



Far East Holdings Berhad

197301001753 (14809-W)



**STRONG
STEADFAST
SUSTAINABLE**

ANNUAL REPORT 2021



Far East Holdings Berhad

197301001753 (14809-W)

48th

ANNUAL GENERAL MEETING FOR FAR EAST HOLDINGS BERHAD



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



15 June 2022, Wednesday



10.00 a.m.



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

The soft copy of Far East Holdings Berhad
("FEHB") Annual Report 2021
is available on our website. Go to
www.fehb.com.my or scan the code
above with your smartphone.

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KEY INDICATORS

As at 31 December 2021

REVENUE

RM **693.58** Million

EARNINGS PER SHARE

27.67 Sen

PROFIT BEFORE TAX

RM **210.46** Million

PROFIT AFTER TAX

RM **174.84** Million

MARKET CAPITALISATION

RM **1.75** Billion

TOTAL EQUITY

RM **1,294.43** Million

SHARE PRICE

RM **2.95** Per Share

(Source: Bursa Market Watch)
Price as at 31 December 2021

NET TANGIBLE ASSET

RM **2.18** Per Share



FINANCIAL CALENDAR

As at 31 December 2021

ANNOUNCEMENTS OF RESULTS

01

First Quarter
25 May 2021

02

Second Quarter
25 August 2021

03

Third Quarter
25 November 2021

04

Fourth Quarter
23 February 2022

PUBLISHED ANNUAL REPORT AND FINANCIAL STATEMENTS

Notice of
Annual
General
Meeting

29
April 2022

Annual
General
Meeting

15
June 2022
(10.00 a.m.)

DIVIDENDS

	INTERIM	FINAL
Book Closure Announcement Date	25 November 2021	29 April 2022
Entitlement Date	10 December 2021	23 June 2022
Payment Date	23 December 2021	6 July 2022



Far East Holdings Berhad

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 48th Annual General Meeting (“AGM”) of Far East Holdings Berhad (“FEHB” or “Company”) will be held at The Zenith Hotel, Jalan Putra Square 6, 25200 Kuantan, Pahang Darul Makmur on Wednesday, 15 June 2022 at 10.00 a.m. to transact the following businesses:-

AS ORDINARY BUSINESS

1. To lay the Audited Reports and Financial Statements for the financial year ended 31 December 2021 together with the Reports of the Directors and the Auditors thereon. *Refer to Explanatory Note 1*
2. To approve the payment of a final single tier dividend of 5 sen per ordinary share and a special dividend of 3 sen per ordinary share in respect of the financial year ended 31 December 2021 as recommended by Directors. **(Ordinary Resolution 1)**
3. To re-elect the following Directors who retire pursuant to Clause 77 of the Constitution of the Company and who being eligible, offer themselves for re-election:-
 - (a) Nik Mohamed Zaki bin Nik Yusoff **(Ordinary Resolution 2)**
 - (b) Tee Lip Teng **(Ordinary Resolution 3)**
 - (c) Dato’ Suhaimi bin Mohd Yunus **(Ordinary Resolution 4)***Refer to Explanatory Note 2*
4. To approve the payment of fees to the Directors up to an amount of RM890,000 from the 48th AGM until the next AGM of the Company. **(Ordinary Resolution 5)**
Refer to Explanatory Note 3
5. To approve the payment of benefits to the Directors up to an amount of RM1,336,550 from the 48th AGM until the next AGM of the Company. **(Ordinary Resolution 6)**
Refer to Explanatory Note 4
6. To re-appoint Messrs Moore Stephens Associates PLT as Auditors of the Company for the financial year ending 31 December 2022 and to authorise the Directors to determine their remuneration. **(Ordinary Resolution 7)**
Refer to Explanatory Note 5

AS SPECIAL BUSINESS

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

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

“THAT in accordance with Paragraph 10.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, and subject to the Companies Act 2016 (“Act”), the Constitution of the Company, other applicable laws, guidelines, rules and regulations, and the approvals of the relevant governmental and/or regulatory authorities, approval be and is hereby given to the Company and/or its subsidiary companies to enter into recurrent related party transactions of a revenue or trading nature with the related parties involving interest of Directors, major shareholders or person connected, as set out in Section 2.2 of Part A of the Circular to Shareholders dated 29 April 2022, which are necessary for the day-to-day operations in the ordinary course of business of the Company and/or its subsidiary companies on normal commercial terms which are not more favourable to the related parties than those generally available to the public, undertaken on arm’s length basis, and are not detrimental to the minority shareholders of the Company (“Mandate”);

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

THAT the Mandate shall continue to be in force until:-

- (a) the conclusion of the next Annual General Meeting ("AGM") of the Company following this AGM at which such Mandate is passed, at which time it will lapse, unless renewed by a resolution passed at that AGM, the authority is again renewed; or
- (b) the expiration of the period within which the next AGM is required to be held pursuant to Section 340(2) of the Act, (but shall not extend to such extensions as may be allowed pursuant to Section 340(4) of the Act); or
- (c) the Mandate is revoked or varied by ordinary resolution passed by the shareholders in an AGM or EGM;

whichever is the earlier;

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

(Ordinary Resolution 8)
Refer to Explanatory Note 6

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

Proposed Amendments of Constitution "THAT the proposed amendments to the following Clauses of the Company's Constitution, be and is hereby approved:-

Clause	Title	Existing Constitution	Proposed Amendments
4	Definitions	Far East Holdings Berhad (Company No. 14809-W);	Far East Holdings Berhad [Company No. 197301001753 (14809-W)];
52	Notice of General Meetings	<p>52.4 (a) In providing service by post, a letter from the Secretary certifying that the letter, envelope or wrapper containing the notice of meeting was addressed and <u>posed</u> to the Member shall be sufficient to prove that the letter, envelope or wrapper was so addressed and <u>posed</u>.</p> <p>52.4 (b) Where the notice of meeting is sent by electronic means:-</p> <ul style="list-style-type: none"> (i) via electronic mail, at the time of transmission to a Member's electronic mail address pursuant to <u>Clause 54.3(b)(i)</u>, provided that the Company has record of the electronic mail being sent and that no written notification of delivery failure is received by the Company; (ii) via publication on the Company's website, on the date the notice of meeting is first made available on the Company's website provided that the notification on the publication of the notice of meeting on the website has been given pursuant to <u>Clause 54.3(b)(ii)</u>; or 	<p>52.4 (a) In providing service by post, a letter from the Secretary certifying that the letter, envelope or wrapper containing the notice of meeting was addressed and <u>posted</u> to the Member shall be sufficient to prove that the letter, envelope or wrapper was so addressed and <u>posted</u>.</p> <p>52.4 (b) Where the notice of meeting is sent by electronic means:-</p> <ul style="list-style-type: none"> (i) via electronic mail, at the time of transmission to a Member's electronic mail address pursuant to <u>Clause 54</u>, provided that the Company has record of the electronic mail being sent and that no written notification of delivery failure is received by the Company; (ii) via publication on the Company's website, on the date the notice of meeting is first made available on the Company's website provided that the notification on the publication of the notice of meeting on the website has been given pursuant to <u>Clause 54</u>; or

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

Clause	Title	Existing Constitution	Proposed Amendments
52	Notice of General Meetings	(iii) via electronic platform maintained by the Company or third parties, on the date the notice of meeting is first made available thereon provided that the notification on the publication or availability of the notice of meeting on the relevant electronic platform has been given pursuant to <u>Clause 54.3(b)(iii)</u> .	(iii) via electronic platform maintained by the Company or third parties, on the date the notice of meeting is first made available thereon provided that the notification on the publication or availability of the notice of meeting on the relevant electronic platform has been given pursuant to <u>Clause 54</u> .
127.5	Capitalisation of Reserves	All sums carried and standing to the Capital Reserve may be applied for any of the purposes to which sums standing to any reserve under the provisions of <u>Clause 129.6</u> are applicable, except and provided that no part of the Capital Reserve or any other moneys in the nature of accretion to capital shall in any event transferred to revenue account or be regarded or treated as profits of the Company available for distribution as dividend or be applied in paying dividends on any Shares in the Company's capital.	All sums carried and standing to the Capital Reserve may be applied for any of the purposes to which sums standing to any reserve under the provisions of <u>Clause 127</u> are applicable, except and provided that no part of the Capital Reserve or any other moneys in the nature of accretion to capital shall in any event transferred to revenue account or be regarded or treated as profits of the Company available for distribution as dividend or be applied in paying dividends on any Shares in the Company's capital.
141	Notices	141.2 (a) Where the notice or document is sent by electronic means:- (i) via electronic mail, at the time of transmission to a Member's electronic mail address pursuant to <u>Section 143(b)(i)</u> , provided that the Company has record of the electronic mail being sent and that no written notification of delivery failure is received by the Company; (ii) via publication on the Company's website, on the date the notice or document is first made available on the Company's website provided that the notification on the publication of the notice or document on the website has been given pursuant to <u>Section 143(b) (ii)</u> ; or	141.2 (a) Where the notice or document is sent by electronic means:- (i) via electronic mail, at the time of transmission to a Member's electronic mail address pursuant to <u>Clause 143</u> , provided that the Company has record of the electronic mail being sent and that no written notification of delivery failure is received by the Company; (ii) via publication on the Company's website, on the date the notice or document is first made available on the Company's website provided that the notification on the publication of the notice or document on the website has been given pursuant to <u>Clause 143</u> ; or

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

Clause	Title	Existing Constitution	Proposed Amendments
141	Notices	(iii) via electronic platform maintained by the Company or third parties, on the date the notice or document is first made available thereon provided that the notification on the publication or availability of the notice or document on the relevant electronic platform has been given pursuant to <u>Section 143(b) (iii)</u> .	(iii) via electronic platform maintained by the Company or third parties, on the date the notice or document is first made available thereon provided that the notification on the publication or availability of the notice or document on the relevant electronic platform has been given pursuant to <u>Clause 143</u> .

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

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

(Special Resolution 1)
Refer to Explanatory Note 7

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

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS HEREBY GIVEN THAT a final single tier dividend of 5 sen per ordinary share and a special dividend of 3 sen per ordinary share for the financial year ended 31 December 2021 if approved by the shareholders at the Annual General Meeting will be paid on 6 July 2022 to the shareholders whose names appear in the Record of Depositors of the Company at the close of business on 23 June 2022.

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

- (a) Shares deposited into the Depositor's Securities Account before 12.30 p.m. on 21 June 2022 (in respect of share which are exempted from mandatory deposit); or
- (b) Shares transferred into Depositor's Securities Account before 4.00 p.m. on 23 June 2022 (in respect of ordinary shares).

By Order of the Board

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

29 April 2022

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

Notes On Proxy

1. Depositors who appear in the Record of Depositors as at 9 June 2022 (which is not less than three (3) market days before the date of this meeting) shall be regarded as member of the Company entitled to attend at the 48th AGM or appoint a proxy or proxies to attend and vote on his behalf.
2. To be valid, the duly completed form of proxy must be deposited at the registered office of the Company, Level 23, Menara Zenith, Jalan Putra Square 6, 25200 Kuantan, Pahang Darul Makmur, not less than 24 hours before the time for holding the meeting.
3. A member who is an authorised nominee may appoint one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
4. A member other than an authorised nominee shall be entitled to appoint not more than two (2) proxies to attend and vote at the same meeting.
5. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportions of his/her holdings to be represented by each proxy.
6. If the member is a corporation, the form of proxy must be executed under its Common Seal or under the hand of an officer or attorney duly authorised.
7. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiples beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
8. Where an authorised nominee appoints two (2) proxies, or where an exempt authorised nominee appoints two (2) or more proxies, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
9. Pursuant to Paragraph 8.29A (1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in this notice shall be put to vote by poll.
10. Voting right of shareholders. Every member of the Company present in person or by proxy shall have one vote on a show of hand and in the case of a poll shall have one vote for every share of which he/she is the holder.

Explanatory Notes

1. Audited Reports and Financial Statements for the Financial Year Ended 31 December 2021

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

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

2. Ordinary Resolutions 2,3,4 - Re-Election of Directors Pursuant to Clause 77 of the Constitution of the Company

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

Nik Mohamed Zaki bin Nik Yusoff, Tee Lip Teng and Dato' Suhaimi bin Mohd Yunus being eligible, have offered themselves for re-election at the 48th AGM pursuant to Clause 77 of the Constitution of the Company.

3. Ordinary Resolution 5 - Payment of Fees to the Directors up to an amount of RM890,000 from the 48th AGM until the next AGM of the Company

Pursuant to Section 230(1) of the Act, fees and benefits payable to the Directors of the Company will have to be approved by shareholders at a general meeting. The Company is requesting for the shareholders' approval for the payment of Directors fees up to an amount of RM890,000 from the 48th AGM until the next AGM of the Company in accordance with the remuneration structure as set out below:-

	RM
Executive Directors	350,000
Non-Executive Directors/Members	540,000
Total	890,000
The payment of the Directors' fees in respect of the financial year ended 31 December 2021 will only be made if the proposed Ordinary Resolution 5 has been passed at the 48 th Annual General Meeting.	

4. Ordinary Resolution 6 - Payment of Directors' Benefit (Excluding Directors' Fees)

The Company is seeking the shareholders' approval for the following payment of benefit to its Directors pursuant to Section 230(1) of the Companies Act 2016 for the period from the 48th Annual General Meeting to 49th Annual General Meeting to be held in 2023:-

Type of Benefit/Allowance	RM
Meeting allowance (Board and Committees)	537,750
Other benefits	
Business travel, medical, insurance coverage and other claimable and reimbursement for the purpose of enabling the Directors to perform their duties.	798,800
Total	1,336,550

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

5. Ordinary Resolution 7 - Re-Appointment of Auditors

The Audit Committee ("AC") at its meeting held on 22 February 2022 undertook the annual assessment of the suitability and effectiveness of the external audit process, and the performance, suitability and independence of the external auditors, Messrs Moore Stephens Associates PLT ("Moore Stephens"). The following factors were taken into consideration:-

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

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

The Board at its meeting held on 22 February 2022 approved the AC's recommendation that the shareholders' approval be sought at the 48th AGM on the re-appointment of Moore Stephens as external auditors of the Company for the financial year ending 31 December 2022, under Ordinary Resolution 7. The present external auditors, Moore Stephens, have indicated their willingness to continue their services for the next financial year.

6. Ordinary Resolution 8 - Proposed Shareholders' Mandate

The proposed Ordinary Resolution 8, if passed, will enable the Company and/or its subsidiary companies to enter into recurrent related party transactions with related parties in the ordinary course of business which are necessary for the Group's day-to-day operations and are on normal commercial terms not more favourable to the related parties than those generally available to the public and are not detrimental to the minority shareholders of the Company.

Detailed information on the Proposed Shareholders' Mandate is set out in Section 2.2, Part A of the Circular to Shareholders dated 29 April 2022.

7. Special Resolution 1

The proposed Special Resolution 1, if passed, will enable the Company to amend the Clause 4, Clause 52.4 (a), Clause 52.4 (b), Clause 127.5 and Clause 141.2 (a) of the Constitution. Proposed amendments to the Constitution is set out in Part B of the Circular to Shareholders dated 29 April 2022.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

Names of Re-Election Directors:

Clause 77 of the Company's Constitution	<p>(a) Nik Mohamed Zaki bin Nik Yusoff (b) Tee Lip Teng (c) Dato' Suhaimi bin Mohd Yunus</p> <p>The details of the abovenamed Directors who are standing for re-election/re-appointment are set out in the Directors' profiles (pages 18 to 26 of the Annual Report); whilst their securities holdings (where applicable) are set out in the Analysis of Shareholdings - Directors' Interests in the Company and Related Corporations (pages 153 of the Annual Report).</p>
Election of Director	No individual is seeking election as a Director at the forthcoming 48th Annual General Meeting of the Company except for the Directors retiring by rotation.
Place, date and time of the 48th Annual General Meeting	The 48 th Annual General Meeting of the Company will be held at the The Zenith Hotel, Jalan Putra Square 6, 25200 Kuantan, Pahang Darul Makmur on 15 June 2022 at 10.00 a.m.
Details of Attendance of Directors at Board Meetings	A total of seven (7) Board Meetings were held during the financial year ended 31 December 2021. Details of attendance of Directors holding office at the end of the financial year are as follows:-

Name	Meeting Attendance	Date Appointed
Dato' Sri Kamaruddin bin Mohammed	7/7	16.08.2002
Dato' Suhaimi bin Mohd Yunus	7/7	05.07.2019
Datuk Mohd Afrizan bin Husain	7/7	01.11.2018
Dato' Asmin binti Yahya	6/7	20.07.2020
Tee Kim Tee @ Tee Ching Tee	7/7	16.08.2002
Tee Cheng Hua	7/7	16.08.2002
Nik Mohamed Zaki bin Nik Yusoff	7/7	08.07.2015
Tee Lip Teng	7/7	23.07.2012
Ng Yee Kim	7/7	20.07.2020

CORPORATE INFORMATION

BOARD OF DIRECTORS

Dato' Sri Kamaruddin bin Mohammed

*Group Executive Chairman
Non-Independent, Executive Director*

Dato' Suhaimi bin Mohd Yunus

Non-Independent, Non-Executive Director

Datuk Mohd Afrizan bin Husain

Independent, Non-Executive Director

Dato' Asmin binti Yahya

*Non-Independent, Executive Director/
Chief Operating Officer*

Tee Cheng Hua

*Non-Independent, Senior Executive Director,
Plantations & Milling*

Tee Kim Tee @ Tee Ching Tee

Non-Independent, Non-Executive Director

Nik Mohamed Zaki bin Nik Yusoff

Senior Independent, Non-Executive Director

(Responsible for Investor Relations)

☎ : 09-5141 936 / 948 / 339

☎ : 09-5136 211

✉ : nikmohamedzaki@fareh.po.my

Tee Lip Teng

Non-Independent, Non-Executive Director

Ng Yee Kim

Independent, Non-Executive Director

SECRETARY

Noor Anisah binti Sabarudin

(LS0008153) (PC 201908003026)

☎ : 09-5141 936 / 948 / 339

☎ : 09-5136 211

🌐 : www.fehb.com.my

✉ : nooranisah@fareh.po.my

STOCK EXCHANGE LISTING

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

REGISTERED ADDRESS

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

☎ : 09-5141 936 / 948 / 339

☎ : 09-5136 211

🌐 : www.fehb.com.my

✉ : fareast@fareh.po.my

SHARE REGISTRAR

Boardroom Share Registrars Sdn. Bhd.

11th Floor, Menara Symphony
No 5, Jalan Prof. Khoo Kay Kim
Seksyen 13, 46200 Petaling Jaya
Selangor Darul Ehsan

☎ : 03-7890 4700

☎ : 03-7890 4670

✉ : bsr.helpdesk@boardroomlimited.com

MAJOR BANKERS

CIMB Bank Berhad

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

CIMB Bank Berhad

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

SENIOR MANAGEMENT TEAM

Dato' Sri Kamaruddin bin Mohammed

Group Executive Chairman

Tee Cheng Hua

*Senior Executive Director,
Plantations & Milling*

Dato' Asmin binti Yahya

*Executive Director/
Chief Operating Officer*

Nazaruddin bin Hasim

Plantation Controller, Zone B

Adnan bin Mustafa

Senior Regional Manager, Zone A

Noor Anisah binti Sabarudin

*Manager, Secretarial &
Corporate Affairs*

Rosliha binti Husin

Manager, Finance

Norfadli bin Mahrom

Manager, Internal Audit

Mohd Hafidz bin Shamsudin

Head of Sustainability & Governance

LOCATION OF OPERATIONS



Notes:

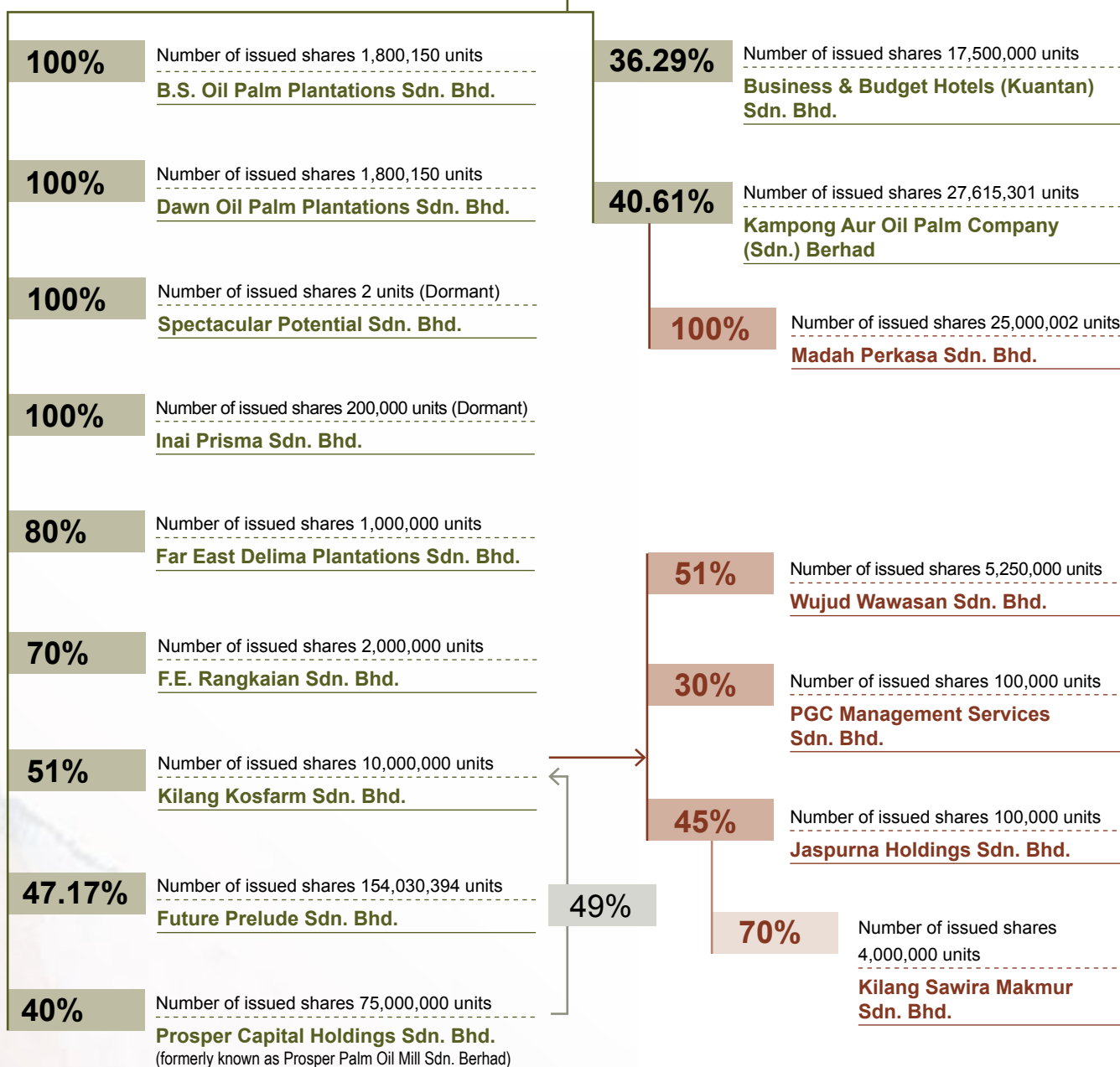
* The estates under Kampung Aur Oil Palm Company (Sdn.) Berhad's Group are managed by Far East Holdings Berhad.

CORPORATE STRUCTURE



Far East Holdings Berhad

197301001753 (14809-W)

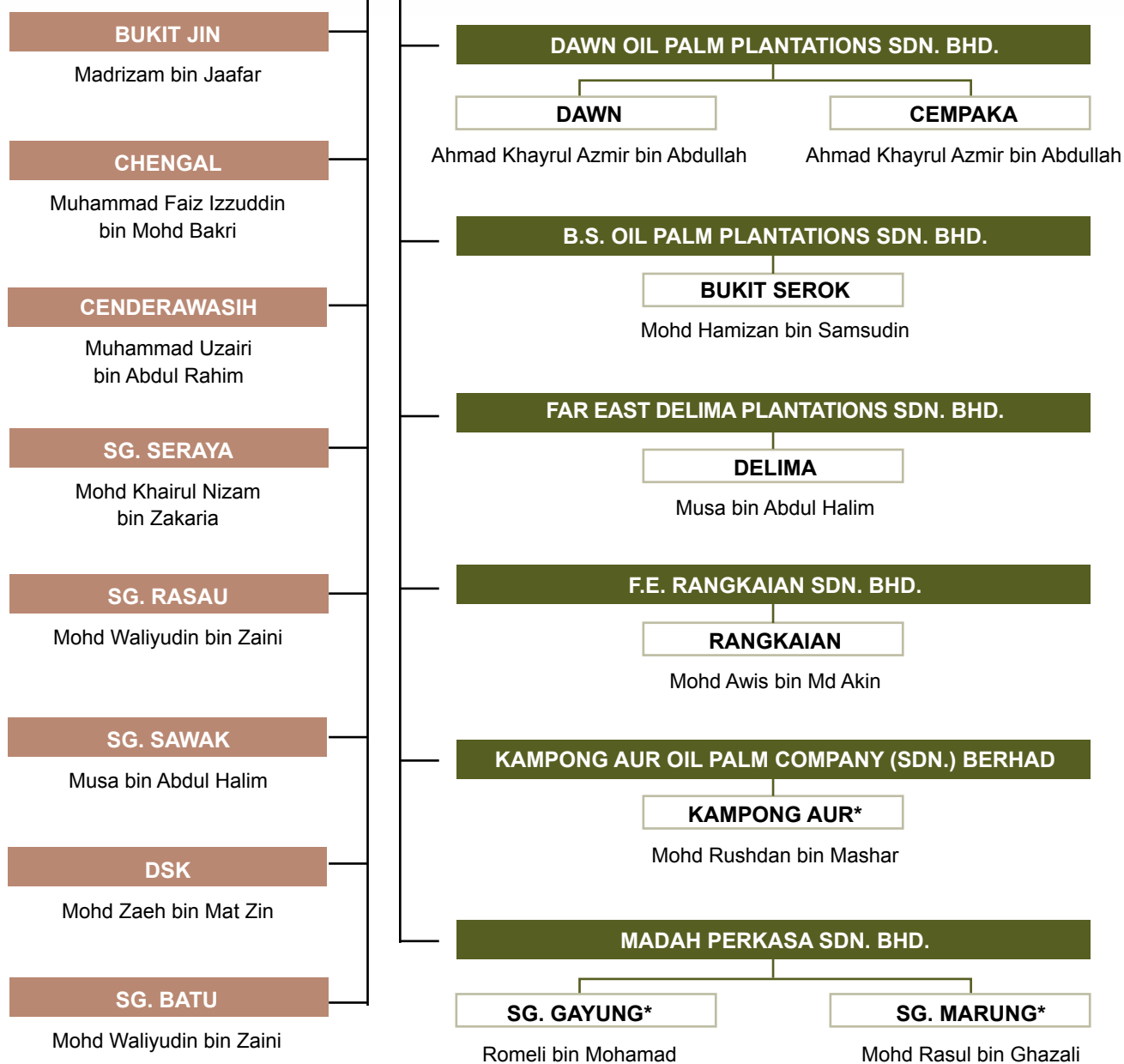


ESTATES' STRUCTURE



Far East Holdings Berhad

197301001753 (14809-W)



Notes:

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

BOARD OF DIRECTORS



1. DATO' SRI KAMARUDDIN BIN MOHAMMED
2. DATO' SUHAIMI BIN MOHD YUNUS
3. DATUK MOHD AFRIZAN BIN HUSAIN
4. TEE KIM TEE @ TEE CHING TEE
5. TEE CHENG HUA

6. DATO' ASMIN BINTI YAHYA
7. TEE LIP TENG
8. NIK MOHAMED ZAKI BIN NIK YUSOFF
9. NG YEE KIM



DIRECTORS' PROFILE



Age 73

Male

Malaysian

DATO' SRI KAMARUDDIN BIN MOHAMMED

SSAP, DSAP, DIMP, SF Fin (Aust)

Qualification

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

Position on the FEHB Board

- Group Executive Chairman
- Non-Independent, Executive Director

Date first appointment to the FEHB Board

16 August 2002

Membership of FEHB Board Committees

Chairman of Remuneration Committee

Working experience

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

Any other directorships in listed issuer and in public companies

- Pascorp Paper Industries Berhad
- Amanah Saham Pahang Berhad

Securities holdings in FEHB and subsidiaries

- Direct - Nil
- Indirect - 13,860,000 units

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

None

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

Nil

Number of FEHB Board Meetings attended in the financial year

All seven meetings

DIRECTORS' PROFILE (CONT'D)



Age 56 Male Malaysian

DATO' SUHAIMI BIN MOHD YUNUS

DSAP, DIMP, SMP, AAP, AMP

Qualification

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

Position on the FEHB Board

Non-Independent, Non-Executive Director

Date first appointment to the FEHB Board

5 July 2019

Membership of FEHB Board Committees

Chairman of Risk Management Committee

Working experience

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

Any other directorships in listed issuer and in public companies

- Astral Asia Berhad

Securities holdings in FEHB and subsidiaries

Nil

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

None

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

Nil

Number of FEHB Board Meetings attended in the financial year

All seven meetings

DIRECTORS' PROFILE (CONT'D)



Age 73 Male Malaysian

TEE KIM TEE @ TEE CHING TEE

Position on the FEHB Board

Non-Independent, Non-Executive Director.

Date first appointment to the FEHB Board

16 August 2002

Membership of FEHB Board Committees

- Chairman of Nomination Committee
- Member of Remuneration Committee

Working experience

- Started his career 51 years ago as an estate contractor and FFB dealer.
- Vast experience in managing palm oil plantations, palm oil milling and refinery business both as an owner as well as operator over the last 45 years.

Any other directorships in listed issuer and in public companies

None

Securities holdings in FEHB and subsidiaries

Direct - 19,578,720 units

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

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

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

Nil

Number of FEHB Board Meetings attended in the financial year

All seven meetings

DIRECTORS' PROFILE (CONT'D)

Age 67 Male Malaysian

TEE CHENG HUA



Qualification

Bachelor of Mechanical Engineering from University Technology Malaysia.

