Holdings Sdn. Bhd.
    - **70%** Number of issued shares 4,000,000 units
      Kilang Sawira Makmur Sdn. Bhd.
- **47.17%** Number of issued shares 154,030,394 units
  Future Prelude Sdn. Bhd.
- **40%** Number of issued shares 75,000,000 units
  Prosper Palm Oil Mill Sdn. Berhad
  - **49%** (in Kilang Kosfarm Sdn. Bhd.)
- **36.29%** Number of issued shares 17,500,000 units
  Business & Budget Hotels (Kuantan) Sdn. Bhd.
- **40.61%** Number of issued shares 27,615,301 units
  Kampong Aur Oil Palm Company (Sdn.) Berhad
  - **100%** Number of issued shares 25,000,002 units
    Madah Perkasa Sdn. Bhd.

ESTATES' STRUCTURE

Far East Holdings Berhad
197301001753 (14809-W)

BUKIT JIN
Madrizam bin Jaafar

CHENGAL
Mohamad Zulkefli bin Mohamed Ali

CENDERAWASIH
Muhammad Uzairi bin Abdul Rahim

SG. SERAYA
Mohd Khairul Nizam bin Zakaria

SG. RASAU
Muhammad Faiz Izzuddin bin Mohd Bakri

SG. SAWAK
Musa bin Abdul Halim

DSK
Mohd Zaeh bin Mat Zin

SG. BATU
Muhammad Faiz Izzuddin bin Mohd Bakri

DAWN OIL PALM PLANTATIONS SDN. BHD.

- **DAWN**
  Mohd Hamizan bin Samsudin
- **CEMPAKA**
  Mohd Hamizan bin Samsudin

B.S. OIL PALM PLANTATIONS SDN. BHD.

- **BUKIT SEROK**
  Ahmad Khayrul Azmir bin Abdullah

FAR EAST DELIMA PLANTATIONS SDN. BHD.

- **DELIMA**
  Musa bin Abdul Halim

F.E. RANGKAIAN SDN. BHD.

- **RANGKAIAN**
  Mohd Awis bin Md Akin

KAMPONG AUR OIL PALM COMPANY (SDN.) BERHAD

- **KAMPUNG AUR***
  Mohd Rushdan bin Mashar

MADAH PERKASA SDN. BHD.

- **SG. GAYUNG***
  Romeli bin Mohamad
- **SG. MARUNG***
  Mohd Rasul bin Ghazali

Notes:
* *The estates under Kampong Aur Oil Palm Company (Sdn.) Berhad's Group is managed by Far East Holdings Berhad.*

DIRECTORS' PROFILE

DATO' SRI KAMARUDDIN BIN MOHAMMED

SSAP, DSAP, DIMP, SF Fin (Aust)

Age 72
Male
Malaysian

Qualification

- A Business graduate from MARA College (UiTM).
- Professional graduate in Investment Analysis from the Securities Institute of Australia, Sydney, Australia (FSIA).
- Management graduate from the Asian Institute of Management, Manila, Philippines.
- A Senior Fellow of the Financial Services Institute of Australasia (SF Fin).

Position on the FEHB Board

- Group Executive Chairman
- Non-Independent, Executive Director

Date first appointment to the FEHB Board

16 August 2002

Membership of FEHB Board Committees

Chairman of Remuneration Committee

Working experience

- Vast experience in Investment & Financial Management, Corporate Restructuring and Management. Worked over 41 years in ASMB (currently known as Pelaburan MARA Berhad - PMB).
- Group Executive Director of ASMB (PMB) from January 1991 to November 1995.
- Group Chief Executive Officer and Group Managing Director of ASMB (PMB) from December 1995 until April 2008.
- Deputy Chairman cum Advisor of ASMB (PMB) from May 2008 to 30 April 2010.

Any other directorships in listed issuer and in public companies

- Pascorp Paper Industries Berhad
- Amanah Saham Pahang Berhad

Securities holdings in FEHB and subsidiaries

- Direct - 11,340,000 units
- Indirect - 2,520,000 units

Any family relationship with Director and/or Major Shareholder of FEHB or its subsidiaries

None

Other than traffic offences, list of conviction for offences within the past 5 years, if any and particular of sanctions and penalty imposed by relevant regulatory bodies

- Dato' Sri Kamaruddin bin Mohammed was a Director representing the interest of Perbadanan Kemajuan Negeri Pahang (PKNP) in PASDEC Holdings Berhad (PHB); a Public Listed Company from 10 October 2017 to 08 July 2019.
- On 22 July 2020, he was issued with a Sanction Letter by the Securities Commission Malaysia (SC) for breach of Section 354(1)(a) of the Capital Market and Services Act, 2007 (CMSA) read together with Section 246(1)(b) and Section 367 of the CMSA. This is in reference to "material omission" in PHB's Abridged Prospectus issued in mid May 2018.
- On 12 August 2020, he appealed to the SC against the Sanctions. On 18 February 2021, the SC dismissed his appeal and retained the Sanctions for breach pursuant to Section 354(3) of the CMSA. The Sanctions are: (a) Reprimand; and (b) Penalty of RM84,000.00.
- He had subsequently, "Without Prejudice" settled the penalty to the SC.

Number of FEHB Board Meetings attended in the financial year

All six meetings

Directors' Profile (Cont'd)

DATO' SUHAIMI BIN MOHD YUNUS

DSAP., DIMP., SMP., AAP., AMP

Age 55
Male
Malaysian

Qualification

- Diploma in Public Administration from Intan Bukit Kiara.
- Degree in Social and Politic at University Gadjah Mada, Indonesia.
- Master in Science Administration and Land Development of University Technology of Malaysia.

Position on the FEHB Board

Non-Independent, Non-Executive Director

Date first appointment to the FEHB Board

5 July 2019

Membership of FEHB Board Committees

Chairman of Risk Management Committee

Working experience

- He started his career in 1995 as Administration & Diplomatic Officer in Transport Ministry. Later he moved to Public Service Department.
- In 1997, he was transferred to Transport Ministry as Assistant Secretary and in 1999 he assumed the post as Assistant District Officer of Rompin, Pahang.
- He was promoted as Chief Assistant Secretary in 2003 and he served in a few Ministries i.e. Agriculture and Natural Resources and Environment till 2005.
- He was appointed as Director of Pahang Sport Council until 2010 and later was promoted as Division Secretary and had served Economic Planning Unit and Pahang State Secretary Office.
- In 2012 to 2014 he was appointed as a Secretary Division of Human Resources of Pahang State/Secretary Office.
- In 2014 he was appointed as Deputy State Secretary (Development) of Pahang State Secretary office till May 2019.
- Effective from 10 May 2019, he was appointed as the Chief Executive Officer of Perbadanan Kemajuan Pertanian Pahang.

Any other directorships in listed issuer and in public companies

- Astral Asia Berhad

Securities holdings in FEHB and subsidiaries

Nil

Any family relationship with Director and/or Major Shareholder of FEHB or its subsidiaries

None

Other than traffic offences, list of conviction for offences within the past 5 years, if any and particular of sanctions and penalty imposed by relevant regulatory bodies

Nil

Number of FEHB Board Meetings attended in the financial year

All six meetings

Directors' Profile (Cont'd)

DATUK MOHD AFRIZAN BIN HUSAIN

DPSM

Age 53
Male
Malaysian

Qualification

Chartered Accountant

Position on the FEHB Board

Independent, Non-Executive Director

Date first appointment to the FEHB Board

1 November 2018

Membership of FEHB Board Committees

- Chairman of Audit Committee
- Member of Risk Management Committee

Working experience

- Started his career in 1990 until 1998 with Messrs. Coopers & Lybrand. Last position held was Manager of the Business Assurance Service.
- Later in 1999 till present, he became a partner of Messrs. Afrizan Tarmili Khairul Azahar, a public accounting practice.
- Datuk Mohd Afrizan's specialty is in statutory, internal and forensic audits as well as corporate exercise and business planning.
- He also had an extensive experience in insolvency practice. In addition to that he also provided advisory for tax compliance.

Any other directorships in listed issuer and in public companies

None

Securities holdings in FEHB and subsidiaries

Nil

Any family relationship with Director and/or Major Shareholder of FEHB or its subsidiaries

None

Other than traffic offences, list of conviction for offences within the past 5 years, if any and particular of sanctions and penalty imposed by relevant regulatory bodies

Nil

Number of FEHB Board Meetings attended in the financial year

All six meetings

Directors' Profile (Cont'd)

TEE KIM TEE @ TEE CHING TEE

Age 72
Male
Malaysian

Position on the FEHB Board

Non-Independent, Non-Executive Director

Date first appointment to the FEHB Board

16 August 2002

Membership of FEHB Board Committees

- Member of Remuneration Committee
- Chairman of Nomination Committee

Working experience

- Started his career 50 years ago as an estate contractor and FFB dealer.
- Vast experience in managing palm oil plantations, palm oil milling and refinery business both as an owner as well as operator over the last 44 years.

Any other directorships in listed issuer and in public companies

None

Securities holdings in FEHB and subsidiaries

Direct - 19,578,720 units

Any family relationship with Director and/or Major Shareholder of FEHB or its subsidiaries

He is the elder brother of Mr Tee Cheng Hua and the uncle of Mr Tee Lip Teng.

Other than traffic offences, list of conviction for offences within the past 5 years, if any and particular of sanctions and penalty imposed by relevant regulatory bodies

Nil

Number of FEHB Board Meetings attended in the financial year

Five of six meetings

Directors' Profile (Cont'd)

TEE CHENG HUA

Age 66
Male
Malaysian

Qualification

Bachelor of Mechanical Engineering from University Technology Malaysia.

Position on the FEHB Board

Non Independent, Senior Executive Director

Date first appointment to the FEHB Board

16 August 2002

Membership of FEHB Board Committees

None

Working experience

- Engineer with Highlands and Lowlands Bhd.
- Mill Manager/Engineer with Kulim (M) Bhd.
- He is at present the Senior Executive Director of Prosper Group of Companies.

Any other directorships in listed issuer and in public companies

United Malacca Berhad

Securities holdings in FEHB and subsidiaries

Direct - 8,762,200 units

Any family relationship with Director and/or Major Shareholder of FEHB or its subsidiaries

He is the younger brother of Mr Tee Kim Tee @ Tee Ching Tee and the father of Mr Tee Lip Teng.

Other than traffic offences, list of conviction for offences within the past 5 years, if any and particular of sanctions and penalty imposed by relevant regulatory bodies

Nil

Number of FEHB Board Meetings attended in the financial year

All six meetings

Directors' Profile (Cont'd)

DATO' ASMIN BINTI YAHYA

DIMP

Age 52
Female
Malaysian

Qualification

- Diploma in Accountancy, UiTM
- Bachelor in Accountancy, UiTM
- Member of Malaysian Institute of Accountant (MIA)

Position on the FEHB Board

Non-Independent, Executive Director

Date first appointment to the FEHB Board

20 July 2020

Membership of FEHB Board Committees

Nil

Working experience

- She was an External Auditor with Messrs. Arthur Andersen & Co.(curently known as Messrs. Ernst & Young) before joining Yayasan Pahang as an Investment Officer. Later on she was transferred to Sumber Perindu Sdn. Bhd. (currently known as YP Plantations Holdings Sdn. Bhd.) as the Group Accountant.

- She joined Far East Holdings Berhad in 1995. She was the Group Accountant until her promotion as General Manager in 2010 and on 1 January 2020, she was re-designated as Chief Operating Officer. She was appointed as FEHB's Board Member on 20 July 2020 and elevated as Executive Director/Chief Operating Officer on 1 January 2021.

Any other directorships in listed issuer and in public companies

None

Securities holdings in FEHB and subsidiaries

Direct - 315,000 units

Any family relationship with Director and/or Major Shareholder of FEHB or its subsidiaries

None

Other than traffic offences, list of conviction for offences within the past 5 years, if any and particular of sanctions and penalty imposed by relevant regulatory bodies

Nil

Number of FEHB Board Meetings attended in the financial year

Three of three meetings

Directors' Profile (Cont'd)

TEE LIP TENG

Age 37
Male
Malaysian

Qualification

Master of Electronic and Electrical Engineering from University College London, United Kingdom.

Position on the FEHB Board

Non-Independent, Non-Executive Director

Date first appointment to the FEHB Board

23 July 2012

Membership of FEHB Board Committees

Member of Risk Management Committee

Working experience

- Electrical Engineer with Hoare Lea, United Kingdom.
- Director, Marketing & Business Development of Prosper Group since 2011.
- Currently he is also the Director of Prosper Palm Oil Products Marketing Sdn. Bhd.
- He is also the Managing Director for Future Prelude Sdn. Bhd.
- Treasurer of Malaysian Biodiesel Association ("MBA") since 2020.

Any other directorships in listed issuer and in public companies

None

Securities holdings in FEHB and subsidiaries

Direct - 1,260,000 units

Any family relationship with Director and/or Major Shareholder of FEHB or its subsidiaries

He is the son of Mr Tee Cheng Hua and the nephew of Mr Tee Kim Tee @ Tee Ching Tee.

Other than traffic offences, list of conviction for offences within the past 5 years, if any and particular of sanctions and penalty imposed by relevant regulatory bodies

Nil

Number of FEHB Board Meetings attended in the financial year

All six meetings

Directors' Profile (Cont'd)

NIK MOHAMED ZAKI BIN NIK YUSOFF

Age 58
Male
Malaysian

Qualification

Bachelor of Commerce (Honours) from Carleton University Ottawa, Canada in 1985.

Position on the FEHB Board

Independent, Non-Executive Director

Date first appointment to the FEHB Board

8 July 2015

Membership of FEHB Board Committees

- Member of Audit Committee
- Member of Remuneration Committee
- Member of Nomination Committee

Working experience

- Started his career in 1986 in the banking sector at Pacific Bank Berhad and joined Affin Bank Bhd in 1989.
- He later furthered his career at Affin Hwang Investment Bank Bhd as Manager Corporate Banking in 1990 until 1994.
- He subsequently joined Pelaburan MARA Bhd where he was the Group Chief Executive Officer of Pelaburan MARA Bhd ("PMB") from 2008 to 2013 and also previously served as the Chief Executive Officer of the Group's Unit Trust and Fund Management subsidiary PMB Investment Bhd. He remains as a Board member and investment committee member to date.
- He is also attached to shariah based private equity firm Musharaka Venture Management Sdn. Bhd. on an advisory basis and serves on the board of certain investee companies of Musharaka.

Any other directorships in listed issuer and in public companies

PMB Investment Berhad

SECURITIES HOLDINGS IN FEHB AND SUBSIDIARIES

2,500 units

Any family relationship with Director and/or Major Shareholder of FEHB or its subsidiaries

None

Other than traffic offences, list of conviction for offences within the past 5 years, if any and particular of sanctions and penalty imposed by relevant regulatory bodies

Nil

Number of FEHB Board Meetings attended in the financial year

All six meetings

Directors' Profile (Cont'd)

NG YEE KIM

Age 51
Female
Malaysian

Qualification

- Bachelor of Business Administration Investment & Business Management, University of Oklahama, USA.
- Professional Stock Market Technical Analysis Certificate
- Professional Dealing in Securities and Dealing in Derivatives.
- Chartered Financial Analyst (CFA).
- Business Entrepreneur Certificate.

Position on the FEHB Board

Independent, Non-Executive Director

Date first appointment to the FEHB Board

20 July 2020

Membership of FEHB Board Committees

- Member of Audit Committee Meeting
- Member of Nomination Committee

Working experience

- She is the Director for Favor Tech Sdn. Bhd., the Director for Cornet Research Sdn. Bhd. and the Dealer Representative for Affin Hwang Investment Bank Bhd.

Any other directorships in listed issuer and in public companies

None

Securities holdings in FEHB and subsidiaries

Nil

Any family relationship with Director and/or Major Shareholder of FEHB or its subsidiaries

None

Other than traffic offences, list of conviction for offences within the past 5 years, if any and particular of sanctions and penalty imposed by relevant regulatory bodies

Nil

Number of FEHB Board Meetings attended in the financial year

Three of three meetings

MANAGEMENT'S PROFILE

Age	72
Gender	Male
Nationality	Malaysian
Position	Group Executive Chairman
Other Profile	• Dato' Sri Kamaruddin bin Mohamed was appointed as the Chairman of FEHB since 16 August 2002 until elevated to Group Executive Chairman on 19 May 2015. • His profile is listed in the Profile Director on page 14.

DATO' SRI KAMARUDDIN BIN MOHAMMED

SSAP, DSAP, DIMP, SF Fin (Aust)

Age	66
Gender	Male
Nationality	Malaysian
Position	Senior Executive Director, Plantations & Milling
Other Profile	• Mr Tee Cheng Hua was appointed as an Executive Director, Plantations on 16 August 2002. He was elevated to Senior Executive Director, Plantations & Milling on 1 January 2020. • His profile is listed in the Profile Director on page 18.

TEE CHENG HUA

Age	52
Gender	Female
Nationality	Malaysian
Position	Executive Director/Chief Operating Officer
Other Profile	• She joined Far East Holdings Berhad in 1995. She was the Group Accountant until her promotion as General Manager in 2010 and on 1 January 2020, she was re-designated as Chief Operating Officer. She was appointed as FEHB's Board Member on 20 July 2020 and elevated as Executive Director/Chief Operating Officer on 1 January 2021. • Her profile is listed in the Profile Director on page 19.

DATO' ASMIN BINTI YAHYA

DIMP

Management's Profile (Cont'd)

NAZARUDDIN BIN HASIM

Age	49
Gender	Male
Nationality	Malaysian
Qualification	• Diploma in Agriculture, University Putra Malaysia • Bachelor of Business Administration, UiTM
Position	Plantation Controller, Zone B
Date Joined	01 August 1993
Working experience	He has vast experience in estates operations and joined the Company in 1993. He specialises in oil palm operation and labour management.
Any other directorships in listed issuer and in public companies	None
Securities holdings in FEHB and subsidiaries	Direct - 2,100 units
Any family relationship with Director and/or Major Shareholder of FEHB or its subsidiaries	None
Other than traffic offences, list of conviction for offences within the past 5 years, if any and particular of sanctions and penalty imposed by relevant regulatory bodies	Nil

ADNAN BIN MUSTAFA

Age	57
Gender	Male
Nationality	Malaysian
Qualification	• Diploma in Agriculture, UPM, Sarawak Campus • Bachelor in Science Agriculture, UPM Serdang
Position	Senior Regional Manager, Zone A
Date Joined	02 September 1993
Working experience	He has vast experience in oil palm estate operation and is involved in various stages of oil palm cycle i.e. mature, immature, replanting and tall palm.
Any other directorships in listed issuer and in public companies	None
Securities holdings in FEHB and subsidiaries	Nil
Any family relationship with Director and/or Major Shareholder of FEHB or its subsidiaries	None
Other than traffic offences, list of conviction for offences within the past 5 years, if any and particular of sanctions and penalty imposed by relevant regulatory bodies	Nil

Management's Profile (Cont'd)

NOOR ANISAH BINTI SABARUDIN

Age	54
Gender	Female
Nationality	Malaysian
Qualification	Bachelor of Business Administration (Management and Marketing), Loyola University, United States of America
Position	Manager, Secretarial and Corporate Affairs
Date Joined	04 July 1989
Working experience	She has been with the Company since 1989 and has worked in various divisions at the Head Office. She is now the Manager of Secretarial & Corporate Affairs. She was appointed as Secretary of the Company in 2002.
Any other directorships in listed issuer and in public companies	None
Securities holdings in FEHB and subsidiaries	Direct - 26,040 units
Any family relationship with Director and/or Major Shareholder of FEHB or its subsidiaries	Nil
Other than traffic offences, list of conviction for offences within the past 5 years, if any and particular of sanctions and penalty imposed by relevant regulatory bodies	None

ROSLIHA BINTI HUSIN

Age	40
Gender	Female
Nationality	Malaysian
Qualification	• Bachelor of Accounting (with Honours), UiTM Shah Alam • Member of Malaysian Institute of Accountant (MIA)
Position	Manager, Finance
Date Joined	01 April 2010
Working experience	She was an External Auditor at Messrs. Ernst & Young and Messrs. Parker Randall Thomas for 5 years before joining FEHB in 2010.
Any other directorships in listed issuer and in public companies	None
Securities holdings in FEHB and subsidiaries	Direct - 3,000 units
Any family relationship with Director and/or Major Shareholder of FEHB or its subsidiaries	None
Other than traffic offences, list of conviction for offences within the past 5 years, if any and particular of sanctions and penalty imposed by relevant regulatory bodies	Nil

Management's Profile (Cont'd)

NORFADLI BIN MAHROM

Age	43
Gender	Male
Nationality	Malaysian
Qualification	• Diploma in Accountancy, UiTM Terengganu • Bachelor of Accounting (with Honours), UiTM Machang • Member of Malaysian Institute of Accountant (MIA) • Member of the Institute of Internal Auditors (IIA) Malaysia
Position	Head of Internal Audit
Date Joined	1 October 2001
Working experience	He has been with FEHB since 2001. He was attached to Internal Audit since joining FEHB. He was appointed as the Head of Internal Audit effective 1 January 2020.
Any other directorships in listed issuer and in public companies	None
Securities holdings in FEHB and subsidiaries	Nil
Any family relationship with Director and/or Major Shareholder of FEHB or its subsidiaries	None
Other than traffic offences, list of conviction for offences within the past 5 years, if any and particular of sanctions and penalty imposed by relevant regulatory bodies	Nil

GROUP FINANCIAL SUMMARY

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER

	2020 RM'000	2019 RM'000	2018 RM'000	2017 RM'000	2016 RM'000
Assets					
Non-current assets					
Property, Plant and Equipment	328,030	272,688	584,892	658,054	662,080
Investment Property	60,000	60,000	-	-	-
Associates	474,063	459,481	439,042	371,382	375,640
Right-of-Use Assets	445,920	316,923	-	-	-
Other Financial Asset	-	731	731	724	3,000
Biological Assets	474	646	-	612	-
	1,308,487	1,110,469	1,024,665	1,030,772	1,040,720
Current Assets	163,496	133,474	134,111	271,516	396,752
Total Assets	**1,471,983**	**1,243,943**	**1,158,776**	**1,302,288**	**1,437,472**
Equity and Liabilities					
Share Capital	197,946	197,946	197,946	188,243	141,390
Share Premium	-	-	-	-	46,853
Retained Earnings	947,474	873,338	810,047	814,009	817,539
Equity attributable to Owners of the Company	1,145,420	1,071,284	1,007,993	1,002,252	1,005,782
Non-Controlling Interests	37,154	35,364	33,733	135,763	236,268
Total Equity	1,182,574	1,106,648	1,041,726	1,138,015	1,242,050
Liabilities					
Non-Current Liabilities					
Hire Purchase	-	-	-	-	23
Deferred Tax Liabilities	73,709	87,186	83,128	115,535	117,639
Lease Liabilities	16,293	16,440	-	-	-
Borrowings	131,250	-	-	-	-
	221,252	103,626	83,128	115,535	117,662
Current Liabilities	68,157	33,669	33,922	48,738	77,760
Total Liabilities	289,409	137,295	117,050	164,273	195,422
Total Equity and Liabilities	**1,471,983**	**1,243,943**	**1,158,776**	**1,302,288**	**1,437,472**

Group Financial Summary (Cont'd)

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER

	2020 RM'000	2019 RM'000	2018 RM'000	2017 RM'000	2016 RM'000
Revenue	669,049	381,129	379,825	482,733	357,163
Profit Before Tax	112,205	103,141	72,153	171,647	150,602
Profit After Tax	103,150	84,788	56,536	140,190	128,780

HIGHLIGHTS AS AT 31 DECEMBER

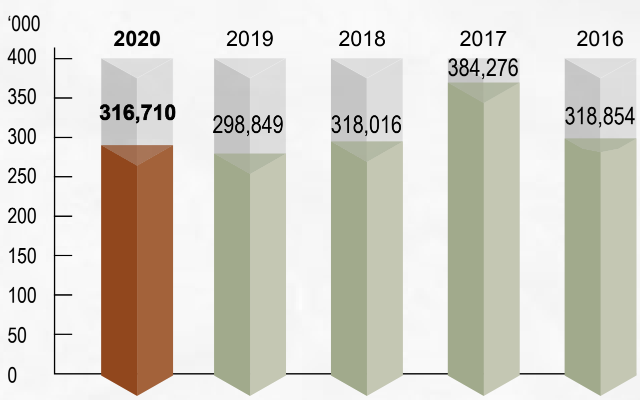
	2020	2019	2018	2017	2016
Earnings Per Share (Sen)	16.50	13.47	16.00	80.67	85.50
Net Tangible Asset Per Share (RM)	1.99	1.86	3.85	8.05	8.78
Current Ratio (Times)	2.40	3.96	3.95	5.57	5.10
Pre Tax Profit As a Percentage of Sale (%)	16.77	27.06	19.00	35.56	42.17
Pre Tax Profit As Percentage of Shareholders' Equity (%)	9.80	9.63	7.16	17.13	14.97
Profit Before Tax Margin (%)	16.77	27.06	19.00	35.56	42.17
Profit After Tax Margin (%)	15.42	22.25	14.88	29.04	36.06

DIVIDENDS DECLARED FOR THE FINANCIAL YEAR ENDED 31 DECEMBER

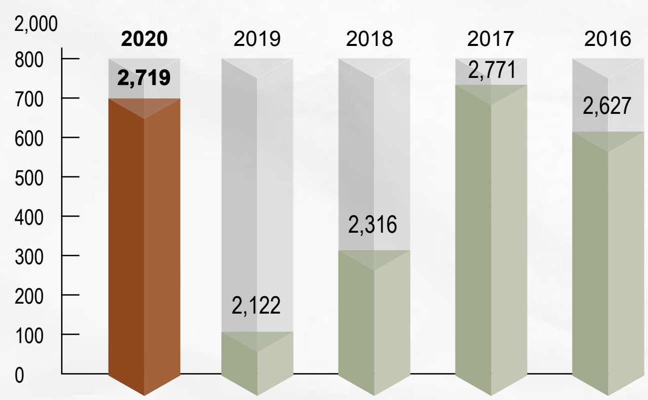
	2020	2019	2018	2017	2016
Gross Dividend (Sen)	7.00	2.50	3.00	35.00	35.00

PLANTATION MATRIX

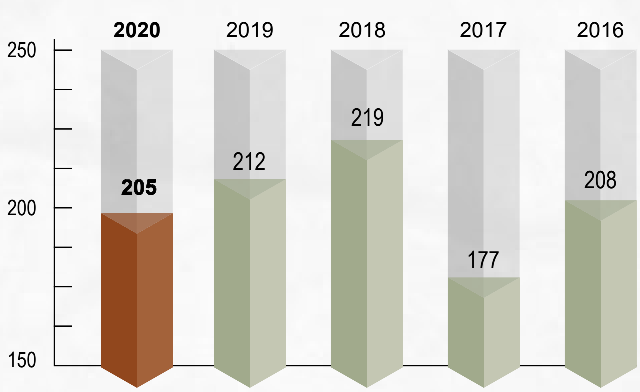
		2020	2019	2018	2017	2016
Oil Palm Production						
FFB Production	Mt	316,710	298,849	318,016	384,276	318,854
CPO Production	Mt	59,678	55,423	60,440	71,006	58,899
FFB Yield	Mt/hec	19.74	19.19	18.75	19.54	16.66
CPO Yield	Mt/hec	3.72	3.56	3.57	3.61	3.08
Average OER	%	18.84	18.55	19.01	18.48	18.47
Price and Cost						
CPO Average Price	RM/mt	2,719	2,122	2,316	2,771	2,627
PK Average Price	RM/mt	1,640	1,257	1,785	2,531	2,559
Kernel Recovery Revenue	RM/mt	430	319	458	665	689
FFB Cost (Ex-estate)	RM/mt	205	212	219	177	208
CPO Production Cost (Ex-estate)	RM/mt	1,087	1,118	1,153	960	1,124
Land Areas						
Mature Area	Hectare	16,044	15,570	14,384	19,699	19,136
Total Planted Area	Hectare	18,791	16,160	16,141	21,167	21,191



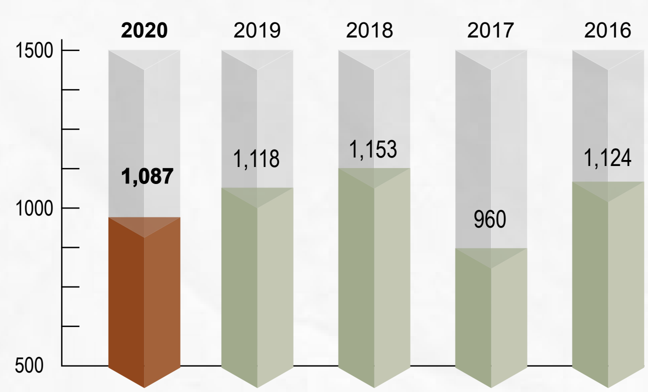
5 Years FFB Production
FFB Production (mt)



5 Years CPO Average Price
CPO Average Price (RM/mt)



5 Years FFB Cost (Ex-estate) per MT
FFB Cost per MT (RM/mt)



5 Years CPO Cost (Ex-estate) per MT
CPO Cost per MT (RM/mt)

CORPORATE SUSTAINABILITY STATEMENT

Commitment and Approach

FEHB has always taken pride in its sustainable approach to all aspects of its operation. Sustainability is an integral part of our way of doing business and a guiding principle in our decision making and development process. The Board of Directors ("Board") is responsible for monitoring the implementation of our Sustainability Agenda. Our Sustainability Agenda guides FEHB towards becoming a sustainable and integrated palm oil player over the long-term, including achieving full Malaysian Sustainable Palm Oil ("MSPO") certification.

Guided by our values, the Group remains committed to our Economic, Environmental and Social ("EES") accountability. This includes maintaining a safe and healthy workplace and upholding human rights, as well as preserving riparian areas, exercising good agriculture practices and improving product quality and operational efficiency.

Sustainability involves improvement across the value chain and collective action by various stakeholders. Effective engagement with stakeholders is important to foster mutually beneficial relationships to FEHB's success. The Group is acknowledged that each stakeholder has a unique perspective of the impact of our operation and each of them is equally valuable to us.

FEHB adopts a transparent approach in the engagement with relevant stakeholders. Comprehensive stakeholder engagements have been conducted in various and interactive manner to identify key material matters in accordance to guidelines by Bursa Malaysia Securities Berhad. Stakeholder engagement methods are employed to capture feedbacks and opinions from both internal and external stakeholders pertaining to the importance and impacts on EES risks and opportunities that are deemed crucial to sustainable development.

Corporate Sustainability Statement (Cont'd)

Economic

FEHB is an oil palm plantation operator established in 1973 and listed in 1991. Today, FEHB and its subsidiaries operate thirteen (13) estates covering 18,791 hectares (46,433 acres). All estates under our associate company, Kampong Aur Oil Palm Company (Sdn.) Berhad totaling 6,296 hectares (15,556 acres) are also managed by FEHB. The Group's operation is supported by 184 employees who enjoy various employee benefits including attractive salary package, conducive housing facility with amenities in the estates, health benefit and bonuses which have resulted in low employment turnover.

Our operation also relies on the active vendors supplying various needs such as machineries, fertilizers, utilities and office supplies. Ethical procurement and vendor management are governed by a Purchasing Procedure set by management and principles and criteria of certification bodies i.e. MSPO and International Sustainability and Carbon Certification ("ISCC").

FEHB brings direct and indirect economic impacts to the regional economic growth and development. In our procurement practices, FEHB engages in local sourcing for quality products and services to support our local suppliers. Long term business relationship with our suppliers has been established over the years, hence minimising the potential risk of supply chain disruption caused by shortage of supply.

Our priority remains geared towards the twin objectives of increasing both yield and labour productivity. Through enhancing internal efficiencies and continuously rebuilding internal organizational strengths by accelerating the implementation of mechanisation in oil palm estates, we envisage that our continuing efforts will bear fruit in coming years. In line with FEHB's commitment to manage its operations in sustainable manner, all oil palm estates are MSPO certified.

While FEHB continues to focus on improving yields from oil palm, the Board is mindful of external factors beyond FEHB control that can impact profit-potential turbulence in global economy such as weaker Malaysian Ringgit, rising interest rates, fluctuating of palm oil prices and impacts from COVID-19 pandemic.

Environmental

Development of the Estates and Preserving the Environment

In January 2019, FEHB integrated existing sustainable policies and pledged our commitment to No Deforestation, No Peat and No Exploitation ("NDPE") in our supply chain through the FEHB's Sustainable Palm Oil Policy. The policy is published on the Company's website at www.fehb.com.my and displayed at all operating units.

FEHB is committed to comply with all applicable environmental laws and regulations. FEHB acknowledges the importance of protecting the natural environment to ensure sustainability. FEHB believes that all products should be produced sustainably in compliance to our policy on NDPE regardless of depth, no new development on area without High Conservation Value ("HCV") and High Carbon Stock ("HCS") assessments.

FEHB is committed to forgo development of the remaining 300 acres in Sungai Sawak and has allocated the area for conservation. Engagements were made with Non-Governmental Organizations ("NGOs"), experts and government agencies on the forest conservation and to further enhance the bio-diversity of new development areas.

As an oil palm plantation operator, FEHB works to ensure that its operations are environmentally responsible and that adequate steps are taken to protect and effectively manage risks that may adversely impact the surrounding environment. Our Environmental Protection & Biological Diversity Policy governs how we deal with Greenhouse Gas ("GHG") emission, waste management and biodiversity issues. FEHB also has a Slope & River Protection Policy for our operations.

Corporate Sustainability Statement (Cont'd)

FEHB actively recycles and manages waste, monitors and minimize its effluents and sources of pollution. FEHB also partner with government agencies to protect bio-diverse and fragile ecosystems.

