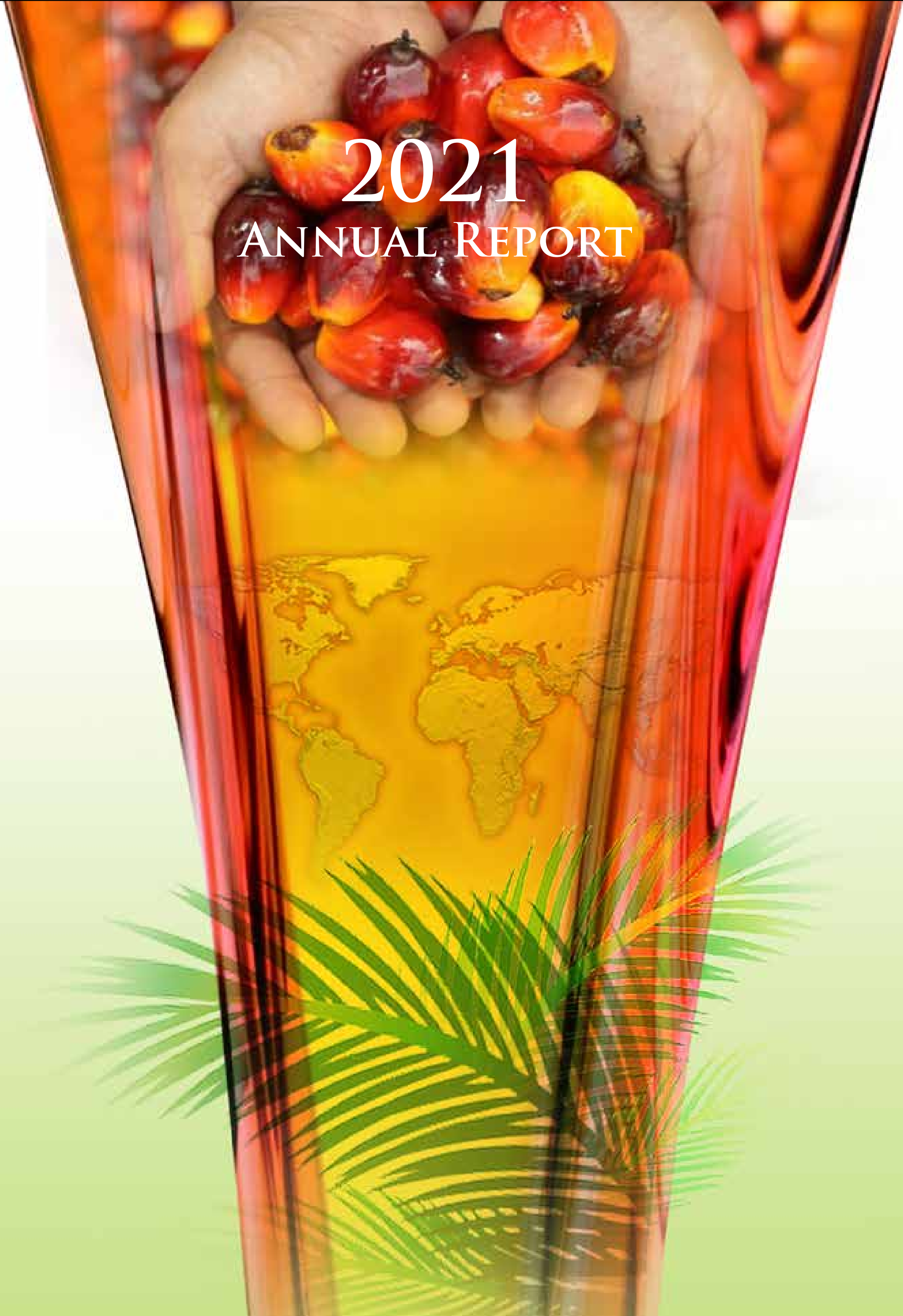
2021
Annual Report



MHC Plantations Bhd.

[196001000393 (4060-V)]

(Incorporated in Malaysia)

MHC Plantations Bhd.
[196001000393 (4060-V)]
(Incorporated in Malaysia)

Contents

Financial Statements

MHC Plantations Bhd.
[196001000393 (4060-V)]
(Incorporated in Malaysia)

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Sixty-Second (62nd) Annual General Meeting ("62nd AGM and/or "AGM") of the Company will be held at Kompleks Pejabat Behrang 2020, Jalan Persekutuan 1, 35900 Tanjung Malim, Perak, Malaysia on Friday, 27 May 2022 at 11.30 a.m. for the following purposes:

AGENDA

AS ORDINARY BUSINESS:	**ORDINARY RESOLUTION NO.**
1. To receive the Audited Financial Statements for the financial year ended 31 December 2021, together with the Directors' and Auditors' Reports thereon.	**Please refer to Note 2**
2. To approve the payment of Directors' benefits payable to Non-Executive Directors up to RM162,000 from 62nd AGM until the next AGM of the Company.	**1**
3. To re-elect the following Directors retiring in accordance with the Company's Constitution:	
3.1 Dato' Seri Mah King Seng	**2**
3.2 Mr. Chan Kam Leong	**3**
4. To re-appoint Messrs PKF PLT as Auditors of the Company to hold office until the next AGM and to authorise the Directors to fix their remuneration.	**4**
As **SPECIAL BUSINESS**, to consider and, if thought fit, with or without any modification, to pass the following resolutions:	
5. **RETENTION OF INDEPENDENT NON-EXECUTIVE DIRECTORS UNTIL THE NEXT AGM IN ACCORDANCE WITH THE MALAYSIAN CODE OF CORPORATE GOVERNANCE ("MCCG")**	
5.1 That subject to his re-election as a Director of the Company under Ordinary Resolution 3, Mr. Chan Kam Leong, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years be retained to continue to act as an Independent Non-Executive Director of the Company.	**5**
5.2 That Puan Wan Salmah Binti Wan Abdullah, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years be retained to continue to act as an Independent Non-Executive Director of the Company.	**6**
6. **PROPOSED AUTHORITY TO ALLOT AND ISSUE SHARES IN GENERAL PURSUANT TO SECTION 76 OF THE COMPANIES ACT, 2016**	**7**

"THAT pursuant to Section 76 of the Companies Act, 2016, the Directors be and are hereby empowered to allot and issue shares in the Company at any time and from time to time until the conclusion of the next AGM and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided the aggregate number of shares to be issued does not exceed ten per centum (10%) of the total number of issued shares of the Company at the time of issue, subject always to the Constitution of the Company and approval of all relevant regulatory bodies being obtained for such allotment and issuance AND THAT the Directors of the Company be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad AND FURTHER THAT such authority shall commence immediately upon the passing of this Resolution and continue to be in force until the conclusion of the next Annual General Meeting of the Company."

7. To transact any other business of which due notice shall have been given in accordance with the Companies Act, 2016.

FURTHER NOTICE IS HEREBY GIVEN THAT only members whose names appear on the Record of Depositors as at 19 May 2022 shall be entitled to attend the AGM or appoint proxies in his/her stead or in the case of a corporation, a duly authorised representative to attend and to vote in his/her stead.

By Order of the Board

CHAN EOI LENG
(SSM PC No. 202008003055)
(MAICSA 7030866)

Chartered Secretary

Ipoh, Perak Darul Ridzuan, Malaysia
26 April 2022

Notes:

1. PROXY

A member, other than an exempt authorised nominee is entitled to appoint one (1) or two (2) proxies to attend and vote instead of him/her. A proxy must be 18 years and above and need not be a member of the Company.

Where a member appoints two (2) proxies, the appointments shall be invalid unless he/she specifies the proportions of his/her holdings to be represented by each proxy.

Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company in an Omnibus Account, there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds but the proportion of holdings to be represented by each proxy must be specified.

The instrument appointing a proxy shall be in writing under the hand of the appointer or his/her attorney duly authorised in writing or if the appointer is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorised. If under the hand of attorney/authorised officer, the Power of Attorney or Letter of Authorisation must be attached.

The instrument appointing a proxy must be deposited at the Share Registrar's office of the Company, Boardroom Share Registrars Sdn. Bhd. at 11th Floor, Menara Symphony, No. 5, Jalan Professor Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor, Malaysia not less than 48 hours before the time appointed for holding the Meeting or adjourned Meeting either by hand, post, courier or electronic mail to bsr.helpdesk@boardroomlimited.com or fax (603) 78904670 before the Form of Proxy lodgement cut-off time as mentioned above, otherwise the instrument of proxy should not be treated as valid.

For verification purposes, members and proxies are required to produce their original identity card at the registration counter. No person will be allowed to register on behalf of another person even with the original identity card of that other person.

2. AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

Agenda 1 is meant for discussion only as Section 340(1)(a) of the Companies Act, 2016 only requires the Audited Financial Statements to be laid before the Company at the AGM and do not require shareholders' approval. Hence, this Agenda is not put forward for voting.

3. DIRECTORS' BENEFITS TO NON-EXECUTIVE DIRECTORS

Section 230(1) of the Companies Act, 2016 provides amongst others, that "fees" of the Directors and "any benefits" payable to Directors of a listed company and its subsidiaries shall be approved at a general meeting. Pursuant thereto, shareholders' approval is sought for this payment in Ordinary Resolution 1 for Payment of Directors' benefits to Non-Executive Directors from 62nd AGM until the next AGM of the Company.

Notes: (cont'd)

3. DIRECTORS' BENEFITS TO NON-EXECUTIVE DIRECTORS (cont'd)

The Directors' benefits payable to the Non-Executive Directors from 62nd AGM until the next AGM of the Company are calculated based on the current composition of the Board and Board Committees and the number of meetings scheduled for the Board and Board Committees.

4. RE-ELECTION OF DIRECTORS

Dato' Seri Mah King Seng and Mr. Chan Kam Leong are standing for re-election as Directors of the Company and being eligible, have offered themselves for re-election at this 62nd AGM. Their profiles are shown in the Board of Directors' profiles.

The Board has via the Nomination Committee conducted an assessment on the effectiveness and contributions of the above retiring Directors including their skills, experience, competency and commitments, and has recommended for them to be re-elected to the Board.

5. RETENTION OF INDEPENDENT NON-EXECUTIVE DIRECTORS ("ID")

The proposed Resolution 5 and 6, if passed, will enable the named Directors to continue to hold office as an ID notwithstanding that they have served a cumulative term of more than nine (9) years. Pursuant to the Malaysian Code on Corporate Governance, the Company will use two-tier voting process in seeking shareholders' approval to retain Mr. Chan Kam Leong and Puan Wan Salmah Binti Wan Abdullah.

The Board is recommending to the shareholders for Mr. Chan Kam Leong and Puan Wan Salmah Binti Wan Abdullah who have served as Independent Non-Executive Directors of the Company for a tenure of 14 years and 13 years respectively, be retained as Independent Non-Executive Directors of the Company. The Board took cognizant of the latest amendment to Bursa Securities Listing Requirements where the tenure of the ID should not exceed a cumulative term of 9 years effective 1 June 2023.

Nonetheless, the Board through the Nomination Committee had assessed and endorsed that Mr. Chan Kam Leong and Puan Wan Salmah Binti Wan Abdullah be retained as Independent Non-Executive Directors of the Company as they have continued to display high level of integrity and are objective in their judgement and decision-making in the best interest of the Company, shareholders and stakeholders and are able to express unbiased views without any influence. The detailed justifications are as set out in the Corporate Governance Overview Statement.

Pursuant to the Malaysian Code on Corporate Governance, the Company would use two-tier voting process in seeking shareholders' approval to retain Mr. Chan Kam Leong and Puan Wan Salmah Binti Wan Abdullah.

6. PROPOSED AUTHORITY TO ALLOT AND ISSUE SHARES IN GENERAL PURSUANT TO SECTION 76 OF THE COMPANIES ACT, 2016

The Company had, during its Sixty-First (61st) AGM which was postponed from 31 May 2021 to 22 October 2021, obtained its shareholders' approval for the general mandate for issuance of shares pursuant to Section 76 of the Act. As at the date of this notice, the Company did not issue any shares pursuant to this mandate obtained.

The proposed Ordinary Resolution 7 is a renewal of the general mandate for issuance of shares by the Company under Section 76 of the Companies Act, 2016. The mandate, if passed, will empower the Directors from the date of the above AGM until the next AGM, to allot and issue up to a maximum of 10% of the total number of issued shares of the Company at the time of issue (other than bonus or rights issue) for such purposes as they consider would be in the best interest of the Company. This would eliminate any delay arising from and cost involved in convening a general meeting to obtain approval of the shareholders for such issuance of shares. This authority will unless revoked or varied by the Company at a general meeting, will expire at the next AGM of the Company.

This authority will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares for purpose of funding investment project(s), working capital and/or acquisition. At this juncture, there is no decision to issue new shares. If there should be a decision to issue new shares after the general mandate is sought, the Company will make an announcement in respect thereof.

ANNUAL REPORT 2021, CORPORATE GOVERNANCE REPORT 2021

The Annual Report 2021 and Corporate Governance Report 2021 may be downloaded at www.mhc.com.my

MHC Plantations Bhd.
[196001000393 (4060-V)]
(Incorporated in Malaysia)

Corporate Information

DIRECTORS

Dato' Seri Mah King Seng
(Executive Chairman)
Tan Sri Dr. Mah King Thian
(Managing Director)
Chan Kam Leong
(Independent Non-Executive Director)
Wan Salmah Binti Wan Abdullah
(Independent Non-Executive Director)
Heng Beng Fatt
(Independent Non-Executive Director)
Mah Li-Na
(Alternate Director to Dato' Seri Mah King Seng)
Dr. Jordina Mah Siu Yi
(Alternate Director to Tan Sri Dr. Mah King Thian)

AUDIT COMMITTEE

Chan Kam Leong *(Chairman)*
Wan Salmah Binti Wan Abdullah
Heng Beng Fatt

EXECUTIVE COMMITTEE

Datin Seri Ooi Ah Thin *(Chairperson)*
Dato' Seri Mah King Seng
Tan Sri Dr. Mah King Thian

NOMINATION COMMITTEE

Chan Kam Leong *(Chairman)*
Wan Salmah Binti Wan Abdullah
Heng Beng Fatt

REMUNERATION COMMITTEE

Tan Sri Dr. Mah King Thian *(Chairman)*
Chan Kam Leong
Wan Salmah Binti Wan Abdullah

COMMITTEE TO REVIEW PRESS OR PUBLIC ANNOUNCEMENTS

Dato' Seri Mah King Seng
Tan Sri Dr. Mah King Thian

REGISTERED OFFICE

55A Medan Ipoh 1A
Medan Ipoh Bistari
31400 Ipoh
Perak Darul Ridzuan
Malaysia
Tel. No. +605-5474833
Fax No. +605-5474363

PRINCIPAL PLACE OF BUSINESS

Kompleks Pejabat Behrang 2020
Jalan Persekutuan 1
35900 Tanjung Malim
Perak Darul Ridzuan
Malaysia
Tel. No. +605-4590001/2
Fax No. +605-4590003
Website: http://www.mhc.com.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
Malaysia
Tel. No. +603-78904700
Fax No. +603-78904670

COMPANY SECRETARY

Chan Eoi Leng
(SSM PC No. 202008003055)
(MAICSA 7030866)

AUDITORS

Messrs PKF PLT
Lot 23-1 & 25-1, 1st Floor
Lintas Plaza
Lorong Lintas Plaza
88300 Kota Kinabalu
Sabah
Malaysia
Tel. No. 088-266723
Fax No. 088-267721

PRINCIPAL BANKERS

Ambank (M) Berhad
Malayan Banking Berhad
Public Bank Berhad
RHB Bank Berhad

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad
Stock Code : 5026
Stock Short Name : MHC

COUNTRY OF INCORPORATION

Malaysia

MHC Plantations Bhd.

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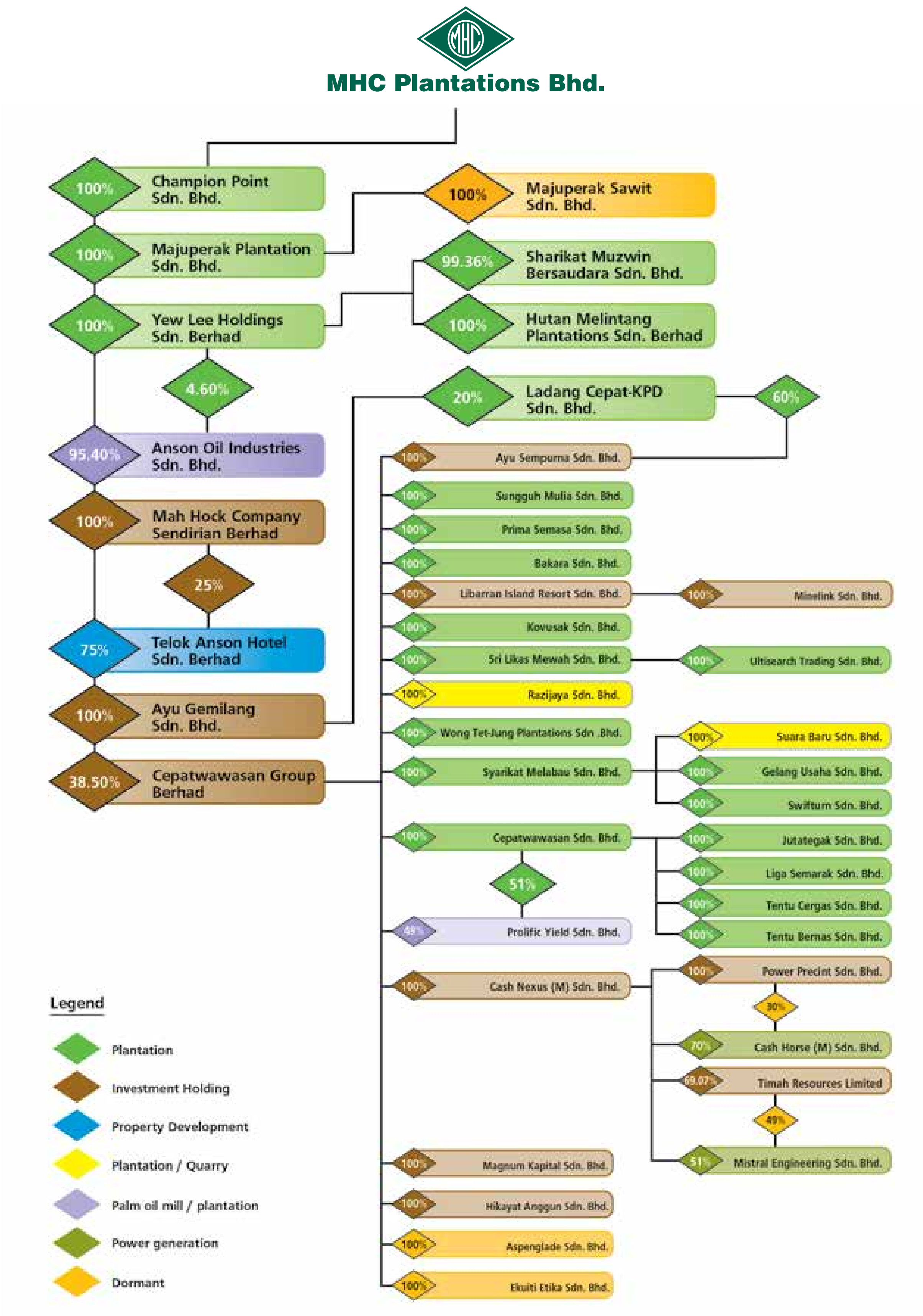
Corporate Structure



Profile of Directors

Dato' Seri Mah King Seng
Executive Chairman
Aged 63, Male, Malaysian

- Dato' Seri Mah King Seng joined the Board of Directors on 20 September 1978. He was appointed as an Executive Chairman on 13 July 2005.
- He is also a member of the Executive Committee and the Committee for the review of press releases or public announcements.
- He joined the Company in 1978 after graduating from the University of Minnesota, United States of America with a degree in Agricultural Science and has been with the Group since then, garnering more than twenty years' experience in managing the operations of the Group's estates, mills and hotel. In 1980, he attended the Palm Oil Mill Engineer/Executive Training course on palm oil mill operations organised by the Malaysian Oil Palm Growers Council. He subsequently obtained his Bachelor of Law Degree in 1985 from the University of Buckingham, United Kingdom and was admitted and enrolled as an Advocate and Solicitor of the High Court of Malaya in 1990.
- He is a Director of Behrang 2020 Sdn. Bhd. and several other private limited companies. He is also the Managing Director of Cepatwawasan Group Berhad, a company listed on the Main Market of Bursa Securities. He is also the Managing Director of Timah Resources Limited, an Australian incorporated company listed on the Australian Securities Exchange.
- He is a son of Datin Seri Ooi Ah Thin who is a Director and substantial shareholder of Dato Mah Pooi Soo Realty Sdn. Bhd. ("DMR"), a major shareholder of the Company, and the elder brother of Tan Sri Dr. Mah King Thian, the Managing Director of the Company, who is also a Director and substantial shareholder of DMR.
- Dato' Seri Mah King Seng is also a Director and substantial shareholder of DMR. He is deemed interested in certain recurrent related party transactions carried out in the ordinary course of business between the Company and its Group with the DMR group and certain privately owned companies.
- He attended all the Board Meetings held during the financial year.

Tan Sri Dr. Mah King Thian
Managing Director
Aged 58, Male, Malaysian

- Tan Sri Dr. Mah King Thian joined the Board of Directors on 28 December 1992. He is currently the Managing Director responsible for the Group's operations, corporate and legal affairs, accounting and finance.
- He is also a member of the Executive Committee, the Chairman of the Remuneration Committee and the Committee for the review of press releases or public announcements.
- He graduated from Monash University, Australia with a Bachelor of Economics Degree majoring in Accounting in 1986 and also a Bachelor of Laws Degree in 1987. He was subsequently admitted and enrolled as an Advocate and Solicitor of the High Court of Malaya in 1989, and he then joined the Company in the same year. He is also a Fellow Member of Certified Practising Accountant Australia (FCPA).
- In 2018, Tan Sri Dr. Mah King Thian successfully completed his postgraduate study on oil palm renewable energy businesses and was conferred the degree of Doctor of Philosophy (PhD) by the Liverpool Business School in the United Kingdom.
- He is a Director of Behrang 2020 Sdn. Bhd. and several other private limited companies. He is also the Executive Chairman of Cepatwawasan Group Berhad, a company listed on the Main Market of Bursa Securities. He is also the Executive Chairman of Timah Resources Limited, an Australian incorporated company listed on the Australian Securities Exchange.
- He is a son of Datin Seri Ooi Ah Thin who is a Director and substantial shareholder of Dato Mah Pooi Soo Realty Sdn. Bhd. ("DMR"), a major shareholder of the Company, and the younger brother of Dato' Seri Mah King Seng, the Executive Chairman of the Company, who is also a Director and substantial shareholder of DMR.
- Tan Sri Dr. Mah King Thian, is also a Director and substantial shareholder of DMR. He is deemed interested in certain recurrent related party transactions carried out in the ordinary course of business between the Company and its Group with the DMR group and certain privately owned companies.
- He attended all the Board Meetings held during the financial year.

Mr. Chan Kam Leong
Independent Non-Executive Director
Aged 81, Male, Malaysian

- Mr. Chan Kam Leong was appointed to the Board on 21 October 2008 and is currently an Independent Non-Executive Director of the Company.
- He is the Chairman of the Audit Committee and Nomination Committee. He is also a member of the Remuneration Committee of the Company.
- He holds the qualifications of Bachelor of Science (Eng), Master of Science (Construction Management), Professional Engineer, Malaysia as well as Chartered Engineer, United Kingdom (UK). He is also members of The Institution of Civil Engineers, UK, The Institution of Structural Engineers, UK, The Institution of Engineers, Malaysia (IEM) and The Association of Consulting Engineers, Malaysia.
- He had worked three years each in Kuala Lumpur and Singapore and three and a half years in London before founding K.L. Chan Associates Sdn. Bhd. (formerly known as KL Chan & Associates), of which he is still a partner. He has more than forty-five years of experience in civil and structural engineering consultancy. He was also the winner of the TAN SRI HJ. YUSOFF PRIZE in 2007 for publishing an outstanding paper in the IEM Journal.
- He is a Director of Cepatwawasan Group Berhad, a company listed on the Main Market of Bursa Securities.
- He does not have any family relationship with any other Director and/or major shareholder of the Company and has no conflict of interest with the Company.
- He attended all the Board Meetings held during the financial year.

Puan Wan Salmah Binti Wan Abdullah
Independent Non-Executive Director
Aged 68, Female, Malaysian

- Puan Wan Salmah Binti Wan Abdullah was appointed to the Board on 10 July 2009 as an Independent Non-Executive Director of the Company.
- She is also a member of the Audit Committee, Nomination Committee and Remuneration Committee of the Company.
- She graduated from University Sains Malaysia with a Bachelor of Social Science (Hons). She has more than 20 years' experience in property development and land related matters. She began her career working with Perbadanan Kemajuan Negeri Perak (PKNP) as a Project Officer and was promoted to Director of Land and Property and Director of Land and Industrial Estate Development in 1995. She was also appointed as a Director of some of the subsidiaries of PKNP. She had previously served as a Director of Majuperak Holdings Berhad from 1995 to June 2008.
- She was appointed a Director of Cepatwawasan Group Berhad, a company listed on the Main Market of Bursa Securities on 24 August 2021.
- She does not have any family relationship with any other Director and/or major shareholder of the Company and has no conflict of interest with the Company.
- She attended all the Board Meetings held during the financial year.

Mr. Heng Beng Fatt
Independent Non-Executive Director
Aged 58, Male, Malaysian

- Mr. Heng Beng Fatt was appointed to the Board on 23 July 2010 as a Non-Independent Non-Executive Director of the Company. On 10 August 2017, he was re-designated as Independent Non-Executive Director.
- He is also a member of the Audit Committee and Nomination Committee of the Company.
- He holds the qualification of Master of Business Administration, University of Bath and is a member of the Malaysian Institute of Accountants.
- He has vast experience in accounting, finance, administration, business development and corporate affairs, having served in various capacities during his tenure with Golden Screen Cinemas Sdn. Bhd. ("GSC") namely as Human Resources and Admin Manager (1998-2000), Business Development Manager (1997-1998), Finance and Admin Manager (1995-1997) and Accountant (1993-1995). He also served as an Accountant at Avery Malaysia (1992-1993) and Ernst & Young (1988-1992). Currently, he is the Chief Operating Officer, Malaysia for GSC.
- He also serves on the Board of Enterprise Advance System Intelligence Sdn. Bhd. and as a committee member for the Malaysian Association of Film Exhibitors.
- He does not have any family relationship with any other Director and/or major shareholder of the Company and has no conflict of interest with the Company.
- He attended all the Board Meetings held during the financial year.

Ms. Mah Li-Na
Alternate Director to Dato' Seri Mah King Seng
Aged 32, Female, Malaysian

- Ms. Mah Li-Na was appointed to the Board on 7 March 2018 as an Alternate Director to Dato' Seri Mah King Seng.
- She initially graduated from the University of Melbourne, Australia with a Bachelor of Commerce, majoring in Accounting and Finance in 2010. Thereafter, she joined the Chinese Language Programme in Tsinghua University, Beijing, China to enhance her fluency in Mandarin.
- She went on to pursue her second degree, Bachelor of Laws with the University of London and completed with a Second Upper Class Honours in 2016.
- She has previously interned with KPMG Malaysia, Forensics Accounting Department in 2009, then proceeded to join the company as an Associate in 2012. During her tenure there, she participated in investigations of financial frauds and was involved in the preparation of the KPMG Fraud Survey Report then.
- She is an Alternate Director of Cepatwawasan Group Berhad, a company listed on the Main Market of Bursa Securities and an Alternate Director of Timah Resources Limited, an Australian incorporated company listed on the Australian Securities Exchange. She is also currently with Cepatwawasan Group Berhad as Management Accountant and assists the Managing Director of Cepatwawasan Group Berhad, Dato' Seri Mah King Seng in management duties.
- She is the daughter of Dato' Seri Mah King Seng who is a Director and substantial shareholder of Dato Mah Pooi Soo Realty Sdn. Bhd. ("DMR"), a major shareholder of the Company and the granddaughter of Datin Seri Ooi Ah Thin, who is also a Director and substantial shareholder of DMR.

Dr. Jordina Mah Siu Yi
Alternate Director to Tan Sri Dr. Mah King Thian
Aged 30, Female, Malaysian

- Dr. Jordina Mah Siu Yi was appointed to the Board on 7 March 2018 as an Alternate Director to Tan Sri Dr. Mah King Thian.
- She obtained her Bachelor of Medicine and Bachelor of Surgery (MBChB) from the University of Glasgow, United Kingdom (UK) in 2016. Upon graduation, she forwent her training post in the NHS Hospitals in Durham, UK to pursue a corporate career. In anticipation of her current role, she subsequently embarked on her postgraduate studies in Law in the UK, and successfully completed her Bar Professional Training Course (BPTC) at CITY, University of London in July 2019. She has been admitted to Lincoln's Inn as a Barrister of England and Wales.
- She is an Alternate Director of Cepatwawasan Group Berhad, a company listed on the Main Market of Bursa Securities and an Alternate Director of Timah Resources Limited, an Australian incorporated company listed on the Australian Securities Exchange.
- She is the eldest daughter of Tan Sri Dr. Mah King Thian who is a Director and substantial shareholder of Dato Mah Pooi Soo Realty Sdn. Bhd. ("DMR"), a major shareholder of the Company and the granddaughter of Datin Seri Ooi Ah Thin, who is also a Director and substantial shareholder of DMR.
- She has co-authored papers in international medical journals. Previously, she interned at World Vision Australia in Melbourne, Messrs Wong Kian Kheong, Advocates & Solicitors in Kuala Lumpur and the University Malaya Medical Centre.

CONVICTIONS FOR OFFENCES

None of the Directors has been convicted of any offence within the past five (5) years and there were no public sanctions or penalties imposed by the relevant regulatory bodies during the financial year ended 31 December 2021.

MHC Plantations Bhd.
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Profile of Key Senior Management

Dato' Seri Mah King Seng
Executive Chairman
Aged 63, Male, Malaysian

- Refer to the Profile of Directors on page 7.