Position on the FEHB Board

Non-Independent, Senior Executive Director

Date first appointment to the FEHB Board

16 August 2002

Membership of FEHB Board Committees

None

Working experience

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

Any other directorships in listed issuer and in public companies

United Malacca Berhad

Securities holdings in FEHB and subsidiaries

Direct - 8,762,200 units

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

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

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

Nil

Number of FEHB Board Meetings attended in the financial year

All seven meetings

DIRECTORS' PROFILE (CONT'D)

Age 54

Male

Malaysian

DATUK MOHD AFRIZAN BIN HUSAIN
DPSM



Qualification

Chartered Accountant.

Position on the FEHB Board

Independent, Non-Executive Director

Date first appointment to the FEHB Board

1 November 2018

Membership of FEHB Board Committees

- Chairman of Audit Committee
- Member of Risk Management Committee

Working experience

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

Any other directorships in listed issuer and in public companies

None

Securities holdings in FEHB and subsidiaries

Direct - 5,000 units

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

None

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

Nil

Number of FEHB Board Meetings attended in the financial year

All seven meetings

DIRECTORS' PROFILE (CONT'D)

Age 53 Female Malaysian

DATO' ASMIN BINTI YAHYA
DIMP



Qualification

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

Position on the FEHB Board

Non-Independent, Executive Director

Date first appointment to the FEHB Board

20 July 2020

Membership of FEHB Board Committees

Nil

Working experience

- She was an External Auditor with Messrs Arthur Andersen & Co. (currently known as Messrs Ernst & Young) before joining Yayasan Pahang as an Investment Officer. Later on she was transferred to Sumber Perindu Sdn. Bhd. (currently known as YP Plantations Holdings Sdn. Bhd.) as the Group Accountant.
- She joined Far East Holdings Berhad in 1995 as the Group Accountant until her promotion as General Manager in 2010. On 1 January 2020, she was re-designated as Chief Operating Officer.
- She was appointed as FEHB's Board member on 20 July 2020 and elevated as Executive Director/Chief Operating Officer on 1 January 2021.

Any other directorships in listed issuer and in public companies

None

Securities holdings in FEHB and subsidiaries

Direct - 315,000 units

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

None

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

Nil

Number of FEHB Board Meetings attended in the financial year

Six of seven meetings

DIRECTORS' PROFILE (CONT'D)

Age 38

Male

Malaysian

TEE LIP TENG



Qualification

- Master of Electronic and Electrical Engineering from University College London, United Kingdom.
- MPOB Intensive Diploma in Oil Palm Management & Technology (IDOPMT) 2021.

Position on the FEHB Board

Non-Independent, Non-Executive Director

Date first appointment to the FEHB Board

23 July 2012

Membership of FEHB Board Committees

Member of Risk Management Committee

Working experience

- Electrical Engineer with Hoare Lea, United Kingdom.
- Director, Marketing & Business Development of Prosper Group since 2011.
- Currently he is also the Director of Prosper Palm Oil Products Marketing Sdn. Bhd.
- He is also the Managing Director for Future Prelude Sdn. Bhd.
- Deputy President of Malaysian Biodiesel Association ("MBA") since 2021.
- Management Board Member of the Palm Oil Refiners Association of Malaysia (PORAM)

Any other directorships in listed issuer and in public companies

None

Securities holdings in FEHB and subsidiaries

Direct - 1,260,000 units

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

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

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

Nil

Number of FEHB Board Meetings attended in the financial year

All seven meetings

DIRECTORS' PROFILE (CONT'D)

Age 59 Male Malaysian

NIK MOHAMED ZAKI BIN NIK YUSOFF



Qualification

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

Position on the FEHB Board

Independent, Non-Executive Director

Date first appointment to the FEHB Board

8 July 2015

Membership of FEHB Board Committees

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

Working experience

- Started his career in 1986 in the banking sector at Pacific Bank Berhad and joined Affin Bank Berhad in 1989.
- He later furthered his career at Affin Hwang Investment Bank Bhd. as Manager Corporate Banking in 1990 until 1994.
- He subsequently joined Pelaburan MARA Bhd. where he was the Group Chief Executive Officer of Pelaburan MARA Bhd. (PMB) from 2008 to 2013 and also previously served as the Chief Executive Officer of the Group's Unit Trust and Fund Management subsidiary PMB Investment Bhd. He retired from the Board of PMB Investment Bhd. on 31 October 2021 but remain as an Investment Committee member.
- He is also attached to shariah based private equity firm Musharaka Venture Management Sdn. Bhd. on an advisory basis and serves on the board of certain investee companies of Musharaka.

Any other directorships in listed issuer and in public companies

None

SECURITIES HOLDINGS IN FEHB AND SUBSIDIARIES

Direct - 2,500 units

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

None

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

Nil

Number of FEHB Board Meetings attended in the financial year

All seven meetings

DIRECTORS' PROFILE (CONT'D)

Age 52

Female

Malaysian

NG YEE KIM



Qualification

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

Position on the FEHB Board

Independent, Non-Executive Director

Date first appointment to the FEHB Board

20 July 2020

Membership of FEHB Board Committees

- Member of Audit Committee
- Member of Nomination Committee

Working experience

- Director of Favor Tech Sdn. Bhd.
- Director of Cornet Research Sdn. Bhd.
- Dealer Representative of Affin Hwang Investment Bank Berhad.
- With more than 20 years of experience in equity dealing and investment, she co-founded two proprietary IT software companies, Cornet Research Sdn. Bhd. and Favor Tech Sdn. Bhd. She currently holds directorship in both Cornet Research Sdn. Bhd. and Favor Tech Sdn. Bhd.
- She also holds a Capital Markets Services Representative's License (CMSRL) with Affin Hwang Investment Bank Bhd.

Any other directorships in listed issuer and in public companies

None

Securities holdings in FEHB and subsidiaries

Nil

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

None

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

Nil

Number of FEHB Board Meetings attended in the financial year

All seven meetings

MANAGEMENT'S PROFILE



DATO' SRI KAMARUDDIN BIN MOHAMMED | SSAP, DSAP, DIMP, SF Fin (Aust)

Age	73
Gender	Male
Nationality	Malaysian
Position	Group Executive Chairman
Other Profile	<ul style="list-style-type: none"> Dato' Sri Kamaruddin bin Mohammed was appointed as the Chairman of FEHB on 16 August 2002 and was elevated to Group Executive Chairman on 19 May 2015. His profile is listed in the Profile Director on page 18.



TEE CHENG HUA

Age	67
Gender	Male
Nationality	Malaysian
Position	Senior Executive Director, Plantations & Milling
Other Profile	<ul style="list-style-type: none"> Mr Tee Cheng Hua was appointed as an Executive Director, Plantations on 16 August 2002. He was elevated to Senior Executive Director, Plantations & Milling on 1 January 2020. His profile is listed in the Profile Director on page 21.

MANAGEMENT'S PROFILE (CONT'D)



DATO' ASMIN BINTI YAHYA | DIMP

Age	53
Gender	Female
Nationality	Malaysian
Position	Executive Director/Chief Operating Officer
Other Profile	<ul style="list-style-type: none"> • She was an External Auditor with Messrs Arthur Andersen & Co. (currently known as Messrs Ernst & Young) before joining Yayasan Pahang as an Investment Officer. Later on she was transferred to Sumber Perindu Sdn. Bhd. (currently known as YP Plantations Holdings Sdn. Bhd.) as the Group Accountant. • She joined Far East Holdings Berhad in 1995 as the Group Accountant until her promotion as General Manager in 2010. On 1 January 2020, she was re-designated as Chief Operating Officer. • She was appointed as FEHB's Board member on 20 July 2020 and elevated as Executive Director/Chief Operating Officer on 1 January 2021. • Her profile is listed in the Profile Director on page 23.



NAZARUDDIN BIN HASIM

Age	50
Gender	Male
Nationality	Malaysian
Qualification	<ul style="list-style-type: none"> • Diploma in Agriculture, University Putra Malaysia. • Bachelor of Business Administration, UiTM.
Position	Plantation Controller, Zone B
Date Joined	01 August 1993
Working experience	He has vast experience in estates operations and joined the Company in 1993. He specialises in oil palm operation and labour management.
Any other directorships in listed issuer and in public companies	None
Securities holdings in FEHB and subsidiaries	Direct - 2,100 units
Any family relationship with Director and/or Major Shareholder of FEHB or its subsidiaries and any conflict of interests with FEHB	None
Other than traffic offences, list of conviction for offences within the past 5 years, if any and particular of sanctions and penalty imposed by relevant regulatory bodies	Nil

MANAGEMENT'S PROFILE (CONT'D)



ADNAN BIN MUSTAFA

Age	58
Gender	Male
Nationality	Malaysian
Qualification	<ul style="list-style-type: none"> • Diploma in Agriculture, UPM, Sarawak Campus. • Bachelor in Science Agriculture, UPM Serdang.
Position	Senior Regional Manager, Zone A
Date Joined	02 September 1993
Working experience	He has vast experience in oil palm estate operation and is involved in various stages of oil palm cycle i.e. mature, immature, replanting and tall palm.
Any other directorships in listed issuer and in public companies	None
Securities holdings in FEHB and subsidiaries	Nil
Any family relationship with Director and/or Major Shareholder of FEHB or its subsidiaries and any conflict of interests with FEHB	None
Other than traffic offences, list of conviction for offences within the past 5 years, if any and particular of sanctions and penalty imposed by relevant regulatory bodies	Nil



NOOR ANISAH BINTI SABARUDIN

Age	55
Gender	Female
Nationality	Malaysian
Qualification	Bachelor of Business Administration (Management and Marketing), Loyola University, United States of America.
Position	Manager, Secretarial & Corporate Affairs
Date Joined	04 July 1989
Working experience	She has been with the Company since 1989 and has worked in various divisions at the Head Office. She is currently the Manager of Secretarial & Corporate Affairs. She was appointed as Secretary of the Company in 2002.
Any other directorships in listed issuer and in public companies	None
Securities holdings in FEHB and subsidiaries	Direct - 26,040 units
Any family relationship with Director and/or Major Shareholder of FEHB or its subsidiaries and any conflict of interests with FEHB	None
Other than traffic offences, list of conviction for offences within the past 5 years, if any and particular of sanctions and penalty imposed by relevant regulatory bodies	Nil

MANAGEMENT'S PROFILE (CONT'D)



ROSLIHA BINTI HUSIN

Age	41
Gender	Female
Nationality	Malaysian
Qualification	<ul style="list-style-type: none"> • Bachelor of Accounting (with Honours), UiTM Shah Alam. • Member of Malaysian Institute of Accountant (MIA).
Position	Manager, Finance
Date Joined	01 April 2010
Working experience	She was an External Auditor at Messrs Ernst & Young and Messrs Parker Randall Thomas for 5 years before joining FEHB in 2010.
Any other directorships in listed issuer and in public companies	None
Securities holdings in FEHB and subsidiaries	Direct - 3,000 units
Any family relationship with Director and/or Major Shareholder of FEHB or its subsidiaries and any conflict of interests with FEHB	None
Other than traffic offences, list of conviction for offences within the past 5 years, if any and particular of sanctions and penalty imposed by relevant regulatory bodies	Nil



NORFADLI BIN MAHROM

Age	44
Gender	Male
Nationality	Malaysian
Qualification	<ul style="list-style-type: none"> • Diploma in Accountancy, UiTM Terengganu. • Bachelor of Accounting (with Honours), UiTM Machang. • Member of Malaysian Institute of Accountant (MIA). • Member of the Institute of Internal Auditors (IIA) Malaysia.
Position	Manager, Internal Audit
Date Joined	1 October 2001
Working experience	He has been with FEHB since 2001 and attached to Internal Audit Department since joining FEHB. He was appointed as the Head of Internal Audit on 1 January 2020 and elevated as the Manager, Internal Audit effective 1 January 2022.
Any other directorships in listed issuer and in public companies	None
Securities holdings in FEHB and subsidiaries	Nil
Any family relationship with Director and/or Major Shareholder of FEHB or its subsidiaries and any conflict of interests with FEHB	None
Other than traffic offences, list of conviction for offences within the past 5 years, if any and particular of sanctions and penalty imposed by relevant regulatory bodies	Nil

MANAGEMENT'S PROFILE (CONT'D)



MOHD HAFIDZ BIN SHAMSUDIN

Age	37
Gender	Male
Nationality	Malaysian
Qualification	<ul style="list-style-type: none"> • Certificate in Wood Based Technology, Polytechnic Shah Alam. • Diploma in Wood Based Technology, Polytechnic Shah Alam. • Bachelor International Tropical Forestry, UMS Sabah.
Position	Head of Sustainability & Governance
Date Joined	16 August 2021
Working experience	He has been in the plantation industry since finishing his study in 2010. He had served in a few companies namely Kuala Lumpur Kepong Berhad and Mycorp Sdn. Bhd.
Any other directorships in listed issuer and in public companies	None
Securities holdings in FEHB and subsidiaries	Nil
Any family relationship with Director and/or Major Shareholder of FEHB or its subsidiaries and any conflict of interests with FEHB	None
Other than traffic offences, list of conviction for offences within the past 5 years, if any and particular of sanctions and penalty imposed by relevant regulatory bodies	Nil

GROUP FINANCIAL SUMMARY

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER

	2021 RM'000	2020 RM'000	2019 RM'000	2018 RM'000	2017 RM'000
Assets					
Non-current assets					
Property, Plant and Equipment	319,610	328,030	272,688	584,892	658,054
Investment Property	61,000	60,000	60,000	-	-
Associates	524,647	474,063	459,481	439,042	371,382
Right-of-Use Assets	438,758	445,920	316,923	-	-
Other Financial Asset	-	-	731	731	724
Biological Assets	635	474	646	-	612
	1,344,650	1,308,487	1,110,469	1,024,665	1,030,772
Current Assets	236,376	163,496	133,474	134,111	271,516
Total Assets	1,581,026	1,471,983	1,243,943	1,158,776	1,302,288
Equity and Liabilities					
Share Capital	197,946	197,946	197,946	197,946	188,243
Retained Earnings	1,052,499	947,474	873,338	810,047	814,009
Equity attributable to Owners of the Company	1,250,445	1,145,420	1,071,284	1,007,993	1,002,252
Non-Controlling Interests	43,991	37,154	35,364	33,733	135,763
Total Equity	1,294,436	1,182,574	1,106,648	1,041,726	1,138,015
Liabilities					
Non-Current Liabilities					
Deferred Tax Liabilities	74,610	73,709	87,186	83,128	115,535
Lease Liabilities	16,014	16,293	16,440	-	-
Borrowings	116,250	131,250	-	-	-
	206,874	221,252	103,626	83,128	115,535
Current Liabilities	79,716	68,157	33,669	33,922	48,738
Total Liabilities	286,590	289,409	137,295	117,050	164,273
Total Equity and Liabilities	1,581,026	1,471,983	1,243,943	1,158,776	1,302,288

GROUP FINANCIAL SUMMARY (CONT'D)

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER

	2021	2020	2019	2018	2017
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	693,585	669,049	381,129	379,825	482,733
Profit Before Tax	210,465	112,205	103,141	72,153	171,647
Profit After Tax	174,836	103,150	84,788	56,536	140,190

HIGHLIGHTS AS AT 31 DECEMBER

	2021	2020	2019	2018	2017
Earnings Per Share (Sen)	27.67	16.50	13.47	16.00	80.67
Net Tangible Asset Per Share (RM)	2.18	1.99	1.86	3.85	8.05
Current Ratio (Times)	2.97	2.40	3.96	3.95	5.57
Pre Tax Profit As a Percentage of Revenue (%)	30.34	16.77	27.06	19.00	35.56
Pre Tax Profit As a Percentage of Shareholders' Equity (%)	16.83	9.80	9.63	7.16	17.13
Profit Before Tax Margin (%)	30.34	16.77	27.06	19.00	35.56
Profit After Tax Margin (%)	25.21	15.42	22.25	14.88	29.04

DIVIDENDS DECLARED FOR THE FINANCIAL YEAR ENDED 31 DECEMBER

	2021	2020	2019	2018	2017
Gross Dividend (Sen)	13.00	7.00	2.50	3.00	35.00

PLANTATION MATRIX

Oil Palm Production

		2021	2020	2019	2018	2017
FFB Production	Mt	289,985	316,710	298,849	318,016	384,276
CPO Production	Mt	55,094	59,678	55,423	60,440	71,006
FFB Yield	Mt/hect	17.01	19.74	19.19	18.75	19.54
CPO Yield	Mt/hect	3.23	3.72	3.56	3.57	3.61
Average OER	%	19.00	18.84	18.55	19.01	18.48

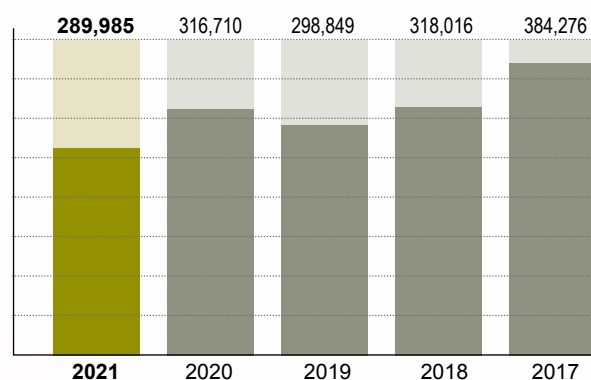
Price and Cost

CPO Average Price	RM/mt	4,321	2,719	2,122	2,316	2,771
PK Average Price	RM/mt	2,874	1,640	1,257	1,785	2,531
Kernel Recovery Revenue	RM/mt	732	430	319	458	665
FFB Cost (Ex-estate)	RM/mt	246	205	212	219	177
CPO Production Cost (Ex-estate)	RM/mt	1,295	1,087	1,118	1,153	960

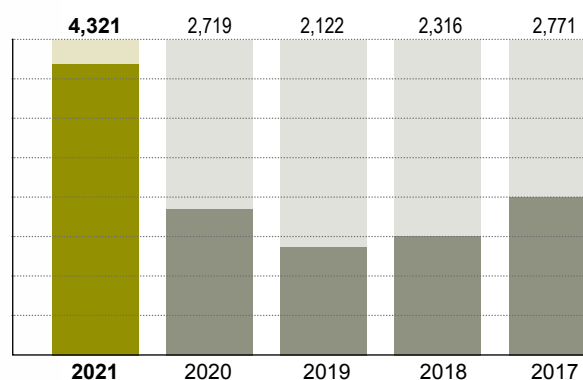
Land Areas

Mature Area	Hectare	17,044	16,044	15,570	14,384	19,699
Total Planted Area	Hectare	18,791	18,791	16,160	16,141	21,167

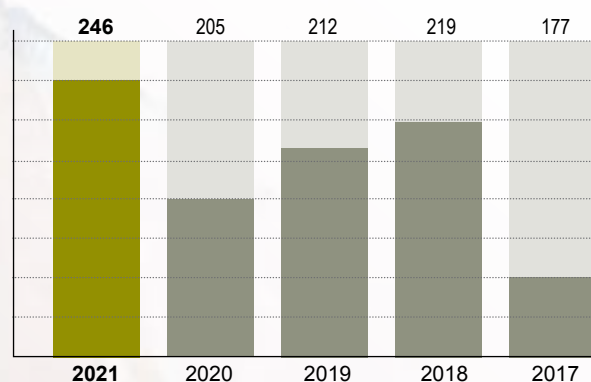
FFB Production (mt)



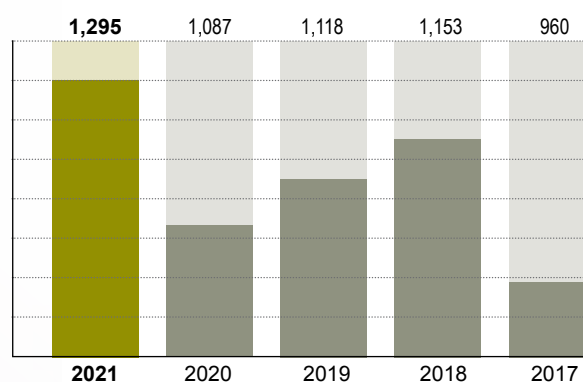
CPO Average Price (RM/mt)



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



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



Commitment and Approach

At Far East Holdings Berhad ("FEHB" or "the Group"), a strong governance structure is established to supervise and manage sustainability issues as part of the Group's commitment in promoting and enhancing an integrated management on sustainability. The Board of Directors holds the highest authority and is responsible for the Group's Sustainability Agenda as well as its performance on sustainability matters. Our Sustainability Agenda guides FEHB towards becoming a sustainable and integrated palm oil player over the long-term, including achieving complete Malaysia Sustainability Palm Oil ("MSPO") certification and International Sustainability and Carbon Certification ("ISCC").

Throughout the years, in order to pursue our Sustainability Agenda, FEHB has continued to engage with all rightful stakeholders. Comprehensive stakeholder engagements have been conducted in various and interactive manner to identify key material matters. Stakeholder engagement methods are employed to capture feedbacks and opinions from both internal and external stakeholders pertaining to the importance and impacts of economic, environmental and social risks and opportunities that are deemed crucial to sustainable development. As it provides vital insights for continual improvement in the delivery of our products and services and for sustainable business growth, regular engagement with stakeholders for a varied yet insightful range of perspectives and views in relation to products, services and corporate practices are of paramount importance to the Group.

For the sake of our future generations, sustainability is a journey of continuous improvement where we embrace change and seek to do better. With the progress made in 2021, we acknowledge that more could be done towards sustainable growth. We will continue our efforts in creating a shared environment that not only secures future agricultural growth and quality products, but also addresses the collective needs of our stakeholders as well as the environment.

Economic

As an established upstream oil palm plantation company, FEHB has 48 years of expertise in oil palm plantations management. Incorporated in 1973, FEHB was listed on the Main Market of Bursa Malaysia Securities Berhad (formerly known as the Kuala Lumpur Stock Exchange) under the Plantations Sector in 1991. The Group has thirteen (13) palm oil estates across Pahang namely Bukit Jin Estate, Chengal Estate, Sungai Batu Estate, Sungai Rasau Estate, Sungai Seraya Estate, DSK Estate, Sungai Sawak Estate, Cenderawasih Estate, Bukit Serok Estate, Dawn Estate, Cempaka Estate, Delima Estate and Rangkaian Estate covering 18,791 hectares (46,433 acres) of planted areas. FEHB additionally managed 6,347 hectares (15,684 acres) of palm oil estates owned by Kampong Aur Oil Palm Company (Sdn.) Berhad ("KAOP") namely Kampong Aur Estate, Sungai Gayung Estate and Sungai Marung Estate.

The core of FEHB's strength as an organisation is our people. The Board and management recognise and value the diversity in skills, perspectives and backgrounds that our employees bring to the Group. We also appreciate all the continuous efforts and contributions of our employees for the betterment of the Group. As at 31 December 2021, the Group's operation is supported by 271 employees who enjoy various employees' benefits including attractive salary packages, conducive housing facility with amenities in the estates, health benefits and bonuses which have resulted in low employment turnover.

CORPORATE SUSTAINABILITY STATEMENT (CONT'D)

The operation of FEHB mainly relies on local vendors in supplying various plantation necessities such as agricultural machineries, fertilisers, utilities and office supplies. The local contractors are actively involved in daily field operations of FEHB estates, mainly in harvesting, manuring, weeding, pruning, maintenance of estate roads and maintenance of estate drainage systems and transportation of Fresh Fruit Bunches ("FFB"). FEHB also provides interest free loans to its contractors in order to mechanise their operations. By engaging in local sourcing for quality products and services and providing financial assistance to its contractors, FEHB favourably contribute to direct and indirect economic impacts to the regional economic growth and development.



Stakeholder Engagement

Driven by the desire to forge mutual respect and to understand the ongoing tasks, FEHB's engagement with its stakeholders is necessary to achieve key sustainability goals. We have benefited from numerous constructive engagements with our internal and external stakeholders throughout our sustainability journey. The information gathered from these engagements enhances our understanding to better manage opportunities for improvement.

Stakeholder Group	Engagement Channels	Topic of Discussion
Board of Directors	<ul style="list-style-type: none"> Board Meetings Annual General Meetings ("AGMs") Annual Reports Corporate Website Bursa Malaysia Announcements 	<ul style="list-style-type: none"> Financial Performance Ethical and Sustainable Policies Earnings Prospects Return of Investment Corporate Governance and Compliance
Employees/Workers	<ul style="list-style-type: none"> Formal and Informal Meetings and Briefings Performance Appraisal Training Programs Briefing on Operational, Health and Safety Issues Briefing on Standard Operating Procedures ("SOP") 	<ul style="list-style-type: none"> Performance Review Occupational Safety and Health Welfare and Remuneration Workplace and Housing Conditions Training and Career Development
Investors/ Shareholders/ Bankers	<ul style="list-style-type: none"> Annual Reports AGMs Corporate Website Bursa Malaysia Announcements 	<ul style="list-style-type: none"> Financial Performance Sustainability Initiatives and Outcomes Corporate Changes Corporate Governance and Compliance
Vendors/Contractors	<ul style="list-style-type: none"> Formal and Informal Meetings and Briefings Site Visits 	<ul style="list-style-type: none"> Price Negotiations Quality Control of Goods/Services Prompt Deliveries of Goods/Services Licensing and Certification Occupational Safety and Health
Government/ Regulators	<ul style="list-style-type: none"> Public Conferences Site Visits and Audits Periodic Reports Public Announcements Formal and Informal Meetings and Briefings 	<ul style="list-style-type: none"> Compliance and Updates on Laws and Regulations Development and Implementation of Shared Initiatives Sustainable Agricultural Practice
Certification Bodies	<ul style="list-style-type: none"> Public Conferences Audits Formal Meetings 	<ul style="list-style-type: none"> Audit and Certifications Compliance with Policies

CORPORATE SUSTAINABILITY STATEMENT (CONT'D)

Environmental

It is a moral and social imperative as well as an economic necessity to manage the Group's environmental impacts through sustainable practices. As natural resources are finite, efficient resource management will not only limit our carbon footprint but may also lead to significant operations and financial benefits for the Group as a whole. Any non-compliance will expose FEHB to various risks including operational, financial, legal and reputational risks.

FEHB is guided by the Group's robust Sustainable Palm Oil ("SPO") Policy, which outlines its approach and commitment to manage the environmental impacts across the operations. The policy, which is available on the corporate website and displayed at all operating unit, ensures the compliance with all relevant environmental regulations, legal criteria, guidelines and codes of conduct specific to the operations. In line with SPO Policy, the Group is committed to:-



- Adhere to environmental laws and regulations;
- Prohibit burning in all operations;
- Conserve the environment by mitigating the negative impacts and promoting the positive ones through systematic planning and procedure;
- Provide training to all employees on environmental awareness and pollution prevention and take on the responsibility to preserve the environment;
- High Conservation Value ("HCV") area will be maintained together with the protection of rare, threatened and endangered species;
- No development on High Carbon Stock ("HCS") Forests;
- No new development on peat regardless of depth;
- Best Management Practices will be applied on existing plantations on peat; and
- Co-operate with the community, contractors, suppliers and government agencies to improve the environment.

Development of the Estates and Preserving the Environment

FEHB pledged its commitment to No Deforestation, No Peat and No Exploitation ("NDPE") in accordance with our SPO Policy. To strengthen our commitment on no deforestation, the Group conducts Environmental Impact Assessment ("EIA"), HCV assessment and HCS assessment prior to land clearing to ensure new developments are protective of the invaluable flora and fauna. Any new planting approach ensures that areas with HCV and HCS such as primary forest and peatlands are identified and conserved. In conjunction with these, FEHB is committed to forego development of remaining 121.41 hectares (300 acres) of Sungai Sawak Estate in order to protect and enhance the biodiversity value of such areas.

Peatland

Peatland is a natural area which is accumulated with partially decayed vegetation or organic matter. It has significant functions in environmental conservation and the provision of eco-system services as well as providing drinking water, biodiversity management and carbon sink. Cultivation of oil palm on peatland comes with challenges such as consequent flooding, high Greenhouse Gas ("GHG") emissions, peat soil subsidence and productivity loss.

FEHB is committed in ensuring no new development in peat areas, regardless of depth. The Group also applies Best Management Practices on peatland that exists within our plantations, including periodically monitoring the water table level and evaluating peatland that are planted with oil palm for replanting suitability and drain ability requirements.

CORPORATE SUSTAINABILITY STATEMENT (CONT'D)

Zero Burning

As stated in our SPO Policy, no burning is allowed in all plantation activities, including replanting within the estates. For replanting which involves land clearing, the trunks are chipped along with the frond and stacked in the field so that they could decompose and subsequently be used as additional nutrients for new plants. This contributes to soil fertility, limits agrochemical usage and also helps to reduce GHG emissions and air pollutions.



Scheduled Waste

Scheduled waste is potentially detrimental to human health, the environment and may cause unintended accidents. Secured and effective management of scheduled waste is essential not only to conform to the regulations but also to safeguard human health and the natural environment. At FEHB, all scheduled waste generated by our estates are collected and disposed of through methods approved and prescribed by the Department of Environment ("DOE"), in compliance with Environmental Quality (Scheduled Waste) Regulations 2005 (Amendment 2007). We engage the services of licensed contractors, registered with the DOE for the transportation and disposal of scheduled waste to ensure that scheduled waste are handled and disposed of in the proper and safe manner.

Water Management

Water is an essential and finite global resource. At FEHB, we recognise the need to carefully manage our use of water as it is a shared resource which is also needed for oil palms' growth and to process FFB. We have, therefore, implemented comprehensive measures to safeguard water quality, increase water efficiency and improve the estates' drainage system. These measures are designed to mitigate any adverse impacts which our operations may have on water sources.

Our primary sources of water for operations and sustenance of our workforce are from surface water like rain-fed ponds, water catchment areas and rivers. The remaining water demands wherever applicable are met by water supplied by utility providers. Our water management program incorporates water risk mitigation at our entire operations and its surrounding communities to ensure a sustainable balance for consistent supply of freshwater for operations, use by local communities and conservation of the natural environment and ultimately the conservation of the water resource itself. We also have rainfall collection stations set up throughout our operations to monitor moisture availability and to forecast weather patterns.