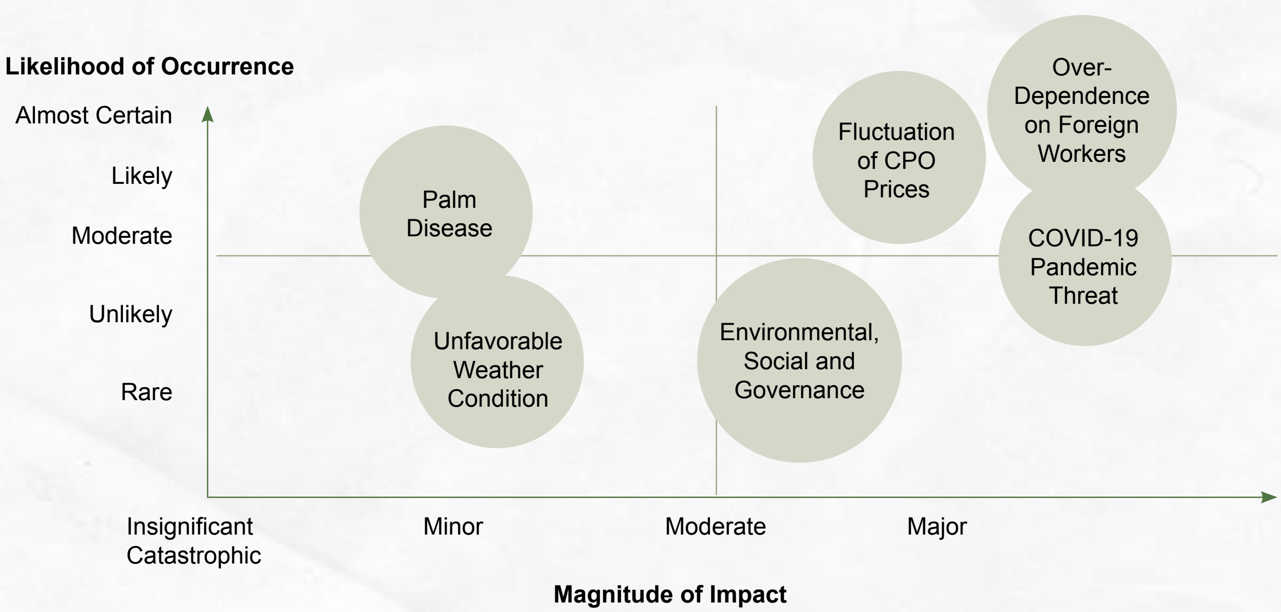
The Group will carry out a combined HCS and HCV analysis prior to any new development. The Group has also conducted Environmental Impact Assesments ("EIAs") for all new land development. In addition, our palm oil production is handled according to Good Agricultural Practices ("GAP") guidelines where field operations in the plantation and transportation are processed in way that minimize environmental impact and take into consideration of occupational safety of workers.

Risk Management

FEHB had established a Risk Management Committee with a primary objective to assist the Board in the discharge of its statutory and fiduciary responsibilities by identifying significant risks and ensuring that the effectiveness of Group Risk Management Framework and Internal Controls. The Group focuses on managing two types of risks (i.e.: strategic and operational). Strategic risks are caused by events that are external to the Group but have a significant impact on its strategic decisions or activities. Operational risks are inherent in the day-to-day operation or activities within the business units. The top six (6) business risks that were rated as High or Significant are as follows:-

(1) Over-Dependence on Foreign Workers
(2) Fluctuation of Crude Palm Oil Prices
(3) COVID-19 Pandemic Threat
(4) Environmental, Social and Governance
(5) Unfavorable Weather Condition
(6) Palm Disease - Ganoderma Stem Rot Disease

TOP SIX (6) BUSINESS RISKS



To read more about the details for each risk and the mitigation actions taken, please refer to the Statement on Risk Management and Internal Control.

Corporate Sustainability Statement (Cont'd)

Sustainability Certification

As part of our ongoing commitment to raise performance standards, all oil palm estates have obtained MSPO certification. The MSPO standards were developed by the Malaysian Palm Oil Certification Council ("MPOCC") with representatives from various palm oil interest groups. The MSPO standards have seven principles covering the requirements of a management system framework based on three pillars of sustainability. It also addresses GAP which are essential for sustainable agriculture, producing high quality products while enhancing productivity through yield optimization.

MSPO certification is proven as an opportunity to further improve the internal process and gain competitive marketing advantages. The staffs from Sustainability and Governance Division had attended the MSPO Lead Auditor Courses organized by Certification Body to enable them to conduct surveillance audit for the Group annually in order to ensure compliance with the certification requirements. Apart from MSPO, FEHB also had obtained ISCC certification for six (6) estates and one (1) mill, which is:-

(a) Bukit Jin Estate;
(b) Sg. Seraya Estate;
(c) Dawn Estate;
(d) Cempaka Estate;
(e) Bukit Serok Estate;
(f) Kampong Aur Estate; and
(g) Kilang Kosfarm Sdn. Bhd.

ISCC is a multi-stakeholders initiative which the first international certification system that can be used to prove sustainability and GHG saving for biomass and bioenergy for all Group operation units.

Social

Our People

Our employees and workers are important stakeholders and the cornerstone of our success. The human right of our workers are respected and valued as we uphold our obligation toward them. Our practices and internal systems are continuously reviewed and updated to mitigate any negative impact to our stakeholders. FEHB has not faltered in supporting them and ensuring that their rights are protected.

FEHB offer competitive compensation and benefits to attract and retain the best talents for the sustainability of our Company. We support their personal and professional development and promote work-life balance while ensuring their health and safety. As a responsible employer, FEHB takes the health and wellbeing of its employees seriously.

The year 2020 was indeed a challenging year for FEHB, with the unprecedented COVID-19 pandemic causing a slowdown in social activities with the employees such as sport and recreational activities. We continuously disseminate information to all employees on the COVID-19 pandemic on regular basis to ensure everyone is focused on work and health status. FEHB had reacted to the threat and implemented the preventive measures to cope with the disease.

We have always put the health, safety and wellbeing of our people first. One of the easiest and cheapest way to prevent the spread of COVID-19 is to wash hands frequently with soap and water, wearing masks and practice social distancing.

Engagement with our stakeholders and local communities within the areas of our operation is pertinent to ensure smooth daily operations and sustainable business growth. It enables us to gather feedback from our stakeholders and resolves issues, besides meeting the needs of our stakeholders. FEHB aims to leave positive social impact that will benefit our stakeholders such as employees, suppliers, customers and communities.

FEHB places strong emphasis on staff development through proper trainings to enhance their knowledge and skills to enable them to perform more effectively and efficiently. Since the outbreak of this pandemic, we have developed and adopted Standard Operating Procedure ("SOP") with additional preventive measures at all our operating units to ensure the safety of our stakeholders.

Corporate Sustainability Statement (Cont'd)

The COVID-19 pandemic also had resulted in lower number of training conducted in 2020 compared to the preceding year. Trainings organised for 2020 are as follows:-

Date	Training
10 September 2020	Chemical Handling by G-Planter
18 & 19 September 2020	Green House Gas Calculating
22 October 2020	Talk On Schedule Waste Management and ESWIS by Jabatan Alam Sekitar Malaysia.

Occupational Safety and Health Compliance

FEHB is committed in providing a safe and healthy working environment for all the employees through the following approaches:-

- **Safety and Health Policy**

  Safety and Health Policy as a written commitment from Top Management to safeguard the safety and health of employees at each operating units.

- **Chemical Health Risks Management Assessment ("CHRA")**

  Competent assessor or registered with Department of Occupational and Health is appointed to carry out CHRA for all our oil palm estates to identify health risks arising from the use of hazardous chemical at workplace and recommend control measures to mitigate the severity of the effects of hazardous chemical used.

  CHRA will be conducted once every five (5) years by a competent assessor in accordance with Occupational Safety and Health Act (Use and Standard of Exposure Chemical Hazardous to Health Regulation 2000).

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

  HIRARC has been conducted on all operation units in oil palm estates to identify all hazards related to work activities. Risks assessments shall be conducted to prioritize the risks and control measures to be implemented to mitigate the risks. HIRARC shall be reviewed whenever there are any changes in process, work activities, new equipment, findings from any incident or near miss accident and findings from workplace inspection reported by the safety committee member.

- **Safety Training**

  Safety awareness trainings conducted by safety personnel is compulsory for new employees before they start their work. Emergency Response Team members are trained by BOMBA to enhance their skill.

Our Commitment In Support Of Sustainable Palm Oil ("SPO")

FEHB has developed and published a comprehensive SPO Policy in order to:-

(1) comply with all applicable local, state, national and international laws and regulations;
(2) conserve the environment and promote positive environmental impacts;
(3) respect the rights of employees and local communities;
(4) build a transparent, traceable and sustainable palm oil supply chain; and
(5) produce quality products and provide good services to customers.

FEHB acknowledges the importance of protecting natural environment to ensure sustainability. Therefore, FEHB strives for implementation of zero burning, no deforestation, no peat and no exploitation in all our oil palm estates. Continuous monitoring of GHG emission throughout operation is required to ensure it is well controlled.

FEHB also had outlined policies which cover the following areas:-

(1) Environmental Protection & Biological Diversity Policy;
(2) Slope & River Protection Policy;
(3) Social Policy;
(4) Security Policy;
(5) Safety and Health Policy;
(6) Quality Policy;
(7) Equality and Gender Policy; and
(8) Food Safety Policy.

FEHB will continue to promote SPO as we believe that oil palm do not need to be grown at the expense of destroying forests and other sensitive natural habitats. With shifting tides and global trends in the plantation industry, we need to continuously adapt to internal and external changes while closely collaborating with our stakeholders. Lead by our value, FEHB will not falter in upholding our sustainability commitment as we move forward towards becoming a sustainable palm oil player.

MANAGEMENT DISCUSSION AND ANALYSIS

Far East Holdings Berhad ("FEHB" or "the Group") is pleased to present our Management Discussion and Analysis for the financial year ended 31 December 2020 (FY2020). This report outlines our efforts in realising our economic, environmental and social goals as our business and operations set down the path of sustainable growth now and in the future.

Overview of Business and Operations

FEHB had commenced operation in 6 August 1973, and principally engaged in cultivation of oil palms, production and sales of Fresh Fruit Bunches ("FFB"), Crude Palm Oil ("CPO"), Palm Kernel ("PK") and investment holdings.

We remain as a cultivator of oil palm and operator of palm oil mill producing CPO, PK and FFB. As progressive player in this plantation industry, we are committed to enhance our stakeholders' value as we continue to yield products and services of high quality underpinned by the conducive working environment and continuous engagement with the local community.

Global Environment on COVID-19

The global COVID-19 pandemic has infected millions of the world's population at a shocking speed. Its emergence has halted and brought down economic activities across the globe due to imposition on mobility to curtail the disease's spread. Over some decades, the world has not witnessed such an experience. The infection has not only become a public health crisis but has also affected the global economy.

Significant economic impact has already occurred across the globe resulting from the infections, which have led to a series of wide-ranging containment measures, including lockdowns and quarantines, which in turn have created a global socio-economic crisis. This had prompted governments to introduce fiscal stimulus packages to cushion the adverse impact of the pandemic.

On the bright side, the Group was fortunate that most of its operations were allowed to operate during the Movement Control Order ("MCO") period as the palm oil industry is considered as an essential sector.

On 21 February 2021, the first shipment of 312,390 doses COVID-19 vaccines for Malaysia has been received, while second batch of 182,520 doses had been received in 24 February 2021. Half a million front-liners, mostly health care workers who are at the heart of the nation's fight against the deadly pandemic, will be prioritised in the first phase of the national COVID-19 immunisation programme. High risk individuals involving senior citizens and the disabled persons will be next, before the rest of the adult population. These recent uplifting news of vaccines had given welcome signs of hope to manage the virus.

Acquisition of Land and New Estate

The acquisition of oil palm plantation land of 796.21 hectares (equivalent to 1,967.43 acres) from Perbadanan Setiausaha Kerajaan Negeri Pahang ("PSK") located at Mukim Rompin, District of Rompin, Pahang and acquisition of 2,124.50 hectares (equivalent to 5,249.64 acres) oil palm plantation land inclusive of 40MT FFB per hour rated capacity palm oil mill in Rompin, Pahang from Harn Lern Corporation Berhad had contributed to the increase in Group's planted area from 16,160 hectares (equivalent to 39,932 acres) to 18,791 hectares (equivalent to 46,433 acres).

As at 31 December 2020, approximately 86% of total planted oil palm is classified as mature. The age profile of Group's palm oil tree for FY2020 is as below:-

Particulars	2020		2019	
	Hectare	%	Hectare	%
>19 years (old palms)	2,001	11	1,973	12
7-18 years (prime palms)	12,238	65	11,237	70
4-6 years (young palms)	1,805	10	2,360	14
1-3 years (immature)	2,747	14	590	4
Total	**18,791**	**100**	**16,160**	**100**

The weighted average palm age is 11.50 years.

Management Discussion and Analysis (Cont'd)

The Group has thirteen (13) estates across Pahang namely Bukit Jin Estate, Chengal Estate, Sungai Rasau Estate, Sungai Seraya Estate, Sungai Batu Estate, DSK Estate, Cenderawasih Estate, Sungai Sawak Estate, Bukit Serok Estate, Dawn Estate, Cempaka Estate, Delima Estate and Rangkaian Estate.

Our Group place top emphasis on best agricultural practices within its estates. All of our estates have obtained the Malaysian Sustainable Palm Oil ("MSPO"), whilst five (5) of our estates have obtained International Sustainability Carbon Certificate ("ISCC") certification during the financial year under review giving a competitive advantage to the Group since it enables us to obtain premium prices for CPO and PK and assist in our branding strategy to improve trust from Group's customers. This is also an acknowledgement of Group's adherence to good economic, environmental and social standards in the production of sustainable palm oil.

FFB Production

As at 31 December 2020, the total FFB production for the Group in the reporting year was 316,710MT against 298,849MT in year 2019. Following is the FFB production on quarterly basis for the year under review against preceding year:-

Quarter	2020 (MT)	2019 (MT)
Jan - Mar	53,262	69,719
Apr - Jun	76,814	67,521
Jul - Sept	102,552	88,169
Oct - Dec	84,082	73,440
Total	**316,710**	**298,849**

Higher production during the year under review was due to:-

(a) Young area coming into maturity;
(b) Inclusion of production from a new estate namely Cenderawasih Estate;
(c) Increase in the productivity in term of crop recovering in view of implementation of mechanisation for in-field collection; and
(d) Good weather condition with good rainfall contributed to the improved production.

The operational efficiencies to drive performance will remain high on our priority list. The Group recorded higher FFB yield which was 19.74MT per hectare compared to average yield in Pahang State and Peninsular Malaysia in 2020 which are 17.28MT per hectare and 17.78MT per hectare respectively due to the improvement in overall estates FFB production in FY2020 as compared to FY2019.

The Group sells CPO using the average price mechanism set by Malaysian Palm Oil Board ("MPOB") and forward contract prices. In FY2020, CPO and PK were realised at an average price of RM2,719 per metric tonne and RM1,640 per metric tonne respectively (FY2019: Average CPO price of RM2,122 per metric tonne and average PK price of RM1,257 per metric tonne). Both CPO and PK recorded an increase in average prices by 28% and 30% respectively as compared to previous year.

Management Discussion and Analysis (Cont'd)

Group Financial Review

Revenue

In FY2020, the Group's revenue has shown significant increase by 76% to RM669.05 million compared to RM381.13 million registered in FY2019. The breakdown of Group's revenue is as below:-

Revenue	2020 RM'000	2019 RM'000
Plantation operation	107,228	72,523
Milling operation	561,821	308,606
Total revenue	**669,049**	**381,129**

In FY2020, the Group's revenue had improved significantly when compared to FY2019 due to:

(a) Higher average CPO and PK prices by 28% and 30% respectively. The average CPO price per metric tonne was RM2,719 (2019: RM2,122) and average PK price per metric tonne was RM1,640 (2019: RM1,257);
(b) Higher FFB production by 17,861 metric tonne (6%); and
(c) Higher FFB processed from milling operations by 23,720 mt (5%).

Profit before tax

The Group's profit before tax improved substantially by RM9.06 million (9%) from RM103.14 million to RM112.20 million in FY2020, mainly due to:

(a) Higher average CPO and PK prices by 28% and 30% respectively;
(b) Higher FFB production by 17,861 mt (6%);
(c) Higher FFB processed from milling operations by 23,720 mt (5%); and
(d) Higher share of profit from associated companies by RM3.67 million.

Breakdown of the profit before tax is shown below:-

	2020 RM'000	2019 RM'000
Profit from plantation operation	64,872	26,689
Profit from milling operation	7,141	5,749
Other income	7,293	2,536
Fair value gain on investment property	-	37,587
Finance income	531	583
Finance cost	(2,068)	(772)
Share of profit from associated companies	34,436	30,769
Profit before tax	**112,205**	**103,141**

Plantation Operations

In FY2020, the Group's operation was a most challenging year with management taking various steps to minimise the risk of a COVID-19 outbreak, whilst managing the increase of labour shortages due to Government restriction of new recruitment of foreign workers in order to control the spread of COVID-19. However, in spite of this, the Group managed to maximise the field production as a result of management's drive to operationalise new innovations and embrace a higher degree of in-field mechanisation.

Through dedicated focus on timely manuring, harvesting and fruit evacuation as well as increased in mechanisation, our Group managed to record an overall commendable performance in FY2020 combined with significantly higher commodity prices and coupled with higher production.

Plantation is the core business of the Group which engages in the cultivation of oil palm and processing of palm oil, with operations in nursery, cultivation and crop oil extraction. Key results indicators for plantation are as below:-

	Unit	2020	2019
FFB Production	MT	316,710	298,849
CPO Production	MT	59,678	55,423
FFB Yield	MT/ha	19.74	19.19
Average OER	%	18.84	18.55
CPO Yield	MT/ha	3.72	3.56
Average CPO Price	RM/MT	2,719	2,122
Average PK Price	RM/MT	1,640	1,257
Mature Area	Hectare	16,044	15,570
Total Area	Hectare	18,791	16,160

Despite significant volatility in CPO prices throughout the year, the plantation operation managed to achieve revenue of RM107.23 million in FY2020. This represented a 48% improvement from last year, and was largely contributed by stronger CPO and PK prices which averaged at RM2,719 per metric tonne and RM1,640 per metric tonne respectively.

Correspondingly, the profit from plantation operation escalated to RM64.87 million from RM26.69 million last year.

The Group is continuously implementing cost optimisation measures. In FY2020, the average cost of FFB for the Group is recorded at RM205 per MT, 3% lower compared to the previous year of RM212 per MT. The Group closely monitors the operating expense at estate level as part of cost control initiatives. In terms of operational efficiency, the average yield per hectare for the Group for FY2020 has improved by 3% to 19.74MT per hectare (FY2019: 19.19MT per hectare).

Management Discussion and Analysis (Cont'd)

The estates continue to be monitored by qualified agronomist and Planting advisor i.e. Budi-JS Plantation Management Sdn. Bhd. in order to ensure good quality palms and fruits are produced as well as to ensure the best practices for sustainable agriculture. Various analysis and studies are carried out on oil palm and the nutrient status, palm appearance, ground conditions, pest and disease affecting the palms and pruning method. Recommendations by our qualified agronomist ensure the best fertilizer programs are applied at estates.

Replanting

Concerted efforts are continuously made by management to enhance the replanting activities based on our strong commitment towards enforcing sustainable practices. These developments remain of cardinal importance in terms of our Group's ability to further improve our agronomic productivities.

In FY2020, 232 hectares (573 acres) had been replanted and this is our continuous efforts to improve the age profile of our plantings and achieve better yields.

Labour Shortage and Mechanisation Program

Labour shortage continued to affect operations within the Malaysian plantation industry to the levels not experienced before. Since March 2020, the government has tightened restrictions on travel for workers both coming and going, as well as all new recruitment of foreign workers worsening the plantation sector's chronic labour shortage. Thousand have left the estates for home as borders closed and the plantation had not been able to replace those who have left the country. This would be a big hit to the labour intensive plantation sector as foreign labour made up 84% of the total workforce.

The labour shortfall is adding urgency to long standing plans for mechanisation. FEHB is deploying light machineries that will aid in fields upkeep and evacuating harvested crops. In 2020, a total of RM1.2 milion had been incurred to acquire machineries including mini crawlers, power barrows, mechanical buffaloes, tractors and high lift trailers. The total number of machineries in all estates had increased to 208 units.

The mechanisation program had increased workers' productivity by 25% compared to manual method and at the same time, mitigated the labour problem facing by the estates.

FEHB had expanded the mechanisation program not only for in-field collection but also to manuring work. There were 22 units of auger had been used by the estates with average productivity per worker was recorded at 27 bags per worker. Productivity has increased by 30%. Previously manuring work was done manually with the average productivity of 20 bags per worker.

Advertisements on the job opportunities at the estates had been published at our website as well as banners had been placed at our plantation by offering attractive salaries and benefits.

Milling Operations

Milling is a crucial part of the Group's operation which accounted 84% of its revenue (FY2020). The Group operates two (2) palm oil mills, namely Kilang Kosfarm Sdn. Bhd. ("KKSB") and Wujud Wawasan Sdn. Bhd. ("WWSB") with processing capacity of 60 metric tonne per hour for each mill. The Group's revenue from milling operations is RM561.82 million, 82% higher when compared to FY2019 (RM308.61 million) which was mainly due to higher CPO and PK Prices and also higher FFB processed by both mills.

KKSB and WWSB recorded total FFB processed of 499,030MT which is an increase by 5% (23,720MT) in FY2020 (FY2019: 475,310MT). The production capacity of both mills remains at 60MT per hour (FY2019: 60MT per hour). The average OER for CPO and PK achieved by both mills for FY2020 are 20.05% and 5.24% respectively which are lower than previous year (FY2019: CPO OER 20.10%, PK OER 5.34%).

Good milling practises are constantly being implemented with the aim to improve productivity and efficiency.

Capital Expenditure

During the year under review, the Group spent a total of RM149.13 million in capital expenditure as compared to RM14.00 million in FY2019. The capital expenditure incurred mainly on new acquisition of oil palm plantation land, replanting, upgrading of mills, constructions of staff and labour quarters, facilities in compliance of MSPO and ISCC certifications and purchase of agricultural equipment and vehicles.

Management Discussion and Analysis (Cont'd)

Human Capital

The Group strongly believes in empowering workers through proper training as it is the critical component for sustaining a productive and environmentally conscious workforce. Skilled employees and experienced management team are our greatest assets. We remain committed to investing in human capital development to produce a team of high-calibre employees to support FEHB's growth.

Over the years, FEHB has focused on talent investment, training, leadership development and career planning initiatives to maintain a good quality pool of in-house talents within the Group. Over 169 staff participated in various training and development programs for the year, which recorded a total cost of RM102,668.

We are focused on supporting our employees throughout their professional lives by implementing training and development programs, as well as promoting values that engender positive working culture and work-life balance. Our operating units ensure continuous talent enrichment process by listening to their staff needs, and valuing their skills and contributions with fair remuneration and succession-planning initiatives.

For FY2020, the Group reached a total headcount of 184 people made up primary of employees in estates who represent 80% (148 personnel) of Group's employees. The number of foreign labour had decreased from 764 in FY2019 to 655 in FY2020.

The Group's human capital policy calls for fair and equal opportunities where the remuneration policy strives to be competitive and rewarding performance without discrimination of any form. In support of national initiatives, the Group complies with the national minimum wage requirement.

We constantly review our employee value proposition to ensure it leads industry standards in attracting talent and building workplace loyalty. Through engagements and strategic partnership with higher education institutions nationwide, we reach out to new talent and promote the Group as an employer of choice that offers good career progression as well as a productive work culture and workplace environment.

Creating Value for Shareholders

Despite the challenging environment that we operated in the past year, the Group remains committed to reward our shareholders with continuous returns in the form of dividends, whilst simultaneously recognising the needs to maintain sufficient reserves to support our Group's future growth objectives.

Weighing all the factors such as the funding needed for capital expenditure, future growth as well as operational requirements, the Board made the decision to declare an interim dividend of two (2) sen per ordinary share in respect of the FY2020. The interim single tier dividend was paid on 22 December 2020.

The Directors had also recommended the payment of final dividend of five (5) sen per share and the proposed payment date is on 30 June 2021. The total dividend declared in respect of the financial year ended 31 December 2020 (if approved by the shareholders at the forthcoming Annual General Meeting) is seven (7) sen per share.

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Management Discussion and Analysis (Cont'd)

Prospect

The emergence and spread of the COVID-19 in early 2020 has affected businesses and economic activities in Malaysia and beyond. The Group has not been adversely affected by the COVID-19. The Group will 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 and the Company for the financial year ending 31 December 2021. This includes continuous special attention to be given towards ensuring all standard operating procedures ("SOPs") set by the government are adhered to minimise the risk of COVID-19 occurrences.

In this period of uncertainty, the Group has taken early measures to safeguard the well-being of our people through the implementation of several proactive steps to manage the risk of exposure and reduce of the risk of transmission of the virus. There is no doubt that adopting such strict SOPs has come at the expense of professional and personal sacrifices to keep COVID-19 at bay, and we are deeply impressed with the Group's ability to adapt, come what may. For this, management would like to extend our warmest thanks and appreciation to all employees. As for businesses, we are ensuring that our operations continue to run safely and efficiently across the value chain. We will continue to monitor the developments of these external events and strengthen our resiliency as well as future-proof the organisation to preserve our long term sustainability.

Emphasis will continue to be given to improve the agriculture conditions for full potential yields to be realised. All factors affecting yield are being thoroughly analysed and reviewed by our agronomist and Planting advisor including to improve our canopy management, agronomic inputs, manuring regime and vegetative covers as well as to achieve 100% crop recovery by harvesting very tall palms, better loose fruit collection and improvement of supervision. In respect of replanting areas, we will continue implement sound agriculture practices to ensure best yields are obtained. These include applying recommended replanting procedure by Planting advisor on infected field and monitoring the pest control activities from the early stages.

In addition, our Group has been proactive in adopting new technologies for better agronomic management. The use of drones have augmented the monitoring and surveillance capabilities in the field, allowing for more effective monitoring of estate conditions as well as rapid detection of hotspots and floods. Drone technology has also been employed for palm census and land mapping activities across our operations.

Special attention will continue to be given towards addressing the present acute labour shortages as well as improving cost efficiencies and, increasing yields and productivity as a vital part of sustaining our positive development. The Group continues to monitor the impact of COVID-19 pandemic and its impact on the Group, the Company and its shareholders. In order to reduce dependency on manual labour, the implementation of various estate mechanisation will be optimised.

In view of this, the Group's performance for the upcoming financial year would continue to be a challenging one due to the COVID-19 pandemic, rising operation costs, higher wages and labour shortages. Nonetheless, the Board will need to consider a rationalisation of operations at the appropriate time that will give the Group a stronger footing and strengthen our values. The Group is optimistic that the demand for CPO would eventually recover once the COVID-19 pandemic is contained globally.

In view of stable FFB production expected in year 2021 coupled with favourable average CPO and PK prices, the Group's financial result for year 2021 is anticipated to be commendable.

AUDIT COMMITTEE REPORT

The Board of Directors of Far East Holdings Berhad ("FEHB") is pleased to present the Audit Committee Report for the financial year ended 31 December 2020.

During the financial year, the Audit Committee carried out its duties and responsibilities in accordance with its terms of reference and held discussions with the external auditors, Head of Internal Audit and members of the management. The Audit Committee is of the view that no material misstatements or losses, contingencies or uncertainties arose, based on the reviews made and discussions held.

COMPOSITION AND ATTENDANCE OF THE AUDIT COMMITTEE AT MEETINGS

The Audit Committee was appointed by the Board of Directors comprised the Non-Executive Directors and consists of not less than three (3) members, with all of them being Independent Directors.

The biography of each member of the Audit Committee is set out in the Directors' Profile section. Listed below is the current composition of the Audit Committee Members:-

Members	Membership	Appointment	Tenure on the Audit Committee (Years)
Datuk Mohd Afrizan bin Husain	Chairman, Independent Non-Executive Director	01.11.2018	2
Nik Mohamed Zaki bin Nik Yusoff	Member, Independent Non-Executive Director	08.07.2015	5
Ng Yee Kim	Member, Independent Non-Executive Director	20.07.2020	Less Than 1

The Chairman of the Audit Committee is not the Chairman of the Board.

The composition of Audit Committee meets the requirements of paragraph 15.09 (1) (c) of Bursa Securities Listing Requirements which stipulate that at least one (1) member of the Audit Committee must be a qualified accountant.

The Committee operates under the Terms and Reference of Audit Committee containing provisions that address requirements imposed by Bursa Malaysia and the Terms of Reference is published under the Governance section on the Company's website at www.fehb.com.my or can be obtained from the Company Secretary.

During the financial year ended 31 December 2020, the Audit Committee held a total of five (5) meetings. Details are as follows:-

No.	1	2	3	4	5
Date	24 February 2020	29 April 2020	17 June 2020	24 August 2020	25 November 2020

The details of attendance of the Audit Committee members are as follows:-

Name of Audit Committee Members	Total Number of Meetings	Number of Meetings Attended
Datuk Mohd Afrizan bin Husain	5	5
Nik Mohamed Zaki bin Nik Yusoff	5	5
Ng Yee Kim (Appointed on 20.07.2020)	2	2
Dato' Tan Bing Hua (Appointed on 23.07.2012 & Resigned on 31.03.2020)	1	1
Tee Lip Teng (Appointed on 01.01.2020 & Resigned on 29.04.2020)	2	2

The representatives of the external auditors, the Head of Internal Audit and members of the management attended the meetings upon the invitation of the Committee.

Audit Committee Report (Cont'd)

COMPOSITION AND ATTENDANCE OF THE AUDIT COMMITTEE AT MEETINGS (CONT'D)

There was a private session held on 24 February 2020 with the external auditors without the presence of management to discuss on issues and significant matters highlighted by the external auditors.

The external and internal auditors also met on 24 February 2020 to discuss on issues pertaining to the principal risks, follow-up actions taken by the management and also scopes/areas of audit to be covered by both parties.

The Company Secretary act as Secretary of the Committee. Minutes of each meeting are kept and circulated to each Board member. The Chairman of the Committee reports on principal matters deliberated at each meeting to the Board.

DUTIES AND RESPONSIBILITIES OF THE AUDIT COMMITTEE

The duties and responsibilities of the Committee are as follows:-

1. Financial Reporting

- To review the quarterly results and year-end financial statements of the Company and the Group, and to recommend the same to the Board for approval, focusing particularly on the following:-

  (a) any changes in accounting policies and practices;
  (b) significant adjustments arising from the audit;
  (c) the going concern assumption;
  (d) significant and unusual events;
  (e) compliance with accounting standards, Bursa Malaysia Securities Berhad and other legal-requirements; and
  (f) public announcement of results and dividend payment.

- To obtain explanations from management for unusual variances in the Company's annual financial statements from year to year, review annually the independent auditors' letter of the recommendations to management and management's response.

- To review with the external and internal auditors whether the employees of the Group have given them appropriate assistance in discharging their duties.

- To review any related party transaction and conflict of interest situation that may arise within the Company or the Group, including any transaction, procedure or course of conduct that raises questions of management integrity.

- To consider and examine such other matters as the Board consider appropriate and beneficial.

2. External Audit

- Review the competency and performance of the external auditors.

- Consider and recommend the appointment, re-appointment, resignation, dismissal and remuneration of external auditors.

- To discuss and review with the external auditors any proposal from them to resign as auditors.

- To recommend to the Board on the appointment and the annual re-appointment of the external auditors and their audit fees, after taking into consideration the independence and objectivity of the external auditors and the cost effectiveness of their audit.

- To monitor the engagement of the external auditors in performing such audit services, considering the types of services rendered and its related fees, such that the position as auditor is not deemed to be compromised.

Audit Committee Report (Cont'd)

COMPOSITION AND ATTENDANCE OF THE AUDIT COMMITTEE AT MEETINGS (CONT'D)

2. External Audit (Cont'd)

- Review the external auditors proposed audit plan before the audit commences and discuss the nature, scope and approach of the audit.

- To review with the external auditors, the nature and scope of their audit plan, their evaluation of the system of internal controls and their management letter and discuss any matter that the external auditors may wish to raise in the absence of management, where necessary.

- Review and confirm the independence and objectivity of the external auditors, taking into consideration the local professional and regulatory requirements.

- To review and assess the suitability, objectivity and independence of the external auditor, the Audit Committee establishes policies and procedures that consider among others:-

  (a) the competence, audit quality and resource capacity of the external auditor in relation to the audit;
  (b) the nature and extent of the non-audit services rendered and the appropriateness of the level of fees; and
  (c) obtaining written assurance from the external auditors confirming that they are, have been independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

- To discuss year end audit issues and key audit matters raised by the external auditors and appropriate response and recommendation for improvement.

- To review the co-ordination of the audit approaches where more than one audit firm of external auditors is involved and the co-ordination between the external and internal auditors.

- Identify any matters raised by the internal and external auditors in respect of which it considers that action or improvement is needed and reviewing recommendations as to the steps to be taken.

3. Internal Audit

- To review the adequacy of the scope, functions, competency and resources of the internal audit function.

- To approve the internal audit plan and review the results of the internal audit plan or investigation undertaken and whether or not appropriate action is taken by management on the recommendations of the internal auditors.

- Have a final authority to review and approve the Annual Audit Plan and all major changes to the plan.

- Internal Audit should be carried out objectively and is independent from the management of the Company and the functions which its audits. Thus, it is essential that the person responsible for internal audit reports directly to the Audit Committee.

- To appraise the performance of the Head of Internal Audit and to review the appraisals of senior staff members of the internal audit function.

4. Compliance

- Review the effectiveness of the system for monitoring compliance with applicable laws and regulations and the result of management's investigation and follow-up (including disciplinary action) of any major instances of non-compliance.