Tan Sri Dr. Mah King Thian
Managing Director
Aged 58, Male, Malaysian

- Refer to the Profile of Directors on page 7.

Mr. Soong Swee Koon
Chief Operating Officer
Aged 66, Male, Malaysian

- Mr. Soong Swee Koon is a qualified engineer with a Steam Engineers Certificate of Competency (First Grade).
- He started his career in power generation with Perak Hydro Electric Power Company (UK firm) in 1974. In the following years, he specialised in power generation, Hydro and Steam Thermal Power Plants, and maintenance and workshop overhaul of Cummins Diesel Engines and generators. From 1980 to 1996, he worked as an engineer in United Plantations Berhad. The palm oil mill under Mr. Soong's management was the winner of the Anugerah Award for Best Palm Oil Mill in Malaysia (2nd Place from year 1990-1995).
- He served as senior engineer, technical advisor, project manager and regional consultant to a number of energy companies from 1996 to 2010.
- He joined the Company in 2010 as Group Engineer and was appointed as Chief Operating Officer of the Company on 15 November 2012. He is also the Executive Director of Timah Resources Limited, an Australian incorporated company listed on the Australian Securities Exchange.
- He does not have any family relationship with any Director and/or major shareholder of the Company and has no conflict of interest with the Company.
- He has not been convicted of any offence within the past five (5) years and there were no public sanctions or penalties imposed by the relevant regulatory bodies during the financial year ended 31 December 2021.

Mr. Maniam A/L Perumal
Group General Manager of Subsidiary of MHC, Cepatwawasan Group Berhad
Aged 59, Male, Malaysian

- Mr. Maniam A/L Perumal was appointed as Group General Manager of Cepatwawasan Group Berhad on 15 July 2021.
- He obtained his Bachelor Degree in Economics from University Kebangsaan Malaysia, Bangi, Malaysia. He has more than 32 years of extensive experience in the plantation industry which includes 26 years of operational and 6 years of advisory experience. He started his career as an Assistant Manager with Boustead Estate Agency Sdn. Bhd. and rose through the ranks to various capacities such as General Manager and planting adviser. Prior to him joining Cepatwawasan Group Berhad, he was with Acapalm Plantation Services as Visiting Agent.
- He does not have any directorship in public companies and listed issuers.
- He does not have any family relationship with any Director and/or major shareholder of the Company, and has no conflict of interest with the Company.
- He has not been convicted of any offence within the past five (5) years and there were no public sanctions or penalties imposed by the relevant regulatory bodies during the financial year ended 31 December 2021.

Mr. Chan Kim Meng
Group Accountant
Aged 49, Male, Malaysian

- Mr. Chan Kim Meng holds a professional accounting qualification from the Association of Chartered Certified Accountants (ACCA), United Kingdom. He is also a member of the Malaysian Institute of Accountants.
- Prior to joining the Company, he pursued a career in accountancy in the public accounting firm of Ernst & Young for 9 years.
- He has wide working experience in the field of accounting and corporate finance.
- He joined the Company in 2006 as Group Accountant.
- He does not have any directorship in public companies and listed issuers.
- He does not have any family relationship with any Director and/or major shareholder of the Company and has no conflict of interest with the Company.
- He has not been convicted of any offence within the past five (5) years and there were no public sanctions or penalties imposed by the relevant regulatory bodies during the financial year ended 31 December 2021.

Chairman's Statement

On behalf of the Board of Directors of MHC Plantations Bhd., I am pleased to present the Annual Report of the Group and the Company for the financial year ended 31 December 2021.

Group Performance

The Group recorded a revenue of RM599.00 million and profit before tax of RM96.69 million for the financial year ended 31 December 2021 ("FY2021") as compared to RM354.74 million and RM31.20 million respectively for the financial year ended 31 December 2020 ("FY2020"). The remarkable performance for this financial year was mainly due to higher average selling prices of crude palm oil ("CPO"), palm kernel ("PK" or "Kernel"), fresh fruit bunches ("FFB") and empty fruit bunches ("EFB") oil by 63%, 81% 76% and 74% respectively.

The highlights of the Group performance are stated below:

Average selling price per tonne:-

	FY2021 RM	FY2020 RM	Difference (%)
CPO	4,427	2,712	63%
Kernel	2,889	1,597	81%
FFB	868	494	76%

Production:-

	FY2021 MT	FY2020 MT	Difference (%)
CPO	94,290	87,349	8%
Kernel	25,306	22,966	10%
FFB	143,862	149,702	-4%

Extraction rate:-

	FY2021 (%)	FY2020 (%)	Difference (%)
CPO	19.68	19.50	1%
Kernel	5.28	5.13	3%

	FY2021 MWh	FY2020 MWh	Difference (%)
Electricity Export	59,542	69,474	-14%

Dividend

On 30 March 2022, the Board approved the following single-tier interim dividend:

1. A single-tier dividend of 2.00 sen per ordinary share for the financial year ending 31 December 2022;
2. A single-tier "bumper profit" special dividend of 2.00 sen per ordinary share for the financial year ended 31 December 2021; and
3. A single-tier "last and final Covid-19 relief" special dividend of 2.00 sen per ordinary share for the financial year ending 31 December 2022.

The rationale behind the payment of this "last and final Covid-19 relief" special dividend was:

1. To reward our loyal shareholders for keeping faith in MHC Plantations Bhd. despite the uncertain economic situation; and
2. To hopefully help in mitigating any difficulties our shareholders might currently be facing as a result of the economic turmoil caused by Covid-19.

COVID-19

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

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

Prospect and Outlook

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

The Group will continue to face challenges from increased production costs and a shortage of foreign labour in the palm oil industry stemming from international travel restrictions implemented as part of Covid-19 measures. As such, the Group will continue to improve its operating efficiency and productivity in order to maintain a low operating cost.

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

Acknowledgement

I wish to thank the Management and Staff for their dedicated services and contributions during the year.

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

And finally, to all our highly valued shareholders, please accept my heartfelt thanks for your unwavering and continuous support.

Dato' Seri Mah King Seng
Executive Chairman

Penyataan Pengerusi

Bagi pihak Lembaga Pengarah MHC Plantations Bhd., saya dengan sukacitanya menyampaikan Laporan Tahunan Kumpulan dan Syarikat bagi tahun kewangan berakhir 31 Disember 2021.

Prestasi Kumpulan

Kumpulan mencatatkan pendapatan sebanyak RM599.00 juta serta keuntungan sebelum cukai sebanyak RM96.69 juta bagi tahun kewangan berakhir 31 Disember 2021 ("TK2021") berbanding dengan masing-masing RM354.74 juta dan RM31.20 juta bagi tahun kewangan berakhir 31 Disember 2020 ("TK2020"). Prestasi unggul bagi tahun kewangan ini disebabkan terutamanya oleh kenaikan purata harga-harga jualan minyak sawit mentah ("CPO"), kernel ("PK"), buah tandan segar ("FFB"), dan minyak buah tandan kosong ("EFB") masing-masing sebanyak 63%, 81%, 76% dan 74%.

Sorotan penting prestasi Kumpulan Syarikat adalah seperti berikut:

Harga purata jualan per tan metrik ("TM"):-

	TK2021 RM	TK2020 RM	Perbezaan (%)
CPO	4,427	2,712	63%
Kernel	2,889	1,597	81%
FFB	868	494	76%

Pengeluaran:-

	TK2021 MT	TK2020 MT	Perbezaan (%)
CPO	94,290	87,349	8%
Kernel	25,306	22,966	10%
FFB	143,862	149,702	-4%

Kadar Pengekstrakan:-

	TK2021 (%)	TK2020 (%)	Perbezaan (%)
CPO	19.68	19.50	1%
Kernel	5.28	5.13	3%

	TK2021 MWh	TK2020 MWh	Perbezaan (%)
Eksport Elektrik	59,542	69,474	-14%

Dividen

Pada 30 Mac 2022, Lembaga Pengarah telah meluluskan dividen interim satu tier berikut:

1. Dividen interim satu tier sebanyak 2.00 sen sesaham untuk tahun kewangan berakhir 31 Disember 2022;
2. Dividen khas "keuntungan luar biasa" satu tier sebanyak 2.00 sen sesaham bagi tahun kewangan berakhir 31 Disember 2021; dan
3. Dividen khas "bantuan akhir dan muktamad Covid-19" satu tier sebanyak 2.00 sen sesaham untuk tahun kewangan berakhir 31 Disember 2022.

Rasional untuk pembayaran dividen khas "bantuan akhir dan muktamad Covid-19" adalah:

1. Sebagai penghargaan kepada pemegang-pemegang saham setia kami kerana terus mempercayai MHC Plantations Bhd. dalam keadaan ekonomi yang tidak menentu; dan
2. Diharap dapat meringankan sebarang kesulitan semasa yang dihadapi oleh pemegang-pemegang saham kami dalam kemerosotan ekonomi yang disebakan oleh Covid-19.

COVID-19

Pandemi global Covid-19 telah memberikan cabaran yang besar bagi operasi kami. Walaupun begitu, Kumpulan Syarikat telah menyesuaikan diri dengan kesukaran yang dihadapi dan dengan demikian terus kekal berdaya maju. Dengan Prosedur Operasi Standard yang ketat, bilangan kes positif Covid-19 dikalangan pekerja kita telah dapat dikekalkan ditahap yang kecil. Kami menyedari ancaman dan bahaya serius yang ditimbulkan oleh virus ini dan kami berusaha untuk menjaga keselamatan pekerja kami setiap saat.

Bagi menyokong Program Imunisasi Covid-19 Kebangsaan Malaysia, Kumpulan telah menyumbang tiga (3) unit trak 3-ton sebagai "Klinik & Pusat Vaksin Bergerak" bernilai RM250,000 setiap satu. Ianya adalah untuk membantu usaha vaksinasi khususnya untuk komuniti luar bandar di Malaysia. Setiap satu unit telah diberikan kepada Pejabat Kesihatan Daerah Muallim (Perak), Hilir Perak dan Sandakan.

Prospek dan Tinjauan

Kumpulan menjangkakan harga CPO akan kekal kukuh pada tahun 2022 memandangkan kesempitan penawaran di saat permintaan yang kukuh.

Kumpulan akan terus menghadapi cabaran dari kenaikan kos-kos pengeluaran dan kekurangan tenaga kerja asing dalam industri kelapa sawit dari sekatan perjalanan antarabangsa yang dilaksanakan sebagai langkah-langkah kawalan Covid-19. Oleh itu, Kumpulan akan terus meningkatkan kecekapan operasi dan produktiviti untuk mengekalkan kos operasi yang rendah.

Secara keseluruhannya, Lembaga yakin bahawa, melainkan sebarang keadaan yang tidak dijangka, Kumpulan akan terus menunjukkan prestasi yang memuaskan untuk tahun kewangan 2022.

Penghargaan

Saya ingin mengambil kesempatan ini untuk merakamkan ribuan terima kasih yang tidak terhingga kepada pihak pengurusan dan semua kakitangan atas khidmat dan dedikasi mereka sepanjang tahun 2021.

Terima kasih juga kepada semua pembekal dan pelanggan, rakan perniagaan, penasihat dan pihak bank atas komitmen dan bantuan yang telah diberikan.

Sebagai akhir kata, kepada semua pemegang saham yang dihargai, terima kasih yang tidak terhingga saya ucapkan di atas sokongan anda semua. Saya berharap semoga anda semua akan dirahmati dengan kejayaan dan kemakmuran di masa hadapan.

Dato' Seri Mah King Seng
Pengerusi Eksikutif

MHC Plantations Bhd.
[196001000393 (4060-V)]
(Incorporated in Malaysia)

Five-Year Financial Highlights

	2021 RM'000	2020 RM'000	2019 RM'000	2018 RM'000	2017 RM'000
INCOME STATEMENT					
Revenue	599,008	354,739	308,003	350,298	401,806
Profit before tax	96,692	31,199	9,400	9,817	41,006
Profit attributable to owners of the Company	42,100	13,674	2,501	3,975	15,408
FINANCIAL POSITION					
ASSETS					
Property, plant and equipment	486,201	507,400	518,050	516,347	517,635
Investment properties	45,264	45,264	49,924	49,250	49,250
Investment in securities	279	338	395	388	559
Land use rights	-	-	-	1,910	1,938
Deferred tax assets	6,539	6,777	7,560	5,767	9,855
Goodwill on consolidaion	43,867	43,867	43,867	43,867	43,867
Current assets	139,123	95,850	86,804	89,835	107,978
Total assets	721,273	699,496	706,600	707,364	731,082
EQUITY					
Share capital	196,544	196,544	196,544	196,544	196,544
Reserves	88,697	54,322	43,361	44,022	44,372
Equity attributable to owners of the Company	285,241	250,866	239,905	240,566	240,916
Non-controlling interest	281,898	253,568	249,235	251,651	256,230
Total equity	567,139	504,434	489,140	492,217	497,146
LIABILITIES					
Deferred tax liabilities	50,997	48,913	48,657	44,708	46,488
Borrowings	33,126	46,866	55,163	64,047	66,013
Other non-current liabilities	-	-	-	267	267
Lease liabilities	2,908	3,876	3,689	-	-
Current liabilities	67,103	95,407	109,951	106,125	121,168
Total liabilities	154,134	195,062	217,460	215,147	233,936
Total equity and liabilities	721,273	699,496	706,600	707,364	731,082
FINANCIAL INDICATORS					
Basic earning per share (sen)	21.42	6.96	1.27	2.02	7.84
Net dividend per share (sen)	4.00	1.50	1.50	2.00	1.50
Net assets per share (RM)	1.45	1.28	1.22	1.22	1.23

2021

Revenue (RM'000)
599,008

Total assets (RM'000)
721,273

Total equity (RM'000)
567,139

Total liabilities (RM'000)
154,134

Basic earning per share (sen)
21.42

Net dividend per share (sen)
4.00

Net assets per share (RM)
1.45

MHC Plantations Bhd.
[196001000393 (4060-V)]
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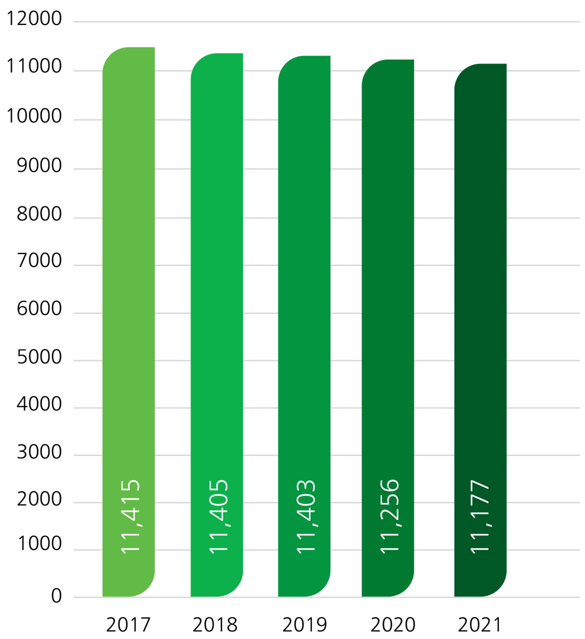
Five-Year Plantation Statistics

				Group		
		2021	**2020**	**2019**	**2018**	**2017**
Oil Palm						
Production:						
Fresh fruit bunches	(mt)	143,862	149,702	161,181	161,101	171,219
Crude palm oil	(mt)	94,290	87,349	104,000	111,702	99,109
Palm kernel	(mt)	25,306	22,966	26,883	29,720	25,914
Average selling price:						
Fresh fruit bunches	(RM/mt)	868	494	374	408	536
Crude palm oil	(RM/mt)	4,427	2,712	2,071	2,226	2,756
Palm kernel	(RM/mt)	2,889	1,597	1,231	1,748	2,475
Yield per matured hectare	(mt)	15.80	16.02	18.14	16.94	18.03
Oil extraction rate	%	19.68	19.50	19.57	19.45	19.55
Palm kernel rate	%	5.28	5.13	5.06	5.18	5.11
Planted Oil Palm Area						
(Weighted average hectares):		11,177	11,256	11,403	11,405	11,415
Mature		9,108	9,344	8,887	9,508	9,494
Immature		2,069	1,912	2,516	1,897	1,921
Total planted area		11,177	11,256	11,403	11,405	11,415



TOTAL PLANTED AREA

Management's Discussion and Analysis

DESCRIPTION OF OUR GROUP'S BUSINESS

MHC Plantations Bhd. ("MHC") was incorporated on 31 December 1960 (hereinafter MHC and its subsidiaries are collectively referred to as the "Group").

The principal activities of the Company consist of oil palm cultivation, investment holding and the operation of a hotel. The principal activities of the subsidiary companies consist of cultivation of oil palm, operation of quarry, milling and sales of oil palm products including crude palm oil ("CPO") and palm kernel ("Kernel"), letting of oil palm fresh fruit bunches ("FFB") collection center, investment holding, power generation, and property development.

As at 31 December 2021, the Group has a landbank of about 25,500 acres in Sabah and 7,600 acres in Peninsular Malaysia. The Group owns one oil mill in Sabah and one in Peninsular Malaysia, with a total milling capacity of 135 metric tonnes per hour. In addition, the Group has ventured into oil palm renewable energy by investing in and operating a 12 Megawatt Biomass Power Plant ("Biomass Plant") and a 4.0 Megawatt Biogas Power Plant ("Biogas Plant"), both in Sandakan, Sabah. The Group has also upgraded its existing Biogas Power Plant in Teluk Intan to connect it to the grid to export renewable power of up to 1 MW to Tenaga Nasional Berhad starting on 8 August 2019 at a Feed-in Tariff ("FiT") rate of RM0.4669/kWh.

FINANCIAL REVIEW

Revenue and Profit Before Taxation

The Group recorded a revenue of RM599.00 million and profit before tax of RM96.69 million for the financial year ended 31 December 2021 ("FY2021") as compared to RM354.74 million and RM31.20 million respectively for the financial year ended 31 December 2020 ("FY2020"). The remarkable performance for this financial year was mainly due to higher average selling prices of CPO, PK, FFB and EFB Oil by 63%, 81% 76% and 74% respectively.

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

	FY2021 RM	FY2020 RM	Difference (%)
CPO	4,427	2,712	63%
Kernel	2,889	1,597	81%
FFB	868	494	76%
Electricity/kWh	0.3980	0.3901	2%
EFB Oil	4,013	2,306	74%

Sales Volume:-

	FY2021	FY2020	Difference (%)
CPO (MT)	93,890	87,753	7%
Kernel (MT)	25,309	23,098	10%
FFB (MT)	63,810	65,339	-2%
Electricity (MWh)	59,542	69,474	-14%
EFB Oil (MT)	7,506	8,069	-7%

FINANCIAL REVIEW (cont'd)

Revenue and Profit Before Taxation (cont'd)

Performance of the respective operating business segments as compared to the previous financial year is appended and analysed as follows:

(i) Plantation – The increase in Segment profit by RM47.80 million (>100%) from RM20.38 million to RM68.18 million was mainly due to a significant increase in average FFB selling price by 76% despite a decrease in FFB production by 4%.

(ii) Oil Mill – The increase in Segment profit by RM11.42 million (>100%) from RM10.68 million to RM22.10 million was mainly due to higher average selling prices of CPO and PK by 63% and 81% respectively, increase in FFB processed volume by 7%, and an inventory written off of RM 1.18 million in the previous financial year.

(iii) Power Plant – The increase in Segment profit by RM3.72 million (23%) from RM15.85 million to RM19.57 million was mainly due to the increase in the average EFB Oil selling price by 74% outweighs the reduction in Power Export and EFB Oil sales quantity by 14% and 7% respectively.

Other Income

Other income increased by 117% from RM4.02 million to RM8.71 million mainly due to an increase in fair value gain on biological assets by RM2.03 million and higher sales of sludge oil by RM1.80 million.

Finance Cost

Finance cost decreased by 27% from RM4.81 million to RM3.51 million in line with the decreases in bank borrowings.

Taxation

The effective tax rate for the financial year 2021 was lower than the statutory tax rate of 24% principally due to the recognition of previously unrecognised deferred tax assets.

Profit Attributable to Equity Holders of the Company

Profit attributable to equity holders of the Company and earnings per share of the Group increased by 207% year-on-year to RM42.10 million and 21.42 sen respectively.

Cash Flow

In FY2021, the Group generated higher net cash from operating activities of RM113.77 million as compared to RM53.15 million in the previous financial year.

The net cash used in investing activities amounted to RM23.98 million in FY2021, primarily relating to the Group's capital expenditure requirements and investment in short term deposit accounts.

The net cash used in financing activities in FY2021 amounted to RM71.27 million, primarily relating to the repayment of bank borrowings and payment of dividends to shareholders.

Overall, the Group registered an increase in cash and cash equivalents of RM18.52 million during the year, bringing total cash and cash equivalents to RM46.40 million as at 31 December 2021.

OPERATIONAL REVIEW

Plantation Operations

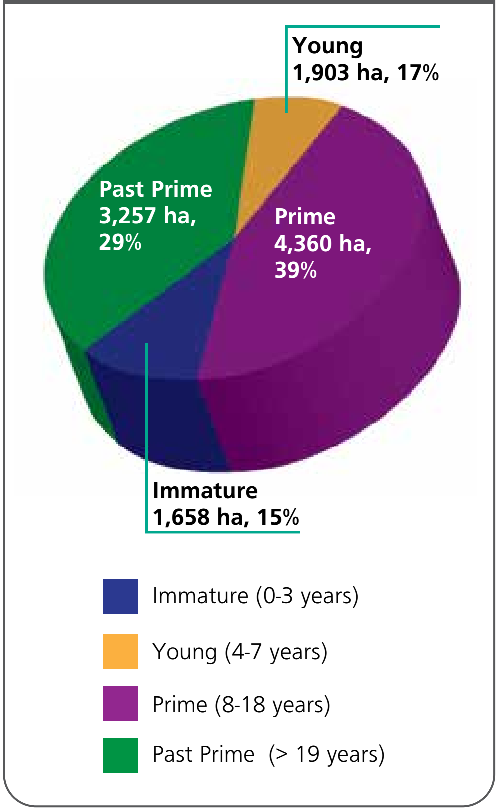
As at 31 December 2021, the Group's total plantation land stands at approximately 13,400 hectares, of which 83% or 11,178 hectares are planted with oil palms. From the total planted area, approximately 85% or 9,520 hectares are mature, while the remaining 15% or 1,658 hectares are immature. The Group recorded a total FFB production of 143,862 MT (2020 – 149,702 MT). The average yield per hectare for the year under review was lower at 15.80 MT/hectare as compared to 16.02 MT/hectare in 2020. The decrease in yield per hectare for the year under review was mainly due to the acute labour shortages. The Group will continue its replanting programme to replant the old palms which are unable to meet the expectation of FFB yield. In view of current strong CPO price, the Management has adjusted the replanting programme with deferment on areas which continue to contribute good yield.

For productivity improvement, the Group will continue to enhance human capital development by providing comprehensive training to employees, and mechanisation of key processes in the estates, including harvesting, in-field collection and crop evacuation.

The age profile of the developed area is shown below:

Particulars	Hectare	%
0 – 3 years (Immature)	1,658	15
4 – 7 years (Young)	1,903	17
8 – 18 years (Prime)	4,360	39
> 19 years (Past Prime)	3,257	29
Total	**11,178**	**100**

Oil Palm Age Profile



Milling Operations

The Group operates one oil mill in Sabah and one in Peninsular Malaysia, with a total milling capacity of 135 MT per hour. During the year under review, the Group's mills processed a total FFB quantity of 0.48 million MT as compared to 0.45 million MT in the previous financial year. Hence, the total CPO produced by the mills during the year under review was 94,290 MT, representing an increase of 8% as compared to 87,349 MT in the previous financial year. Similarly, total kernel production increased by 10% at 25,306 MT (2020 : 22,966 MT).

The Group's oil extraction rate ("OER") improved to 19.68% in 2021 as compared to 19.50% in 2020, while kernel extraction rate ("KER") increased to 5.28% in 2021 from 5.13% in 2020.

The Group constantly adopts good milling practices with an aim towards improving the OER and KER, alongside increasing productivity and efficiency.

OPERATIONAL REVIEW (cont'd)

Power Plant Operations

The Group operates a renewable energy division consisting of a 12 Megawatt Biomass Plant and a 4.0 Megawatt Biogas Plant, both in Sandakan and a 2.4 Megawatt Biogas Power Plant in Teluk Intan.

The 12 Megawatt Biomass Plant generates renewable electricity using oil palm Empty Fruit Bunches ("EFB") as primary fuel with oil palm shells and mesocarp fibres as secondary fuels. On 12 May 2014, The Group obtained the FiT Approval from the Sustainable Energy Development Authority Malaysia ("SEDA") to sell renewable electricity to Sabah Electricity Sdn. Bhd. ("SESB") at the FiT rate of RM0.3486/kWh for 16 years commencing from 1 January 2015.

The two Biogas Plants generate renewable electricity by capturing the methane gas from palm oil mill effluent ("POME"), thereby mitigating the emission of greenhouse gases. There is also Zero discharge to the river, as the final discharge from the biogas plant is released through a system of drip irrigation for land application. On 18 February 2015, the Group obtained the FiT Approval from SEDA for the 4.0 Megawatt Biogas Plant to sell renewable electricity to SESB for 16 years commencing from 15 February 2017. The Group has also obtained the FiT Approval from SEDA on 5 May 2017 for the 2.4 Megawatt Biogas Plant in Teluk Intan to sell renewable electricity up to 1MW to Tenaga Nasional Berhad ("TNB") at the FiT rate of RM0.4669/kWh for 16 years commencing from 3 July 2019.

The Group recognises that fuel and system stability are the two main success factors for a renewable energy power plant. The Group has adopted a strict fuel policy to control the quantity and quality of its fuel. Several system upgrades and modification works have been carried out on our power plants to improve the efficiency and stability of power production.

During the year under review, the Group's power plants generated and exported 59,542 MWh, representing a decrease of 14% as compared to 69,474 MWh in the previous financial year. The decrease in the power generation was partly due to the late delivery of essential spare parts and the delayed provision of engineering support services as a result of the Movement Control Oder ("MCO") border controls.

COVID-19

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

PROSPECT

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

The Group will continue to face challenges from the increase in production costs and shortage of foreign labour in the palm oil industry resulting from the international travel restriction that was implemented as part of Covid-19 measures. As such, the Group will continue to improve its operating efficiency and productivity in order to maintain a low operating cost. The Group will also continuously focus on the maturity profile of its oil palm trees and implement replanting programmes to accomplish this aim.

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

MHC Plantations Bhd.
[196001000393 (4060-V)]
(Incorporated in Malaysia)

Sustainability Statement

ABOUT THIS STATEMENT

We are pleased to present the Group Sustainability Statement for the year 2021. It has been prepared in accordance with Bursa Malaysia Securities Berhad's Sustainability Reporting Guidelines (2nd edition).

The period covered is the 12 months ended 31 December 2021, and where applicable, historical data from the preceding year has been included for comparison.

The scope of this report covers the environmental, social and economic performances of the Group's operations in Malaysia.

The Group recognises the value of Sustainability and understand its importance in generating and sustaining short and long term value for the Group and its stakeholders.

Our commitment to Sustainability encompasses ongoing efforts to maintain a healthy balance between economic, social and environmental responsibilities. It also includes interests towards our stakeholders for a better future.

SUSTAINABILITY GOVERNANCE STRUCTURE

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

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

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

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

STAKEHOLDER ENGAGEMENT

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

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

Stakeholder	Modes of Engagement	Key Areas of Interest
Employees	• Meetings • Internal communications • Training sessions • Morning muster • Events and functions • Annual appraisals	• Safety and health issues and practices • Employee engagement • Wages and remuneration • Suggestions and areas for improvement
Smallholders and local communities	• Formal and informal meetings • Corporate social responsibility events	• MSPO certification program for oil palm cultivation • Employment opportunities • Complaints and grievances
Customers	• One-to-one meetings • Phone calls • Site visits • Contract negotiation	• Product quality • Compliance with sustainability standards • Supply chain and traceability of product • Price competitiveness
Government and Regulators	• Two-way dialogue through forums and workshops • One-to-one meetings • Site visits and inspections • Events and seminars	• Compliance of relevant regulatory requirements
Shareholders and investors	• Quarterly reporting • Annual Report • Annual General Meeting • As and when needed	• Operational performance • Good corporate governance • Business strategy
Contractors and Suppliers	• One-to-one meetings • Tender and bidding process • Visits • Product/technology trial • Contract negotiations	• Company's policies and governance • Sustainability related matters • Payment terms and timeliness

STAKEHOLDER ENGAGEMENT (cont'd)

Investor and Shareholder Relations

The Board recognises the importance of timely dissemination of information. We strive to keep our shareholders and investing community well informed of all major developments in the Group. A periodic overview of the Group's performance and operation is provided to shareholders and the investing public via announcements, disclosures in the Annual Report and quarterly release of financial results.

The Company uses the Annual General Meeting (AGM) as a forum for dialogue and interaction with all its shareholders. The Board of directors and key members of the management team are available to answer any questions raised.

The Company's website at www.mhc.com.my contains vital information concerning the Group and it is updated on a regular basis. Shareholders are able to pose questions to the Company through the website.

MATERIALITY

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

From the evaluation of the Group's Sustainability Risk and Opportunities, the Group has maintained commitment to the Thirteen (13) key sustainability issues identified and discussed in the previous year's Sustainability report. At the time, these issues were assessed as being of high concern to stakeholders and of high significance to the Group, and we have remained committed to them throughout the entirety of 2021. These material issues have been prioritized through our materiality assessment process. Material issues identified are then assessed to establish if proper policies and procedures are implemented to manage and monitor these issues.

The 13 key sustainability issues are listed below:-

KEY SUSTAINABILITY MATTERS	SUSTAINABILITY FRAMEWORK
Economic Performance	MARKET PLACE
Governance and Business Ethics	
Sustainability Certification	
Water Management	ENVIRONMENT
Energy	
Greenhouse Gas (GHG) Emission	
Waste Management	
Land Remediation and Contamination	
Training and Education	WORKPLACE
Labour Relations and Human rights	
Occupational Safety and Health	
Employee Retention & Engagement	
Community Care and CSR Initiatives	COMMUNITY

MARKET PLACE

Economic Performance

The Group recorded revenue of RM599.00 million and profit before tax of RM96.69 million for the financial year ended 31 December 2021 as compared to RM354.74 million and RM31.20 million respectively in the previous financial year. Further details of the Group's economic performance for FY2021 can be found in the Financial Statement in this Annual Report.