FEHB is committed to preserve the riparian and all-natural waterways within our operations through our Slope and River Protection Policy ("SRP"). The policy governs the maintenance of river buffer zones on both sides of the riverbank in accordance with the provisions of local laws and regulations. Quality of water bodies and rivers running through our operations are also monitored frequently to ensure no deleterious impacts towards the environment and the surrounding community. The application of Good Agricultural Practice ("GAP") is required in order to take into account the risk of pollution especially in the construction of roads, terraces or drain, fertilisation management and the use of chemicals in weed and pests control.

Soil Management

To improve soil properties and lower carbon dioxide emissions, we practice soil management by planting leguminous cover crops such as *Mucuna Bracteata*, *Calopogonium Mucunoides* and *Calopogonium Caeruleum*. This method helps to improve our soil quality through natural soil fertilisation and aeration processes and reduce soil erosion, especially on slopes. This is due to its nitrogen regulating properties which help to lower soil temperatures during hot seasons. Its rapid growth also helps to prevent weed growth.

We also do not plant on steep regions with a slope of more than 20 degrees in line with our SRP. Additionally, we employ double terracing wherever possible or practical to preserve the top soil and reduce erosion.

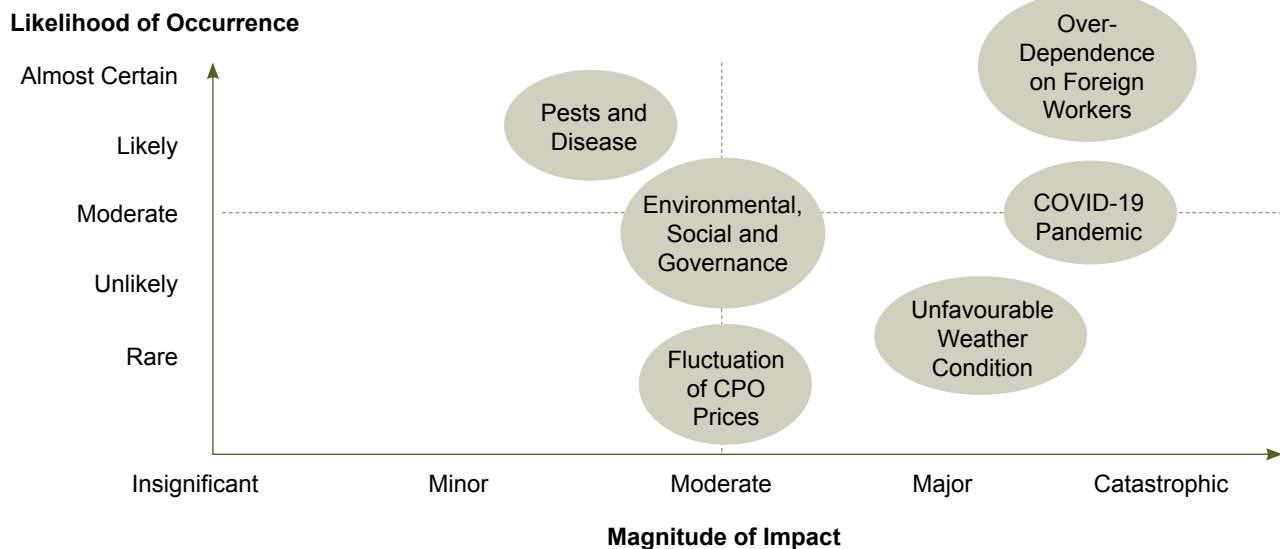
CORPORATE SUSTAINABILITY STATEMENT (CONT'D)

Risk Management

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

- (1) Over-Dependence on Foreign Workers
- (2) Fluctuation of Crude Palm Oil Prices
- (3) COVID-19 Pandemic Threat
- (4) Environmental, Social and Governance ("ESG")
- (5) Unfavourable Weather Condition
- (6) Pests and Disease - Ganoderma stem rot disease and bagworm

TOP SIX (6) BUSINESS RISKS



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

Sustainability Certification

Certification serves to provide a reliable source of assurance to stakeholders that the Group's products are produced sustainably, responsibly and ethically with the necessary safeguards put in place to mitigate risks. As part of our commitment to comply with all relevant laws and regulations, we also prioritise recognised standards which are consistent with our core commitments.

Malaysia Sustainable Palm Oil ("MSPO")

The MSPO certification was developed by the Malaysian Palm Oil Certification Council ("MPOCC") with representatives from various palm oil interest groups. The MSPO standards have seven principles covering the requirements of a management system framework based on three pillars of sustainability. It also addresses GAP which is essential for sustainable agriculture and producing high quality products while enhancing productivity through yield optimisation.

All thirteen (13) FEHB estates and two (2) palm oil mills had successfully completed MSPO certification. Selected employees have been sent for training to ensure that we have the necessary competencies to maintain and support our MSPO certification and requirements.

CORPORATE SUSTAINABILITY STATEMENT (CONT'D)

International Sustainability and Carbon Certification ("ISCC")

ISCC is a globally applicable sustainability certification system and covers all sustainable feedstocks, including agricultural and forestry biomass, circular and bio-based materials and renewables. ISCC's objective is to contribute to the implementation of environmentally, socially and economically sustainable production and use of all kinds of biomass in global supply chains. ISCC operates different certification systems for different markets.



FEHB had obtained ISCC certification for six (6) estates (including one (1) estate managed by FEHB) and one (1) mill, which is:-

- Bukit Jin Estate;
- Sungai Seraya Estate;
- Dawn Estate;
- Cempaka Estate;
- Bukit Serok Estate;
- Kampong Aur Estate; and
- Kilang Kosfarm Sdn. Bhd.

Social

At FEHB, we look at positive social impact as how to best balance the well-being of individuals and families in communities we work in, and to be consciously aware of how our actions affect the surrounding community. It may be the result of an activity, project, programme or policy and the impact can be intentional or unintentional, as well as both positive or negative.

The Group strives to cultivate a harmonious working environment that allows equal opportunities for all. FEHB is committed to ensure that our people are treated with dignity and respect, regardless of gender, age and designation. Guided by FEHB's Social Policy, we prohibit any form of discrimination, insisting that our employees are hired and rewarded based on their experience, merit and credibility. During the year under review, there were no incidents of discrimination recorded.

Within FEHB, we fulfill staffing needs for different departments within our Group's operations. These include not only the management and administrative staff, but also supervisory staff, local and foreign workers. The employees strive for excellence every day, by sharing knowledge with one another, brainstorming new and more environmentally-friendly ways of working and enriching each other's lives. We value our people and reward their hard work with career development opportunities and further training prospects.

As a responsible employer, FEHB takes the health and well-being of its employees seriously. We encourage our employees to adopt a healthy lifestyle by helping them engage in outdoor activities and sports. We organise recreational activities and sports day for the foreign workers. These give our employees time to relax and intermingle with their colleagues from other departments and also other estates.



CORPORATE SUSTAINABILITY STATEMENT (CONT'D)

FEHB takes pride in providing extended learning opportunities for our employees to enhance their knowledge, expertise and professionalism through internal and external trainings relating to their areas of work. This is done through job attachments, cross assignments, job rotations, field excursions and participation in seminars/workshops to prepare them for career progression. We treasure and cultivate our people to allow everyone's talents to flourish at FEHB. The table below shows the training organised during the year 2021:-

Date	Training
March 2021	Energy Consumption in Plantation Sector
April 2021	Employer's Registration under Akta Pembangunan Sumber Manusia Berhad 2001
April 2021	MSPO Internal Audit Course
May 2021	Sustainability Reporting Workshop - Scope and Materiality in Sustainability Reporting
July 2021	MSPO Policy
July 2021	Usage of Personal Protective Equipment
July 2021	Preparation and Update of Hazards Identification Risks Assessment and Risks Control ("HIRARC")
July 2021	Management and Practice of Palm Oil Plantation
August 2021	Data Analytics and Visualisation for Accountants in Business
September 2021	Malaysia's Sustainability Reporting Framework Review
September 2021	Drone Technology and Basic Unmanned Aerial Vehicle ("UAV") Operation
September 2021	Managing Oil Palm Replanting
October 2021	Integrated Pest Management in Plantation
October 2021	Drone Technology and Basic UAV Operation
October 2021	Online Platform Handling Programme
October 2021	Briefing on Whistleblower Policy
November 2021	Guidelines for Reporting Framework for Beneficial Ownership of Legal Person in Malaysia
November 2021	Public Awareness Training of GHG Emission
December 2021	Accounting for Leases

FEHB has taken proactive measures to ensure the health and safety of our staff and local communities while fulfilling our commitments to our customers and partners. Amongst our efforts to curb COVID-19 within our employees and workers include monitoring vaccination amongst them. Information is also being distributed via brochures and displaying posters on bulletin boards. We also provide all our employees and workers with hand sanitisers, soaps and masks.

Occupational Safety and Health Compliance

FEHB is committed to provide a safe and healthy workplace for all employees and contractors through the following approaches:-

Safety and Health Policy

Written commitment endorsed by Board of Directors to safeguard the safety and health of employees at each operating unit.

Chemical Health Risks Management Assessment ("CHRA")

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

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

CORPORATE SUSTAINABILITY STATEMENT (CONT'D)

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

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

Safety Training

Safety awareness trainings conducted by safety personnel is compulsory for new employees before they start their work. Emergency Response Team ("ERT") members are trained by Jabatan Bomba dan Penyelamat Malaysia to enhance their skill.

Our Commitment In Support Of Sustainable Palm Oil

In accordance with our SPO Policy, FEHB is committed to:-

- (a) Comply with all applicable local, state, national and international laws and regulations;
- (b) Conserve the environment and promote positive environmental impacts;
- (c) Respect the rights of employees and local communities;
- (d) Build a transparent, traceable and sustainable palm oil supply chain; and
- (e) Produce quality products and provide good services to customers.

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

- (a) Environmental Protection & Biological Diversity Policy;
- (b) Security Policy;
- (c) Quality Policy;
- (d) Equality and Gender Policy; and
- (e) Food Safety Policy.

With the MSPO and ISCC certifications in place, we are committed to minimise our environmental impact, upholding the highest level of ethical business practices, prioritising the health and well-being of our employees and enriching the communities. We will also endeavour to ensure efficient resource management and adapt to changing consumer expectations to continue to stay relevant and generate long-lasting positive impacts.

As our aim is to embed sustainable practices in our business decision-making, activities and processes, we shall strive to mitigate the negative impacts of our business operations and seek opportunities to continue to create value for our stakeholders.

MANAGEMENT DISCUSSION AND ANALYSIS

Far East Holdings Berhad (“FEHB” or “the Group”) is pleased to present our Management Discussion and Analysis for the financial year ended 31 December 2021 (FY2021). This report outlines our efforts in realising our economic, environmental and social goals as our business and operations set down the path of sustainable growth now and in the future.

Overview of Business and Operations

FEHB is principally engaged in cultivation of oil palms, production and sales of fresh fruit bunches (“FFB”), crude palm oil (“CPO”), palm kernel (“PK”) and investment holdings.

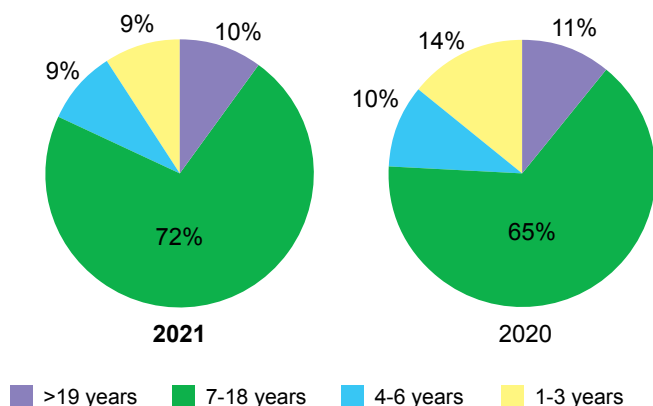
We remain as a cultivator of oil palm and operator of palm oil mill producing CPO, PK and FFB. As a progressive player in plantation industry, we are committed to enhance our stakeholders’ value as we continue to yield high quality products and services underpinned by a conducive working environment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

Area statement

As at 31 December 2021, approximately 91% of the total planted oil palm is classified as mature. The age profile of the Group’s palm oil tree for FY2021 is as below:-

Particulars	2021		2020	
	Hectare	%	Hectare	%
>19 years (old palms)	1,795	10	2,001	11
7-18 years (prime palms)	13,537	72	12,238	65
4-6 years (young palms)	1,712	9	1,805	10
1-3 years (immature)	1,747	9	2,747	14
Total	18,791	100	18,791	100

The total weighted average palm age is 12 years.



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

Our Group placed top emphasis on best agricultural practices within its estates. All of our estates have obtained the Malaysian Sustainable Palm Oil (“MSPO”) certification, whilst five (5) estates have obtained International Sustainability Carbon Certification (“ISCC”) during the financial year under review giving a competitive advantage to the Group to obtain premium prices for CPO and PK and elevate our brand while strengthening trust from the Group’s customers. This is also an acknowledgement of our Group’s adherence to good economic, environmental and social standards in the production of sustainable palm oil.

FFB Production

As at 31 December 2021, the total FFB production for the Group in the reporting year was 289,985MT against 316,710MT in year 2020. Following is the FFB production on quarterly basis for the year under review against preceding year:-

Quarter	2021 (MT)	2020 (MT)
Jan - Mar	59,765	53,262
Apr - Jun	68,108	76,814
Jul - Sept	77,033	102,552
Oct - Dec	85,079	84,082
Total	289,985	316,710

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

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

- (a) Prolonged dry period in 2019 experienced in most estates. This prolonged and severe moisture stress had caused bunch abortion in palms in early part of 2020;
- (b) Flood in early January 2021 which caused damage to the palm roots resulting in poor absorption of nutrient in the affected estates;
- (c) Increase in percentage of palms that cannot be harvested due to palm height; and
- (d) Labour shortages due to inability to replace workers who returned to home countries.

However, the yield improved in most estates in the last 4 months of 2021 and we will continue to prioritise operational efficiencies to achieve better performance.

The Group recorded higher FFB yield which was 17.01MT per hectare compared to average yield in Pahang State and Peninsular Malaysia in 2021 of 15.43MT per hectare and 16.24MT respectively.

The Group traded its CPO using the average price mechanism set by Malaysian Palm Oil Board ("MPOB") and forward contract prices. In FY2021, CPO and PK were realised at an average price of RM4,321 per MT and RM2,874 per MT respectively (FY2020: Average CPO price of RM2,719 per MT and average PK price of RM1,640 per MT). Both CPO and PK recorded an increase in average prices by 59% and 75% respectively as compared to previous year.

Group Financial Review

Revenue

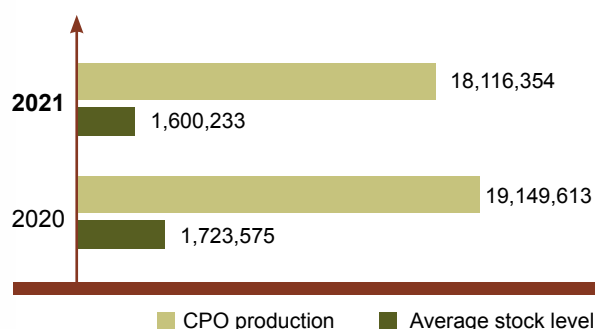
In FY2021, the Group registered an increase in revenue to RM693.58 million when compared to RM669.05 million in FY2020 due to higher average CPO and PK prices by 59% and 75% respectively. The average CPO price per MT was RM4,321 (2020: RM2,719) and average PK price per MT was RM2,874 (2020: RM1,640).

The significant price appreciation of palm oil was mainly triggered by the following reasons:-

- (a) CPO prices rose sharply over first half of 2021 spurred by the recovery of global edible oils demand. The palm oil industry benefitted from higher consumption, particularly by the hotel, restaurant and cafe sector worldwide; which were drastically affected by prolonged lockdown to curb the COVID-19 pandemic. The upward trend continued in second half of 2021 with lower palm oil production in Malaysia;

- (b) Foreign labour accounts for 75% of Malaysia's oil palm plantation workforce and serious labour shortages resulted in lower palm oil production in Malaysia by 1 million MT (5.2%) to 18.1 million MT compared to 2020 production of 19.1 million MT. Concerns over low stocks of CPO in Malaysia further influenced the trend of edible oil prices - in December, the stock level was below 1.7 million MT and average level of stock for the year 2021 was 1.6 million MT. The setback due to labour shortage has a positive impact on CPO prices; and
- (c) Labour constraints and logistical problem at many of the world's busy ports resulted in serious supply-side disruptions coinciding with a strong recovery in consumer demand in year 2021 especially by the world's two biggest palm oil consumers i.e. China and India.

	2021 (MT)	2020 (MT)
CPO production	18,116,354	19,149,613
Average stock level	1,600,233	1,723,575



Profit Before Tax

The Group's profit before tax improved substantially by RM98.26 million (88%) from RM112.20 million to RM210.46 million in FY2021 mainly due to:-

- (a) Higher average CPO and PK prices by 59% and 75% respectively;
- (b) Higher share of profit from associated companies by RM33.61 million (98%);
- (c) Higher fair value gain on biological assets by RM4.3 million (2,139%); and
- (d) Fair value gain recognised on investment property of RM1 million.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

This result was achieved after payment of windfall tax of RM16.88 million, an increase of RM13.71 million (432%), from RM3.17 million in 2020.

Breakdown of the profit before tax is shown below:-

	2021 RM'000	2020 RM'000
Profit from plantation operation	125,883	65,402
Profit from milling operation	9,542	7,141
Other income	5,198	7,293
Fair value gain on biological assets	4,501	201
Fair value gain on investment property	1,000	-
Finance income	1,264	531
Finance cost	(4,973)	(2,068)
Fair value loss on other financial assets	-	(731)
Share of profit after tax of associates	68,050	34,436
Profit before Tax	210,465	112,205

Plantation Operations

In FY2021, the Group's operation continued to face challenges from the COVID-19 pandemic which has entered its 2nd year. COVID-19 continued to disrupt operations due to occasional clusters of infections, which led to workers being quarantined and Enhanced Movement Control Order ("EMCO") being imposed at our estates and mills. Various steps were taken to minimise the risk of COVID-19 pandemic, including a vaccination program for all employees and workers in the Group.



Despite of these challenges, the Group managed to maximise the field production as a result of the management's drive to apply new innovations and embrace a higher degree of in-field mechanisation.

Through dedicated focus on timely manuring, harvesting and fruit evacuation as well as increased mechanisation, combined with significantly higher commodity prices, our Group managed to achieve a record performance in FY2021.

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

	Unit	2021	2020
FFB Production	MT	289,985	316,710
CPO Production	MT	55,094	59,678
FFB Yield	MT/ha	17.01	19.74
Average OER for CPO	%	19.00	18.84
CPO Yield	MT/ha	3.23	3.72
Average CPO Price	RM/MT	4,321	2,719
Average PK Price	RM/MT	2,874	1,640
Mature Area	Hectare	17,044	16,044
Total Planted Area	Hectare	18,791	18,791

In FY2021, the average cost of FFB for the Group is recorded at RM246 per MT, 20% higher compared to the previous year of RM205 per MT, mainly due to higher fertiliser cost and continuous maintenance work on roads and drains especially in flood prone areas. The Group closely monitor the operating expense at estate level as part of the cost control initiatives. In terms of operational efficiency, the Group managed to achieve higher average OER for CPO at 19%.

The estates continue to be monitored by qualified agronomist and planting advisor in order to ensure best practices for sustainable agriculture are being applied to produce good quality palms and fruits. Various analysis and studies are carried out on oil palm and the nutrient status, palm appearance, ground conditions, pest and disease affecting the palms and pruning method. Recommendations by our qualified agronomists ensure the best fertiliser programs are applied at estates.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

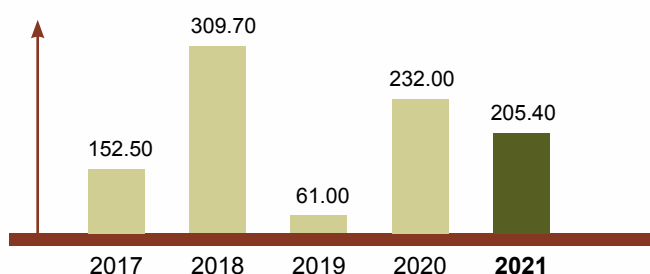
Replanting

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

In FY2021, 205.40 hectares (507.54 acres) had been replanted and this reflects our continuous efforts to improve the age profile of our plantings and achieve better yields. In the year 2022 - 2025, 670 hectares (1,655.57 acres) are scheduled for replanting.

Replanting Data (year & hectare)

Year	Hectare
2017	152.50
2018	309.70
2019	61.00
2020	232.00
2021	205.40



Labour Shortage and Mechanisation Programme

Labour shortage continued to affect operations within the Malaysian plantation industry to the levels not experienced before. Since March 2020, the Government tightened restrictions on travel for both incoming and outgoing workers, as well as suspending all new recruitment of foreign workers, worsening the plantation sector's chronic labour shortage. Thousands of workers have left the estates for their home countries as borders closed and the plantation sector was not been able to replace those who have left the country. To counter the effect of not being able to recruit new workers, the Group offered certain incentives to encourage those who are due to return to their home countries to continue working with the Group.

The labour shortfall is adding urgency to long standing plans for mechanisation. FEHB is deploying light machineries that will aid in fields upkeep and evacuating harvested crops. The mechanisation program had increased workers' productivity by 25% compared to manual method and at the same time, mitigated the labour problem faced by the estates.

Advertisements on the job opportunities at the estates had been displayed at our website and banners had been placed at our estates, highlighting attractive salaries and benefits.



Milling Operations

Milling is a crucial part of the Group's operation which accounted for 77% of the Group's revenue (FY2021). The Group operates two (2) palm oil mills, namely Kilang Kosfarm Sdn. Bhd. ("KKSB") and Wujud Wawasan Sdn. Bhd. ("WWSB") with processing capacity of 60MT per hour for each mill. The Group's revenue from milling operations is RM533.10 million, 5% lower when compared to FY2020 (RM561.82 million) which was mainly due to lower FFB processed by both mills.

KKSB and WWSB recorded a total of 435,520MT FFB processed which is a decrease by 13% (63,510MT) in FY2021 (FY2020: 499,030MT). The production capacity of both mills remains at 60MT per hour (FY2020: 60MT per hour). The average OER for CPO and PK achieved by both mills for FY2021 are 20.08% and 5.01% respectively (FY2020: CPO OER 20.05%, PK OER 5.24%).



MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

The mills supplied CPO to one of the Group's associates i.e. Future Prelude Sdn. Bhd. ("FPSB"), which is an integrated palm oil refinery and oleochemical company specialising in the production of several refined palm oil and oleochemical products as well as biodiesel using sustainable palm oil as feedstock. FPSB produces Refined Bleached and Deodorised Palm Oil ("RBD PO"), Refined Bleached and Deodorised Palm Kernel Oil ("RBD PKO"), Palm Methyl Ester ("PME" or "Biodiesel"), Glycerine ("Tech Grade"), Glycerine ("Pharmaceutical Grade"), Palm Fatty Acid Distillate ("PFAD"), using sustainable Crude Palm Oil ("CPO") or Crude Palm Kernel Oil ("CPKO") as feedstock.

Capital Structure

The Group has always maintained a conservative policy in respect of its cash and cash equivalents by ensuring minimum external borrowings are needed to finance capital expenditure and expansion of estates land. Cash and cash equivalents stood at RM148.35 million as at 31 December 2021 (2020: RM79.12 million).

This approach has served the Group well and will ensure that we can utilise internal funds for replanting and other capital expenditure and at the same time to sustain a stable dividend to shareholders.

Capital Expenditure

During the year under review, the Group spent a total of RM16.34 million in capital expenditure as compared to RM149.13 million in FY2020. The capital expenditure incurred was mainly on replanting, upgrading of mills, constructions of staff and labour quarters, facilities in compliance of MSPO and ISCC certifications and purchase of agricultural equipment and vehicles.

Human Capital

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

Over the years, FEHB has focused on talent investment, training, leadership development and career planning initiatives to maintain a good quality pool of in-house talents within the Group. RM23,833 was spent for various training and development programmes which were mostly held online in compliance with COVID-19 Standard Operating Procedure ("SOP").

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

For FY2021, the Group reached a total headcount of 271 people made up primary of employees in estates who represent 56% (151 personnel) of Group's employees. The number of foreign labour had decreased from 655 in FY2020 to 512 in FY2021.

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

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

Global Environment on COVID-19

The COVID-19 pandemic, which began in March 2020, has continued to disrupt lives and livelihood through waves of new infections globally, necessitating the reinstatement of containment measures to prevent its spread. Lockdown and movement restrictions were slowly easing in year 2021 with the arrival of vaccines. The first shipment of 312,390 doses COVID-19 vaccines for Malaysia was received on 21 February 2021, while the second batch of 182,520 doses was received on 24 February 2021. Priority was given to front-liners, mostly health care workers who are at the heart of the nation's fight against the deadly pandemic in the first phase of the National COVID-19 Immunisation Programme ("NIP") followed by high risk individuals involving senior citizens and the disabled persons, before the rest of the adult population. With vaccination rate covering most Malaysian adults, most economic sectors are allowed to operate and started to show recovery from the earlier lockdown and movement restrictions. Coupled with booster vaccination drive, the domestic economic recovery is expected to resume its pre-pandemic growth trajectory in the coming years and allow Malaysia to declare COVID-19 as endemic in the near future.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

Creating Value for Shareholders

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

Weighing all the factors such as the funding needed for capital expenditure, future growth as well as operational requirements, the Board had declared an interim dividend of five (5) sen per ordinary share in respect of the 2021 financial year. The interim single tier dividend was paid on 23 December 2021.

The Directors had also recommended the payment of a final single tier dividend of five (5) sen per share and a special single tier dividend of three (3) sen per share and the proposed payment date is on 6 July 2022. The total dividends declared in respect of the financial year ended 31 December 2021 (if approved by the shareholders at the forthcoming Annual General Meeting) is thirteen (13) sen per share.

Prospect

Year 2022 will continue to be a challenging year to the Group. Continuance of COVID-19 pandemic particularly with the Omicron variant will require the Group to place high priority on the health and safety of our employees and their families through enforcement of SOPs and other risk mitigating initiatives.

Looking ahead, global supply chain challenges and shortfalls are likely to continue well into 2022, thereby prolonging the perilous and sustainable high raw material price levels. Concerted efforts are therefore underway to help alleviate this by identifying areas that can improve our cost efficiency without compromising on quality.

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

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

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

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

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

In view of stable FFB production expected in year 2022 coupled with favourable average CPO and PK prices, the Group's financial result for year 2022 is anticipated to be commendable.

AUDIT COMMITTEE REPORT

The Board of Directors of Far East Holdings Berhad ("FEHB") is pleased to present the Audit Committee Report for the financial year ended 31 December 2021.

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

COMPOSITION AND ATTENDANCE OF THE AUDIT COMMITTEE AT MEETINGS

The Audit Committee was appointed by the Board of Directors comprising solely of Independent Non-Executive Directors and not less than three (3) members.

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

Members	Membership	Appointment	Tenure on the Audit Committee (Years)
Datuk Mohd Afrizan bin Husain	Chairman, Independent Non-Executive Director	01.11.2018	3
Nik Mohamed Zaki bin Nik Yusoff	Member, Independent Non-Executive Director	08.07.2015	6
Ng Yee Kim	Member, Independent Non-Executive Director	20.07.2020	1

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

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

The Committee operates under the Terms and Reference of Audit Committee containing provisions that address requirements imposed by Bursa Malaysia and the Terms of Reference is published under the Governance section on the Company's website at www.fehb.com.my or can be obtained from the Company Secretary. The Terms of Reference was revised and approved by the Board of Directors on 22 February 2022.

During the financial year ended 31 December 2021, the Audit Committee held a total of five (5) meetings which include three (3) virtual meetings due to Movement Control Order ("MCO") in view of COVID-19. Details are as follows:-

No.	1	2	3	4	5
Date	23 February 2021	24 March 2021	24 May 2021	25 August 2021	22 November 2021

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

Name of Audit Committee Members	Total Number of Meetings	Number of Meetings Attended
Datuk Mohd Afrizan bin Husain	5	5
Nik Mohamed Zaki bin Nik Yusoff	5	5
Ng Yee Kim	5	5

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

AUDIT COMMITTEE REPORT (CONT'D)

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

There was a private session held on 23 February 2021 with the external auditors without the presence of management to discuss on issues and significant matters highlighted by the external auditors.

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

DUTIES AND RESPONSIBILITIES OF THE AUDIT COMMITTEE

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

1. Financial Reporting

- To review the quarterly results and year-end financial statements of the Company and the Group, and to recommend the same to the Board for approval, focusing particularly on the following:-
 - (a) any changes in accounting policies and practices;
 - (b) significant adjustments arising from the audit;
 - (c) the going concern assumption;
 - (d) significant and unusual events;
 - (e) compliance with accounting standards, Bursa Malaysia Securities Berhad and other legal requirements; and
 - (f) public announcement of results and dividend payment.
- To obtain explanations from management for unusual variances in the Company's annual financial statements from year to year, review annually the independent auditors' letter of the recommendations to management and management's response.
- To review with the external and internal auditors whether the employees of the Group have given them appropriate assistance in discharging their duties.
- To review any related party transaction and conflict of interest situation that may arise within the Company or the Group, including any transaction, procedure or course of conduct that raises questions of management integrity.
- To consider and examine such other matters as the Board considers appropriate and beneficial.

2. External Audit

- Review the competency and performance of the external auditors.
- Consider and recommend the appointment, re-appointment, resignation, dismissal and remuneration of external auditors.
- To discuss and review with the external auditors any proposal from them to resign as auditors.
- To recommend to the Board on the appointment and the annual re-appointment of the external auditors and their audit fees, after taking into consideration the independence and objectivity of the external auditors and the cost effectiveness of their audit.
- To monitor the engagement of the external auditors in performing such audit services, considering the types of services rendered and its related fees, such that the position as auditor is not deemed to be compromised.
- Review the external auditors' proposed audit plan before the audit commences and discuss the nature, scope and approach of the audit.