- Review procedures established to address allegations raised by whistleblowers, to ensure proportionate and independent investigation is conducted and follow-up action is taken and highlighted to the Committee.

- Review the findings of any examination by regulatory agencies and any auditor's observations.

- Review the effectiveness of measures put in place to combat corruption in the Company.

Audit Committee Report (Cont'd)

PERFORMANCE OF THE AUDIT COMMITTEE

The appointment of members of the Audit Committee during the period under review had been made in accordance to the Listing Requirements. The changes of members in the Audit Committee were announced to Bursa Malaysia Securities Berhad.

The Committee members were informed at the beginning of the year of the number of meetings scheduled during the year.

The Audit Committee members were given the agenda and relevant papers for the meetings at least five (5) days prior to the scheduled meetings.

Pursuant to the Listing Requirements, the Board had reviewed the terms of office and assessed the performance of each member of the Audit Committee appointed for the year based on the recommendation of the Nomination Committee.

The Board is satisfied that the Audit Committee has discharged its duties in accordance with the Terms of Reference.

SUMMARY OF WORK OF THE AUDIT COMMITTEE

In line with the Terms of Reference, the Audit Committee has undertaken the following activities during the year under review:-

- Reviewed the external auditors' audit plan, scope and areas of audits, evaluate the system of internal controls, audit findings, management's responses to the management letter given by the external auditor and the audit report.
- Reviewed the suitability of the external auditors and recommended to the Board for appointment of auditors and the audit fee thereof.
- Reviewed and recommended to the Board for approval on the new clauses in the updated letters of engagement from the external auditors for the Group.
- Reviewed the Company's Financial and General Performance Report in order to ensure that the Board had been provided with sufficient information for announcements to Bursa Malaysia Securities Berhad.
- Reviewed the annual financial statements and quarterly results of the Group for the Board's approval.
- Review the appropriateness of the implementation of MFRS 16 - Leases which was effective from 1 January 2019.
- Reviewed the policy on Recurrent Related Party Transaction ("RRPT") of a revenue or trading nature and recommended to the Board for approval, adoption and inclusion in the circular to shareholders in relation to the proposed renewal of shareholders' mandate for RRPT pursuant to the Bursa Malaysia Listing Requirements.
- Reviewed the results of the Group's internal audit reports and the adequacy of remedial actions taken by the management as recommended in the reports.
- Reviewed and approved the 2020 Internal Audit Plan.
- Reviewed follow-up actions by management on any weaknesses in internal controls and accounting procedures as highlighted by the external and internal auditors.
- Reviewed proposed amendments to its Terms of Reference, prior to approval of the Board of Directors.
- Reviewed the proposed Anti-Bribery and Anti-Corruption Policy.
- Reviewed the Content of Annual Report, Audit Committee Report, Corporate Governance Overview Statement and Statement on Risk Management and Internal Control before submitting for Board's approval and inclusion in the Group's Annual Report 2020.

Audit Committee Report (Cont'd)

SUMMARY OF WORK OF THE INTERNAL AUDIT FUNCTIONS

The Audit Committee is assisted by the in-house Internal Audit Department in maintaining a sound system of internal controls.

Internal Audit Department is headed by Encik Norfadli bin Mahrom. The biography of Head of Internal Audit is set out in the Management Profile section.

During the year under review, Internal Audit Department was supported by three (3) executives (including the Head of Internal Audit) and two (2) non-executive clerks. The staffs are graduates with Bachelor degrees or diploma in various fields including accountancy and business administration.

The Internal Audit Department undertakes internal audit functions based on the audit plan that is reviewed and approved by the Audit Committee. The audit plan covers areas such as the adequacy of financial and operational controls, risk management, compliance with laws and regulations, policies and procedures and management efficiency, amongst others.

The Internal Audit Department had carried out the scheduled audit for ten (10) estates and also conducted special reviews on specific areas as directed by the management. All significant observations were highlighted during the audit exit meeting and follow-up on the observations were communicated and highlighted to the auditees, management and Audit Committee.

The reviews on payments of workers' incentive and allowance were performed during the year 2020. The Internal Audit Department had assisted the management to ensure that the deduction of penalty to the contractors and super mandors and collection of workers' advances and guarantee money to be done by the estates as per instruction given by the Head Office.

The Internal Audit Department had participated with the management in the establishment of the Anti-Bribery and Anti-Corruption Policy which was tabled to the Audit Committee Meeting before being approved by FEHB's Board of Directors.

The Internal Audit Department and the management had reviewed all RRPTs entered in 2020 in order to ensure that the transactions are fair and reasonable terms and not detrimental to the interest of the minority shareholders.

The Internal Audit Department had adequate resources to carry out its duties during the year 2020. The total cost incurred in managing the internal audit function in respect of the financial year was RM313,040 (2019: RM529,220).

This report is made in accordance with a resolution of the Board of Directors dated 24 March 2021.

CORPORATE GOVERNANCE STATEMENT AND ADDITIONAL COMPLIANCE STATEMENT

The Board of Directors ("Board") of Far East Holdings Berhad ("FEHB") continues to subscribe and fully support the Malaysian Code on Corporate Governance 2017 ("MCCG") and is committed to maintaining a high standard of corporate governance statement practices within the Group. Hence, we devote considerable effort to identify and formalize best practices.

The Board believes that sound and effective corporate practices are fundamental to the smooth, effective and transparent operation of a Company and its ability to attract investment, protect the rights of shareholders and stakeholders and enhance shareholder's value.

The Board is pleased to report on the application of the Recommended Practices of the MCCG as required under the MCCG and the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities") during the financial year under review.

The Board of Directors further confirms that the Group will continuously apply the said principles and practices and where deemed appropriate, enhance the application thereof in pursuit of its commitment to the highest standards of corporate governance.

THE BOARD OF DIRECTORS

The Board

The Board is responsible for the overall corporate governance of the Group and is also entrusted with the responsibility of exercising reasonable care of the Company as well as the Group's resources in enhancing the shareholders long-term value while taking into the interest of other stakeholders. The Board understands that upholding corporate governance value is not merely achieving the desired financial performance, but also promoting an ethical, professional and sustainable culture.

Terms of Reference/Board Charter

The Board is mindful to protect the interests of its shareholders and stakeholders. In discharging its duties effectively, the Board is guided by its Terms of Reference ("Board Charter") which sets out the roles and responsibilities of the Board. The Board Charter serves as a source of reference and primary induction literature to provide insights to prospective Board Members and Senior Management. The Board Charter is reviewed periodically or on as and when necessary to keep it up to date with changes in regulations and best practices and ensure its effectiveness and relevance to the Board's objectives. The Board Charter is accessible on our website www.fehb.com.my.

Principal Roles

The principal role of the Board is to protect and enhance long-term shareholder value. It sets the overall strategy for the Group and management. It also ensures that good corporate governance policies and practices are implemented within the Group. In the course of discharging its duties, the Board acts in good faith, with due diligence and care, and in the best interests of the Company and its shareholders.

The Board is aware that an effective Board essentially comprise Directors who are fully committed, well informed and who possess diverse skill and experience relevant to the business that could contribute effectively to the growth of the Company.

As stipulated in the Board Charter, the Board has targeted to meet at least five (5) times a year, with additional meetings convened as and when necessary.

Board Balance

The current Board consists of six (6) Non-Executive Directors and three (3) Executive Directors i.e. Group Executive Chairman, Senior Executive Director, Plantations and Milling and Executive Director/Chief Operating Officer with three (3) of the nine (9) Directors being Independent Directors with a synergistic mixture of businessmen, planters, professionals with the required technical expertise. This mix of skills and experience is vital for the successful direction of the Group.

Corporate Governance Statement and Additional Compliance Statement (Cont'd)

THE BOARD OF DIRECTORS (CONT'D)

Board Balance (Cont'd)

All Directors, both executives and non-executive, independent and non-independent are aware of their legal obligations to exercise independence, unfettered judgment and to act in good faith with due care and skills.

The role of the Group Executive Chairman and the Senior Executive Director, Plantations and Milling as well as Executive Director/Chief Operating Officer are separated and clearly defined, as stipulated in the Board Charter so as to ensure that there is a balance of power and authority. The Group Executive Chairman is responsible for ensuring Board effectiveness and conduct, whilst the Senior Executive Director, Plantations and Milling has overall responsibility for the plantation operating units, organisational effectiveness and implementation of Board policies and decisions. The Executive Director/ Chief Operating Officer is responsible for the corporate matters of the Company covering amongst other corporate matters, financial, operation, governance, secretarial and human resource. The existing Group Executive Chairman has never been a Chief Executive Officer of the Company. Under his stewardship, the Board is encouraged to practice healthy debate on any agenda tabled.

Each one of the Board members is allowed to express his opinion or views which is debated openly until a collective decision is made. The Chairman of the Board has played his role effectively to ensure that all resolutions are made after careful deliberation and discussion. All the while the presence of three (3) Independent Non-Executive Directors fulfills a pivotal role in corporate accountability. Although all the Directors have an equal responsibility for the Group's operations, the role of these Independent Non-Executive Directors are particularly important as they provide an unbiased and independent views, advice and judgment.

The Board acknowledges the importance of boardroom diversity and the establishment of a gender diversity policy. After due deliberation and careful consideration, the Board on 20 July 2020 had appointed two (2) female Directors whom are well versed with the corporate matters and the plantation industry.

Supply of Information

All Directors are furnished with an agenda and a set of Board meetings at least five (5) days prior to the meetings. This would give sufficient time to the Directors to obtain further explanation or clarification, where necessary, in order to be properly briefed before the meeting. The Board papers include, amongst others, the followings:-

- Quarterly financial report;
- A current review of the operations of the Group;
- Minutes of meetings of all Board Committees;
- Minutes of previous Board meetings;
- Major capital expenditure to be incurred; and
- Agreements transacted with other parties.

All proceedings of Board meetings are minuted and filed in the statutory records of the Company, which is accessible by the Directors at all times. Notices on the closed period for dealings in the shares of the Company are circulated to all Directors and principal officers of the Company in order for them to make necessary disclosure to the Company in advance or whenever the closed period is applicable.

In recognising the importance of sound and timely information flow to the Board effectively, all announcements made to Bursa Malaysia Securities Berhad will be circulated to all Directors on the day the announcements are released.

Senior Management is invited to be present at the Board Meetings to present and provide additional information on matters being discussed and to respond to any queries that the Directors may have.

In furtherance of their duties and responsibilities, Directors may obtain independent professional advice, where necessary at the Company's expense. The external advisers are sometimes sought by the Company to enhance both Board's and management's understanding of a particular emerging issue. The Board has direct access to the advice and services of the Company Secretary.

Corporate Governance Statement and Additional Compliance Statement (Cont'd)

THE BOARD OF DIRECTORS (CONT'D)

Board Meetings

Board meetings are scheduled in advance at the beginning of the calendar year with additional meetings convened when necessary. All Directors have complied with the Bursa Malaysia Listing Requirements on attendance for Board meetings held during the financial year under review. Six (6) Board meetings via virtual or physical meeting were held during the financial year under review with details of meetings attendance of each Director are as follows:-

No.	Meeting Attendance	Appointment Date	Meeting Attendance	Percentage %
1	Dato' Sri Kamaruddin bin Mohammed	16.08.2002	6/6	100
2	Dato' Suhaimi bin Mohd Yunus	05.07.2019	6/6	100
3	Datuk Mohd Afrizan bin Husain	01.11.2018	6/6	100
4	Dato' Asmin binti Yahya	20.07.2020	3/3	100
5	Tee Kim Tee @ Tee Ching Tee	16.08.2002	5/6	89
6	Tee Cheng Hua	16.08.2002	6/6	100
7	Tee Lip Teng	23.07.2012	6/6	100
8	Nik Mohamed Zaki bin Nik Yusoff	08.07.2015	6/6	100
9	Ng Yee Kim	20.07.2020	3/3	100
10	Dato' Jamaluddin bin Abd Majid *(Retired on 15 July 2020)*	17.03.2014	3/3	100
11	Dato' Tan Bing Hua *(Resigned on 31 March 2020)*	23.07.2012	1/1	100

The Board is satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities as Directors of FEHB evidenced by attendance record of the Directors at Board meetings, as set out in the above table. Majority of the Directors attended all meetings during the financial year under review. A Director who is unable to attend any Board or Board Committee's meeting will notify the Chairman and/or the Company Secretary immediately prior to the meeting date. None of the Directors hold more than five (5) Directorships each in other listed corporations.

Appointments to the Board

Pursuant to the best practices promulgated by the Code, the Board has established a Nomination Committee ("NC"), consisting of three (3) Directors. The duties and responsibilities of the Committee are to propose new nominees to the Board and to assess the contribution of each individual Director and overall effectiveness of the Board on an on-going basis. The NC is guided by the specific Terms of References that is set by the Board. The primary objectives of the NC amongst others are as follows:-

(a) To assist the Board in assessing existing Directors and identifying, nominating and orientating new Directors to enhance corporate governance;
(b) To assist the Board in ensuring that appointments are made based on merit;
(c) To assist the Board in identifying and reviewing on annual basis, the required mix of skills, experience and other qualities, including core competencies that Directors should bring to the Board for it to function effectively and efficiently;
(d) To examine and review the size of the Boardroom from time to time; and
(e) It is an annual exercise that each individual Board and Committee member is evaluated based on pre-set criteria.

The Terms of Reference of Nomination Committee is posted at www.fehb.com.my.

Corporate Governance Statement and Additional Compliance Statement (Cont'd)

THE BOARD OF DIRECTORS (CONT'D)

Board Committees

The Board delegates specific responsibilities to the Board Committees, all of which have their written terms of references. These Committees have the authority to examine particular issues and report to the Board with their recommendations.

The Board delegates authority not responsibility to the Committee. The four (4) principal Board Committees are:-

(a) Audit Committee;
(b) Nomination Committee;
(c) Risk Management Committee; and
(d) Remuneration Committee.

Re-Election of Directors

In accordance with the Company's Constitution, all Directors who are appointed by the Board are subject to re-election by shareholders at the next Annual General Meeting ("AGM") immediately after their appointment.

Clause 76 and Clause 77 of the Constitution of Company expressly state that a Director appointed by the Board shall hold office until the conclusion of the next AGM of the Company and shall be eligible for election.

In accordance with Clause 76 of the Constitution of the Company, the Directors appointed during the year will retire at the forthcoming AGM under the casual vacancy and eligible for re-election at the forthcoming AGM.

In accordance with Clause 77 of the Constitution, one third of the remaining Directors, including the Executive Directors, are required to submit themselves for re-election by rotation at each AGM.

To assist shareholders in their decision, sufficient information, such as personal profile, meeting attendance and shareholdings in the Company are furnished in the Annual Report.

The Company had made a policy that an Independent Director should not serve the Company for more than nine (9) years. This could be evidenced by previous retirements of our Independent Directors namely Cik Sharina binti Bahrin, Encik Khairul Azahar bin Ariffin, Mr Ng Say Pin, Dato' Dr Ahmad bin Aman, Encik Hashim Naina Merican bin Yahaya Merican and Dato' Tan Bing Hua. In fact, it is the Company's practice to evaluate the Independent Directors as set by Paragraph 1.0 of the Listing Requirements.

Directors' Code of Ethics

The Directors are guided by the Code of Ethics as stipulated in part of the Board Charter as published in the website www.fehb.com.my.

Directors' Training

Every Director of the Company undergoes continuous training to equip himself/herself to effectively discharge his/her duties as a Director and for that purpose he/she ensures that he/she attends such training programmes as prescribed by the Bursa Malaysia from time to time. All Directors attended the Mandatory Accreditation Programme ("MAP") prescribed by the Bursa Malaysia Securities Berhad. The Board will continue to evaluate and determine the training needs of its Directors to enhance their skill and knowledge. For the financial year ended 31 December 2020, all Directors had participated and attended seminar/course/conference/webinar as recommended and approved by the Board.

Corporate Governance Statement and Additional Compliance Statement (Cont'd)

THE BOARD OF DIRECTORS (CONT'D)

Directors' Training (Cont'd)

A summary of training programme, conferences/webinar and seminar attended by Directors during the financial year under review is set out below:-

No	Name	Course Attended	Date Attended
1.	Dato' Sri Kamaruddin bin Mohammed	Finance for Non Finance	11.03.2020 - 12.03.2020
		Vaccinating against Valuation-Global Market/Economic Outlook	02.01.2021
		Pandemic Proof on Retirement Portfolio	06.02.2021
		Crisis Management	22.02.2021
2.	Dato' Suhaimi bin Mohd Yunus	Budget Training	10.12.2020
3.	Datuk Mohd Afrizan bin Husain	MFRS 9	09.01.2020
		MFRS 15	13.01.2020
		Webinar Series: Governance Symposium 2020	09.11.2020 - 10.11.2020
		Persidangan Cukai Kebangsaan 2020	24.11.2020 - 25.11.2020
		2021 Budget Seminar	03.12.2020
4.	Dato' Asmin binti Yahya	Finance for Non Finance	11.03.2020 - 12.03.2020
		Advance Company Law and Secretarial Practice for Accountants Module 1	15.09.2020
		Advance Company Law and Secretarial Practice for Accountants Module 2	23.09.2020
		Advance Company Law and Secretarial Practice for Accountants Module 3	08.10.2020
		Advance Company Law and Secretarial Practice for Accountants Module 4	13.10.2020
		Mandatory Accreditation Programme (MAP)	28.09.2020 - 29.09.2020
5.	Tee Kim Tee @ Tee Ching Tee	Fundamental of Board Governance	18.02.2021
6.	Tee Cheng Hua	Adequate Procedures: The Directors Response to Individual Liability	09.03.2020

Corporate Governance Statement and Additional Compliance Statement (Cont'd)

THE BOARD OF DIRECTORS (CONT'D)

Directors' Training (Cont'd)

No	Name	Course Attended	Date Attended
7.	Tee Lip Teng	RSPO Webinar: Supply Chain Certification Standard 2020	28.04.2020
		Solvent Extraction's Association of India (SEA) Globoil Webinar	01.05.2020
		S&P Global Platts Webinar - Asia Biofuel & Diesel Market	06.05.2020
		Alfa Laval Webinar on 3MCPD & GE Mitigation	07.05.2020
		Oils & Fats International (OFI) Webinar - The impact of COVID-19 on global oils and fats supply, demand and prices	09.06.2020
		MPOB Transfer of Technology (TOT) Webinar	07.07.2020
		Argus Webinar - Biofuels Market Highlights	16.07.2020
		Platts Webinar - Market Update & Impact on South Asia Vegetable Oils & Biofuels	28.07.2020
		Desmet Webinar - Biodiesel from Low Grade Feedstock	03.08.2020
		MPOC Webinar: Sub-Saharan Africa - The Next Frontier for Malaysian Palm Oil	29.09.2020
		MPIC Focus Group Discussion on Biodiesel	08.10.2020
		SEA Globoil Webinar - World Price Outlook for Vegetable Oils & Meals	08.10.2020
		PORAM Webinar - Invoking Force Majeure Clause	13.10.2020
		Platts Asia Grains & Oilseeds Virtual Forum 2020	22.10.2020
		PORAM Webinar - Recent Amendments to Malaysian Customs Act 1967	27.10.2020
		Virtual POC 2020 Palm & Lauric Oils Price Outlook Conference & Exhibition	28.10.2020
		MPOC Webinar: China's Palm Oil Demand & Recovery Post Pandemic	10.11.2020
		Bursa Malaysia Fraud Risk Management Workshop	16.11.2020
		PORAM Webinar: MIDA Briefing on the Incentives and Grants Available for the Malaysian Palm Oil Industry	23.11.2020
		IChemE Webinar: Asia Pacific Region Update - Food Oils & Dairy	02.12.2020
		FMM COVID-19 Act Webinar	17.12.2020
		Governance Symposium 2020	09.11.2020 - 10.11.2020
8.	Nik Mohamed Zaki bin Nik Yusoff	Corporate Liability Under Section 17A of MACC Act	30.12.2020
		Anti-money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2020	31.12.2020
9.	Ng Yee Kim	Mandatory Accreditation Programme (MAP)	28.09.2020 - 29.09.2020

Development of Human Capital

The Board is also of the view that human capital development and management is one of the major concerns of ensuring continuous growth and sustainability of the Company. The Company has set a benchmark to promote internal candidate for succession planning. Core functions of the management operation had been identified and the supporting talents of individual function are nurtured and developed in order to be prepared for advancement. The Board has delegated the authority for identifying key talent to the Senior Management of the Company.

Corporate Governance Statement and Additional Compliance Statement (Cont'd)

THE BOARD OF DIRECTORS (CONT'D)

Whistleblower Policy

The Company has established a Whistleblower Policy in response to Whistleblower Protection Act, 2010 which could be reviewed in detail at our website www.fehb.com.my. The Group's Whistleblower Policy established in 2016 and was further revised in 2019 provides an avenue for employees and stakeholders dealing with the Group with proper procedure to disclose or raise genuine concerns on possible improprieties, improper conduct or other malpractices within the Group. It gives an appropriate communication and feedback channel which facilitates whistleblowing in a transparent and confidential manner.

The purpose of this Policy is to:-

(a) promote the importance of detecting Improper Conduct;
(b) encourage the reporting of Improper Conduct and any other matters that may cause financial or non-financial loss to FEHB or tarnish the reputation of FEHB; and
(c) help to protect people who report Improper Conduct in good faith from discrimination, harassment and retaliation.

Anti-Bribery and Anti-Corruption Policy

The Company has established an Anti-Bribery and Anti-Corruption Policy ("Policy") in complying with the Malaysian Anti-Corruption Commission Act 2009 and the Malaysian Anti-Corruption Commission (Amendment) Act 2018 ("the Acts"), which could be reviewed in detail at our website www.fehb.com.my. The Group has taken reasonable and appropriate measures to ensure that its businesses do not participate in corrupt activities for its advantage or benefit. The Policy which was approved by the Board on 24 February 2020 sets out the parameters to prevent the occurrence of bribery and corrupt practices in relation to the business of the Group. The Policy is supplemental to and shall be read in conjunction with the Group's Whistleblower Policy. With the introduction of Section 17A of the Act, the corrupt act of an associated person such as an employee, subcontractor or supplier will now be attributed to the commercial organisation, unlike before. Where a commercial organisation is charged with this new corporate offence, the Board Members must demonstrate absolute defense by proving that the organisation had adequate procedures in place in addition to the establishment of the Policy to prevent such associated persons from carrying out any corrupt activities.

The purpose of this Policy is to:-

(a) to provide information and guidance to the Directors and employees on standard of behavior to which they must adhere to and how to recognise as well as deal with bribery and corruption; and
(b) to ensure observance and compliance with all applicable laws, rules and regulations to which they are bound to observe in the performance of the Directors and employees' duties.

AUDIT COMMITTEE

Chairman	**Datuk Mohd Afrizan bin Husain**	*Independent, Non-Executive Director*
Members	**Nik Mohamed Zaki bin Nik Yusoff**	*Independent, Non-Executive Director*
	Ng Yee Kim	*Independent, Non-Executive Director*

The Audit Committee reviews issues of governance and compliance accounting policies, presentation for external financial reporting, monitors the work of the Internal Audit function and ensures an objective and professional relationship is maintained with the external auditors. The Audit Committee has full access to the auditors both internally and externally who, in turn, have access at all times to the Chairman of the Audit Committee. The Audit Committee meets at least once a year with the external auditors without the presence of Executive Officers of the Company.

Corporate Governance Statement and Additional Compliance Statement (Cont'd)

AUDIT COMMITTEE (CONT'D)

The composition, terms of reference and summary of the activities of the Audit Committee during the financial year are disclosed in the Audit Committee Report and publish at www.fehb.com.my. A charter that is approved by the Board governs the activities of the Audit Committee. The Audit Committee meets at least quarterly. Additional meetings are held as and when required. During the financial year ended 31 December 2020, a total of five (5) Audit Committee meetings were held.

The Head of Departments in Head Office are invited to attend the Audit Committee meetings when deemed necessary by the Audit Committee for the purpose of briefing the Audit Committee on the activities involving their areas of responsibilities.

The Audit Committee meets with the Group's external auditors annually to review the scope and adequacy of the audit process, the annual financial statements and their audit findings. The Audit Committee also meets with the external auditors whenever it deems necessary. There was a private session held on 23 February 2021 with the external auditors without the presence of management to discuss on issues and significant matters highlighted by the external auditors.

The Audit Committee Report is presented on page 41 to 45.

NOMINATION COMMITTEE

Chairman	**Tee Kim Tee @ Tee Ching Tee**	*Non-Independent, Non-Executive Director*
Members	**Nik Mohamed Zaki bin Nik Yusoff**	*Independent, Non-Executive Director*
	Ng Yee Kim	*Independent, Non-Executive Director*

The Nomination Committee ("NC") members comprise three (3) Non-Executive members, a majority of whom are independent Directors. The NC is governed by written Terms of Reference which ensures it deals clearly within its authority and duties, which is available on the Company's website at www.fehb.com.my.

Board Appointment Process

The NC is responsible for recommending new nominees to fill vacancies on the Board as well as Board Committees. All nominees are initially considered by the NC taking into consideration the required mix of skills, competencies and experience as well as other required qualities such as commitment of time, integrity and professionalism before they are recommended to the Board for consideration and approval. The Board would consider recommendation from independent sources should the candidate fit the necessary skill sets and experience.

Board Evaluation Assessment

The NC assists the Board in assessing the effectiveness of the Board as a whole, the Board committees as well as the performance of each Director.

The results of the assessment and areas which required improvement were compiled and reviewed by the NC which submitted together with its recommendation to the Board for consideration and approval. Overall, the Board is satisfied with the performance, roles and responsibilities of the Directors. The Board identified key areas that required enhancement and other areas where the Board could further solidify its strength. The Board would consider engaging independent experts periodically to facilitate the objective and candid board evaluations, as stipulated within the Board Charter if needed.

Re-Election of Directors

The NC is also responsible for recommending to the Board such Directors for re-election at the AGM of the Group.

Corporate Governance Statement and Additional Compliance Statement (Cont'd)

NOMINATION COMMITTEE (CONT'D)

Independence of Independent Directors

In accordance with the Company's Constitution, all new Directors appointed by the Board to fill vacancies during the year are subject to re-election by the shareholders at the forthcoming AGM following their appointments. Additionally, at least one-third of the Directors for the time being, or if their number is not three or a multiple of three, then the numbers nearest to one-third, shall be subject to retirement by rotation at least once every three (3) years. They will, however, still be eligible for re-election at every AGM. The retiring Directors would be those who have been longest in office since their last election. This provides shareholders with the opportunity to evaluate the performance of the Directors and with the view to promote Board's effectiveness.

Directors subject to retirement by rotation pursuant to the Company's Constitution are initially considered by the NC, taking into consideration their required mix of skills, competencies, experience and other qualities required before they are recommended for re-election by shareholders. The Board has a set of criteria in assessing the independence and performance of Directors.

The NC annually reviews and assesses the level of independence of the Independent Directors of the Board in line with the Code. The NC will also consider the individual Director's ability to exercise independent judgement and to demonstrate the values and principles associated with independence such as impartiality, objectivity and consideration of all Shareholders' interests.

For the year 2020, none of the three (3) independent Directors of the Board have served the Board for more than nine (9) years. The NC has assessed and concluded that all the Independent Directors continue to demonstrate independence in their conduct and behavior, and that each of them is independent of the Company's management and free from any business or other relationship which could materially interfere with the exercise of independent judgement, objectivity or the ability to act in the best interest of the Company.

Activities undertaken by the NC during FY2020 were as follows:-

(a) Assessed the competencies, commitment and contributions of the Directors standing for re-election at the AGM prior to tabling the same for the Board's recommendation to the shareholders;
(b) Assessed the performance and effectiveness of the Board, Board Committees and individual Directors for the financial year under review in ensuring the right mix of skills, competencies, experience, independence and other required qualities;
(c) Reviewed the training and development programmes for Directors to address any deficiencies and to enhance the necessary skill required;
(d) Reviewed and made recommendations on the composition of Board Committees;
(e) Reviewed and recommended the appointment of female Directors for Board Diversity Policy;
(f) Reviewed the assessment of pivotal positions in tandem with the Group's strategy in managing critical talent on succession planning; and
(g) Assessed and recommended the appointment of new Directors namely Dato' Asmin binti Yahya and Miss Ng Yee Kim.

RISK MANAGEMENT COMMITTEE

Chairman	**Dato' Suhaimi bin Mohd Yunus**	*Non-Independent, Non-Executive Director*
Members	**Datuk Mohd Afrizan bin Husain**	*Independent, Non-Executive Director*
	Tee Lip Teng	*Non-Independent, Non-Executive Director*

The Risk Management Committee ("RMC") members which comprises three (3) Non-Executive members, assists the Board in overseeing the risk management process within the Group, ensure risks which may have a significant impact upon the Group are identified in a manner which would result in its expeditious treatment and to manage risks by adopting best practice methodologies for the identification, analysis, evaluation, reporting, treatment and monitoring of risks. The RMC is governed by written Terms of Reference which ensures it deals clearly within its authority and duties, which is available on the Company's website at www.fehb.com.my.

Corporate Governance Statement and Additional Compliance Statement (Cont'd)

REMUNERATION COMMITTEE

Chairman	**Dato' Sri Kamaruddin bin Mohammed**	*Non-Independent, Executive Director*
Members	**Tee Kim Tee @ Tee Ching Tee**	*Non-Independent, Non-Executive Director*
	Nik Mohamed Zaki bin Nik Yusoff	*Independent, Non-Executive Director*

The Remuneration Committee members currently consist of two (2) Non-Independent Directors and one (1) Independent Director. The Committee is responsible for setting the policy framework and for making recommendations to the Board on remuneration and other terms of employment for members of the Board and senior management. During the year under review, the Remuneration Committee held only three (3) meetings.

The Remuneration Committee at least met once in the year under review to evaluate the remuneration for the Board and Senior Management. The Remuneration package is structured on the basis of linking rewards to financial and individual performance.

The Committee is guided by the Terms of Reference set by the Company. However, the Chairman of Remuneration Committee whom is also the Chairman of the Company had performed his role objectively and has abstained from any discussion with regards to his own remuneration.

DIRECTORS' REMUNERATION

The detail of the remuneration for the Directors for the financial year ended 31 December 2020 is as follows:-

Group	Fees RM	Salaries and Bonuses RM	Other Emoluments* RM
Group Executive Chairman			
Dato' Sri Kamaruddin bin Mohammed	415,000	1,287,000	174,250
Senior Executive Director			
Tee Cheng Hua	300,000	996,000	127,250
Executive Director/Chief Operating Officer			
Dato' Asmin binti Yahya**	166,366	253,000	88,875
Non-Executive Directors			
Dato' Suhaimi bin Mohd Yunus	70,000	-	30,250
Datuk Mohd Afrizan bin Husain	70,000	-	59,700
Tee Kim Tee @ Tee Ching Tee	260,000	384,200	117,658
Tee Lip Teng	70,000	-	29,636
Nik Mohamed Zaki bin Nik Yusoff	70,000	-	69,200
Ng Yee Kim	31,366	-	24,839
Dato' Tan Bing Hua	17,404	-	14,841
Dato' Jamaluddin bin Abd Majid	37,678	-	6,000

* *Other emoluments include meeting allowance and benefit in-kind for the purpose of enabling the Directors to perform their duties.*

** *The total fees, salaries and bonuses and other emoluments for YH Dato' Asmin binti Yahya has been pro-rated in accordance to her appointment date as a Board member.*

Corporate Governance Statement and Additional Compliance Statement (Cont'd)

DIRECTORS' REMUNERATION (CONT'D)

The detail of the remuneration for the Directors for the financial year ended 31 December 2020 is as follows:- (Cont'd)

Company	Fees RM	Salaries and Bonuses RM	Other Emoluments* RM
Group Executive Chairman			
Dato' Sri Kamaruddin bin Mohammed	150,000	1,287,000	75,250
Senior Executive Director			
Tee Cheng Hua	70,000	611,800	46,750
Executive Director/Chief Operating Officer			
Dato' Asmin binti Yahya**	31,366	253,000	14,375
Non-Executive Directors			
Dato' Suhaimi bin Mohd Yunus	70,000	-	30,250
Datuk Mohd Afrizan bin Husain	70,000	-	59,700
Tee Kim Tee @ Tee Ching Tee	70,000	-	43,158
Tee Lip Teng	70,000	-	29,636
Nik Mohamed Zaki bin Nik Yusoff	70,000	-	69,200
Ng Yee Kim	31,366	-	24,839
Dato' Tan Bing Hua	17,404	-	14,841
Dato' Jamaluddin bin Abd Majid	37,678	-	6,000

* *Other emoluments include meeting allowance and benefit in-kind for the purpose of enabling the Directors to perform their duties.*

** *The total fees, salaries and bonuses and other emoluments for YH Dato' Asmin binti Yahya has been pro-rated in accordance to her appointment date as a Board member.*

The detail of the remuneration for the Senior Management for the financial year ended 31 December 2020 is as follows:-

Company	Salaries and Bonuses RM	Other Emoluments* RM
Nazaruddin bin Hasim	251,958	11,103
Adnan bin Mustafa	191,587	6,764
Noor Anisah binti Sabarudin	196,800	9,500
Rosliha binti Husin	155,308	6,500
Norfadli bin Mahrom	104,650	2,500

* *Other emoluments include meeting allowance and benefit in-kind for purpose of performing their duties.*

Corporate Governance Statement and Additional Compliance Statement (Cont'd)

RELATIONS WITH SHAREHOLDERS AND INVESTORS

Corporate Communication

The AGM is the principal forum for dialogue with individual shareholders and investors. It is a crucial mechanism in shareholder communication for the Company. At the Company's AGM, which is generally well attended, shareholders have direct access to the Board and are given the opportunities to ask questions during open question and answer session prior to the motion moving for approval of the Company's Audited Statements and Directors' Report for the financial year. The shareholders are encouraged to ask questions both about the resolutions being proposed or about the Group's operations in general. Where it is not possible to provide the questions with immediate answer to a significant question the Chairman will undertake to provide him/her with a written answer after the AGM.