Value Distribution

The direct economic value generated and distributed by the Group for 2021 is tabulated below:

	2021 RM'000	**2020 RM'000**
Employee wages and benefits	40,446	37,193
Payment to Government	40,828	19,017
Payment to Shareholders (Dividend)	7,862	2,948
CSR contribution	978	652

Governance and Business Ethics

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

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

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

The Malaysian Anti-Corruption Commission (Amendment) Bill 2018 was gazetted on 4 May 2018 as the MACC Amendment Act 2018. The enforcement of provisions on corporate liability became effective on 1st June 2020. This new provision establishes a new statutory corporate liability offence of corruption that applies not only to commercial organisations but also to any persons associated with them. Individuals may be held liable for the same offence as their organisation, unless the relevant persons can prove otherwise. The Group has formulated policies and procedures, which will be reviewed regularly, to mitigate the potential risks.

The Group's Anti-Bribery and Corruption Policy Policy are accessible through the Group's website at *www.mhc.com.my*

MARKET PLACE (cont'd)

Malaysian Sustainable Palm Oil Certification ("MSPO")

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

The seven principles of MSPO are as follows:

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

All our palm oil mills and estates have completed MSPO certification. In addition, our oil mills in Teluk Intan and Sandakan were also certified under the MSPO Supply Chain Certification ("SCCS") on 21 December 2019 and 9 March 2020 respectively. This further reinforces our sustainability credentials with customers and enhances confidence in our sustainably managed business. In this reporting period, the Group successfully completed an annual surveillance audit as mandated by MSPO Oil Palm Management Certification (Parts 3 and 4 of the Principles and Criteria) as well as under the MSPO SCCS.

ENVIRONMENT

The Group strives to achieve a sustainable long term balance between meeting its business goals and preserving the environment. It recognises that the continued health of ecosystems is an integral part of sustaining its business. Hence, conservation and preservation of the environment remain a priority of the Group.

Water Management

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

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

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

i. optimising water usage in nurseries through drip-irrigation;
ii. land irrigation and application with treated POME;
iii. installing watergates at strategic locations along drains to keep an optimum water table level in the estate;
iv. increasing water reservoirs and storage tanks for rainwater harvesting in the housing sites; and
v. riparian zones or areas which are identified and maintained to avoid runoff from cultivated land into the natural waterways.

In 2021, the Group's palm oil mills maintained a water consumption (in unit of MT per MT of fresh fruit bunches processed) of 1.17 MT water per MT of FFB processed, a decrease compared to the 1.74 MT water per MT of FFB processed in 2020.

ENVIRONMENT (cont'd)

Energy Consumption

At our Estates

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

In 2021, total diesel fuel consumption by our estates and housing quarters was approximately 1.67 million (2020 - 1.83 million) litres.

Presently, two (2) estates have installed solar panels to generate power for the houses located away from the main complex. The Group will continue to explore installing additional solar panels in other estates still dependant on diesel-powered generation as their main source of power supply.

At our Oil Mills

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

In 2021, most of the energy consumption in our oil mills, amounting to almost 85% (2020 – 85%), came from renewable sources.

Greenhouse Gas (GHG) Emission

To mitigate Greenhouse Gas emissions, the Group constructed and operates two Biogas Power Plants as well as a Biomass Power Plant. These Power Plants generate green power for use in our operations and any surplus is exported to the electrical grid.

Methane emissions from the treatment of POME are a large contributor to operational GHG emissions. The two biogas plants commissioned by the Group, one in Sandakan and one in Teluk Intan, capture methane and mitigate GHG emissions, while the Group's Biomass power plant produce less CHG emissions compare to emission from fossil energy. Together, they contribute to a total GHG reduction of approximately 107,000 MT of CO2 in 2021.

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

Waste Management

Biomass Recycling

In accordance with the Group's biomass recycling best practices, empty fruit bunches ("EFB") are extensively used in our estates. The benefits of applying EFB on plantation land are well documented, especially for moisture retention and for increasing organic matter in soil leading to better nutrient utilisation and uptake.

Zero Burning Policy

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

ENVIRONMENT (cont'd)

Land Remediation and Contamination

Integrated Pest Management

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

Substitution of chemical fertilizers with nutrient-rich organic matter such as EFB and treated POME is also a common practice in our estates.

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

WORKPLACE

Fair Employment Practices

The Group considers its employees to be one of its greatest assets and recognise them as major contributors to its success.

The Group advocates fair employment policies and practices. It is committed to equal employment opportunities without discrimination in regard to gender, age, religion, race, ethnicity and origin. We do not use forced labour nor do we approve of the practice of child labour. We do not tolerate any involvement in human trafficking.

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

In addition, we have a formal grievance mechanism in place so that complaints of mistreatment and abuse can be reported. The mechanism covers complaints on labour practices and human rights and also comes with a remediation process. Guidelines on the complaint and grievance procedure have been established as part of the Group's Employment Policy.

Employees Wages and Welfare

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

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

WORKPLACE (cont'd)

Occupational Safety and Health

The Group is committed to providing a safe and healthy working environment for all employees and contractors engaged at work. To maintain conditions, an Occupational Safety & Health (OSH) Policy is in place that governs the entirety of the Group. We also have Safety and Health Committees (consisting of management and employee representatives) based in all our estates and oil mills.

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

Our target is to always maintain zero fatalities at the workplace. There have been zero fatalities at the workplace in the whole Group for the past 12 months and the Lost Time Injury Frequency Rate (LTIFR) is 4.08 (2020 – 6.71).

LTIFR represents the number of accidents with lost days for every (1) million man hours worked.

Every accident is formally investigated to determine the root cause and to prevent the recurrence of such incidents.

Protecting Our Employees during COVID-19

The Group established SOPs and precautionary practices to guide operations during the Covid-19 pandemic. Strict face masking, safe physical distancing, sanitisation of work place areas and encouraging vaccination are some of the measures taken by the Group. The Group will continue to take precautionary measures and monitor the situation closely, and will do whatever necessary to protect its employees whilst ensuring business continuity.

Training and Education

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

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

Employee Retention and Engagement

The Group faces challenges from the shortage of foreign labour in the palm oil industry. This is partly due to Covid-19 related travel restrictions and improving job opportunities in the source countries such as Indonesia.

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

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

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

COMMUNITY

Community Care and CSR Initiatives

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

The Group contributes to the local community through Dato' Seri Mah Pooi Soo Benevolent Fund ("the Fund") which is a charitable organisation funded by the Group.

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

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

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

COMMUNITY (cont'd)

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

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

COMMUNITY (cont'd)

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

The Group is partnering with Persatuan Orang Asli Perak to provide basic education and care for the children of Orang Asli at the centre donated by the Group namely, Pusat Kecemerlangan Pendidikan Orang Asli Perak located between Simpang Pulai and Cameron Highlands.

The Group also contributed to the establishment of a Bistari IT Centre at the Pusat Kecemerlangan Pendidikan Orang Asli Perak. This IT College is intended to improve the living standard of Orang Asli by providing them skill training in computer science, business management and engineering in welding (Oil & Gas).

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

MHC Plantations Bhd.
[196001000393 (4060-V)]
(Incorporated in Malaysia)

Corporate Governance Overview Statement

Introduction

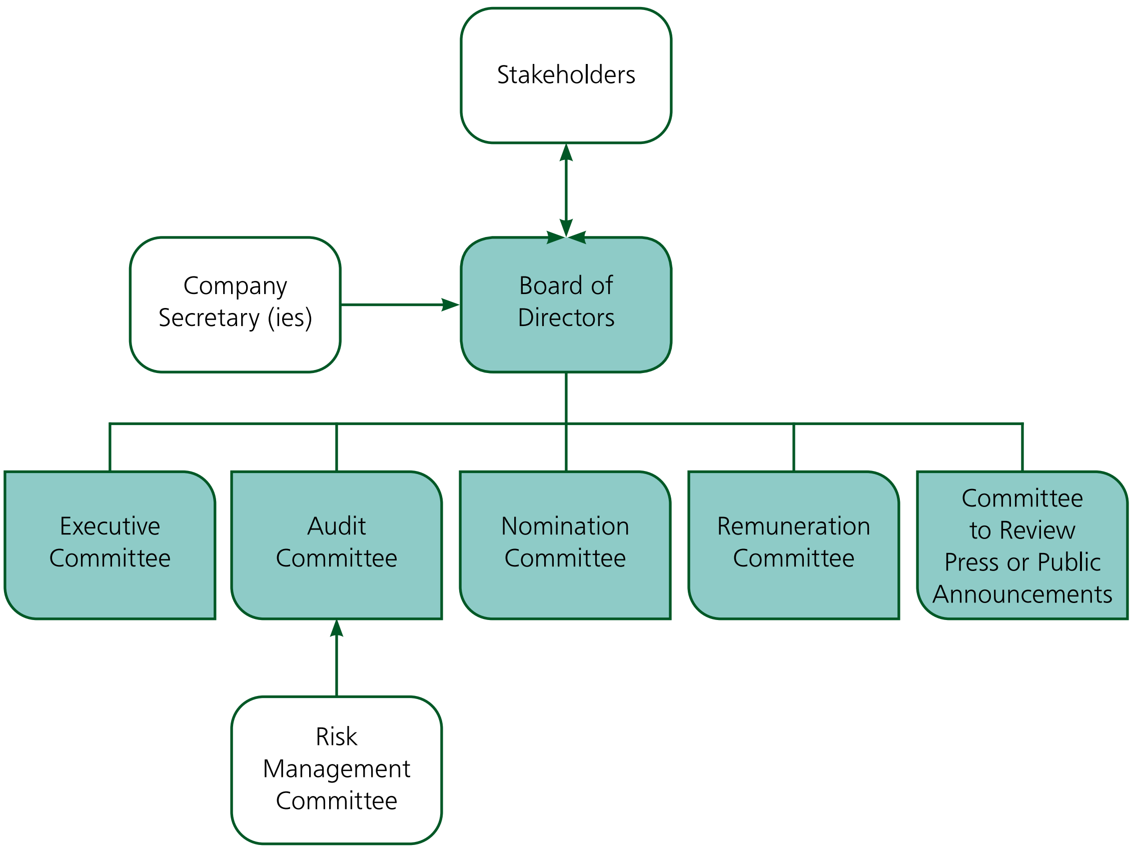
The Board of Directors ("the Board") recognises the importance of adopting high standards of corporate governance throughout the Company and the Group as a fundamental part of discharging its responsibilities to protect and enhance long term shareholders value and the Group's financial performance, whilst considering the interests of other stakeholders.

This Corporate Governance Overview Statement ("Statement") sets out how the Company has applied the Principles of the Code and observed the Recommendations supporting the Principles and is to be read together with the Corporate Governance Report 2021 ("CG Report") which is available on the Company's corporate website at www.mhc.com.my as well as announcement on the website of Bursa Malaysia Securities Berhad ("Bursa Securities") and in conjunction with the other statements in the Annual Report (for example, Statement on Risk Management and Internal Control and Sustainability Statement).

The CG Report provides the details on how the Company has applied the following three (3) principles which are set out in the Malaysian Code on Corporate Governance ("MCCG") during the financial year 2021:

(a) Board leadership and effectiveness;
(b) Effective audit and risk management; and
(c) Integrity in corporate reporting and meaningful relationship with stakeholders.

The Group's Governance Framework



Principle A : Board Leadership and Effectiveness

Principal Responsibilities of the Board

The Board is led by the Executive Chairman and is supported by an experienced and dynamic Board members with a wide range of expertise, who play an important role in the stewardship of the direction and operations of the Group.

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

Board Charter

The Board has a Board Charter which sets out the clear functions reserved for the Board and those delegated to Management in the Board Charter (the "Charter") which serves as a reference point for Board's activities. The Charter provides guidance for Directors and Management on the responsibilities of the Board and its Committees, and requirements of Directors to ensure consistency with the Board's strategic intent as well as relevant standards of corporate governance. The terms of the Charter are made available on the Company's website at www.mhc.com.my.

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

- Board Charter and Code of Conduct
- Code of Conduct and Ethics
- Shareholder's Rights relating to General Meetings
- Whistleblowing Policy and Procedure
- Anti-Bribery and Corruption Policy
- Sustainability Policy
- Remuneration Policy and Procedures

In February 2022, the Board approved the amendments to the Board Charter including updates MCCG 2021 in line with the Bursa Securities Listing Requirement. The Board will review the Board Charter periodically and updated in accordance with the needs of the Company and any new regulation that may have an impact on the discharge of the Board's responsibilities.

Board Composition and Independence

The Board, led by the Executive Chairman, currently comprises five (5) members who bring with them a wide mix of knowledge, business acumen, industry expertise and financial experience which are invaluable assets required in their thorough examination and deliberations of the various key issues and matters involving the Group. A brief description of the background of each Director is presented under the Directors' Profiles section of this Annual Report.

Principle A : Board Leadership and Effectiveness (cont'd)

Board Composition and Independence *(cont'd)*

The Board is appropriately balanced to reflect the interest of substantial shareholders. As such, the Board is satisfied that the current Board composition fairly represents and protects the interest of the minority shareholders in the Company. The Independent Directors play a key role in providing unbiased views and impartiality to the Board's deliberation and decision-making process. In addition, the Independent Directors ensure that matters and issues brought to the Board are given due consideration, fully discussed and examined, taking into account the interest of all stakeholders in the Group. The assessment on the independence of the Directors based on the provisions of the Listing Requirements covers a series of objective tests and is carried out before the appointment of the Independent Directors. Furthermore, the Board with assistance from the Nomination Committee will undertake to carry out annual assessment of the effectiveness of the Independent Non-Executive Directors and consider whether the Independent Non-Executive Directors can continue to bring independent and objective judgement to the Board deliberations. Any Director who considers that he has or may have a conflict of interest or a material personal interest or a direct or indirect interest or relationship that could reasonably be considered to influence in a material way the Director's decision in any matter concerning the Company, is required to immediately disclose to the Board.

The Board comprises five (5) members, of whom two (2) are Executive Directors and three (3) are Independent Non-Executive Directors. The Company has thus satisfied Paragraph 15.02(1) of the Main Market Listing Requirements ("MMLR") of Bursa Securities, which requires that at least two or one-third (1/3) of the Board members, whichever is the higher, comprises Independent Non-Executive Directors and had met the recommendation under Practice 5.2 of the MCCG 2021.

The Company has taken note of Practice 5.3 of the MCCG 2021 that the tenure of an Independent Director should not exceed a cumulative term of nine (9) years. Upon completion of nine (9) years, an Independent Director may continue to serve on the Board subject to the director's re-designation as a Non-Independent Director.

However, the Company does not have a term limit policy for independent directors but the Nomination Committee annually assesses the independence of the Directors based on the criteria stipulated in paragraph 1.01 of the Listing Requirements. Thus, the Board must justify and seek Shareholders' approval at an Annual General Meeting ("AGM") through a two-tier voting process in the event it retains the director as an Independent Director beyond nine (9) years. The Board took cognizant of the latest amendment to Bursa Securities Listing Requirements where the tenure of the ID should not exceed a cumulative term of 9 years effective 1 June 2023.

The Board shall examine the composition and size of the Board from time to time to ensure its effectiveness. In this regard, the Board through its Nomination Committee (NC) conducts an annual review of its size and composition, to determine if the Board has the right size and sufficient diversity with independence elements that fit the Company's objectives and strategic goal.

Foster Commitment

Each Director does not hold more than five (5) directorships in public listed companies to ensure that they have sufficient time to focus and discharge their duties and responsibilities. The Board is satisfied with the time and level of commitment given by the Non-Executive Directors towards fulfilling their roles and responsibilities as Directors of the Company during the financial year ended 31 December 2021.

Principle A : Board Leadership and Effectiveness (cont'd)

Board Meetings

The Board meets four (4) times a year on a scheduled basis with additional meetings held when specific urgent or important matters are required to be considered and decided between the scheduled meetings. A total of four (4) Board Meetings were held during the financial year. All the Directors have complied with the minimum attendance at Board Meetings as stipulated by Bursa Securities during the financial year as follows:

No.	Name of Directors	Meeting Attendance
1	Dato' Seri Mah King Seng	4/4
2	Tan Sri Dr. Mah King Thian	4/4
3	Mr. Chan Kam Leong	4/4
4	Puan Wan Salmah Binti Wan Abdullah	4/4
5	Mr. Heng Beng Fatt	4/4
6	Ms. Mah Li-Na (Alternate Director to Dato' Seri Mah King Seng)	4/4
7	Dr. Jordina Mah Siu Yi (Alternate Director to Tan Sri Dr. Mah King Thian)	4/4

Gender Diversity Policy

The Company does not have a policy on gender diversity but the Board endeavours to have at least one (1) woman Director participating on the Board at all times. The Board also endeavours to have diversity in its workforce in terms of experience, qualification, ethnicity and age. The Board recognise the value of female member of the Board. Currently, the Board has one female Director, Puan Wan Salmah Binti Wan Abdullah.

Re-appointment and Re-election of Directors

In accordance with the Company's Constitution, all Directors who were appointed by the Board are subject to re-election at the first opportunity after their appointment and at least one third (1/3) of the remaining Directors are subject to re-election by rotation at each AGM. The Constitution also provide that all Directors shall retire at least once in three (3) years and in accordance with the MMLR of Bursa Securities.

Where any Director is required to retire from office, the Nomination Committee reviews the composition of the Board and decides whether to recommend such Director for re-election taking into account the Director's skills, experience and strength in qualities necessary for the discharging of their responsibilities in an effective manner, their attendance at meetings, participation, contribution and also their time commitment.

Dato' Seri Mah King Seng and Mr. Chan Kam Leong will be retiring by rotation at the forthcoming AGM to be held on 27 May 2022 and being eligible, offered themselves for re-election. At the recommendation of the Nomination Committee and as approved by the Board, they will be seeking re-election as Directors at the 2022 AGM.

Principle A : Board Leadership and Effectiveness (cont'd)

Continuous Training of Directors

Directors are expected to devote sufficient time to update their knowledge and enhance their skills through appropriate continuing education programmes, so as to enable them to sustain their active participation in the Board's deliberations. Hence, the Board recognises and has undertaken an assessment of the training needs of each Director to continue developing their skills and knowledge. All Directors have complied with the Continuous Training Programme prescribed by Bursa Securities. However, every Director is encouraged to evaluate their own training needs and undergo continuous training to equip himself with enhanced knowledge and effectively contribute his duties to the Board.

During the financial year, the Directors have attended several conferences, seminars and training programmes as follows:

- Sustainability Reporting Training
- Effective Fund Raising and Valuations for the New Normal and Post-Covid19 by BURSA
- Updates on Malaysian Code on Corporate Governance 2021 and Securities Commission Guidelines
- Environmental, Social & Governance Trends
- Cyber Security Awareness
- Mental Health First Aid Training
- Promotion of Best Practices of Regulations, Circular and Guidelines on Safety and Health of CIDB and DOSH
- Towards a Resilient and Sustainable Food Security for Malaysia in Challenging Times
- MPOB's Virtual Conference on Palm Oil Economic Review & Outlook
- Navigating through uncertain times by Ernst & Young
- IBBK Biogas Engineering & Operating Training- Online
- Children In Plantation by Earthworm & IOI
- Transfer Pricing Workshop by PKF PLT

The Company Secretary keep the Directors informed of the relevant external training programmes. The Company Secretary circulated and highlighted from time to time the relevant guidelines on statutory and regulatory requirements to the Directors. The External Auditors also highlighted changes to the Malaysian Financial Reporting Standards and legislation that affect the Company's financial statements during the financial year.

The Board will continuously evaluate and determine the training needs of its members to assist them in the discharge of their duties as Directors.

Qualified and Competent Company Secretary

The Board believes that the current Company Secretary is capable of carrying out her duties to ensure effective functioning of the Board. The Company Secretary ensure that all Board and Board Committee meetings are properly convened and that records of the deliberations, proceedings and resolutions passed are properly recorded and statutory registers are properly maintained at the registered office of the Company. She constantly keep herself abreast of the evolving capital market environment, regulatory changes and developments in corporate governance by attending the relevant training programmes/conferences.

Principle A : Board Leadership and Effectiveness (cont'd)

Access to Information and Advice

The Board has access to information within the Group and the advice and services of the Company Secretary. The Directors may obtain independent professional advice to enhance their duties whenever necessary at the Company's expense, subject to approval by the Chairman or the Board and depending on the quantum of the fees involved.

The Board members are provided with all meeting materials including updates on operational, financial and corporate issues as well as minutes of meetings of the various Board Committees at least five (5) days prior to the meetings to enable Directors to obtain further explanations/clarifications, if necessary, in order to ensure the effectiveness of the proceeding of the meetings.

Board Committees

The Board is assisted by the following Sub-Committees in the discharge of its duties and responsibilities:

Audit Committee ("**AC**")
Executive Committee ("**EC**")
Nomination Committee ("**NC**")
Remuneration Committee ("**RC**")
Committee for the review of press releases or public announcements

AC

The AC was established on 27 September 2000 to support the Board of Directors in overseeing the processes for production of financial data and reviewing the financial reports and the internal controls of the Company. Details of the composition and summary of work of the AC are set out in the AC Report on pages 51 to 53 of this Annual Report.

EC

The EC was set up on 24 May 2001 to act on behalf of the Board on matters concerning administration, operations, capital expenditure, debt approvals and investments. It meets at regular intervals to review the operations, budget and investment strategy. It has three (3) members comprising the Executive Chairman, the Managing Director and a Senior Executive:

1) Datin Seri Ooi Ah Thin (Senior Executive) - Chairperson
2) Dato' Seri Mah King Seng (Executive Chairman)
3) Tan Sri Dr. Mah King Thian (Managing Director)

NC

The role of the NC is to assist the Board in ensuring that the Board comprises individuals with the requisite skills, knowledge, professional expertise and character.

The NC comprises exclusively Non-Executive Directors who are independent. Currently, the members are as follows:

1) Mr. Chan Kam Leong (Chairman, Independent Non-Executive)
2) Puan Wan Salmah Binti Wan Abdullah (Independent Non-Executive)
3) Mr. Heng Beng Fatt (Independent Non-Executive)

Principle A : Board Leadership and Effectiveness (cont'd)

Board Committees (cont'd)

NC (cont'd)

The NC meets as and when necessary. One (1) meeting was held during the financial year ended 31 December 2021.

The nomination and election process of board members and its Terms of Reference can be found on the Company's website at www.mhc.com.my

The activities of the NC during the financial year are as follows:

- Reviewed the mix of skills, independence, experience and other qualities of the Board;
- Reviewing the terms of office and performance of the AC, NC and the RC;
- Reviewed and recommended to the Board to put for the proposal for the re-election of Directors at the forthcoming AGM of the Company;
- Assessed the independence of the Independent Directors;
- Reviewed and recommended the continuation in office of an Independent Non-Executive Director for Mr. Chan Kam Leong and Puan Wan Salmah Binti Wan Abdullah who have served as Independent Non-Executive Directors of the Company for a cumulative term of approximately 14 years and 13 years respectively;
- Reviewed the annual assessment of the effectiveness of the Board, committees and individual Directors with the following criteria used:

  Audit Committee
  i) Quality and Composition;
  ii) Skills and Competencies; and
  iii) Meeting Administration and Conduct.

  Board of Directors
  i) Board Roles and Responsibilities
  ii) The Board Operations and the Company Senior Management
  iii) Board Meetings and Facilities
  iv) Board Composition
  v) Board Committees

At the NC meeting held on 26 October 2021, the NC had conducted and carried out an annual assessment of the Board and its individual members, the AC and its members, and the RC and its members, including assessing in the area of board diversity, composition and governance, decision-making and Boardroom activities, skills and contribution of each director. The NC was satisfied with the current board size and the effectiveness of the Board/Board Committees and thus, no recommendation on the change of composition of the Board is made. All assessments and evaluations carried out by the NC in discharging its functions have been properly documented.

Principle A : Board Leadership and Effectiveness (cont'd)

Board Committees (cont'd)

RC

The RC comprises the following three (3) members:

1) Tan Sri Dr. Mah King Thian (Chairman, Managing Director)
2) Mr. Chan Kam Leong (Member, Independent Non-Executive)
3) Puan Wan Salmah Binti Wan Abdullah (Member, Independent Non-Executive)

The RC meets as and when necessary. One (1) meeting was held during the financial year ended 31 December 2021.

The RC provides remuneration packages which are sufficient and necessary to attract, retain and motivate Executive Directors and Senior Management to run the Company. The remuneration of Non-Executive Directors is linked to their experience and level of responsibilities undertaken by them.

The Board has a Remuneration Policy and Procedure which facilitates the RC to review, consider and recommend to the Board for decision on the remuneration packages of the Executive Directors and Senior Management.

The Remuneration Policy and Procedure and its Terms of Reference can be found on the Company's website at www.mhc.com.my

Committee for the Review of Press Releases or Public Announcements

The Committee for the review of press releases or public announcements, comprising the Executive Chairman, Dato' Seri Mah King Seng, and the Managing Director, Tan Sri Dr. Mah King Thian, is responsible for making timely dissemination of information to the shareholders and investing public and ensuring that the information released is factual, clear, accurate and not false or misleading.

Remuneration of Directors and Key Senior Management Personnel

The Company's framework on Directors' remuneration has the underlying objectives of attracting and retaining Directors of high calibre needed to run the Group successfully. In the case of the Executive Directors, the various components of the remuneration are structured so as to link rewards to corporate and individual performance. In the case of Non-Executive Directors, the level of remuneration reflects the expertise, experience and level of responsibilities undertaken by a particular Non-Executive Director concerned.

The Company has identified the Chief Operating Officer, Group General Manager of the Company's subsidiary namely Cepatwawasan Group Berhad and Group Accountant who are the most senior management personnel outside the Board as its key senior management personnel.

The objective of the Group's remuneration policies is to provide fair and competitive remuneration to its Board and senior management personnel in order for the Company to benefit by attracting and retaining a high quality team.

The Company pays its Non-Executive Directors allowances based on attendance of meetings and level of responsibilities.

The Company provides Directors' and Officers' Liability Insurance and may provide an indemnity to the fullest extent permitted by the Companies Act, 2016, and the cost of such Liability Insurance is set out in the Directors' Report.

Principle A : Board Leadership and Effectiveness (cont'd)

Remuneration of Directors and Key Senior Management Personnel (cont'd)

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

	Salary RM'000	Fees RM'000	Bonus RM'000	Allowance RM'000	Benefits-in-kind RM'000	EPF RM'000	Total RM'000
Group							
Executive Directors							
Dato' Seri Mah King Seng	1,126	-	554	40	-	201	1,921
Tan Sri Dr. Mah King Thian	1,126	-	554	71	24	201	1,976
Total	2,252	-	1,108	111	24	402	3,897
Non-Executive Directors							
Mr. Chan Kam Leong	-	52	-	47	-	-	99
Puan Wan Salmah Binti Wan Abdullah	-	21	-	47	-	-	68
Mr. Heng Beng Fatt	-	-	-	47	-	-	47
	-	73	-	141	-	-	214
Alternate Director							
Ms. Mah Li-Na	88	-	-	36	-	15	139
Dr. Jordina Mah Siu Yi	-	-	-	-	-	-	-
	88	-	-	36	-	15	139
Company							
Executive Directors							
Dato' Seri Mah King Seng	-	-	-	-	-	-	-
Tan Sri Dr. Mah King Thian	240	-	118	-	-	43	401
Total	240	-	118	-	-	43	401
Non-Executive Directors							
Mr. Chan Kam Leong	-	-	-	47	-	-	47
Puan Wan Salmah Binti Wan Abdullah	-	-	-	47	-	-	47
Mr. Heng Beng Fatt	-	-	-	47	-	-	47
	-	-	-	141	-	-	141

Principle B : Effective Audit and Risk management

Risk Management and Internal Control Framework

The Board has a Group Risk Management Committee (RMC) that comprises the Managing Director and senior management to review the risk management framework and assess the various types of risks which might have an impact on the profitable operation of the Group's business. This includes operational, market, legal and environmental risks. The key features of the risk management framework are set out in the Statement on Risk Management and Internal Control on Pages 46 to 50 of this Annual Report.

In accordance with the MCCG and the MMLR of Bursa Securities, the Board has an internal audit function which reports directly to the AC. The function is currently outsourced to an independent professional firm. The AC had also undertook an annual assessment of the quality of the internal auditor based on an assessment questionnaire, and no material issue and major deficiency had been noted which pose a high risk to the overall system of internal control under review.

Details on scope of work performed during the financial year under review are provided in the AC Report set out on Pages 51 to 53 of this Annual Report.

Assessment of Suitability and Independence of External Auditors (EA)

The AC had deliberated the outcome of the Evaluation of the EA including the assessment of the Engagement Teams' qualification, credentials and experience, particularly in the financial service sector, the firms' competitive advantage with global network resources, their audit work approach, and their ability to provide value added and service as well as to perform the work within MHC's timeline. Messrs PKF PLT had also confirmed their independence throughout the conduct of the audit engagement with the Company in accordance with the independence criteria set out by the International Federation of Accountants and the Malaysian Institute of Accountants.

A statement by the Directors of their responsibilities in preparing the financial statements is set out on Page 45 of this Annual Report.

Relationship with the Auditors

The Board has a formal and transparent arrangement with its external auditors to meet their professional requirements. The auditors have continued to highlight to the AC and Board of Directors matters that require the Board's attention. The AC will have a private session with the external auditors without the presence of any executive of the Group at least twice (2) a year. In addition, the external auditors are invited to attend the Company's AGM.

The role of the AC in relation to the external auditors is set out in the Report of AC on Pages 51 to 53 of this Annual Report.

Principle C : Integrity in Corporate Reporting and Meaningful relationship with Stakeholders

Investor Relations and Communication

The Board recognises the importance of timely dissemination of information to its shareholders to keep them well informed of all major developments of the Group. Disclosures in the Annual Report, announcements and releases of the quarterly financial results provide the shareholders and the investing public with a periodic overview of the Group's performance and operations.