AUDIT COMMITTEE REPORT (CONT'D)

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

2. External Audit (Cont'd)

- To review with the external auditors, the nature and scope of their audit plan, their evaluation of the system of internal controls and their management letter and discuss any matter that the external auditors may wish to raise in the absence of management, where necessary.
- Review and confirm the independence and objectivity of the external auditors, taking into consideration the local professional and regulatory requirements.
- To review and assess the suitability, objectivity and independence of the external auditors, the Audit Committee establishes policies and procedures that consider among others:-
 - (a) the competence, audit quality and resource capacity of the external auditors in relation to the audit;
 - (b) the nature and extent of the non-audit services rendered and the appropriateness of the level of fees; and
 - (c) obtaining written assurance from the external auditors confirming that they are, have been independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.
- To review the co-ordination of the audit approaches where more than one audit firm of external auditors is involved and the co-ordination between the external and internal auditors.
- Identify any matters raised by the internal and external auditors in respect of which it considers that action or improvement is needed and reviewing recommendations as to the steps to be taken.

3. Internal Audit

- To review the adequacy of the scope, functions, competency and resources of the internal audit function.
- To decide on among others the appointment and removal, scope of work, performance evaluation and budget for the internal audit function.
- To approve the internal audit plan and review the results of the internal audit plan or investigation undertaken and whether or not appropriate action is taken by management on the recommendations of the internal auditors.
- Have a final authority to review and approve the Annual Audit Plan and all major changes to the plan.
- Internal Audit should be carried out objectively and is independent from the management of the Company and the functions under audit. Thus, it is essential that the person responsible for internal audit reports directly to the Audit Committee.
- To appraise the performance of the Head of Internal Audit and to review the appraisals of senior staff members of the internal audit function.

4. Compliance

- Review the effectiveness of the system compliance with applicable laws and regulations and the result of management's investigation and follow-up (including disciplinary action) of any major instances of non-compliance.
- Review procedures established to address allegations raised by whistleblowers, to ensure proportionate and independent investigation is conducted and follow-up action is taken and highlighted to the Committee.
- Review the findings of any examination by regulatory agencies and any auditor's observations.
- Review the effectiveness of measures put in place to combat corruption in the Company.

AUDIT COMMITTEE REPORT (CONT'D)

PERFORMANCE OF THE AUDIT COMMITTEE

The appointment of members of the Audit Committee had been made in accordance to the Listing Requirements.

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

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

The Board on a biennial basis had reviewed the terms of office and assessed the performance of each member of the Audit Committee appointed for the year based on the recommendation of the Nomination Committee.

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

SUMMARY OF WORK OF THE AUDIT COMMITTEE

During the year, the Audit Committee has continued to assist the Board in fulfilling its oversight responsibilities in line with the Terms of Reference. The summary of work and the main matters that the Audit Committee considered during the year under review are described below:-

- Reviewed the external auditors' audit plan, scope and areas of audits, evaluate the system of internal controls, audit findings, management's responses to the management letter given by the external auditors and the audit report.
- Reviewed the suitability of the external auditors and recommended to the Board for re-appointment of existing external auditors and the audit fee thereof.
- Reviewed the Company's Financial and General Performance Report in order to ensure that the Board had been provided with sufficient information for announcements to Bursa Malaysia Securities Berhad.
- Reviewed the annual financial statements and quarterly results of the Group for the Board's approval.
- Reviewed the solvency assessment by the management in relation to the declaration of dividends.
- Reviewed the Recurrent Related Party Transactions ("RRPT") entered to ensure that such transactions were carried out on normal commercial terms and were not prejudicial to the Company's interest or its minority shareholders.
- Reviewed the policy on RRPT of a revenue or trading nature and recommended to the Board for approval, adoption and inclusion in the Circular to Shareholders in relation to the proposed renewal of shareholders' mandate for RRPT pursuant to the Bursa Malaysia Listing Requirements.
- Reviewed the results of the Group's internal audit reports and the adequacy of remedial actions taken by the management as recommended in the reports.
- Reviewed the adequacy of internal audit's resources and access to information to ensure the audit works were carried out effectively.
- Reviewed and approved the 2021 Internal Audit Plan.
- Reviewed follow-up actions by management on any weaknesses in internal controls and accounting procedures as highlighted by the external and internal auditors.
- Reviewed the proposed amendments to its Terms of Reference, prior to approval by the Board of Directors.
- Reviewed the Contents of Annual Report, Audit Committee Report, Corporate Governance Overview Statement and Statement on Risk Management and Internal Control before submitting for Board's approval and inclusion in the Group's Annual Report 2020.

AUDIT COMMITTEE REPORT (CONT'D)

SUMMARY OF WORK OF THE INTERNAL AUDIT FUNCTIONS (CONT'D)

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

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

During the year under review, Internal Audit Department was supported by four (4) executives (including the Head of Internal Audit) and two (2) clerks. The staffs are graduates with bachelor degrees or diploma in various fields including accountancy and business administration.

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

The Internal Audit Department had carried out the scheduled audit for thirteen (13) estates and also conducted a special review on specific areas as directed by the management. All significant observations were highlighted during the audit exit meeting and follow-up on the observations were communicated and highlighted to the auditees, management and Audit Committee.

The reviews on payments of workers' incentive and allowance were performed during the year 2021. The Internal Audit Department assisted the management to ensure that the deduction of penalty on the contractors and collection of workers' advances and loan recovery from contractors were done by the estates as per established policy and procedures/instruction given by the Head Office. The Internal Audit Department also focused on compliance of FEHB's COVID-19 Standard Operating Procedures and Anti-Bribery and Anti-Corruption Policy.

The Internal Audit Department had participated with the management in establishing the Terms of Reference ("TOR") for Opening Tender Committee. The TOR was implemented effective from 14 October 2021.

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

The Internal Audit Department had adequate resources to carry out its duties during the year 2021. The total cost incurred in managing the internal audit function in respect of the financial year was RM446,894 (2020: RM313,040).

This report is made in accordance with a resolution of the Board of Directors dated 31 March 2022.

CORPORATE GOVERNANCE STATEMENT AND ADDITIONAL COMPLIANCE STATEMENT

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

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

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

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

THE BOARD OF DIRECTORS

The Board

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

Terms of Reference/Board Charter

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

Principal Roles

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

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

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

Board Balance

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

CORPORATE GOVERNANCE STATEMENT AND ADDITIONAL COMPLIANCE STATEMENT (CONT'D)

THE BOARD OF DIRECTORS (CONT'D)

Board Balance (Cont'd)

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

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

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

The Board acknowledges the importance of boardroom diversity and the establishment of a gender diversity policy. Two (2) female Directors sit in the Board whom are well versed with the corporate matters and the plantation industry.

Supply of Information

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

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

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

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

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

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

CORPORATE GOVERNANCE STATEMENT AND ADDITIONAL COMPLIANCE STATEMENT (CONT'D)

THE BOARD OF DIRECTORS (CONT'D)

Board Meetings

Board meetings are scheduled in advance at the beginning of the calendar year with additional meetings convened when necessary. All Directors have complied with the Bursa Malaysia Listing Requirements on attendance for Board meetings held during the financial year under review. Seven (7) Board meetings via virtual or physical meeting were held during the financial year under review with details of meetings attendance of each Director are as follows:-

No.	Name	Appointment Date	Meeting Attendance	Percentage %
1	Dato' Sri Kamaruddin bin Mohammed	16.08.2002	7/7	100
2	Dato' Suhaimi bin Mohd Yunus	05.07.2019	7/7	100
3	Datuk Mohd Afrizan bin Husain	01.11.2018	7/7	100
4	Dato' Asmin binti Yahya	20.07.2020	6/7	86
5	Tee Kim Tee @ Tee Ching Tee	16.08.2002	7/7	100
6	Tee Cheng Hua	16.08.2002	7/7	100
8	Nik Mohamed Zaki bin Nik Yusoff	08.07.2015	7/7	100
7	Tee Lip Teng	23.07.2012	7/7	100
9	Ng Yee Kim	20.07.2020	7/7	100

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

Appointments to the Board

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

- To assist the Board in assessing existing Directors and identifying, nominating and orientating new Directors to enhance corporate governance;
- To assist the Board in ensuring that appointments are made based on merit;
- To assist the Board in identifying and reviewing on biennial basis (previously up to year end 31 December 2021 was carried annually), the required mix of skills, experience and other qualities, including core competencies that Directors should bring to the Board for it to function effectively and efficiently;
- To examine and review the size of the Boardroom from time to time; and
- It is an annual exercise, until the year end 31 December 2021, that each individual Board and Committee member is evaluated based on pre-set criteria.

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

CORPORATE GOVERNANCE STATEMENT AND ADDITIONAL COMPLIANCE STATEMENT (CONT'D)

THE BOARD OF DIRECTORS (CONT'D)

Board Committees

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

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

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

Re-Election of Directors

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

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

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

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

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

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

Directors' Code of Ethics

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

Directors' Training

Every Director of the Company undergoes continuous training to equip himself/herself to effectively discharge his/her duties as a Director and for that purpose he/she ensures that he/she attends such training programmes as prescribed by the Bursa Malaysia from time to time. All Directors attended the Mandatory Accreditation Programme ("MAP") prescribed by the Bursa Securities. The Board will continue to evaluate and determine the training needs of its Directors to enhance their skills and knowledge. For the financial year ended 31 December 2021, all Directors had participated and attended seminar/course/conference/webinar as recommended and approved by the Board.

CORPORATE GOVERNANCE STATEMENT AND ADDITIONAL COMPLIANCE STATEMENT (CONT'D)

THE BOARD OF DIRECTORS (CONT'D)

Directors' Training (Cont'd)

A summary of seminar/course/conference/webinar attended by Directors during the financial year under review is set out below:-

No.	Name	Course Attended	Date Attended
1.	Dato' Sri Kamaruddin bin Mohammed	The New Reality of Cyber Hygiene - Malaysian Code of Corporate Governance MCCG Revision 2021 - Changing the Game in Corporate Governance Wealth/Assets Management Board Leadership & Decision Making in Times of Financial Distress Managing the Tax Impact on Certain Payments Made by Companies to Individuals Sustainable Reset: The Role of NRC in a Post-Pandemic World Exclusive Discussion on Japan's Climate Challenge - An Insider Look at Japan's Carbon Reduction	21.07.2021 23.07.2021 24.07.2021 19.08.2021 06.09.2021 21.09.2021 - 22.09.2021 06.10.2021
2.	Dato' Suhaimi bin Mohd Yunus	Bengkel Senario & Cabaran Masa Hadapan Industri Kelapa Sawit Ladang Rancangan Sosial PKPP Seminar Peranan Lembaga Pengarah dan Pengurusan Ke Arah Pemantapan Tadbir Urus Korporat Syarikat dan Majlis Pelancaran Kod Tadbir Urus Korporat Syarikat Kumpulan Perbadanan Kemajuan Pertanian Negeri Pahang Skim Insentif Mekanisasi Sawit (OPIMIS) Effective Corporate Governance & Business Ethics	03.03.2021 - 05.03.2021 29.03.2021 - 30.03.2021 14.09.2021 30.09.2021
3.	Datuk Mohd Afrizan bin Husain	Audit Committee Conference 2021 Malaysian Tax Conference 2021 ISACA Manila Computer Assurance Conference Chapter 10 Series: Computation of Percentage Ratios ISACA CIAG 2021 Workshop on The Decision to Litigate - Tax Appeals and Choice of Forum Workshop on Transfer Pricing and Contemporaneous Documentation Applying MFRS 15 and MPERS S34 - Construction Contracts and Property Development Activities Budget Seminar 2022 Persidangan Cukai Kebangsaan 2021 Conversation with Audit Committees	15.03.2021 - 16.03.2021 06.04.2021 - 07.04.2021 27.05.2021 - 28.05.2021 22.06.2021 13.07.2021 - 15.07.2021 20.08.2021 25.08.2021 25.10.2021 - 26.10.2021 25.10.2021 23.11.2021 - 24.11.2021 06.12.2021

CORPORATE GOVERNANCE STATEMENT AND ADDITIONAL COMPLIANCE STATEMENT (CONT'D)

THE BOARD OF DIRECTORS (CONT'D)

Directors' Training (Cont'd)

No.	Name	Course Attended	Date Attended
4.	Dato' Asmin binti Yahya	Sustainability Reporting Workshops: Scope & Materiality in Sustainability Reporting MCCG Revision 2021 - Changing the Game in Corporate Governance Corporate Governance Revisited: The Co-Existence of Ethics & Law Board Leadership and Decision Making in Times of Financial Distress Effective Governance & Business Ethics for GLCS	24.05.2021 01.07.2021 09.07.2021 19.08.2021 13.10.2021
5.	Tee Kim Tee @ Tee Ching Tee	Value Creation Strategies: An Innovative Take On Creating Impactful, Healthy Companies	16.07.2021
6.	Tee Cheng Hua	Sustainable Finance: Making Better Financial Decisions by KPMG How Climate Change Will Affect Your Business Fraud Risk Management Workshop 2021 by Bursa Malaysia	09.04.2021 15.10.2021 - 25.02.2022 13.12.2021
7.	Tee Lip Teng	OCBC Webinar: Economy, Business & Life in 2021 Argus Webinar: The Road to Renewable Diesel & Jet Fuel in Asia MPOB Webinar Antarabangsa Minyak Sawit 2021 MPOC Webinar: Palm Oil Price Trends 2021 MPOC Webinar: Malaysia's Palm Oil Industry Regulation & Quality Standard Global Oils & Oilseeds Industry Cloud Conference Palm & Lauric Oils Price Outlook Conference & Exhibition MPOC Webinar: Ghana & Nigeria MPOB, PORAM & ICD Webinar on Palm Oil Potential & Investment in Africa Argus Asia Alternative Marine Fuels Webinar & Argus Global Renewable Feedstocks Seminar: APAC Platts Grains & Oilseeds Forum MPOC Webinar: Green Technology Innovations in the Malaysian Palm Oil Industry Downstream Factor MPOC Webinar: Introduction to the Single Market of the Eurasian Economic Union MPOC Science & Sustainability Engagement Series 2: Palm Tocotrienols Webinar MPOB Intensive Diploma in Oil Palm Management & Technology 2021 MITI & MOH Webinar: Empowerment of Employers in Prevention of COVID-19 in Workplace MPOB Webinar: Opportunity to Commercialise MPOB Technology & Assistance Funds for SMEs FMM Webinar: Current Strategies for Managing COVID-19 in Industries in the Greater Klang Valley Area MPOB Advocacy Talks on Food Safety & Quality	18.01.2021 27.01.2021 16.02.2021 24.02.2021 02.03.2021 22.03.2021 23.03.2021 - 24.03.2021 25.03.2021 30.03.2021 21.04.2021 22.04.2021 27.05.2021 01.06.2021 02.06.2021 06.2021 - 10.2021 13.07.2021 05.08.2021 17.08.2021 23.08.2021

CORPORATE GOVERNANCE STATEMENT AND ADDITIONAL COMPLIANCE STATEMENT (CONT'D)

THE BOARD OF DIRECTORS (CONT'D)

Directors' Training (Cont'd)

No.	Name	Course Attended	Date Attended
7.	Tee Lip Teng	MPOC Science & Sustainability Engagement Series 4: Palm Carotenoids in Human Nutrition & Health MPOC Webinar: Malaysian Palm Oil in Middle Eastern Markets - Trends & Potential MPOC Science & Sustainability Engagement Series 5: Towards Digitalisation of Malaysia Sustainable Palm Oil MPOC Webinar: Malaysian Palm Oil Solution to Food Ingredients in North Africa MPOB Webinar on Palm Oil Market in Iran CPOPC Webinar: Opportunities & Challenges for Palm Oil Producer Countries	15.09.2021 21.09.2021 28.09.2021 05.10.2021 20.10.2021 23.11.2021
8.	Nik Mohamed Zaki bin Nik Yusoff	A Transformative Leap - MyDigital Insights ESG - Envisioning A Better Future MCCG Revision 2021 - Changing The Game In Corporate Governance Conversation with Audit Committees	09.04.2021 22.06.2021 - 23.06.2021 23.07.2021 06.12.2021
9.	Ng Yee Kim	Audit Committee Conference 2021 Conversation with Audit Committees Fraud Risk Management	15.03.2021 - 16.03.2021 06.12.2021 13.12.2021

Development of Human Capital

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

Whistleblower Policy

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

The purpose of this Policy is to:-

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

CORPORATE GOVERNANCE STATEMENT AND ADDITIONAL COMPLIANCE STATEMENT (CONT'D)

THE BOARD OF DIRECTORS (CONT'D)

Anti-Bribery and Anti-Corruption Policy

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

The purpose of this Policy is to:-

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

AUDIT COMMITTEE

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

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

The composition, Terms of Reference and summary of the activities of the Audit Committee during the financial year are disclosed in the Audit Committee Report and publish at www.fehb.com.my. A charter that is approved by the Board governs the activities of the Audit Committee. The Audit Committee meets at least quarterly. Additional meetings are held as and when required. During the financial year ended 31 December 2021, a total of five (5) Audit Committee meetings were held.

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

The Audit Committee meets with the Group's external auditors annually to review the scope and adequacy of the audit process, the annual financial statements and their audit findings. The Audit Committee also meets with the external auditors whenever it deems necessary. There was a private session held on 22 February 2022 with the external auditors without the presence of management to discuss on issues and significant matters highlighted by the external auditors.

The Audit Committee Report is presented on pages 49 to 53.

CORPORATE GOVERNANCE STATEMENT AND ADDITIONAL COMPLIANCE STATEMENT (CONT'D)

NOMINATION COMMITTEE

Chairman	Tee Kim Tee @ Tee Ching Tee	<i>Non-Independent, Non-Executive Director</i>
Members	Nik Mohamed Zaki bin Nik Yusoff	<i>Independent, Non-Executive Director</i>
	Ng Yee Kim	<i>Independent, Non-Executive Director</i>

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

Board Appointment Process

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

Board Evaluation Assessment

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

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

Re-Election of Directors

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

Independence of Independent Directors

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

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

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

For the year 2021, none of the three (3) Independent Directors of the Board have served the Board for more than nine (9) years. The NC has assessed and concluded that all the Independent Directors continue to demonstrate independence in their conduct and behavior, and that each of them is independent of the Company's management and free from any business or other relationship which could materially interfere with the exercise of independent judgment, objectivity or the ability to act in the best interest of the Company.

CORPORATE GOVERNANCE STATEMENT AND ADDITIONAL COMPLIANCE STATEMENT (CONT'D)

NOMINATION COMMITTEE (CONT'D)

Independence of Independent Directors (Cont'd)

Activities undertaken by the NC during FY2021 were as follows:-

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

RISK MANAGEMENT COMMITTEE

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

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

REMUNERATION COMMITTEE

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

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

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

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

CORPORATE GOVERNANCE STATEMENT AND ADDITIONAL COMPLIANCE STATEMENT (CONT'D)

DIRECTORS' REMUNERATION

The detail of the remuneration for the Directors for the financial year ended 31 December 2021 is as follows:-

Group

Name	Fees RM	Salaries and Bonus RM	Other Emoluments* RM
Group Executive Chairman			
Dato' Sri Kamaruddin bin Mohammed	575,000	1,787,000	197,250
Senior Executive Director			
Tee Cheng Hua	435,000	1,489,050	142,500
Executive Director/Chief Operating Officer			
Dato' Asmin binti Yahya	320,000	905,438	106,600
Non-Executive Directors			
Dato' Suhaimi bin Mohd Yunus	90,000	-	37,500
Datuk Mohd Afrizan bin Husain	90,000	-	65,750
Tee Kim Tee @ Tee Ching Tee	385,000	447,480	137,000
Tee Lip Teng	90,000	-	32,000
Nik Mohamed Zaki bin Nik Yusoff	90,000	-	74,500
Ng Yee Kim	90,000	-	58,000

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

Company

Name	Fees RM	Salaries and Bonus RM	Other Emoluments* RM
Group Executive Chairman			
Dato' Sri Kamaruddin bin Mohammed	170,000	1,787,000	79,250
Senior Executive Director			
Tee Cheng Hua	90,000	1,082,250	48,750
Executive Director/Chief Operating Officer			
Dato' Asmin binti Yahya	90,000	905,438	28,350
Non-Executive Directors			
Dato' Suhaimi bin Mohd Yunus	90,000	-	37,500
Datuk Mohd Afrizan bin Husain	90,000	-	65,750
Tee Kim Tee @ Tee Ching Tee	90,000	-	52,250
Tee Lip Teng	90,000	-	32,000
Nik Mohamed Zaki bin Nik Yusoff	90,000	-	74,500
Ng Yee Kim	90,000	-	58,000

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

CORPORATE GOVERNANCE STATEMENT AND ADDITIONAL COMPLIANCE STATEMENT (CONT'D)

DIRECTORS' REMUNERATION (CONT'D)

The detail of the remuneration for the Senior Management for the financial year ended 31 December 2021 is as follows:-

Company

Name	Salaries and Bonus RM	Other Emoluments* RM
Nazaruddin bin Hasim	316,380	18,579
Adnan bin Mustafa	227,400	15,138
Noor Anisah binti Sabarudin	254,875	8,000
Rosliha binti Husin	205,713	5,500
Norfadli bin Mahrom	142,313	2,500

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

RELATIONS WITH SHAREHOLDERS AND INVESTORS

Corporate Communication

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

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

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

Financial Reporting

The Directors recognise the responsibility for ensuring that accounting records are properly kept and the financial statements are prepared in accordance with applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 2016. The statement by the Board pursuant to Section 251 (2) of the Companies Act, 2016 is presented on page 86.

The quarterly results announcements to Bursa Malaysia Securities Berhad reflect the Board's commitment to give regular updated assessments on the Group's performance and prospects.

CORPORATE GOVERNANCE STATEMENT AND ADDITIONAL COMPLIANCE STATEMENT (CONT'D)

RELATIONS WITH SHAREHOLDERS AND INVESTORS (CONT'D)

Statement of Directors' Responsibilities

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

The Directors consider that, in preparing the financial statements for the financial year ended 31 December 2021, the Group has used appropriate accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent. The Directors also consider that all applicable approved accounting standards have been followed and confirm that the financial statements have been prepared on a going concern basis.

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

Internal Controls

The Group has established internal controls that cover all levels of personnel and business processes to ensure the Group's operations are effective and efficient as well as safeguarding the Group's assets and shareholders' interests. The Statement on Risk Management and Internal Control furnished on pages 72 to 79 of the Annual Report provides an overview of the state of internal controls within the Group.

Internal Audit

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

External Audit

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

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

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

CORPORATE GOVERNANCE STATEMENT AND ADDITIONAL COMPLIANCE STATEMENT (CONT'D)

ADDITIONAL COMPLIANCE STATEMENT

Group Audit Fees

The amount of audit fees paid/payable to the External Auditors by the Group for the financial year ended 31 December 2021 was RM304,000 (2020: RM304,000).

Group Non-Audit Fees

The amount of non-audit fees paid/payable to the External Auditors by the Group for the financial year ended 31 December 2021 was RM10,000 (2020: RM10,000).

Internal Audit

The Company's In-House Internal Audit Department had incurred expenses amounting to RM446,894 for the financial year ended 31 December 2021 (2020: RM313,040).

Material Contracts

Except for transactions disclosed in Recurrent Related Party Transactions, none of the directors and major shareholders had any material contracts with the Company during the financial year ended 31 December 2021.

Utilisation of Proceeds

No utilisation of proceeds undertaken during the financial year ended 31 December 2021.

Deviation

There was no material variation between the audited results for the financial year ended 31 December 2021 and the unaudited results previously announced for the similar period.

Disclosure

The disclosure of Practices set out in MCCG tabulated in Corporate Governance Report for financial year ended 31 December 2021 is accessible and can be downloaded on our website www.fehb.com.my.

RECURRENT RELATED PARTY TRANSACTIONS

RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

Pursuant to paragraph 10.09 of the Listing Requirements of Bursa Malaysia Securities Berhad, the Company will be seeking the renewal from the shareholders for recurrent related party transactions of a revenue or trading nature, entered into between Far East Holdings Berhad ("FEHB") or its subsidiary companies and related parties, at the forthcoming Annual General Meeting of FEHB scheduled to be held on 15 June 2022. The related party transactions for the Group are as follows:-

Name	Nature of Relationship	Date and Place of Incorporation	Principal Activities
KKSB	FEHB directly holds 51%* equity interest in KKSB	13.11.1989 Malaysia	Operating of palm oil mill
WWSB	KKSB directly holds 51%* equity interest in WWSB	29.11.2005 Malaysia	Operating of palm oil mill
PTSB	PTSB is a major shareholder of FEHB that holds 23.73%* equity interest in FEHB	09.09.1985 Malaysia	Operating of palm kernel mill
PCHSB	FEHB directly holds 40%* equity interest in PCHSB	13.01.1978 Malaysia	Operating of palm oil mill and cultivation of oil palm
RPOM	PCHSB directly holds 30%* equity interest in RPOM	28.01.1994 Malaysia	Operating of palm oil mill
EPOM	PTSB directly holds 32%* equity interest in EPOM	23.10.1997 Malaysia	Operating of palm oil mill
PGC	KKSB directly holds 30%* equity interest in PGC	10.04.2004 Malaysia	Management services in palm oil plantations and marketing of sales and purchases of CPO
PPOPM	PCHSB directly holds 30%* equity interest in PPOPM	18.08.1994 Malaysia	Trading and marketing agent
KOSMA	KOSMA is a shareholder of WWSB that holds 49%* equity interest in WWSB	04.12.1967 (Incorporated under Cooperative Act 1993) Malaysia	Operating of palm oil mill and cultivation of oil palm
LKPP Corp.	LKPP Corp. holds 5.96%* equity interest in FEHB. LKPP Corp. is a wholly owned subsidiary of PKPP. PKPP is a major shareholder of FEHB that holds 25.18%* equity interest in FEHB	21.06.1990 Malaysia	Operating of palm oil mill and cultivation of oil palm
KSMB	KKSB indirectly holds 31.50%* stake in KSMB via its associated company i.e. Jaspurna Holdings Sdn. Bhd.	18.11.1993 Malaysia	Operating of palm oil mill
FPSB	FEHB and PCHSB directly hold 47.17%* and 43.74%* equity interest in FPSB respectively	24.10.2005 Malaysia	Manufacturing and exporting palm oil, fatty acids and chemicals compounds or derivatives
MPOM	EPOM and Insan Sejagat Sdn. Bhd. directly holds 60%* and 15%* equity interest in MPOM respectively	09.04.2014 Malaysia	Operating of palm oil mill

* as at 31 March 2022

RECURRENT RELATED PARTY TRANSACTIONS (CONT'D)

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

Legend:-

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

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

Sales of fresh fruit bunches

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

Purchases of fresh fruit bunches

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

RECURRENT RELATED PARTY TRANSACTIONS (CONT'D)

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

Sales of CPO

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

Purchases of CPO

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

Sales of Kernel

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

RECURRENT RELATED PARTY TRANSACTIONS (CONT'D)

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

Purchases of Kernel

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

Management fee

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

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

Aggregate Value During the Financial Year

The aggregate value of the Recurrent Related Party Transactions made during the financial year ended 31 December 2021 is shown below:-

Related Party	RM'000
FEHB	117,480
KKSB	89,192
WWSB	7,139
PCHSB	45,148
RPOM	55,898
EPOM	39,866
KSMB	38,658
LKPP Corp.	1,961
KOSMA	206,537
PGC	2,178
PPOPM	30,310
PTSB	46,301
FPSB	224,788
MPOM	70,746
Total	976,202

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

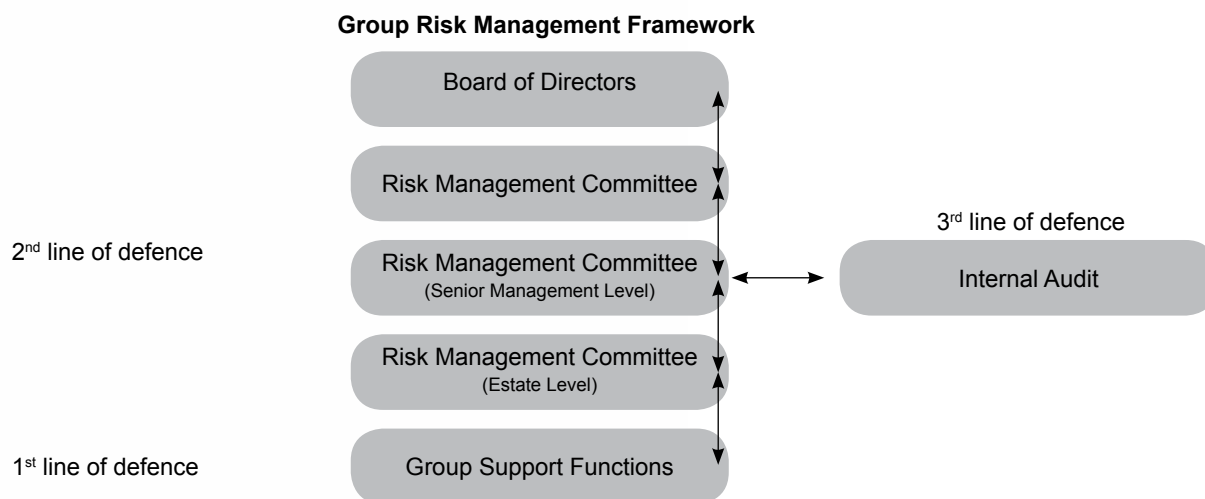
INTRODUCTION

The Board of Directors ("Board") is pleased to present its Statement on Risk Management and Internal Control which outlines the nature and scope of risk management and internal controls within the Company and its subsidiaries (collectively referred to as the "Group") for the financial year ended 31 December 2021.

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

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

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



RESPONSIBILITIES AND ACCOUNTABILITIES

Board of Directors

The Group is led by the Board. The Board affirms its overall responsibility for the Group's system of internal controls, including the assurance of its adequacy and integrity, and its alignment with business objectives. The Board is committed to maintaining a sound system of internal control to safeguard shareholders' investment and the Group's assets and to review its adequacy and integrity. The system of internal control covers broad spectrum of end to end business processes encompassing both the financial and non-financial risks.