The Company's e-mail address fareast@fareh.po.my is one of the means to communicate with the Company. The Board has appointed Encik Nik Mohamed Zaki bin Nik Yusoff, Senior Independent, Non-Executive Director as a Director responsible for Investor Relationship. Any queries with regard to the Group may be communicated to him. His e-mail address is nikmohamedzaki@fareh.po.my. Shareholders may also contact the Company Secretary or visit our website www.fehb.com.my for further information.

The Company always welcomes whistleblowers of any suspected wrong doing and ensures that matters highlighted by the whistleblowers are scrutinised and appropriate action taken. Actions taken are guided by the Company's whistleblowing policy that is in place.

Financial Reporting

The Directors recognised the responsibility for ensuring that accounting records are properly kept and the financial statements are prepared in accordance with applicable approved accounting standards in Malaysia and the provisions of the Companies Act 2016.

The quarterly results announcements to Bursa Malaysia Securities Berhad reflect the Board's commitment to give regular updated assessments on the Group's performance and prospects. The statement by the Board pursuant to Section 248 of the Companies Act 2016 is presented on page 76.

Statement of Directors' Responsibilities

The Directors are required by law to prepare financial statements for each financial year which gives a true and fair view of the state of affairs of the Group and of the Company at the end of the financial years and of the results and cash flows of the Group and of the Company for the financial year then ended.

The Directors consider that, in preparing the financial statements for the financial year ended 31 December 2020, the Group has used appropriate accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent. The Directors also consider that all applicable approved accounting standards have been followed and confirm that the financial statements have been prepared on going concern basis.

The Directors are responsible for ensuring that the Group and the Company keep accounting records which disclose with reasonable accuracy at any time the financial position of the Group and of the Company and which enable them to ensure that the financial statements comply with the Companies Act 2016 and Malaysian Financial Reporting Standards in Malaysia.

Internal Controls

The Group has established internal controls that cover all levels of personnel and business processes to ensure the Group's operations are effective and efficient as well as safeguarding the Group's assets and shareholders' interests. The Statement on Internal Control furnished on pages 63 to 69 of the Annual Report provides an overview of the state of internal controls within the Group.

Corporate Governance Statement and Additional Compliance Statement (Cont'd)

RELATIONS WITH SHAREHOLDERS AND INVESTORS (CONT'D)

Internal Audit

The Group has established an Internal Audit Department to assist the Audit Committee in the discharge of their duties and responsibilities. Its role is to provide independent and objective reports on the organisation's management, records, accounting policies and controls to the Board. The Internal Audit function includes evaluation of the processes by which significant risks are identified, assessed and managed. Such audits are carried out to ensure instituted controls are appropriate, effectively applied and within acceptable risk exposures consistent with the Group's risk management policy. The Internal Audit Department reports directly to the Audit Committee and its findings and recommendations are communicated to the Board.

External Audit

The Group independent External Auditor fills an essential role for the shareholders by enhancing the reliability of the Group's financial statements and giving assurance of that reliability to users of these financial statements.

At the commencement of the audit, the External Auditors present the Audit Planning Memorandum to the Audit Committee to detailed out the statutory audit strategy in order to ensure smooth completion of the audit to meet the Company's and the Group's financial reporting requirement.

The External Auditors have an obligation to report to those charged with governance key audit matters, issues affecting the financial statements and any weakness in the Group's system of internal controls and compliance discovered in the course of the audit. This includes the communication of any fraud detected.

ADDITIONAL COMPLIANCE STATEMENT

Group Audit Fees

The amount of audit fees paid/payable to the external auditors by the Group for the financial year ended 31 December 2020 was RM304,000 (2019: RM289,000).

Group Non-Audit Fees

The amount of non-audit fees paid/payable to the external auditors by the Group for the financial year ended 31 December 2020 was RM10,000 (2019: RM10,000).

Internal Audit

The Company's In-House Internal Audit Department had incurred expenses amounting to RM313,040 for the financial year ended 31 December 2020 (2019: RM529,220).

Material Contracts

Except for transactions disclosed in Recurrent Related Party Transactions, none of the directors and major shareholders had any material contracts with the Company during the financial year ended 31 December 2020.

Utilisation of Proceeds

No utilisation of proceeds undertaken during the financial year ended 31 December 2020.

RECURRENT RELATED PARTY TRANSACTIONS

RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

Pursuant to paragraph 10.09 of the Listing Requirements of Bursa Malaysia Securities Berhad, the Company will be seeking the renewal from the shareholders for recurrent related party transactions of a revenue or trading nature, entered into between Far East Holdings Berhad ("FEHB") or its subsidiary companies and related parties, at the forthcoming Annual General Meeting of FEHB scheduled to be held on 9 June 2021. The related party transactions for the Group are as follows:-

Name	Nature of Relationship	Date and Place of Incorporation	Principal Activities
KKSB	FEHB directly holds 51%* equity interest in KKSB	13.11.1989 Malaysia	Operating of palm oil mill
WWSB	KKSB directly holds 51%* equity interest in WWSB	29.11.2005 Malaysia	Operating of palm oil mill
PTSB	PTSB is a major shareholder of FEHB that holds 23.73%* equity interest in FEHB	09.09.1985 Malaysia	Operating of palm kernel mill
PPOM	FEHB directly holds 40%* equity interest in PPOM	13.01.1978 Malaysia	Operating of palm oil mill and cultivation of oil palm
RPOM	PPOM directly holds 30%* equity interest in RPOM	28.01.1994 Malaysia	Operating of palm oil mill
EPOM	PTSB directly holds 32%* equity interest in EPOM	23.10.1997 Malaysia	Operating of palm oil mill
PGC	KKSB directly holds 30%* equity interest in PGC	10.04.2004 Malaysia	Management Services in palm oil plantations and marketing of sales and purchases of CPO
PPOPM	PPOM directly holds 30%* equity interest in PPOPM	18.08.1994 Malaysia	Trading and Marketing agent
KOSMA	KOSMA is a shareholder of WWSB that holds 49%* equity interest in WWSB	04.12.1967 (Incorporated under Cooperative Act 1993) Malaysia	Operating of palm oil mill and cultivation of oil palm
LKPP Corp.	LKPP Corp. holds 5.96%* equity interest in FEHB. LKPP Corp. is a wholly owned subsidiary of PKPP. PKPP is a major shareholder of FEHB that holds 25.18%* equity interest in FEHB	21.06.1990 Malaysia	Operating of palm oil mill and cultivation of oil palm
KSMB	KKSB indirectly holds 31.50%* stake in KSMB via its associated company i.e. Jaspurna Holdings Sdn. Bhd.	18.11.1993 Malaysia	Operating of palm oil mill
FPSB	FEHB and PPOM directly hold 47.17% and 35.17% equity interest in FPSB respectively.	24.10.2005 Malaysia	Manufacturing and exporting palm oil, fatty acids and chemicals compounds or derivatives
MPOM	EPOM and Insan Sejagat Sdn. Bhd. directly holds 60% and 15% equity interest in MPOM respectively.	09.04.2014 Malaysia	Operating of palm oil mill

* *as at 31 March 2021*

Recurrent Related Party Transactions (Cont'd)

RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE (CONT'D)

Legend:

EPOM	Endau Palm Oil Mill Sdn. Bhd.
FPSB	Future Prelude Sdn. Bhd.
KKSB	Kilang Kosfarm Sdn. Bhd.
KSMB	Kilang Sawira Makmur Sdn. Bhd.
PKPP	Perbadanan Kemajuan Pertanian Negeri Pahang
LKPP Corp.	LKPP Corporation Sdn. Bhd.
KOSMA	Koperasi Serbausaha Makmur Berhad
PTSB	Prosper Trading Sdn. Bhd.
PPOM	Prosper Palm Oil Mill Sdn. Berhad
RPOM	Rompin Palm Oil Mill Sdn. Bhd.
PGC	PGC Management Services Sdn. Bhd.
PPOPM	Prosper Palm Oil Products Marketing Sdn. Bhd.
WWSB	Wujud Wawasan Sdn. Bhd.
MPOM	Merchong Palm Oil Mill Sdn. Bhd.

Pursuant to paragraph 10.02 of the Listing Requirements, the parties related to the FEHB Group, which have recurrent transactions of a revenue or trading nature with the Group are as follows:-

Sales of fresh fruit bunches

Related Party	Nature of Transaction	Method of Pricing
KKSB	Sales of FFB by FEHB to KKSB and WWSB	Based on forward sales and MPOB pricing
WWSB	Sales of FFB between KKSB and WWSB	Based on forward sales and MPOB pricing
PPOM	Sales of FFB by KKSB to PPOM	Based on forward sales and MPOB pricing
RPOM	Sales of FFB by FEHB to RPOM	Based on forward sales and MPOB pricing
EPOM	Sales of FFB by FEHB to EPOM	Based on forward sales and MPOB pricing
KSMB	Sales of FFB by FEHB to KSMB	Based on forward sales and MPOB pricing
LKPP Corp.	Sales of FFB by FEHB to LKPP Corp.	Based on MPOB pricing
MPOM	Sales of FFB by FEHB to MPOM	Based on forward sales and MPOB pricing

Purchases of fresh fruit bunches

Related Party	Nature of Transaction	Method of Pricing
FEHB	Purchases of FFB by KKSB from FEHB	Based on forward sales and MPOB pricing
KKSB	Purchases of FFB between KKSB and WWSB	Based on forward sales and MPOB pricing
PPOM	Purchases of FFB by KKSB from PPOM	Based on forward sales and MPOB pricing
RPOM	Purchases of FFB by KKSB from RPOM	Based on forward sales and MPOB pricing
KOSMA	Purchases of FFB by WWSB from KOSMA	Based on MPOB pricing

Recurrent Related Party Transactions (Cont'd)

RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE (CONT'D)

Sales of CPO

Related Party	Nature of Transaction	Method of Pricing
WWSB	Sales of CPO by KKSB to WWSB	Based on the contract price
KKSB	Sales of CPO by WWSB to KKSB	Based on the contract price
PPOM	Sales of CPO by KKSB and WWSB to PPOM	Based on the contract price
RPOM	Sales of CPO by KKSB and WWSB to RPOM	Based on the contract price
EPOM	Sales of CPO by KKSB and WWSB to EPOM	Based on the contract price
PGC	Sales of CPO by KKSB and WWSB to PGC	Based on the contract price
PPOPM	Sales of CPO by KKSB and WWSB to PPOPM	Based on the contract price
KSMB	Sales of CPO by KKSB and WWSB to KSMB	Based on the contract price
FPSB	Sales of CPO by KKSB and WWSB to FPSB	Based on the contract price
MPOM	Sales of CPO by KKSB and WWSB to MPOM	Based on the contract price

Purchases of CPO

Related Party	Nature of Transaction	Method of Pricing
KKSB	Purchases of CPO by WWSB from KKSB	Based on the contract price
WWSB	Purchases of CPO by KKSB from WWSB	Based on the contract price
PPOM	Purchases of CPO by KKSB and WWSB from PPOM	Based on the contract price
RPOM	Purchases of CPO by KKSB and WWSB from RPOM	Based on the contract price
EPOM	Purchases of CPO by KKSB and WWSB from EPOM	Based on the contract price
PPOPM	Purchases of CPO by KKSB and WWSB from PPOPM	Based on the contract price
KSMB	Purchases of CPO by KKSB and WWSB from KSMB	Based on the contract price
FPSB	Purchases of CPO by KKSB and WWSB from FPSB	Based on the contract price
MPOM	Purchases of CPO by KKSB and WWSB from MPOM	Based on the contract price

Sales of Kernel

Related Party	Nature of Transaction	Method of Pricing
KKSB	Sales of kernel by KKSB to WWSB	Based on the MPOB/contract price
WWSB	Sales of kernel by WWSB to KKSB	Based on the MPOB/contract price
PTSB	Sales of kernel by KKSB and WWSB to PTSB	Based on the MPOB/contract price
EPOM	Sales of kernel by WWSB to EPOM	Based on the MPOB/contract price
RPOM	Sales of kernel by KKSB and WWSB to RPOM	Based on the MPOB/contract price
KSMB	Sales of kernel by WWSB to KSMB	Based on the MPOB/contract price

Recurrent Related Party Transactions (Cont'd)

RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE (CONT'D)

Purchases of Kernel

Related Party	Nature of Transaction	Method of Pricing
KKSB	Purchases of kernel by KKSB from WWSB	Based on the MPOB/contract price
WWSB	Purchases of kernel by WWSB from KKSB	Based on the MPOB/contract price
EPOM	Purchases of kernel by WWSB from EPOM	Based on the MPOB/contract price
KSMB	Purchases of kernel by WWSB from KSMB	Based on the MPOB/contract price

Management fee

The management fee charged includes the management services for technical services, marketing services, administrations and accounting services.

Related Party	Nature of Transaction	Method of Pricing
PGC	Management fee charged by PGC to KKSB, WWSB and KSMB	Based on agreed contract agreement for the management services.

Aggregate Value During the Financial Year

The aggregate value of the Recurrent Related Party Transactions made during the financial year ended 31 December 2020 is shown below:-

Related Party	RM'000
FEHB	81,269
KKSB	74,034
WWSB	16,570
PPOM	40,365
RPOM	50,097
EPOM	63,840
KSMB	38,755
LKPP Corp.	1,373
KOSMA	130,482
PGC	2,495
PPOPM	0
PTSB	35,678
FPSB	176,094
MPOM	74,288
Total	**785,340**

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board of Directors ("Board") is pleased to present its Statement on Risk Management and Internal Control which outlines the nature and scope of risk management and internal controls within the Company and its subsidiaries (collectively referred to as the "Group") for the financial year ended 31 December 2020.

This statement has been prepared in compliance of Bursa Malaysia Guidelines for Listed Issuers. It outlines the key elements needed in maintaining a sound system of risk management and internal controls, in line with the Best Practices relating to Risk Management and Internal Control as stipulated in the Malaysian Code on Corporate Governance ("MCCG").

The Board takes cognizance of a robust Audit Committee, strong risk management and internal controls frameworks that can inculcate a healthy development of corporate governance culture for the Group.

Risk Management and Internal Controls are integrated into management processes and embedded in business activities of the Group.

RESPONSIBILITIES AND ACCOUNTABILITIES

Board of Directors

The Group is led by the Board. The Board affirms its overall responsibility for the Group's system of internal controls, including the assurance of its adequacy and integrity and its alignment with business objectives. The Board is committed to maintaining a sound system of internal control to safeguard shareholders' investment and the Group's assets and to review its adequacy and integrity. The system of internal control covers not only financial risks but also non-financial risks.

The Board also recognises that a sound system of internal control can only reduce but not eliminate the possibility of poor judgement in decision making, human error, control process being deliberately circumvented by employees, management overriding controls and the occurrence of unforeseeable circumstances. Accordingly, the system could provide only reasonable but not absolute assurance against material misstatement, operational failures, fraud or loss.

Board Committees such as the Audit Committee, Risk Management Committee, Nomination Committee and Remuneration Committee are established by the Board and are governed by clearly defined Terms of Reference and authority for areas within their scope.

Audit Committee

The Audit Committee is responsible for assisting the Board in fulfilling its statutory and fiduciary responsibilities of monitoring the Group's management of financial risk processes and accounting and financial reporting practices. The Audit Committee is also responsible for reviewing the Group's business process, the quality of the Group's accounting function, financial reporting and the system of internal controls and enhancing the independence of both the external and internal auditors.

The Audit Committee comprises the Independent, Non-Executive Directors. The independence and financial literacy of its members are paramount in a well-functioning Audit Committee which will lead to its members to exercise an informed and impartial judgements in the fulfilment of the Audit Committee's mandate.

The Internal Audit Function adopts a risk-based approach and is independent of the activities they audit. Their work is based on an annual audit plan approved by the Audit Committee. In order to ensure independence, the Head of Internal Audit reports directly to the Audit Committee.

Risk Management Committee

The Company has established a separate stand-alone Risk Management Committee effective 1 January 2020 (the Committee was previously known as Audit and Risk Management Committee). The primary objective of the Risk Management Committee is to assist the Board in the discharge of its statutory and fiduciary responsibilities by identifying significant risks and ensuring that the Group Risk Management Framework includes the necessary policies and mechanisms to manage the overall risk exposures of the Group.

The Risk Management Committee comprises Non-Executive members of the Boards.

Statement on Risk Management and Internal Control (Cont'd)

RESPONSIBILITIES AND ACCOUNTABILITIES (CONT'D)

Risk Management Framework and Internal Controls

The Board with the assistance of the Risk Management Committee and management undertook to identify the principal business risks in the critical areas of the Group, assessing the likelihood of material exposures and identifying the measures taken and the time frame to mitigate and minimise these risks. This was done through desktop reviews, interviews with the management and thorough deliberation and discussion among the Directors in the Board meetings.

The top six (6) business risks that were rated as High or Significant are as follows:-

(1) Over-Dependence on Foreign Workers;
(2) Fluctuation of Crude Palm Oil Prices;
(3) COVID-19 Pandemic Threat;
(4) Environmental, Social and Governance;
(5) Unfavorable Weather Condition; and
(6) Palm Disease - Ganoderma Stem Rot Disease.

The details of principal risks reviewed by the Board are as follows:-

(1) **Over-Dependence on Foreign Workers**

The Group is highly dependent on skilled labour for harvesting activities. In Malaysia, the reliance on foreign workers remained high despite continuous efforts made to recruit local workers. The Government has frozen all new recruitment of foreign workers in order to control the spread of COVID-19. The freeze for the intake on foreign workers in all sectors would be a 'big hit' to the labour intensive plantation sector as foreign workers made up to 90% of total workers. As at 31 December 2020, a total of 655 foreign workers (2019: 764 workers) are working in FEHB's plantation. The reduction was due to workers who had returned home for holiday before Movement Control Order were unable to return to estates coupled with the cases of workers who did not continue their contract of service.

The short and long-term strategies initiated by the Company to retain the workers and to optimize workers' productivity are as follows:-

(a) Offer a special incentive to those workers who plan to take leave and to postpone the leave until 31 December 2020;
(b) Provide a special incentive and a fully paid return ticket to workers going for leave and to continue their contract of service at least for another one (1) year;
(c) The cost of extending the work permit for workers in Year 10 and for two additional years (Year 11 and Year 12) will be fully borne by the Company;
(d) Maximize the usage of semi-mechanisation in-fields fruits collection;
(e) Target to implement mechanisation in area with suitable terrain;
(f) Gradually replace all the non-critical jobs or tasks to local workers such as loose fruit collectors, line sweeper and cleaner; and
(g) Advertise and promote the requirement of workers by displaying banners at each estate in order to attract the local workers.

(2) **Fluctuation of Crude Palm Oil Prices ("CPO")**

CPO price tend to be cyclical and fluctuate in accordance with the global supply and demand of major oil and fats. Edible oil such as soybean, sunflower and rapeseed are substitutes for palm oil and their price movements also impact CPO price.

Although the movement in CPO price is beyond FEHB's control, FEHB mitigates the adverse effect of fluctuation in CPO and palm kernel prices by entering into short-term forward contracts with its major customers.

Statement on Risk Management and Internal Control (Cont'd)

RESPONSIBILITIES AND ACCOUNTABILITIES (CONT'D)

Risk Management Framework and Internal Controls (Cont'd)

(3) **COVID-19 Pandemic Threat**

On 11 March 2020, the World Health Organisation declared COVID-19 as a worldwide pandemic after assessing the level of spread and severity globally. The disease might pose several risks to FEHB in terms of CPO pricing, export restrictions, staffs and workers health, disruptions on operation, acute labour shortage and other unknown possibilities.

The Antigen Rapid Test Kits (RTK-Ag) was performed on all foreign workers under FEHB's permit from 8 February 2021 until 17 February 2021 in order to comply with Prevention & Control of Infectious Diseases Act 1988 (Act 342). There was no case of positive COVID-19 detected.

FEHB had implemented the following preventive measures to cope with the disease:-

(a) Dissemination of information on COVID-19 and prevention measures to the staffs and workers;
(b) The estates were provided with relevant PPE including face masks, non-contact thermometer and hand sanitizer;
(c) Implementation of thermal scanning at entry points of the premise;
(d) The staffs and workers' health condition be closely monitored and recorded;
(e) Disinfecting all common areas;
(f) Enforced the social distancing at work place especially during pay day;
(g) Workers were not allowed to go to town without any permission;
(h) Ensured that all groceries were sufficient to accommodate workers' needs;
(i) Provided quarantine areas within our premises;
(j) Followed all standard operating procedures as stated in FEHB's COVID-19 Manual;
(k) Established an Emergency Response Team COVID-19 by region in order to response and assist on any cases discovered within FEHB's Group; and
(l) Increased any possible mechanisation program to increase productivity.

(4) **Environmental, Social and Governance (ESG)**

The Non-Governmental Organisations ("NGOs") are very influential in instrumenting consumer's preference that in turn drives the need for sustainable source of input in every product in the market. Issues related to environmental, social and governance are a legitimate worldwide concern. The Company is mindful of the market requirements and is constantly striving to ensure our products meet the standards. Among the ESG issues addressed by FEHB Group are as follows:-

(a) **Deforestation and Peat Land**

(1) FEHB's Group has adopted the No Peat, No Deforestation and No Exploitation policy on 15 May 2019 as published on the Company's website.
(2) The Company is committed to forgo development of remaining 300 acres in Sungai Sawak and has allocated the area for conservation.

(b) **Exploitation of Labour**

The actions taken to mitigate the issue of labour exploitation are as follows:-

(1) Comply with the rules and regulations set by the Government of Malaysia not only in terms of recruitment but also with the Housing Standards;
(2) Absorb the recruitment costs such as levy, visit pass, insurance, visa, medical charge, biomedical charge, processing cost and cost of endorsement of visa done at nearest Malaysian Consulate;
(3) Tighten the selection process of foreign labour whereby selection process at the origin countries was performed by FEHB's representatives;
(4) Provide free food supply for the first two weeks upon arrival of workers at the estate;
(5) Provide a special compartment to keep the passport of the workers and for the workers who requests their passport to be kept by estate, a letter of permission to be signed by the workers;

Statement on Risk Management and Internal Control (Cont'd)

RESPONSIBILITIES AND ACCOUNTABILITIES (CONT'D)

Risk Management Framework and Internal Controls (Cont'd)

(4) **Environmental, Social and Governance (ESG)** (Cont'd)

(b) **Exploitation of Labour** (Cont'd)

(6) The estates are prohibited from employing child labour;
(7) Regular visits were conducted by Head Office to check the housing facilities of the workers and designated staff is assigned at the estates to monitor the welfare of the workers; and
(8) The Group from time to time will upgrade the facilities of the workers' houses and construct new labour quarters to accommodate the workers.

(5) **Unfavorable Weather Condition**

Extreme weather including both drought (El Nino) and prolonged rainy season (La Nina) may adversely impact estate operations. To mitigate the above factors, FEHB Group has implemented several measures to alleviate problems associated with unfavorable weather conditions during replanting:-

(a) Construction of bund in low lying or flood prone area which could avoid the palm from being submerged in the water. Palms that have been submerged for a long time would no be longer productive and classified as "dead palms";
(b) A water gate is constructed to block the water which could be used during the dry period and could also overcome the problem of fire when it happens; and
(c) Fire patrols are constantly on guard for any potential fire hazards.

(6) **Palm Disease - Ganoderma Stem Rot Disease**

Basal Stem Rot disease caused by Ganoderma boniness is the most destructive disease in oil palm plantation in Malaysia. The following measures were carried out by FEHB to protect the palm from Basal Stem Rot disease:-

(a) Soil mounding and trenching technique on matured oil palm; and
(b) De-boling of all stumps.

After the review and taking into consideration the nature of the Group's business, the Directors are of the view that the Group is not materially exposed to legal risks and therefore have concluded to focus on the operational risks relevant to the business. Although there is exposure to market risk as a result of price fluctuations in the commodity market, the Directors consider these as movement in market forces inherent in the industry in which the Group operates.

The Internal Audit Function reviews the operational procedures and processes to ensure the effectiveness and integrity of the Group's internal control system.

Other Key Elements of Internal Control System

The other key elements of the Group's internal control system which has been reviewed by the Board are as follows:-

- **Board Meetings**

  The Board meets at least quarterly and has a formal agenda on matters for discussion.

  The Group Executive Chairman, together with the Senior Executive Director, Plantations and Milling and Executive Director/ Chief Operating Officer lead the presentation of Board papers and provides comprehensive explanation of pertinent issues.

  In arriving at any decision, on recommendation by the management, a thorough deliberation and discussion by the Board is a prerequisite. In addition, the Board is kept updated on the Group's activities and operations on a regular basis.

Statement on Risk Management and Internal Control (Cont'd)

RESPONSIBILITIES AND ACCOUNTABILITIES (CONT'D)

Other Key Elements of Internal Control System (Cont'd)

- **Organisational Structure with Formally Defined Responsibility Lines and Delegation of Authority**

  The Board is headed by the Group Executive Chairman who ensures the Group operates within its mission and established policies to enable the Group to meet its objectives in enhancing shareholders' wealth.

  The monitoring and managing of the Group operations are delegated to its Senior Executive Director, Plantations and Milling and Executive Director/Chief Operating Officer who are actively involved in day-to-day operations of the Group.

  There is a clearly defined organisation structure which outlines the responsibilities lines and authorities to ensure proper and clear delegation of responsibilities to Committees of the Board and to the management.

- **Performance Management Framework**

  Comprehensive management reports covering the Group and Company's performance are presented to the Board at its regular meetings. The reports are consistently generated to facilitate the Board and the management on the performance of various operating units.

  The reviews encompass areas such as financial and non-financial key performance indicators, variances between budget and operating results and compliance with laws and regulations.

  The Group also has a detailed budgeting process with an annual budget approved by the Board. Actual results are reported monthly against budget and major variances are reviewed and corrective actions are taken, where necessary.

  Internal Audit visits are systematically organised over a period, to monitor compliance with policies, procedures and assess the integrity of financial and operational information provided.

- **Operational Policies and Procedures**

  The Group operates in accordance with a set of established operational policies and procedures. The operational policies and procedures are reviewed periodically to ensure that they remain effective and relevant to support the Group's business activities at all times as it grows. The policies also facilitate compliance to regulations, listing and governance requirements. Management is responsible for the periodic review of operational policies and procedures.

- **Review of Recurrent Related Party Transactions**

  All recurrent related party transactions are dealt with in accordance with the Listing Requirements of Bursa Malaysia Securities Berhad. The Board and the Audit Committee review the recurrent related party transactions annually.

- **Financial and Operating Manuals**

  The Financial and Operating Manuals set out the policies and procedures for day-to-day operations and act as a guideline as to proper measures to be undertaken in a given set of circumstances. The Manuals enable tasks to be carried out within a set of flexible rules with minimal supervision.

  The management took a proactive action by establishing the FEHB's COVID-19 Manual dated 23 December 2020 to deal with the pandemic.

- **Financial Authority Limits**

  The Financial Authority Limits defines the revenue and capital expenditure limits for each level of management within the Group. This internal control acts as a check and balance before financial expenditure is actually incurred.

Statement on Risk Management and Internal Control (Cont'd)

RESPONSIBILITIES AND ACCOUNTABILITIES (CONT'D)

Other Key Elements of Internal Control System (Cont'd)

- **Tender Committees**

  The Tender Committee (TC) is established to assist the Board in fulfilling its statutory and fiduciary responsibilities in overseeing the process of awarding significant contracts by FEHB Group. The Committee will oversee that the tender process is carried out in accordance with the Group's procurement policies including general evaluation criteria, anti-corruption policy and codes of conduct and thereafter recommend the said procurement policies and procedures to the Board for approval. The proper delegation of authority was given by the Board to the TC. In order to ensure transparency within FEHB Group, the TC's appointment, composition, duties and responsibilities and management are clearly stated in its Terms of Reference.

- **Plantation Advisory Services**

  The Plantation Advisory Service that is outsourced is entrusted with achieving and maintaining performance benchmarks for the plantation sector. Any deviations from the agreed standards and poor performances in the estates are reported to Senior Executive Director, Plantations and Milling and management for corrective measures to be taken.

- **Plantation Coordination Meeting**

  As a pro-active measure to achieve greater co-operation and co-ordination to enhance productivity and quality, the Group has established plantation operations and management co-ordination meetings, which meet regularly.

- **Security Unit**

  Security for the Group is enforced by in-house security unit which oversees all security issues faced by the business units within the Group and security guards personnel.

  Continuous surveillance and improvement in security control had complemented the internal control system to safeguard the Group's assets against material loss.

  The scheduled and random narcotic urine examination was accordingly performed with the Agensi Anti Dadah Kebangsaan (AADK) in order to ensure that a healthy environment within the Group's business units and close collaboration with PDRM are forged to ensure that the security of FEHB's property and personnel.

- **International Sustainability and Carbon Certification ("ISCC") and Malaysian Sustainable Palm Oil ("MSPO") Certification**

  The Group advocates sustainable oil palm cultivation. To date, the Group obtained ISCC certification for six (6) estates and one (1) mill. The Group also obtained the MSPO certification for thirteen (13) estates.

  In order to ensure the compliance of our Sustainable Palm Oil Policy, the proper channels are established and report on any grievance can be lodged by all stakeholders under Sustainability section on the Company's website at www.fehb.com.my or e-mail to sustainability@fareh.po.my or through phone call at Company's registered lines. All grievance reports are published into the Company's website.

- **Code of Business Conduct**

  FEHB is committed to encouraging transparent and good ethical conduct and upholding a good image of integrity, transparency and accountability in all aspects of its business. In affirming Group's full commitment to combat bribery and corruption, the Group has embraced an "Anti-Bribery and Anti-Corruption Policy". The policy was approved by the Board on 24 February 2020 and is applicable to all Directors and employees of the Group. The policy is published on the Company's website at www.fehb.com.my.

Statement on Risk Management and Internal Control (Cont'd)

RESPONSIBILITIES AND ACCOUNTABILITIES (CONT'D)

Other Key Elements of Internal Control System (Cont'd)

- **Whistleblowing Channel**

  The Group's Whistle Blower Policy was established in 2016 and was further revised in 2019. It provides an avenue for employees and stakeholders dealing with the Group with proper procedure to disclose or raise genuine concerns on possible improprieties, improper conducts or other malpractices within the Group. It gives an appropriate communication and feedback channel which facilitates whistleblowing in a transparent and confidential manner. The Whistle Blower Policy is published under Governance section on the Company's website at www.fehb.com.my.

REVIEW OF THIS STATEMENT BY EXTERNAL AUDITORS

The External Auditors have reviewed this Statement on Risk Management and Internal Control pursuant to the scope set out in Audit and Assurance Practice Guide ("AAPG") 3 (Revised: February 2018), Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants ("MIA") for inclusion in the Annual Report of the Group for the year ended 31 December 2020, and reported to the Board that nothing has come to their intention that cause them to believe that the statement intended to be included in the Annual Report of the Group, in all material respect:-

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

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

CONCLUSIONS

The Board is satisfied with the adequacy and effectiveness of the Group's risk management and internal control system to safeguard the interests of the Group's stakeholders, their investments and the Group's assets. The Board has received assurance from the Senior Executive Director, Plantations and Milling and Executive Director/Chief Operating Officer that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects, based on the risk management and internal control system of the Group. The management has taken the necessary measures to improve the risks management and internal control system by continuously reviewing, monitoring and considering all risks faced by the Group to ensure that the risks are within acceptable levels within the Group's business objectives.

For the financial year under review, there were no material internal control failures or adverse compliance events that have directly resulted in any material loss to the Group. This Statement on Risk Management and Internal Control does not cover associates and jointly controlled entities where the internal control systems of these companies are managed by the respective management teams.

This statement has been reviewed and approved by the Board of Directors on 24 March 2021.

FINANCIAL STATEMENTS

DIRECTORS' REPORT

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2020.

PRINCIPAL ACTIVITIES

The Company is principally involved in cultivation of oil palms, production and sales of fresh fruit bunches, crude palm oil and palm kernel and investment holdings. The principal activities of its subsidiaries are disclosed in Note 12 to the financial statements.

There have been no significant changes in the nature of these activities of the Group and of the Company during the financial year.

RESULTS

	Group RM	Company RM
Profit for the year, net of tax	103,150,249	75,741,999
Attributable to:		
Owners of the Company	97,982,275	75,741,999
Non-controlling interests	5,167,974	-
	103,150,249	75,741,999

DIVIDENDS

As disclosed in the last year's report, on 29 April 2020, the Directors declared second interim single tier dividend of 1.50 sen per ordinary share for the financial year ended 31 December 2019 amounting to RM8,907,570 which was paid on 14 July 2020.

On 26 November 2020, the Directors declared an interim single tier dividend of 2 sen per ordinary share for the financial year ended 31 December 2020 amounting to RM11,876,760 which was paid on 22 December 2020.

The Directors recommend the payment of a final single tier dividend of 5 sen per ordinary shares amounting to RM29,691,899 for the financial year ended 31 December 2020. The proposed dividend is subject to the approval of the shareholders at the forthcoming Annual General Meeting. The financial statements for current financial year do not reflect this proposed dividend. Such dividend if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2021.