Principle C : Integrity in Corporate Reporting and Meaningful relationship with Stakeholders (cont'd)

Investor Relations and Communication (cont'd)

The Company uses the AGM as a forum for dialogue and interaction with all its shareholders. Shareholders are encouraged to attend and participate in the AGM. They will be given the opportunity to seek clarification on any matters pertaining to the Company's affairs and performance, as the Directors and the representatives of the External Auditors will be present to answer any questions that they may have.

The Board has identified Mr. Chan Kam Leong, the Independent Non-Executive Director, as the Liaison Director to whom the shareholders, management and others may convey their concerns.

Shareholders may also contact the Company Secretary at any time for information.

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

Poll Voting

In line with the MMLR, all resolutions set out in the Notice of AGM will be voted by poll and a scrutineer will be appointed to validate the vote cast. Poll voting more accurately and fairly reflects shareholders' views as every vote is recognised thus enforcing greater shareholder's rights.

Compliance with the Code

The Group has complied with the Principles of Corporate Governance as contained in the MCCG except for the following exception that, in the opinion of the Directors, adequately suit the circumstances:

- Practice 1.4
  The Chairman of the board should not be a member of the Audit Committee, Nomination Committee or Remuneration Committee.
- Practice 5.9
  The board comprises at least 30% women directors.
- Practice 5.10
  The board discloses in its annual report the company's policy on gender diversity for the board and senior management.
- Practice 8.2
  The board discloses on a named basis the top five senior management's remuneration component including salary, bonus, benefits-in-kind and other emoluments in bands of RM50,000.
- Practice 13.3
  Listed companies should leverage technology to facilitate:
  - voting including voting in absentia; and
  - remote shareholders' participation at general meetings.

The explanation for departure is further disclosed in the Corporate Governance Report.

The Statement and Corporate Governance Report were approved by the Board of Directors of MHC on 24 February 2022.

Statement of Directors' Responsibility
for Preparing the Audited Financial Statements

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

In preparing the financial statements, the Directors have:

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

The Directors are responsible for ensuring that proper accounting records are kept so as to enable disclosure of the accounts, financial position and other financial reports of the Group and of the Company are prepared in accordance with the applicable approved accounting standards in Malaysia and comply with the requirement of the Companies Act, 2016.

They are responsible for taking reasonable steps to safeguard the assets of the Group and of the Company for the prevention and detection of fraud and other irregularities. The Board of Directors is satisfied that the Group has applied the appropriate accounting policies and standards consistently in the preparation of the financial statements for the financial year ended 31 December 2021.

Statement on Risk Management and Internal Control

INTRODUCTION

The Board of Directors ("the Board") is pleased to present the Group's Statement on Risk Management and Internal Control for the financial year ended 31 December 2021 which is made in compliance with Paragraph 15.26(b) of the Bursa Malaysia Securities Berhad's (Bursa Malaysia) Main Market Listing Requirements and is guided by "Statement on Risk Management and Internal Control: Guidelines for Directors and Listed Issuers" endorsed by Bursa Malaysia.

BOARD'S RESPONSIBILITY

The Board acknowledges its responsibility for establishing an efficient and effective sound risk management framework and internal control system. The Board ensures the Group's key areas of risk are managed within an acceptable risks profile. There is an on-going review process for identifying, evaluating, responding to and managing significant risk faced by the Group to ensure the adequacy and integrity of the system.

In view of the limitations that are inherent in any system of internal control, this system is designed to manage key risks, rather than eliminate the risk of failure to achieve corporate objectives. Accordingly, the system can only provide reasonable but not absolute assurance against material misstatement, operational failures, fraud or loss.

RISK POLICY

The Group recognises its primary responsibility is to ensure the long term viability of the Group. The Group recognises that the risk is an integral and unavoidable component of its business and is characterised by threats and opportunities. The Group fosters a risk-aware corporate culture in all decision making. Our policy, therefore, is to achieve a proper balance between risk incurred and potential returns to shareholders and stakeholders.

RISK MANAGEMENT FRAMEWORK AND CONTROL SELF-ASSESSMENT

The Board has put in place a risk management framework and ongoing process to assess the various types of risks, which might have an impact on the profitable operation of the Group's business. These include operational risk, market risk, legal risk and environmental risk. 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 and environmental 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 movements in market forces inherent in the industry in which the Group operates.

The Board has established a formal Group Risk Management Committee that comprises the Managing Director and senior management. The Group Risk Management Committee is entrusted with the responsibilities of identifying and evaluating various critical risks that are considered likely to affect the profitable operation of the business units in the Group.

The key risk management processes for the main risk areas of the Group are as follows:

Risk Area	**Risk Management Process**
Business/Operation Risks	- Relevant discussions have been held with the operational managers on the major risks affecting the business operations of the Group. As a result, a database of all major risks and controls, and subsequent actions taken was compiled to produce a divisional risk profile of the business units evaluated under the risk management plan. - Business/Operation Heads are provided with reports to enable them to review, discuss and monitor the risk profiles and implementation of action plans. - The Group implemented attractive remuneration schemes to attract and retain a skilled workforce to meet existing and future needs. - The Group is upgrading the living quarters of guest workers complete with amenities including electricity and water, medical care, crèche, recreational and sports facilities in phases to attract and retain skilled workforce. - To cope with the adverse climatic conditions affecting oil palms, the plantation division strictly follows the requirements of the planting manual, employs good agricultural practices, and adopts water conservation and irrigation measures to sustain high production yields. - The Group is continuously devising ways to mechanise and increase efficiency and productivity to mitigate the risk of labour shortages.

The key risk management processes for the main risk areas of the Group are as follows: (cont'd)

Risk Area	Risk Management Process
Financial Risks	- The key financial risks of the Group include credit risk and liquidity risk. - Credit risks arise from the inability to recover debts in a timely manner which may adversely affect the Group's profitability, cash flows and funding. The Group minimises such exposures by assessing the creditworthiness of potential customers, closely monitoring collections and overdue debts, and effectively utilising credit to keep leverage at a comfortable level. - The Group trades only with recognised and creditworthy customers. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivables balances are monitored on an going basis and the Group's exposure to bad debts is very minimal. The Group usually trades only with recognised and creditworthy customers in which there is no requirement for collateral. Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's exposure to liquidity risk arises primarily from mismatches of maturities of financial assets and liabilities. The Group actively manages their debt maturity profile, operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements.
COVID-19	- The Group established SOPs and precautionary practices to guide operations during the Covid-19 pandemic. A strict compliance of wearing face mask, observing physical distancing and sanitisation of work place area are some of the measures taken by the Group. The Group will continue to take precautionary measures and monitor the situation closely, and will do whatever is necessary to protect its employees whilst ensuring business continuity.

INTERNAL AUDIT FUNCTION

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

The internal audit function is outsourced to a professional services firm which reports directly to the Audit Committee. The Internal Audit Function adopts a risk-based approach with focus on effective risk management practices. The scope of work covered by the internal audit function is determined by the Audit Committee after careful consideration and discussion of the audit plan with the Board. Observations from internal audits were presented to the Audit Committee together with management's response and proposed action plans for its review. The action plans were then followed up during subsequent internal audits with implementation status reported to the Audit Committee. The costs incurred for the Internal Audit function for the financial year ended 31 December 2021 totalled RM23,600.

OTHER KEY ELEMENTS OF INTERNAL CONTROL

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

- The Board of Directors reviews the operational and financial performance of the Group every quarter and management meetings are conducted regularly at head office and operating division level. The Executive Committee ("EXCO") is aware of the significant issues identified in those meetings, and when necessary the EXCO shall be involved in resolving those issues. The Group has been restructured in such a way that duties are properly segregated to ensure safe custody of the Group's assets and to provide clear and transparent reporting lines.
- Timely preparation of quarterly operational and financial reports to the Board and monthly financial reports to Senior Management for review.
- Existence of an organisational structure with clear delegation of responsibilities.
- The Company has implemented a system of controls as set out in the Operations Manual. The Board will review from time to time and update the financial authority limits set out therein as and when necessary.
- A detailed budgeting process takes place annually, where each business unit prepares its budget for the following financial year and the budget is then reviewed by the Managing Director, after which the budget is submitted to the Board for formal approval.
- Regular visits to the Operating Centres by the Managing Director and senior management whenever appropriate.
- Proposals for major capital expenditure and investment by the Group are reviewed and approved by the Board of Directors. All other purchases and payments are approved according to formalised limits of authority.
- The Remuneration Committee evaluates and reviews the remuneration packages of the executive directors and senior management.
- The Audit Committee reviews the internal audit plan for the year, and reviews and holds discussions on the actions taken on internal control issues identified in the reports prepared by the Internal Auditor.
- Regular management meetings.

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

The Board has reviewed the adequacy and effectiveness of the Group's risk management and internal control system for the year under review and up to the date of approval of this statement for inclusion in the Annual Report, and is of the view that the risk management and internal control system is satisfactory and there were no material internal control failures nor have any of the reported weaknesses resulted in material losses or contingencies during the financial year under review.

For the period under review, the Managing Director and the Group Accountant have provided assurance to the Board that to the best of their knowledge, the Group's risk management and internal control system are operating adequately and effectively in all material aspects.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

In accordance with paragraph 15.23 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements, the external auditors have reviewed this Statement for inclusion in the Annual Report of the Group for the year ended 31 December 2021 and reported to the Board that nothing has come to their attention that caused them to believe that the Statement which is intended to be included in the annual report is not prepared, in all material respects, 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, nor is the Statement factually inaccurate.

This Statement on Risk Management and Internal Control is made in accordance with the resolution of the Board dated 24 February 2022.

Audit Committee Report

The Board of Directors ("Board") of MHC Plantations Bhd. is pleased to present the report of the Audit Committee ("AC") for the financial year ended 31 December 2021 in compliance with Paragraph 15.15 of the Main Market Listing Requirement ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities").

Members of the Committee

The AC comprises the following three (3) members, all of whom are Non-Executive Directors with all of them being Independent Directors, which complies with Paragraph 15.09(1) of the MMLR of Bursa Securities and is in line with Practice 9.4 under the Malaysian Code on Corporate Governance 2021 ("MCCG"):

Mr. Chan Kam Leong	–	Chairman, Independent Non-Executive Director
Puan Wan Salmah Binti Wan Abdullah	–	Member, Independent Non-Executive Director
Mr. Heng Beng Fatt	–	Member, Independent Non-Executive Director

One of the members, Mr. Heng Beng Fatt is a member of the Malaysian Institute of Accountants which complies with Paragraph 15.09(1)(c)(i) of the MMLR of Bursa Securities. The Chairman of the AC, Mr. Chan Kam Leong is not the Chairman of the Board, hence this is in line with Practice 9.1 under the MCCG. No Alternate Director is appointed as a member of the AC.

The detailed profiles of all the members of the AC are shown in the Directors' Profiles.

Number of Meetings and Details of Attendance

The AC met four (4) times during the financial year ended 31 December 2021 to conduct and discharge its functions in accordance with its Terms of Reference. The Group Accountant and representatives of the internal and external auditors were invited to attend the AC meetings conducted during the financial year. The attendance record of each member is as follows:

Audit Committee Members	Number of Meetings Attended
Mr. Chan Kam Leong	4 of 4
Puan Wan Salmah Binti Wan Abdullah	4 of 4
Mr. Heng Beng Fatt	4 of 4

The AC and its members have discharged their functions, duties and responsibilities in accordance with its Board Charter and Terms of Reference ("TOR") which are available on the Company's website at www.mhc.com.my, to support the Board in ensuring the Group complies with appropriate Corporate Governance Standards.

In February 2022, the AC had recommended the revised TOR including updates on the latest MCCG in line with the MMLR of Bursa Securities to the Board for approval.

Summary of Work For the Financial Year

The works of the AC during the financial year are as summarised below:

(a) Reviewed the unaudited quarterly Group results prior to recommending them to the Board for approval for the announcement to Bursa Securities;

(b) Reviewed prior to the commencement of audit, the external auditors' scope of engagement, their audit plan and approach and their request for any increase in audit fees;

Summary of Work For the Financial Year (cont'd)

(c) Reviewed and discussed with the external auditors the updates or new developments on accounting standards issued by the Malaysian Accounting Standards Board and the Company's compliance with the applicable standards;

(d) Reviewed with the external auditors the results of their audit, their audit report and management letters relating to the audit, their internal control recommendations in respect of control weaknesses noted in the course of their audit and the management's responses thereto. The Committee also appraised the adequacy of actions and measures subsequently taken by the management to address the issues and recommended, where relevant, further improvement measures;

(e) Reviewed the draft audited financial statements prior to recommending the same to the Board for approval;

(f) Met with the External Auditors without the presence of management including the Executive Chairman on 23 February 2021 and 26 October 2021;

(g) Reviewed the statement on risk management and internal control before recommending to the Board for approval for inclusion in the Annual Report;

(h) Reviewed and evaluated the performance of the External Auditors, including their capabilities, objectivity and independence on an annual basis and made recommendations to the Board on their re-appointment;

(i) Considered the proposals received for the internal audit function and recommended the re-appointment of the internal auditors;

(h) Reviewed the related party transactions that had arisen prior to recommending them to the Board for approval;

(i) Reviewed the internal auditor's reports, their recommendations and the management responses. Improvement actions in the area of internal controls, systems and efficiency enhancements suggested by the internal auditor were discussed together with management;

(j) Carried out an annual review of the performance of the Internal Auditor, including assessment of their suitability and independence in performing their obligation;

(k) Followed up on the implementation actions taken by management in respect of the internal auditor's recommendations; and

(l) Ensured that the Group's Whistle Blowing/Anti-Bribery and Corruption Caseas are actively implemented with appropriate actions taken whenever reports are received. There were no case reported in the financial year ended 31 December 2021.

Internal Audit Function

The Group's internal audit function is carried by an independent external firm of professional Internal Auditors, namely KPMG Management & Risk Consulting Sdn Bhd. The Internal Audit Function adopts a risk-based approach with focus on effective risk management practices. The role of the internal audit function, which reports directly to the AC, is to support the AC by providing it with independent and objective reports on the adequacy and effectiveness of the system of internal control and the extent of compliance with the procedures and by recommending ways to rectify shortfall and improve the existing control environment in relation to the Group's operations. It submits its findings and recommendations to the AC and senior management of the Group.

During the financial year under review, the Internal Audit conducted a series of audit assignments on operating segments of the Group. Internal audit activities carried out for the financial year include, inter alia, the following:

- Procurement of FFB;
- Sales of CPO, kernel and sludge palm oil;
- Security and upkeep of oil mill; and
- Payroll process.

The audit report incorporating the internal auditors' findings and recommendations with regard to the system operations and control weaknesses noted in the course of their audit and the management's responses thereto were subsequently submitted to the AC. The action plans were then followed up during subsequent internal audits with implementation status reported to the AC for their attention.

The cost incurred for the internal audit function of the Group for the financial year ended 31 December 2021 was RM23,600.

MHC Plantations Bhd.
[196001000393 (4060-V)]
(Incorporated in Malaysia)

Additional Compliance Information

Pursuant to the Listing Requirements of Bursa Malaysia Securities Berhad for the year ended 31 December 2021

- **Utilisation of Proceeds**

The Company did not raise any funds through any corporate proposal during the financial year.

- **Auditors' Remuneration**

The audit fee and non-audit fee paid and payable to the External Auditors by the Group and of the Company for the financial year ended 31 December 2021 are as follows:

	Group RM	Company RM
Audit fee	298,600	55,000
Non-Audit fee	35,500	6,000
	334,100	61,000

- **Material Contracts awarded to Directors and Substantial Shareholders**

There were no material contracts entered into by the Company and its subsidiaries involving directors and major shareholders' interests still subsisting at the end of the financial year except for those disclosed under related party transaction on page 146 to 148 of this Annual Report.

- **Contracts Relating to Loans**

There were no contracts relating to loans entered into by the Company and its subsidiaries involving directors' and major shareholders' interests during the financial year ended 31 December 2021.

- **Recurrent Related Party Transactions**

The Company incurs related party transaction in the ordinary course of business with a private company connected to certain directors. The total amount involved falls below the threshold requiring announcements and/or shareholders' mandate.

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List of Properties
as at 31 December 2021

Location of Property Peninsular Malaysia	Tenure	Year of Expiry	Land Area	Description	Net Book Value As At 31.12.2021 RM'000	Date of last Revaluation ®
1 MHC Plantations Bhd. Lot Nos. 2768, 3502, 3537, 4471, 4475, 5228, 5229, 5936, 9249 to 9295 (incl.), 12657 and 12658, Mukim of Durien Sebatang, District of Hilir Perak, Perak Darul Ridzuan	Grant in perpetuity	N/A	343.902 hectares	Oil palm estate	3,591	1998
2 MHC Plantations Bhd. Lot Nos. 2327, 5299, 5300, 8275 and 16413, Mukim of Durien Sebatang, District of Hilir Perak, Perak Darul Ridzuan	Grant in perpetuity	N/A	284.333 hectares	Oil palm estate	2,949	1998
3 MHC Plantations Bhd. Lot Nos. 3318, 3319, 3342 to 3345 (incl.), Town of Teluk Intan, District of Hilir Perak, Perak Darul Ridzuan	Leasehold 999 years	21.02.2883	10,142.000 sq. feet	6½ - storey commercial structure partly used as a hotel known as Hotel Anson and partly as office premises	886	1998
4 MHC Plantations Bhd. Lot No. 4453, Town of Teluk Intan, District of Hilir Perak, Perak Darul Ridzuan	Grant in perpetuity	N/A	2,325.000 sq. feet	3-storey commercial shophouse	1,250	2021
5 Anson Oil Industries Sdn. Bhd. Lot No. PT 6438, Mukim of Changkat Jong, District of Hilir Perak, Perak Darul Ridzuan	Leasehold 99 years	28.02.2111	401.570 hectares	Oil palm estate	4,028	1998
6 Anson Oil Industries Sdn. Bhd. Lot No. 8859, Mukim of Hutan Melintang, District of Hilir Perak, Perak Darul Ridzuan	Leasehold 99 years	27.02.2111	367.010 hectares	Oil palm estate	3,114	1998
7 Anson Oil Industries Sdn. Bhd. Lot Nos. 26798, Mukim Durian Sebatang, Daerah Hilir Perak, Perak Darul Ridzuan	Grant in perpetuity	N/A	464.000 sq. metre	1½ - storey semi-detached factory	674	2021
8 Majuperak Plantation Sdn. Bhd. Lot No. 10471, Mukim of Hutan Melintang, District of Hilir Perak, Perak Darul Ridzuan	Leasehold 99 years	26.08.2090	404.889 hectares	Oil palm estate	3,060	1998
9 Sharikat Muzwin Bersaudara Sdn. Bhd. Lot No. PT 8860, Mukim of Hutan Melintang, District of Hilir Perak, Perak Darul Ridzuan	Leasehold 99 years	07.03.2111	404.686 hectares	Oil palm estate	2,567	1998
10 Yew Lee Holdings Sdn. Berhad Lot No. PT 6439, Mukim of Changkat Jong, District of Hilir Perak, Perak Darul Ridzuan	Leasehold 99 years	27.02.2111	392.141 hectares	Oil palm estate	2,481	1998

List of Properties
as at 31 December 2021 (cont'd)

Location of Property Peninsular Malaysia	Tenure	Year of Expiry	Land Area	Description	Net Book Value As At 31.12.2021 RM'000	Date of last Revaluation ®
11 Hutan Melintang Plantations Sdn. Berhad Lot No. PT 8861, Mukim of Hutan Melintang, District of Hilir Perak, Perak Darul Ridzuan	Leasehold 99 years	28.02.2111	396.147 hectares	Oil palm estate	4,650	1998
12 Champion Point Sdn. Bhd. Lot Nos. 10065, 10066, 10068, 10069, 10071-10075 (Incl.), PT 30768, PT 30769, Mukim of Durien Sebatang, District of Hilir Perak, Perak Darul Ridzuan	Grant in perpetuity	N/A	76.437 hectares	Oil palm estate	2,628	1998
13 Mah Hock Company Sendirian Berhad Lot Nos. PT 30770 and PT 30766, Mukim of Durien Sebatang, District of Hilir Perak, Perak Darul Ridzuan	Grant in perpetuity	N/A	8.268 hectares	Oil palm estate	1,494	N/A

List of Properties
as at 31 December 2021 (cont'd)

Location of Property Sabah	Tenure	Year of Expiry	Land Area	Description	Net Book Value As At 31.12.2021 RM'000	Date of last Revaluation ®
14 Prolific, Wong Tet-Jung Plantations Off KM 63.7, Sandakan-Lahad Datu Highway	Leasehold 99 years	2069 2070 2074 2075 2076 2077 2082 2082	39.752 hectares 30.607 hectares 8.010 hectares 207.903 hectares 9.967 hectares 24.460 hectares 6.463 hectares 72.790 hectares	Oil Palm Plantation & Oil Mill	9,412	N/A
	Perpetuity (Sublease 99 years)	2097	6.435 hectares			
Kolapis-Beluran Area District of Labuk Sugut	Leasehold 99 years	2073	2.250 hectares **408.725 hectares**	Plantable Reserve		
Prolific Yield Lot 38, Block C Taman Indah Jaya Phase 4A, Mile 4, Jalan Utara, Sandakan	Under Sub Division Leasehold 99 years (Parent title TL077552035)	2081	**167.22 Sq. M**	Double Storey Terrace Shoplot	113	N/A
15 Melabau, Suara Baru, Gelang Usaha 0.2 Km East of KM 96, Sandakan-Lahad Datu Highway	Leasehold 99 years	2069 2078 2079 2080 2081 2082 2085 2086 2095 2093 2097	27.480 hectares 17.110 hectares 260.780 hectares 202.303 hectares 136.615 hectares 88.690 hectares 252.660 hectares 14.930 hectares 4.993 hectares 154.700 hectares 12.300 hectares	Oil Palm Plantation Oil Palm Plantation & Quarry	543 20,132	N/A N/A
	Perpetuity (Sublease 99 years)	2075 2080 2093 2097	316.549 hectares 136.763 hectares 5.751 hectares 10.930 hectares			
KM 28, Jalan Labuk	Leasehold 99 years	2065	1.842 hectares **1,644.396 hectares**	Plantable Reserve		
16 Sri Likas Mewah, Ultisearch Trading 2.6 KM north of KM 31, Sukau Road	Leasehold 99 years	2085 2094 2096 2098	10.120 hectares 386.100 hectares 168.700 hectares 47.750 hectares **612.670 hectares**	Oil Palm Plantation	3,249	N/A
17 Bakara Bukit Garam/Sg. Lokan Off KM 76.5, Sandakan-Lahad Highway	Leasehold 99 years	2085 2087	150.300 hectares 400.000 hectares **550.300 hectares**	Oil Palm Plantation	3,143	N/A
18 Cepatwawasan & Kovusak KM 4.5, Jalan Beluran	Leasehold 99 years	2061 2071 2078	992.700 hectares 133.550 hectares 485.300 hectares **1,611.550 hectares**	Oil Palm Plantation	22,534	N/A
19 Razijaya & Sungguh Mulia Sungai-Sungai Locality, 99 KM North-West of Sandakan	Leasehold 99 years	2098	**362.200 hectares**	Oil Palm Plantation, Quarry & Plantable Reserve	12,371	N/A

MHC Plantations Bhd.
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(Incorporated in Malaysia)

List of Properties
as at 31 December 2021 (cont'd)

Location of Property Sabah	Tenure	Year of Expiry	Land Area	Description	Net Book Value As At 31.12.2021 RM'000	Date of last Revaluation ®
20 Prima Semasa Sonsogon Suyad, Paitan Locality 105 KM North-West of Sandakan	Leasehold 99 years	2094	**2,997.000 hectares**	Oil Palm Plantation & Plantable Reserve	32,034	N/A
21 Cepatwawasan, Tentu Bernas, Tentu Cergas, Liga Semarak & Jutategak Sg. Kawananan Locality 113 KM North-West of Sandakan	Leasehold 99 years	2097 2098 2099 2100	242.800 hectares 145.710 hectares 48.550 hectares 48.520 hectares **485.580 hectares**	Oil Palm Plantation & Plantable Reserve	4,491	N/A
22 Ladang Cepat-KPD 85 KM South-West of Beaufort	Leasehold 99 years	2087	**1,595.860 hectares**	Oil Palm Plantation	20,711	N/A
23 Cepatwawasan Group Berhad Lot 70, Block 6, Prima Square Mile 4, North Road, Sandakan	Leasehold 99 years	2106	**564.386 Sq. M**	Three Storey Shop/Office	659	N/A
24 Cepatwawasan Group Berhad Unit no. F-7-2, Level 7, Block F Utama Court, Phase 2, Mile 6 North Road, Sandakan	Leasehold 99 years	2081	**106.500 Sq. M**	Eight Storey Apartment	98	N/A
25 Cepatwawasan Group Berhad Unit no. F-8-2, Level 8, Block F Utama Court, Phase 2, Mile 6 North Road, Sandakan	Leasehold 99 years	2081	**106.500 Sq. M**	Eight Storey Apartment	98	N/A
26 Cepatwawasan Group Berhad Unit no. B1-10-1, Sri Utama Condominiums Mile 6, North Road, Sandakan	Leasehold 99 years	2081	**122.140 Sq. M**	Eight Storey Condominium	285	N/A
27 Cepatwawasan Group Berhad Unit no. B1-10-3, Sri Utama Condominiums Mile 6, North Road, Sandakan	Leasehold 99 years	2081	**105.140 Sq. M**	Eight Storey Condominium	232	N/A
28 Mistral Engineering Off KM 63.7, Sandakan-Lahad Datu Highway	Leasehold 99 years	2074	**3.115 hectares**	Biogas power plant	3,880	N/A
29 Cash Horse Off KM 63.7, Sandakan-Lahad Datu Highway	Leasehold 99 years	2074	**7.070 hectares**	Biomass power plant	38,943	N/A

List of Properties
as at 31 December 2021 (cont'd)

	Location of Property Kuala Lumpur	Tenure	Year of Expiry	Land Area	Description	Net Book Value As At 31.12.2021 RM'000	Date of last Revaluation ®
30	Minelink HS (D) 118739, No. PT 9103 Damansara Heights Mukim of Kuala Lumpur	Freehold	-	**896.976 Sq. M**	High-end residential property	7,339	2021
	Minelink HS (D) 118740, No. PT 9104 Damansara Heights Mukim of Kuala Lumpur	Freehold	-	**877.693 Sq. M**	High-end residential property	7,181	2021
	Minelink HS (D) 118741, No. PT 9105 Damansara Heights Mukim of Kuala Lumpur	Freehold	-	**896.829 Sq. M**	High-end residential property	7,337	2021
	Minelink HS (D) 118742, No. PT 9106 Damansara Heights Mukim of Kuala Lumpur	Freehold	-	**878.490 Sq. M**	High-end residential property	7,188	2021
	Minelink HS (D) 118743, No. PT 9107 Damansara Heights Mukim of Kuala Lumpur	Freehold	-	**884.183 Sq. M**	High-end residential property	7,234	2021
	Minelink HS (D) 118744, No. PT 9108 Damansara Heights Mukim of Kuala Lumpur	Freehold	-	**863.043 Sq. M**	High-end residential property	7,061	2021

MHC Plantations Bhd.
[196001000393 (4060-V)]
(Incorporated in Malaysia)

Directors' Report

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

Principal activities

The principal activities of the Company are oil palm cultivation, investment holding and the operation of a hotel.

The principal activities of the subsidiaries are set out in Note 17 to the financial statements.

Results

	Group RM	Company RM
Profit for the financial year attributable to:		
Owners of the Company	42,100,206	14,170,713
Non-controlling interests	34,905,424	-
	77,005,630	14,170,713

Reserves and provisions

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

Dividends

Since the end of the previous financial year, the Company declared a single-tier interim dividend of 2.0 sen per ordinary share and a single-tier special dividend of 2.0 sen per ordinary shares in respect of the financial year ended 31 December 2021 on 196,543,970 ordinary shares, amounting to a total dividend payable of RM7,861,759 which was paid on 21 May 2021.

On 30 March 2022, the Board approved the following single-tier dividend:

(i) A single-tier interim dividend of 2.0 sen per ordinary share totalling RM3,930,879 in respect for the financial year ending 31 December 2022 and payable on 10 May 2022; and

(ii) A single-tier "bumper profit" special dividend of 2.0 sen per ordinary share totalling RM3,930,880 in respect for the financial year ended 31 December 2021 and payable on 10 May 2022; and

(iii) A single-tier "last and final Covid-19 relief" special dividend of 2.0 sen per ordinary share totalling RM3,930,879 in respect for the financial year ending 31 December 2022 and payable on 10 May 2022.

Dividends (cont'd)

The rationale for the payment of this "last and final Covid-19 relief" special dividend was:

1. To reward our loyal shareholders for keeping faith in MHC Plantations Bhd. despite the uncertain economic situation; and

2. To hopefully help in mitigating any difficulties our shareholders might currently be facing as a result of the economic turmoil caused by Covid-19.

The financial statements for the current financial year do not reflect these proposed dividends. Such dividends will be accounted for in shareholders' equity as an appropriation of retained profits in the next financial year ending 31 December 2022.

Directors

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

Dato' Seri Mah King Seng*
Tan Sri Dr. Mah King Thian*
Chan Kam Leong**
Wan Salmah Binti Wan Abdullah**
Heng Beng Fatt**
Mah Li-Na (Alternate Director to Dato' Seri Mah King Seng)**
Dr. Jordina Mah Siu Yi (Alternate Director to Tan Sri Dr. Mah King Thian)**

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

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

Datin Seri Ooi Ah Thin
Datuk Chua Kim Yin, *JP*
Datuk Palpanaban a/l Devarajoo (D.P. Naban)
Derrick Martin De Souza
Jack Tian Hock Tan
Lee Chong Hoe
Ng Choo Beng
Soong Swee Koon
Lee Nyuk Choon @ Jamilah Ariffin
Andree Alexander Funk
Choong Pak Wan (Demised on 8 June 2021)
Mustapha Bin Mohamed (Demised on 18 January 2022)

Directors' interests in shares

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

	Number of ordinary shares			
Name of Director	**At 1.1.2021**	**Bought**	**Sold**	**At 31.12.2021**
The Company				
Direct interest:				
Dato' Seri Mah King Seng	338,948	-	-	338,948
Tan Sri Dr. Mah King Thian	93,248	-	-	93,248
Chan Kam Leong	234,800	-	234,800	-
Mah Li-Na	1,000	-	-	1,000
Deemed interest				
Dato' Seri Mah King Seng	90,189,024	-	-	90,189,024
Tan Sri Dr. Mah King Thian	90,188,024	-	-	90,188,024
Chan Kam Leong #	708,294	-	115,000	593,294

Interest by virtue of shares held by spouse.