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

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

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

RESPONSIBILITIES AND ACCOUNTABILITIES (CONT'D)

Audit Committee

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

The membership of Audit Committee comprising solely of Independent Non-Executive Directors. The independence and financial literacy of its members are paramount in a well-functioning Audit Committee which will lead its members in exercising as informed and impartial judgment in the fulfilment of the Audit Committee's mandate.

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

Risk Management Committee

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

The Risk Management Committee comprises Non-Executive members of the Board. The biography of each member of the Risk Management Committee is set out in the Directors' Profile section. During the financial year ended 31 December 2021, the Risk Management Committee held a total of two (2) meetings.

Risk Management Framework and Internal Controls

The Board with the assistance of the Risk Management Committee and management undertook to identify the principal business risks in the critical areas of the Group, assessing the likelihood of material exposures and identifying the possible safeguards to be taken and the required time frame to mitigate and minimise the impact of these risks. This was done through discussion and meetings at estates and senior management levels. The results of updated risks profiles were further deliberated by Risk Management Committee prior to escalation to the Board.

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

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

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

RESPONSIBILITIES AND ACCOUNTABILITIES (CONT'D)

Risk Management Framework and Internal Controls (Cont'd)

The details of principal risks reviewed and strategies adopted by the Board to mitigate the impact of the risks are as follows:-

(1) Over-Dependence on Foreign Workers

The labour shortage for Malaysian plantation industry was reported at 75,000 workers. The reliance on foreign workers remained high despite continuous efforts made to recruit local workers. Closure of Malaysia borders due to the onset of the COVID-19 pandemic and restrictions on recruitment of foreign workers in all sectors resulted in a significant shortage of foreign workers. The Group is highly dependent on skilled labour for harvesting activities. As at 31 December 2021, a total of 512 foreign workers (2020: 655 workers) are working in FEHB's plantations. The reduction was due to workers who ended their contract of services coupled with cases of workers who were on leave before Movement Control Order and were unable to return to estates and without adequate number of replacements. The Malaysia Government had approved the return of about 32,000 foreign workers in batches to oil palm plantations. However, the procedure for incoming foreign workers has yet to be announced.

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

- (a) Offer a special incentive to those workers who plan to take leave and to postpone the leave;
- (b) Provide a special incentive and a fully paid return ticket to workers going for leave and to continue their contract of service at least for another one (1) year;
- (c) The cost of extending the work permit for workers in Year 10 and for two additional years (Year 11 and Year 12) will be fully borne by the Company;
- (d) Maximise the usage of semi-mechanisation in-fields fruits collection in order to increase workers' productivities;
- (e) Implementing mechanisation in area with suitable terrain;
- (f) Enhance the mechanisation not only for in-fields fruits collection but also to manuring work;
- (g) Gradually replace all the non-critical jobs or tasks to local workers such as loose fruit collectors, line sweeper and cleaner;
- (h) Apply for the Recalibration Programme of Supplementary Workers; and
- (i) Advertise and promote the requirement of workers by displaying banners at each estate in order to attract the local workers especially Orang Asli nearby the estates.

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

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

CPO producers face several key challenges in maintaining the commodity's price in the coming year. Reversing the declining CPO yields could be the main challenge for producers due to labour shortage, increases on minimum wages and input price, ageing estates, diseases, as well as the adverse impact of climate change such as La Nina.

Although the movement in CPO price is beyond FEHB's control, FEHB mitigates the adverse effect of fluctuation in CPO prices by entering into short-term forward contracts with its major customers. The short-term forward contracts transacted from January 2021 until December 2021 represents 24 percent of the total CPO of FEHB Group (including KAOP Group).

(3) COVID-19 Pandemic Threat

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

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

RESPONSIBILITIES AND ACCOUNTABILITIES (CONT'D)

Risk Management Framework and Internal Controls (Cont'd)

(3) COVID-19 Pandemic Threat (Cont'd)

For the year under review, a few incidents of COVID-19 cases were discovered at FEHB Group's facilities. This has led to disruption in the business operations at Dawn, Bukit Serok, Kampong Aur and Sungai Gayung Estates as Kementerian Kesihatan Malaysia ("KKM") had issued a closure notice for sanitisation and disinfection purposes. The affected staffs and workers at the facilities were required to undergo COVID-19 screening test by KKM and the affected personnel were required to undergo quarantine.

Among the preventive measures taken to cope with the disease are as follows:-

- (a) Dissemination of information on COVID-19 and prevention measures to the staffs and workers;
- (b) The estates were provided with relevant PPE including face masks, non-contact thermometer and hand sanitiser;
- (c) Implementation of thermal scanning at entry points of the premise;
- (d) The staffs and workers' health condition were continuously monitored and recorded;
- (e) Disinfecting all common areas;
- (f) Enforced the social distancing at work place especially during pay day;
- (g) Workers were not allowed to go to town without any permission;
- (h) Ensured that all groceries were sufficient to accommodate workers' needs;
- (i) Provided quarantine areas within our premises;
- (j) Established an Emergency Response Team COVID-19 by region in order to respond and assist on any cases discovered within FEHB's Group;
- (k) Conducted the Antigen Rapid Test Kits for all foreign workers in February 2021 in order to comply with the mandatory requirement under the Prevention and Control of Infectious Diseases Act 1988 (Act 342);
- (l) Adhered to all Standard Operating Procedures as stated in FEHB's COVID-19 Manual. Based on the inspection conducted by KKM, Polis Di Raja Malaysia and Bahagian Penguatkuasaan & Keselamatan Majlis Daerah Rompin at Rangkaian Estate on 26 June 2021, the agencies were satisfied with the implementation of COVID-19 Standard Operating Procedures;
- (m) Encouraged staffs and workers' participation in the vaccination programme; and
- (n) Increased any possible mechanisation program to increase productivity.

(4) Environmental, Social and Governances ("ESG")

There are greater expectations by stakeholders on ESG concerns and related disclosure requirement to ensure palm products are produced in a sustainable and responsible manner. FEHB had responded well to the sustainability issues addressed by Non-Governmental Organisations ("NGOs") on deforestation, peat land and exploitation of labour. The policy relating to issues of deforestation, peat and exploitation had been adopted and enforced throughout FEHB Group. The rules and regulations set by the Government of Malaysia had been complied with, not only in terms of recruitment but also with the Housing Standards. Regular visits were conducted by Head Office to check the housing facilities of the workers and designated staff is assigned at the estates to monitor the welfare of the workers. The new labour quarters are progressively constructed to accommodate the number of workers within our Group.

FEHB's exposure on the risk was controllable as most of the FFB produced were sold to related mills. FEHB Group is only impacted if such mills are highly affected by this risk. The related party mill, Prosper Capital Holdings Sdn. Bhd. had established a partnership with the Global Environmental Centre ("GEC") and financed a Recovery Project in the form of a long-term conservation initiative by GEC in North Selangor Peat Swamp Forest.

FEHB had complied with the MSPO certification requirements and successfully renewed the ISCC certification for Bukit Jin, Dawn, Cempaka, Bukit Serok, Sungai Seraya and Kampong Aur Estates on 8 December 2021.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

RESPONSIBILITIES AND ACCOUNTABILITIES (CONT'D)

Risk Management Framework and Internal Controls (Cont'd)

(5) Unfavorable Weather Condition

Extreme weather including both drought (El Nino) and prolonged rainy season (La Nina) may adversely impact estate operations and revenue. This factor will also affect the palms' growth and development. As the impact of climate change is predicted to continue, the danger of droughts and floods is also expected to rise significantly. Malaysia and other oil palm producing nations will be subjected to rising climate ambiguities in the long term. To mitigate the risks, FEHB Group has implemented several measures as proposed by the plantation advisors and agronomist to alleviate problems associated with unfavorable weather conditions:-

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

(6) Pests and Disease - Ganoderma Stem Rot and Bagworm

Oil palm is prone to plants diseases caused by fungi, bacteria, viruses, nematodes and phytoplasma. Among the diseases, Basal Stem Rot caused by Ganoderma boninense and Bagworm infestation had been identified as the major devastating pest and disease in Malaysia. The pest and disease cause severe damage to affected palms with a consequent loss in yield. The following measures were carried out by FEHB to mitigate the risk:-

- (a) Soil mounding and trenching technique on matured oil palm;
- (b) De-boling of all stumps;
- (c) Replanted the badly affected areas and adhered on strict procedures to reduce Ganoderma infection in future;
- (d) Palms treatment for bagworm infestation through trunk injection and spraying techniques had been practiced by FEHB; and
- (e) Planted beneficial plants like Cassia Cobanensis and Tunera Subulata as a biological control for bagworm.

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

Other Key Elements of Internal Control System

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

- **Board Meetings**

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

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

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

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

RESPONSIBILITIES AND ACCOUNTABILITIES (CONT'D)

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

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

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

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

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

- **Performance Management Framework**

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

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

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

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

- **Operational Policies and Procedures**

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

- **Review of Recurrent Related Party Transactions**

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

- **Financial and Operating Manuals**

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

The management took a proactive action by establishing the FEHB's COVID-19 Manual and distributed circulars to all estates in order to update on any changes of standard operating procedures related to COVID-19 pandemic.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

RESPONSIBILITIES AND ACCOUNTABILITIES (CONT'D)

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

- **Financial Authority Limits**

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

- **Tender Committee**

The Tender Committee ("TC") is established to assist the Board in fulfilling its statutory and fiduciary responsibilities in overseeing the process of awarding significant contracts by FEHB Group. The Committee will oversee that the tender process is carried out in accordance with the Group's procurement policies including general evaluation criteria, anti-corruption policy and codes of conduct and thereafter recommend the said procurement policies and procedures to the Board for approval. The proper delegation of authority was given by the Board to the TC. In order to ensure transparency within FEHB Group, the TC's appointment, composition, duties and responsibilities and management are clearly stated in its revised Terms of Reference dated 23 February 2021.

The TC is assisted by Opening Tender Committee effective from 14 October 2021 and is authorised to open tender for purchase of fertilisers, replanting or new development projects, infrastructure projects and purchase of fixed assets for amount above RM100,000.

- **Plantation Advisory Services**

The Group outsourced its Plantation Advisory Services which is entrusted with monitoring the achievement and maintaining KPI benchmarks for the plantation sector. Any deviation from the agreed standards and poor performances in the estates is reported to Senior Executive Director, Plantations & Milling and the management. From the report, corrective measures and remedial actions are identified to be taken to improve the performance.

- **Plantation Coordination Meeting**

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

- **Security Unit**

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

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

The scheduled and random narcotic urine examinations were performed with the Agensi Anti Dadah Kebangsaan in order to ensure that a healthy environment within the Group's business units and close collaboration with Polis Di Raja Malaysia are forged to ensure that the security of FEHB's property and personnel.

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

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

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

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

RESPONSIBILITIES AND ACCOUNTABILITIES (CONT'D)

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

- **Code of Business Conduct**

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

- **Whistleblowing Channel**

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

REVIEW OF THIS STATEMENT BY EXTERNAL AUDITORS

The External Auditors have reviewed this Statement on Risk Management and Internal Control pursuant to the scope set out in Audit and Assurance Practice Guide ("AAPG") 3 (Revised: February 2018), Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants ("MIA") for inclusion in the Annual Report of the Group for the year ended 31 December 2021, and reported to the Board that nothing has come to their attention that cause them to believe that the statement intended to be included in the Annual Report of the Group, in all material respect:-

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

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

CONCLUSIONS

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

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

This statement has been reviewed and approved by the Board of Directors on 31 March 2022.



FINANCIAL STATEMENTS

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DIRECTORS' REPORT

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2021.

PRINCIPAL ACTIVITIES

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

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

RESULTS

	Group RM	Company RM
Profit for the year, net of tax	174,836,234	101,741,827
Attributable to:		
Owners of the Company	164,341,496	101,741,827
Non-controlling interests	10,494,738	-
	174,836,234	101,741,827

DIVIDENDS

As disclosed in the last year's report, on 30 April 2021, the Directors had declared a final single tier dividend of 5 sen per ordinary share for the financial year ended 31 December 2020 amounting to RM29,691,899 which was approved by shareholders on 9 June 2021 and paid on 30 June 2021.

On 25 November 2021, the Directors had declared an interim single tier dividend of 5 sen per ordinary share for the financial year ended 31 December 2021 amounting to RM29,691,899 which was paid on 23 December 2021.

The Directors recommend the payment of a final single tier dividend of 5 sen per ordinary share and a special single tier dividend of 3 sen per ordinary share amounting to RM29,691,899 and RM17,815,140 respectively for the financial year ended 31 December 2021. The proposed dividends are subject to the approval of the shareholders at the forthcoming Annual General Meeting. The financial statements for current financial year do not reflect these proposed dividends. Such dividends if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2022.

RESERVES AND PROVISIONS

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

DIRECTORS' REPORT (CONT'D)

ISSUANCE OF SHARES OR DEBENTURES

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

OPTIONS GRANTED OVER UNISSUED SHARES

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

DIRECTORS OF THE COMPANY

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

YH Dato' Sri Kamaruddin bin Mohammed *

YH Dato' Suhaimi bin Mohd Yunus

YH Datuk Mohd Afrizan bin Husain

YH Dato' Asmin binti Yahya *

Mr Tee Kim Tee @ Tee Ching Tee *

Mr Tee Cheng Hua *

Mr Tee Lip Teng

Encik Nik Mohamed Zaki bin Nik Yusoff

Miss Ng Yee Kim

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

In accordance with Clause 77 of the Company's Constitution, Encik Nik Mohamed Zaki bin Nik Yusoff, Mr Tee Lip Teng and YH Dato' Suhaimi bin Mohd Yunus retire by rotation at the forthcoming Annual General Meeting and being eligible offer themselves for re-election.

DIRECTORS OF SUBSIDIARIES OF THE COMPANY

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

YAB Dato' Sri Wan Rosdy bin Wan Ismail

YH Dato' Sri Khairuddin bin Yaakob

YB Dato' Saiful Edris bin Zainuddin

YB Datin Hajah Samsiah binti Arshad

YB Ir Razali bin Kassim

Mr Tan Keh Feng

Mr Tee Lip Jen

Mr Man Foh @ Chan Man Foh

Tuan Haji Hashim Naina Merican bin Yahaya Merican

Madam Tee Chain Yee

Encik Zahari bin Abdul Aziz

DIRECTORS' REPORT (CONT'D)

DIRECTORS' INTERESTS

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

	At 1.1.2021 Unit	Number of ordinary shares		At 31.12.2021 Unit
		Addition Unit	Sold Unit	
Direct interest				
YH Dato' Sri Kamaruddin bin Mohammed	11,340,000	-	(11,340,000)	-
YH Dato' Asmin binti Yahya	315,000	-	-	315,000
Mr Tee Kim Tee @ Tee Ching Tee	19,578,720	-	-	19,578,720
Mr Tee Cheng Hua	8,762,200	-	-	8,762,200
Mr Tee Lip Teng	1,260,000	-	-	1,260,000
Encik Nik Mohamed Zaki bin Nik Yusoff	2,500	-	-	2,500
Indirect interest				
YH Dato' Sri Kamaruddin bin Mohammed [^]	2,520,000	11,340,000	-	13,860,000

[^] Indirect interest by virtue of shares held by his spouse/daughter and family owned-company pursuant to Section 59(11)(c) of the Companies Act 2016 in Malaysia.

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

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

DIRECTORS' REMUNERATION AND BENEFITS

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

	Company RM	Subsidiaries RM
Directors' fees	890,000	1,260,000
Salaries and other emoluments	1,963,289	2,283,393
	<u>2,853,289</u>	<u>3,543,393</u>

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than Directors' emoluments received or due and receivable as disclosed in the financial statements or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a Company in which the Director has a substantial financial interest, other than as disclosed in Note 26 to the financial statements.

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

DIRECTORS' REPORT (CONT'D)

OTHER STATUTORY INFORMATION

- (a) Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the Directors took reasonable steps:
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that there were no known bad debts and that adequate provision had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including their value as shown in the accounting records of the Group and of the Company have been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the Directors are not aware of any circumstances:
- (i) which would necessitate the writing off of bad debts or render the amount of the provision for doubtful debts inadequate to any substantial extent;
 - (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading;
 - (iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or
 - (iv) not otherwise dealt with in the report or financial statements which would render any amount stated in the financial statements misleading.
- (c) At the date of this report, there does not exist:
- (i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.
- (d) In the opinion of the Directors:
- (i) no contingent or other liability has become enforceable, or likely to become enforceable, within the period of twelve months after the end of the financial year, which will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due;
 - (ii) the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature; and
 - (iii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.
- (e) The total amount paid to or receivable by the auditors as remuneration for their services as auditors for the financial year from the Company and its subsidiaries is RM304,000. There was no indemnity given or insurance effected for the external auditors of the Group and of the Company.
- (f) There was no amount paid to or receivable by any third party in respect of the services provided to the Group and the Company by any Director or past Director of the Group and the Company.
- (g) The indemnity given to or other insurance effected for the Directors and the officers of the Group and of the Company has a total premium of RM18,825 and coverage amount of RM20,000,000 for a period effective 1 January 2021 until 31 December 2021.

DIRECTORS' REPORT (CONT'D)

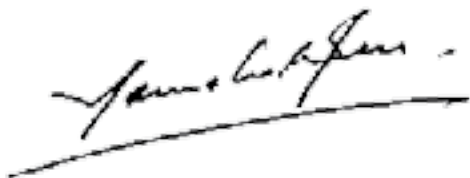
SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

The details of significant event during the financial year are disclosed in Note 32 to the financial statements.

AUDITORS

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

Approved and signed on behalf of the Board in accordance with a resolution of the Directors dated 31 March 2022.



Dato' Sri Kamaruddin bin Mohammed
Group Executive Chairman



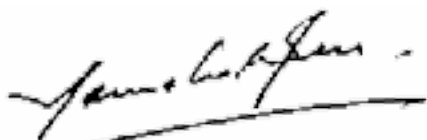
Tee Cheng Hua
Senior Executive Director

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, the undersigned, being two of the Directors of the Company, do hereby state that, in the opinion of the Directors, the accompanying financial statements as set out on pages 90 to 149 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of Companies Act 2016 in Malaysia, so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2021 and of their financial performance and cash flows for the financial year then ended.

Approved and signed on behalf of the Board in accordance with a resolution of the Directors dated 31 March 2022.



Dato' Sri Kamaruddin bin Mohammed
Group Executive Chairman



Tee Cheng Hua
Senior Executive Director

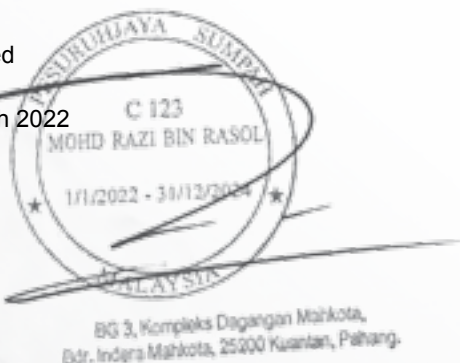
STATUTORY DECLARATION

PURSUANT TO SECTION 251(1) OF THE COMPANIES ACT 2016

I, Dato' Asmin binti Yahya (MIA No: 10161), being the Director primarily responsible for the financial management of the Group and of the Company, do solemnly and sincerely declare that the financial statements as set out on pages 90 to 149 are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the

abovenamed
at Kuantan
on 31 March 2022



Before me,



Dato' Asmin binti Yahya

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF FAR EAST HOLDINGS BERHAD
REGISTRATION NO.: 197301001753 (14809-W)
(INCORPORATED IN MALAYSIA)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Far East Holdings Berhad, which comprise the statements of financial position as at 31 December 2021 and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 90 to 149.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2021, and of their financial performance and their cash flows for the 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 IESBA Code.

Key Audit Matters

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

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

Equity accounting for associates

As disclosed in Note 13 to the financial statements, the Group has significant interests in associates, including, Prosper Capital Holdings Sdn. Bhd. ("PCH") (formerly known as Prosper Palm Oil Mill Sdn. Berhad), which has significant associates of its own and with the existence of substantial cross shareholdings in the Group.

Given the highly complex group structure which involves cross shareholdings, we identified the accounting for equity accounted associates as a key audit matter in view of the risk that the associates may not have been properly accounted for and disclosed appropriately due to the following reasons:

- (i) The magnitude of the balances; and
- (ii) The complexity of the group structure where significant time and effort was spent to navigate and examine the group structures of the associates (including its various sub-groups and the financial implications) during our review of the consolidation procedures impacting the Group. The process is further complicated by the varied locations and different management teams involved in the associates.

INDEPENDENT AUDITORS' REPORT (CONT'D)

TO THE MEMBERS OF FAR EAST HOLDINGS BERHAD
REGISTRATION NO.: 197301001753 (14809-W)
(INCORPORATED IN MALAYSIA)

Key Audit Matters (Cont'd)

Our audit performed and responses thereon

We have performed the following procedures:

- Obtained the larger corporate structure of which the Group is a component and performed reviews on the navigation of the various entities involved and the manner in which the financial results of these various entities are consolidated and/or equity accounted and/or both.
- Close interactions with various component auditors including the reviews of consolidation and audit files.
- Performed reviews with regards to the cross shareholdings and the adjustments involving the elimination of the Group's own results as the Group equity accounts for its share of profits of PCH, which has an indirect equity interest in the Group.
- Performed recomputation of the post-acquisition change in the Group's share of net assets of PCH in prior years to ensure that the consolidation adjustments been properly effected.

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

Responsibilities of the Directors for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

INDEPENDENT AUDITORS' REPORT (CONT'D)

TO THE MEMBERS OF FAR EAST HOLDINGS BERHAD
REGISTRATION NO.: 197301001753 (14809-W)
(INCORPORATED IN MALAYSIA)

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

- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- (d) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.
- (e) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- (f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors are disclosed in Note 12 to the financial statements.

Other Matter

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

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

CHUAH SOO HUAT
03002/07/2022 J
Chartered Accountant

Petaling Jaya, Selangor
Date: 31 March 2022

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

		<div>← 2021 RM</div>	<div>Group → 2020 RM</div>	<div>← 2021 RM</div>	<div>Company → 2020 RM</div>
Note					
Continuing operations					
Revenue	4	693,585,138	669,048,857	176,791,561	118,687,599
Other operating income		5,197,922	7,293,277	3,759,063	19,543,869
Fair value gain on biological assets		4,500,824	201,366	2,697,797	466,248
Employee benefits expense	6	(27,739,324)	(24,268,748)	(9,099,205)	(7,491,928)
Changes in inventories		2,871,809	737,951	-	-
Finished goods purchased		(91,107,789)	(244,725,422)	-	-
Raw material purchased		(320,539,182)	(219,196,109)	-	-
Production cess		(1,379,526)	(1,401,372)	-	-
Carriage outwards		(5,751,934)	(6,445,358)	-	-
Upkeep, repair and maintenance of assets		(4,486,228)	(4,815,865)	-	-
Utilities and fuel		(2,143,616)	(1,656,799)	-	-
Depreciation of:					
- property, plant and equipment		(24,720,179)	(22,425,597)	(13,238,934)	(11,061,954)
- right-of-use assets		(7,162,420)	(5,601,040)	(5,097,352)	(3,535,969)
Upkeep and cultivation		(30,024,457)	(25,557,340)	(14,218,153)	(11,763,448)
Harvesting		(21,080,278)	(21,544,510)	(10,797,682)	(10,523,410)
Estate general charges		(10,580,296)	(8,937,639)	(5,481,786)	(4,478,701)
Fair value gain on investment property	11	1,000,000	-	1,000,000	-
Other operating expenses		(14,316,592)	(11,400,216)	(3,663,050)	(3,017,767)
Finance income		1,263,741	531,444	1,586,120	905,580
Finance cost		(4,972,950)	(2,068,229)	(4,659,485)	(1,914,275)
Share of profit after tax of associates		68,050,490	34,436,195	-	-
Profit before tax	5	210,465,153	112,204,846	119,578,894	85,815,844
Tax expense	7	(35,628,919)	(9,054,597)	(17,837,067)	(10,073,845)
Profit for the financial year		174,836,234	103,150,249	101,741,827	75,741,999
Profit for the financial year attributable to:					
Owners of the Company		164,341,496	97,982,275	101,741,827	75,741,999
Non-controlling interests		10,494,738	5,167,974	-	-
		174,836,234	103,150,249	101,741,827	75,741,999
Other comprehensive income					
<u>Items that may be reclassified</u>					
<u>subsequently to profit or loss:</u>					
- Share of other comprehensive income of associate		68,044	(3,061,969)	-	-
Total comprehensive income for the year		174,904,278	100,088,280	101,741,827	75,741,999
Total comprehensive income attributable to:					
Owners of the Company		164,409,540	94,920,306	101,741,827	75,741,999
Non-controlling interests		10,494,738	5,167,974	-	-
		174,904,278	100,088,280	101,741,827	75,741,999
Earnings per share attributable to					
Owners of the Company (sen)					
- basic and diluted	8	27.67	16.50		

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

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

		<div>← Group →</div>	<div>← Company →</div>		
	Note	2021 RM	2020 RM	2021 RM	2020 RM
ASSETS					
Non-current assets					
Property, plant and equipment	10	319,609,679	328,030,169	198,384,800	202,565,882
Investment property	11	61,000,000	60,000,000	61,000,000	60,000,000
Investments in subsidiaries	12	-	-	18,400,302	18,400,302
Investments in associates	13	524,647,513	474,062,504	125,016,564	125,016,564
Other financial asset	14	-	-	-	-
Right-of-use assets	15	438,758,053	445,920,473	331,974,014	337,071,366
Receivables	16	-	-	-	14,488,813
Biological assets	17	634,781	474,342	-	176,450
		1,344,650,026	1,308,487,488	734,775,680	757,719,377
Current assets					
Inventories	18	10,528,019	6,066,972	1,897,613	283,572
Biological assets	17	9,303,242	4,802,418	5,127,866	2,430,069
Receivables	16	66,687,946	64,884,441	44,757,896	22,858,261
Tax recoverable		1,505,864	119,217	-	-
Deposits, cash and bank balances	19	148,350,688	79,122,650	85,469,112	46,776,164
Finance lease receivables	20	-	8,500,000	-	8,500,000
		236,375,759	163,495,698	137,252,487	80,848,066
TOTAL ASSETS		1,581,025,785	1,471,983,186	872,028,167	838,567,443
EQUITY AND LIABILITIES					
EQUITY					
Share capital	21	197,945,995	197,945,995	197,945,995	197,945,995
Retained earnings		1,052,499,377	947,473,635	480,995,273	438,637,244
Equity attributable to Owners of the Company		1,250,445,372	1,145,419,630	678,941,268	636,583,239
Non-controlling interests		43,990,382	37,154,144	-	-
TOTAL EQUITY		1,294,435,754	1,182,573,774	678,941,268	636,583,239
LIABILITIES					
Non-current liabilities					
Deferred tax liabilities	22	74,610,083	73,708,978	41,556,522	43,521,289
Lease liabilities	23	16,013,915	16,292,626	-	13,820
Borrowings	24	116,250,000	131,250,000	116,250,000	131,250,000
		206,873,998	221,251,604	157,806,522	174,785,109
Current liabilities					
Payables	25	61,891,827	47,441,386	18,148,572	8,851,612
Tax payable		2,548,543	5,410,533	2,117,984	3,292,762
Lease liabilities	23	275,663	305,889	13,821	54,721
Borrowings	24	15,000,000	15,000,000	15,000,000	15,000,000
		79,716,033	68,157,808	35,280,377	27,199,095
TOTAL LIABILITIES		286,590,031	289,409,412	193,086,899	201,984,204
TOTAL EQUITY AND LIABILITIES		1,581,025,785	1,471,983,186	872,028,167	838,567,443

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

Group	Note	← Attributable to Owners of the Company →			Non-Controlling Interests RM	Total Equity RM
		Share Capital RM	Retained Earnings RM	Total RM		
2020						
At 1 January 2020		197,945,995	873,337,659	1,071,283,654	35,364,670	1,106,648,324
Share of other comprehensive income of associate		-	(3,061,969)	(3,061,969)	-	(3,061,969)
Profit for the financial year		-	97,982,275	97,982,275	5,167,974	103,150,249
Total comprehensive income for the financial year		-	94,920,306	94,920,306	5,167,974	100,088,280
Transactions with Owners of the Company						
Dividends for the years ended						
- 31 December 2019	9	-	(8,907,570)	(8,907,570)	(3,378,500)	(12,286,070)
- 31 December 2020	9	-	(11,876,760)	(11,876,760)	-	(11,876,760)
		-	(20,784,330)	(20,784,330)	(3,378,500)	(24,162,830)
At 31 December 2020		197,945,995	947,473,635	1,145,419,630	37,154,144	1,182,573,774
2021						
At 1 January 2021		197,945,995	947,473,635	1,145,419,630	37,154,144	1,182,573,774
Share of other comprehensive income of associate		-	68,044	68,044	-	68,044
Profit for the financial year		-	164,341,496	164,341,496	10,494,738	174,836,234
Total comprehensive income for the financial year		-	164,409,540	164,409,540	10,494,738	174,904,278
Transactions with Owners of the Company						
Dividends for the years ended						
- 31 December 2020	9	-	(29,691,899)	(29,691,899)	(3,658,500)	(33,350,399)
- 31 December 2021	9	-	(29,691,899)	(29,691,899)	-	(29,691,899)
		-	(59,383,798)	(59,383,798)	(3,658,500)	(63,042,298)
At 31 December 2021		197,945,995	1,052,499,377	1,250,445,372	43,990,382	1,294,435,754

STATEMENTS OF CHANGES IN EQUITY (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

Company	Note	Share Capital RM	Retained Earnings RM	Total Equity RM
2020				
At 1 January 2020		197,945,995	383,679,575	581,625,570
Profit for the financial year, representing total comprehensive income for the financial year		-	75,741,999	75,741,999
Transactions with Owners of the Company				
Dividends for the years ended				
- 31 December 2019	9	-	(8,907,570)	(8,907,570)
- 31 December 2020	9	-	(11,876,760)	(11,876,760)
		-	(20,784,330)	(20,784,330)
At 31 December 2020		197,945,995	438,637,244	636,583,239
2021				
At 1 January 2021		197,945,995	438,637,244	636,583,239
Profit for the financial year, representing total comprehensive income for the financial year		-	101,741,827	101,741,827
Transactions with Owners of the Company				
Dividends for the years ended				
- 31 December 2020	9	-	(29,691,899)	(29,691,899)
- 31 December 2021	9	-	(29,691,899)	(29,691,899)
		-	(59,383,798)	(59,383,798)
At 31 December 2021		197,945,995	480,995,273	678,941,268