RESERVES AND PROVISIONS

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

Directors' Report (Cont'd)

ISSUANCE OF SHARES OR DEBENTURES

The Company has not issued any shares or debentures during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

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

DIRECTORS OF THE COMPANY

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

YH Dato' Sri Kamaruddin bin Mohammed *	
YH Dato' Suhaimi bin Mohd Yunus	
YH Datuk Mohd Afrizan bin Husain	
YH Dato' Asmin binti Yahya *	*(Appointed on 20 July 2020)*
Mr Tee Kim Tee @ Tee Ching Tee *	
Mr Tee Cheng Hua *	
Mr Tee Lip Teng	
Encik Nik Mohamed Zaki bin Nik Yusoff	
Miss Ng Yee Kim	*(Appointed on 20 July 2020)*
YH Dato' Jamaluddin bin Abd Majid	*(Resigned on 15 July 2020)*

* *These Directors are also directors of subsidiaries included in the financial statements of the Group for the financial year.*

In accordance with Clause 77 of the Company's Constitution, YH Dato' Sri Kamaruddin bin Mohammed and YH Datuk Mohd Afrizan bin Husain retire by rotation at the forthcoming Annual General Meeting. YH Dato' Sri Kamaruddin bin Mohammed and YH Datuk Mohd Afrizan bin Husain being eligible offer themselves for re-election.

In accordance with Clause 76 of the Company's Constitution, YH Dato' Asmin binti Yahya and Miss Ng Yee Kim retire at the forthcoming Annual General Meeting and being eligible offer themselves for re-election.

DIRECTORS OF SUBSIDIARIES OF THE COMPANY

Pursuant to Section 253(2) of the Companies Act 2016, the Directors who served in the subsidiaries (excluding those who are already Directors who also Directors of the Company) during the financial year and at the date of this report are:

YAB Datuk Seri Utama Wan Rosdy bin Wan Ismail
YH Dato' Sri Khairuddin bin Yaakob
YB Datin Hajah Samsiah binti Arshad
YB Ir Razali bin Kassim
Tuan Haji Hashim Naina Merican bin Yahaya Merican
Mr Tan Keh Feng
Mr Man Foh @ Chan Man Foh
Mr Tee Lip Jen
Madam Tee Chain Yee

Directors' Report (Cont'd)

DIRECTORS' INTERESTS

According to the Register of Directors' shareholdings kept by the Company under Section 59 of the Companies Act 2016, the interests of Directors in office at the end of financial year in shares or in debentures of the Company and its related corporations during the financial year were as follows:

	Number of ordinary shares			
	At 1.1.2020 Unit	**Addition Unit**	**Sold Unit**	**At 31.12.2020 Unit**
Direct interest				
YH Dato' Sri Kamaruddin bin Mohammed	11,340,000	-	-	11,340,000
YH Dato' Asmin binti Yahya*	315,000	-	-	315,000
Mr Tee Kim Tee @ Tee Ching Tee	19,578,720	-	-	19,578,720
Mr Tee Cheng Hua	8,762,200	-	-	8,762,200
Mr Tee Lip Teng	1,260,000	-	-	1,260,000
Encik Nik Mohamed Zaki bin Nik Yusoff	-	2,500	-	2,500
Indirect interest				
YH Dato' Sri Kamaruddin bin Mohammed^	2,520,000	-	-	2,520,000

* *YH Dato' Asmin binti Yahya has held shares before being appointed as a Director of the Company.*

^ *Indirect interest by virtue of shares held by his spouse/daughter pursuant to Section 59(11)(c) of the Companies Act 2016 in Malaysia.*

Other than as disclosed above, according to the Register of Directors' shareholdings, the other Directors in office at the end of the year did not hold any interest in shares in the Company and its related corporations during the year.

The above mentioned Directors, by virtue of their interests in shares of the Company, are also deemed to have interest in shares of the Company's subsidiaries to the extent that the Company has an interest.

DIRECTORS' REMUNERATION AND BENEFITS

The amounts of fees and other benefits paid to or receivable by the Directors or past Directors of the Company and the estimated money value of any other benefits received or receivable by them otherwise than in cash from the Company and its subsidiaries for their services to the Company and its subsidiaries were as follows:

	Company RM	**Subsidiaries RM**
Directors' fees	687,814	1,344,918
Salaries and other emoluments	1,448,869	1,709,659
	2,136,683	3,054,577

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than Directors' emoluments received or due and receivable as disclosed in the financial statements or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a Company in which the Director has a substantial financial interest, other than as disclosed in Note 27 to the financial statements.

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

Directors' Report (Cont'd)

OTHER STATUTORY INFORMATION

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

(i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and

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

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

(i) which would render the amount written off for bad debts or the amount of the provision for doubtful debts inadequate to any substantial extent;

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

(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 the report or financial statements which would render any amount stated in the financial statements misleading.

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

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

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

(d) In the opinion of the Directors:

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

(ii) the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature; and

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

(e) The total amount paid to or receivable by the auditors as remuneration for their services as auditors for the financial year from the Company and its subsidiaries is RM304,000. There was no indemnity given or insurance effected for the external auditors of the Group and of the Company.

(f) There was no amount paid to or receivable by any third party in respect of the services provided to the Group and the Company by any Director or past Director of the Group and the Company.

(g) The indemnity given to or other insurance effected for the Directors and the officers of the Group and of the Company has a total premium of RM16,312 and coverage amount of RM20,000,000 for a period effective 1 January 2020 until 31 December 2020.

Directors' Report (Cont'd)

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The details of significant events during the financial year are disclosed in Note 33 to the financial statements.

AUDITORS

The auditors, Messrs. Moore Stephens Associates PLT, have expressed their willingness to continue in office.

Approved and signed on behalf of the Board in accordance with a resolution of the Directors dated 24 March 2021.

Dato' Sri Kamaruddin bin Mohammed
Group Executive Chairman

Tee Cheng Hua
Senior Executive Director

STATEMENT BY DIRECTORS

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

We, the undersigned, being two of the Directors of the Company, do hereby state that, in the opinion of the Directors, the accompanying financial statements as set out on pages 80 to 142 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of Companies Act 2016 in Malaysia, so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2020 and of their financial performance and cash flows for the financial year then ended.

Approved and signed on behalf of the Board in accordance with a resolution of the Directors dated 24 March 2021.

Dato' Sri Kamaruddin bin Mohammed
Group Executive Chairman

Tee Cheng Hua
Senior Executive Director

STATUTORY DECLARATION

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

I, Dato' Asmin binti Yahya (MIA No: 10161), being the officer primarily responsible for the financial management of the Group and of the Company, do solemnly and sincerely declare that the financial statements as set out on pages 80 to 142 are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the

abovenamed
at Kuantan
on 24 March 2021

Dato' Asmin binti Yahya

Before me,

PESURUHJAYA SUMPAH
C 123
MOHD RAZI BIN RASOL
MALAYSIA
BG 3, Kompleks Dagangan Mahkota,
Bdr. Indera Mahkota, 25200 Kuantan, Pahang

INDEPENDENT AUDITORS' REPORT

To the Members of Far East Holdings Berhad
Registration No.: 197301001753 (14809-W)
(Incorporated In Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Far East Holdings Berhad, which comprise the statements of financial position as at 31 December 2020 and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 80 to 142.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2020, and of their financial performance and their cash flows for the 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 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 IESBA Code.

Key Audit Matters

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

We have determined that there is no key audit matter to communicate for the Company. Key audit matter for the Group is as below:

Key audit matter	**Our audit performed and responses thereon**
Equity accounting for associates As disclosed in Note 13 to the financial statements, the Group has significant interests in associates, including, Prosper Palm Oil Mill Sdn. Berhad ("PPOM"), which has significant associates of its own and with the existence of substantial cross shareholdings in the Group. Given the highly complex group structure which involves cross shareholdings, we identified the accounting for equity accounted associates as a key audit matter in view of the risk that the associates may not have been properly accounted for and disclosed appropriately due to the following reasons: (i) The magnitude of the balances; and (ii) The complexity of the group structure where significant time and effort was spent to understand, navigate and examine the group structures of the associates (including its various sub-groups) during our review of the consolidation procedures impacting the Group. The process is further complicated by the varied locations and different management teams involved in the associates.	We have performed the following procedures: • Obtained the larger corporate structure of which the Group is a component and performed reviews on the understanding and navigation of the various entities involved and the manner in which the financial results of these various entities are consolidated and/or equity accounted and/or both. • Close interactions with various component auditors including the reviews of consolidation and audit files. • Performed reviews with regards to the cross shareholdings and the adjustments involving the elimination of the Group's own results as the Group equity accounts for its share of profits of PPOM, which has an indirect equity interest in the Group. • Performed recomputation of the post-acquisition change in the Group's share of net assets of PPOM in prior years to ensure that the consolidation adjustments been properly effected.

Independent Auditors' Report (Cont'd)

To the Members of Far East Holdings Berhad
Registration No.: 197301001753 (14809-W)
(Incorporated In Malaysia)

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 Annual Report 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 the fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

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

In preparing the financial statements of the Group and of the Company, the Directors are also 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:

(a) Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

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

Independent Auditors' Report (Cont'd)

To the Members of Far East Holdings Berhad
Registration No.: 197301001753 (14809-W)
(Incorporated In Malaysia)

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

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

(e) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

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

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 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 subsidiaries of which we have not acted as auditors, are disclosed in Note 12 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 contents of this report.

MOORE STEPHENS ASSOCIATES PLT
201304000972 (LLP0000963-LCA)
Chartered Accountants (AF002096)

CHUAH SOO HUAT
03002/07/2022 J
Chartered Accountant

Petaling Jaya, Selangor
Date: 24 March 2021

STATEMENTS OF COMPREHENSIVE INCOME

For the Financial Year Ended 31 December 2020

		Group		Company	
		2020	2019	2020	2019
	Note	RM	RM	RM	RM
Continuing operations					
Revenue	4	669,048,857	381,128,844	118,687,599	79,825,633
Other operating income		7,293,277	2,536,220	19,543,869	2,585,287
Fair value gain/(loss) on biological assets		201,366	(47,989)	466,248	(392,245)
Employee benefits expense	6	(25,499,053)	(23,803,887)	(8,722,233)	(7,859,527)
Changes in inventories		737,951	(4,576,542)	-	-
Finished goods purchased		(244,725,422)	(55,396,090)	-	-
Raw material purchased		(219,196,109)	(158,288,483)	-	-
Production cess		(1,401,372)	(1,317,812)	-	-
Carriage outwards		(6,445,358)	(6,694,926)	-	-
Upkeep, repair and maintenance of assets		(4,815,865)	(6,149,793)	-	-
Utilities and fuel		(1,656,799)	(2,223,439)	-	-
Depreciation of:					
- property, plant and equipment		(22,425,597)	(21,437,279)	(11,061,954)	(10,728,269)
- right-of-use assets		(5,601,040)	(4,742,462)	(3,535,969)	(2,736,189)
Upkeep and cultivation		(25,557,340)	(26,886,151)	(11,763,448)	(12,419,258)
Harvesting		(21,544,510)	(20,797,972)	(10,523,410)	(9,315,774)
Estate general charges		(8,937,639)	(6,267,026)	(4,478,701)	(3,150,492)
Fair value gain on investment property		-	37,587,461	-	37,587,461
Other operating expenses		(10,169,911)	(10,061,869)	(1,787,462)	(373,642)
Finance income		531,444	582,797	905,580	818,849
Finance cost		(2,068,229)	(771,875)	(1,914,275)	(896,996)
Share of profit after tax of associates		34,436,195	30,769,258	-	-
Profit before tax	5	112,204,846	103,140,985	85,815,844	72,944,838
Tax expense	7	(9,054,597)	(18,352,930)	(10,073,845)	(12,917,427)
Profit for the financial year		103,150,249	84,788,055	75,741,999	60,027,411
Profit for the financial year attributable to:					
Owners of the Company		97,982,275	80,017,099	75,741,999	60,027,411
Non-controlling interests		5,167,974	4,770,956	-	-
		103,150,249	84,788,055	75,741,999	60,027,411
Other comprehensive income					
Items that may be reclassified subsequently to profit or loss:					
- Share of other comprehensive income of associate		(3,061,969)	1,088,571	-	-
Total comprehensive income for the year		100,088,280	85,876,626	75,741,999	60,027,411
Total comprehensive income attributable to:					
Owners of the Company		94,920,306	81,105,670	75,741,999	60,027,411
Non-controlling interests		5,167,974	4,770,956	-	-
		100,088,280	85,876,626	75,741,999	60,027,411
Earnings per share attributable to Owners of the Company (sen)					
- basic and diluted	8	16.50	13.47		

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

STATEMENTS OF FINANCIAL POSITION

As At 31 December 2020

	Note	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
ASSETS					
Non-current assets					
Property, plant and equipment	10	328,030,169	272,688,483	202,565,882	140,718,002
Investment property	11	60,000,000	60,000,000	60,000,000	60,000,000
Investments in subsidiaries	12	-	-	18,400,302	18,400,302
Investments in associates	13	474,062,504	459,481,378	125,016,564	112,435,547
Other financial asset	14	-	730,659	-	730,659
Right-of-use assets	15	445,920,473	316,922,940	337,071,366	206,211,074
Receivables	16	-	-	14,488,813	20,300,977
Biological assets	17	474,342	645,900	176,450	409,582
		1,308,487,488	1,110,469,360	757,719,377	559,206,143
Current assets					
Inventories	18	6,066,972	5,471,157	283,572	254,666
Biological assets	17	4,802,418	4,601,052	2,430,069	1,963,821
Receivables	16	64,884,441	70,654,391	22,858,261	56,190,651
Tax recoverable		119,217	7,342,902	-	4,195,149
Deposits, cash and bank balances	19	79,122,650	45,404,621	46,776,164	13,286,745
Finance lease receivables	20	8,500,000	-	8,500,000	-
		163,495,698	133,474,123	80,848,066	75,891,032
TOTAL ASSETS		1,471,983,186	1,243,943,483	838,567,443	635,097,175
EQUITY AND LIABILITIES					
EQUITY					
Share capital	22	197,945,995	197,945,995	197,945,995	197,945,995
Retained earnings		947,473,635	873,337,659	438,637,244	383,679,575
Equity attributable to Owners of the Company		1,145,419,630	1,071,283,654	636,583,239	581,625,570
Non-controlling interests		37,154,144	35,364,670	-	-
TOTAL EQUITY		1,182,573,774	1,106,648,324	636,583,239	581,625,570
LIABILITIES					
Non-current liabilities					
Deferred tax liabilities	23	73,708,978	87,186,313	43,521,289	45,379,576
Lease liabilities	24	16,292,626	16,439,951	13,820	68,541
Borrowings	25	131,250,000	-	131,250,000	-
		221,251,604	103,626,264	174,785,109	45,448,117
Current liabilities					
Payables	26	47,441,386	32,877,203	8,851,612	7,970,972
Tax payable		5,410,533	538,690	3,292,762	-
Lease liabilities	24	305,889	253,002	54,721	52,516
Borrowings	25	15,000,000	-	15,000,000	-
		68,157,808	33,668,895	27,199,095	8,023,488
TOTAL LIABILITIES		289,409,412	137,295,159	201,984,204	53,471,605
TOTAL EQUITY AND LIABILITIES		1,471,983,186	1,243,943,483	838,567,443	635,097,175

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

STATEMENTS OF CHANGES IN EQUITY

For the Financial Year Ended 31 December 2020

Group	Note	Share Capital RM	Retained Earnings RM	Total RM	Non-Controlling Interests RM	Total Equity RM
		← Attributable to Owners of the Company →				
2019						
At 1 January 2019		197,945,995	810,047,129	1,007,993,124	33,733,714	1,041,726,838
Share of other comprehensive income of associate		-	1,088,571	1,088,571	-	1,088,571
Profit for the financial year		-	80,017,099	80,017,099	4,770,956	84,788,055
Total comprehensive income for the financial year		-	81,105,670	81,105,670	4,770,956	85,876,626
Transactions with Owners of the Company						
Dividends for the years ended						
- 31 December 2018	9	-	(11,876,760)	(11,876,760)	(3,140,000)	(15,016,760)
- 31 December 2019	9	-	(5,938,380)	(5,938,380)	-	(5,938,380)
		-	(17,815,140)	(17,815,140)	(3,140,000)	(20,955,140)
At 31 December 2019		197,945,995	873,337,659	1,071,283,654	35,364,670	1,106,648,324
2020						
At 1 January 2020		197,945,995	873,337,659	1,071,283,654	35,364,670	1,106,648,324
Share of other comprehensive income of associate		-	(3,061,969)	(3,061,969)	-	(3,061,969)
Profit for the financial year		-	97,982,275	97,982,275	5,167,974	103,150,249
Total comprehensive income for the financial year		-	94,920,306	94,920,306	5,167,974	100,088,280
Transactions with Owners of the Company						
Dividends for the years ended						
- 31 December 2019	9	-	(8,907,570)	(8,907,570)	(3,378,500)	(12,286,070)
- 31 December 2020	9	-	(11,876,760)	(11,876,760)	-	(11,876,760)
		-	(20,784,330)	(20,784,330)	(3,378,500)	(24,162,830)
At 31 December 2020		197,945,995	947,473,635	1,145,419,630	37,154,144	1,182,573,774

Statements of Changes in Equity (Cont'd)

For the Financial Year Ended 31 December 2020

Company	**Note**	**Share Capital RM**	**Retained Earnings RM**	**Total Equity RM**
2019				
At 1 January 2019		197,945,995	341,467,304	539,413,299
Profit for the financial year, representing total comprehensive income for the financial year		-	60,027,411	60,027,411
Transactions with Owners of the Company				
Dividends for the years ended				
- 31 December 2018	9	-	(11,876,760)	(11,876,760)
- 31 December 2019	9	-	(5,938,380)	(5,938,380)
		-	(17,815,140)	(17,815,140)
At 31 December 2019		197,945,995	383,679,575	581,625,570
2020				
At 1 January 2020		197,945,995	383,679,575	581,625,570
Profit for the financial year, representing total comprehensive income for the financial year		-	75,741,999	75,741,999
Transactions with Owners of the Company				
Dividends for the years ended				
- 31 December 2019	9	-	(8,907,570)	(8,907,570)
- 31 December 2020	9	-	(11,876,760)	(11,876,760)
		-	(20,784,330)	(20,784,330)
At 31 December 2020		197,945,995	438,637,244	636,583,239

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

STATEMENTS OF CASH FLOWS

For the Financial Year Ended 31 December 2020

		Group		Company	
		2020	2019	2020	2019
	Note	RM	RM	RM	RM
Operating activities					
Profit before tax		112,204,846	103,140,985	85,815,844	72,944,838
Adjustments for:					
Property, plant and equipment					
- depreciation		22,425,597	21,437,279	11,061,954	10,728,269
- loss/(gain) on disposal		18,756	(48,599)	(34,245)	(48,599)
- written off		2,374	14,258	2,292	14,232
Right-of-use assets					
- depreciation		5,601,040	4,742,462	3,535,969	2,736,189
Other receivables written off		22,119	33,843	10,826	19,703
Fair value loss/(gain) on biological assets		(201,366)	47,989	(466,248)	392,245
Fair value gain on investment property		-	(37,587,461)	-	(37,587,461)
Gain on sales of biological assets		(433,906)	-	(275,709)	-
Share of profit after tax of associates		(34,436,195)	(30,769,258)	-	-
Dividend income from					
- subsidiaries		-	-	(20,086,485)	(10,790,705)
- associates		-	-	(15,938,100)	(10,510,688)
Finance cost	5	2,070,705	771,875	1,914,275	896,996
Finance income	5	(531,444)	(582,797)	(905,580)	(818,849)
Impairment loss of trade receivables		361,542	-	-	-
Impairment on investment in associate		-	-	1,102,596	-
Reversal of impairment on investment in associates		-	-	(13,683,613)	-
Fair value loss on other financial asset		730,659	-	730,659	-
Operating profit before working capital		107,834,727	61,200,576	52,784,435	27,976,170
Changes in working capital:					
- inventories		(595,815)	4,701,677	(28,906)	407,672
- receivables		(3,040,578)	(23,682,657)	12,395,738	(11,024,812)
- payables		14,573,287	4,671,702	28,009	1,056,125
Cash from operations		118,771,621	46,891,298	65,179,276	18,415,155
Finance cost paid		(2,070,705)	(771,875)	(1,914,275)	(70,065)
Finance income received		531,444	582,797	905,580	89,259
Tax refunded		6,916,956	1,522,504	3,850,400	-
Tax paid		(17,353,360)	(11,188,854)	(8,294,621)	(4,500,000)
Net cash flow from operating activities		106,795,956	37,035,870	59,726,360	13,934,349
Investing activities					
Property, plant and equipment					
- purchase		(32,427,024)	(13,988,696)	(25,869,721)	(7,290,163)
- proceed from disposal		93,007	48,600	35,207	48,600
Dividend from					
- subsidiaries		-	-	20,086,485	10,790,705
- associates		16,793,100	11,418,430	15,938,100	10,510,930
Biological assets					
- purchase		(949,544)	(645,900)	(652,199)	(409,582)
- proceed from sales		1,600,612	-	1,161,040	-
Additions to right-of-use assets		(29,896,640)	(14,000)	(29,896,261)	(14,000)
Withdrawal of short-term investment		-	3,466,767	-	-
Net advances to subsidiaries		-	-	18,077,558	(1,562,302)
Net advances to associates		-	-	165,598	-
Net advances to related parties		(73,133)	-	(5,166)	-
Net cash flow (used in)/from investing activities		(44,859,622)	285,201	(959,359)	12,074,188

Statements of Cash Flows (Cont'd)
For the Financial Year Ended 31 December 2020

	Note	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
Financing activities					
Dividends paid to:					
- Owners of the Company		(20,784,330)	(23,753,520)	(20,784,330)	(23,753,520)
- non-controlling interests		(3,378,500)	(3,140,000)	-	-
Payment for the principal portion of lease liabilities		(296,371)	(217,308)	(52,516)	(36,579)
Repayment of term loan		(3,750,000)	-	(3,750,000)	-
Draw down of revolving credit		26,500,000	-	26,500,000	-
Repayment of revolving credit		(26,500,000)	-	(26,500,000)	-
Net advances from subsidiaries		-	-	(684,293)	1,415,753
Net advances from associates		223,765	(16,655)	(6,443)	68
Net advances from related parties		(232,869)	588,921	-	-
Net cash flow used in financing activities		(28,218,305)	(26,538,562)	(25,277,582)	(22,374,278)
Net increase in cash and cash equivalents		33,718,029	10,782,509	33,489,419	3,634,259
Cash and cash equivalents at beginning of the financial year		45,404,621	34,622,112	13,286,745	9,652,486
Cash and cash equivalents at end of the financial year	19	79,122,650	45,404,621	46,776,164	13,286,745

(i) Cash outflows for lease liabilities as leases are as follows:

	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
Included in net cash from operating activities:				
Finance cost paid in relation to lease liabilities	706,660	705,906	5,084	6,621
Rental of low value assets	18,871	28,800	13,713	14,400
Net cash flow used in financing activities				
Payment for the principal portion of lease liabilities	296,371	217,308	52,516	36,579
Total cash outflows for lease liabilities	1,021,902	952,014	71,313	57,600

(ii) Reconciliation of movements of liabilities to cash flows used in financing activities:

	Borrowings RM	Lease liabilities RM
Group		
2020		
At 1 January	-	16,692,953
Additions	150,000,000	201,933
Interest expense	1,361,569	706,660
Repayment	(5,111,569)	(1,003,031)
Net changes in cash flows used in financing activities	(3,750,000)	(296,371)
At 31 December	146,250,000	16,598,515

Statements of Cash Flows (Cont'd)
For the Financial Year Ended 31 December 2020

(ii) Reconciliation of movements of liabilities to cash flows used in financing activities: (cont'd)

	Borrowings RM	Lease liabilities RM
Group		
2019		
At 1 January, as previously stated		-
Effect on adoption of MFRS 16		16,910,261
At 1 January, as restated		16,910,261
Interest expense		705,906
Repayment		(923,214)
Net changes in cash flows used in financing activities		(217,308)
At 31 December		16,692,953
Company		
2020		
At 1 January	-	121,057
Additions	150,000,000	-
Interest expense	1,361,569	5,084
Repayment	(5,111,569)	(57,600)
Net changes in cash flows used in financing activities	(3,750,000)	(52,516)
At 31 December	146,250,000	68,541
2019		
At 1 January, as previously stated		-
Effect on adoption of MFRS 16		157,636
At 1 January, as restated		157,636
Interest expense		6,621
Repayment		(43,200)
Net changes in cash flows used in financing activities		(36,579)
At 31 December		121,057

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2020

1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and listed on the Main Board of Bursa Malaysia Securities Berhad.

The address of the registered office and principal place of business of the Company is Level 23, Menara Zenith, Jalan Putra Square 6, 25200 Kuantan, Pahang Darul Makmur.

The Company is principally involved in cultivation of oil palms, production and sales of fresh fruit bunches, crude palm oil and palm kernel and investment holdings. The principal activities of the subsidiaries are disclosed in Note 12. There have been no significant changes in the nature of these activities during the financial year.

The financial statements were approved and authorised for issue by the Board of Directors dated on 24 March 2021.

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 Malaysia Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

The Group and the Company have also considered the new accounting pronouncements in the preparation of the financial statements.

(i) Accounting pronouncements that are effective and adopted during the financial year

Amendments to MFRS 3	Business Combinations - Definition of a Business
Amendments to MFRS 4	Insurance Contracts (Extension of the Temporary Exemption from Applying MFRS 9)
Amendments to MFRS 9 and MFRS 7	Interest rate Benchmark Reform
Amendments to MFRS 101	Presentation of Financial Statements - Definition of Material
Amendments to MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Material
Amendments to References to the Conceptual Framework in MFRSs	

The adoption of the above accounting pronouncements did not have any significant effect on the financial statements of the Group and of the Company.

(ii) Accounting pronouncements that are issued but not yet effective and have not been early adopted

The Group and the Company have not adopted the following accounting pronouncements that have been issued as at the date of authorisation of these financial statements but are not yet effective for the Company:

Effective for financial periods beginning on or after 1 June 2020

Amendments to MFRS 16	COVID-19 - Related Rent Concessions

Effective for financial periods beginning on or after 1 January 2021

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

Effective for financial periods beginning on or after 1 January 2022

Amendments to MFRS 3	Reference to the Conceptual Framework
Amendments to MFRS 116	Property, Plant and Equipment - Proceeds before Intended Use
Amendments to MFRS 137	Onerous Contracts - Cost of Fulfilling a Contract
Annual Improvements to MFRSs 2018 - 2020	

Notes to the Financial Statements (Cont'd)
31 December 2020

2. **BASIS OF PREPARATION** (cont'd)

(a) **Statement of compliance** (cont'd)

(ii) **Accounting pronouncements that are issued but not yet effective and have not been early adopted** (cont'd)

Effective for financial periods beginning on or after 1 January 2023

Amendments to MFRS 101	Classification of Liabilities as Current or Non-current
MFRS 17	Insurance Contracts
Amendments to MFRS 17	Insurance Contracts
Amendments to MFRS 101 and MFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to MFRS 108	Definition of Accounting Estimates

Effective date to be announced

Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The Group and the Company will adopt the above accounting pronouncements when they become effective in the respective financial periods. These accounting pronouncements are not expected to have any effect to the financial statements of the Group and the Company upon their initial application.

(b) **Basis of measurement**

The financial statements of the Group and of the Company have been prepared on the historical cost convention except for those as disclosed in the accounting policy notes.

(c) **Functional and presentation currency**

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Group's and the Company's functional currency.

(d) **Significant accounting estimates and judgements**

The summary of accounting policies as described in Note 3 to the financial statements are essential to understand the Group's and the Company's results of operations, financial position, cash flows and other disclosures. Certain of these accounting policies require critical accounting estimates that involve complex and subjective judgements and the use of assumptions, some of which may be for matters that are inherently uncertain and susceptible to change. Directors exercise their judgement in the process of applying the Group's and the Company's accounting policies.

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Group's and the Company's accounting policies and reported amounts of assets, liabilities, income and expenses, and disclosures made. Estimates and underlying assumptions are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

Notes to the Financial Statements (Cont'd)
31 December 2020

2. BASIS OF PREPARATION (cont'd)

(d) Significant accounting estimates and judgements (cont'd)

The key assumptions concerning the future and other key sources of estimation or uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are set out below.

(i) 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.

(ii) 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 profit or loss in the period in which actual realisation and settlement occurs.

(iii) Investment properties

There are complexities in determining the fair value of the investment properties, which involved significant estimates and judgements in determining the appropriate valuation methodologies and the estimations used in the application of the underlying assumptions in the valuation models used.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to the periods presented in these financial statements.

(a) Basis of consolidation

<u>Consolidation</u>

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied for like transactions and events in similar circumstances. The Company controls an investee if and only if the Company has all the following:

(i) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
(ii) Exposure, or rights, to variable returns from its investment with the investee; and
(iii) The ability to use its power over the investee to affect its returns.

Notes to the Financial Statements (Cont'd)
31 December 2020

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(a) Basis of consolidation (cont'd)

Consolidation (cont'd)

When the Company has less than a majority of the voting rights of an investee, the Company considers the following in assessing whether or not the Company's voting rights in an investee are sufficient to give it power over the investee:

(i) The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
(ii) Potential voting rights held by the Company, other vote holders or other parties;
(iii) Rights arising from other contractual arrangements; and
(iv) Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Subsidiaries are consolidated when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary.

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

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interest and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. The resulting difference is recognised directly in equity.

When control ceases, the disposal proceeds and the fair value of any retained investment are compared to the Group's share of the net assets disposed. The difference together with the carrying amount of allocated goodwill and reserves that relate to the subsidiary is recognised as gain or loss on disposal.

Business combination

Acquisitions of subsidiaries are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. The Group elects on a transaction-by-transaction basis whether to measure the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Transactions costs are expensed to the statement of comprehensive income.

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

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

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

Notes to the Financial Statements (Cont'd)
31 December 2020

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(a) Basis of consolidation (cont'd)

Business combination (cont'd)

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

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

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

Subsidiaries

A subsidiary is an entity over which the Company has all the following:

(i) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
(ii) Exposure, or rights, to variable returns from its investment with the investee; and
(iii) The ability to use its power over the investee to affect its returns.

In the Company's separate financial statements, investment in subsidiaries are accounted for at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

Non-controlling interests

Non-controlling interests represents the equity in subsidiaries not attributable directly or indirectly, to Owners of the Company, and is presented separately in the consolidated profit or loss and within equity in the consolidated financial position, separately from equity attributable to Owners of the Company.

Associates

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(a) Basis of consolidation (cont'd)

Associates (cont'd)

Goodwill relating to an associated company is included in the carrying amount of the investment. The goodwill is calculated as the difference between the cost of the investment and the investor's share of the net fair value of the investee's identifiable assets and liabilities.

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

When the Group's interest in an associate decrease but does not result in a loss of significant influence, any retained interest is not re-measured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to profit or loss.

Dividend from associates is recognised as a reduction in the carrying amounts of associates.

The associates' financial statements shall be prepared using uniform accounting policies for the transactions and events in similar circumstances.

Transactions eliminated on consolidation

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

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

(b) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the weighted average cost, and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(c) Revenue recognition and other income recognition

Revenue is recognised when or as a performance obligation in the contract with customer is satisfied, i.e. when the "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation is a promise to transfer a distinct good or service (or a series of distinct goods or services that are substantially the same and that have the same pattern of transfer) to the customer that is explicitly stated in the contract and implied in the Group's and the Company's customary business practices.

Revenue is measured at the amount of consideration to which the Group and the Company expect to be entitled in exchange for transferring the promised goods or services to the customers, excluding amounts collected on behalf of third parties such as sales taxes or goods and services taxes. If the amount of consideration varies due to discounts, rebates, refunds, credits, incentives, penalties or other similar items, the Group and the Company estimate the amount of consideration to which it will be entitled based on the expected value or the most likely outcome. If the contract with customer contains more than one performance obligation, the amount of consideration is allocated to each performance obligation based on the relative stand-alone selling prices of the goods or services promised in the contract.

Notes to the Financial Statements (Cont'd)

31 December 2020

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(c) Revenue recognition and other income recognition (cont'd)

The revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

The control of the promised goods or services may be transferred over time or at a point in time. The control over the goods or services is transferred over time and revenue is recognised over time if:

- The customer simultaneously receives and consumes the benefits provided by the Group's and the Company's performances as the Group and the Company perform;
- The Group's and the Company's performances create or enhance an asset that the customer controls as the asset is created or enhanced; or
- The Group's and the Company's performances do not create an asset with an alternative use and the Group and the Company have enforceable rights to payment for performance completed to date.

Revenue for performance obligation that is not satisfied over time is recognised at the point in time at which the customer obtains control of the promised goods or services.

Other revenue earned by the Group and by the Company are recognised on the following basis:

Dividend income

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

Interest income

Interest income is recognised on an accrual basis using the effective interest method.

Rental income

Rental income is accounted for on a straight line basis over the lease terms.

(d) Employee benefits

(i) Short term employee benefits

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

The expected cost of accumulating compensated absences is measured as an additional amount expected to be paid as a result of the unused entitlement that has accumulated at the end of the reporting period.

(ii) Defined contribution plan

As required by law, companies in Malaysia make contributions to the state pension scheme, the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense as incurred. Once the contributions have been paid, the Group and the Company have no further payment obligations.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(e) Income taxes

(i) Current tax

Tax expense represents the aggregate amount of current and deferred tax. Current tax is the expected amount payable in respect of taxable income for the financial year, using tax rates enacted or substantively enacted by the reporting date, and any adjustments recognised for prior years' tax. When an item is recognised outside profit or loss, the related tax effect is recognised either in other comprehensive income or directly in equity.

(ii) Deferred tax

Deferred tax is recognised using the liability method, on all temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is not recognised if the temporary difference 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 nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to apply in the period in which the assets are realised or the liabilities are settled, based on tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets are recognised only to the extent that there are sufficient taxable temporary differences relating to the same taxable entity and the same taxation authority to offset or when it is probable that future taxable profits will be available against which the assets can be utilised.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will be available for the assets to be utilised.

Deferred tax assets relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transactions either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition or the amount of any excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the acquisition cost.