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

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

Directors' benefits

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

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

Directors' remuneration

The remuneration paid to or receivable by the Directors of the Group and Company during the financial year is amounted to RM6,273,406 and RM541,960 respectively.

Indemnity and insurance for Directors, officers and auditors

During the financial year, the Company has in force a Directors' and officers' liability insurance under which the Directors are indemnified up to a limit of RM2,500,000 in respect of all costs, charges, expenses or liabilities which they may incur in or about the execution of their duties to the Group or as a result of duties performed by the Directors on behalf of the Group. Such indemnity remain in force as at the end of the financial year. The total insurance premium paid for directors and officers of the Group is RM5,670.

There was no indemnity given to or liability insurance effected for the auditors of the Group and of the Company during the financial year.

Subsidiaries

The details of the Company's subsidiaries are disclosed in Note 17 to the financial statements.

Issues of shares and debentures

The Company did not issue any new 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.

Other statutory information

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

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

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

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

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

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

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

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

Other statutory information (cont'd)

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

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

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

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

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

Significant and subsequent events

Details of significant and subsequent events are disclosed in Note 38 to the financial statements.

Auditors

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

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

The auditors' remuneration of the Group and of the Company are amounted to RM413,812 and RM55,000 respectively for the financial year ended 31 December 2021.

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

Tan Sri Dr. Mah King Thian
Director

Dato' Seri Mah King Seng
Director

Dated 21 April 2022

MHC Plantations Bhd.
[196001000393 (4060-V)]
(Incorporated in Malaysia)

Statement by Directors

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

In the opinion of the Directors, the accompanying financial statements set out on pages 73 to 163 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial positions of the Group and of the Company as at 31 December 2021 and of their financial performances and cash flows for the financial year ended on that date.

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

Tan Sri Dr. Mah King Thian
Director

Dato' Seri Mah King Seng
Director

Dated 21 April 2022

Statutory Declaration

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

I, CHAN KIM MENG, being the Officer primarily responsible for the financial management of MHC PLANTATIONS BHD., do solemnly and sincerely declare that to the best of my knowledge and belief, the accompanying financial statements set out on pages 73 to 163 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960 in Malaysia.

Subscribed and solemnly declared by)
the abovenamed CHAN KIM MENG)
at Ipoh in the State of Perak)
Darul Ridzuan on 21 April 2022)

CHAN KIM MENG
CA No. 20736

Before me,

Kong Wai Ngee (A213)
Pesuruhjaya Sumpah
COMMISSIONER FOR OATHS

MHC Plantations Bhd.
[196001000393 (4060-V)]
(Incorporated in Malaysia)

Independent Auditors' Report

to the members of MHC Plantations Bhd.
(Incorporated in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of MHC PLANTATIONS BHD., which comprise the statements of financial position as at 31 December 2021 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 73 to 163.

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

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Key Audit Matters

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

Independent Auditors' Report
to the members of MHC Plantations Bhd.
(Incorporated in Malaysia) (cont'd)

Key Audit Matters (cont'd)

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

Area of focus	How our audit addressed the key audit matter
Impairment testing of property, plant and equipment	
As highlighted in Note 15 to the financial statements, the carrying value of property, plant and equipment of the Group was RM486,200,761 as at 31 December 2021. The market capitalisation of the Group amounted to RM176,889,573 as of 31 December 2021 is lower than the net tangible assets of the Group of RM523,271,475, which gives indication that the carrying amounts of property, plant and equipment of the subsidiaries of the Group may potentially be higher than their recoverable amounts and therefore, a formal estimate of their recoverable amounts may be required for impairment testing. In carrying out the impairment testing of the property, plant and equipment, the Group considered whether the market capitalisation to book value shortfall can be reasonably related to specific subsidiaries or cash generating units within the Group. The Group has identified a few subsidiaries exhibiting indicators of impairment and has accordingly performed impairment testing on the property, plant and equipment of these subsidiaries. The Group has engaged independent valuer to determine the recoverable amount of property, plant and equipment of two (2) of the subsidiaries involved in quarry operations that is exhibiting impairment indicators. This independent valuer uses industry/market accepted valuation methodology and approaches to determine the fair value of the underlying asset. For plantation subsidiaries exhibiting indicators of impairment, the Group has assessed the fair value of their property, plant and equipment based on recent market transaction prices of similar plantation land. Due to the measurement of fair value being inherently judgemental and the carrying value of these assets being material to the Group, we have considered this to be a key audit matter.	Our audit procedures included, among others: • obtaining the valuation report prepared by the independent valuer engaged by the Group; • reviewing this report for appropriateness of the methodology used and the reasonableness of the assumptions used; • assessing the competency, capabilities and objectivity of this independent valuer engaged by the Group; and • assessing the comparability of the plantation and quarry land and consideration of adjusting factors on the plantation and quarry land comparables.

Key Audit Matters (cont'd)

Area of focus	How our audit addressed the key audit matter
Impairment testing of goodwill	
As highlighted in Note 20 to the financial statements, the carrying value of goodwill of the Group was RM43,867,118 as at 31 December 2021. In accordance with paragraph 10 of MFRS 136 Impairment of Assets, goodwill is required to be tested for impairment annually by comparing its carrying amount with its recoverable amount, irrespective of whether there is any indication that it may be impaired. The Group estimated the recoverable amounts of the cash generating units ("CGUs") to which goodwill is allocated based on either fair value less costs of disposal ("FVLCD") or value in use ("VIU"). For FVLCD, the Group adopted recent market transaction prices of similar plantation land to determine the recoverable amount of certain significant property, plant and equipment relating to the CGUs that are exhibiting impairment indicators. Due to the measurement of fair value being inherently judgemental and the carrying value of these assets being material to the Group, we have considered this to be a key audit matter. Estimating the VIU involves estimating the future cash inflows and outflows that will be generated by the CGUs and discounting them at an appropriate rate. Significant judgements are required in determining the assumptions to be used to estimate the VIU of the CGUs as these assumptions are affected by expected future demand and economic conditions, which include estimates of future sales volumes, prices, operating costs, terminal value and the discount rate to use.	Our audit procedures included, among others: FVLCD • assessing the comparability of the plantation land and consideration of adjusting factors on the plantation land comparables. VIU • assessing whether the assumptions on which the cash flow projections are based are consistent with past actual outcomes, in particular the assumptions about estimated future sales volumes, prices, operating costs, terminal value and possible variations in the timing of those future cash flows; • assessing the discount rate used to determine the present value of the cash flows; • testing the mathematical accuracy of the impairment assessment; and • performing stress test and sensitivity analysis around the key inputs that are expected to be most sensitive to the recoverable amount.

Independent Auditors' Report
to the members of MHC Plantations Bhd.
(Incorporated in Malaysia) (cont'd)

Key Audit Matters (cont'd)

Area of focus	How our audit addressed the key audit matter
Deferred tax assets	
Deferred tax asset of the Group with a carrying amount of RM6,539,247 as at 31 December 2021 is associated with the biogas power plant operation of Mistral Engineering Sdn. Bhd. ("MESB"). Management has used significant judgement and estimates in determining the sufficiency of future taxable profits to utilise the deferred tax asset. Therefore, we had determined the realisability of the deferred tax asset to be a key audit matter. As the generation of electricity and resulting profitability of the biogas power plant of MESB is dependent on sufficiency of liquid waste from processing of crude palm oil and kernel oil by the palm oil mill, management considered various factors to forecast future level of crude palm oil and kernel oil processing to support the biogas power plant. These factors include sufficiency of oil palm crops, market demand of crude palm oil and kernel oil and anticipated future prices of the commodities. Based on historical results of normalised level of crude palm oil and kernel oil processed, current market trends and susceptibility of the industry to global developments, management has forecasted sufficient future taxable profits to utilise the deferred tax asset.	Our audit procedures included, among others: • obtaining management forecast on future taxable profits and held discussions with management on their judgements and assumptions in arriving at the forecast; • examining the inputs used in the forecast such as price and quantity of electricity sale and evaluating its reasonableness based on the historical normalised level of crude palm oil and kernel oil processing, trend of electricity tariff rates, impact of latest developments affecting the palm oil industry and its ability to cope and others; • performing sensitivity analysis on possible variations to the values of inputs used by management in their forecast and challenging where necessary on certain judgements used in arriving at these values; and • considering if management had disregarded any contradictory evidence in forecasting the future taxable profits.

Independent Auditors' Report
to the members of MHC Plantations Bhd.
(Incorporated in Malaysia) (cont'd)

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

Responsibilities of the Directors for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

Independent Auditors' Report
to the members of MHC Plantations Bhd.
(Incorporated in Malaysia) (cont'd)

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

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

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

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

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

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

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

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

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

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

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

Independent Auditors' Report
to the members of MHC Plantations Bhd.
(Incorporated in Malaysia) (cont'd)

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 2016 in Malaysia, we report that the subsidiary of which we have not acted as auditors, is disclosed in Note 17 to the financial statements.

Other Matter

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

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

CHAU MAN KIT
02525/03/2024 J
CHARTERED ACCOUNTANT

Kota Kinabalu

Dated 21 April 2022

MHC Plantations Bhd.
[196001000393 (4060-V)]
(Incorporated in Malaysia)

Statements of Profit or Loss and Other Comprehensive Income
for the financial year ended 31 December 2021

	Note	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
Revenue	5	599,008,387	354,738,534	7,496,662	4,603,062
Cost of sales		(489,685,441)	(306,312,714)	(3,569,205)	(3,132,554)
Gross profit		109,322,946	48,425,820	3,927,457	1,470,508
Other operating income	6	8,712,529	4,021,681	398,460	425,199
Administrative expenses		(13,899,579)	(12,886,547)	(1,854,670)	(1,764,440)
Other operating expenses	7	(3,936,486)	(3,583,326)	(916)	(9,779)
Profit from operations	10	100,199,410	35,977,628	2,470,331	121,488
Finance costs	11	(3,513,983)	(4,809,311)	(380,664)	(646,774)
Income from investments	12	6,439	30,385	12,420,964	7,693,220
Profit before taxation		96,691,866	31,198,702	14,510,631	7,167,934
Income tax expense	13	(19,686,236)	(8,694,391)	(339,918)	577,432
Profit for the financial year		77,005,630	22,504,311	14,170,713	7,745,366
Other comprehensive (loss)/ income, net of tax					
Item that will not be reclassified subsequently to profit or loss:					
Net fair value loss on financial assets at fair value through other comprehensive income ("FVOCI")	18	(59,148)	(56,279)	(49,884)	(30,640)
Exchange differences on translation of a foreign operation		(61,291)	280,254	-	-
Other comprehensive (loss)/ income for the financial year, net of tax		(120,439)	223,975	(49,884)	(30,640)
Total comprehensive income for the financial year		76,885,191	22,728,286	14,120,829	7,714,726
Profit attributable to:					
Owners of the Company		42,100,206	13,673,659	14,170,713	7,745,366
Non-controlling interests		34,905,424	8,830,652	-	-
		77,005,630	22,504,311	14,170,713	7,745,366
Total comprehensive income attributable to:					
Owners of the Company		42,025,279	13,684,977	14,120,829	7,714,726
Non-controlling interests		34,859,912	9,043,309	-	-
		76,885,191	22,728,286	14,120,829	7,714,726
Earnings per share attributable to owners of the Company (sen per share)					
Basic and diluted	14	21.42	6.96		
Net dividend per share		4.00	1.50		

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

MHC Plantations Bhd.
[196001000393 (4060-V)]
(Incorporated in Malaysia)

Statements of Financial Position
as at 31 December 2021

	Note	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
ASSETS					
Non-current assets					
Property, plant and equipment	15	486,200,761	507,399,518	11,648,371	12,277,309
Investment properties	16	45,263,826	45,263,826	1,250,000	1,250,000
Investments in subsidiary companies	17	-	-	209,110,320	209,110,320
Investments in securities	18	279,278	338,426	155,033	204,917
Deferred tax assets	19	6,539,247	6,777,164	-	-
Goodwill on consolidation	20	43,867,118	43,867,118	-	-
		582,150,230	603,646,052	222,163,724	222,842,546
Current assets					
Inventories	21	21,608,982	18,533,387	179,119	210,336
Biological assets	22	5,822,021	3,264,016	339,100	311,886
Trade and other receivables	23	26,971,941	23,025,573	2,667,167	3,260,540
Tax recoverable		1,700,418	847,789	-	3,145
Short-term investments	24	31,965,555	17,573,020	1,118,500	13,453
Cash and bank balances	25	51,054,239	32,606,598	1,423,271	959,148
		139,123,156	95,850,383	5,727,157	4,758,508
TOTAL ASSETS		721,273,386	699,496,435	227,890,881	227,601,054
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	26	196,543,970	196,543,970	196,543,970	196,543,970
Reserve	27	88,696,399	54,322,154	22,910,993	16,651,923
		285,240,369	250,866,124	219,454,963	213,195,893
Non-controlling interests		281,898,224	253,567,524	-	-
Total equity		567,138,593	504,433,648	219,454,963	213,195,893
Non-current liabilities					
Loans and borrowings	28	33,126,184	46,866,635	-	-
Deferred tax liabilities	19	50,997,149	48,912,939	336,773	-
Lease liabilities	29	2,908,103	3,876,457	-	-
		87,031,436	99,656,031	336,773	-
Current liabilities					
Trade and other payables	30	37,757,773	26,322,193	1,099,145	1,795,562
Loans and borrowings	28	22,586,929	65,238,153	7,000,000	12,600,000
Lease liabilities	29	1,075,038	1,228,830	-	9,599
Taxation		5,683,617	2,617,580	-	-
		67,103,357	95,406,756	8,099,145	14,405,161
Total liabilities		154,134,793	195,062,787	8,435,918	14,405,161
TOTAL EQUITY AND LIABILITIES		721,273,386	699,496,435	227,890,881	227,601,054

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

		Attributable to owners of the Company										
		Non-Distributable						Distributable				
Group	Note	Share capital RM	Capital reserve RM	Other reserve RM	Revaluation reserve RM	Fair value adjustment reserve RM	Foreign currency translation reserve RM	Capital reserve RM	Retained profits RM	Sub-total RM	Non-controlling interests RM	Total equity RM
At 1 January 2020		196,543,970	5,736,883	(32,265,746)	789,026	51,860	(343,729)	8,169	69,384,395	239,904,828	249,235,143	489,139,971
Profit for the financial year		-	-	-	-	-	-	-	13,673,659	13,673,659	8,830,652	22,504,311
Other comprehensive income		-	-	-	-	(56,279)	67,597	-	-	11,318	212,657	223,975
Total comprehensive income for the financial year		-	-	-	-	(56,279)	67,597	-	13,673,659	13,684,977	9,043,309	22,728,286
Effect of subsidiary's treasury share transaction		-	-	(115,780)	-	-	-	-	(49,795)	(165,575)	(670,434)	(836,009)
Effect of acquisition of non-controlling interest		-	-	-	-	-	-	-	390,054	390,054	(390,054)	-
Transactions with owners of the Company												
- Dividend on ordinary shares	31	-	-	-	-	-	-	-	(2,948,160)	(2,948,160)	-	(2,948,160)
- Dividend on ordinary shares to non-controlling interests		-	-	-	-	-	-	-	-	-	(3,650,440)	(3,650,440)
Total transactions with owners of the Company		-	-	-	-	-	-	-	(2,948,160)	(2,948,160)	(3,650,440)	(6,598,600)
At 31 December 2020		196,543,970	5,736,883	(32,381,526)	789,026	(4,419)	(276,132)	8,169	80,450,153	250,866,124	253,567,524	504,433,648

Statements of Changes in Equity
for the financial year ended 31 December 2021 (cont'd)

		Attributable to owners of the Company										
		Non-distributable						Distributable				
Group	Note	Share capital RM	Capital reserve RM	Other reserve RM	Revaluation reserve RM	Fair value adjustment reserve RM	Foreign currency translation reserve RM	Capital reserve RM	Retained profits RM	Sub-total RM	Non-controlling interests RM	Total equity RM
At 1 January 2021		196,543,970	5,736,883	(32,381,526)	789,026	(4,419)	(276,132)	8,169	80,450,153	250,866,124	253,567,524	504,433,648
Profit for the financial year		-	-	-	-	-	-	-	42,100,206	42,100,206	34,905,424	77,005,630
Other comprehensive loss		-	-	-	-	(59,148)	(15,779)	-	-	(74,927)	(45,512)	(120,439)
Total comprehensive income for the financial year		-	-	-	-	(59,148)	(15,779)	-	42,100,206	42,025,279	34,859,912	76,885,191
Effect of subsidiary's treasury share transaction		-	-	(141,792)	-	-	-	-	-	(141,792)	(84,315)	(226,107)
Effect of acquisition of non-controlling interests		-	-	-	-	-	-	-	352,517	352,517	(892,162)	(539,645)
Transactions with owners of the Company												
- Dividend on ordinary shares	31	-	-	-	-	-	-	-	(7,861,759)	(7,861,759)	-	(7,861,759)
- Dividend on ordinary shares to non-controlling interests		-	-	-	-	-	-	-	-	-	(5,552,735)	(5,552,735)
Total transactions with owners of the Company		-	-	-	-	-	-	-	(7,861,759)	(7,861,759)	(5,552,735)	(13,414,494)
At 31 December 2021		196,543,970	5,736,883	(32,523,318)	789,026	(63,567)	(291,911)	8,169	115,041,117	285,240,369	281,898,224	567,138,593

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

		Attributable to owners of the Company			
		Non-distributable		Distributable	
Company	**Note**	**Share capital RM**	**Fair value adjustment reserve RM**	**Retained profits RM**	**Total equity RM**
At 1 January 2020		196,543,970	(49,519)	11,934,876	208,429,327
Profit for the financial year		-	-	7,745,366	7,745,366
Other comprehensive loss		-	(30,640)	-	(30,640)
Total comprehensive income for the financial year		-	(30,640)	7,745,366	7,714,726
Transaction with owners of the Company					
- Dividend on ordinary shares	31	-	-	(2,948,160)	(2,948,160)
At 31 December 2020		196,543,970	(80,159)	16,732,082	213,195,893
Profit for the financial year		-	-	14,170,713	14,170,713
Other comprehensive loss		-	(49,884)	-	(49,884)
Total comprehensive income for the financial year		-	(49,884)	14,170,713	14,120,829
Transaction with owners of the Company					
- Dividend on ordinary shares	31	-	-	(7,861,759)	(7,861,759)
At 31 December 2021		196,543,970	(130,043)	23,041,036	219,454,963

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

MHC Plantations Bhd.
[196001000393 (4060-V)]
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Statements of Cash Flows
for the financial year ended 31 December 2021

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Cash flows from operating activities				
Profit before taxation	96,691,866	31,198,702	14,510,631	7,167,934
Adjustments for:				
Bad debts written off	-	269,363	-	-
Deposit written off	-	39,000	-	-
Depreciation of property, plant and equipment	29,796,709	29,980,615	766,193	759,571
Dividend income	(6,439)	(30,385)	(12,420,964)	(7,693,220)
Fair value gain on biological assets	(2,558,005)	(526,578)	(27,214)	(98,828)
(Gain)/Loss on disposal of property, plant and equipment	-	(20,998)	-	4,000
Gain on termination of lease liabilities	(22,887)	-	-	-
Impairment on slow moving inventories	1,310,165	-	-	-
Interest expense	3,513,983	4,809,311	380,664	646,774
Interest income	(559,098)	(621,501)	(126,860)	(60,623)
Inventories written off	340,403	1,625,990	-	-
Loss on disposal of investment properties	-	260,000	-	-
Property, plant and equipment written off	934,785	205,083	916	5,779
Reversal of allowance for expected credit losses	(51,105)	(46,011)	-	-
Operating profit before working capital changes	129,390,377	67,142,591	3,083,366	731,387
Change in inventories	(4,726,163)	5,195,805	31,217	(23,965)
Change in receivables	(3,895,263)	(3,163,362)	121,047	(647)
Change in payables	11,435,580	(5,477,285)	178,750	66,497
Change in subsidiaries' accounts	-	-	(402,841)	(2,025,602)
Cash from/(used in) operations	132,204,531	63,697,749	3,011,539	(1,252,330)
Income tax paid	(15,533,932)	(5,726,222)	-	-
Income tax refunded	383,231	435,097	-	-
Interest paid	(3,842,749)	(5,874,519)	(380,664)	(646,774)
Interest received	559,098	621,501	126,860	60,623
Net cash from/(used in) operating activities	113,770,179	53,153,606	2,757,735	(1,838,481)

(forward)

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

Statements of Cash Flows
for the financial year ended 31 December 2021 (cont'd)

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Cash flows from investing activities				
Acquisition of property, plant and equipment*	(9,063,790)	(17,227,857)	(138,171)	(607,053)
Acquisition of non-controlling interests	(539,645)	-	-	-
Acquisition of investment in securities	-	(200)	-	-
Dividend received	6,439	30,385	12,420,964	7,693,220
Increase in investment in a subsidiary	-	-	-	(39,347)
Net change in short-term investment	(14,392,535)	(1,253,078)	(1,105,047)	(1,279)
Withdrawal/(Placement) of deposits with licensed banks	6,134	(1,287,815)	(6,098)	(7,697)
Proceeds from disposal of property, plant and equipment	-	277,693	-	6,000
Proceeds from disposal of investment property	-	4,400,000	-	-
Net cash (used in)/from investing activities	(23,983,397)	(15,060,872)	11,171,648	7,043,844
Cash flows from financing activities				
Acquisition of subsidiary's treasury shares	(226,107)	(836,009)	-	-
Dividend paid to equity holders of the Company	(7,861,759)	(2,948,160)	(7,861,759)	(2,948,160)
Dividend paid to non-controlling interests	(5,552,735)	(3,650,440)	-	-
Drawdown of revolving credit	5,000,000	16,450,000	-	-
Repayment of lease liabilities	(1,239,440)	(1,225,791)	(9,599)	(23,641)
Repayment of revolving credit	(40,600,000)	(21,400,000)	(5,600,000)	(2,500,000)
Repayment of term loan	(20,791,675)	(14,208,341)	-	-
Net cash used in financing activities	(71,271,716)	(27,818,741)	(13,471,358)	(5,471,801)
Net increase/(decrease) in cash and cash equivalents	18,515,066	10,273,993	458,025	(266,438)
Effect of exchange rate fluctuations	(61,291)	280,254	-	-
Cash and cash equivalents at beginning of financial year	27,985,952	17,431,705	555,409	821,847
Cash and cash equivalents at end of financial year (Note 25)	46,439,727	27,985,952	1,013,434	555,409

(forward)

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

Statements of Cash Flows
for the financial year ended 31 December 2021 (cont'd)

Non-cash transactions

* Acquisition of property, plant and equipment

During the financial year, the Group and the Company acquired property, plant and equipment inclusive of interest capitalised of RM328,766 and RMNil (2020: RM1,065,208 and RMNil) with an aggregate cost of RM9,775,185 and RM138,171 (2020: RM19,792,165 and RM607,053) of which RM382,629 and RMNil (2020: RM1,499,100 and RMNil) were acquired by means of lease liabilities. Cash payments of RM9,063,790 and RM138,171 (2020: RM17,227,857 and RM607,053) were made to acquire property, plant and equipment.

Reconciliation of liabilities arising from financing activities:

Group		**Cash**	**Non-cash**	
	1 January	**flows**	**changes****	**31 December**
2021	**RM**	**RM**	**RM**	**RM**
Loans and borrowings	112,104,788	(56,391,675)	-	55,713,113
Lease liabilities	5,105,287	(1,239,440)	117,294	3,983,141
	117,210,075	(57,631,115)	117,294	59,696,254
2020				
Loans and borrowings	131,263,129	(19,158,341)	-	112,104,788
Lease liabilities	4,831,978	(1,225,791)	1,499,100	5,105,287
	136,095,107	(20,384,132)	1,499,100	117,210,075

Company		**Cash**	**Non-cash**	
	1 January	**flows**	**changes**	**31 December**
2021	**RM**	**RM**	**RM**	**RM**
Loans and borrowings	12,600,000	(5,600,000)	-	7,000,000
Lease liabilities	9,599	(9,599)	-	-
	12,609,599	(5,609,599)	-	7,000,000
2020				
Loans and borrowings	15,100,000	(2,500,000)	-	12,600,000
Lease liabilities	33,240	(23,641)	-	9,599
	15,133,240	(2,523,641)	-	12,609,599

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

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

Notes to the Financial Statements
for the financial year ended 31 December 2021

1. General information

The Company is a public limited liability company that is incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad. The principal activities of the Company are oil palm cultivation, investment holding and the operation of a hotel. The principal activities of the subsidiaries are set out in Note 17 to the financial statements.

The registered office and principal place of business of the Company are located at 55A, Medan Ipoh 1A, Medan Ipoh Bestari, 31400 Ipoh, Perak Darul Ridzuan and Kompleks Pejabat Behrang 2020, Jalan Persekutuan 1, 35900 Tanjung Malim, Perak Darul Ridzuan respectively.

These financial statements were authorised for issue by the Directors in accordance with a resolution of the Board of Directors dated 21 April 2022.

2. Basis of preparation

(a) Statement of compliance

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

(b) Basis of measurement

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

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

(c) Functional and presentation currency

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

(d) Adoption of new and revised MFRS

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

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

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

2. Basis of preparation (cont'd)

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

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

3. Significant accounting judgements and estimates

The preparation of the Group's and the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

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

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

(i) **Operating segments**

The segments disclosed in Note 37 to the financial statements have been determined by distinguishing the business activities from which the Group earns revenues and incurs expenses. The economic characteristics of the operating segments have been reviewed and operating segments have been grouped based on the reporting to the chief operating decision maker.

(ii) **Control over Cepatwawasan Group Berhad ("CGB")**

As disclosed in Note 17, the directors consider that the Group has control of CGB even though it has less than 50% of the voting rights. The Group is the majority shareholder of CGB with a 38.50% equity interest. All other shareholders individually own less than 3% of the equity shares of CGB. Historically, the other shareholders did not form a group to exercise their votes collectively. The directors assessed that the Group has had control over CGB since July 2006. Therefore, in accordance with the requirements of MFRS 10, CGB has been accounted for as a subsidiary company of the Company since 31 July 2006. During the year under review, the Group reassessed and concluded that it controls CGB, despite having less than a majority of the voting rights, based on the guidance under MFRS 10.

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

(b) Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(i) Depreciation of property, plant and equipment

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

The Group and the Company anticipate that the residual values of their property, plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount. The management estimates the useful lives of the property, plant and equipment to be within five (5) to ninety-nine (99) years. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(ii) Income taxes

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

(iii) Impairment of property, plant and equipment

The Group and the Company review their carrying amounts of property, plant and equipment at each reporting date to assess whether there is any indication of impairment. If any such indication exists, the Group and the Company make an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs of disposal ("FVLCD") and its value in use ("VIU").

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

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

(b) Key sources of estimation uncertainty (cont'd)

(iv) Impairment of goodwill

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

Estimating a VIU amount requires management to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Further details of the carrying value, key assumptions applied in the impairment assessment of goodwill and sensitivity analysis to changes in the assumptions are disclosed in Note 20 to the financial statements.

(v) Biological assets

The Group and the Company carry their biological assets at fair value with changes in fair value being recognised in profit or loss. The determination of the fair value of the biological assets requires the use of estimates on the projected harvest quantities and market price of fresh fruit bunches ("FFB") as at the reporting date. The carrying amount and key assumptions used to determine the fair value of the biological assets are further disclosed in Note 22 to the financial statements.

(vi) Carrying value of investments in subsidiaries

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

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

(vii) Deferred tax assets and liabilities

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

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

(b) Key sources of estimation uncertainty (cont'd)

(vii) Deferred tax assets and liabilities (cont'd)

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

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

(viii) Impairment of financial assets

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

(ix) Leases

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

4. Significant accounting policies

(a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company.

(i) Subsidiaries

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

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

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

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

(ii) Business combinations

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

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

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

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

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

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

4. Significant accounting policies (cont'd)

(a) Basis of consolidation (cont'd)

(iii) Transactions eliminated on consolidation

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

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

(iv) Loss of control

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

(v) Non-controlling interests

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

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

(vi) Transactions with non-controlling interests

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

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

4. Significant accounting policies (cont'd)

(b) Foreign currencies

(i) Functional and presentation currencies

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

(ii) Foreign currency transactions

Transactions in foreign currencies are measured in the respective functional currencies of the Group and the Company and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

(iii) Foreign operations

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

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

4. Significant accounting policies (cont'd)

(c) **Revenue recognition**

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

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

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

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

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

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

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

If none of the above conditions are not met, the Group and the Company recognise revenue at the point in time at which the performance obligation is satisfied.

For performance obligations that the Group satisfies over time, the Group used output method in measuring progress of the services of supply of electricity. This is because for supply of electricity, the output transmitted to be received by the customer is the best measure of transfer of service to the customer.

(i) **Sales of plantation produce**

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

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

4. Significant accounting policies (cont'd)

(c) Revenue recognition (cont'd)

(i) **Sales of plantation produce** (cont'd)

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

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

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

Sales of earth and stones are recognised upon delivery of products and customers' acceptance.

(iii) **Supply of electricity**

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

(iv) **Revenue from hotel operations**

Hotel operation income is recognised upon performance of services.

(v) **Dividend income**

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

(vi) **Other revenue**

Revenue from other sources are recognised as follows:

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

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

(d) **Employee benefits**

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

(i) **Short term benefits**

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

4. Significant accounting policies (cont'd)

(d) Employee benefits (cont'd)

(i) **Short term benefits** (cont'd)

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

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

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

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

(e) **Tax assets and liabilities**

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

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

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised, unless the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit/(or tax loss). The exceptions for the initial recognition differences include non-taxable government grants received and reinvestment allowances and investment tax allowances on qualifying plant and equipment.