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

Note	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Operating activities				
Profit before tax	210,465,153	112,204,846	119,578,894	85,815,844
Adjustments for:				
Property, plant and equipment				
- depreciation	24,720,179	22,425,597	13,238,934	11,061,954
- (gain)/loss on disposal	(268,996)	18,756	(189,998)	(34,245)
- written off	12,805	2,374	12,178	2,292
Right-of-use assets				
- depreciation	7,162,420	5,601,040	5,097,352	3,535,969
Other receivables written off	-	22,119	-	10,826
Fair value gain on biological assets	(4,500,824)	(201,366)	(2,697,797)	(466,248)
Fair value gain on investment property	(1,000,000)	-	(1,000,000)	-
Gain on sales of biological assets	(215,489)	(433,906)	(7,506)	(275,709)
Share of profit after tax of associates	(68,050,490)	(34,436,195)	-	-
Dividend income from				
- subsidiaries	-	-	(30,387,250)	(20,086,485)
- associates	-	-	(16,678,525)	(15,938,100)
Finance cost	5 4,972,950	2,068,229	4,659,485	1,914,275
Finance income	5 (1,263,741)	(531,444)	(1,586,120)	(905,580)
Impairment loss on trade receivables	-	361,542	-	-
Reversal of impairment loss on trade receivables	(30,000)	-	-	-
Impairment on investment in associate	-	-	-	1,102,596
Reversal of impairment on investment in associates	-	-	-	(13,683,613)
Fair value loss on other financial asset	-	730,659	-	730,659
Operating profit before working capital	172,003,967	107,832,251	90,039,647	52,784,435
Changes in working capital:				
- inventories	(4,461,047)	(595,815)	(1,614,041)	(28,906)
- receivables	7,946,380	(3,040,578)	(1,119,263)	12,561,336
- payables	14,719,001	14,573,287	8,998,724	28,009
Cash generated from operations	190,208,301	118,769,145	96,305,067	65,344,874
Finance cost paid	(4,972,950)	(2,068,229)	(4,659,485)	(1,914,275)
Finance income received	1,263,741	531,444	1,586,120	905,580
Tax refunded	-	6,916,956	-	3,850,400
Tax paid	(38,976,451)	(17,353,360)	(20,976,612)	(8,294,621)
Net cash flows from operating activities	147,522,641	106,795,956	72,255,090	59,891,958
Investing activities				
Property, plant and equipment				
- purchase	(16,342,498)	(32,427,024)	(9,070,032)	(25,869,721)
- proceed from disposal	299,000	93,007	190,000	35,207
Dividend from				
- subsidiaries	-	-	30,387,250	20,086,485
- associates	17,533,525	16,793,100	16,678,525	15,938,100
Biological assets				
- purchase	(715,838)	(949,544)	(23,262)	(652,199)
- proceed from sales	770,888	1,600,612	207,218	1,161,040
Additions to right-of-use assets	-	(29,896,640)	-	(29,896,261)
Net repayment from subsidiaries	-	-	2,216,762	18,077,558
Net advances to related parties	(1,219,885)	(73,133)	(8,321)	(5,166)
Net cash flows from/(used in) investing activities	325,192	(44,859,622)	40,578,140	(1,124,957)

STATEMENTS OF CASH FLOWS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

Note	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Financing activities				
Dividends paid to:				
- Owners of the Company	(59,383,798)	(20,784,330)	(59,383,798)	(20,784,330)
- non-controlling interests	(3,658,500)	(3,378,500)	-	-
Payment for the principal portion of lease liabilities	(308,937)	(296,371)	(54,720)	(52,516)
Repayment of term loan	(15,000,000)	(3,750,000)	(15,000,000)	(3,750,000)
Draw down of revolving credit	-	26,500,000	-	26,500,000
Repayment of revolving credit	-	(26,500,000)	-	(26,500,000)
Net advances from/(repayment to) subsidiaries	-	-	249,745	(684,293)
Net (repayment to)/advances from associates	(270,011)	223,765	48,491	(6,443)
Net advances/(repayment to) related parties	1,451	(232,869)	-	-
Net cash flows used in financing activities	(78,619,795)	(28,218,305)	(74,140,282)	(25,277,582)
Net increase in cash and cash equivalents	69,228,038	33,718,029	38,692,948	33,489,419
Cash and cash equivalents at beginning of the financial year	79,122,650	45,404,621	46,776,164	13,286,745
Cash and cash equivalents at end of the financial year	148,350,688	79,122,650	85,469,112	46,776,164

(i) Cash outflows for leases as lessee are as follows:

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Included in net cash from operating activities:				
Finance cost paid in relation to lease liabilities	694,095	706,660	2,880	5,084
Payment relating to low value assets	33,812	18,871	32,595	13,713
Net cash flows used in financing activities				
Payment for the principal portion of lease liabilities	308,937	296,371	54,720	52,516
Total cash outflows for lease	1,036,844	1,021,902	90,195	71,313

(ii) Reconciliation of movements of liabilities to cash flows arising from financing activities:

	Borrowings RM	Lease liabilities RM
Group		
2021		
At 1 January	146,250,000	16,598,515
Interest expense	4,278,855	694,095
Repayment	(19,278,855)	(1,003,032)
Net changes from financing cash flows	(15,000,000)	(308,937)
At 31 December	131,250,000	16,289,578

STATEMENTS OF CASH FLOWS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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

	Borrowings RM	Lease liabilities RM
2020		
At 1 January	-	16,692,953
Additions	150,000,000	201,933
Interest expense	1,361,569	706,660
Repayment	(5,111,569)	(1,003,031)
Net changes from financing cash flows	(3,750,000)	(296,371)
At 31 December	146,250,000	16,598,515
Company		
2021		
At 1 January	146,250,000	68,541
Interest expense	4,278,855	2,880
Repayment	(19,278,855)	(57,600)
Net changes from financing cash flows	(15,000,000)	(54,720)
At 31 December	131,250,000	13,821
2020		
At 1 January	-	121,057
Additions	150,000,000	-
Interest expense	1,361,569	5,084
Repayment	(5,111,569)	(57,600)
Net changes from financing cash flows	(3,750,000)	(52,516)
At 31 December	146,250,000	68,541

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

1. CORPORATE INFORMATION

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

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

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

The financial statements were approved and authorised for issue by the Board of Directors dated on 31 March 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 Malaysia Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

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

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

Amendments to MFRS 16	Covid-19 - Related Rent Concessions
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16	Interest Rate Benchmark Reform - Phase 2
Amendments to MFRS 4	Extension of the Temporary Exemption from Applying MFRS 9

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

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

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

Effective for financial periods beginning on or after 1 April 2021

Amendments to MFRS 16	Covid-19 - Related Rent Concessions beyond 30 June 2021
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Effective for financial periods beginning on or after 1 January 2022

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2021

2. BASIS OF PREPARATION (cont'd)

(a) Statement of compliance (cont'd)

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

Effective for financial periods beginning on or after 1 January 2023

MFRS 17	Insurance Contracts
Amendments to MFRS 17	Insurance Contracts
Amendments to MFRS 17	Initial Application of MFRS 17 and MFRS 9
	- Comparative Information
Amendments to MFRS 101	Classification of Liabilities as Current or Non-Current
Amendments to MFRS 101	Disclosure of Accounting Policies
and MFRS Practice Statement 2	
Amendments to MFRS 108	Definition of Accounting Estimates
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction

Effective date to be announced

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

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

(b) Basis of measurement

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

(c) Functional and presentation currency

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

(d) Significant accounting estimates and judgements

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2021

2. BASIS OF PREPARATION (cont'd)

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

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

(i) *Income taxes*

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

(ii) *Deferred tax assets and liabilities*

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

(iii) *Investment properties*

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

3. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of consolidation

Consolidation

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2021

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(a) Basis of consolidation (cont'd)

Consolidation (cont'd)

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

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

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

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

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

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

Business combination

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2021

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(a) Basis of consolidation (cont'd)

Business combination (cont'd)

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

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

Subsidiaries

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

Non-controlling interests

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

Associates

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

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2021

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(a) Basis of consolidation (cont'd)

Transactions eliminated on consolidation

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

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

(b) Inventories

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

(c) Revenue recognition and other income recognition

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2021

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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

Dividend income

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

Interest income

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

Rental income

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

(d) Employee benefits

(i) *Short term employee benefits*

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

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

(ii) *Defined contribution plan*

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

(e) Income taxes

(i) *Current tax*

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

(ii) *Deferred tax*

Deferred tax is recognised using the liability method, on all temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is not recognised if the temporary difference arises from the initial recognition of an asset or liability in a transaction, which is not a business combination and at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to apply in the period in which the assets are realised or the liabilities are settled, based on tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2021

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(e) Income taxes (cont'd)

(ii) *Deferred tax (cont'd)*

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

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

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

(f) Earnings per share

Basic earnings per share ("EPS") is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

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

(g) Property, plant and equipment

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

(i) Recognition and measurement

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2021

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

(ii) Subsequent costs

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

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group and the Company will obtain ownership by the end of the lease term in which case they will depreciated over their useful lives.

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

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

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

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

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

(h) Bearer plants

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

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

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

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

Bearer plants – after maturity	22 years
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The policy for the recognition and measurement of impairment loss is in accordance with Note 3(m)(ii).

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2021

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(i) Leases

(i) Group and Company as a lessee

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

The right-of-use assets are subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use assets or the end of the lease term. The estimated useful lives of the right-of-use assets are determined as follows:

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

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

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

The lease liabilities are measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in rate, or if the Group and the Company change their assessment of whether they will exercise an extension or termination option.

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

(ii) Group and Company as a lessor

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2021

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(j) Borrowing costs

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

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

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

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

(k) Cash and cash equivalents

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

(l) Financial instruments

(i) Initial recognition and measurement

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

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

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

(ii) Financial instrument categories and subsequent measurement

The Group and the Company categorise financial instruments as follows:

Financial assets

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2021

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(I) Financial instruments (cont'd)

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

Financial assets (cont'd)

(a) Amortised cost

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

(b) Fair value through profit or loss

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

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

Financial liabilities

The category of financial liabilities is as follows:

Amortised cost

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

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

(iii) Offsetting

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2021

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(l) Financial instruments (cont'd)

(iv) Regular way purchase or sale of financial assets

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

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

- (a) the recognition of an asset to be received and the liability to pay for it on the trade date; and
- (b) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

(v) Derecognition

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

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

(m) Impairment

(i) Financial assets

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

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

- (i) 12-month ECL – represents the ECL that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or
- (ii) Lifetime ECL – represents the ECL that will result from all possible default events over the expected life of a financial instrument or contract asset

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2021

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(m) Impairment (cont'd)

(i) Financial assets (cont'd)

Simplified approach - trade receivables

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

General approach - other financial instruments

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2021

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(m) Impairment (cont'd)

(i) Financial assets (cont'd)

Credit impaired financial assets

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

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

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

Write-off policy

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

(ii) Non-financial assets

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2021

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(m) Impairment (cont'd)

(ii) Non-financial assets (cont'd)

An impairment loss recognised for goodwill is not reversed.

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

(n) Equity instruments

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

Ordinary shares

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

(o) Provisions

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

(p) Investment property

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2021

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(q) Biological assets

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

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

(r) Contingent liabilities

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

(s) Operating segments

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

(t) Fair value measurement

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

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

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

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

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

Level 3: Unobservable inputs for the asset or liability.

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2021

4. REVENUE

	Note	Group		Company	
		2021 RM	2020 RM	2021 RM	2020 RM
Revenue from contracts with customers					
Sale of fresh fruit bunch ("FFB")	(i)	160,481,036	107,227,778	129,725,786	82,663,014
Sale of crude palm oil, palm kernel and others	(ii)	533,104,102	561,821,079	-	-
		693,585,138	669,048,857	129,725,786	82,663,014
Dividend income					
- Subsidiaries	(iii)	-	-	30,387,250	20,086,485
- Associates	(iii)	-	-	16,678,525	15,938,100
		-	-	47,065,775	36,024,585
		693,585,138	669,048,857	176,791,561	118,687,599

Significant judgement on revenue recognition

The performance obligations and revenue recognition policies for each revenue stream are presented below:

(i) Sale of FFB

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

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

The Group is engaged in the manufacturing and trading of crude palm oil, palm kernel, oil palm shell, palm bunch ash and palm fibre. The Group entered into contracts with customers to supply crude palm oil, palm kernel and others. Revenue is recognised upon delivery and issuance of sales invoices to the customers.

(iii) Dividend income

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

Performance Obligation ("PO") of (i) and (ii)

PO is satisfied upon delivery of goods to customers and acknowledgment by customers. The credit terms granted to the customers ranged from 30 to 60 days. No allocation of transaction price is required as each contract consists of one PO only.

Timing of recognition of (i) and (ii)

Revenue is recognised at the point in time when the Group and the Company had satisfied the PO, i.e. delivery of goods to the customers. At the end of the financial year, there is no unsatisfied PO, i.e. undelivered goods.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2021

5. PROFIT BEFORE TAX

Other than those disclosed in statements of comprehensive income, the following items have been charged/(credited) in arriving at profit before tax:

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Auditors' remuneration:				
- current year	304,000	304,000	165,000	165,000
- others	10,000	10,000	10,000	10,000
Property, plant and equipment:				
- written off	12,805	2,374	12,178	2,292
- (gain)/loss on disposal	(268,996)	18,756	(189,998)	(34,245)
Finance cost:				
- bank borrowings	4,278,855	1,361,569	4,278,855	1,361,569
- lease liabilities	694,095	706,660	2,880	5,084
- loss on initial recognition of loans to a subsidiary	-	-	377,750	547,622
Other receivables written off	-	22,119	-	10,826
Impairment loss of trade receivables	-	361,542	-	-
Impairment on investment in an associate	-	-	-	1,102,596
Rental of office	4,032	2,393	-	-
Rental of parking	38,177	16,478	32,595	13,713
Fair value loss on other financial asset	-	730,659	-	730,659
Finance income:				
- hibah*	(16,745)	(11,266)	-	(1,832)
- fixed deposits	(1,021,201)	(520,178)	(613,767)	(109,020)
- REPO	(225,795)	-	(225,795)	-
- accretion of interest on loans to a subsidiary	-	-	(746,558)	(794,728)
Gain on sales of biological assets	(215,489)	(433,906)	(7,506)	(275,709)
Reversal of impairment loss on trade receivables	(30,000)	-	-	-
Rental income	(189,013)	(177,927)	(79,513)	(69,927)
Reversal of impairment on investments in associates	-	-	-	(13,683,613)

* Finance income from Hibah refers to profit earned under Shariah rulings

6. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Staff costs:				
- Salaries, bonus and other benefits	16,596,902	15,594,374	5,294,536	4,337,653
- Defined contribution plans	1,490,388	1,542,043	410,832	485,416
	18,087,290	17,136,417	5,705,368	4,823,069

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2021

6. EMPLOYEE BENEFITS EXPENSE (cont'd)

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Key management personnel:				
<i>Directors of the Company:</i>				
- Fees	2,150,000	1,357,814	890,000	687,814
- Salaries and other emoluments	4,246,682	2,819,393	1,963,289	1,448,869
	6,396,682	4,177,207	2,853,289	2,136,683
<i>Directors of the subsidiaries:</i>				
- Fees	870,000	674,918	-	-
- Salaries and other emoluments	380,569	339,135	-	-
	1,250,569	1,014,053	-	-
Other key management personnel:				
- Salaries, bonus and other benefits	1,776,686	1,734,528	474,722	468,796
- Defined contribution plans	228,097	206,543	65,826	63,380
	2,004,783	1,941,071	540,548	532,176
Total employee benefits expense	27,739,324	24,268,748	9,099,205	7,491,928

7. TAX EXPENSE

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2020: 24%) of the estimated assessable profit for the financial year.

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Current tax				
Malaysian income tax				
- Current year	35,587,210	22,480,357	20,117,984	11,809,969
- (Over)/Underprovision in previous financial years	(859,396)	51,575	(316,150)	122,163
	34,727,814	22,531,932	19,801,834	11,932,132
Deferred tax (Note 22)				
- Origination of temporary differences	3,573,337	3,524,579	742,824	3,364,594
- Overprovision in previous financial years	(2,672,232)	(17,001,914)	(2,707,591)	(5,222,881)
	901,105	(13,477,335)	(1,964,767)	(1,858,287)
Tax expense for the financial year	35,628,919	9,054,597	17,837,067	10,073,845

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2021

7. TAX EXPENSE (cont'd)

The reconciliations from the tax amount at statutory income tax rate to the Group's and to the Company's tax expense are as follows:

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Profit before tax	210,465,153	112,204,846	119,578,894	85,815,844
Tax calculated at the tax rate of 24%	50,511,637	26,929,163	28,698,935	20,595,803
Tax effect on share of results of associates	(16,332,117)	(8,264,687)	-	-
Expenses not deductible for tax purposes	5,191,464	7,340,460	3,591,921	3,224,660
(Over)/Underprovision in previous financial years				
- Current tax	(859,396)	51,575	(316,150)	122,163
- Deferred tax	(2,672,232)	(17,001,914)	(2,707,591)	(5,222,881)
Income not subject to tax	(210,437)	-	(11,430,048)	(8,645,900)
Total tax expense	35,628,919	9,054,597	17,837,067	10,073,845

8. EARNINGS PER SHARE

(a) Basic

Basic earnings per share of the Group are calculated by dividing the profit after tax attributable to Owners of the Company by the weighted average number of ordinary shares in issue during the financial year.

	2021	2020
Profit attributable to Owners of the Company (RM)	164,341,496	97,982,275
Weighted average number of ordinary shares in issue (units)	593,837,985	593,837,985
Basic and diluted earnings per share (sen)	27.67	16.50

(b) Diluted

Diluted earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to Owners of the Company by the weighted average number of ordinary shares outstanding during the financial year adjusted for the effects of dilutive potential ordinary shares.

Diluted earnings per share is the same as basic earnings per share as there is no dilutive potential ordinary shares outstanding during the financial year.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2021

9. DIVIDENDS

		Group and Company	
		2021	2020
	Paid on	RM	RM
Attributable to Owners of the Company			
Second interim single tier dividend in respect of financial year ended 31 December 2019 of 1.50 sen per ordinary share	14 July 2020	-	8,907,570
Interim single tier dividend in respect of financial year ended 31 December 2020 of 2 sen per ordinary share	22 December 2020	-	11,876,760
Final single tier dividend in respect of financial year ended 31 December 2020 of 5 sen per ordinary share	30 June 2021	29,691,899	-
Interim single tier dividend in respect of financial year ended 31 December 2021 of 5 sen per ordinary share	23 December 2021	29,691,899	-
		<u>59,383,798</u>	<u>20,784,330</u>

The Directors recommend the payment of a final single tier dividend of 5 sen per ordinary share and a special single tier dividend of 3 sen per ordinary share amounting to RM29,691,899 and RM17,815,140 respectively for the financial year ended 31 December 2021. The proposed dividends are subject to the approval of the shareholders at the forthcoming Annual General Meeting. The financial statements for current financial year do not reflect these proposed dividends. Such dividends if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2022.

		Group	
		2021	2020
	Paid on	RM	RM
Attributable to non-controlling interests:			
Final single tier dividend:			
- in respect of financial year ended 31 December 2019 of 60 sen per ordinary share	4 May 2020	-	120,000
- in respect of financial year ended 31 December 2019 of 35 sen per ordinary share	27 February 2020	-	1,715,000
- in respect of financial year ended 31 December 2019 of 60 sen per ordinary share	27 February 2020	-	1,543,500
- in respect of financial year ended 31 December 2020 of 200 sen per ordinary share	10 May 2021	400,000	-
- in respect of financial year ended 31 December 2020 of 35 sen per ordinary share	26 April 2021	1,715,000	-
- in respect of financial year ended 31 December 2020 of 60 sen per ordinary share	26 April 2021	1,543,500	-
		<u>3,658,500</u>	<u>3,378,500</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2021

10. PROPERTY, PLANT AND EQUIPMENT

	Bearer plants		Buildings RM	Plant and machineries RM	Motor vehicles, furniture, fixtures and equipment RM	Assets under construction RM	Total RM
	Mature RM	Immature RM					
Group							
2021							
Cost							
At 1 January	369,857,806	74,188,591	43,191,486	53,371,464	14,576,745	3,077,383	558,263,475
Additions	-	6,313,676	1,130,523	2,253,913	1,987,063	4,657,323	16,342,498
Reclassification	36,610,855	(36,610,855)	950,570	935,976	756,300	(2,642,846)	-
Written off	(2,125,349)	-	(56,446)	(300,758)	(620,432)	-	(3,102,985)
Disposal	-	-	-	(300,000)	(724,224)	-	(1,024,224)
At 31 December	404,343,312	43,891,412	45,216,133	55,960,595	15,975,452	5,091,860	570,478,764
Accumulated depreciation							
At 1 January	151,522,649	-	25,082,218	42,070,765	11,557,674	-	230,233,306
Charge for the financial year	17,639,715	-	2,653,231	2,658,795	1,768,438	-	24,720,179
Written off	(2,125,349)	-	(56,441)	(300,750)	(607,640)	-	(3,090,180)
Disposal	-	-	-	(270,000)	(724,220)	-	(994,220)
At 31 December	167,037,015	-	27,679,008	44,158,810	11,994,252	-	250,869,085
Carrying amount							
At 31 December	237,306,297	43,891,412	17,537,125	11,801,785	3,981,200	5,091,860	319,609,679
2020							
Cost							
At 1 January	340,217,909	35,196,086	42,823,617	49,603,805	14,050,687	2,263,232	484,155,336
Additions	25,020,400	46,178,702	476,804	1,850,667	1,125,668	3,274,783	77,927,024
Reclassification	7,186,197	(7,186,197)	-	2,415,028	-	(2,415,028)	-
Written off	(2,566,700)	-	(108,935)	(221,036)	(506,260)	-	(3,402,931)
Disposal	-	-	-	(277,000)	(93,350)	-	(370,350)
Transfer to biological asset	-	-	-	-	-	(45,604)	(45,604)
At 31 December	369,857,806	74,188,591	43,191,486	53,371,464	14,576,745	3,077,383	558,263,475
Accumulated depreciation							
At 1 January	138,641,418	-	22,254,317	40,211,893	10,359,225	-	211,466,853
Charge for the financial year	15,447,931	-	2,936,830	2,337,215	1,703,621	-	22,425,597
Written off	(2,566,700)	-	(108,929)	(219,894)	(505,034)	-	(3,400,557)
Disposal	-	-	-	(258,449)	(138)	-	(258,587)
At 31 December	151,522,649	-	25,082,218	42,070,765	11,557,674	-	230,233,306
Carrying amount							
At 31 December	218,335,157	74,188,591	18,109,268	11,300,699	3,019,071	3,077,383	328,030,169

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2021

10. PROPERTY, PLANT AND EQUIPMENT (cont'd)

	Bearer plants		Buildings RM	Plant and machineries RM	Motor vehicles, furniture, fixtures and equipment RM	Assets under construction RM	Total RM
	Mature RM	Immature RM					
Company							
2021							
Cost							
At 1 January	203,621,723	62,261,250	20,478,608	3,630,046	8,345,936	374,635	298,712,198
Additions	-	5,007,793	606,679	437,374	1,706,180	1,312,006	9,070,032
Reclassification	34,551,901	(34,551,901)	721,092	-	-	(721,092)	-
Written off	(1,688,619)	-	(56,446)	(300,758)	(466,143)	-	(2,511,966)
Disposal	-	-	-	-	(597,246)	-	(597,246)
At 31 December	236,485,005	32,717,142	21,749,933	3,766,662	8,988,727	965,549	304,673,018
Accumulated depreciation							
At 1 January	75,365,846	-	11,241,660	3,038,130	6,500,680	-	96,146,316
Additions	10,381,442	-	1,600,713	212,020	1,044,759	-	13,238,934
Written off	(1,688,619)	-	(56,441)	(300,750)	(453,978)	-	(2,499,788)
Disposal	-	-	-	-	(597,244)	-	(597,244)
At 31 December	84,058,669	-	12,785,932	2,949,400	6,494,217	-	106,288,218
Carrying amount							
At 31 December	152,426,336	32,717,142	8,964,001	817,262	2,494,510	965,549	198,384,800
2020							
Cost							
At 1 January	177,683,641	17,285,402	20,271,703	3,377,996	8,178,061	-	226,796,803
Additions	25,020,400	44,975,848	206,905	259,950	531,983	374,635	71,369,721
Transfer from a subsidiary	3,484,382	-	-	-	-	-	3,484,382
Written off	(2,566,700)	-	-	(7,900)	(363,008)	-	(2,937,608)
Disposal	-	-	-	-	(1,100)	-	(1,100)
At 31 December	203,621,723	62,261,250	20,478,608	3,630,046	8,345,936	374,635	298,712,198
Accumulated depreciation							
At 1 January	67,813,868	-	9,494,277	2,906,379	5,864,277	-	86,078,801
Additions	8,177,663	-	1,747,383	138,529	998,379	-	11,061,954
Transfer from a subsidiary	1,941,015	-	-	-	-	-	1,941,015
Written off	(2,566,700)	-	-	(6,778)	(361,838)	-	(2,935,316)
Disposal	-	-	-	-	(138)	-	(138)
At 31 December	75,365,846	-	11,241,660	3,038,130	6,500,680	-	96,146,316
Carrying amount							
At 31 December	128,255,877	62,261,250	9,236,948	591,916	1,845,256	374,635	202,565,882

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2021

10. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Acquisition of property, plant and equipment are satisfied by the following:-

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Cash	16,342,498	32,427,024	9,070,032	25,869,721
Borrowings	-	45,500,000	-	45,500,000
	16,342,498	77,927,024	9,070,032	71,369,721

11. INVESTMENT PROPERTY

	Group/Company	
	2021 RM	2020 RM
Leasehold land		
At fair value		
At 1 January	60,000,000	60,000,000
Changes in fair value	1,000,000	-
At 31 December	61,000,000	60,000,000

The fair value of the above investment property was estimated based on valuation by an independent registered valuer, which was based on market evidence of transaction prices for similar properties and, in which certain values are adjusted for differences in key attributes such as property size, time and location under the comparison method.

Fair value is determined through the comparison method using Level 3 inputs in the fair value hierarchy of MFRS 13 *Fair Value Measurement*. Changes in fair value are recognised in the statement of profit or loss during the reporting period in which they are reviewed.

There was no income derived from the above investment property. However, there is a quit rent expense of RM44,120 (2020: RM44,120).