(f) Earnings per share

Basic earnings per share ("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 year.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding during the financial year for the effects of all dilutive potential ordinary shares.

(g) Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

(i) Recognition and measurement

Cost includes expenditures that are directly attributable to the acquisition of the assets and any other costs directly attributable to bringing the asset to working condition for its intended use, cost of replacing component parts of the assets, and the present value of the expected cost for the decommissioning of the assets after their use.

Notes to the Financial Statements (Cont'd)

31 December 2020

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(g) Property, plant and equipment (cont'd)

(i) Recognition and measurement (cont'd)

The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. All other repair and maintenance costs are recognised in profit or loss as incurred.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss.

(ii) Subsequent costs

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

(iii) Depreciation

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

No depreciation is provided on assets under construction and upon completion on the construction, the cost will be transferred to the relevant category within property, plant and equipment.

Depreciation is recognised in profit or loss on a straight-line basis over its estimated useful lives of each component of an item of property, plant and equipment at the following estimated useful lives:

Buildings	10 years
Plant and machineries	5 years
Motor vehicles, furniture, fixtures and equipment	3 - 5 years

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

Fully depreciated property, plant and equipment are retained in the financial statements until they are no longer in use and no further charge for depreciation is made in respect of these property, plant and equipment.

(h) Bearer plants

Bearer plants are living trees that are used in the supply of agricultural produce and where production is expected for more than one period with a remote likelihood of being sold as other agricultural produce.

Bearer plants comprise of pre-cropping cost incurred for new plantings and replanting. Pre-cropping costs incurred are capitalised and depreciated over the useful life of the rootstock commencing from the date of maturity of the rootstock.

Notes to the Financial Statements (Cont'd)

31 December 2020

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(h) Bearer plants (cont'd)

The carrying values of bearer plants are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. The useful life and depreciation method are reviewed at each financial year end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future benefits.

Depreciation is recognised in the profit or loss on straight line basis over its estimated useful lives of bearer plants at the following estimated useful lives:

Bearer plants - after maturity	22 years

The policy for the recognition and measurement of impairment loss is in accordance with Note 3(n)(ii).

A bearer plant is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the bearer plant is included in profit or loss in the year the bearer plant is derecognised.

(i) Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amounts will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets classified as held for sale are measured at the lower of the asset's previous carrying amount and fair value less costs to sell. The assets are not depreciated or amortised while classified as held for sale. Any impairment loss on initial classification and subsequent measurement is recognised as an expense. Any subsequent increase in fair value less costs to sell (not exceeding the accumulated impairment loss that has been previously recognised) is recognised in profit or loss.

(j) Leases

(i) Group and Company as a lessee

The Group and the Company recognise right-of-use assets and a lease liabilities at the lease commencement date. The right-of-use assets are 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 site on which it is located, less any lease incentives received.

The right-of-use assets are 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 assets or the end of the lease term. The estimated useful lives of the right-of-use assets are determined as follows:

Lease of land	Over the lease period ranging from 50 to 59 years
Leasehold land	Over the lease period ranging from 52 to 98 years
Office units	3 - 5 years

In addition, the right-of-use assets are periodically reduced by impairment losses, if any, and adjusted for certain remeasurement of the lease liabilities.

Notes to the Financial Statements (Cont'd)

31 December 2020

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(j) Leases (cont'd)

(i) Group and Company as a lessee (cont'd)

The lease liabilities are initially measured at the present value of future lease payments at the commencement date, discounted using the Group's and the Company's incremental borrowing rates. Lease payments included in the measurement of the lease liabilities include fixed payments, any variable lease payments, amount expected to be payable under a residual value guarantee, and exercise price under an extension option that the Group and the Company are reasonably certain to exercise.

The lease liabilities are 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 rate, or if the Group and the Company change its assessment of whether it will exercise an extension or termination option.

Lease payments associated with short term leases and leases of low value assets are recognised on a straight-line basis as an expense in profit or loss. Short term leases are leases with a lease term of 12 months or less.

(ii) Group and Company as a lessor

The Group and the Company classifies a lease as a finance lease if the lease transfers substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee.

The Group and the Company derecognises the underlying asset and recognises a receivable at an amount equal to the net investment in a finance lease. Net investment in a finance lease is measured at an amount equal to the sum of the present value of lease payments from lessee and the unguaranteed residual value of the underlying asset. Initial direct costs are also included in the initial measurement of the net investment. The net investment is subject to MFRS 9 impairment in accordance to Note 3(n)(ii). In addition, the Group and the Company review regularly the estimated unguaranteed residual value.

When assets are leased out under a finance lease, the present value of the lease payments is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. Lease income is recognised over the term of the lease using the net investment method so as to reflect a constant periodic rate of return on the balance outstanding.

(k) Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Notes to the Financial Statements (Cont'd)
31 December 2020

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(l) Cash and cash equivalents

Cash and cash equivalents consist of cash at banks and on hand, fixed deposits placed with licensed banks and deposits placed with licensed banks that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

(m) Financial instruments

(i) Initial recognition and measurement

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

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

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

(ii) Financial instrument categories and subsequent measurement

The Group and the Company categorise financial instruments as follows:

Financial assets

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

(a) Amortised cost

The amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The financial assets are not designated as fair value through profit or loss. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss. Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets [see Note 3(n)(i)] where the effective interest rate is applied to the amortised cost.

Notes to the Financial Statements (Cont'd)

31 December 2020

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(m) Financial instruments (cont'd)

(ii) Financial instrument categories and subsequent measurement (cont'd)

Financial assets (cont'd)

(b) Fair value through profit or loss (cont'd)

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

All financial assets, except for those measured at fair value through profit or loss, are subject to impairment assessment [see Note 3(n)(i)].

Financial liabilities

The category of financial liabilities is as follows:

Amortised cost

Other financial liabilities not categorised as fair value through profit or loss are subsequently measured at amortised cost using the effective interest method.

Interest expense and foreign exchange gains and losses are recognised in the profit or loss. Any gains or losses on derecognition are also recognised in the profit or loss.

(iii) Offsetting

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

(iv) Regular way purchase or sale of financial assets

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date accounting. Trade date accounting refers to:

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(m) Financial instruments (cont'd)

(v) Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(n) Impairment

(i) Financial assets

The Group and the Company recognise loss allowances for expected credit losses ("ECL") on financial assets measured at amortised cost, contract assets and lease receivables. ECL is a probability-weighted estimate of credit losses.

Loss allowances of the Group and the Company are measured on either of the following bases:

(i) 12-month ECL - represents the ECL that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or

(ii) Lifetime ECL - represents the ECL that will result from all possible default events over the expected life of a financial instrument or contract asset

The impairment methodology applied depends on whether there has been a significant increase in credit risk.

Simplified approach - trade receivables

The Group and the Company apply the simplified approach to provide ECL for all trade receivables as permitted by MFRS 9. The simplified approach requires expected lifetime losses to be recognised from initial recognition of the receivables. The ECL on these financial assets are estimated using a provision matrix based on the Group's and the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including the time value of money where applicable.

General approach - other financial instruments

The Group and the Company apply the general approach to provide for ECL on all other financial instruments, which requires the loss allowance to be measured at an amount equal to 12-month ECL at initial recognition.

At each reporting date, the Group and the Company assess whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, the loss allowance is measured at an amount equal to lifetime ECL. In assessing whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's and the Company's historical experience and informed credit assessment and including forward looking information, where available.

Notes to the Financial Statements (Cont'd)

31 December 2020

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(n) Impairment (cont'd)

(i) Financial assets (cont'd)

General approach - other financial instruments (cont'd)

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant in credit risk since initial recognition, the loss allowance is measured at an amount equal to 12-month ECL.

The Group and the Company consider the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that a financial asset to be in default when:

- The borrower is unlikely to pay its credit obligations to the Group and to the Company in full, without recourse by the Group and the Company to actions such as realising security (if any is held); or
- The financial asset is more than 90 days past due.

The Group and the Company consider a financial guarantee contract to be in default when the debtor of the loan is unlikely to pay its credit obligations to the creditors and the Group and the Company in full, without recourse by the Group and the Company to actions such as realising security (if any is held). The Group and the Company only apply a discount rate if, and to the extent that, the risks are not taken into account by adjusting the expected cash shortfalls.

The maximum period considered when estimating ECL is the maximum contractual period over which the Group and the Company are exposed to credit risk.

Credit impaired financial assets

At each reporting date, the Group and the Company assess whether financial assets carried at amortised cost is credit impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit impaired includes the observable data about the following events:

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or past due event (e.g being more than 90 days past due);
- The lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider (e.g the restructuring of a loan or advance by the Group and the Company on terms that the Group and the Company would not consider otherwise);
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- The disappearance of an active market for security because of financial difficulties.

Write-off policy

The gross carrying amount of a financial asset is written off (either partially or full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group and the Company determine that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's and the Company's procedures for recovery amounts due. Any recoveries made are recognised in profit or loss.

Notes to the Financial Statements (Cont'd)

31 December 2020

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(n) Impairment (cont'd)

(ii) Non-financial assets

The carrying amounts of non-financial assets (except for inventories) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised immediately in profit or loss, unless the asset is carried at a revalued amount, in which such impairment loss is recognised directly against any revaluation surplus for the asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same asset. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups.

The recoverable amount of an asset or cash-generating units is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Except for goodwill, assets that were previously impaired are reviewed for possible reversal of the impairment at the end of each reporting period. Any subsequent increase in recoverable amount is recognised in profit or loss unless it reverses an impairment loss on a revalued asset, in which case it is taken to revaluation reserve. Reversal of impairment loss is restricted by the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years.

An impairment loss recognised for goodwill is not reversed.

An impairment loss is recognised for the amount by which the carrying amount of the subsidiary, joint venture or associate exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and present value of the estimated future cash flows expected to be derived from the investment including the proceeds from its disposal. Any subsequent increase in recoverable amount is recognised in profit or loss.

(o) Equity instruments

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

<u>Ordinary shares</u>

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

(p) Provisions

A provision is recognised if, as a result of a past event, the Group and the Company have a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

Notes to the Financial Statements (Cont'd)

31 December 2020

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(q) Investment property

Investment property are properties which are owned or held to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

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

Investment properties are subsequently measured at fair value with any change therein recognised in profit or loss for the period in which they arise.

Fair value gain or loss arising from the reclassification from property, plant and equipment to investment property is recognised in profit or loss.

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

(r) Biological assets

Biological assets comprised of produce growing on bearer plants and other biological assets. Biological assets are measured at fair value less costs to sell. Any gain or losses arising from changes in the fair value less costs to sell are recognised in profit or loss.

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

(s) Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statements of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(t) Operating segments

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

(u) Fair value measurement

The fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

Notes to the Financial Statements (Cont'd)
31 December 2020

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(u) Fair value measurement (cont'd)

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

When measuring the fair value of an asset or a liability, the Group and the Company use observable market data as far as possible. Fair value is categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group and the Company can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

The Group and the Company recognise transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

4. REVENUE

		Group		Company	
		2020	**2019**	**2020**	**2019**
	Note	**RM**	**RM**	**RM**	**RM**
Revenue from contracts with customers					
Sale of fresh fruit bunch ("FFB")	(i)	107,227,778	72,522,713	82,663,014	58,524,240
Sale of crude palm oil, palm kernel and others	(ii)	561,821,079	308,606,131	-	-
		669,048,857	381,128,844	82,663,014	58,524,240
Dividend income	(iii)	-	-	36,024,585	21,301,393
		669,048,857	381,128,844	118,687,599	79,825,633

Significant judgement on revenue recognition

The performance obligations and revenue recognition policies for each revenue streams have been presented as below:

(i) Sale of FFB

The Group and the Company are engaged in the sale of FFB. The Group and the Company entered into contracts with customers to supply FFB. Revenue is recognised upon delivery and issuance of sales invoice to customers.

(ii) Sale of crude palm oil, palm kernel and others

The Group is engaged in the sale of crude palm oil, palm kernel, oil palm shell, palm bunch ash and palm fibre. The Group entered into contracts with customers to supply crude palm oil, palm kernel and others. Revenue is recognised upon delivery and issuance of sales invoices to the customers.

(iii) Dividend income

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

Notes to the Financial Statements (Cont'd)

31 December 2020

4. REVENUE (cont'd)

Performance Obligation ("PO") of (i) and (ii)

PO is satisfied upon delivery of goods to customers and acknowledgment by customers. The credit terms granted to the customers is 30 days. No allocation of transaction price is required as each contract consists of one PO only.

Timing of recognition of (i) and (ii)

Revenue is recognised at the point in time when the Group and the Company had satisfied the PO, i.e. delivery of goods to the customers. At the end of the financial year, there is no unsatisfied PO, i.e. undelivered goods.

5. PROFIT BEFORE TAX

Other than those disclosed in statements of comprehensive income, the following items have been charged/(credited) in arriving at profit before tax:

	Group		Company	
	2020	**2019**	**2020**	**2019**
	RM	**RM**	**RM**	**RM**
Auditors' remuneration:				
- current year	304,000	289,000	165,000	150,000
- others	10,000	10,000	10,000	10,000
Property, plant and equipment:				
- written off	2,374	14,258	2,292	14,232
- loss/(gain) on disposal	18,756	(48,599)	(34,245)	(48,599)
Finance cost:				
- bank borrowing	1,361,569	65,969	1,361,569	63,444
- lease liabilities	706,660	705,906	5,084	6,621
- loss on initial recognition of loans to a subsidiary	-	-	547,622	826,931
Other receivables written off	22,119	33,843	10,826	19,703
Impairment loss of trade receivables	361,542	-	-	-
Impairment on investment in an associate	-	-	1,102,596	-
Rental of office	2,393	28,800	-	14,400
Rental of parking	16,478	-	13,713	-
Fair value loss on other financial asset	730,659	-	730,659	-
Finance income:				
- hibah*	(11,266)	(31,922)	(1,832)	(869)
- fixed deposits	(520,178)	(550,875)	(109,020)	(88,390)
- accretion of interest on loans to a subsidiary	-	-	(794,728)	(729,590)
Gain on sales of biological assets	(433,906)	-	(275,709)	-
Rental income	(177,927)	(81,315)	(69,927)	(69,315)
Reversal of impairment on investments in associates	-	-	(13,683,613)	-

* *Finance income from Hibah refers to interest earned under Shariah rulings*

Notes to the Financial Statements (Cont'd)
31 December 2020

6. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Staff costs:				
- Salaries, bonus and other benefits	16,670,732	15,427,838	4,806,449	3,684,397
- Defined contribution plans	1,695,990	1,553,839	548,796	447,517
	18,366,722	16,981,677	5,355,245	4,131,914
Key management personnel:				
Directors' remuneration:				
- Fees	2,032,732	1,839,290	687,814	648,090
- Salaries and other emoluments	3,158,528	3,145,925	1,448,869	1,854,525
	5,191,260	4,985,215	2,136,683	2,502,615
Other key management personnel:				
- Salaries, bonus and other benefits	1,734,528	1,631,099	1,076,358	1,072,565
- Defined contribution plans	206,543	205,896	153,947	152,433
	1,941,071	1,836,995	1,230,305	1,224,998
Total employee benefits expense	25,499,053	23,803,887	8,722,233	7,859,527

7. TAX EXPENSE

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

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Current tax				
Malaysian income tax				
- Current year	22,480,357	14,759,860	11,809,969	8,415,475
- Under/(Over) provision in previous financial years	51,575	(465,775)	122,163	(302,624)
	22,531,932	14,294,085	11,932,132	8,112,851
Deferred tax (Note 23)				
- Origination/(Reversal) of temporary differences	3,524,579	(891,145)	3,364,594	23,705
- (Over)/Under provision in previous financial years	(17,001,914)	4,949,990	(5,222,881)	4,780,871
	(13,477,335)	4,058,845	(1,858,287)	4,804,576
Tax expense for the financial year	9,054,597	18,352,930	10,073,845	12,917,427

Notes to the Financial Statements (Cont'd)
31 December 2020

7. TAX EXPENSE (cont'd)

The reconciliations from the tax amount at statutory income tax rate to the Group's and to the Company's tax expense are as follows:

	Group		Company	
	2020 RM	**2019 RM**	**2020 RM**	**2019 RM**
Profit before tax	112,204,846	103,140,985	85,815,844	72,944,838
Tax calculated at the tax rate of 24%	26,929,163	24,753,836	20,595,803	17,506,761
Tax effect on share of results of associates	(8,264,687)	(7,384,622)	-	-
Tax effect of different tax rates arising from fair value gain on investment property	-	(5,262,245)	-	(5,262,245)
Expenses not deductible for tax purposes	7,340,460	1,891,096	3,224,660	1,306,998
Under/(Over) provision in previous financial years				
- Current tax	51,575	(465,775)	122,163	(302,624)
- Deferred tax	(17,001,914)	4,949,990	(5,222,881)	4,780,871
Income not subject to tax	-	(129,350)	(8,645,900)	(5,112,334)
Total tax expense	9,054,597	18,352,930	10,073,845	12,917,427

8. EARNINGS PER SHARE

(a) Basic

Basic earnings per share of the Group are calculated by dividing the profit after tax attributable to Owners of the Company by the weighted average number of ordinary shares in issue during the financial year.

	2020	**2019**
Profit attributable to Owners of the Company (RM)	97,982,275	80,017,099
Weighted average number of ordinary shares in issue (units)	593,837,985	593,837,985
Basic and diluted earnings per share (sen)	16.50	13.47

(b) Diluted

Diluted earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to Owners of the Company by the weighted average number of ordinary shares outstanding during the financial year adjusted for the effects of dilutive potential ordinary shares.

Diluted earnings per share is the same as basic earnings per share as there is no dilutive potential ordinary shares outstanding during the financial year.

Notes to the Financial Statements (Cont'd)

31 December 2020

9. DIVIDENDS

	Paid on	Group and Company 2020 RM	2019 RM
Attributable to Owners of the Company			
Final single tier dividend in respect of financial year ended 31 December 2018 of 2 sen per ordinary share	16 July 2019	-	11,876,760
Interim single tier dividend in respect of financial year ended 31 December 2019 of 1 sen per ordinary share	17 December 2019	-	5,938,380
Second interim single tier dividend in respect of financial year ended 31 December 2019 of 1.50 sen per ordinary share	14 July 2020	8,907,570	-
Interim single tier dividend in respect of financial year ended 31 December 2020 of 2 sen per ordinary share	22 December 2020	11,876,760	-
		20,784,330	17,815,140

The Directors recommend the payment of a final single tier dividend of 5 sen per ordinary shares amounting to RM29,691,899 for the financial year ended 31 December 2020. The proposed dividend is subject to the approval of the shareholders at the forthcoming Annual General Meeting. The financial statements for current financial year do not reflect this proposed dividend. Such dividend if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2021.

	Paid on	Group 2020 RM	2019 RM
Attributable to non-controlling interests:			
Final single tier dividend:			
- in respect of financial year ended 31 December 2018 of 2 sen per ordinary share	16 May 2019	-	1,470,000
- in respect of financial year ended 31 December 2018 of 100 sen per ordinary share	29 May 2019	-	200,000
- in respect of financial year ended 31 December 2018 of 30 sen per ordinary share	16 May 2019	-	1,470,000
- in respect of financial year ended 31 December 2019 of 60 sen per ordinary share	4 May 2020	120,000	-
- in respect of financial year ended 31 December 2019 of 35 sen per ordinary share	27 February 2020	1,715,000	-
- in respect of financial year ended 31 December 2019 of 60 sen per ordinary share	27 February 2020	1,543,500	-
		3,378,500	3,140,000

Notes to the Financial Statements (Cont'd)

31 December 2020

10. PROPERTY, PLANT AND EQUIPMENT

	Bearer plants				Motor vehicles,	Assets	
	Mature	Immature	Buildings	Plant and machineries	furniture, fixtures and equipment	under construction	Total
	RM	RM	RM	RM	RM	RM	RM
Group							
2020							
Cost							
At 1 January	340,217,909	35,196,086	42,823,617	49,603,805	14,050,687	2,263,232	484,155,336
Additions	25,020,400	46,178,702	476,804	1,850,667	1,125,668	3,274,783	77,927,024
Reclassification	7,186,197	(7,186,197)	-	2,415,028	-	(2,415,028)	-
Written off	(2,566,700)	-	(108,935)	(221,036)	(506,260)	-	(3,402,931)
Disposal	-	-	-	(277,000)	(93,350)	-	(370,350)
Transfer to biological asset	-	-	-	-	-	(45,604)	(45,604)
At 31 December	369,857,806	74,188,591	43,191,486	53,371,464	14,576,745	3,077,383	558,263,475
Accumulated depreciation							
At 1 January	138,641,418	-	22,254,317	40,211,893	10,359,225	-	211,466,853
Charge for the financial year	15,447,931	-	2,936,830	2,337,215	1,703,621	-	22,425,597
Written off	(2,566,700)	-	(108,929)	(219,894)	(505,034)	-	(3,400,557)
Disposal	-	-	-	(258,449)	(138)	-	(258,587)
At 31 December	151,522,649	-	25,082,218	42,070,765	11,557,674	-	230,233,306
Carrying amount							
At 31 December	218,335,157	74,188,591	18,109,268	11,300,699	3,019,071	3,077,383	328,030,169

Notes to the Financial Statements (Cont'd)

31 December 2020

10. PROPERTY, PLANT AND EQUIPMENT (cont'd)

	Long term leasehold land RM	Bearer plants Mature RM	Bearer plants Immature RM	Buildings RM	Plant and machineries RM	Motor vehicles, furniture, fixtures and equipment RM	Assets under construction RM	Total RM
Group								
2019								
Cost								
At 1 January (previously reported)	316,252,536	325,488,156	42,853,952	40,235,504	46,972,100	13,042,632	1,945,111	786,789,991
Effect on adoption of MFRS 16	(316,252,536)	-	-	-	-	-	-	(316,252,536)
At 1 January (restated)	-	325,488,156	42,853,952	40,235,504	46,972,100	13,042,632	1,945,111	470,537,455
Additions	-	-	7,071,887	2,303,185	2,641,500	1,184,768	787,356	13,988,696
Reclassification	-	14,729,753	(14,729,753)	286,900	-	182,335	(469,235)	-
Written off	-	-	-	(1,972)	(9,795)	(102,288)	-	(114,055)
Disposal	-	-	-	-	-	(256,760)	-	(256,760)
At 31 December	-	340,217,909	35,196,086	42,823,617	49,603,805	14,050,687	2,263,232	484,155,336
Accumulated depreciation								
At 1 January (previously reported)	11,511,395	123,727,074	-	19,389,874	38,066,725	9,202,457	-	201,897,525
Effect on adoption of MFRS 16	(11,511,395)	-	-	-	-	-	-	(11,511,395)
At 1 January (restated)	-	123,727,074	-	19,389,874	38,066,725	9,202,457	-	190,386,130
Charge for the financial year	-	14,914,344	-	2,864,443	2,154,961	1,503,531	-	21,437,279
Written off	-	-	-	-	(9,793)	(90,004)	-	(99,797)
Disposal	-	-	-	-	-	(256,759)	-	(256,759)
At 31 December	-	138,641,418	-	22,254,317	40,211,893	10,359,225	-	211,466,853
Carrying amount								
At 31 December	-	201,576,491	35,196,086	20,569,300	9,391,912	3,691,462	2,263,232	272,688,483

10. PROPERTY, PLANT AND EQUIPMENT (cont'd)

	Bearer plants Mature RM	Bearer plants Immature RM	Buildings RM	Plant and machineries RM	Motor vehicles, furniture, fixtures and equipment RM	Assets under construction RM	Total RM
Company							
2020							
Cost							
At 1 January	177,683,641	17,285,402	20,271,703	3,377,996	8,178,061	-	226,796,803
Additions	25,020,400	44,975,848	206,905	259,950	531,983	374,635	71,369,721
Transfer from a subsidiary	3,484,382	-	-	-	-	-	3,484,382
Written off	(2,566,700)	-	-	(7,900)	(363,008)	-	(2,937,608)
Disposal	-	-	-	-	(1,100)	-	(1,100)
At 31 December	203,621,723	62,261,250	20,478,608	3,630,046	8,345,936	374,635	298,712,198
Accumulated depreciation							
At 1 January	67,813,868	-	9,494,277	2,906,379	5,864,277	-	86,078,801
Additions	8,177,663	-	1,747,383	138,529	998,379	-	11,061,954
Transfer from a subsidiary	1,941,015	-	-	-	-	-	1,941,015
Written off	(2,566,700)	-	-	(6,778)	(361,838)	-	(2,935,316)
Disposal	-	-	-	-	(138)	-	(138)
At 31 December	75,365,846	-	11,241,660	3,038,130	6,500,680	-	96,146,316
Carrying amount							
At 31 December	128,255,877	62,261,250	9,236,948	591,916	1,845,256	374,635	202,565,882

Notes to the Financial Statements (Cont'd)
31 December 2020

10. PROPERTY, PLANT AND EQUIPMENT (cont'd)

	Long term leasehold land RM	Bearer plants Mature RM	Bearer plants Immature RM	Buildings RM	Plant and machineries RM	Motor vehicles, furniture, fixtures and equipment RM	Assets under construction RM	Total RM
Company								
2019								
Cost								
At 1 January (previously reported)	215,449,864	160,900,955	28,393,871	19,418,409	3,003,726	7,849,572	286,900	435,303,297
Effect on adoption of MFRS 16	(215,449,864)	-	-	-	-	-	-	(215,449,864)
At 1 January (restated)	-	160,900,955	28,393,871	19,418,409	3,003,726	7,849,572	286,900	219,853,433
Additions	-	-	5,674,217	568,366	383,315	481,930	182,335	7,290,163
Written off	-	-	-	(1,972)	(9,045)	(79,016)	-	(90,033)
Disposal	-	-	-	-	-	(256,760)	-	(256,760)
Reclassification	-	16,782,686	(16,782,686)	286,900	-	182,335	(469,235)	-
At 31 December	-	177,683,641	17,285,402	20,271,703	3,377,996	8,178,061	-	226,796,803
Accumulated depreciation								
At 1 January (previously reported)	6,674,237	59,924,951	-	7,706,717	2,825,593	5,225,831	-	82,357,329
Effect on adoption of MFRS 16	(6,674,237)	-	-	-	-	-	-	(6,674,237)
At 1 January (restated)	-	59,924,951	-	7,706,717	2,825,593	5,225,831	-	75,683,092
Charge for the financial year	-	7,888,917	-	1,787,560	89,830	961,962	-	10,728,269
Written off	-	-	-	-	(9,044)	(66,757)	-	(75,801)
Disposal	-	-	-	-	-	(256,759)	-	(256,759)
At 31 December	-	67,813,868	-	9,494,277	2,906,379	5,864,277	-	86,078,801
Carrying amount								
At 31 December	-	109,869,773	17,285,402	10,777,426	471,617	2,313,784	-	140,718,002

Notes to the Financial Statements (Cont'd)
31 December 2020

10. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Acquisition of property, plant and equipment are satisfied by the following:-

	Group		Company	
	2020	**2019**	**2020**	**2019**
	RM	**RM**	**RM**	**RM**
Cash	32,427,024	13,988,696	25,869,721	7,290,163
Borrowings	45,500,000	-	45,500,000	-
	77,927,024	13,988,696	71,369,721	7,290,163

11. INVESTMENT PROPERTY

	Group/Company	
	2020	**2019**
	RM	**RM**
Leasehold land		
At fair value		
At 1 January	60,000,000	-
Transferred from non-current asset held for sale (Note 21)	-	22,412,539
Changes in fair value	-	37,587,461
At 31 December	60,000,000	60,000,000

The fair value of the above investment property was estimated based on valuation by an independent registered valuer, which was based on market evidence of transaction prices for similar properties and, in which certain values are adjusted for differences in key attributes such as property size, time and location under the comparison method. There were no changes from the prior year valuation and the current year valuation.

Fair value is determined through the comparison method using Level 3 inputs in the fair value hierarchy of MFRS 13 *Fair Value Measurement*. Changes in fair value are recognised in the statement of profit or loss during the reporting period in which they are reviewed.

12. INVESTMENTS IN SUBSIDIARIES

	Company	
	2020	**2019**
	RM	**RM**
Unquoted shares, at cost:		
At beginning/end of the financial year	18,400,302	18,400,302

Notes to the Financial Statements (Cont'd)

31 December 2020

12. INVESTMENTS IN SUBSIDIARIES (cont'd)

Details of the subsidiaries, all of which are incorporated in Malaysia, are as follows:

Name of Subsidiaries	Percentage equity held 2020 %	2019 %	Principal activities
Held by the Company			
Dawn Oil Palm Plantations Sdn. Bhd.	100.00	100.00	Oil palm plantations
B.S. Oil Palm Plantations Sdn. Bhd.	100.00	100.00	Oil palm plantations
Spectacular Potential Sdn. Bhd. *	100.00	100.00	Investment holding
Inai Prisma Sdn. Bhd. *	100.00	100.00	Dormant company
Far East Delima Plantations Sdn. Bhd. *	80.00	80.00	Oil palm plantations
F.E. Rangkaian Sdn. Bhd. *	70.00	70.00	Oil palm plantations
Kilang Kosfarm Sdn. Bhd.	51.00	51.00	Palm oil mill

* *Audited by auditors other than Moore Stephens Associates PLT*

	Far East Delima Plantations Sdn. Bhd. RM	F.E. Rangkaian Sdn. Bhd. RM	Kilang Kosfarm Sdn. Bhd. RM	Total RM
Group				
2020				
NCI percentage of ownership interest and voting interest	20.00%	30.00%	49.00%	-
Carrying amount of NCI	5,513,726	2,004,089	29,636,329	37,154,144
Profit allocated to NCI	815,266	972,688	3,380,020	5,167,974
2019				
NCI percentage of ownership interest and voting interest	20.00%	30.00%	49.00%	-
Carrying amount of NCI	4,818,460	1,031,401	29,514,809	35,364,670
Profit allocated to NCI	827,445	657,462	3,286,049	4,770,956

The summarised financial information (before intra-group eliminations) of the subsidiaries that have material NCI as at the end of each reporting period are as follows:

	Far East Delima Plantations Sdn. Bhd. RM	F.E. Rangkaian Sdn. Bhd. RM	Kilang Kosfarm Sdn. Bhd. RM
Group			
2020			
Assets and liabilities			
Non-current assets	41,558,959	29,504,665	22,939,624
Current assets	7,066,548	4,739,854	72,751,646
Non-current liabilities	(17,366,388)	(21,509,721)	(1,924,470)
Current liabilities	(3,690,488)	(6,054,501)	(43,078,118)
Net assets	27,568,631	6,680,297	50,688,682

Notes to the Financial Statements (Cont'd)

31 December 2020

12. INVESTMENTS IN SUBSIDIARIES (cont'd)

The summarised financial information (before intra-group eliminations) of the subsidiaries that have material NCI as at the end of each reporting period are as follows: (cont'd)

	Far East Delima Plantations Sdn. Bhd. RM	**F.E. Rangkaian Sdn. Bhd. RM**	**Kilang Kosfarm Sdn. Bhd. RM**
Group			
2020			
Net assets attributable to:			
Owners of the Company	27,568,631	6,680,297	41,279,123
Non-controlling interests	-	-	9,409,559
Total net assets	27,568,631	6,680,297	50,688,682
Results			
Revenue	22,960,024	13,440,045	561,821,079
Profits for the financial year, representing total comprehensive income for the year	4,076,330	3,242,293	5,170,415
Dividend	(600,000)	-	(3,500,000)
Profits attributable to:			
Owners of the Company	4,076,330	3,242,293	3,510,578
Non-controlling interests	-	-	1,659,837
Profits for the financial year, representing total comprehensive income for the year	4,076,330	3,242,293	5,170,415
Cash flows from/(used in):			
- Operating activities	17,191	1,155,705	13,435,489
- Investing activities	(270,206)	(371,740)	(830,779)
- Financing activities	(665,220)	(25,754)	(4,580,362)
2019			
Assets and liabilities			
Non-current assets	44,845,284	31,072,620	23,407,685
Current assets	9,501,445	4,717,120	56,922,082
Non-current liabilities	(18,152,347)	(26,466,720)	(1,883,236)
Current liabilities	(12,102,081)	(5,885,016)	(27,884,764)
Net assets	24,092,301	3,438,004	50,561,767
Net assets attributable to:			
Owners of the Company	24,092,301	3,438,004	41,268,545
Non-controlling interests	-	-	9,293,222
Total net assets	24,092,301	3,438,004	50,561,767
Results			
Revenue	17,726,437	9,279,308	305,512,011
Profits for the financial year, representing total comprehensive income for the year	4,137,230	2,191,538	5,114,712
Dividend	(1,000,000)	-	(3,000,000)

Notes to the Financial Statements (Cont'd)

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12. INVESTMENTS IN SUBSIDIARIES (cont'd)

The summarised financial information (before intra-group eliminations) of the subsidiaries that have material NCI as at the end of each reporting period are as follows: (cont'd)

	Far East Delima Plantations Sdn. Bhd. RM	F.E. Rangkaian Sdn. Bhd. RM	Kilang Kosfarm Sdn. Bhd. RM
Group			
2019			
Profits attributable to:			
Owners of the Company	4,137,230	2,191,538	3,585,614
Non-controlling interests	-	-	1,529,098
Profits for the financial year, representing total comprehensive income for the year	4,137,230	2,191,538	5,114,712
Cash flows from/(used in):			
- Operating activities	1,951,831	2,506,095	13,435,489
- Investing activities	(1,055,488)	(1,225,474)	(830,779)
- Financing activities	(1,062,589)	(24,715)	(4,580,362)

13. INVESTMENTS IN ASSOCIATES

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
At cost				
Unquoted shares				
At 1 January	150,318,906	143,938,906	126,119,160	126,119,160
Reclassification	6,443,519	6,380,000	-	-
At 31 December	156,762,425	150,318,906	126,119,160	126,119,160
Less: Accumulated impairment loss				
At 1 January	-	-	(13,683,613)	(13,683,613)
Additions	-	-	(1,102,596)	-
Reversal	-	-	13,683,613	-
At 31 December	-	-	(1,102,596)	(13,683,613)
	156,762,425	150,318,906	125,016,564	112,435,547

Notes to the Financial Statements (Cont'd)

31 December 2020

13. INVESTMENTS IN ASSOCIATES (cont'd)

	Group		Company	
	2020	**2019**	**2020**	**2019**
	RM	**RM**	**RM**	**RM**
Add: Share of post-acquisition results				
At 1 January	309,162,472	295,103,073	-	-
Profit for the financial year	34,436,195	30,769,258	-	-
Other comprehensive income	(3,061,969)	1,088,571	-	-
Dividend	(16,793,100)	(11,418,430)	-	-
Reclassification	(6,443,519)	(6,380,000)	-	-
Total additions	8,137,607	14,059,399	-	-
At 31 December	317,300,079	309,162,472	-	-
	474,062,504	459,481,378	125,016,564	112,435,547

a) The details of the associates, all of which are incorporated in Malaysia, are as follows:

		Percentage equity held	
Name of companies	**Principal activities**	**2020**	**2019**
Held by the Company			
Future Prelude Sdn. Bhd. ("FPSB")	Manufacturing and exporting of palm oil, fatty acids and chemicals compounds or derivatives	47.17%	47.17%
Kampong Aur Oil Palm Company (Sdn.) Berhad ("KAOP")	Oil palm plantations	40.61%	40.61%
Prosper Palm Oil Mill Sdn. Berhad ("PPOM")	Operating of palm oil mill and oil palm plantation	40.00%	40.00%
Business & Budget Hotels (Kuantan) Sdn. Bhd. ("BBHSB")	Hotel and resort operator	36.29%	36.29%
Held by KAOP			
Madah Perkasa Sdn. Bhd.	Oil palm plantations	100.00%	100.00%
Held through Kilang Kosfarm Sdn. Bhd.			
Jaspurna Holdings Sdn. Bhd.	Investment holding	45.00%	45.00%
PGC Management Services Sdn. Bhd.	Marketing of crude palm oil and management services	30.00%	30.00%

All of the financial statements of these associates were audited by auditors other than Moore Stephens Associates PLT.