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

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

4. Significant accounting policies (cont'd)

(e) **Tax assets and liabilities** (cont'd)

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

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

(f) **Earnings per share**

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

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

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Any revaluation surplus is recognised in other comprehensive income and accumulated in equity under the asset revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss. A revaluation deficit is recognised in profit or loss, except to the extent that it offsets an existing surplus on the same asset carried in the asset revaluation reserve.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. The revaluation surplus included in the asset revaluation reserve in respect of an asset is transferred directly to retained earnings on retirement or disposal of the asset.

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

4. Significant accounting policies (cont'd)

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

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

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

Freehold land has an unlimited useful life and therefore is not depreciated.

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

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

Long term leasehold land	63 – 99 years
Short term leasehold land	23 – 60 years
Bearer plants – oil palm	22 years
Oil mill and other buildings	10 – 50 years
Plantation infrastructure	63 – 99 years
Heavy equipment, plant and machinery	10 – 25 years
Furniture and fittings, office equipment, laboratory equipment, electrical installation, road and drainage	10 – 20 years
Motor vehicles	5 – 10 years

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

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

(h) Investment properties

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

4. Significant accounting policies (cont'd)

(h) **Investment properties** (cont'd)

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognised in profit or loss in the year of retirement or disposal.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner-occupied property to investment property, the property is accounted for in accordance with the accounting policy for property, plant and equipment as disclosed in Note 4 (g) up to the date of change in use.

(i) **Goodwill**

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

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

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

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

(j) **Biological assets**

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

Biological assets are classified as current assets as it relates to produce on the bearer plants that are expected to be harvested at a date not more than six (6) weeks after the reporting date.

4. Significant accounting policies (cont'd)

(k) **Inventories**

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

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

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

(b) **Consumable stores**

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

(c) **Nursery seedlings**

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

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

(l) **Financial instruments**

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

(i) **Financial assets**

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI) and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient, the Group and the Company initially measure a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient are measured at the transaction price determined under MFRS 15.

4. Significant accounting policies (cont'd)

(l) **Financial instruments** (cont'd)

(i) **Financial assets** (cont'd)

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's and the Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group and the Company commit to purchase or sell the asset.

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

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments)

The Group and the Company measure financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

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

The Group's and the Company's financial assets at amortised cost includes trade and other receivables and cash and bank balances.

4. Significant accounting policies (cont'd)

(l) Financial instruments (cont'd)

(i) Financial assets (cont'd)

Financial assets at fair value through OCI (debt instruments)

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

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

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

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

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

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

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

The Group and the Company elected to classify irrevocably their quoted and unquoted equity instruments under this category.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

4. Significant accounting policies (cont'd)

(l) Financial instruments (cont'd)

(i) Financial assets (cont'd)

Financial assets at fair value through profit or loss (cont'd)

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

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

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

The Group's and the Company's financial assets at fair value through profit or loss includes short-term investments.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised when:

- The rights to receive cash flows from the asset have expired; or
- The Group and the Company have transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group and the Company have transferred substantially all the risks and rewards of the asset, or (b) the Group and the Company have neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Group and the Company have transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group and the Company continue to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group and the Company also recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group and the Company have retained.

4. Significant accounting policies (cont'd)

(l) Financial instruments (cont'd)

(i) Financial assets (cont'd)

Derecognition (cont'd)

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group and the Company could be required to repay.

(ii) Financial liabilities

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

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

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

Financial liabilities at fair value through profit or loss

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

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

Financial liabilities measured at amortised cost

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

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

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

4. Significant accounting policies (cont'd)

(l) **Financial instruments** (cont'd)

(ii) **Financial liabilities** (cont'd)

Financial liabilities measured at amortised cost (cont'd)

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

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

(m) **Cash and cash equivalents**

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

(n) **Impairment**

(i) **Impairment of financial assets**

The Group and the Company recognise an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group and the Company expect to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two (2) stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

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

4. Significant accounting policies (cont'd)

(n) **Impairment** (cont'd)

(i) **Impairment of financial assets** (cont'd)

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

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

The Group and the Company consider a financial asset in default when contractual payments are one (1) year past due. However, in certain cases, the Group and the Company may also consider a financial asset to be in default when internal or external information indicates that the Group and the Company are unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group and the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

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

The Group and the Company assess at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group and the Company make an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGU).

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

4. Significant accounting policies (cont'd)

(n) **Impairment** (cont'd)

(ii) **Impairment of non-financial assets** (cont'd)

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless that asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment loss on goodwill is not reversed in a subsequent period.

(o) **Equity instruments**

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

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

(p) **Treasury shares**

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

(q) **Borrowing costs**

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

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

4. **Significant accounting policies** (cont'd)

(r) **Leases**

(i) **Classification**

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

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

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

(ii) **Lease term**

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

(iii) **Recognition and initial measurement**

As a lessee

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

4. Significant accounting policies (cont'd)

(r) **Leases** (cont'd)

(iii) **Recognition and initial measurement** (cont'd)

As a lessee (cont'd)

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

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

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

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

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

As a lessor

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

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

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

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

4. Significant accounting policies (cont'd)

(r) **Leases** (cont'd)

(iv) **Subsequent measurement**

As a lessee

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

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

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

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

As a lessor

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

(s) **Financial guarantee contracts**

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

Financial guarantee contracts are recognised initially as a liability at fair value, net transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee. If the debtor fails to make payment relating to financial guarantee contract when it is due and the Group, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised less cumulative amortisation.

4. Significant accounting policies (cont'd)

(t) **Provisions**

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

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

(u) **Contingencies**

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

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

(v) **Segment reporting**

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

(w) **Fair value measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transactions to sell the asset or transfer the liability takes place either:

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

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

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

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

4. Significant accounting policies (cont'd)

(w) **Fair value measurement** (cont'd)

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

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

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

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

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

5. Revenue

	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
Revenue from contracts with customers				
Sale of:				
- crude palm oil	415,670,960	238,022,905	-	-
- earth and stones	972,858	1,699,584	-	-
- empty fruit bunches oil	30,127,263	18,604,058	-	-
- fresh fruit bunches	55,404,900	32,280,966	7,475,491	4,472,586
- palm kernel	73,116,018	36,898,827	-	-
Revenue from hotel operations	21,171	130,476	21,171	130,476
Supply of electricity	23,695,217	27,101,718	-	-
	599,008,387	354,738,534	7,496,662	4,603,062
Timing of revenue recognition:				
At a point in time	575,313,170	327,636,816	7,496,662	4,603,062
Over time	23,695,217	27,101,718	-	-
	599,008,387	354,738,534	7,496,662	4,603,062

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

6. Other operating income

	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
Fair value gain on biological assets (Note 22)	2,558,005	526,578	27,214	98,828
Gain on disposal of property, plant and equipment	-	20,998	-	-
Gain on termination of lease liabilities	22,887	-	-	-
Insurances commission	224,142	188,928	98,279	80,665
Interest income from:				
- short-term investments and fixed deposits	532,233	621,501	11,145	9,704
- advances to subsidiary companies	-	-	88,850	50,919
- receivable	26,865	-	26,865	-
Miscellaneous income	357,976	154,711	29,818	48,600
Realised gain on foreign exchange	60,412	-	-	-
Rental income	210,594	120,041	116,289	136,483
Reversal of allowance for expected credit losses (Note 23)	51,105	46,011	-	-

(forward)

6. Other operating income (cont'd)

(continued)

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Sale of:				
- bunch ash	199	1,103	-	-
- empty fruit bunches	139,385	188,815	-	-
- fertiliser	10,488	24,738	-	-
- fibre	110,230	75,052	-	-
- palm kernel shell	1,455,604	888,782	-	-
- scrapped iron	248,402	192,269	-	-
- sludge oil	2,696,976	897,451	-	-
- waste oil	2,258	74,703	-	-
- others	4,768	-	-	-
	8,712,529	4,021,681	398,460	425,199

7. Other expenses

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Bad debts written off	-	269,363	-	-
Deposits written off	-	39,000	-	-
Forwarding charges	1,351,133	1,175,400	-	-
Impairment on slow moving inventories (Note 21)	1,310,165	-	-	-
Inventories written off	340,403	1,625,990	-	-
Loss on disposal of investment properties	-	260,000	-	-
Loss on disposal of property, plant and equipment	-	-	-	4,000
Property, plant and equipment written off (Note 15)	934,785	205,083	916	5,779
Realised loss on foreign exchange	-	8,490	-	-
	3,936,486	3,583,326	916	9,779

8. Employee benefits expense

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Salaries and wages	37,849,180	34,847,004	1,899,811	1,743,234
Contributions to defined contribution plan	2,267,531	2,036,615	157,895	149,220
Contributions to employees insurance system	20,414	16,088	1,233	1,234
Social security contributions	308,574	293,603	18,432	16,884
	40,445,699	37,193,310	2,077,371	1,910,572
Capitalised in bearer plants (Note 15)	974,408	1,882,863	15,088	34,475
Capitalised in inventories (Nurseries) (Note 21)	194,528	162,539	12,815	14,539
Recognised in profit or loss	39,276,763	35,147,908	2,049,468	1,861,558
	40,445,699	37,193,310	2,077,371	1,910,572

Included in employee benefits expense of the Group and of the Company are Executive Directors' remuneration amounting to RM5,716,310 (2020: RM4,852,937) and RM400,960 (2020: RM341,600) respectively as further disclosed in Note 9 to the financial statements.

9. Directors' remuneration

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

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Executive Directors' remuneration (Note 8)				
- Salaries and other emoluments	3,378,240	3,378,240	240,000	240,000
- Bonus	1,660,968	875,610	118,000	65,000
- Allowance	161,036	159,041	-	-
- Contributions to defined contribution plan	492,116	416,096	42,960	36,600
- Benefit-in-kind	23,950	23,950	-	-
	5,716,310	4,852,937	400,960	341,600

9. Directors' remuneration (cont'd)

The details of remuneration received and receivable by Directors of the Group and of the Company during the financial year are as follows: (cont'd)

	Group		Company	
	2021 RM	**2020 RM**	**2021 RM**	**2020 RM**
Alternate Director				
- Salaries and other emoluments	87,840	128,316	-	-
- Bonus	36,600	21,360	-	-
- Contributions to defined contribution plan	15,048	18,516	-	-
	139,488	168,192	-	-
Non-executive Directors' remuneration				
- Fees	151,500	159,000	-	-
- Allowance	266,108	257,123	141,000	138,000
	417,608	416,123	141,000	138,000
Total Directors' remuneration	6,273,406	5,437,252	541,960	479,600

Included in the Directors' remuneration of the Group and the Company above are remuneration received and receivable by directors of the Company during the year which amounted to RM4,250,618 (2020: RM3,668,411) and RM541,960 (2020: RM479,600) respectively.

10. Profit from operations

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Other than those disclosed in Notes 6, 7, 8 and 9, profit from operations is arrived at after charging:				
Auditors' remuneration				
- Statutory audit				
- Current year	413,812	382,342	55,000	55,000
- (Over)/Under provision in prior year	(21,700)	43,331	-	3,000
- Other services	31,500	44,500	12,000	-
Depreciation of property, plant and equipment (Note 15)	29,796,709	29,980,615	766,193	759,571
Rental expenses*	224,128	119,061	103,800	100,600

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

11. Finance costs

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Bank guarantee fee	-	30,000	-	-
Interest expenses:				
- Lease liabilities	277,774	239,485	153	1,413
- Revolving credits	1,666,285	2,723,077	380,511	645,361
- Term loans	1,898,690	2,881,957	-	-
	3,842,749	5,874,519	380,664	646,774
Less: Capitalised in bearer plants (Note 15)	(328,766)	(1,065,208)	-	-
	3,513,983	4,809,311	380,664	646,774

12. Income from investments

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Gross dividend income from:				
- subsidiary companies	-	-	12,414,654	7,684,974
- quoted investments in Malaysia	6,439	8,545	6,310	8,246
- unquoted investments in Malaysia	-	21,840	-	-
	6,439	30,385	12,420,964	7,693,220

13. Income tax expense

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Current taxation	17,361,529	7,523,710	-	-
Deferred tax (Note 19)	2,629,670	1,105,834	643,945	-
	19,991,199	8,629,544	643,945	-
Under/(Over) provision in prior years:				
- Current taxation	2,580	131,827	3,145	-
- Deferred tax (Note 19)	(307,543)	(66,980)	(307,172)	(577,432)
	(304,963)	64,847	(304,027)	(577,432)
	19,686,236	8,694,391	339,918	(577,432)

13. Income tax expense (cont'd)

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

	Group		Company	
	2021 RM	**2020 RM**	**2021 RM**	**2020 RM**
Profit before taxation	96,691,866	31,198,702	14,510,631	7,167,934
Taxation at Malaysian statutory tax rate of 24% (2020: 24%)	23,206,048	7,487,689	3,482,551	1,720,304
Non-deductible expenses	2,278,358	1,811,839	164,821	225,474
Non-taxable income	(716,290)	(27,467)	(3,003,427)	(1,858,761)
Effect of utilisation of previously unrecognised temporary differences	(4,776,917)	(642,517)	-	(87,017)
	19,991,199	8,629,544	643,945	-
Under/(Over) provision in prior years:				
- Current taxation	2,580	131,827	3,145	-
- Deferred tax (Note 19)	(307,543)	(66,980)	(307,172)	(577,432)
	(304,963)	64,847	(304,027)	(577,432)
	19,686,236	8,694,391	339,918	(577,432)

14. Earnings per share

(a) Basic

Basic earnings per share is calculated by dividing profit for the financial year, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

	Group 2021 RM	Group 2020 RM
Profit net of tax attributable to owners of the Company	42,100,206	13,673,659
Weighted average number of ordinary shares in issue	196,543,970	196,543,970
Basic earnings per share (sen)	21.42	6.96

(b) Diluted

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

15. Property, plant and equipment

Group 2021 Cost	Freehold land RM	Long term leasehold land RM	Short term leasehold land RM	Bearer plant RM	Buildings* RM	Heavy equipment, plant and machinery RM	Furniture and fittings RM	Office equipment and laboratory equipment RM	Electrical installation, road and drainage RM	Motor vehicles RM	Capital work-in-progress RM	Total RM
At 1 January 2021	14,654,167	147,879,927	7,328,101	170,863,560	187,966,831	227,658,304	6,760,127	861,088	6,750,744	10,192,702	3,590,525	784,506,076
Additions	-	412,329	-	4,974,491	274,584	1,705,886	332,839	38,616	114,489	-	1,921,951	9,775,185
Disposals	-	(370,131)	-	-	-	-	-	-	-	-	-	(370,131)
Written off (Note 7)	-	-	-	-	-	(444,452)	(18,820)	-	-	(415,000)	(928,961)	(1,807,233)
Reclassification	-	-	-	(35,706)	272,108	893,535	8,219	-	-	-	(1,138,156)	-
At 31 December 2021	14,654,167	147,922,125	7,328,101	175,802,345	188,513,523	229,813,273	7,082,365	899,704	6,865,233	9,777,702	3,445,359	792,103,897
Accumulated depreciation												
At 1 January 2021	-	28,000,638	2,556,203	91,321,471	52,624,258	89,893,466	4,024,903	601,444	3,032,926	5,051,249	-	277,106,558
Charge for the financial year (Note 10)	-	1,948,730	133,521	5,562,431	6,790,202	13,667,861	562,523	38,909	312,662	779,870	-	29,796,709
Disposals	-	(127,683)	-	-	-	-	-	-	-	-	-	(127,683)
Written off (Note 7)	-	-	-	-	-	(442,225)	(15,302)	-	-	(414,921)	-	(872,448)
At 31 December 2021	-	29,821,685	2,689,724	96,883,902	59,414,460	103,119,102	4,572,124	640,353	3,345,588	5,416,198	-	305,903,136
Net book value												
At 31 December 2021	14,654,167	118,100,440	4,638,377	78,918,443	129,099,063	126,694,171	2,510,241	259,351	3,519,645	4,361,504	3,445,359	486,200,761

15. Property, plant and equipment (cont'd)

Group 2020 Cost	Freehold land RM	Long term leasehold land RM	Short term leasehold land RM	Bearer plant RM	Buildings* RM	Heavy equipment, plant and machinery RM	Furniture and fittings RM	Office equipment and laboratory equipment RM	Electrical installation, road and drainage RM	Motor vehicles RM	Capital work-in-progress RM	Total RM
At 1 January 2020	13,271,308	147,819,512	7,328,101	163,959,990	184,993,699	227,256,010	6,461,251	833,103	6,567,360	9,613,968	1,352,503	769,456,805
Additions	1,382,859	60,415	-	8,193,873	2,415,262	3,412,658	384,945	27,985	183,384	793,768	2,937,016	19,792,165
Disposals	-	-	-	-	-	(794,476)	(27,618)	-	-	(192,406)	-	(1,014,500)
Written off (Note 7)	-	-	-	(1,290,303)	-	(2,404,515)	(10,900)	-	-	(22,676)	-	(3,728,394)
Reclassification	-	-	-	-	557,870	188,627	(47,551)	-	-	48	(698,994)	-
At 31 December 2020	14,654,167	147,879,927	7,328,101	170,863,560	187,966,831	227,658,304	6,760,127	861,088	6,750,744	10,192,702	3,590,525	784,506,076
Accumulated depreciation												
At 1 January 2020	-	26,064,502	2,422,682	86,715,695	46,128,574	78,861,711	3,499,270	562,812	2,742,972	4,408,841	-	251,407,059
Charge for the financial year (Note 10)	-	1,936,136	133,521	5,790,543	6,798,160	13,639,326	556,176	38,632	289,954	798,167	-	29,980,615
Disposals	-	-	-	-	-	(580,184)	(18,389)	-	-	(159,232)	-	(757,805)
Written off (Note 7)	-	-	-	(1,184,767)	-	(2,311,528)	(5,636)	-	-	(21,380)	-	(3,523,311)
Reclassification	-	-	-	-	(302,476)	284,141	(6,518)	-	-	24,853	-	-
At 31 December 2020	-	28,000,638	2,556,203	91,321,471	52,624,258	89,893,466	4,024,903	601,444	3,032,926	5,051,249	-	277,106,558
Net book value												
At 31 December 2020	14,654,167	119,879,289	4,771,898	79,542,089	135,342,573	137,764,838	2,735,224	259,644	3,717,818	5,141,453	3,590,525	507,399,518

15. Property, plant and equipment (cont'd)

*Buildings comprise:

Group

Cost	**Leasehold property RM**	**Oil mill and other buildings RM**	**Plantation infrastructure development expenditure RM**	**Quarry RM**	**Total RM**
At 1 January 2020	592,166	112,782,769	56,986,743	14,632,021	184,993,699
Additions	-	48,218	2,367,044	-	2,415,262
Reclassification	-	(358)	558,228	-	557,870
At 31 December 2020	592,166	112,830,629	59,912,015	14,632,021	187,966,831
Additions	-	134,348	140,236	-	274,584
Reclassification	-	236,402	35,706	-	272,108
At 31 December 2021	592,166	113,201,379	60,087,957	14,632,021	188,513,523
Accumulated depreciation					
At 1 January 2020	-	39,515,443	4,087,644	2,525,487	46,128,574
Charge for the financial year	-	5,957,625	840,535	-	6,798,160
Reclassification	-	(302,684)	208	-	(302,476)
At 31 December 2020	-	45,170,384	4,928,387	2,525,487	52,624,258
Charge for the financial year	-	5,948,103	842,099	-	6,790,202
At 31 December 2021	-	51,118,487	5,770,486	2,525,487	59,414,460
Net book value					
At 31 December 2020	592,166	67,660,245	54,983,628	12,106,534	135,342,573
At 31 December 2021	592,166	62,082,892	54,317,471	12,106,534	129,099,063

15. Property, plant and equipment (cont'd)

Company

2021	**Freehold land**	**Long term leasehold land**	**Bearer plant**	**Buildings**	**Plant and machinery**	**Furniture and fittings**	**Office equipment**	**Electrical installation**	**Motor vehicles**	**Capital work-in-progress**	**Total**
Cost	**RM**	**RM**	**RM**	**RM**	**RM**	**RM**	**RM**	**RM**	**RM**	**RM**	**RM**
At 1 January 2021	3,006,617	388,220	4,601,300	7,931,739	431,816	1,658,755	692,913	183,463	679,889	-	19,574,712
Additions	-	-	79,371	10,010	2,630	32,460	7,252	6,000	-	448	138,171
Written off (Note 7)	-	-	-	-	-	(4,150)	-	-	-	-	(4,150)
At 31 December 2021	3,006,617	388,220	4,680,671	7,941,749	434,446	1,687,065	700,165	189,463	679,889	448	19,708,733
Accumulated depreciation											
At 1 January 2021	-	-	874,066	4,168,379	127,956	1,023,425	520,206	146,886	436,485	-	7,297,403
Charge for the financial year (Note 10)	-	-	171,322	393,007	21,699	116,416	25,013	3,291	35,445	-	766,193
Written off (Note 7)	-	-	-	-	-	(3,234)	-	-	-	-	(3,234)
At 31 December 2021	-	-	1,045,388	4,561,386	149,655	1,136,607	545,219	150,177	471,930	-	8,060,362
Net book value											
At 31 December 2021	3,006,617	388,220	3,635,283	3,380,363	284,791	550,458	154,946	39,286	207,959	448	11,648,371

15. Property, plant and equipment (cont'd)

Company

2020 Cost	Freehold land RM	Long term leasehold land RM	Bearer plant RM	Buildings RM	Plant and machinery RM	Furniture and fittings RM	Office equipment RM	Electrical installation RM	Motor vehicles RM	Total RM
At 1 January 2020	3,006,617	388,220	4,115,402	7,916,139	409,796	1,646,044	677,378	171,763	737,389	19,068,748
Additions	-	-	529,487	15,600	22,020	12,711	15,535	11,700	-	607,053
Disposals	-	-	-	-	-	-	-	-	(57,500)	(57,500)
Written off (Note 7)	-	-	(43,589)	-	-	-	-	-	-	(43,589)
At 31 December 2020	3,006,617	388,220	4,601,300	7,931,739	431,816	1,658,755	692,913	183,463	679,889	19,574,712
Accumulated depreciation										
At 1 January 2020	-	-	752,010	3,776,121	107,109	903,572	494,190	143,666	446,474	6,623,142
Charge for the financial year (Note 10)	-	-	159,866	392,258	20,847	119,853	26,016	3,220	37,511	759,571
Disposals	-	-	-	-	-	-	-	-	(47,500)	(47,500)
Written off (Note 7)	-	-	(37,810)	-	-	-	-	-	-	(37,810)
At 31 December 2020	-	-	874,066	4,168,379	127,956	1,023,425	520,206	146,886	436,485	7,297,403
Net book value										
At 31 December 2020	3,006,617	388,220	3,727,234	3,763,360	303,860	635,330	172,707	36,577	243,404	12,277,309

15. Property, plant and equipment (cont'd)

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

Group

2021	Cost RM	Accumulated depreciation RM	Net book value RM
Long term leasehold land	147,922,125	(29,821,685)	118,100,440
Short term leasehold land	7,328,101	(2,689,724)	4,638,377
Plant and machinery	2,971,000	(887,532)	2,083,468
Motor vehicles	4,196,929	(1,363,417)	2,833,512
	162,418,155	(34,762,358)	127,655,797
2020			
Long term leasehold land	147,879,927	(28,000,638)	119,879,289
Short term leasehold land	7,328,101	(2,556,203)	4,771,898
Plant and machinery	2,971,000	(590,432)	2,380,568
Motor vehicles	4,887,190	(1,170,037)	3,717,153
	163,066,218	(32,317,310)	130,748,908

Company

2021	Cost RM	Accumulated depreciation RM	Net book value RM
Long term leasehold land	388,220	-	388,220
2020			
Long term leasehold land	388,220	-	388,220
Motor vehicles	128,004	(50,402)	77,602
	516,224	(50,402)	465,822

15. Property, plant and equipment (cont'd)

Leased assets of the Group and the Company pledged as security for the related finance lease liabilities as disclosed in Note 29 to the financial statements.

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Right-of-use assets				
- Plant and machinery	2,083,468	2,380,568	-	-
- Motor vehicles	2,833,512	3,717,153	-	77,602
	4,916,980	6,097,721	-	77,602

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

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Freehold land	3,006,617	3,006,617	3,006,617	3,006,617
Bearer plant	57,955,577	57,776,446	3,635,283	3,727,234
Buildings	21,374,658	27,912,709	1,209,176	1,118,990
Plantation infrastructure development expenditure	43,913,661	43,411,963	-	-
Plant and machinery	75,318,366	118,610,270	138,082	147,442
Furniture and fittings	890,533	1,797,183	62,152	46,599
Office equipment	89,941	93,529	89,941	93,529
Electrical installation	39,286	36,577	39,285	36,577
Capital work-in-progress	169,778	1,421,458	-	-
Right-of-use assets				
- Leasehold land	40,545,969	41,173,024	-	-
- Motor vehicles	233,342	375,539	-	-
	243,537,728	295,615,315	8,180,536	8,176,988

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

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Employee benefits expense (Note 8)	974,408	1,882,863	15,088	34,475
Interest expense (Note 11)	328,766	1,065,208	-	-

16. Investment properties

Fair value	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
At 1 January	45,263,826	49,923,826	1,250,000	1,250,000
Disposal	-	(4,660,000)	-	-
At 31 December	45,263,826	45,263,826	1,250,000	1,250,000

The category of the fair value of investment properties are further disclosed in Note 35 to the financial statements.

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

Valuation techniques	Significant unobservable inputs	Range of adjustment factor 2021 %	Range of adjustment factor 2020 %
Market comparable approach	Difference in size and bulk discount	5 – 10	5 – 10

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

	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
Rental income	81,730	76,230	76,230	76,230
Direct operating expenses	(4,813)	(3,499)	(3,499)	(3,499)

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

17. Investments in subsidiary companies

	Company 2021 RM	Company 2020 RM
Unquoted investments		
At 1 January/31 December	109,804,859	109,804,859
Quoted investments		
At 1 January	99,305,461	99,266,114
Increase in investment in a subsidiary	-	39,347
At 31 December	99,305,461	99,305,461
	209,110,320	209,110,320

Details of the subsidiaries are as follows:

Name of subsidiary companies	Country of incorporation	Proportion of ownership interest held by the Group* 2021 %	Proportion of ownership interest held by the Group* 2020 %	Proportion of ownership interest held by non-controlling interests* 2021 %	Proportion of ownership interest held by non-controlling interests* 2020 %	Principal activities
Held by the Company						
Champion Point Sdn. Bhd.	Malaysia	100	100	-	-	Cultivation of oil palm and sale of fresh fruit bunches
Yew Lee Holdings Sdn. Berhad	Malaysia	100	100	-	-	Cultivation of oil palm and sale of fresh fruit bunches
Majuperak Plantation Sdn. Bhd.	Malaysia	100	100	-	-	Cultivation of oil palm and sale of fresh fruit bunches
Anson Oil Industries Sdn. Bhd.	Malaysia	100	100	-	-	Cultivation of oil palm, milling, sale of oil palm products and power generation
Ayu Gemilang Sdn. Bhd.	Malaysia	100	100	-	-	Investment holding
Telok Anson Hotel Sdn. Berhad	Malaysia	100	100	-	-	Property development
Mah Hock Company Sendirian Berhad	Malaysia	100	100	-	-	Property investment, housing development and cultivation of oil palm
Cepatwawasan Group Berhad ("CGB")	Malaysia	38.50	38.50	61.50	61.50	Investment holding and provision of management services to its subsidiary companies

17. Investments in subsidiary companies (cont'd)

Details of the subsidiaries are as follows: (cont'd)

Name of subsidiary companies	Country of incorporation	Proportion of ownership interest held by the Group* 2021 %	2020 %	Proportion of ownership interest held by non-controlling interests* 2021 %	2020 %	Principal activities
Held through Yew Lee Holdings Sdn. Berhad						
Sharikat Muzwin Bersaudara Sdn. Bhd.	Malaysia	99	99	1	1	Cultivation of oil palm and sale of fresh fruit bunches
Hutan Melintang Plantations Sdn. Berhad	Malaysia	100	100	-	-	Cultivation of oil palm and sale of fresh fruit bunches
Held through Majuperak Plantation Sdn. Bhd.						
Majuperak Sawit Sdn. Bhd.	Malaysia	100	100	-	-	Dormant
Held through Cepatwawasan Group Berhad						
Cepatwawasan Sdn. Bhd.	Malaysia	38.50	38.50	61.50	61.50	Cultivation of oil palm and sale of fresh fruit bunches
Syarikat Melabau Sdn. Bhd.	Malaysia	38.50	38.50	61.50	61.50	Cultivation of oil palm and sale of fresh fruit bunches
Wong Tet-Jung Plantations Sdn. Bhd.	Malaysia	38.50	38.50	61.50	61.50	Cultivation of oil palm and sale of fresh fruit bunches
Razijaya Sdn. Bhd.	Malaysia	38.50	38.50	61.50	61.50	Cultivation of oil palm, sale of fresh fruit bunches, and operation of a quarry
Sri Likas Mewah Sdn. Bhd.	Malaysia	38.50	38.50	61.50	61.50	Cultivation of oil palm and sale of fresh fruit bunches
Kovusak Sdn. Bhd.	Malaysia	38.50	38.50	61.50	61.50	Cultivation of oil palm and sale of fresh fruit bunches
Libarran Island Resort Sdn. Bhd.	Malaysia	38.50	38.50	61.50	61.50	Investment holding
Bakara Sdn. Bhd.	Malaysia	38.50	38.50	61.50	61.50	Cultivation of oil palm and sale of fresh fruit bunches
Sungguh Mulia Sdn. Bhd.	Malaysia	38.50	38.50	61.50	61.50	Cultivation of oil palm and sale of fresh fruit bunches
Prima Semasa Sdn. Bhd.	Malaysia	38.50	38.50	61.50	61.50	Cultivation of oil palm and sale of fresh fruit bunches
Ayu Sempurna Sdn. Bhd.	Malaysia	38.50	38.50	61.50	61.50	Investment holding