12. INVESTMENTS IN SUBSIDIARIES

	Company	
	2021 RM	2020 RM
Unquoted shares, at cost:		
At beginning/end of the financial year	18,400,302	18,400,302

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2021

12. INVESTMENTS IN SUBSIDIARIES (cont'd)

Details of the subsidiaries, all of which are incorporated in Malaysia, are as follows:

Name of Subsidiaries	Percentage equity held		Principal activities
	2021 %	2020 %	
Held by the Company			
Dawn Oil Palm Plantations Sdn. Bhd.	100.00	100.00	Oil palm plantations
B.S. Oil Palm Plantations Sdn. Bhd.	100.00	100.00	Oil palm plantations
Spectacular Potential Sdn. Bhd. *	100.00	100.00	Investment holding
Inai Prisma Sdn. Bhd. *	100.00	100.00	Dormant company
Far East Delima Plantations Sdn. Bhd. *	80.00	80.00	Oil palm plantations
F.E. Rangkaian Sdn. Bhd. *	70.00	70.00	Oil palm plantations
Kilang Kosfarm Sdn. Bhd.	51.00	51.00	Palm oil mill
Held through Kilang Kosfarm Sdn. Bhd.			
Wujud Wawasan Sdn. Bhd. *	51.00	51.00	Palm oil mill

* Audited by auditors other than Moore Stephens Associates PLT

	Far East Delima Plantations Sdn. Bhd. RM	F.E. Rangkaian Sdn. Bhd. RM	Kilang Kosfarm Sdn. Bhd. RM	Total RM
Group				
2021				
NCI percentage of ownership interest and voting interest	20.00%	30.00%	49.00%	-
Carrying amount of NCI	7,073,258	4,430,503	32,486,621	43,990,382
Profit allocated to NCI	1,959,532	2,426,414	6,108,792	10,494,738
2020				
NCI percentage of ownership interest and voting interest	20.00%	30.00%	49.00%	-
Carrying amount of NCI	5,513,726	2,004,089	29,636,329	37,154,144
Profit allocated to NCI	815,266	972,688	3,380,020	5,167,974

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2021

12. INVESTMENTS IN SUBSIDIARIES (cont'd)

The summarised financial information (before intra-group eliminations) of the subsidiaries that have material NCI as at the end of each reporting period are as follows:

	Far East Delima Plantations Sdn. Bhd. RM	F.E. Rangkaian Sdn. Bhd. RM	Kilang Kosfarm Sdn. Bhd. RM
Group			
2021			
Assets and liabilities			
Non-current assets	38,799,377	27,788,202	25,497,102
Current assets	18,015,204	9,069,529	81,565,196
Non-current liabilities	(16,890,577)	(10,072,947)	(2,089,671)
Current liabilities	(4,557,715)	(12,016,440)	(49,442,498)
Net assets	35,366,289	14,768,344	55,530,129
Net assets attributable to:			
Owners of the Company	35,366,289	14,768,344	45,183,349
Non-controlling interests	-	-	10,346,780
Total net assets	35,366,289	14,768,344	55,530,129
Results			
Revenue	31,199,178	22,450,884	533,104,102
Profits for the financial year, representing total comprehensive income for the year	9,797,658	8,088,047	7,404,226
Dividend	(2,000,000)	-	(3,500,000)
Profits attributable to:			
Owners of the Company	9,797,658	8,088,047	7,404,226
Non-controlling interests	-	-	2,480,721
Profits for the financial year, representing total comprehensive income for the year	9,797,658	8,088,047	9,884,947
Cash flows from/(used in):			
- Operating activities	7,948,807	424,963	29,251,960
- Investing activities	(555,330)	(218,317)	(3,538,771)
- Financing activities	(2,067,956)	(26,834)	(5,168,591)
Group			
2020			
Assets and liabilities			
Non-current assets	41,558,959	29,504,665	22,939,624
Current assets	7,066,548	4,739,854	72,751,646
Non-current liabilities	(17,366,388)	(21,509,721)	(1,924,470)
Current liabilities	(3,690,488)	(6,054,501)	(43,078,118)
Net assets	27,568,631	6,680,297	50,688,682

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2021

12. INVESTMENTS IN SUBSIDIARIES (cont'd)

The summarised financial information (before intra-group eliminations) of the subsidiaries that have material NCI as at the end of each reporting period are as follows: (cont'd)

	Far East Delima Plantations Sdn. Bhd. RM	F.E. Rangkaian Sdn. Bhd. RM	Kilang Kosfarm Sdn. Bhd. RM
Group			
2020			
Net assets attributable to:			
Owners of the Company	27,568,631	6,680,297	41,279,123
Non-controlling interests	-	-	9,409,559
Total net assets	27,568,631	6,680,297	50,688,682
Results			
Revenue	22,960,024	13,440,045	561,821,079
Profits for the financial year, representing total comprehensive income for the year	4,076,330	3,242,293	5,170,415
Dividend	(600,000)	-	(3,500,000)
Profits attributable to:			
Owners of the Company	4,076,330	3,242,293	3,510,578
Non-controlling interests	-	-	1,659,837
Profits for the financial year, representing total comprehensive income for the year	4,076,330	3,242,293	5,170,415
Cash flows from/(used in):			
- Operating activities	17,191	1,155,705	13,435,489
- Investing activities	(270,206)	(371,740)	(830,779)
- Financing activities	(665,220)	(25,754)	(4,580,362)

13. INVESTMENTS IN ASSOCIATES

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
At cost				
Unquoted shares				
At 1 January	156,762,425	150,318,906	126,119,160	126,119,160
Reclassification	-	6,443,519	-	-
At 31 December	156,762,425	156,762,425	126,119,160	126,119,160
Less: Accumulated impairment loss				
At 1 January	-	-	(1,102,596)	(13,683,613)
Additions	-	-	-	(1,102,596)
Reversal	-	-	-	13,683,613
At 31 December	-	-	(1,102,596)	(1,102,596)
	156,762,425	156,762,425	125,016,564	125,016,564

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2021

13. INVESTMENTS IN ASSOCIATES (cont'd)

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Add: Share of post-acquisition results				
At 1 January	317,300,079	309,162,472	-	-
Profit for the financial year	68,050,490	34,436,195	-	-
Other comprehensive income	68,044	(3,061,969)	-	-
Dividend	(17,533,525)	(16,793,100)	-	-
Reclassification	-	(6,443,519)	-	-
Total additions	50,585,009	8,137,607	-	-
At 31 December	367,885,088	317,300,079	-	-
	524,647,513	474,062,504	125,016,564	125,016,564

a) The details of the associates, all of which are incorporated in Malaysia, are as follows:

		Percentage equity held	
Name of companies	Principal activities	2021	2020
Held by the Company			
Future Prelude Sdn. Bhd. ("FPSB")	Manufacturing and exporting of palm oil, fatty acids and chemicals compounds or derivatives	47.17%	47.17%
Kampong Aur Oil Palm Company (Sdn.) Berhad ("KAOP")	Oil palm plantations	40.61%	40.61%
Prosper Capital Holdings Sdn. Bhd. ("PCH") (formerly known as Prosper Palm Oil Mill Sdn. Berhad)	Operating of palm oil mill and oil palm plantation	40.00%	40.00%
Business & Budget Hotels (Kuantan) Sdn. Bhd. ("BBHSB")	Hotel and resort operator	36.29%	36.29%
Held by KAOP			
Madah Perkasa Sdn. Bhd.	Oil palm plantations	100.00%	100.00%
Held through Kilang Kosfarm Sdn. Bhd.			
Jaspurna Holdings Sdn. Bhd.	Investment holding	45.00%	45.00%
PGC Management Services Sdn. Bhd.	Marketing of crude palm oil and management services	30.00%	30.00%

All of the financial statements of these associates were audited by auditors other than Moore Stephens Associates PLT.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2021

13. INVESTMENTS IN ASSOCIATES (cont'd)

- b) Summarised financial information in respect of the Group's material associates is set out below. The summarised financial information represents the amounts of the financial statements of the associates and not the Group's share of those amounts.

2021	PCH RM	FPSB RM	KAOP RM	Others RM	Total RM
Assets and liabilities					
Non-current assets	879,680,363	92,248,783	161,438,597	62,394,199	1,195,761,942
Current assets	201,547,100	149,800,370	26,665,686	42,085,243	420,098,399
Non-current liabilities	(9,955,471)	(10,115,000)	(31,182,000)	(34,116,149)	(85,368,620)
Current liabilities	(53,195,431)	(41,499,646)	(7,678,076)	(34,623,131)	(136,996,284)
Net assets	1,018,076,561	190,434,507	149,244,207	35,740,162	1,393,495,437
Less: Share of Group's results in associate *	(112,259,723)	-	-	-	(112,259,723)
Non-controlling interest	-	-	-	(4,837,878)	(4,837,878)
Adjusted net assets attributable to Owners	905,816,838	190,434,507	149,244,207	30,902,284	1,276,397,836
Results					
Revenue	414,416,477	821,593,000	81,984,448	232,625,525	1,550,619,450
Profit for the financial year	108,428,796	25,140,732	38,553,178	3,444,972	175,567,678
Less: Share of Group's results in associate *	(9,535,768)	-	-	-	(9,535,768)
Non-controlling interest	-	-	-	(1,640,235)	(1,640,235)
Adjusted profit for the financial year attributable to Owners	98,893,028	25,140,732	38,553,178	1,804,737	164,391,675
Other comprehensive income	-	-	-	28,692	28,692
Total comprehensive income	98,893,028	25,140,732	38,553,178	1,833,429	164,420,367
Dividend	(5,250,000)	-	(35,898,852)	(2,150,000)	(43,298,852)
2020					
Assets and liabilities					
Non-current assets	814,709,536	88,618,969	161,115,556	63,354,820	1,127,798,881
Current assets	169,640,365	132,141,268	20,265,687	34,821,383	356,868,703
Non-current liabilities	(20,432,941)	(3,607,000)	(30,300,000)	(35,086,870)	(89,426,811)
Current liabilities	(49,019,195)	(51,859,462)	(4,491,362)	(28,072,835)	(133,442,854)
Net assets	914,897,765	165,293,775	146,589,881	35,016,498	1,261,797,919
Less: Share of Group's results in associate *	(102,723,955)	-	-	-	(102,723,955)
Non-controlling interest	-	-	-	(3,797,643)	(3,797,643)
Adjusted net assets attributable to Owners	812,173,810	165,293,775	146,589,881	31,218,855	1,155,276,321

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2021

13. INVESTMENTS IN ASSOCIATES (cont'd)

- b) Summarised financial information in respect of the Group's material associates is set out below. The summarised financial information represents the amounts of the financial statements of the associates and not the Group's share of those amounts. (cont'd)

2020	PCH RM	FPSB RM	KAOP RM	Others RM	Total RM
Results					
Revenue	251,292,663	533,592,618	65,130,616	162,177,419	1,012,193,316
Profit for the financial year	41,432,207	8,296,843	41,785,346	2,312,393	93,826,789
Less: Share of Group's results in associate *	(5,371,954)	-	-	-	(5,371,954)
Non-controlling interest	-	-	-	(783,421)	(783,421)
Adjusted profit for the financial year attributable to Owners	36,060,253	8,296,843	41,785,346	1,528,972	87,671,414
Other comprehensive income	-	-	-	(8,437,500)	(8,437,500)
Total comprehensive income	36,060,253	8,296,843	41,785,346	(6,908,528)	79,233,914
Dividend	(5,250,000)	-	(33,138,361)	(3,200,000)	(41,588,361)

* The profit for the financial year and net assets of PCH include an indirect share of the Group's financial results as PCH's 44.68% owned associate, Prosper Trading Sdn. Bhd., has a 23.73% equity interest in the Group. For accounting and disclosure purposes, these amounts have been excluded to arrive at the Group's share of PCH's financial results and net assets.

- c) Reconciliation of the summarised financial information presented above to the carrying amount of the Group's interests in associates:

2021	PCH RM	FPSB RM	KAOP RM	Others RM	Total RM
Reconciliation of net assets to carrying amount at end of the financial year					
Group's share of net assets, representing carrying amount in the statements of financial position	362,326,735	89,827,957	60,608,072	11,884,749	524,647,513
Group's share of results for the financial year ended 31 December					
Profit for the financial year	39,557,212	11,858,881	15,656,446	977,951	68,050,490
Other comprehensive income	-	-	-	68,044	68,044
Dividend	(2,100,000)	-	(14,578,525)	(855,000)	(17,533,525)
Total comprehensive income	37,457,212	11,858,881	1,077,921	190,995	50,585,009

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2021

13. INVESTMENTS IN ASSOCIATES (cont'd)

- c) Reconciliation of the summarised financial information presented above to the carrying amount of the Group's interests in associates:

2020	PCH RM	FPSB RM	KAOP RM	Others RM	Total RM
Reconciliation of net assets to carrying amount at end of the financial year					
Group's share of net assets, representing carrying amount in the statements of financial position	324,869,523	77,969,076	59,530,151	11,693,754	474,062,504
Group's share of results for the financial year ended 31 December					
Profit for the financial year	14,424,100	3,913,623	16,968,641	(870,169)	34,436,195
Other comprehensive income	-	-	-	(3,061,969)	(3,061,969)
Dividend	(2,100,000)	-	(13,457,100)	(1,236,000)	(16,793,100)
Total comprehensive income	12,324,100	3,913,623	3,511,541	(5,168,138)	14,581,126

14. OTHER FINANCIAL ASSET

	Group and Company	
	2021 RM	2020 RM
At fair value through profit or loss:		
Unquoted shares	3,000,000	3,000,000
Changes in fair value:		
At 1 January	(3,000,000)	(2,269,341)
Fair value loss	-	(730,659)
At 31 December	(3,000,000)	(3,000,000)
	-	-

This investment does not have a quoted market price in an active market and hence, the fair value was derived based on the Group's and on the Company's share of net assets of the investee. The investee does not have the latest available financial information since 31 December 2020. As the investee company is dormant and there was no development during the financial year, the Group and the Company has determined the fair value to be nil.

The fair value of the Group's and of the Company's other financial asset were within Level 3 of the fair value hierarchy.

There were no transfers between all three levels of the fair value hierarchy during the financial year.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2021

15. RIGHT-OF-USE ASSETS

	Office units RM	Leasehold land RM	Lease of land RM	Total RM
Group				
2021				
Cost				
At 1 January/31 December	866,207	450,662,797	16,246,366	467,775,370
Accumulated depreciation				
At 1 January	352,020	20,890,108	612,769	21,854,897
Charge for the financial year	211,976	6,644,061	306,383	7,162,420
At 31 December	563,996	27,534,169	919,152	29,017,317
Net carrying amount				
At 31 December	302,211	423,128,628	15,327,214	438,758,053
2020				
Cost				
At 1 January	663,895	316,266,536	16,246,366	333,176,797
Addition	202,312	134,396,261	-	134,598,573
At 31 December	866,207	450,662,797	16,246,366	467,775,370
Accumulated depreciation				
At 1 January	140,044	15,807,429	306,384	16,253,857
Charge for the financial year	211,976	5,082,679	306,385	5,601,040
At 31 December	352,020	20,890,108	612,769	21,854,897
Net carrying amount				
At 31 December	514,187	429,772,689	15,633,597	445,920,473
	Office units RM	Leasehold land RM		Total RM
Company				
2021				
Cost				
At 1 January/31 December	157,636	349,860,125		350,017,761
Accumulated depreciation				
At 1 January	91,953	12,854,442		12,946,395
Charge for the financial year	52,544	5,044,808		5,097,352
At 31 December	144,497	17,899,250		18,043,747
Net carrying amount				
At 31 December	13,139	331,960,875		331,974,014

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2021

15. RIGHT-OF-USE ASSETS (cont'd)

	Office units RM	Leasehold land RM	Total RM
2020			
Cost			
At 1 January	157,636	215,463,864	215,621,500
Addition	-	134,396,261	134,396,261
At 31 December	157,636	349,860,125	350,017,761
Accumulated depreciation			
At 1 January	39,409	9,371,017	9,410,426
Charge for the financial year	52,544	3,483,425	3,535,969
At 31 December	91,953	12,854,442	12,946,395
Net carrying amount			
At 31 December	65,683	337,005,683	337,071,366

(i) Acquisition of right-of-use assets are satisfied by the following:-

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Cash	-	29,896,640	-	29,896,261
Borrowings	-	104,500,000	-	104,500,000
Lease arrangement	-	201,933	-	-
	-	134,598,573	-	134,396,261

(ii) Certain leasehold land of the Company with net carrying amount of RM110,451,220 (2020: RM112,583,393) are held as security for term loan facilities as disclosed in Note 24.

16. RECEIVABLES

		Group		Company	
		2021 RM	2020 RM	2021 RM	2020 RM
<u>Non-current</u>					
Amount due from a subsidiary	(iii)	-	-	-	14,488,813
<u>Current</u>					
Trade receivables	(i)	4,749,585	13,527,665	1,787,578	1,397,301
Other receivables		2,389,231	2,348,958	1,325,259	1,529,600
Deposits	(ii)	5,844,930	4,994,298	5,754,407	4,703,102
Prepayments		236,690	202,817	10,548	12,670
Amounts due from subsidiaries	(iii)	-	-	20,885,229	7,824,098
Amounts due from associates	(iv)	8,696,009	3,131,634	8,696,009	3,131,634
Amounts due from related parties	(v)	45,103,043	41,040,611	6,298,866	4,259,856
		67,019,488	65,245,983	44,757,896	22,858,261
Less: Impairment loss of trade receivables		(331,542)	(361,542)	-	-
		66,687,946	64,884,441	44,757,896	37,347,074

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2021

16. RECEIVABLES (cont'd)

The movement in the impairment loss during the financial year are as follows:

	Group	
	2021 RM	2020 RM
At 1 January	361,542	-
Additions	-	361,542
Reversal	(30,000)	-
At 31 December	331,542	361,542

(i) Trade receivables

Credit terms of trade receivables granted by the Group and the Company range from 30 to 60 days (2020: 30 to 60 days).

(ii) Deposits

(a) Included in both the Group's and the Company's deposits are RM4,051,489 (2020: RM4,051,489) paid to Pengarah Tanah dan Galian Pahang and Pentadbir Tanah Daerah Pekan for the alienation of 433.5 acres (2020: 433.5 acres) of land.

(b) Included in both the Group's and the Company's deposits are RM1,494,804 (2020: RM494,804) paid to PHG Plantation Sdn. Bhd. and Perbadanan Setiausaha Kerajaan Pahang for the alienation of 300 acres (2020: 300 acres) of land.

(iii) Amounts due from subsidiaries

	Company	
	2021 RM	2020 RM
Amounts due from subsidiaries		
- Trade	1,688,682	899,602
- Non-trade	19,196,547	21,413,309
	20,885,229	22,312,911

The trade balances are unsecured, interest free and are subject to normal credit terms of 30 to 60 days (2020: 30 to 60 days).

The non-trade balances are loans and advances, which are unsecured, free of interest and collectible on demand except for an amount due from a subsidiary of RM Nil (2020: RM14,488,813), which is collectible in Nil years (2020: 2 to 4 years) bearing an average interest of approximately 2.55% per annum (2020: 2.73%).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2021

16. RECEIVABLES (cont'd)

(iii) Amounts due from subsidiaries (cont'd)

	Company	
	2021 RM	2020 RM
Non-current		
- later than 1 year and not later than 4 years	-	15,645,570
Current		
- not later than 1 year	22,419,734	8,570,654
	22,419,734	24,216,224
Less accretion:		
At January	1,903,313	2,150,419
Initial recognition	377,750	547,622
Credited to profit or loss	(746,558)	(794,728)
At December	1,534,505	1,903,313
	20,885,229	22,312,911
Present value:		
- not later than 1 year	20,885,229	7,824,098
- later than 1 year and not later than 4 years	-	14,488,813
	20,885,229	22,312,911

(iv) Amounts due from associates

The amounts due from associates are trade in nature which are collectible within the normal credit period.

(v) Amounts due from related parties

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Amounts due from related parties				
- Trade	43,814,349	40,971,802	6,285,379	4,254,690
- Non-trade	1,288,694	68,809	13,487	5,166
	45,103,043	41,040,611	6,298,866	4,259,856

The trade balances are unsecured, interest free and are subject to normal credit terms of 30 to 60 days (2020: 30 to 60 days).

The non-trade balances are loans and advances, which are unsecured, free of interest and collectible on demand.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2021

17. BIOLOGICAL ASSETS

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Non-current:				
At cost				
- Seedlings	634,781	474,342	-	176,450
Current:				
At fair value				
- Unharvested FFB	9,303,242	4,802,418	5,127,866	2,430,069
	9,938,023	5,276,760	5,127,866	2,606,519
Seedlings, at cost				
At 1 January	474,342	645,900	176,450	409,582
Additions	715,838	949,544	23,262	652,199
Disposal	(555,399)	(1,166,706)	(199,712)	(885,331)
Transfer from PPE	-	45,604	-	-
At 31 December	634,781	474,342	-	176,450
Unharvested FFB, at fair value				
At 1 January	4,802,418	4,601,052	2,430,069	1,963,821
Changes in fair value	4,500,824	201,366	2,697,797	466,248
At 31 December	9,303,242	4,802,418	5,127,866	2,430,069
	9,938,023	5,276,760	5,127,866	2,606,519

The biological assets have the following maturity periods:

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Group				
Current:				
Due not later than one year	9,303,242	4,802,418	5,127,866	2,430,069
Non-current:				
More than one year	634,781	474,342	-	176,450

The biological assets of the Group and of the Company comprise of:

- (i) FFB prior to harvest (unharvested FFB)

Represents the FFB of up to 15 days prior to harvest for sale or for use in the Group's and the Company's palm product operations. During the current financial year, the Group and the Company harvested approximately 289,985 metric tonnes ("MT") of FFB (2020: 316,710 MT) and 152,020 MT of FFB (2020: 158,429 MT) respectively. The quantity of unharvested FFB of the Group and of the Company as at 31 December 2021 included in the fair valuation of unharvested FFB was 8,017 MT (2020: 5,870 MT) and 4,400 MT (2020: 2,999 MT) respectively.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2021

17. BIOLOGICAL ASSETS (cont'd)

(i) FFB prior to harvest (unharvested FFB) (cont'd)

The Group and the Company attribute a fair value on the unharvested FFB at each statements of financial position date as required under MFRS 141 Agriculture. FFB are the produce of oil palm trees and are harvested continuously throughout the financial year. Each FFB take approximately 22 weeks from pollination to reach maximum oil content to be ready for harvesting. The value of each FFB at cash point of the FFB production cycle will vary based on the cumulative oil content in each fruit.

In determining the fair value of unharvested FFB, management uses estimates of cash flows using the expected output method and observable market price of FFB. Management has considered the oil content of all unripe FFB from the week after pollination to the week prior to harvest. As the oil content accrues exponentially in the 2 weeks prior to harvest, the FFB prior to 2 weeks before harvesting is excluded in the valuation as the fair values are considered negligible.

The fair value of the Group's and of the Company's unharvested FFB were within Level 3 of the fair value hierarchy.

There were no transfers between all three levels of the fair value hierarchy during the financial year.

Sensitivity analysis

The sensitivity analysis below indicates the approximate change in the Group's and the Company's fair value of FFB that would arise if the following key estimates and assumptions adopted in the valuation model had changed at the reporting date, assuming all other estimates, assumptions and other variables remained constant.

	Increase/ (decrease) in price and volume RM	Increase/ (decrease) in fair value of biological assets RM
Group		
2021		
Selling price (RM)	10%	983,281
	(10%)	(983,281)
Production volume (MT)	10%	930,324
	(10%)	(930,324)
2020		
Selling price (RM)	10%	516,542
	(10%)	(516,542)
Production volume (MT)	10%	480,242
	(10%)	(480,242)
2021		
Selling price (RM)	10%	542,109
	(10%)	(542,109)
Production volume (MT)	10%	512,787
	(10%)	(512,787)
2020		
Selling price (RM)	10%	261,530
	(10%)	(261,530)
Production volume (MT)	10%	243,007
	(10%)	(243,007)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2021

17. BIOLOGICAL ASSETS (cont'd)

(ii) Seedlings

Seedlings represent oil palm seedlings for sale recognised at cost less accumulated impairment loss, if any. The fair value of these nurseries approximate to their costs as these seedlings are aged less than four months as at the financial year end.

18. INVENTORIES

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
At cost				
Finished goods	7,833,296	5,028,216	-	-
Raw materials	340,421	250,338	-	-
Consumables	2,354,302	788,418	1,897,613	283,572
	10,528,019	6,066,972	1,897,613	283,572

19. DEPOSITS, CASH AND BANK BALANCES

	2021 RM	2020 RM
Group		
Deposits with licensed banks	85,694,497	36,879,825
Cash and bank balances	62,656,191	42,242,825
	148,350,688	79,122,650
Company		
Deposits with licensed banks	79,835,004	32,520,862
Cash and bank balances	5,634,108	14,255,302
	85,469,112	46,776,164

The effective weighted average interest/profit rates (per annum) of the deposits at the end of the financial year were as follows:

	2021	2020
Group		
Deposits with licensed banks	1.53%	1.58%
Company		
Deposits with licensed banks	1.45%	1.56%

As at 31 December 2021, the deposits of the Group and of the Company have maturity periods between 30 to 90 days (2020: 30 to 90 days).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2021

20. FINANCE LEASE RECEIVABLES

In the prior year, the Group and the Company have classified the mill purchased from Harn Len Corporation Berhad as finance lease as the mill has been leased for the whole of the remaining term of the leasehold land to an associate, and term of the payment is within 3 tranches over a short period of time since inception, with the remaining balance to be paid within 3 months from the previous financial year end. The movement on the finance lease receivables are as follows:

	2021 RM	2020 RM
Group and Company		
As at 1 January	8,500,000	-
New leases entered into during the financial year	-	15,000,000
Lease payments received during the financial year	(8,500,000)	(6,500,000)
As at 31 December	-	8,500,000
Current	-	8,500,000

The following table sets out a maturity analysis of lease receivables, showing the undiscounted lease payments to be received after the reporting date:

	2021 RM	2020 RM
Within one year, representing net investment in the lease	-	8,500,000

21. SHARE CAPITAL

	2021 Units	Group and Company 2020 Units	2021 RM	2020 RM
Ordinary shares				
Issued and fully paid				
At beginning/end of the year	593,837,985	593,837,985	197,945,995	197,945,995

The holders of ordinary shares are entitled to receive dividends as declared from time to time and is entitled to one vote per share at meetings of the Company. All shares rank equally with regards to the Company's residual assets.

22. DEFERRED TAX LIABILITIES

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
At beginning of the year	73,708,978	87,186,313	43,521,289	45,379,576
Recognised in profit or loss (Note 7)	901,105	(13,477,335)	(1,964,767)	(1,858,287)
At end of the year	74,610,083	73,708,978	41,556,522	43,521,289

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2021

22. DEFERRED TAX LIABILITIES (cont'd)

This is in respect of estimated deferred tax liabilities arising from temporary differences as follows:

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Group				
Deferred tax liabilities				
- property, plant and equipment	63,430,390	60,551,185	31,329,466	30,897,638
- others	11,179,693	13,157,793	10,227,056	12,623,651
	<u>74,610,083</u>	<u>73,708,978</u>	<u>41,556,522</u>	<u>43,521,289</u>

23. LEASE LIABILITIES

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Current	275,663	305,889	13,821	54,721
Non-current	16,013,915	16,292,626	-	13,820
Total lease liabilities	<u>16,289,578</u>	<u>16,598,515</u>	<u>13,821</u>	<u>68,541</u>
Minimum lease payments				
- Not later than 1 year	956,933	1,000,133	14,400	57,600
- Later than 1 year and not later than 5 years	3,221,980	3,412,160	-	14,400
- More than 5 years	34,845,384	35,615,036	-	-
	<u>39,024,297</u>	<u>40,027,329</u>	<u>14,400</u>	<u>72,000</u>
Less: unexpired finance charges	(22,734,719)	(23,428,814)	(579)	(3,459)
	<u>16,289,578</u>	<u>16,598,515</u>	<u>13,821</u>	<u>68,541</u>
Present value of lease liabilities				
- Not later than 1 year	275,663	305,889	13,821	54,721
- Later than 1 year and not later than 5 years	577,749	740,019	-	13,820
- More than 5 years	15,436,166	15,552,607	-	-
	<u>16,289,578</u>	<u>16,598,515</u>	<u>13,821</u>	<u>68,541</u>

The Group and the Company lease various office units and leasehold lands. Rental contracts for office units are made for fixed periods of 3 to 5 years but have extension options and the leases of lands are made for fixed period of 60 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2021

23. LEASE LIABILITIES (cont'd)

The movement of lease liabilities during the financial year are as follows:

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
At 1 January	16,598,515	16,692,953	68,541	121,057
Addition	-	201,933	-	-
Interest charge	694,095	706,660	2,880	5,084
Payment of:				
- principal	(308,937)	(296,371)	(54,720)	(52,516)
- interest	(694,095)	(706,660)	(2,880)	(5,084)
At 31 December	16,289,578	16,598,515	13,821	68,541

Interest rate per annum as at the reporting date for the lease liabilities for the Group and for the Company are 4.2% (2020: 4.2%).

24. BORROWINGS

	Group/Company	
	2021 RM	2020 RM
Term loan (secured)		
Current liabilities	15,000,000	15,000,000
Non-current liabilities	116,250,000	131,250,000
Total borrowings	131,250,000	146,250,000
Maturity profile of borrowings:		
On demand or within 1 year	15,000,000	15,000,000
More than 1 year and less than 2 years	15,000,000	15,000,000
More than 2 years and less than 5 years	45,000,000	45,000,000
More than 5 years	56,250,000	71,250,000
	131,250,000	146,250,000

The interest rate per annum at the reporting date for borrowings is 2.85%.

The term loan of the Group and of the Company is secured by certain leasehold land of the Group as disclosed in Note 15.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2021

25. PAYABLES

	Note	Group		Company	
		2021 RM	2020 RM	2021 RM	2020 RM
Trade payables	(i)	30,113,677	21,227,882	3,581,696	1,232,018
Other payables		4,548,768	3,814,624	442,030	288,523
Deposits		27,110	29,880	9,110	11,880
Accruals		16,760,382	8,994,444	10,544,962	4,046,653
Amounts due to subsidiaries	(ii)	-	-	3,522,283	3,272,538
Amounts due to associates	(iii)	158,283	428,294	48,491	-
Amounts due to related parties	(iv)	10,283,607	12,946,262	-	-
		61,891,827	47,441,386	18,148,572	8,851,612

(i) Trade payables

The Group's and the Company's normal trade credit terms range from 30 to 90 days (2020: 30 to 90 days). Other credit terms are assessed on a case-by-case basis.

(ii) Amounts due to subsidiaries

The amounts due to subsidiaries are non-trade in nature, unsecured, interest-free, repayable on demand and are expected to be settled in cash.

(iii) Amounts due to associates

The amounts due to associate are non-trade in nature, unsecured, interest-free, repayable on demand and are expected to be settled in cash.

(iv) Amounts due to related parties

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Amounts due to related parties				
- Trade	9,926,104	12,590,210	-	-
- Non-trade	357,503	356,052	-	-
	10,283,607	12,946,262	-	-

The trade balances are unsecured, interest-free and are subject to normal credit terms of 30 to 90 days (2020: 30 to 90 days).