Notes to the Financial Statements (Cont'd)

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13. INVESTMENTS IN ASSOCIATES (cont'd)

b) Summarised financial information in respect of the Group's material associates is set out below. The summarised financial information represents the amounts of the financial statements of the associates and not the Group's share of those amounts.

2020	PPOM RM	FPSB RM	KAOP RM	Others RM	Total RM
Assets and liabilities					
Non-current assets	814,709,536	88,618,969	161,115,556	63,354,820	1,127,798,881
Current assets	169,640,365	132,141,268	20,265,687	34,821,383	356,868,703
Non-current liabilities	(20,432,941)	(3,607,000)	(30,300,000)	(35,086,870)	(89,426,811)
Current liabilities	(49,019,195)	(51,859,462)	(4,491,362)	(28,072,835)	(133,442,854)
Net assets	914,897,765	165,293,775	146,589,881	35,016,498	1,261,797,919
Less: Share of Group's results in associate *	(102,723,955)	-	-	-	(102,723,955)
Non-controlling interest	-	-	-	(3,797,643)	(3,797,643)
Adjusted net assets attributable to Owners	812,173,810	165,293,775	146,589,881	31,218,855	1,155,276,321
Results					
Revenue	251,292,663	533,592,618	65,130,616	162,177,419	1,012,193,316
Profit for the financial year	41,432,207	8,296,843	41,785,346	2,312,393	93,826,789
Less: Share of Group's results in associate *	(5,371,954)	-	-	-	(5,371,954)
Non-controlling interest	-	-	-	(783,421)	(783,421)
Adjusted profit for the financial year attributable to Owners	36,060,253	8,296,843	41,785,346	1,528,972	87,671,414
Other comprehensive income	-	-	-	(8,437,500)	(8,437,500)
Total comprehensive income	36,060,253	8,296,843	41,785,346	(6,908,528)	79,233,914
Dividend	(5,250,000)	-	(33,138,361)	(3,200,000)	(41,588,361)

2019	PPOM RM	FPSB RM	KAOP RM	Others RM	Total RM
Assets and liabilities					
Non-current assets	777,781,057	78,826,188	146,441,781	129,764,136	1,132,813,162
Current assets	165,855,356	102,324,544	25,424,865	23,979,687	317,584,452
Non-current liabilities	(27,301,372)	(3,879,000)	(30,738,000)	(93,822,837)	(155,741,209)
Current liabilities	(37,619,483)	(20,274,800)	(3,185,750)	(14,979,381)	(76,059,414)
Net assets	878,715,558	156,996,932	137,942,896	44,941,605	1,218,596,991
Less: Share of Group's results in associate *	(97,352,001)	-	-	-	(97,352,001)
Non controlling interest	-	-	-	(3,614,222)	(3,614,222)
Adjusted net assets attributable to Owners	781,363,557	156,996,932	137,942,896	41,327,383	1,117,630,768

Notes to the Financial Statements (Cont'd)

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13. INVESTMENTS IN ASSOCIATES (cont'd)

b) Summarised financial information in respect of the Group's material associates is set out below. The summarised financial information represents the amounts of the financial statements of the associates and not the Group's share of those amounts. (cont'd)

2019	PPOM RM	FPSB RM	KAOP RM	Others RM	Total RM
Results					
Revenue	183,596,687	414,437,277	49,178,581	141,728,860	788,941,405
Profit for the financial year	47,624,343	20,464,363	11,202,383	1,590,665	80,881,754
Less: Share of Group's results in associate *	(6,722,055)	-	-	-	(6,722,055)
Non-controlling interest	-	-	-	(748,647)	(748,647)
Adjusted profit for the financial year attributable to Owners	40,902,288	20,464,363	11,202,383	842,018	73,411,052
Other comprehensive income	-	-	-	3,000,000	3,000,000
Total comprehensive income	40,902,288	20,464,363	11,202,383	4,590,665	77,159,699
Dividend	(5,250,000)	-	(20,711,476)	(2,950,000)	(28,911,476)

* *The profit for the financial year and net assets of PPOM include an indirect share of the Group's financial results as PPOM's 44.68% owned associate, Prosper Trading Sdn. Bhd., has a 23.73% equity interest in the Group. For accounting and disclosure purposes, these amounts have been excluded to arrive at the Group's share of PPOM's financial results and net assets.*

c) Reconciliation of the summarised financial information presented above to the carrying amount of the Group's interests in associates:

2020	PPOM RM	FPSB RM	KAOP RM	Others RM	Total RM
Reconciliation of net assets to carrying amount at end of the financial year					
Group's share of net assets, representing carrying amount in the statements of financial position	324,869,523	77,969,076	59,530,151	11,693,754	474,062,504
Group's share of results for the financial year ended 31 December					
Profit/(loss) for the financial year	14,424,100	3,913,623	16,968,641	(870,169)	34,436,195
Other comprehensive income	-	-	-	(3,061,969)	(3,061,969)
Dividend	(2,100,000)	-	(13,457,100)	(1,236,000)	(16,793,100)
Total comprehensive income	12,324,100	3,913,623	3,511,541	(5,168,138)	14,581,126

Notes to the Financial Statements (Cont'd)

31 December 2020

13. INVESTMENTS IN ASSOCIATES (cont'd)

c) Reconciliation of the summarised financial information presented above to the carrying amount of the Group's interests in associates:

2019	PPOM RM	FPSB RM	KAOP RM	Others RM	Total RM
Reconciliation of net assets to carrying amount at end of the financial year					
Group's share of net assets, representing carrying amount in the statements of financial position	312,545,423	74,055,453	56,018,610	16,861,892	459,481,378
Group's share of results for the financial year ended 31 December					
Profit for the financial year	16,360,915	9,653,040	4,549,287	206,016	30,769,258
Other comprehensive income	-	-	-	1,088,571	1,088,571
Dividend	(2,100,000)	-	(8,410,930)	(907,500)	(11,418,430)
Total comprehensive income	14,260,915	9,653,040	(3,861,643)	387,087	20,439,399

14. OTHER FINANCIAL ASSET

	Group and Company 2020 RM	2019 RM
At fair value through profit or loss:		
Unquoted shares	3,000,000	3,000,000
Changes in fair value:		
At 1 January	(2,269,341)	(2,269,341)
Fair value loss	(730,659)	-
At 31 December	(3,000,000)	(2,269,341)
	-	730,659

This investment does not have a quoted market price in an active market and hence, the fair value was derived based on the Group's and on the Company's share of net assets of the investee. The investee does not have the latest available financial information since 31 December 2018. As the investee company is dormant and there was no development during the financial year, the Group and the Company has recognised a fair value loss on this investment.

The fair value of the Group's and of the Company's other financial asset were within Level 3 of the fair value hierarchy.

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

Notes to the Financial Statements (Cont'd)
31 December 2020

15. RIGHT-OF-USE ASSETS

	Office units RM	Leasehold land RM	Lease of land RM	Total RM
Group				
2020				
Cost				
At 1 January	663,895	316,266,536	16,246,366	333,176,797
Addition	202,312	134,396,261	-	134,598,573
At 31 December	866,207	450,662,797	16,246,366	467,775,370
Accumulated depreciation				
At 1 January	140,044	15,807,429	306,384	16,253,857
Charge for the financial year	211,976	5,082,679	306,385	5,601,040
At 31 December	352,020	20,890,108	612,769	21,854,897
Net carrying amount				
At 31 December	514,187	429,772,689	15,633,597	445,920,473
2019				
Cost				
At 1 January (previously stated)	-	-	-	-
Effect on adoption of MFRS 16	663,895	316,252,536	16,246,366	333,162,797
At 1 January (restated)	663,895	316,252,536	16,246,366	333,162,797
Addition	-	14,000	-	14,000
At 31 December	663,895	316,266,536	16,246,366	333,176,797
Accumulated depreciation				
At 1 January (previously stated)	-	-	-	-
Effect on adoption of MFRS 16	-	11,511,395	-	11,511,395
At 1 January (restated)	-	11,511,395	-	11,511,395
Charge for the financial year	140,044	4,296,034	306,384	4,742,462
At 31 December	140,044	15,807,429	306,384	16,253,857
Net carrying amount				
At 31 December	523,851	300,459,107	15,939,982	316,922,940

Notes to the Financial Statements (Cont'd)
31 December 2020

15. RIGHT-OF-USE ASSETS (cont'd)

	Office units RM	Leasehold land RM	Lease of land RM	Total RM
Company				
2020				
Cost				
At 1 January	-	157,636	215,463,864	215,621,500
Addition	-	-	134,396,261	134,396,261
At 31 December	-	157,636	349,860,125	350,017,761
Accumulated depreciation				
At 1 January	-	39,409	9,371,017	9,410,426
Charge for the financial year	-	52,544	3,483,425	3,535,969
At 31 December	-	91,953	12,854,442	12,946,395
Net carrying amount				
At 31 December	-	65,683	337,005,683	337,071,366
2019				
Cost				
At 1 January (previously stated)		-	-	-
Effect on adoption of MFRS 16		157,636	215,449,864	215,607,500
At 1 January (restated)		157,636	215,449,864	215,607,500
Addition		-	14,000	14,000
At 31 December		157,636	215,463,864	215,621,500
Accumulated depreciation				
At 1 January(previously stated)		-	-	-
Effect on adoption of MFRS 16		-	6,674,237	6,674,237
At 1 January (restated)		-	6,674,237	6,674,237
Charge for the financial year		39,409	2,696,780	2,736,189
At 31 December		39,409	9,371,017	9,410,426
Net carrying amount				
At 31 December		118,227	206,092,847	206,211,074

Notes to the Financial Statements (Cont'd)
31 December 2020

15. RIGHT-OF-USE ASSETS (cont'd)

(i) Acquisition of right-of-use assets are satisfied by the following:-

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Cash	29,896,640	14,000	29,896,261	14,000
Borrowings	104,500,000	-	104,500,000	-
Lease arrangement	201,933	-	-	-
	134,598,573	14,000	134,396,261	14,000

(ii) Certain leasehold land of the Company with net carrying amount of RM112,583,393 (2019: RM Nil) are held as security for term loan facilities as disclosed in Note 25.

16. RECEIVABLES

	Note	Group		Company	
		2020 RM	2019 RM	2020 RM	2019 RM
<u>Non-current</u>					
Amount due from a subsidiary	(iii)	-	-	14,488,813	20,300,977
<u>Current</u>					
Trade receivables	(i)	38,024,748	31,082,166	5,651,991	3,636,460
Other receivables		2,348,958	3,011,495	1,529,600	1,632,809
Deposits	(ii)	4,994,298	27,595,049	4,703,102	27,517,951
Prepayments		202,817	25,157	12,670	16,707
Amounts due from subsidiaries	(iii)	-	-	7,824,098	20,089,492
Amounts due from associates	(iv)	19,602,029	8,940,524	3,131,634	3,297,232
Amounts due from related parties	(iii)	73,133	-	5,166	-
		65,245,983	70,654,391	22,858,261	56,190,651
Less: Impairment loss of trade receivables		(361,542)	-	-	-
		64,884,441	70,654,391	37,347,074	76,491,628

The movement in the impairment loss during the financial year are as follows:

	Group	
	2020 RM	2019 RM
At 1 January	-	-
Additions	361,542	-
At 31 December	361,542	-

(i) <u>Trade receivables</u>

Credit term of trade receivables granted by the Group and the Company is 30 days (2019: 30 days).

Notes to the Financial Statements (Cont'd)

31 December 2020

16. RECEIVABLES (cont'd)

(ii) Deposits

Included in both the Group's and the Company's deposits are:

(a) RM4,051,489 (2019: RM7,359,840) paid to Pengarah Tanah dan Galian Pahang and Pentadbir Tanah Daerah Pekan for the alienation of 433.5 acres (2019: 1,132.2 acres) of land;

(b) RM Nil (2019: RM18,671,800) paid to Harn Len Corporation Berhad for the acquisition of oil palm plantation land measured at 5,249.7 acres with an oil palm mill. The acquisition of the said oil palm plantation land with an oil palm mill was completed in 2020.

(iii) Amounts due from subsidiaries/related parties

The amounts due from subsidiaries/related parties are loans and advances, which are unsecured, free of interest and refundable on demand except for an amount due from a subsidiary of RM14,488,813 (2019: RM20,300,977), which is collectible in 2 to 4 years (2019: 2 to 4 years) bearing an average interest of approximately 2.73% per annum (2019: 3.01%).

	2020 RM	2019 RM
Company		
Non-current		
- later than 1 year and not later than 4 years	15,645,570	21,656,660
Current		
- not later than 1 year	8,570,654	20,884,228
	24,216,224	42,540,888
Less accretion:		
At January	2,150,419	2,053,078
Initial recognition	547,622	826,931
Credited to profit or loss	(794,728)	(729,590)
At December	1,903,313	2,150,419
	22,312,911	40,390,469
Present value:		
- not later than 1 year	7,824,098	20,089,492
- later than 1 year and not later than 4 years	14,488,813	20,300,977
	22,312,911	40,390,469

(iv) Amounts due from associates

The amounts due from associates are trade in nature which are collectible within the normal credit period.

Notes to the Financial Statements (Cont'd)
31 December 2020

17. BIOLOGICAL ASSETS

	2020 RM	2019 RM
Group		
Non-current:		
At cost		
- Seedlings	474,342	645,900
Current:		
At fair value		
- Unharvested FFB	4,802,418	4,601,052
	5,276,760	5,246,952
Company		
Non-current:		
At cost		
- Seedlings	176,450	409,582
Current:		
At fair value		
- Unharvested FFB	2,430,069	1,963,821
	2,606,519	2,373,403
Group		
Seedlings, at cost		
At beginning of the financial year	645,900	-
Additions	949,544	645,900
Disposal	(1,166,706)	-
Transfer from PPE	45,604	-
At end of the financial year	474,342	645,900
Unharvested FFB, at fair value		
At beginning of the financial year	4,601,052	4,649,041
Changes in fair value	201,366	(47,989)
At end of the financial year	4,802,418	4,601,052
	5,276,760	5,246,952
Company		
Seedlings, at cost		
At beginning of the financial year	409,582	-
Additions	652,199	409,582
Disposal	(885,331)	-
At end of the financial year	176,450	409,582
Unharvested FFB, at fair value		
At beginning of the financial year	1,963,821	2,356,066
Changes in fair value	466,248	(392,245)
At end of the financial year	2,430,069	1,963,821
	2,606,519	2,373,403

Notes to the Financial Statements (Cont'd)
31 December 2020

17. BIOLOGICAL ASSETS (cont'd)

The biological assets have the following maturity periods:

	2020 RM	2019 RM
Group		
Current:		
Due not later than one year	4,802,418	4,601,052
Non-current:		
More than one year	474,342	645,900
Company		
Current:		
Due not later than one year	2,430,069	1,963,821
Non-current:		
More than one year	176,450	409,582

The biological assets of the Group and of the Company comprise of:

(i) FFB prior to harvest (unharvested FFB)

Represents the FFB of up to 15 days prior to harvest for sale or for use in the Group's and the Company's palm product operations. During the current financial year, the Group and the Company harvested approximately 316,710 metric tonnes ("MT") of FFB (2019: 298,849 MT) and 158,429 MT of FFB (2019: 146,946 MT) respectively. The quantity of unharvested FFB of the Group and of the Company as at 31 December 2020 included in the fair valuation of unharvested FFB was 5,870 MT (2019: 7,420 MT) and 2,999 MT (2019: 3,197 MT) respectively.

The Group and the Company attribute a fair value on the unharvested FFB at each statements of financial position date as required under MFRS 141 Agriculture. FFB are the produce of oil palm trees and are harvested continuously throughout the financial year. Each FFB take approximately 22 weeks from pollination to reach maximum oil content to be ready for harvesting. The value of each FFB at cash point of the FFB production cycle will vary based on the cumulative oil content in each fruit.

In determining the fair value of unharvested FFB, management uses estimates of cash flows using the expected output method and observable market price of FFB. Management has considered the oil content of all unripe FFB from the week after pollination to the week prior to harvest. As the oil content accrues exponentially in the 2 weeks prior to harvest, the FFB prior to 2 weeks before harvesting is excluded in the valuation as the fair values are considered negligible.

The fair value of the Group's and of the Company's unharvested FFB were within Level 3 of the fair value hierarchy.

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

Notes to the Financial Statements (Cont'd)
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17. BIOLOGICAL ASSETS (cont'd)

(i) FFB prior to harvest (unharvested FFB) (cont'd)

Sensitivity analysis

The sensitivity analysis below indicates the approximate change in the Group's and the Company's fair value of FFB that would arise if the following key estimates and assumptions adopted in the valuation model had changed at the reporting date, assuming all other estimates, assumptions and other variables remained constant.

	Increase/ (decrease) in price and volume RM	**Increase/ (decrease) in fair value of biological assets RM**
Group		
2020		
Selling price (RM)	10%	516,542
	(10%)	(516,542)
Production volume (MT)	10%	480,242
	(10%)	(480,242)
2019		
Selling price (RM)	10%	505,848
	(10%)	(505,848)
Production volume (MT)	10%	460,105
	(10%)	(460,105)
Company		
2020		
Selling price (RM)	10%	261,530
	(10%)	(261,530)
Production volume (MT)	10%	243,007
	(10%)	(243,007)
2019		
Selling price (RM)	10%	216,065
	(10%)	(216,065)
Production volume (MT)	10%	196,382
	(10%)	(196,382)

(ii) Seedlings

Seedlings represent oil palm seedlings for sale recognised at cost less accumulated impairment loss, if any. The fair value of these nurseries approximate to their costs as these seedlings are aged less than four months as at the financial year end.

Notes to the Financial Statements (Cont'd)
31 December 2020

18. INVENTORIES

	2020 RM	2019 RM
Group		
As cost		
Finished goods	5,028,216	4,360,875
Raw materials	250,338	114,905
Consumables	788,418	995,377
	6,066,972	5,471,157
Company		
As cost		
Consumables	283,572	254,666

19. DEPOSITS, CASH AND BANK BALANCES

	2020 RM	2019 RM
Group		
Deposits with licensed banks	36,879,825	18,338,152
Cash and bank balances	42,242,825	27,066,469
	79,122,650	45,404,621
Company		
Deposits with licensed banks	32,520,862	12,980,000
Cash and bank balances	14,255,302	306,745
	46,776,164	13,286,745

The effective weighted average interest/profit rates (per annum) of the deposits at the end of the financial year were as follows:

	2020	2019
Group		
Deposits with licensed banks	1.58%	2.98%
Company		
Deposits with licensed banks	1.56%	3.30%

As at 31 December 2020, the deposits of the Group and of the Company have maturity periods between 30 to 90 days (2019: 30 to 90 days).

Notes to the Financial Statements (Cont'd)

31 December 2020

20. FINANCE LEASE RECEIVABLES

The Group and the Company have classified the mill purchased from Harn Len Corporation Berhad as finance lease as the mill has been leased for the whole of the remaining term of the leasehold land to an associate, and term of the payment is within 3 tranches over a short period of time since inception, with the remaining balance to be paid within 3 months from the financial year end. During the year, the movement on the finance lease receivables are as follows:

	2020 RM
Group and Company	
As at 1 January	-
New leases entered into during the financial year	15,000,000
Lease payments received during the financial year	(6,500,000)
As at 31 December	8,500,000
Current	8,500,000

The following table sets out a maturity analysis of lease receivables, showing the undiscounted lease payments to be received after the reporting date:

	2020 RM
Within one year, representing net investment in the lease	8,500,000

21. NON-CURRENT ASSET HELD FOR SALE

	Leasehold land 2020 RM	Leasehold land 2019 RM
Group/Company		
Valuation		
At 1 January	-	22,412,539
Transferred to investment property (Note 11)	-	(22,412,539)
At 31 December	-	-

In the previous financial year, the non-current asset held for sale of the Group and of the Company was in respect of a leasehold land measuring at 8.8 hectares located at Bandar Indera Mahkota, Kuantan, Pahang Darul Makmur ("leasehold land"). The leasehold land was presented as a non-current asset held for sale following the commitments of the Group's and of the Company's management to a plan to sell the leasehold land and that efforts to sell the leasehold land had commenced. However, such plan had ceased as at 31 December 2019.

22. SHARE CAPITAL

	Group and Company			
	2020 Units	2019 Units	2020 RM	2019 RM
Ordinary shares				
Issued and fully paid				
At beginning of the year/At end of the year	593,837,985	593,837,985	197,945,995	197,945,995

The holders of ordinary shares are entitled to receive dividends as declared from time to time and is entitled to one vote per share at meetings of the Company. All shares rank equally with regards to the Company's residual assets.

Notes to the Financial Statements (Cont'd)

31 December 2020

23. DEFERRED TAX LIABILITIES

	2020 RM	2019 RM
Group		
At beginning of the financial year	87,186,313	83,127,468
Recognised in profit or loss (Note 7)	(13,477,335)	4,058,845
At end of the financial year	73,708,978	87,186,313
Company		
At beginning of the financial year	45,379,576	40,575,000
Recognised in profit or loss (Note 7)	(1,858,287)	4,804,576
At end of the financial year	43,521,289	45,379,576

This is in respect of estimated deferred tax liabilities arising from temporary differences as follows:

	2020 RM	2019 RM
Group		
Deferred tax liabilities		
- property, plant and equipment	60,551,185	82,324,132
- others	13,157,793	4,862,181
	73,708,978	87,186,313
Company		
Deferred tax liabilities		
- property, plant and equipment	30,897,638	41,149,513
- others	12,623,651	4,230,063
	43,521,289	45,379,576

24. LEASE LIABILITIES

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Current	305,889	253,002	54,721	52,516
Non-current	16,292,626	16,439,951	13,820	68,541
Total lease liabilities	16,598,515	16,692,953	68,541	121,057
Minimum lease payments				
- not later than 1 year	1,000,133	952,014	57,600	57,600
- later than 1 year and not later than 5 years	3,412,160	3,472,131	14,400	72,000
- More than 5 years	35,615,036	36,384,688	-	-
	40,027,329	40,808,833	72,000	129,600
Less: unexpired finance charges	(23,428,814)	(24,115,880)	(3,459)	(8,543)
	16,598,515	16,692,953	68,541	121,057
Present value of lease liabilities				
- not later than 1 year	305,889	253,002	54,721	52,516
- later than 1 year and not later than 5 years	740,019	775,593	13,820	68,541
- More than 5 years	15,552,607	15,664,358	-	-
	16,598,515	16,692,953	68,541	121,057

Notes to the Financial Statements (Cont'd)

31 December 2020

24. LEASE LIABILITIES (cont'd)

The movement of lease liabilities during the financial year are as follows:

	Group		Company	
	2020	**2019**	**2020**	**2019**
	RM	**RM**	**RM**	**RM**
At 1 January	16,692,953	-	121,057	-
Effect on MFRS 16 adoption	-	16,910,261	-	157,636
Addition	201,933	-	-	-
Interest charge	706,660	705,906	5,084	6,621
Payment of:				
- principal	(296,371)	(217,308)	(52,516)	(36,579)
- interest	(706,660)	(705,906)	(5,084)	(6,621)
At 31 December	16,598,515	16,692,953	68,541	121,057

Interest rate per annum as at the reporting date for the lease liabilities for the Group and for the Company are 4.2% (2019: 4.2%).

25. BORROWINGS

	Group/Company
	2020
	RM
Term loan (secured)	
Current liabilities	15,000,000
Non current liabilities	131,250,000
Total borrowings	146,250,000
Maturity profile of borrowings:	
On demand or within 1 year	15,000,000
More than 1 year and less than 2 years	15,000,000
More than 2 years and less than 5 years	45,000,000
More than 5 years	71,250,000
	146,250,000

The interest rate per annum at the reporting date for borrowings is 2.85%.

The term loan of the Group and of the Company is secured by certain leasehold land of the Group as disclosed in Note 15.

Notes to the Financial Statements (Cont'd)

31 December 2020

26. PAYABLES

		Group		Company	
	Note	2020 RM	2019 RM	2020 RM	2019 RM
Trade payables	(i)	33,818,092	20,339,409	1,232,018	1,030,264
Other payables		3,814,624	3,858,452	288,523	318,969
Deposits		29,880	1,529,380	11,880	1,511,380
Accruals		8,994,444	6,356,512	4,046,653	2,690,450
Amounts due to subsidiaries	(ii)	-	-	3,272,538	2,413,466
Amounts due to associates	(iii)	428,294	204,529	-	6,443
Amounts due to related parties	(iv)	356,052	588,921	-	-
		47,441,386	32,877,203	8,851,612	7,970,972

(i) Trade payables

The Group's and the Company's normal trade credit terms range from 30 to 90 days (2019: 30 to 90 days). Other credit terms are assessed on a case-by-case basis.

(ii) Amounts due to subsidiaries

The amounts due to subsidiaries are non-trade in nature, unsecured, interest-free, repayable on demand and are expected to be settled in cash.

(iii) Amounts due to associates

The amounts due to associate are non-trade in nature, unsecured, interest-free, repayable on demand and are expected to be settled in cash.

(iv) Amounts due to related parties

The amounts due to related parties are non-trade in nature, unsecured, interest-free, repayable on demand and are expected to be settled in cash.

27. RELATED PARTIES

Identify of related parties

For the purpose of these financial statements, parties are considered to be related to the Group and to the Company if the Group and the Company have the ability to directly control the party or exercise significant influence over the party in making financial and operating decision, or vice versa, or where the Group and the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Other related parties and their relationship are as follows:

Related parties	Relationship
- PGC Management Services Sdn. Bhd. ("PGC")	Associate of Kilang Kosfarm Sdn. Bhd.
- Kilang Sawira Makmur Sdn. Bhd. ("KSM")	Associate of Kilang Kosfarm Sdn. Bhd.
- Rompin Palm Oil Mill Sdn. Bhd. ("RPOM")	Prosper Palm Oil Mill Sdn. Berhad ("PPOM") holds 30% equity in RPOM
- Endau Palm Oil Mill Sdn. Bhd. ("EPOM")	PTSB holds 32% equity in EPOM
- Prosper Trading Sdn. Bhd. ("PTSB")	Substantial shareholder of the Company
- Prosper Palm Oil Products Marketing Sdn. Bhd. ("PPOPM")	PPOM holds 30% equity interest in PPOPM
- Wujud Wawasan Sdn. Bhd.	51% subsidiary of Kilang Kosfarm Sdn. Bhd.
- Koperasi Serbausaha Makmur Berhad ("KOSMA")	Shareholder of Wujud Wawasan Sdn. Bhd.
- LKPP Corporation Sendirian Berhad ("LKPP Corp.")	Shareholder of the Company
- Merchong Palm Oil Mill Sdn. Bhd. ("MPOM")	Common Director

Notes to the Financial Statements (Cont'd)

31 December 2020

27. RELATED PARTIES (cont'd)

Related party transactions

The Group and the Company have related party relationships with its subsidiaries, associates, related parties, Directors and key management personnel. Related parties refer to companies in which certain Directors of the Company have substantial financial interests and/or are also Directors of the companies. The related party balances are shown in Notes 16 and 26 respectively. The related party transactions of the Group and of the Company are disclosed as follows:

	Company	
	2020	**2019**
	RM	**RM**
Transactions with subsidiaries:		
Dividend income		
- Dawn Oil Palm Plantations Sdn. Bhd.	7,920,660	3,780,315
- B.S. Oil Palm Plantations Sdn. Bhd.	9,900,825	4,680,390
- Far East Delima Plantations Sdn. Bhd.	480,000	800,000
- Kilang Kosfarm Sdn. Bhd.	1,785,000	1,530,000
Sale of FFB		
- Kilang Kosfarm Sdn. Bhd.	11,129,199	13,829,614

	Group		Company	
	2020	**2019**	**2020**	**2019**
	RM	**RM**	**RM**	**RM**
Transactions with associates:				
Dividend income				
- PPOM	-	-	2,100,000	2,100,000
- KAOP	-	-	13,457,100	8,410,930
- BBHSB	-	-	381,000	-
Sale of FFB				
- PPOM	16,649,913	3,530,773	16,649,913	3,530,773
Purchase of FFB				
- PPOM	492,291	57,957	-	-
- KAOP	24,351,175	17,619,631	-	-
Sale of crude palm oil and palm kernel				
- FPSB	176,093,662	134,586,444	-	-
- PPOM	1,765,628	6,393,238	-	-
Purchase of crude palm oil and palm kernel				
- PPOM	21,457,366	6,894,144	-	-
Management fee payable to				
- PGC	3,411,980	2,521,400	-	-

Notes to the Financial Statements (Cont'd)
31 December 2020

27. RELATED PARTIES (cont'd)

Related party transactions (cont'd)

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Transactions with related parties:				
Sale of FFB				
- RPOM	-	13,787,894	-	-
- LKPP Corp.	1,373,253	1,055,203	1,373,253	1,055,203
- KSM	23,845,247	16,305,524	23,845,247	16,305,524
- EPOM	688,827	2,350,906	8,547	-
- MPOM	36,649,606	11,892,796	132,830	-
Purchase of FFB				
- KOSMA	130,481,876	102,302,038	-	-
Sale of crude palm oil and palm kernel				
- PTSB	35,677,802	30,694,525	-	-
- PPOPM	14,944,628	4,026,453	-	-
- EPOM	3,508,177	11,235,966	-	-
- RPOM	6,690,685	7,093,001	-	-
- KSM	-	1,308,735	-	-
- MPOM	1,062,378	-	-	-
Purchase of crude palm oil and palm kernel				
- EPOM	59,643,171	29,681,042	-	-
- RPOM	43,406,247	8,133,552	-	-
- KSM	14,910,118	4,534,506	-	-

Compensation of key management personnel

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. The key management personnel include all the Directors and certain members of senior management of the Group and of the Company.

Remuneration paid by the Group and the Company to key management personnel during the financial year has been disclosed in Note 6.

28. SEGMENTAL INFORMATION

No segmental reporting has been prepared as the Group activities are predominantly in plantation related activities, which are carried out in Malaysia.

Notes to the Financial Statements (Cont'd)

31 December 2020

29. CAPITAL COMMITMENTS

Capital expenditures not provided for in the financial statements are as follows:

	Group		Company	
	2020 RM	**2019 RM**	**2020 RM**	**2019 RM**
Authorised by the Directors and not contracted for	26,865,996	50,311,688	22,555,312	38,212,147
Analysed as follows:				
- property, plant and equipment	8,429,670	12,427,308	4,781,470	2,606,208
- oil palm plantation development	9,486,326	12,934,380	8,823,842	10,655,939
- acquisition of land	8,950,000	24,950,000	8,950,000	24,950,000
	26,865,996	50,311,688	22,555,312	38,212,147
Authorised by the Directors and contracted for	1,757,451	165,221,337	1,593,180	164,968,510
Analysed as follows:				
- property, plant and equipment	1,314,000	529,977	1,282,850	277,150
- oil palm plantation development	443,451	-	310,330	-
- acquisition of land	-	164,691,360	-	164,691,360
	1,757,451	165,221,337	1,593,180	164,968,510

30. FINANCIAL INSTRUMENTS

Categories of financial instruments

The Group's and the Company's financial assets and financial liabilities are all categorised at amortised cost except for other financial asset which is categorised as fair value through profit or loss.

Financial Risk Management Objectives and Policies

The Group's and the Company's activities are exposed to a variety of financial risks which include credit risk and liquidity risk. The Group's and the Company's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's and the Company's financial performance.

Risk management is integral to the whole business of the Group and of the Company. Management continually monitors the Group's and the Company's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in the market conditions and the Group's and the Company's activities.