MHC Plantations Bhd.
[196001000393 (4060-V)]
(Incorporated in Malaysia)

17. Investments in subsidiary companies (cont'd)

Details of the subsidiaries are as follows: (cont'd)

Name of subsidiary companies	Country of incorporation	Proportion of ownership interest held by the Group* 2021 %	Proportion of ownership interest held by the Group* 2020 %	Proportion of ownership interest held by non-controlling interests* 2021 %	Proportion of ownership interest held by non-controlling interests* 2020 %	Principal activities
Held through Cepatwawasan Group Berhad						
Cash Nexus (M) Sdn. Bhd.	Malaysia	38.50	38.50	61.50	61.50	Investment holding
Magnum Kapital Sdn. Bhd.	Malaysia	38.50	38.50	61.50	61.50	Dormant
Hikayat Anggun Sdn. Bhd.	Malaysia	38.50	38.50	61.50	61.50	Dormant
Aspenglade Sdn. Bhd.	Malaysia	38.50	38.50	61.50	61.50	Dormant
Ekuiti Etika Sdn. Bhd.	Malaysia	38.50	38.50	61.50	61.50	Dormant
Held through Cepatwawasan Sdn. Bhd.						
Prolific Yield Sdn. Bhd.	Malaysia	38.50	38.50	61.50	61.50	Milling and sales of oil palm products
Jutategak Sdn. Bhd.	Malaysia	38.50	38.50	61.50	61.50	Cultivation of oil palm and sale of fresh fruit bunches
Liga Semarak Sdn. Bhd.	Malaysia	38.50	38.50	61.50	61.50	Cultivation of oil palm and sale of fresh fruit bunches
Tentu Cergas Sdn. Bhd.	Malaysia	38.50	38.50	61.50	61.50	Cultivation of oil palm and sale of fresh fruit bunches
Tentu Bernas Sdn. Bhd.	Malaysia	38.50	38.50	61.50	61.50	Cultivation of oil palm and sale of fresh fruit bunches
Held through Syarikat Melabau Sdn. Bhd.						
Suara Baru Sdn. Bhd.	Malaysia	38.50	38.50	61.50	61.50	Cultivation of oil palm, sale of fresh fruit bunches, and operation of a quarry
Gelang Usaha Sdn. Bhd.	Malaysia	38.50	38.50	61.50	61.50	Cultivation of oil palm and sale of fresh fruit bunches
Swifturn Sdn. Bhd.	Malaysia	38.50	38.50	61.50	61.50	Letting of oil palm fresh fruit bunches collection center
Held through Sri Likas Mewah Sdn. Bhd.						
Ultisearch Trading Sdn. Bhd.	Malaysia	38.50	38.50	61.50	61.50	Cultivation of oil palm, sale of fresh fruit bunches

17. Investments in subsidiary companies (cont'd)

Details of the subsidiaries are as follows: (cont'd)

Name of subsidiary companies	Country of incorporation	Proportion of ownership interest held by the Group* 2021 %	2020 %	Proportion of ownership interest held by non-controlling interests* 2021 %	2020 %	Principal activities
Held through Libarran Island Resort Sdn. Bhd.						
Minelink Sdn. Bhd.	Malaysia	38.50	38.50	61.50	61.50	Investment property holding
Held through Ayu Sempurna Sdn. Bhd.						
Ladang Cepat-KPD Sdn. Bhd.	Malaysia	23.10	23.10	15.40	15.40	Cultivation of oil palm and sale of fresh fruit bunches
Held through Ayu Gemilang Sdn. Bhd.						
Ladang Cepat-KPD Sdn. Bhd.	Malaysia	20.00	20.00	41.50	41.50	Cultivation of oil palm and sale of fresh fruit bunches
Held through Cash Nexus (M) Sdn. Bhd.						
Power Precinct Sdn. Bhd.	Malaysia	38.50	38.50	61.50	61.50	Investment holding
Cash Horse (M) Sdn. Bhd.	Malaysia	38.50	38.50	61.50	61.50	Power generation and sale of biomass by-products
Timah Resources Limited # ^	Australia	26.59	25.46	73.41	74.54	Investment holding
Mistral Engineering Sdn. Bhd.**	Malaysia	19.64	19.64	-	-	Power generation
Held through Timah Resources Limited						
Mistral Engineering Sdn. Bhd.**	Malaysia	13.03	12.48	67.33	67.88	Power generation

\# Audited by a firm other than PKF PLT, MALAYSIA
* Equals to the proportion of voting rights held
** Mistral Engineering Sdn. Bhd. is held through both Cash Nexus (M) Sdn. Bhd. and Timah Resources Limited
^ Listed on the Australian Securities Exchange Ltd or ASX Limited

17. Investments in subsidiary companies (cont'd)

Increase in stake of a subsidiary

2021

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

	RM
Consideration paid for the 2.94% increase in stake	539,645
Carrying value of the additional interest in Timah	(892,162)
Difference recognised in retained profits	(352,517)

2020

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

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

	RM
Consideration paid for the 20.69% increase in stake	-
Carrying value of the additional interest in Mistral Engineering	(1,014,181)
Difference recognised in retained profits	(1,014,181)

17. Investments in subsidiary companies (cont'd)

Non-controlling interests in subsidiary

Summarised financial information of CGB which has non-controlling interests that are material to the Group are set out below. The summarised financial information presented below is the amount before inter-company elimination.

	2021 RM	2020 RM
Summarised consolidated statements of profit or loss and other comprehensive income		
Revenue	363,002,365	234,993,797
Profit for the year	53,851,425	15,214,099
Profit attributable to:		
Owners of the Company	50,612,819	14,617,881
Non-controlling interests	3,238,606	596,218
	53,851,425	15,214,099
Other comprehensive (loss)/income attributable to:		
Owners of the Company	(40,985)	175,747
Non-controlling interests	(20,306)	104,507
	(61,291)	280,254
Total comprehensive income	53,790,134	15,494,353
Total comprehensive income attributable to:		
Owners of the Company	50,571,834	14,793,630
Non-controlling interests	3,218,300	700,723
	53,790,134	15,494,353
Dividends paid to non-controlling interests	5,550,735	3,650,440
Effect of subsidiary's treasury share transactions	84,315	670,434

17. Investments in subsidiary companies (cont'd)

Non-controlling interests in subsidiary (cont'd)

Summarised financial information of CGB which has non-controlling interests that are material to the Group are set out below. The summarised financial information presented below is the amount before inter-company elimination. (cont'd)

	2021 RM	2020 RM
Summarised consolidated statement of financial position		
Non-current assets	393,838,854	409,908,428
Current assets	96,409,053	71,756,950
Non-current liabilities	(62,703,018)	(72,826,601)
Current liabilities	(42,296,106)	(67,290,212)
Net assets	385,248,783	341,548,565
Equity attributable to owners of the Company	148,320,781	131,359,578
Non-controlling interests	236,928,002	210,188,987
Summarised cash flows information		
Net cash from operating activities	81,303,781	41,801,527
Net cash used in investing activities	(10,934,192)	(12,592,617)
Net cash used in financing activities	(57,123,856)	(20,599,472)
Net increase in cash and cash equivalents	13,245,733	8,609,438
Net foreign exchange difference	(64,872)	-
Cash and cash equivalents at beginning of the financial year	21,452,913	12,843,475
Cash and cash equivalents at end of the financial year	34,633,774	21,452,913

18. Investments in securities

Group	2021 Carrying amount RM	2021 Market value of quoted investments RM	2020 Carrying amount RM	2020 Market value of quoted investments RM
Non-current				
Financial assets				
- Equity instruments (quoted in Malaysia)	164,464	164,464	167,779	167,779
- Equity instruments (unquoted), at fair value	114,814	-	170,647	-
At 31 December	279,278		338,426	

Company	2021 Carrying amount RM	2021 Market value of quoted investments RM	2020 Carrying amount RM	2020 Market value of quoted investments RM
Non-current				
Financial assets				
- Equity instruments (quoted in Malaysia)	155,032	155,032	154,917	154,917
- Equity instruments (unquoted), at fair value	1	-	50,000	-
At 31 December	155,033		204,917	

19. Deferred tax assets/(liabilities)

	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
At 1 January	(42,135,775)	(41,096,921)	-	(577,432)
Recognised in profit or loss (Note 13)	(2,322,127)	(1,038,854)	(336,773)	577,432
At 31 December	(44,457,902)	(42,135,775)	(336,773)	-

19. Deferred tax assets/(liabilities) (cont'd)

The components of deferred tax assets and liabilities during the financial year recognised in profit and loss prior and after offsetting are as follows:

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Deferred tax assets				
Provision	629,831	328,742	-	-
Allowance for expected credit losses	45,530	46,280	-	
Unutilised tax losses	2,264,446	2,962,751	872,436	602,820
Unabsorbed agriculture and capital allowances	8,364,416	9,460,755	172,481	851,429
Unabsorbed investment tax allowances	5,687,679	5,687,679	-	-
	16,991,902	18,486,207	1,044,917	1,454,249
Deferred tax liabilities				
Property, plant and equipment	(56,968,288)	(56,833,070)	(1,219,860)	(1,286,123)
Biological assets	(1,397,285)	(689,108)	(81,384)	(87,681)
Revaluation of leasehold land and buildings	(639,511)	(655,084)	(15,529)	(15,529)
Fair value changes to investment properties	(2,444,720)	(2,444,720)	(64,917)	(64,916)
	(61,449,804)	(60,621,982)	(1,381,690)	(1,454,249)
	(44,457,902)	(42,135,775)	(336,773)	-

Presented after appropriate offsetting as follows:

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Deferred tax assets	6,539,247	6,777,164	-	-
Deferred tax liabilities	(50,997,149)	(48,912,939)	(336,773)	-
	(44,457,902)	(42,135,775)	(336,773)	-

19. Deferred tax assets/(liabilities) (cont'd)

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

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Unabsorbed capital allowances	68,480,296	82,393,517	-	-
Unutilised tax losses	20,227,888	27,353,221	-	1,134,733
	88,708,184	109,746,738	-	1,134,733
Tax rate	24%	24%	24%	24%
Deferred tax assets not recognise	21,289,964	26,339,217	-	272,336

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

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

20. Goodwill on consolidation

	Group	
	2021 RM	2020 RM
Goodwill		
At 1 January/31 December	43,867,118	43,867,118

Impairment testing of goodwill

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

The recoverable amount of the above CGUs has been determined based on a combination of FVLCD where the management relied on independent professional valuers using comparison method valuation and VIU calculations using cash flow projections approved by management covering a five-year period.

20. Goodwill on consolidation (cont'd)

The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

	Group	
	2021	**2020**
CPO per metric tonne ("MT") (RM)	3,800 – 3,955	2,998 – 3,000
PK per MT (RM)	2,400 – 2,498	1,600 – 1,739
Discount rates	10%	10%

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

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

For CGUs determined based on FVLCD, the recoverable values were determined by reference to recent market transacted prices of similar properties. These prices are adjusted for factors of size and location by a range of 5% - 10% to arrive at a range of valuation of RM22,500 to RM43,000 per acre for plantation land.

In prior year, the recoverable values for CGUs determined based on FVLCD were determined by the professional valuers on plantation land using market comparison approach that reflects recent transacted prices of similar properties. These prices are adjusted for factors of size and location by a range of 5% - 20% to arrive at a range of valuation of RM30,000 to RM42,000 per acre for plantation land.

Sensitivity to changes in assumptions

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

21. Inventories

At cost	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
Crude palm oil	4,728,374	1,485,029	-	-
Empty fruit bunches	32,628	40,009	-	-
Empty fruit bunches oil	294,215	579,288	-	-
Fibre	46,633	29,333	-	-
Nursery, seedlings, stores, and materials	8,580,015	6,127,289	179,119	210,336
Palm kernel	1,272,733	885,760	-	-
Quarry stocks	7,963,883	9,372,686	-	-
Shell	666	13,993	-	-
	22,919,147	18,533,387	179,119	210,336
Less: Impairment	(1,310,165)	-	-	-
	21,608,982	18,533,387	179,119	210,336

Movement in the impairment account is as follows:

	Group 2021 RM	Group 2020 RM
At 1 January	-	-
Charge for the financial year (Note 7)	1,310,165	-
At 31 December	1,310,165	-

During the financial year, the amount of inventories recognised as an expense in cost of sales of the Group and the Company were RM27,736,055 and RM505,782 (2020: RM26,724,635 and RM375,353).

Additions in nurseries during the financial year included the following:

	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
Employee benefits expense (Note 8)	194,528	162,539	12,815	14,539

22. Biological assets

	Group		Company	
	2021	2020	2021	2020
At fair value	RM	RM	RM	RM
At 1 January	3,264,016	2,737,438	311,886	213,058
Fair value gain (Note 6)	2,558,005	526,578	27,214	98,828
At 31 December	5,822,021	3,264,016	339,100	311,886

The biological assets of the Group and the Company comprise fresh fruit bunches ("FFB") prior to harvest. To arrive at the fair value of FFB, the management has considered the oil content of the unripe FFB and derived at the assumption that the net cash flows to be generated from FFB prior to more than six (6) weeks to harvest is negligible, therefore quantity of unripe FFB on bearer plants of up to six (6) weeks prior to harvest was used for valuation purpose. The value of the unripe FFB was estimated to be approximately 17% for FFB that are five (5) to six (6) weeks prior to harvest, 50% for FFB that are three (3) to four (4) weeks prior to harvest and 83% for FFB that are one (1) to two (2) weeks prior to harvest. The quantity of unharvested FFB of the Group and the Company as at 31 December 2021 included in the fair valuation of FFB were 14,386 and 806 metric tonne (2020: 13,403 and 1,101 metric tonne) respectively. The net present value of cash flows is then determined with reference to the market value of crude palm oil at the date of harvest, adjusted for freight and other costs to sell at the point of harvest.

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

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

	Fair value gain/(loss)			
	2021		2020	
	Increase by 10%	Decrease by 10%	Increase by 10%	Decrease by 10%
Group	RM	RM	RM	RM
FFB price	732,199	(732,199)	455,649	(455,649)
Production volume	582,202	(582,202)	326,402	(326,402)
Harvest and transportation costs	(149,997)	149,997	(129,247)	129,247
Company				
FFB price	41,615	(41,615)	41,459	(41,459)
Production volume	33,910	(33,910)	31,188	(31,188)
Harvest and transportation costs	(7,705)	7,705	(10,271)	10,271

23. Trade and other receivables

	Group		Company	
Trade receivables	**2021 RM**	**2020 RM**	**2021 RM**	**2020 RM**
Third parties	18,112,632	15,205,333	76,604	158,146
Amounts due from subsidiaries	-	-	276,386	212,057
	18,112,632	15,205,333	352,990	370,203
Less: Allowance for expected credit losses	(227,218)	(278,323)	-	-
Trade receivables, net	17,885,414	14,927,010	352,990	370,203
Other receivables				
Other receivables				
- Amounts due from subsidiaries				
- Interest bearing	-	-	2,120,257	2,654,754
- Non-interest bearing	-	-	70,949	8,778
- Sundry receivables	5,451,255	5,795,158	37,903	151,342
GST receivables	132,435	151,916	-	-
Prepayments and deposits	4,570,634	3,225,921	85,068	75,463
	10,154,324	9,172,995	2,314,177	2,890,337
Less: Allowance for expected credit losses	(1,067,797)	(1,074,432)	-	-
Other receivables, net	9,086,527	8,098,563	2,314,177	2,890,337
Total trade and other receivables	26,971,941	23,025,573	2,667,167	3,260,540

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

The non-trade amounts due from subsidiaries are unsecured and repayable on demand. The interest bearing advances are subject to interest charge based on recovery of borrowing cost incurred by the Company.

23. Trade and other receivables (cont'd)

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

Group	Trade receivables RM	Other receivables RM	Total RM
At 1 January 2020	325,142	1,073,624	1,398,766
Reversal during the financial year (Note 6)	(46,819)	808	(46,011)
At 31 December 2020	278,323	1,074,432	1,352,755
Reversal during the financial year (Note 6)	(51,105)	-	(51,105)
Written off	-	(6,635)	(6,635)
At 31 December 2021	227,218	1,067,797	1,295,015

There was no material expected credit loss for the Company's trade receivables as of the financial year end.

Information about the Group's and the Company's exposure to credit risks and expected credit losses for trade receivables is included in Note 34 to the financial statements.

24. Short-term investments

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Fair value through profit or loss				
Short-term investments	31,965,555	17,573,020	1,118,500	13,453

Short-term funds are investments in income trust funds in Malaysia. The trust funds invest in highly liquid assets which are readily convertible to known amounts of cash with insignificant changes in value.

25. Cash and cash equivalents

	Group		Company	
	2021 RM	**2020 RM**	**2021 RM**	**2020 RM**
Cash and bank balances	34,370,100	24,810,763	1,013,434	555,409
Deposits with licensed banks	16,684,139	7,795,835	409,837	403,739
Cash and bank balances	51,054,239	32,606,598	1,423,271	959,148
Less: Deposits pledged as securities for banking facilities and deposits with maturity of more than three (3) months (Note 28)	(4,614,512)	(4,620,646)	(409,837)	(403,739)
Cash and cash equivalents	46,439,727	27,985,952	1,013,434	555,409

The deposits with licensed bank of the Group and the Company include an amount of RM409,837 (2020: RM403,739), which are registered in the names of two of the Company's Directors and held in trust for the Company, are pledged as securities for bankers' guarantee facilities granted to the Group.

The interest rate structure are as follows:

	Fixed interest rate per annum			
	Group		Company	
	2021	**2020**	**2021**	**2020**
Deposits with licensed banks	1.00% to 2.85%	1.70% to 2.85%	1.70%	1.75%

The maturities of deposits with licensed bank as at the end of the financial year are as follows:

	Group		Company	
	2021 Days	**2020 Days**	**2021 Days**	**2020 Days**
Deposits with licensed banks	1 – 365	30 – 365	30 – 31	30 – 31

26. Share capital

Issued and fully paid:	No. of ordinary shares		Group/Company RM	RM
At 1 January 2020/ 31 December 2020/ 31 December 2021	196,543,970	196,543,970	196,543,970	196,543,970

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

27. Reserve

	2021 RM	2020 RM
Group		
Distributable		
Capital reserve	8,169	8,169
Retained profits	115,041,117	80,450,153
	115,049,286	80,458,322
Non-distributable		
Capital reserve	5,736,883	5,736,883
Other reserve	(32,523,318)	(32,381,526)
Revaluation reserve	789,026	789,026
Fair value adjustment reserve	(63,567)	(4,419)
Foreign currency translation reserve	(291,911)	(276,132)
	(26,352,887)	(26,136,168)
	88,696,399	54,322,154

27. Reserve (cont'd)

Company	2021 RM	2020 RM
Distributable		
Retained profits	23,041,036	16,732,082
Non-distributable		
Fair value adjustment reserve	(130,043)	(80,159)
	22,910,993	16,651,923

Retained profits

The Group's and the Company's policy is to treat all gains and losses that pass through the statements of profit or loss and other comprehensive income (i.e. non-owner transactions or events) as revenue reserves. Other than retained profits, all other revenue reserves are regarded as non-distributable in the form of cash dividends to shareholders. Accumulated losses are the opposite of retained profits and when an entity is in an accumulated loss position, it is prohibited from distributing cash dividends to shareholders.

Capital reserve

The distributable capital reserve comprises mainly gains arising from disposal of property, plant and equipment and investments whereas the non-distributable capital reserve represents amount capitalised for bonus issue from post-acquisition reserve of a subsidiary company.

Other reserve

Other reserve represents the difference between the adjusted carrying amount of the non-controlling interests and the fair value of the consideration paid.

Revaluation reserve

Revaluation reserve represents net surplus arising from the revaluation of certain subsidiary companies' freehold land, buildings and biological assets in 1976, 1982 and 1988 respectively. On transition to MFRS, the Group opted for the cost model as its accounting policy for measurement of property, plant and equipment, and treated the carrying values of the previously revalued properties at the date of transition as deemed cost.

On subsequent sale or retirement of these revalued properties, the attributable surplus remaining in the revaluation reserve will be transferred to distributable reserve.

27. Reserve (cont'd)

Fair value adjustment reserve

Fair value adjustment reserve represents the cumulative fair value changes, net of tax, of equity instrument until they are disposed of or impaired.

Foreign currency translation reserve

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

28. Loans and borrowings

	Group		Company	
	2021	2020	2021	2020
Non-current	RM	RM	RM	RM
Secured:				
Term loans				
- Loan at COF + 1.10%	33,126,184	43,929,135	-	-
- Loan at COF + 1.50%	-	2,937,500	-	-
	33,126,184	46,866,635	-	-
Current				
Secured:				
Revolving credits				
- RC at COF + 1.10%	8,400,000	19,800,000	5,900,000	11,500,000
- RC at ICOF + 1.20%	200,000	14,000,000	-	-
- RC at ICOF + 1.125%	3,100,000	13,500,000	-	-
Term loans				
- Loans at COF + 1.10%	8,536,929	10,338,153	-	-
- Loan at COF + 1.50%	1,250,000	6,500,000	-	-
Unsecured:				
Revolving credits				
- RC at COF + 1.50%	1,100,000	1,100,000	1,100,000	1,100,000
	22,586,929	65,238,153	7,000,000	12,600,000

28. Loans and borrowings (cont'd)

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Total loans and borrowings				
Secured:				
Revolving credits	11,700,000	47,300,000	5,900,000	11,500,000
Term loans	42,913,113	63,704,788	-	-
Unsecured:				
Revolving credits	1,100,000	1,100,000	1,100,000	1,100,000
	55,713,113	112,104,788	7,000,000	12,600,000
Maturity structure of loans and borrowings				
Within one year	22,586,929	65,238,153	7,000,000	12,600,000
Between one to two years	6,830,376	11,691,313	-	-
Between two to five years	17,790,004	22,765,663	-	-
More than five years	8,505,804	12,409,659	-	-
	55,713,113	112,104,788	7,000,000	12,600,000

The loans and borrowings are secured by the followings:

(i) **Loans at Cost of Finance ("COF") + 1.10% p.a.**

One of the loans is secured by legal charges over leasehold agricultural lands, specific debenture over the land together with the fixture and fittings of a subsidiary company as disclosed in Note 15 to the financial statements, corporate guarantee given by the Company and Credit Guarantee Corporation (M) Bhd ("CGC") under the Green Technology Financing Scheme ("GTFS"). An interest subsidy of 2% p.a. is granted to its subsidiary company under the GTFS.

Another loan is secured by legal charges over certain leasehold plantations, debentures incorporating fixed and floating charges over all the assets of subsidiary companies presently owned and subsequently acquired as disclosed in Note 15 to the financial statements and corporate guarantees given by the subsidiary companies.

(ii) **Loan at COF + 1.50% p.a.**

This loan is secured by legal charges over sub-divided land together with the power plant erected thereon of subsidiary companies, debentures incorporating fixed and floating charges over all the assets of the subsidiary companies as disclosed in Note 15 to the financial statements and corporate guarantees given by a subsidiary company and short term deposits with a licensed bank as further disclosed in Note 25 to the financial statements.

28. Loans and borrowings (cont'd)

(iii) **Revolving credit ("RC") at COF + 1.10% p.a.**

This revolving credit is secured by legal charges over freehold agricultural land of the Company and leasehold lands of a subsidiary company, specific debenture over the land together with the fixture and fittings as disclosed in Note 15 to the financial statements and deposit with licensed bank as disclosed in Note 25 to the financial statements.

(iv) **RC at Islamic Cost of Fund ("ICOF") + 1.20% p.a. and COF + 1.125% p.a.**

This revolving credit is secured by legal charges over certain leasehold plantations together with the plant and machinery and palm oil mill of subsidiary companies, sub-divided land together with the power plant erected thereon of a subsidiary company, debentures incorporating fixed and floating charges over all the assets of subsidiary companies presently owned and subsequently acquired as disclosed in Note 15 to the financial statements and corporate guarantees given by the subsidiary companies and short term deposits with licensed bank as further disclosed in Note 25 to the financial statements.

29. Lease liabilities

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Current	1,075,038	1,228,830	-	9,599
Non-current	2,908,103	3,876,457	-	-
	3,983,141	5,105,287	-	9,599
Maturity structure of lease liabilities				
Within one year	1,075,038	1,228,830	-	9,599
Between one to two years	835,767	1,053,876	-	-
Between two to five years	1,349,642	2,399,191	-	-
More than five years	722,694	423,390	-	-
	3,983,141	5,105,287	-	9,599

The Group has lease contracts of land used in its operations as disclosed in Note 15 to the financial statements. Leases of land has lease terms of average five (5) to thirty (30) years. The average discount rate implicit in the leases is 7.39% (2020: 7.39%) per annum.

29. Lease liabilities (cont'd)

The table below describes the nature of the Group's leasing activities by type of right-of-use asset recognised in the statement of financial position:

Right-of-use asset	No. of right-of-use assets leased	Range of remaining term	Average remaining lease term	No. of leases with extension options	No. of leases with variable payment	No. of leases with termination option
Leasehold land	11	4 – 22 years	9 years	5	-	-

The leases of the Group and the Company are secured by a charge over the leased assets which consist of plant and machinery and motor vehicles as disclosed in Note 15 to the financial statements. These leases of the Group and the Company bear effective interest rate ranging from 4.36% to 7.12% and Nil% (2020: 4.36% to 7.12% and 7.04%) per annum respectively.

There were no leases with residual value guarantee or leases which have yet to commence of which the Group and the Company have committed.

30. Trade and other payables

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Trade payables				
Third parties	20,013,185	11,436,924	-	-
Other payables				
Accruals and deposits	7,200,149	7,087,256	480,336	340,503
CPO sales tax and MPOB cess	1,806,207	1,001,287	-	-
Other payables				
- Third parties	7,435,551	5,494,045	446,639	407,722
- Retention sum payable to contractor	1,302,681	1,302,681	-	-
- Amounts due to subsidiaries	-	-	172,170	1,047,337
	17,744,588	14,885,269	1,099,145	1,795,562
Total trade and other payables	37,757,773	26,322,193	1,099,145	1,795,562

Trade payables are non-interest bearing and the normal credit terms granted to the Group and the Company are 30 to 90 days (2020: 30 to 90 days).

Amounts due to subsidiaries are unsecured, interest free and repayable on demand.

31. Dividend

Recognised during the financial year	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
Dividend on ordinary shares:				
Interim single-tier dividend of 2.00 sen (2020: 1.50 sen) per share	3,930,879	2,948,160	3,930,879	2,948,160
Single-tier special dividend of 2.00 sen (2020: Nil sen) per share	3,930,880	-	3,930,880	-
	7,861,759	2,948,160	7,861,759	2,948,160

32. Significant related party transactions

(a) Identities of related parties

Parties are considered to be related to the Group and the Company if the Group and the Company have the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control or common significant influence. Related parties could be individuals or other entities.

(b) Related parties' transactions

The aggregate value of transactions of the related parties of the Group and the Company were as follows:

Name of related parties	Type of transaction	Transaction value 2021 RM	Transaction value 2020 RM
Group and Company			
With company which have common Directors with the Company and in which certain Directors of the Company have financial interests:			
Behrang 2020 Sdn. Bhd.	Rental of premises	(48,400)	(48,000)
With substantial shareholder:			
Datin Seri Ooi Ah Thin	Rental of premises	(42,000)	(42,000)

32. Significant related party transactions (cont'd)

(b) Related parties' transactions (cont'd)

The aggregate value of transactions of the related parties of the Group and the Company were as follows: (cont'd)

Name of related parties	Type of transaction	Transaction value 2021 RM	2020 RM
Company			
With subsidiary companies:			
Anson Oil Industries Sdn. Bhd.	Sales of fresh fruit bunches	6,223,146	2,993,949
	Purchase of bio fertilisers	(9,452)	(12,683)
	Rental income of equipment	495	5,022
	Rental expenses of equipment	(45,425)	(43,574)
Champion Point Sdn. Bhd.	Rental income of equipment	-	4,769
	Rental expenses of equipment	-	(5,760)
Hutan Melintang Plantations Sdn. Berhad	Rental income of equipment	-	1,089
Majuperak Plantation Sdn. Bhd.	Advances made	-	(720,000)
	Interest on advances received	32,042	37,657
	Rental income of equipment	-	2,160
Sharikat Muzwin Bersaudara Sdn. Bhd.	Rental income of equipment	-	7,502
Yew Lee Holdings Sdn. Berhad	Rental expenses of equipment	(2,400)	(18,495)
Mah Hock Company Sendirian Berhad	Advances made	-	1,314,754
	Interest on advances received	47,054	13,262

32. Significant related party transactions (cont'd)

(c) Compensation of key management personnel

The remuneration of the key management personnel other than the Directors of the Group and of the Company are as follows:

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Short-term employee benefits	1,981,968	1,769,240	224,193	187,470
Contributions to defined contribution plan	216,641	190,718	27,750	23,104
	2,198,609	1,959,958	251,943	210,574

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company either directly or indirectly, including any Director of the Group and of the Company.

The terms and conditions and prices of the above transactions are mutually agreed between the parties.

33. Commitments and contingencies

(a) Capital commitment

	Group	
	2021 RM	2020 RM
Approved and contracted for:		
- Property, plant and equipment	2,518,922	3,233,822

(b) Contingent liability

On 10 May 2021, John Bin Until, Nokra Bin HJ Segun, Kuning Bin Kadir, Liew Ah Hon, Ongong Bin Unangga ("the Plantiffs") on behalf of themselves and 144 other residents of Kampung Segaliud, Sandakan, sued a subsidiary of the Company, namely, Prolific Yield Sdn. Bhd. ("Prolific") and another third party for negligence and breach of duty for alleged discharge of industrial effluent from their palm oil mill and thereby causing pollution to the nearby Segaliud River.

The Plaintiffs alleged they have suffered loss and damage to their livelihood and therefore, seek an injunction to restrain Prolific from the said alleged unlawful act and for loss and damages to be assessed by the Court.

Prolific has strongly denied the said claim as they maintain that at all material times they had set up and operated a safe and adequate industrial effluent treatment system duly approved and licensed by the relevant authorities and in compliance with the terms and conditions of the said license and all applicable relevant laws and regulations.