There have been no changes to the Group's and the Company's exposure to these financial risks or the manner in which they manage and measure the risk.

(a) Credit risk

Credit risk is the risk of financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's and the Company's exposure to credit risk arises principally from their receivables (which consist of trade and other receivables, amounts due from associates and amounts due from related companies). For other financial assets (including cash and bank balances and fixed deposits with licensed banks), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties. There are no significant changes as compared to prior periods.

Notes to the Financial Statements (Cont'd)

31 December 2020

30. FINANCIAL INSTRUMENTS (cont'd)

Financial Risk Management Objectives and Policies (cont'd)

(a) Credit risk (cont'd)

Trade receivables

Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit risk is minimised and monitored via strictly limiting the Group's and the Company's associations to business partners with good credit rating. Credit evaluations are performed on all customers requiring credit over a certain amount.

At each reporting date, the Group and the Company assess whether any of the trade receivables are credit impaired.

There are no significant changes as compared to previous financial year.

Exposure to credit risk, credit quality and collateral

As the Group and the Company do not hold any collateral, the maximum exposure to credit risk is represented by the carrying amount of the financial assets as at the end of the reporting period.

Concentration of credit risk

The Group and the Company determine concentration of credit risk by monitoring the profiles of their receivables on an ongoing basis.

As at 31 December 2020, the Group and the Company have significant concentration of credit risk arising from the amount owing by 5 customer (2019: 6 customers) constituting 71% (2019: 71%) and 2 customers (2019: 2 customers) constituting 70% (2019: 66%) of gross trade receivables of the Group and of the Company respectively.

Recognition and measurement of impairment loss

The Group and the Company have applied the simplified approach in MFRS 9 to measure the loss allowance at lifetime ECL. The Group and the Company determine the ECL on these items by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Accordingly, the credit risk profile of these assets is presented based on their past due status in terms of the provision matrix.

The Group and the Company will initiate appropriate debt recovery procedures on past due balances which are monitored by the sales management team. Where necessary, the Group and the Company will also commence legal proceeding against the customers.

Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency.

Loss rates are based on actual credit loss experienced over the prior years. The Group and the Company also consider differences between (a) economic conditions during the period over which the historic data has been collected, (b) current conditions and (c) the Group's and the Company's view of economic conditions over the expected lives of the receivables. Nevertheless, the Group and the Company believe that these factors are immaterial for the purpose of impairment calculation for the year.

30. FINANCIAL INSTRUMENTS (cont'd)

Financial Risk Management Objectives and Policies (cont'd)

(a) Credit risk (cont'd)

Trade receivables (cont'd)

Recognition and measurement of impairment loss (cont'd)

The following table provides information about the exposure to credit risk and ECL for trade receivables as at reporting date which are grouped together as they are expected to have similar risk nature.

	Group		Company	
	2020 RM	**2019 RM**	**2020 RM**	**2019 RM**
Not past due nor impaired	37,563,454	30,895,092	5,651,991	3,449,386
Past due but not impaired:				
Less than 30 days	99,752	95,581	-	95,581
31 days to 60 days	-	91,493	-	91,493
61 days to 90 days	-	-	-	-
more than 90 days	-	-	-	-
	99,752	187,074	-	187,074
Credit impaired	361,542	-	-	-
Individually impaired	(361,542)	-	-	-
	37,663,206	31,082,166	5,651,991	3,636,460

Receivables that are past due not impaired

The Group has not provided for these trade receivables as there has been no significant changes in their credit quality and the amounts are still considered recoverable which are not past due for more than 90 days.

Credit Impaired

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments which past due more than 90 days. These receivables are not secured by any collateral or credit enhancements.

Other receivables and deposits

Credit risk on other receivables and deposits are mainly arising from deposits paid for leasehold lands and a mill. These deposits paid for leasehold lands and mill will be capitalised in property, plant and equipment upon transfer of land titles. The Group and the Company manage the credit risk together with the terms of the purchase agreement and other supplementary arrangements.

Other receivables and deposits are neither past due nor impaired. The Group and the Company believe that generally no allowance for doubtful debts is necessary in respect of other receivables and deposits that are neither past due nor impaired as these receivables and deposits are mainly arising from debtors that have good records of payment in the past.

30. FINANCIAL INSTRUMENTS (cont'd)

Financial Risk Management Objectives and Policies (cont'd)

(a) Credit risk (cont'd)

Cash and cash equivalents

The cash and cash equivalents are held with banks and financial institutions. As at 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. Hence, a loss allowance is not necessary.

Related party balances (including subsidiaries, associates and other related parties)

Risk management objectives, policies and processes for managing the risk

Trade

Intercompany receivable (trade) represents amounts outstanding arising from sales of goods.

In arriving at loss allowance, the same assumptions as trade receivables have been applied. As a result, management was of the view that there is no indication of impairment loss in respect of amounts due from associates, related companies and subsidiaries as at the reporting date.

Non-trade

The Company provides unsecured loans and advances to its subsidiaries and related parties. The Company monitors the ability of these subsidiaries and related parties to repay the loans and advances on an individual basis.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position. Loans and advances provided are not secured by any collateral or supported by any other credit enhancements.

Recognition and measurement of impairment loss

Loans with subsidiaries and amount due from related parties are repayable on demand. For loans that are repayable on demand, expected credit losses are assessed based on the assumption that repayment of the loan is demanded at the reporting date.

Generally, the Group and the Company consider loans and advances to subsidiaries, and related parties to have low credit risk. The Group and the Company assume that there is a significant increase in credit risk when the entity's financial position deteriorates significantly. As the Group and the Company are able to determine or influence the timing of payments of the subsidiaries' and related parties' loans and advances when they are payable, the Group and the Company consider a subsidiary's and related parties' loan or advance to be credit impaired when the respective entities are unlikely to repay its loan or advances to the Group and to the Company in full given insufficient highly liquid resources when the advances are demanded.

The Group and the Company determine the probability of default for these loans and advances individually using internal information available.

As at the year end, there were no indications of impairment loss in respect of these amounts.

Notes to the Financial Statements (Cont'd)
31 December 2020

30. FINANCIAL INSTRUMENTS (cont'd)

Financial Risk Management Objectives and Policies (cont'd)

(b) Liquidity risk

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting financial obligations when they fall due. The Group's and the Company's exposure to liquidity risk arises primarily from various payables and lease liabilities.

The Group and the Company actively manage their operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met.

The table below summarises the maturity profiles of the Group's and of the Company's financial liabilities at the reporting date based on contractual undiscounted cash flows:

	Carrying amount RM	Contractual cash flows RM	On demand or within 1 year RM	1 to 2 years RM	2 to 5 years RM
Group					
2020					
Trade and other payables	37,632,716	37,632,716	37,632,716	-	-
Deposits	29,880	29,880	29,880	-	-
Accruals	8,994,444	8,994,444	8,994,444	-	-
Amounts due to associates	428,294	428,294	428,294	-	-
Amounts due to related companies	356,052	356,052	356,052	-	-
Lease liabilities	16,598,515	40,027,329	1,000,133	3,412,160	35,615,036
	64,039,901	87,468,715	48,441,519	3,412,160	35,615,036
2019					
Trade and other payables	24,197,861	24,197,861	24,197,861	-	-
Deposits	1,529,380	1,529,380	1,529,380	-	-
Accruals	6,356,512	6,356,512	6,356,512	-	-
Amounts due to associates	204,529	204,529	204,529	-	-
Amounts due to related parties	588,921	588,921	588,921	-	-
Lease liabilities	16,692,953	40,808,833	952,014	3,472,131	36,384,688
	49,570,156	73,686,036	33,829,217	3,472,131	36,384,688
Company					
2020					
Trade and other payables	1,520,541	1,520,541	1,520,541	-	-
Deposits	11,880	11,880	11,880	-	-
Accruals	4,046,653	4,046,653	4,046,653	-	-
Amounts due to subsidiaries	3,272,538	3,272,538	3,272,538	-	
Lease liabilities	68,541	72,000	57,600	14,400	-
	8,920,153	8,923,612	8,909,212	14,400	-

Notes to the Financial Statements (Cont'd)

31 December 2020

30. FINANCIAL INSTRUMENTS (cont'd)

Financial Risk Management Objectives and Policies (cont'd)

(b) Liquidity risk (cont'd)

The table below summarises the maturity profiles of the Group's and of the Company's financial liabilities at the reporting date based on contractual undiscounted cash flows: (cont'd)

Company	Carrying amount RM	Contractual cash flows RM	On demand or within 1 year RM	1 to 2 years RM	2 to 5 years RM
2019					
Trade and other payables	1,349,233	1,349,233	1,349,233	-	-
Deposits	1,511,380	1,511,380	1,511,380	-	-
Accruals	2,690,450	2,690,450	2,690,450	-	-
Amounts due to subsidiaries	2,413,466	2,413,466	2,413,466	-	-
Amounts due to associates	6,443	6,443	6,443	-	-
Lease liabilities	121,057	129,600	57,600	72,000	-
	8,092,029	8,100,572	8,028,572	72,000	-

31. FAIR VALUE INFORMATION

Assets and liabilities carried at fair value

The fair value measurement hierarchies used to measure non-financial assets at fair values in the statements of financial position are disclosed in Notes 11, 14 and 17.

There was no material transfer between Level 1, Level 2 and Level 3 during the financial year.

Financial instrument other than those carried at fair value

Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

The carrying amounts of short-term receivables and payables and cash and cash equivalents approximate their fair values due to the relatively short-term nature of these financial instruments and insignificant impact of discounting.

The carrying amount of amount due from a subsidiary approximates its fair value as the market interest rate on initial recognition is approximately the same as the current market interest rate.

There was no material transfer between Level 1, Level 2 and Level 3 during the financial year.

Notes to the Financial Statements (Cont'd)
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32. CAPITAL MANAGEMENT

The Group's and the Company's objectives when managing capital is to maintain a strong capital base and safeguard the Group's and the Company's ability to continue as a going concern. The Group and the Company monitor and maintain an optimal debt-to-equity ratio that complies with debt covenants and regulatory requirements.

The Group monitors capital using debt-to-equity ratio which is the debt divided by total equity. Debt includes borrowings and lease liabilities, whilst total capital is equity attributable to Owners of the Company.

The debt-to-equity ratios at end of the reporting period are as follows:

	Group		**Company**	
	2020 RM	**2019 RM**	**2020 RM**	**2019 RM**
Borrowings and lease liabilities	162,848,515	16,692,953	146,318,541	121,057
Total equity attributable to the Owners of the Company, representing total capital	1,145,419,630	1,071,283,654	636,583,239	581,625,570
Debt-to-equity ratio (%)	14%	2%	23%	*

* *Not meaningful*

There were no changes in the Group's and the Company's approach to capital management during the financial year.

The Group and the Company are in compliance with all externally imposed capital requirements.

33. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Acquisition of oil palm plantation land and a palm oil mill

The acquisition of 2,124.50 hectares (equivalent to 5,249.64 acres) oil palm plantation land inclusive of 40MT FFB per hour rated capacity palm oil mill in Rompin, Pahang from Harn Lern Corporation Berhad for a total purchase consideration of RM182,990,400 was completed on 25 August 2020.

COVID-19

The emergence and spread of the coronavirus (COVID-19) in early 2020 has affected businesses and economic activities in Malaysia and beyond. The Group and the Company have not been adversely affected as at the date of this report. The Group and the Company 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 and the Company for the financial year ending 31 December 2021. 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 and the Company negatively. The Group and the Company continue to monitor the impact of COVID-19 pandemic and its impact on the Group, the Company and its shareholders.

Notes to the Financial Statements (Cont'd)

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34. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with current year's presentation as follows:

	As previously reported RM	As reclassified RM
Group		
2019		
Statements of comprehensive income		
Employee benefits expense	(26,064,797)	(23,803,887)
Other operating expenses	(7,800,959)	(10,061,869)
Statements of cash flows		
Operating activities		
Changes in working capital:		
- payables	5,243,968	4,671,702
Cash from operations	47,463,564	46,891,298
Net cash flow from operating activities	37,608,136	37,035,870
Statements of cash flows		
Financing activities		
Net advances from associates	-	(16,655)
Net advances from related parties	-	588,921
Net cash flow used in financing activities	(27,110,828)	(26,538,562)
Company		
2019		
Statement of cash flows		
Operating activities		
Changes in working capital:		
- receivables	(12,587,114)	(11,024,812)
- payables	2,471,946	1,056,125
Cash from operations	18,268,674	18,415,155
Net cash flow from operating activities	13,787,868	13,934,349
Investing activities		
Net advances to subsidiaries	-	(1,562,302)
Net cash flow from investing activities	13,636,490	12,074,188
Financing activities		
Net advances from subsidiaries	-	1,415,753
Net advances from associates	-	68
Net cash flow used in financing activities	(23,790,099)	(22,374,278)

SHAREHOLDINGS STRUCTURE

as at 31 March 2021

Number of Shares : 593,837,985 ordinary shares

ANALYSIS BY SIZE OF SHAREHOLDINGS

Size of Shareholdings	No. of Holders		No. of Shares		Percentage (%)	
	Malaysian	Foreign	Malaysian	Foreign	Malaysian	Foreign
Less than 100	38	1	886	40	0.00	0.00
100 - 1,000	155	5	111,126	1,836	0.02	0.00
1,001 - 10,000	819	5	5,592,778	20,840	0.94	0.00
10,001 - 100,000	553	19	16,952,479	706,860	2.85	0.12
100,001 and above	118	2	528,657,220	535,500	89.03	0.09
Directors' Shareholdings	9	0	41,258,420	-	6.95	0.00
Total	**1,692**	**32**	**592,572,909**	**1,265,076**	**99.79**	**0.21**

DISTRIBUTION TABLE ACCORDING TO CATEGORY OF HOLDERS

No.	Category of Shareholder	No. of Holders			No. of Securities			%		
		Malaysian		Foreign	Malaysian		Foreign	Malaysian		Foreign
		Bumi	Non-Bumi		Bumi	Non-Bumi		Bumi	Non-Bumi	
1	Individuals	106	1,403	20	19,963,040	84,567,015	593,196	3.36	14.24	0.10
2	Body Corporate									
	a. Banks/ Finance Companies	3	-	-	99,120	-	-	0.02	-	0.00
	b. Investment Trusts/ Foundation/ Charities	-	-	-	-	-	-	-	-	0.00
	c. Other Types of Companies	10	35	-	76,755,336	235,930,344	-	12.93	39.73	0.00
3	Government Agencies / Institution	2	-	-	151,591,020	-	-	25.52	0.00	0.00
4	Nominees	82	51	12	22,191,994	1,474,940	671,880	3.74	0.25	0.11
5	Others	-	-	-	-	-	-	0.00	0.00	0.00
	Total	**203**	**1,489**	**32**	**270,600,510**	**321,972,299**	**1,265,076**	**45.57**	**54.22**	**0.21**

Shareholdings Structure (Cont'd)
as at 31 March 2021

TOP THIRTY HOLDERS

No.	Name	Holdings	%
1	Perbadanan Kemajuan Pertanian Negeri Pahang	149,523,360	25.18
2	Prosper Trading Sdn. Berhad	96,828,480	16.31
3	Hikmat Elit Sdn. Bhd.	41,196,540	6.94
4	LKPP Corporation Sendirian Berhad	34,861,176	5.87
5	Prosper Trading Sdn. Berhad	33,158,664	5.58
6	Fokas Sehati Sdn. Bhd.	19,579,740	3.30
7	Azimat Pelangi Sdn. Bhd.	18,765,580	3.16
8	Deluxe Era Sdn. Bhd.	14,649,820	2.47
9	Hikmat Elit Sdn. Bhd.	13,747,020	2.31
10	Kamaruddin bin Mohammed	11,340,000	1.91
11	Prosper Trading Sdn. Berhad	10,935,120	1.84
12	Affin Hwang Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Tee Kim Tee @ Tee Ching Tee	10,887,240	1.83
13	Mergeboom (M) Sdn. Bhd.	10,567,200	1.78
14	Tee Cheng Hua	8,762,200	1.48
15	Affin Hwang Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Tee Kim Tee @ Tee Ching Tee	8,190,000	1.38
16	Budi-JS Plantation Management Sdn. Berhad	7,002,240	1.18
17	Mergeboom (M) Sdn. Bhd.	4,935,000	0.83
18	Han Kee Juan	4,121,040	0.69
19	Tee Ching Chan	3,720,280	0.63
20	Tee Cheng Hu	3,038,280	0.51
21	Amanah Saham Pahang Berhad	3,002,420	0.51
22	Tee Lip Hian	2,883,720	0.49
23	Tee Chain Yee	2,835,000	0.48
24	Tee Lip Sin	2,331,280	0.39
25	Tee Lip Jen	2,183,580	0.37
26	Nowawi bin Abdul Rahman	2,169,600	0.37
27	Tee Lip Chuan	2,132,340	0.36
28	Kalsom binti Ahmad	2,100,000	0.35
29	Perbadanan Kemajuan Negeri Selangor	2,067,660	0.35
30	Liow Boon Seng	2,007,600	0.34
	Total	**529,522,180**	**89.19**

Shareholdings Structure (Cont'd)

as at 31 March 2021

INFORMATION OF SUBSTANTIAL SHAREHOLDERS (EXCLUDING BARE TRUSTEES)

No.	Names Of Substantial Shareholders	NRIC / Registration No.	Nationality/ Country of Incorporated	Direct Holdings No.	%
1	**Perbadanan Kemajuan Pertanian Negeri Pahang** *Share Held Through:-*	PKPNPECT142016	Malaysian Incorporated		
	Own Account - Cds No. 087-007-057838492			149,523,360	25.18
			Total Shares and %	149,523,360	25.18
2	**Prosper Trading Sdn. Berhad** *Share Held Through:-*	TEM144561	Malaysian Incorporated		
	Own Account - Cds No. 068-009-050705219			33,158,664	5.58
	Own Account - Cds No. 068-019-024047938			10,935,120	1.84
	Own Account - Cds No. 086-001-063842942			96,828,480	16.31
			Total Shares and %	140,922,264	23.73
3	**Hikmat Elit Sdn. Bhd.** *Share Held Through:-*	562277U	Malaysian Incorporated		
	Own Account - Cds No. 068-009-050707900			41,196,540	6.94
	Own Account - Cds No. 028-002-036831386			13,747,020	2.31
			Total Shares and %	54,943,560	9.25
4	**LKPP Corporation Sdn. Bhd.** *Share Held Through:-*	199769V	Malaysian Incorporated		
	Own Account -Cds No. 058-003-002974525			34,861,176	5.87
	Ta Nominees (Tempatan) Sdn Bhd - Cds No. 058-003-004774634			508,200	0.09
			Total Shares and %	35,369,376	5.96
			Total	**380,758,560**	**64.12**

Shareholdings Structure (Cont'd)
as at 31 March 2021

INFORMATION ON DIRECTORS' SHAREHOLDINGS

No.	Directors	Direct Holdings No.	Direct Holdings %	Indirect Holdings No.	Indirect Holdings %
1	Dato' Sri Kamaruddin bin Mohammed				
	Shares held through:-				
	Individual Account - CDS No. 058-003-043607845	11,340,000	1.91	2,100,000 [a]	0.35
	Notes:				
	[a] *By Virtue of Ybg Datin Sri Kalsom bt Ahmad is his spouse*			420,000 [b]	0.07
	[b] *By Virtue of Khairatun Amirah bt Kamaruddin is his daughter*	11,340,000	1.91	2,520,000	0.42
2	Tee Kim Tee @ Tee Ching Tee			-	-
	Shares held through:-				
	Individual Account - CDS No.068-009-050698323	501,480	0.09		
	Affin Hwang Nominees (Tempatan) Sdn Bhd - CDS No.068-009-050757608	10,887,240	1.83		
	Affin Hwang Nominees (Tempatan) Sdn Bhd - CDS No.028-002-009567678	8,190,000	1.38		
		19,578,720	3.30		
3	Tee Cheng Hua			-	-
	Shares held through:-				
	Individual Account - CDS No. 086-001-013021316	8,762,200	1.48		
		8,762,200	1.48		
4	Tee Lip Teng			-	-
	Shares held through:-				
	Individual Account - CDS No.086-003-049003551	420,000	0.07		
	Individual Account - CDS No.028-002-049136559	840,000	0.14		
		1,260,000	0.21		
5	Dato' Asmin binti Yahya			-	-
	Shares held through:-				
	Individual Account - CDS No.076-002-026589689	315,000	0.05		
		315,000	0.05		
6	Nik Mohamed Zaki bin Nik Yusoff				
	Shares held through:-				
	Kenanga Nominees (Tempatan) Sdn Bhd - CDS No.073-001-066166513	2,500	0.00		
		2,500	0.00		
7	Datuk Mohd Afrizan bin Husain	-	-	-	-
8	Dato' Suhaimi bin Mohd Yunus	-	-	-	-
9	Ng Yee Kim	-	-	-	-
	TOTAL	**41,258,420**	**6.95**	**2,520,000**	**0.42**

GROUP PROPERTIES

Location	Title/Address	Tenure (Leasehold Period Till Year)	Area (Hec) / Square Meter	Usage	Net Book Value As At 31.12.2020 RM'000
Far East Holdings Berhad					
Sungai Seraya Estate	H.S(D) 61	2079	161.8744 ha	Oil Palm	
Daerah Rompin	H.S(D) 62	2079	258.9990 ha	Cultivations	
Pahang Darul Makmur	H.S(D) 63	2079	230.6710 ha		
	H.S(D) 64	2079	190.2024 ha		
	PN 16273	2103	60.5700 ha		
	PN 16839	2103	10.2200 ha		
	H.S(D) 5787	2119	4.0650 ha		
	H.S(D) 5788	2119	60.3050 ha		
Bukit Jin Estate	H.S(D) 3171	2079	420.8734 ha	Oil Palm	
Daerah Bera	H.S(D) 3172	2079	420.8724 ha	Cultivations	
Pahang Darul Makmur	H.S(D) 3173	2079	190.2020 ha		
	H.S(D) 3174	2079	230.6705 ha		
	H.S(D) 3177	2079	384.4508 ha		
	H.S(D) 3178	2079	36.4217 ha		
	H.S(D) 3179	2079	68.7965 ha		
	H.S(D) 3180	2079	68.7965 ha		
	H.S(D) 11125	2119	65.1690 ha		
Sungai Rasau Estate	H.S(D) 1971	2091	118.0388 ha	Oil Palm	
Daerah Pekan				Cultivations	
Pahang Darul Makmur					
Sungai Batu Estate	PN 18576	2103	873.6000 ha	Oil Palm	
Daerah Kuantan	PN 24400	2112	33.3000 ha	Cultivations	
Pahang Darul Makmur					
Chengal Estate	H.S(D) 4147	2106	1,103.0100 ha	Oil Palm	
Daerah Rompin	H.S(D) 4148	2106	1,096.9900 ha	Cultivations	
Pahang Darul Makmur					
DSK Estate[a]	PN 28633	2112	1,297.0000 ha	Oil Palm	
Daerah Rampin				Cultivations	
Pahang Darul Makmur					
Cenderawasih Estate[a]	H.S(D) 3703	2070	222.1721 ha	Oil Palm	
Daerah Rompin	H.S(D) 3710	2070	468.2217 ha	Cultivations	
Pahang Darul Makmur	H.S(D) 3774	2072	394.1632 ha		
	H.S(D) 3850	2074	628.8805 ha		
	H.S(D) 67	2079	85.3888 ha		
	H.S(D) 68	2079	193.8446 ha		
	H.S(D) 69	2079	141.6401 ha		
Sungai Sawak Estate[a]	H.S(D) 5663	2117	796.2070 ha	Oil Palm	
Daerah Rompin				Cultivations	
Pahang Darul Makmur					

Group Properties (Cont'd)

Location	Title/Address	Tenure (Leasehold Period Till Year)	Area (Hec) / Square Meter	Usage	Net Book Value As At 31.12.2020 RM'000
Far East Holdings Berhad (Cont'd)					
Bandar Indera Mahkota	PN 7721	2096	8.82400 ha	Building	
Land Nearby Sungai Marung Estate	PN 28616	2114	158.1000 ha	Oil Palm Cultivations	
	H.S(M) 7647	2114	1.4890 ha		
	H.S(D) 5087	2115	31.8020 ha		
	H.S(D) 5456	2116	26.5970 ha		
	PN 27916	2117	12.7800 ha		
Land Nearby Sungai Gayung Estate	H.S(D) 5088	2115	11.5600 ha	Oil Palm Cultivations	
Land Nearby Bukit Serok Estate	H.S(D) 4850	2113	44.6500 ha	Oil Palm Cultivations	
	H.S(D) 4851	2113	145.8900 ha		
Land Nearby Kampong Aur Estate	H.S(D) 5005	2114	58.4620 ha	Oil Palm Cultivations	
Land Nearby Cempaka Estate	H.S(D) 11009	2116	8.5000 ha	Oil Palm Cultivations	
	H.S(D) 11010	2116	17.0120 ha		
	H.S(D) 11011	2116	17.8220 ha		
Land Nearby Dawn Estate	H.S(D) 5004	2114	12.1000 ha	Oil Palm Cultivations	
Land Nearby Juasa Estate	H.S(D) 5330	2116	40.8200 ha	Oil Palm Cultivations	
	H.S(D) 5331	2116	221.4570 ha		
	H.S(D) 5346	2116	55.2910 ha		
	H.S(D) 5611	2119	141.5460 ha		
			11,330.3184 ha		**587,588**
Far East Holdings Berhad (Head Office)[a]	Level 23 Menara Zenith Jalan Putra Square 6 25200 Kuantan Pahang Darul Makmur	Owned	14,444.40 sq.m	Head Office	
					4,021

Group Properties (Cont'd)

Location	Title/Address	Tenure (Leasehold Period Till Year)	Area (Hec) / Square Meter	Usage	Net Book Value As At 31.12.2020 RM'000
Dawn Oil Palm Plantations Sdn. Bhd.					
Dawn Estate	H.S(D) 11	2075	297.8482 ha	Oil Palm	
Daerah Rompin	H.S(D) 18	2076	133.1414 ha	Cultivations	
Pahang Darul Makmur	H.S(D) 57	2079	242.8116 ha		
	H.S(D) 58	2079	177.7600 ha		
	H.S(D) 3719	2071	11.3312 ha		
	H.S(D) 3772	2072	236.3360 ha		
	H.S(D) 3773	2072	14.5687 ha		
	H.S(D) 4115	2103	114.1800 ha		
	PN 7815	2103	218.9000 ha		
	PN 19605	2071	138.2000 ha		
	H.S(D) 4852	2113	220.0000 ha		
	PN 17098	2103	23.7700 ha		
Cempaka Estate	H.S(D) 988	2096	452.6000 ha	Oil Palm	
Daerah Bera				Cultivations	
Pahang Darul Makmur					
			2,281.4471 ha		**69,539**
B.S. Oil Palm Plantations Sdn. Bhd.					
Bukit Serok Estate	H.S(D) 8	2075	350.4572 ha	Oil Palm	
Daerah Rompin	H.S(D) 16	2076	346.8150 ha	Cultivations	
Pahang Darul Makmur	H.S(D) 50	2085	357.8000 ha		
	H.S(D) 59	2079	171.9916 ha		
	H.S(D) 60	2079	248.8819 ha		
	H.S(D) 3716	2071	136.3788 ha		
	H.S(D) 3717	2071	137.1882 ha		
	H.S(D) 3741	2071	290.1591 ha		
	PN 17048	2103	27.7900 ha		
			2,067.4618 ha		**70,778**
Far East Delima Plantations Sdn. Bhd.					
Delima Estate[b]	H.S(D) 4568	2103	2,830.8500 ha	Oil Palm	
Daerah Rompin				Cultivations	
Pahang Darul Makmur					
			2,830.8500 ha		**39,050**

Group Properties (Cont'd)

Location	Title/Address	Tenure (Leasehold Period Till Year)	Area (Hec) / Square Meter	Usage	Net Book Value As At 31.12.2020 RM'000
F.E. Rangkaian Sdn. Bhd.					
Rangkaian Estate[b] Daerah Rompin Pahang Darul Makmur	H.S(D) 4805 H.S(D) 4806	2112 2112	728.4500 ha 687.9800 ha	Oil Palm Cultivations	
			1,416.4300 ha		**26,145**
Kilang Kosfarm Sdn. Bhd.[c]	H.S(D) 3896	2070	123.8339 ha	Building and Oil Palm Cultivations	
Cenderawasih Palm Oil Mill[d]	H.S(D) 3850	2074	10.0640 ha	Building and Oil Palm Cultivations	
			133.8979 ha		**394**
		Grand Total	**20,060.4052 ha**		**797,515**

Notes:

[a] *The value is based on acquisition price whereby all other properties is based on revaluation carried out in 2015 except for Bandar Indera Mahkota land which is based on the current value.*

[b] *The land is leased from Rangkaian Delima Sdn. Bhd.*

[c] *The land is subleased from Kampong Aur Oil Palm Company (Sdn.) Berhad.*

[d] *The land is currently in the process of the lease to be registered to Prosper Palm Oil Mill Sdn. Berhad.*

Far East Holdings Berhad

197301001753 (14809-W)

PROXY FORM

CDS Account No.	
No. of Shares Held	

I/We .... NRIC/Passport No./Company No.: ....

of ....

being a member/members of FAR EAST HOLDINGS BERHAD [Registration No. 197301001753 (14809-W)], hereby appoint:-

Name	Address	NRIC/ Passport No./ Company No.	Proportion of Shareholdings (%)
*And/or (delete as appropriate)			

or failing him/her, *the CHAIRMAN OF THE MEETING, as *my/our proxy(ies) to vote for *me/us on *my/our behalf at the **47th ANNUAL GENERAL MEETING** of the Company will be held at The Zenith Hotel, Jalan Putra Square 6, 25200 Kuantan, Pahang Darul Makmur on Wednesday, 9 June 2021 at 10.00 a.m. and at any adjournment thereof.

* If you wish to appoint other person(s) to be your proxy/proxies, kindly delete the word "or failing him/her, the Chairman of the Meeting" and insert the name(s) of the person(s) desired.

Mark either box if you wish to direct the proxy how to vote. If no mark is made the proxy may vote on the resolution or abstain from voting as the proxy think fit. If you appoint more than one (1) proxy and wish them to vote differently this should be specified.

My/our proxy/proxies is/are to vote as indicated below:-

No	Resolutions		For	Against
1.	To approve the payment of a final single tier dividend of five (5) sen per share in respect of the financial year ended 31 December 2020 as recommended by Directors.	Ordinary Resolution 1		
2.	To re-elect the following Directors who retire pursuant to Clause 77 of the Constitution of the Company and who being eligible, offer themselves for re-election:			
	(a) Dato' Sri Kamaruddin bin Mohammed	Ordinary Resolution 2		
	(b) Datuk Mohd Afrizan bin Husain	Ordinary Resolution 3		
3.	To re-elect the following Directors who retire pursuant to Clause 76 of the Constitution of the Company and who being eligible, offer themselves for re-election:			
	(a) Dato' Asmin binti Yahya	Ordinary Resolution 4		
	(b) Miss Ng Yee Kim	Ordinary Resolution 5		
4.	To approve the payment of fees to the Directors up to an amount of RM687,814 from the 47th AGM until the next AGM of the Company.	Ordinary Resolution 6		
5.	To approve the payment of benefits to the Directors up to an amount of RM1,246,450 from the 47th AGM until the next AGM of the Company.	Ordinary Resolution 7		
6.	To re-appoint Messrs Moore Stephens Associates PLT as Auditors of the Company for the financial year ending 31 December 2021 and to authorise the Directors to determine their remuneration.	Ordinary Resolution 8		
7.	Proposed Renewal of Shareholders' Mandate for Existing RRPT.	Ordinary Resolution 9		
8.	Proposed Amendment of Constitution	Special Resolution 1		

Signed this .... day of .... 2021.

....

Signature(s)/Company Seal

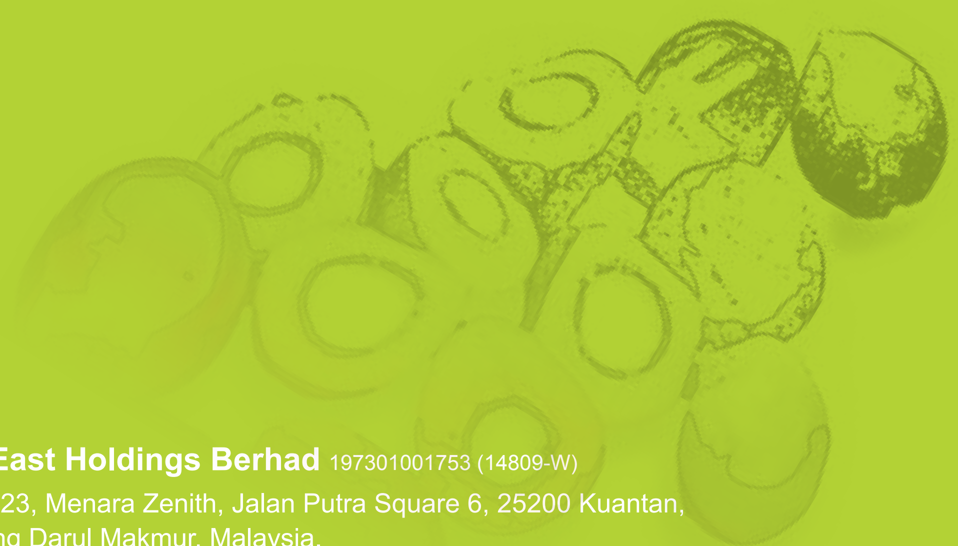
Fold here to seal

STAMP

COMPANY SECRETARY

FAR EAST HOLDINGS BERHAD
Level 23, Menara Zenith
Jalan Putra Square 6
25200 Kuantan
Pahang Darul Makmur

Fold here to seal



Far East Holdings Berhad 197301001753 (14809-W)
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