33. Commitments and contingencies (cont'd)

(b) Contingent liability (cont'd)

The Sandakan High Court has fixed the trial of this claim on 4 July 2022 to 8 July 2022.

The legal counsel is of the opinion that Prolific has a meritorious defence to this claim and there is a good prospect of succeeding in dismissing this claim.

The Board of Directors of the Company is of the view that the court case will have no immediate material financial and operational impact on Prolific as pursuant to the facts of the case, the documents presently available and the advice of its solicitors, Prolific has a good defence against the Plaintiffs' claim.

As at the date of approval of these financial statements, the court case is still pending and the settlement of obligation relating to the contingency is still uncertain.

34. Financial instruments

(a) Categories of financial instruments

	Group		Company	
Financial assests	**2021 RM**	**2020 RM**	**2021 RM**	**2020 RM**
Measured at amortised cost				
Trade and other receivables	22,268,872	19,647,736	2,582,099	3,185,077
Cash and bank balances	51,054,239	32,606,598	1,423,271	959,148
Measured at FVOCI				
Investments in securities	279,278	338,426	155,033	204,917
Measured at fair value through profit or loss				
Short-term investments	31,965,555	17,573,020	1,118,500	13,453
	105,567,944	70,165,780	5,278,903	4,362,595
Finance liabilities				
Measured at amortised cost				
Trade and other payables	37,757,773	26,322,193	1,099,145	1,795,562
Loans and borrowings	55,713,113	112,104,788	7,000,000	12,600,000
Lease liabilities	3,983,141	5,105,287	-	9,599
	97,454,027	143,532,268	8,099,145	14,405,161

34. Financial instruments (cont'd)

(a) **Categories of financial instruments** (cont'd)

A reconciliation of trade and other receivables in financial assets to the amounts reflected in the statements of financial position is as follows:

	Group		Company	
Trade and other receivables	**2021 RM**	**2020 RM**	**2021 RM**	**2020 RM**
As reflected in the statements of financial position (Note 23)	26,971,941	23,025,573	2,667,167	3,260,540
Less: Prepayments and deposits	(4,570,634)	(3,225,921)	(85,068)	(75,463)
GST receivables	(132,435)	(151,916)	-	-
	22,268,872	19,647,736	2,582,099	3,185,077

(b) **Financial risk management**

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk, and foreign currency risk.

The Board of Directors reviews and agrees on policies and procedures for the management of these risks, which are executed by Executive Committee. The audit committee provides independent oversight to the effectiveness of the risk management process.

The following sections provide details regarding the Group's and the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(i) **Credit risk**

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty defaults on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including short-term investments and cash and bank balances), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's and the Company's objective are to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties.

It is the Group's and the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

34. Financial instruments (cont'd)

(b) Financial risk management (cont'd)

(i) Credit risk (cont'd)

As at the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

Trade receivables

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored.

At each reporting date, the Group and the Company assess whether any of the trade receivables are credit impaired.

The gross carrying amounts of credit impaired trade receivables are written off (either partially or full) when there is no realistic prospect of recovery. This is generally the case when the Group and the Company determine that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay amounts subject to the write-off. Nevertheless, trade receivables and contract asset that are written off could still be subject to enforcement activities.

As at the end of the reporting period, the maximum exposure to credit risk arising from trade receivables is represented by the carrying amounts in the statements of financial position. The Group and the Company do not hold collateral as security.

The ageing analysis of the Group's and the Company's trade receivables as at the reporting date is as follows:

Group **2021**	**Gross amount RM**	**Expected credit losses RM**	**Carrying value RM**
Not past due	16,771,537	-	16,771,537
Past due:			
- less than 30 days	730,057	-	730,057
- between 31 to 60 days	56,690	-	56,690
- between 61 to 90 days	327,116	-	327,116
- more than 90 days	227,232	(227,218)	14
	1,341,095	(227,218)	1,113,877
	18,112,632	(227,218)	17,885,414

34. Financial instruments (cont'd)

(b) Financial risk management (cont'd)

(i) Credit risk (cont'd)

Trade receivables (cont'd)

The ageing analysis of the Group's and the Company's trade receivables as at the reporting date is as follows: (cont'd)

Group **2020**	**Gross amount RM**	**Expected credit losses RM**	**Carrying value RM**
Not past due	14,363,875	-	14,363,875
Past due:			
- less than 30 days	465,754	(22)	465,732
- between 31 to 60 days	9,892	-	9,892
- between 61 to 90 days	21,199	(3,116)	18,083
- more than 90 days	344,613	(275,185)	69,428
	841,458	(278,323)	563,135
	15,205,333	(278,323)	14,927,010

Company **2021**	**Gross amount RM**	**Expected credit losses RM**	**Carrying value RM**
Not past due	352,990	-	352,990
2020			
Not past due	370,203	-	370,203

34. Financial instruments (cont'd)

(b) **Financial risk management** (cont'd)

(i) **Credit risk** (cont'd)

Trade receivables (cont'd)

Impairment for trade receivables is measured at an amount equal to lifetime excepted credit loss. The expected credit losses on trade receivables includes both individual impairment for those that show objective evidence of impairment (stage 3 loss) and collective impairment (stage 2 loss). Collective impairment has been provided using the provisional matrix based on historical loss experience of the respective entities in the Group with reference to past due status of the debtor, as follows:

	Expected credit loss rates	
	2021	**2020**
Not past due	0%	0%
Past due:		
- less than 30 days	0%	0%
- between 31 to 60 days	0%	0%
- between 61 to 90 days	0%	14%
- more than 90 days	100%	94% – 100%

The expected credit loss rates are based on the historical loss rates experienced by each entity in the Group as adjusted for forward looking element as necessary.

There was no material expected credit loss for the Company's trade receivables as of the financial year end.

As at the reporting date, the Group and the Company have significant concentration of credit risk in the form of outstanding balance due from 6 and 2 (2020: 6 and 2) major customers representing 75% and 100% (2020: 64% and 100%) of the total trade receivables respectively.

Other receivables

For other receivables, a lifetime expected credit loss is assessed for those counterparties that show significant increase in credit risk as at the end of the reporting period, and impairment made based on objective evidence of impairment.

Inter-company advances

The Company provides advances to subsidiaries. The Company monitors the ability of the subsidiaries to repay the advances on an individual basis and considers advances to subsidiaries to have low credit risks.

The Company determines the probability of default for these advances individually using internal information available.

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position. Advances provided are not secured by any collateral or supported by any other credit enhancements.

34. Financial instruments (cont'd)

(b) **Financial risk management** (cont'd)

Cash and cash equivalents

The cash and cash equivalents are held with banks and financial institutions. As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position.

These banks and financial institutions have low credit risks. Consequently, the Group and the Company are of the view that loss allowance is not material and hence, it is not provided for.

(i) **Liquidity risk**

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

As part of its overall liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities at a reasonable level to its overall debt position. As far as possible, the Group raises committed funding from financial institutions and balances its portfolio with some short term funding so as to achieve overall cost effectiveness.

The following table sets out the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):

Group 2021	Carrying amount RM	Contractual undiscounted cashflows RM	Within One (1) year RM	One (1) to Five (5) years RM	Over Five (5) years RM
Financial liabilities					
Trade and other payables	37,757,773	37,757,773	37,757,773	-	-
Loans and borrowings	55,713,113	60,047,582	23,422,582	27,000,000	9,625,000
Lease liabilities	3,983,141	5,291,810	1,280,131	2,603,284	1,408,395
	97,454,027	103,097,165	62,460,486	29,603,284	11,033,395

34. Financial instruments (cont'd)

(b) Financial risk management (cont'd)

Cash and cash equivalents (cont'd)

(i) Liquidity risk (cont'd)

Group 2020	Carrying amount RM	Contractual undiscounted cashflows RM	Within One (1) year RM	One (1) to Five (5) years RM	Over Five (5) years RM
Financial liabilities					
Trade and other payables	26,322,193	26,322,193	26,322,193	-	-
Loans and borrowings	112,104,788	118,713,844	68,150,008	33,563,836	17,000,000
Lease liabilities	5,105,287	6,389,541	1,475,591	3,587,910	1,335,040
	143,532,268	151,425,578	95,947,792	37,151,746	18,335,040

Company 2021	Carrying amount RM	Contractual undiscounted cashflows RM	Within One (1) year RM	One (1) to Five (5) years RM	Over Five (5) years RM
Financial liabilities					
Trade and other payables	1,099,145	1,099,145	1,099,145	-	-
Loans and borrowings	7,000,000	7,000,000	7,000,000	-	-
	8,099,145	8,099,145	8,099,145	-	-
2020					
Financial liabilities					
Trade and other payables	1,795,562	1,795,562	1,795,562	-	-
Loans and borrowings	12,600,000	12,600,000	12,600,000	-	-
Lease liabilities	9,599	9,752	9,752	-	-
	14,405,161	14,405,314	14,405,314	-	-

34. Financial instruments (cont'd)

(b) **Financial risk management** (cont'd)

(ii) **Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group's and the Company's exposure to interest rate risk arises mainly from their loans and borrowings. Most of the Group's and the Company's loans and borrowings are charged a fixed interest rate plus the financial institutions' cost of fund per annum. The fixed interest rate is reviewed annually. Whilst, the cost of fund used by the financial institutions vary according to the rates set by the respective financial institutions. Meanwhile, interest rates charged on finance leases are fixed at the inception of the finance lease arrangements. The investments in financial assets are mainly short term in nature and have been mostly placed in fixed deposits and short-term investments.

The Group's policy is to manage interest cost using a mix of fixed and floating rate debts.

The following table details the sensitivity analysis to a reasonably possible change in the interest rates as at the end of the reporting period, with all other variables held constant:

	Group (Decrease)/Increase		Company (Decrease)/Increase	
Effects on profit after taxation	**2021 RM**	**2020 RM**	**2021 RM**	**2020 RM**
Increase of 70bp (2020: 50bp)	(39,896)	(113,438)	(9,881)	(15,104)
Decrease of 70bp (2020: 50bp)	39,896	113,438	9,881	15,104

(iii) **Foreign currency risk**

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of change in foreign exchange rate.

The Group holds cash and bank balances denominated in foreign currencies for working capital purposes. As at the reporting date, such foreign currency balances (mainly in AUD, USD and SGD) amounted to RM4,021,212 (2020: RM3,726,972).

34. Financial instruments (cont'd)

(b) Financial risk management (cont'd)

(iii) Foreign currency risk (cont'd)

The following table demonstrates the sensitivity of the Group's profit before tax to a reasonably possible change in the AUD, USD and SGD exchange rates against the respective functional currencies of the Group entities, with all other variables held constant:

	Group (Decrease)/Increase in profit before tax 2021 RM	Group (Decrease)/Increase in profit before tax 2020 RM
AUD/RM		
- strengthened 5% (2020: 5%)	(107,361)	(97,691)
- weakened 5% (2020: 5%)	107,361	97,691
USD/RM		
- strengthened 5% (2020: 5%)	(26,991)	(26,006)
- weakened 5% (2020: 5%)	26,991	26,006
SGD/RM		
- strengthened 5% (2020: 5%)	(18,215)	(17,929)
- weakened 5% (2020: 5%)	18,215	17,929

35. Fair value information

The financial assets and financial liabilities maturing within the next twelve (12) months approximated their fair values due to the relatively short-term maturity of the financial instruments.

The carrying amount of the variable rate term loans approximated their fair value as the loans will be re-priced to market interest rate on or near reporting date.

The fair value of quoted shares is determined directly by quoted bid prices in an active market at reporting date.

The fair value of unquoted shares is determined by reference to a selling price agreement and adjusted net tangible asset.

The fair value of investments in short-term instruments are based on daily price quotes by the funds.

35. Fair value information (cont'd)

As at the reporting date, the Group and the Company held the following at fair value in the statement of financial position:

Group **2021**	**Note**	**Carrying amount RM**	**Level 1 RM**	**Level 2 RM**	**Level 3 RM**
Assets measured at fair value					
Investment properties	16				
- Freehold					
- Land		43,340,000	-	-	43,340,000
- Semi-Detached factory		673,826	-	-	673,826
- Shophouse		1,250,000	-	-	1,250,000
Investments in securities	18				
- Equity instruments (quoted in Malaysia)		164,464	164,464	-	-
- Equity instruments (unquoted in Malaysia)		114,814	-	-	114,814
Biological assets	22	5,822,021	-	-	5,822,021
Short-term investments	24	31,965,555	31,965,555	-	-
		83,330,680	32,130,019	-	51,200,661

Group **2020**	**Note**	**Carrying amount RM**	**Level 1 RM**	**Level 2 RM**	**Level 3 RM**
Assets measured at fair value					
Investment properties	16				
- Freehold					
- Land		43,340,000	-	-	43,340,000
- Semi-Detached factory		673,826	-	-	673,826
- Shophouse		1,250,000	-	-	1,250,000
Investments in securities	18				
- Equity instruments (quoted in Malaysia)		167,779	167,779	-	-
- Equity instruments (unquoted in Malaysia)		170,647	-	-	170,647
Biological assets	22	3,264,016	-	-	3,264,016
Short-term investments	24	17,573,020	17,573,020	-	-
		66,439,288	17,740,799	-	48,698,489

35. Fair value information (cont'd)

Company **2021**	**Note**	**Carrying amount RM**	**Level 1 RM**	**Level 2 RM**	**Level 3 RM**
Assets measured at fair value					
Investment properties	16				
- Freehold shophouse		1,250,000	-	-	1,250,000
Investments in securities	18				
- Equity instruments (quoted in Malaysia)		155,032	155,032	-	-
- Equity instruments (unquoted in Malaysia)		1	-	-	1
Biological assets	22	339,100	-	-	339,100
Short-term investments	24	1,118,500	1,118,500	-	-
		2,862,633	1,273,532	-	1,589,101

Company **2020**	**Note**	**Carrying amount RM**	**Level 1 RM**	**Level 2 RM**	**Level 3 RM**
Assets measured at fair value					
Investment properties	16				
- Freehold shophouse		1,250,000	-	-	1,250,000
Investments in securities	18				
- Equity instruments (quoted in Malaysia)		154,917	154,917	-	-
- Equity instruments (unquoted in Malaysia)		50,000	-	-	50,000
Biological assets	22	311,886	-	-	311,886
Short-term investments	24	13,453	13,453	-	-
		1,780,256	168,370	-	1,611,886

36. Capital management

The primary objective of the Group's and of the Company's capital management is to ensure that they maintain a strong credit rating and healthy capital ratios in order to support their businesses and maximise shareholders' value.

36. Capital management (cont'd)

The Group and the Company manage their capital structure, and make adjustment to it, in the light of changes in economic conditions. To maintain or adjust the capital structure, the Group and the Company may adjust dividend payment to shareholders, return capital to shareholders or issue new shares. The Group's strategies were unchanged from the previous financial year.

The Group and the Company monitor capital using gearing ratio. The gearing ratio is calculated as net debt divided by total equity. Net debt is calculated as borrowings plus payables less cash and bank balances and short-term investments.

The gearing ratio of the Group and the Company as at the end of the reporting period was as follows:

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Loans and borrowings	55,713,113	112,104,788	7,000,000	12,600,000
Lease liabilities	3,983,141	5,105,287	-	9,599
Trade and other payables	37,757,773	26,322,193	1,099,145	1,795,562
Less: Cash and bank balances	(51,054,239)	(32,606,598)	(1,423,271)	(959,148)
Short-term investments	(31,965,555)	(17,573,020)	(1,118,500)	(13,453)
Net debt	14,434,233	93,352,650	5,557,374	13,432,560
Total equity	567,138,593	504,433,648	219,454,963	213,195,893
Gearing ratio	3%	19%	3%	6%

The Group maintains a gearing ratio that complies with the applicable debt covenant as at the reporting date. The Group is not subject to any other externally imposed capital requirements.

37. Segment information

(i) Operating segment

For management purposes, the Group is organised into business units based on its products and services, and has three (3) reportable operating segments as follows:

Plantation	Cultivation of oil palm
Mill	Milling and sale of oil palm products
Power plant	Power generation and sale of biomass by-products
All other segments	Extraction and sale of earth stone, operation of a hotel and others

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated statement of profit or loss and other comprehensive income. Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

37. Segment information (cont'd)

(i) Operating segment (cont'd)

2021

Revenue	Plantation RM	Oil mill RM	Power plant RM	All other segments RM	Total reported segments RM	Adjustments and eliminations RM	Note	Per consolidated financial statements RM
External customers	55,404,900	488,786,978	53,822,481	994,028	599,008,387	-		599,008,387
Inter-segment	65,073,222	-	-	3,222,472	68,295,694	(68,295,694)	(a)	-
Total revenue	120,478,122	488,786,978	53,822,481	4,216,500	667,304,081	(68,295,694)		599,008,387
Results								
Interest income	552,314	2,351,537	30,838	3,458,856	6,393,545	(5,834,447)		559,098
Finance costs	592,847	1,241,962	4,101,633	3,169,858	9,106,300	(5,592,317)		3,513,983
Depreciation of property, plant and equipment	7,238,682	7,185,382	10,271,022	652,869	25,347,955	4,448,754		29,796,709
Segment profit	68,180,328	22,095,099	19,570,834	(834,522)	109,011,739	(12,319,873)	(b)	96,691,866

37. Segment information (cont'd)

(i) Operating segment (cont'd)

2020

Revenue	**Plantation RM**	**Oil mill RM**	**Power plant RM**	**All other segments RM**	**Total reported segments RM**	**Adjustments and eliminations RM**	**Note**	**Per consolidated financial statements RM**
External customers	32,280,965	274,921,732	45,705,777	1,830,060	354,738,534	-		354,738,534
Inter-segment	38,297,922	-	-	352,940	38,650,862	(38,650,862)	(a)	-
Total revenue	70,578,887	274,921,732	45,705,777	2,183,000	393,389,396	(38,650,862)		354,738,534
Results								
Interest income	469,279	2,738,323	119,769	4,385,126	7,712,497	(7,090,996)		621,501
Finance costs	1,018,827	1,374,494	6,219,488	3,927,131	12,539,940	(7,730,629)		4,809,311
Depreciation of property, plant and equipment	7,325,235	7,067,488	10,219,870	642,058	25,254,651	4,725,964		29,980,615
Segment profit	20,376,592	10,683,393	15,848,734	218,103	47,126,822	(15,928,120)	(b)	31,198,702

37. Segment information (cont'd)

(i) **Operating segment** (cont'd)

(a) Inter-segment revenue are eliminated on consolidation. This is represented mainly by sale of fresh fruit bunches by plantation segment to mill segment and sale of earth and stones by quarry segment (included in All other segments) to plantation and mill segments.

(b) The profit from inter-segment sales is deducted from segment profit to arrive at "Profit before tax" presented in the consolidated statement of profit or loss and other comprehensive income.

(ii) **Geographical information**

No geographical information has been provided as the Group activities are predominantly conducted in Malaysia.

(iii) **Major customers**

Revenue from 5 (2020: 4) major customers amounted to RM389,439,312 (65% of revenue) (2020: RM223,946,915 (63% of revenue)) arising from mill segment.

38. Significant and subsequent events

(i) The emergence and spread of the coronavirus (COVID-19) in early 2020 has affected businesses and economic activities in Malaysia and beyond. The Group has not been adversely affected as at the date of this report. No adjustments are required to the financial position and operating results for the current financial year. The Group shall continue to monitor the developments of the COVID-19 situation closely, assess and react actively to its impacts on the financial position and operating results of the Group for the financial year ending 31 December 2022. This includes continuous special attention to be given towards ensuring all standard operating procedures set by the Government are complied with to minimise the risk of COVID-19 occurrences and addressing the acute labour shortages, which may impact the operations of the Group negatively.

(ii) Two (2) former Directors of the Company, Tengku Dato' Kamal Ibni Sir Sultan Abu Bakar and Lt. Kol. Tengku Dato' Kamarul Zaman Ibni Almarhum Sir Sultan Abu Bakar were given three (3) months from 1 April 2022 by High Court of Malaya at Kuala Lumpur, Wilayah Persekutuan to restore to the Company RM13 million paid to Opti Temasek Sdn. Bhd., an action in breach of the financial assistance provisions of Bursa Malaysia Securities Berhad's Listing Requirements under Section 360 of the Capital Markets and Services Act 2007.

MHC Plantations Bhd.
[196001000393 (4060-V)]
(Incorporated in Malaysia)

Statement of Shareholdings

as at 31 March 2022

Total Number of Issued Shares	:	RM196,543,970.00
Class of Shares	:	Ordinary Shares
Voting Rights	:	One vote per ordinary share

DISTRIBUTION OF SHAREHOLDINGS

Range of Shareholdings	No. of Holders	% of Holders	No. of Shares	% of Issued Capital
Less than 100	503	11.64	21,806	0.01
100 - 1,000	304	7.03	174,152	0.09
1,001 - 10,000	2,176	50.34	11,196,386	5.70
10,001 - 100,000	1,185	27.41	35,169,810	17.89
100,001 - 9,827,197(*)	154	3.56	60,793,792	30.93
9,827,198 and above (**)	1	0.02	89,188,024	45.38
TOTAL	4,323	100.00	196,543,970	100.00

Note: * - Less than 5% of issued holdings
** - 5% and above of issued holdings

TOP THIRTY (30) HOLDERS AS AT 31 MARCH 2022

	Name of Holders	Holdings	% of Issued Capital
1	DATO MAH POOI SOO REALTY SDN BHD	89,188,024	45.38
2	REG BOARD OF T'TEES OF DATO MAH POOI SOO BENEVOLENT FUND	6,995,666	3.56
3	MAH SIEW HOE	2,680,000	1.36
4	MAH SIEW KEONG	2,299,700	1.17
5	DATIN SERI OOI AH THIN	1,905,888	0.97
6	AMSEC NOMINEES (ASING) SDN BHD KGI SECURITIES (SINGAPORE) PTE LTD. FOR MAH SIEW CHUAN	1,830,000	0.93
7	SYARIKAT MAJUPERAK BERHAD	1,653,866	0.84
8	LIM CHENG HAI	1,350,000	0.69
9	TAN AIK CHOON	1,140,900	0.58
10	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHONG YIEW ON	1,139,700	0.58
11	MENJELANG CITARASA SDN. BHD.	1,000,000	0.51
12	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR LIM LOI HENG	960,000	0.49
13	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHIN KIAM HSUNG	909,832	0.46
14	HLIB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR YAP QWEE BENG	900,000	0.46
15	LIM JIT HAI	869,763	0.44
16	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR TEE KIM TEE @ TEE CHING TEE	748,100	0.38

TOP THIRTY (30) HOLDERS AS AT 31 MARCH 2022 (cont'd)

	Name of Holders	Holdings	% of Issued Capital
17	LEONG SIEW MUN	733,500	0.37
18	LEE CHOO SEONG @ LEE CHO SENG	714,269	0.36
19	YEOH KIM LENG	677,200	0.34
20	LIEW YOON YEE	650,000	0.33
21	TAN LAI KIM (HOLDINGS) SDN BHD	600,000	0.31
22	TLK CAPITAL SDN. BHD.	600,000	0.31
23	TAN LIONG HUAT @ TAN SWEE HUAT	561,700	0.29
24	LEONG LAI NGAN	555,186	0.28
25	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR LEOU THIAM LAI	540,008	0.27
26	TAN AIK CHOON	526,500	0.27
27	HLB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHEE SAI MUN	524,300	0.27
28	YONG TOI MEE	510,000	0.26
29	FOONG HONG MENG @ FOONG LAI CHOONG	501,300	0.26
30	GAN KENG WAH	500,000	0.25

SUBSTANTIAL SHAREHOLDERS AS AT 31 MARCH 2022

According to the Register of Substantial Shareholders required to be kept under Section 144 of the Companies Act, 2016, the following are the substantial shareholders of the Company:

Name of Substantial Shareholders	Direct Interest (A)	%	Deemed Interest (B)	%	Total Interest (A+B)	%
Dato Mah Pooi Soo Realty Sdn Bhd	89,188,024	45.38	-	-	89,188,024	45.38
Dato' Seri Mah King Seng	338,948	0.17	90,189,024 *	45.89	90,527,972	46.06
Tan Sri Dr. Mah King Thian	93,248	0.05	90,188,024 **	45.89	90,281,272	45.94
Datin Seri Ooi Ah Thin	1,905,888	0.97	90,620,220 ***	46.11	92,526,108	47.08

Notes:-

* Deemed interest by virtue of his shareholdings in Dato Mah Pooi Soo Realty Sdn Bhd, Menjelang Citarasa Sdn Bhd and his daughter, Mah Li-Na.

** Deemed interest by virtue of his shareholdings in Dato Mah Pooi Soo Realty Sdn Bhd and Menjelang Citarasa Sdn Bhd.

*** Deemed interest by virtue of the shareholdings of her children, namely Dato' Seri Mah King Seng and Tan Sri Dr. Mah King Thian in MHC and her shareholdings in Dato Mah Pooi Soo Realty Sdn Bhd and Menjelang Citarasa Sdn Bhd.

DIRECTORS' INTEREST AS AT 31 MARCH 2022

According to the Register of Directors' Shareholdings required to be kept under Section 59 of the Companies Act, 2016 the Directors' interests in the ordinary share capital of the Company and its subsidiary companies are as follows:

Name of Directors	Direct Interest (A)	%	Deemed Interest (B)	%	Total Interest (A+B)	%
Dato' Seri Mah King Seng	338,948	0.17	90,189,024 *	45.89	90,527,972	46.06
Tan Sri Dr. Mah King Thian	93,248	0.05	90,188,024 **	45.89	90,281,272	45.94
Chan Kam Leong	-	-	558,294 ***	0.28	558,294	0.28
Wan Salmah Binti Wan Abdullah	-	-	-	-	-	-
Heng Beng Fatt	-	-	-	-	-	-
Mah Li-Na (Alternate Director to Dato' Seri Mah King Seng)	1,000	0.00	-	-	1,000	0.00
Dr. Jordina Mah Siu Yi (Alternate Director to Tan Sri Dr. Mah King Thian)	-	-	-	-	-	-

Notes:-

* Deemed interest by virtue of his shareholdings in Dato Mah Pooi Soo Realty Sdn Bhd, Menjelang Citarasa Sdn Bhd and his daughter, Mah Li-Na.

** Deemed interest by virtue of his shareholdings in Dato Mah Pooi Soo Realty Sdn Bhd and Menjelang Citarasa Sdn Bhd.

*** Deemed interest through his spouse.

MHC Plantations Bhd.
[196001000393 (4060-V)]
(Incorporated in Malaysia)

Form of Proxy

No. of Shares Held	
CDS Account No.	
Telephone No.	

I/We, ____ NRIC No./Company No. ________________
(Name of Shareholder as per NRIC)

of ____
(Full Address)

being a member of MHC Plantations Bhd. hereby appoint the following person(s):

	Name of Proxy & NRIC No.	Email Address	No. of Shares	Percentage %
Proxy 1				
Proxy 2				

or failing him/her, the Chairman of the Meeting as my/our proxy, to vote for me/us and on my/our behalf at the Sixty-Second (62nd) Annual General Meeting of the Company to be held on 27 May 2022 and at any adjournment thereof in the manner indicated below in respect of the following Resolutions:

Ordinary Business	Ordinary Resolution	For	Against
Approval for the payment of Directors' benefits	1		
Re-election of Dato' Seri Mah King Seng as Director	2		
Re-election of Mr. Chan Kam Leong as Director	3		
Re-appointment of Messrs PKF PLT as Auditors of the Company and to authorise the Directors to fix their remuneration.	4		
Special Business			
Approval for the continuation in office of Mr. Chan Kam Leong as an Independent Non-Executive Director	5		
Approval for the continuation in office of Puan Wan Salmah Binti Wan Abdullah as an Independent Non-Executive Director	6		
Authority under Section 76 of the Companies Act, 2016 for Directors to allot and issue shares	7		

Please indicate with (✓) or (✗) how you wish your vote to be cast. If you do not indicate how you wish your proxy to vote on any resolution, the proxy shall vote as he thinks fit, or at his discretion, abstain from voting.

Date: ___________________________

____
Signature of Shareholder/
(Common Seal & Signatures)

NOTES:

1. Only members whose names appear on the Record of Depositors as at 19 May 2022 shall be entitled to attend the AGM or appoint proxies in his/her stead or in the case of a corporation, a duly authorised representative to attend and to vote in his/ her stead.
2. A member (other than an exempt authorized nominee) entitled to attend and vote at the Meeting is entitled to appoint one (1) or two (2) proxies to attend and vote instead of him. A proxy must be 18 years and above and need not be a member of the Company.
3. Where a member appoints two (2) proxies, the appointments shall be invalid unless he/she specifies the proportions of his/her holdings to be represented by each proxy.
4. Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company in an Omnibus Account, there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds but the proportion of holdings to be represented by each proxy must be specified.
5. The instrument appointing a proxy shall be in writing under the hand of the appointer or his/her attorney duly authorised in writing or if the appointer is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorised. If under the hand of attorney/authorised officer, the Power of Attorney or Letter of Authorisation must be attached.
6. The instrument appointing a proxy must be deposited at the office of the Share Registrar of our Company, Boardroom Share Registrars Sdn. Bhd. at 11th Floor, Menara Symphony, No. 5, Jalan Professor Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor, Malaysia not less than 48 hours before the time appointed for holding the Meeting or adjourned Meeting either by hand, post, courier or electronic mail to bsr.helpdesk@boardroomlimited.com or fax (603) 78904670, otherwise the instrument of proxy should not be treated as valid.
7. For verification purposes, members and proxies are required to produce their original identity card at the registration counter. No person will be allowed to register on behalf of another person even with the original identity card of that other person.
8. Personal Data Privacy – By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company hereby agree and consent that any of your personal data in our possession shall be processed by us in accordance with the Personal Data Protection Act 2010. Further, you hereby warrant that relevant consent has been obtained by you for us to process any third party's personal data in accordance with the said Act.

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AFFIX STAMP
(within Malaysia)

The Share Registrar

MHC Plantations Bhd. [196001000393 (4060-V)]

11TH FLOOR, MENARA SYMPHONY
NO. 5, JALAN PROF. KHOO KAY KIM
SEKSYEN 13
46200 PETALING JAYA
SELANGOR DARUL EHSAN
MALAYSIA

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