The non-trade balances are loans and advances, which are unsecured, interest-free, repayable on demand and are expected to be settled in cash.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2021

26. RELATED PARTIES

Identity of related parties

For the purpose of these financial statements, parties are considered to be related to the Group and to the Company if the Group and the Company have the ability to directly control the party or exercise significant influence over the party in making financial and operating decision, or vice versa, or where the Group and the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Other related parties and their relationship are as follows:

Related parties

- PGC Management Services Sdn. Bhd. ("PGC")
- Kilang Sawira Makmur Sdn. Bhd. ("KSM")
- Rompin Palm Oil Mill Sdn. Bhd. ("RPOM")
- Endau Palm Oil Mill Sdn. Bhd. ("EPOM")
- Prosper Trading Sdn. Bhd. ("PTSB")
- Prosper Palm Oil Products Marketing Sdn. Bhd. ("PPOP")
- Wujud Wawasan Sdn. Bhd.
- Koperasi Serbausaha Makmur Berhad ("KOSMA")
- LKPP Corporation Sendirian Berhad ("LKPP Corp.")
- Merchong Palm Oil Mill Sdn. Bhd. ("MPOM")

Relationship

Associate of Kilang Kosfarm Sdn. Bhd.
Associate of Kilang Kosfarm Sdn. Bhd.
Prosper Capital Holdings Sdn. Bhd. ("PCH") (formerly known as Prosper Palm Oil Mill Sdn. Berhad) holds 30% equity in RPOM
PTSB holds 32% equity in EPOM
Substantial shareholder of the Company
PCH holds 30% equity interest in PPOP
51% subsidiary of Kilang Kosfarm Sdn. Bhd.
Shareholder of Wujud Wawasan Sdn. Bhd.
Shareholder of the Company
EPOM and Insan Sejahtera Sdn. Bhd. hold 60% and 15% equity interest in MPOM respectively

Related party transactions

The Group and the Company have related party relationships with its subsidiaries, associates, related parties, Directors and key management personnel. Related parties refer to companies in which certain Directors of the Company have substantial financial interests and/or are also Directors of the companies. The related party balances are shown in Notes 16 and 25 respectively. The related party transactions of the Group and of the Company are disclosed as follows:

	Company	
	2021	2020
	RM	RM
Transactions with subsidiaries:		
<u>Dividend income</u>		
- Dawn Oil Palm Plantations Sdn. Bhd.	12,601,050	7,920,660
- B.S. Oil Palm Plantations Sdn. Bhd.	14,401,200	9,900,825
- Far East Delima Plantations Sdn. Bhd.	1,600,000	480,000
- Kilang Kosfarm Sdn. Bhd.	1,785,000	1,785,000
<u>Sale of FFB</u>		
- Kilang Kosfarm Sdn. Bhd.	18,418,057	11,129,199

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2021

26. RELATED PARTIES (cont'd)

Related party transactions (cont'd)

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Transactions with associates:				
<u>Dividend income</u>				
- PCH	-	-	2,100,000	2,100,000
- KAOP	-	-	14,578,525	13,457,100
- BBHSB	-	-	-	381,000
<u>Sale of FFB</u>				
- PCH	42,508,262	16,649,913	42,508,262	16,649,913
<u>Purchase of FFB</u>				
- PCH	212,893	492,291	-	-
- KAOP	36,508,585	24,351,175	-	-
<u>Sale of crude palm oil and palm kernel</u>				
- FPSB	224,261,893	176,093,662	-	-
- PCH	182,619	1,765,628	-	-
<u>Purchase of crude palm oil and palm kernel</u>				
- FPSB	525,672	-	-	-
- PCH	2,244,700	21,457,366	-	-
<u>Management fee payable to</u>				
- PGC	2,177,600	3,411,980	-	-
Transactions with related parties:				
<u>Sale of FFB</u>				
- RPOM	1,489,686	-	28,444	-
- LKPP Corp.	1,960,791	1,373,253	1,960,791	1,373,253
- KSM	35,415,415	23,845,247	35,415,415	23,845,247
- EPOM	1,083,561	688,827	44,500	8,547
- MPOM	55,896,753	36,649,606	1,012,246	132,830
<u>Purchase of FFB</u>				
- EPOM	85,477	-	-	-
- KOSMA	206,536,781	130,481,876	-	-
<u>Sale of crude palm oil and palm kernel</u>				
- PTSB	46,300,897	35,677,802	-	-
- PPOPM	30,310,925	14,944,628	-	-
- EPOM	2,466,974	3,508,177	-	-
- RPOM	20,996,966	6,690,685	-	-
- KSM	1,839,869	-	-	-
- MPOM	4,479,383	1,062,378	-	-
<u>Purchase of crude palm oil and palm kernel</u>				
- EPOM	36,229,925	59,643,171	-	-
- RPOM	33,411,557	43,406,247	-	-
- MPOM	10,370,320	-	-	-
- KSM	1,403,133	14,910,118	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2021

26. RELATED PARTIES (cont'd)

Compensation of key management personnel

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company either directly or indirectly. The key management personnel include all the Directors and certain members of senior management of the Group and of the Company.

Remuneration paid by the Group and the Company to key management personnel during the financial year has been disclosed in Note 6.

27. SEGMENTAL INFORMATION

No segmental reporting has been prepared as the Group activities are predominantly in plantation related activities, which are carried out in Malaysia.

28. CAPITAL COMMITMENTS

Capital expenditures not provided for in the financial statements are as follows:

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Authorised by the Directors and not contracted for	22,009,379	26,865,996	16,773,194	22,555,312
Analysed as follows:				
- property, plant and equipment	6,115,240	8,429,670	2,750,240	4,781,470
- oil palm plantation development	8,344,139	9,486,326	6,472,954	8,823,842
- acquisition of land	7,550,000	8,950,000	7,550,000	8,950,000
	22,009,379	26,865,996	16,773,194	22,555,312
Authorised by the Directors and contracted for	2,318,603	1,757,451	1,760,758	1,593,180
Analysed as follows:				
- property, plant and equipment	1,149,577	1,314,000	880,177	1,282,850
- oil palm plantation development	1,169,026	443,451	880,581	310,330
	2,318,603	1,757,451	1,760,758	1,593,180

29. FINANCIAL INSTRUMENTS

Categories of financial instruments

The Group's and the Company's financial assets and financial liabilities are all categorised at amortised cost except for other financial asset which is categorised as fair value through profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2021

29. FINANCIAL INSTRUMENTS (cont'd)

Financial Risk Management Objectives and Policies

The Group's and the Company's activities are exposed to a variety of financial risks which include credit risk and liquidity risk. The Group's and the Company's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's and the Company's financial performance.

Risk management is an integral to the whole business of the Group and of the Company. Management continually monitors the Group's and the Company's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in the market conditions and the Group's and the Company's activities.

There have been no changes to the Group's and the Company's exposure to these financial risks or the manner in which they manage and measure the risk.

(a) Credit risk

Credit risk is the risk of financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's and the Company's exposure to credit risk arises principally from their receivables (which consist of trade and other receivables, amounts due from subsidiaries, amounts due from associates and amounts due from related parties). For other financial assets (including cash and bank balances and fixed deposits with licensed banks), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties. There are no significant changes as compared to prior periods.

Trade receivables

Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit risk is minimised and monitored via strictly limiting the Group's and the Company's associations to business partners with good credit rating. Credit evaluations are performed on all customers requiring credit over a certain amount.

At each reporting date, the Group and the Company assess whether any of the trade receivables are credit impaired.

There are no significant changes as compared to previous financial year.

Exposure to credit risk, credit quality and collateral

As the Group and the Company do not hold any collateral, the maximum exposure to credit risk is represented by the carrying amount of the financial assets as at the end of the reporting period.

Concentration of credit risk

The Group and the Company determine concentration of credit risk by monitoring the profiles of their receivables on an ongoing basis.

As at 31 December 2021, the Group and the Company have significant concentration of credit risk arising from the amount owing by 7 customers (2020: 4 customers) constituting 91% (2020: 72%) and 6 customers (2020: 6 customers) constituting 98% (2020: 97%) of gross trade receivables of the Group and of the Company respectively.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2021

29. FINANCIAL INSTRUMENTS (cont'd)

Financial Risk Management Objectives and Policies (cont'd)

(a) Credit risk (cont'd)

Trade receivables (cont'd)

Recognition and measurement of impairment loss

The Group and the Company apply the MFRS 9 simplified approach to measure Expected Credit Losses ("ECL") which uses a lifetime expected loss allowance for trade receivables.

The Group and the Company assess impairment of trade receivables on individual and collective basis.

For individual assessment, it is due to the number of debtors is minimal and these debtors can be individually managed by the Group in an effective and efficient manner. The Group has reasonable and supportable information available to assess the impairment individually. All these customers have low risk of default.

For collective assessment, the Group and the Company determine the ECL on these items by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Accordingly, the credit risk profile of these assets is presented based on their past due status in terms of the provision matrix.

The Group and the Company will initiate appropriate debt recovery procedures on past due balances which are monitored by the sales management team. Where necessary, the Group and the Company will also commence legal proceeding against the customers.

Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency.

Loss rates are based on actual credit loss experienced over the prior years. The Group and the Company also consider differences between (a) economic conditions during the period over which the historic data has been collected, (b) current conditions and (c) the Group's and the Company's view of economic conditions over the expected lives of the receivables. Nevertheless, the Group and the Company believe that these factors are immaterial for the purpose of impairment calculation for the year.

The following table provides information about the exposure to credit risk and ECL for trade receivables as at reporting date which are grouped together as they are expected to have similar risk nature.

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Not past due nor impaired	4,144,258	12,960,412	1,787,578	1,397,301
Past due but not impaired:				
Less than 30 days	134,767	201,631	-	-
31 days to 60 days	139,018	4,080	-	-
61 days to 90 days	-	-	-	-
more than 90 days	-	-	-	-
	273,785	205,711	-	-
Credit impaired	331,542	361,542	-	-
<i>Individually impaired</i>	(331,542)	(361,542)	-	-
	4,418,043	13,166,123	1,787,578	1,397,301

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2021

29. FINANCIAL INSTRUMENTS (cont'd)

Financial Risk Management Objectives and Policies (cont'd)

(a) Credit risk (cont'd)

Trade receivables (cont'd)

Recognition and measurement of impairment loss (cont'd)

Receivables that are past due not impaired

The Group has not provided for these trade receivables as there has been no significant changes in their credit quality and the amounts are still considered recoverable which are not past due for more than 90 days.

Credit Impaired

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments which past due more than 90 days. These receivables are not secured by any collateral or credit enhancements.

Other receivables and deposits

Credit risk on other receivables and deposits are mainly arising from deposits paid for leasehold lands. These deposits paid for leasehold lands will be capitalised in property, plant and equipment upon transfer of land titles. The Group and the Company manage the credit risk together with the terms of the purchase agreement and other supplementary arrangements.

Other receivables and deposits are neither past due nor impaired. The Group and the Company believe that generally no allowance for doubtful debts is necessary in respect of other receivables and deposits that are neither past due nor impaired as these receivables and deposits are mainly arising from debtors that have good records of payment in the past.

Cash and cash equivalents

The cash and cash equivalents are held with banks and financial institutions. As at the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position. These banks and financial institutions have low credit risks. Hence, a loss allowance is not necessary.

Related party balances (including subsidiaries, associates and other related parties)

Risk management objectives, policies and processes for managing the risk

Trade

Intercompany receivable (trade) represents amounts outstanding arising from sales of goods.

In arriving at loss allowance, the same assumptions as trade receivables have been applied. As a result, management was of the view that there is no indication of impairment loss in respect of amounts due from associates, related parties and subsidiaries as at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2021

29. FINANCIAL INSTRUMENTS (cont'd)

Financial Risk Management Objectives and Policies (cont'd)

(a) Credit risk (cont'd)

Related party balances (including subsidiaries, associates and other related parties) (cont'd)

Risk management objectives, policies and processes for managing the risk (cont'd)

Trade (cont'd)

The following table provides information about the exposure to credit risk and ECL for trade receivables as at the reporting date which are grouped together as they are expected to have similar risk nature.

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Not past due nor impaired	35,971,284	30,753,244	13,519,742	7,068,305
Past due but not impaired:				
Less than 30 days	12,630,692	2,976,327	675,229	264,768
31 days to 60 days	3,812,850	3,831,835	690,885	53,251
61 days to 90 days	15,153	4,233,215	15,153	-
more than 90 days	80,379	2,308,815	80,379	-
	16,539,074	13,350,192	1,461,646	318,019
	52,510,358	44,103,436	14,981,388	7,386,324

Non-trade

The Group and the Company provide unsecured loans and advances to its subsidiaries and related parties. The Group and the Company monitor the ability of these subsidiaries and related parties to repay the loans and advances on an individual basis.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position. Loans and advances provided are not secured by any collateral or supported by any other credit enhancements.

Recognition and measurement of impairment loss

Loans with subsidiaries and amount due from related parties are repayable on demand. For loans that are repayable on demand, expected credit losses are assessed based on the assumption that repayment of the loan is demanded at the reporting date.

Generally, the Group and the Company consider loans and advances to subsidiaries, and related parties to have low credit risk. The Group and the Company assume that there is a significant increase in credit risk when the entity's financial position deteriorates significantly. As the Group and the Company are able to determine or influence the timing of payments of the subsidiaries' and related parties' loans and advances when they are payable, the Group and the Company consider a subsidiary's and related parties' loan or advance to be credit impaired when the respective entities are unlikely to repay its loan or advances to the Group and to the Company in full given insufficient highly liquid resources when the advances are demanded.

The Group and the Company determine the probability of default for these loans and advances individually using internal information available.

As at the year end, there were no indications of impairment loss in respect of these amounts.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2021

29. FINANCIAL INSTRUMENTS (cont'd)

Financial Risk Management Objectives and Policies (cont'd)

(b) Liquidity risk

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting financial obligations when they fall due. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of various payables and lease liabilities.

The Group and the Company actively manage their operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met.

The table below summarises the maturity profiles of the Group's and of the Company's financial liabilities at the reporting date based on contractual undiscounted cash flows:

	Carrying amount RM	Contractual cash flows RM	On demand or within 1 year RM	1 to 5 years RM	More than 5 years RM
Group					
2021					
Trade and other payables	34,662,445	34,662,445	34,662,445	-	-
Deposits	27,110	27,110	27,110	-	-
Accruals	16,760,382	16,760,382	16,760,382	-	-
Amounts due to associates	158,283	158,283	158,283	-	-
Amounts due to related parties	10,283,607	10,283,607	10,283,607	-	-
Lease liabilities	16,289,578	39,024,297	956,933	3,221,980	34,845,384
Term loan	131,250,000	147,779,609	18,544,443	69,910,484	59,324,682
	209,431,405	248,695,733	81,393,203	73,132,464	94,170,066
Group					
2020					
Trade and other payables	25,042,506	25,042,506	25,042,506	-	-
Deposits	29,880	29,880	29,880	-	-
Accruals	8,994,444	8,994,444	8,994,444	-	-
Amounts due to associates	428,294	428,294	428,294	-	-
Amounts due to related parties	12,946,262	12,946,262	12,946,262	-	-
Lease liabilities	16,598,515	40,027,329	1,000,133	3,412,160	35,615,036
Term loan	146,250,000	166,781,758	19,002,149	71,620,484	76,159,125
	210,289,901	254,250,473	67,443,668	75,032,644	111,774,161
Company					
2021					
Trade and other payables	4,023,726	4,023,726	4,023,726	-	-
Deposits	9,110	9,110	9,110	-	-
Accruals	10,544,962	10,544,962	10,544,962	-	-
Amounts due to subsidiaries	3,522,283	3,522,283	3,522,283	-	-
Amounts due to associates	48,491	48,491	48,491	-	-
Lease liabilities	13,821	14,400	14,400	-	-
Term loan	131,250,000	147,779,609	18,544,443	69,910,484	59,324,682
	149,412,393	165,942,581	36,707,415	69,910,484	59,324,682

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2021

29. FINANCIAL INSTRUMENTS (cont'd)

Financial Risk Management Objectives and Policies (cont'd)

(b) Liquidity risk (cont'd)

The table below summarises the maturity profiles of the Group's and of the Company's financial liabilities at the reporting date based on contractual undiscounted cash flows: (cont'd)

	Carrying amount RM	Contractual cash flows RM	On demand or within 1 year RM	1 to 5 years RM	More than 5 years RM
Company 2020					
Trade and other payables	1,520,541	1,520,541	1,520,541	-	-
Deposits	11,880	11,880	11,880	-	-
Accruals	4,046,653	4,046,653	4,046,653	-	-
Amounts due to subsidiaries	3,272,538	3,272,538	3,272,538	-	-
Lease liabilities	68,541	72,000	57,600	14,400	-
Term loan	146,250,000	166,781,758	19,002,149	71,620,484	76,159,125
	155,170,153	175,705,370	27,911,361	71,634,884	76,159,125

(c) Agricultural risk on biological assets

The Group is exposed to risks arising from environmental changes, climatic changes and commodity prices arising mainly from the FFB.

The Group is exposed to risks arising from fluctuations in the price and volume of FFB. The details of the sensitivity analysis to a reasonable change on the biological assets as at the end of the reporting date, with all other variable held constant is disclosed in Note 17.

30. FAIR VALUE INFORMATION

Assets and liabilities carried at fair value

The fair value measurement hierarchies used to measure non-financial assets at fair values in the statements of financial position are disclosed in Notes 11, 14 and 17.

There was no material transfer between Level 1, Level 2 and Level 3 during the financial year.

Financial instrument other than those carried at fair value

Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair values

The carrying amounts of short-term receivables and payables and cash and cash equivalents approximate their fair values due to the relatively short-term nature of these financial instruments and insignificant impact of discounting.

The carrying amount of amount due from a subsidiary approximates its fair value as the market interest rate on initial recognition is approximately the same as the current market interest rate.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2021

31. CAPITAL MANAGEMENT

The Group's and the Company's objectives when managing capital is to maintain a strong capital base and safeguard the Group's and the Company's ability to continue as a going concern. The Group and the Company monitor and maintain an optimal debt-to-equity ratio that complies with debt covenants and regulatory requirements.

The Group monitors capital using debt-to-equity ratio which is the debt divided by total equity. Debt includes borrowings and lease liabilities, whilst total capital is equity attributable to Owners of the Company.

The debt-to-equity ratios at end of the reporting period are as follows:

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Borrowings and lease liabilities	147,539,578	162,848,515	131,263,821	146,318,541
Total equity attributable to the Owners of the Company	1,250,445,372	1,145,419,630	678,941,268	636,583,239
Debt-to-equity ratio (%)	12%	14%	19%	23%

There were no changes in the Group's and the Company's approach to capital management during the financial year.

The Group and the Company are not subject to any externally imposed capital requirements.

32. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

COVID-19

The emergence and spread of the coronavirus (COVID-19) in early 2020 has affected business and economic activities in Malaysia and beyond. The Group and Company have not been adversely affected as at the date of this report other than impact from labour shortages and brief closures due to COVID-19 situations. No adjustments are required to the financial position and operating results for the current financial year. The Group and Company shall continue to monitor the developments of the COVID-19 situation closely, assess and react actively to its impact on the financial position and the operating results of the Group and Company 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 labour shortages, which may impact the operation of the Group and the Company negatively.

SHAREHOLDINGS STRUCTURE

AS AT 31 MARCH 2022

NUMBER OF SHARES : 593,837,985 ORDINARY SHARES

ANALYSIS BY SIZE OF SHAREHOLDINGS

Size of Shareholdings	No. of Holders	(%)	No. of Shares	(%)
Less than 100	49	2.92	1,232	0.00
100 - 1,000	162	9.65	111,214	0.02
1,001 - 10,000	791	47.11	5,425,620	0.91
10,001 - 100,000	543	32.34	16,611,879	2.80
100,001 to less than 5% of issued shares	129	7.68	216,119,820	36.39
5% and above of issued shares	5	0.30	355,568,220	59.88
Total	1,679	100.00	593,837,985	100.00

DISTRIBUTION TABLE ACCORDING TO CATEGORY OF SHAREHOLDERS

No.	Category of Shareholder	No. of Holders			No. of Securities			%		
		Malaysian		Foreign	Malaysian		Foreign	Malaysian		Foreign
		Bumi	Non-Bumi		Bumi	Non-Bumi		Bumi	Non-Bumi	
1	Individuals	106	1,353	21	8,494,955	83,668,198	602,436	1.43	14.09	0.10
2	Body Corporate									
	a. Banks/ Finance Companies	3	-	-	99,120	-	-	0.02	0.00	0.00
	b. Investment Trusts/ Foundation/ Charities	-	-	-	-	-	-	0.00	0.00	0.00
	c. Other Types of Companies	11	34	-	88,869,836	236,217,444	-	14.96	39.78	0.00
3	Government Agencies/ Institution	2	-	-	151,591,020	-	-	25.52	0.00	0.00
4	Nominees	91	48	10	22,249,016	1,413,580	632,380	3.75	0.24	0.11
5	Others	-	-	-	-	-	-	0.00	0.00	0.00
	Total	213	1,435	31	271,303,947	321,299,222	1,234,816	45.68	54.11	0.21

OTHERS

SHAREHOLDINGS STRUCTURE (CONT'D)

AS AT 31 MARCH 2022

LIST OF THIRTY (30) LARGEST SHAREHOLDERS

No.	Name	Shareholding	%
1	Perbadanan Kemajuan Pertanian Negeri Pahang	149,523,360	25.18
2	Prosper Trading Sdn. Berhad	96,828,480	16.31
3	Hikmat Elit Sdn. Bhd.	41,196,540	6.94
4	LKPP Corporation Sendirian Berhad	34,861,176	5.87
5	Prosper Trading Sdn. Berhad	33,158,664	5.58
6	Fokas Sehati Sdn. Bhd.	19,579,740	3.30
7	Azimat Pelangi Sdn. Bhd.	19,540,080	3.29
8	Deluxe Era Sdn. Bhd.	14,659,820	2.47
9	Hikmat Elit Sdn. Bhd.	13,747,020	2.31
10	Insan Sejagat Sdn. Bhd.	11,340,000	1.91
11	Prosper Trading Sdn. Berhad	10,935,120	1.84
12	Affin Hwang Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Tee Kim Tee @ Tee Ching Tee (M09)	10,887,240	1.83
13	Mergeboom (M) Sdn. Bhd.	10,567,200	1.78
14	Tee Cheng Hua	8,762,200	1.48
15	Affin Hwang Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Tee Kim Tee @ Tee Ching Tee (TEE0063C)	8,190,000	1.38
16	Budi-JS Plantation Management Sdn. Berhad	7,272,240	1.22
17	Mergeboom (M) Sdn. Bhd.	4,935,000	0.83
18	Han Kee Juan	4,171,040	0.70
19	Tee Ching Chan	3,720,280	0.63
20	Tee Cheng Hu	3,038,280	0.51
21	Amanah Saham Pahang Berhad	3,002,420	0.51
22	Tee Lip Hian	2,883,720	0.49
23	Tee Chain Yee	2,835,000	0.48
24	Tee Lip Sin	2,331,280	0.39
25	Tee Lip Jen	2,183,580	0.37
26	Nowawi bin Abdul Rahman	2,169,600	0.37
27	Tee Lip Chuan	2,132,340	0.36
28	Kalsom binti Ahmad	2,100,000	0.35
29	Perbadanan Kemajuan Negeri Selangor	2,067,660	0.35
30	Liow Boon Seng	2,007,600	0.34
	Total	530,625,880	89.36

OTHERS

SHAREHOLDINGS STRUCTURE (CONT'D)

AS AT 31 MARCH 2022

INFORMATION OF SUBSTANTIAL SHAREHOLDERS (EXCLUDING BARE TRUSTEES)

No.	Name	NRIC / Registration No.	Nationality/ Country of Incorporated	Direct Holdings	
				No.	%
1	Perbadanan Kemajuan Pertanian Negeri Pahang <i>Share held through:-</i> Own Account - CDS No. 087-007-057838492	PKPNPECT142016	Malaysian Incorporated	149,523,360	25.18
			Total	149,523,360	25.18
2	Prosper Trading Sdn. Berhad <i>Share held through:-</i> Own Account - CDS No. 068-009-050705219 Own Account - CDS No. 068-019-024047938 Own Account - CDS No. 086-001-063842942	144561U	Malaysian Incorporated	33,158,664	5.58
				10,935,120	1.84
				96,828,480	16.31
			Total	140,922,264	23.73
3	Hikmat Elit Sdn. Bhd. <i>Share held through:-</i> Own Account - CDS No. 068-009-050707900 Own Account - CDS No. 068-019-036831386	562277U	Malaysian Incorporated	41,196,540	6.94
				13,747,020	2.31
			Total	54,943,560	9.25
4	LKPP Corporation Sendirian Berhad <i>Share held through:-</i> Own Account - CDS No. 058-003-002974525 TA Nominees (Tempatan) Sdn. Bhd. - CDS No. 058-003-004774634	199769V	Malaysian Incorporated	34,861,176	5.87
				508,200	0.09
			Total	35,369,376	5.96
			Total	380,758,560	64.12

SHAREHOLDINGS STRUCTURE (CONT'D)

AS AT 31 MARCH 2022

INFORMATION ON DIRECTORS' SHAREHOLDINGS

No.	Names	Direct Holdings		Indirect Holdings	
		No.	%	No.	%
1	Dato' Sri Kamaruddin bin Mohammed <i>Shares held through:-</i> <i>Individual Account - CDS No. 058-003-043607845</i> <i>Notes:</i> <i>By Virtue of Ybg Datin Sri Kalsom bt Ahmad is his spouse</i> <i>By Virtue of Khairatun Amirah bt Kamaruddin is his daughter</i> <i>By Virtue of Insan Sejagat Sdn. Bhd. is a family-owned Company</i>	-	-	-	-
				2,100,000	0.35
				420,000	0.07
				11,340,000	1.91
				13,860,000	2.33
2	Tee Kim Tee @ Tee Ching Tee <i>Shares held through:-</i> <i>Individual Account - CDS No. 068-009-050698323</i> <i>Affin Hwang Nominees</i> <i>(Tempatan) Sdn. Bhd. - CDS No. 068-009-050757608</i> <i>Affin Hwang Nominees</i> <i>(Tempatan) Sdn. Bhd. - CDS No. 068-019-009567678</i>	501,480	0.08	-	-
		10,887,240	1.83		
		8,190,000	1.38		
		19,578,720	3.29		
3	Tee Cheng Hua <i>Shares held through:-</i> <i>Individual Account - CDS No. 086-001-013021316</i>	8,762,200	1.48	-	-
		8,762,200	1.48		
4	Tee Lip Teng <i>Shares held through:-</i> <i>Individual Account - CDS No. 086-001-049003551</i> <i>Individual Account - CDS No. 068-019-049136559</i>	420,000	0.07	-	-
		840,000	0.14		
		1,260,000	0.21		
5	Dato' Asmin binti Yahya <i>Shares held through:-</i> <i>Individual Account - CDS No. 076-002-026589689</i>	315,000	0.05	-	-
		315,000	0.05		
6	Nik Mohamed Zaki bin Nik Yusoff <i>Shares held through:-</i> <i>Kenanga Nominees</i> <i>(Tempatan) Sdn. Bhd. - CDS No. 073-001-066166513</i>	2,500	0.00	-	-
		2,500	0.00		
7	Datuk Mohd Afrizan bin Husain <i>Shares held through:-</i> <i>Kenanga Nominees</i> <i>(Tempatan) Sdn. Bhd. - CDS No. 073-001-058732694</i>	-	-	-	-
		5,000	0.00		
		5,000	0.00		
8	Dato' Suhaimi bin Mohd Yunus	-	-	-	-
9	Ng Yee Kim	-	-	-	-
	TOTAL	29,923,420	5.03	13,860,000	2.33

GROUP PROPERTIES

Location	Title/Address	Tenure (Leasehold Period Till Year)	Area (Hec) / Square Meter	Usage	Net Book Value As At 31.12.2021 RM'000
Far East Holdings Berhad					
Sungai Seraya Estate	H.S(D) 61	2079	161.8744 ha	Oil Palm	
Daerah Rompin	H.S(D) 62	2079	258.9990 ha	Cultivations	
Pahang Darul Makmur	H.S(D) 63	2079	230.6710 ha		
	H.S(D) 64	2079	190.2024 ha		
	PN 16273	2103	60.5700 ha		
	PN 16839	2103	10.2200 ha		
	H.S(D) 5787	2119	4.0650 ha		
	H.S(D) 5788	2119	60.3050 ha		
Bukit Jin Estate	H.S(D) 3171	2079	420.8734 ha	Oil Palm	
Daerah Bera	H.S(D) 3172	2079	420.8724 ha	Cultivations	
Pahang Darul Makmur	H.S(D) 3173	2079	190.2020 ha		
	H.S(D) 3174	2079	230.6705 ha		
	H.S(D) 3177	2079	384.4508 ha		
	H.S(D) 3178	2079	36.4217 ha		
	H.S(D) 3179	2079	68.7965 ha		
	H.S(D) 3180	2079	68.7965 ha		
	H.S(D) 11125	2119	65.1690 ha		
	H.S(D) 11126	2119	90.4440 ha		
	H.S(D) 11130	2120	128.8300 ha		
Sungai Rasau Estate	H.S(D) 1971	2091	118.0388 ha	Oil Palm	
Daerah Pekan				Cultivations	
Pahang Darul Makmur					
Sungai Batu Estate	PN 18576	2103	873.6000 ha	Oil Palm	
Daerah Kuantan	PN 24400	2112	33.3000 ha	Cultivations	
Pahang Darul Makmur					
Chengal Estate	H.S(D) 4147	2106	1,103.0100 ha	Oil Palm	
Daerah Rompin	H.S(D) 4148	2106	1,096.9900 ha	Cultivations	
Pahang Darul Makmur					
DSK Estate^a	PN 28633	2112	1,297.0000 ha	Oil Palm	
Daerah Rampin				Cultivations	
Pahang Darul Makmur					
Cenderawasih Estate^a	H.S(D) 3703	2070	222.1721 ha	Oil Palm	
Daerah Rompin	H.S(D) 3710	2070	468.2217 ha	Cultivations	
Pahang Darul Makmur	H.S(D) 3774	2072	394.1632 ha		
	H.S(D) 3850	2074	628.8805 ha		
	H.S(D) 67	2079	85.3888 ha		
	H.S(D) 68	2079	193.8446 ha		
	H.S(D) 69	2079	141.6401 ha		
Sungai Sawak Estate^a	H.S(D) 5663	2117	796.2070 ha	Oil Palm	
Daerah Rompin				Cultivations	
Pahang Darul Makmur					

GROUP PROPERTIES (CONT'D)

Location	Title/Address	Tenure (Leasehold Period Till Year)	Area (Hec) / Square Meter	Usage	Net Book Value As At 31.12.2021 RM'000
Far East Holdings Berhad (Cont'd)					
Bandar Indera Mahkota	PN 7721	2096	8.82400 ha	Building	
Land Nearby Sungai Marung Estate	PN 28616	2114	158.1000 ha	Oil Palm	
	H.S(M) 7647	2114	1.4890 ha	Cultivations	
	H.S(D) 5087	2115	31.8020 ha		
	H.S(D) 5456	2116	26.5970 ha		
	PN 27916	2117	12.7800 ha		
Land Nearby Sungai Gayung Estate	H.S(D) 5088	2115	11.5600 ha	Oil Palm Cultivations	
Land Nearby Bukit Serok Estate	H.S(D) 4850	2113	44.6500 ha	Oil Palm	
	H.S(D) 4851	2113	145.8900 ha	Cultivations	
Land Nearby Kampong Aur Estate	H.S(D) 5005	2114	58.4620 ha	Oil Palm Cultivations	
Land Nearby Cempaka Estate	H.S(D) 11009	2116	8.5000 ha	Oil Palm	
	H.S(D) 11010	2116	17.0120 ha	Cultivations	
	H.S(D) 11011	2116	17.8220 ha		
Land Nearby Dawn Estate	H.S(D) 5004	2114	12.1000 ha	Oil Palm Cultivations	
Land Nearby Juasa Estate	H.S(D) 5330	2116	40.8200 ha	Oil Palm	
	H.S(D) 5331	2116	221.4570 ha	Cultivations	
	H.S(D) 5346	2116	55.2910 ha		
	H.S(D) 5611	2119	141.5460 ha		
11,549.5924 ha					578,104
Far East Holdings Berhad (Head Office) ^a	Level 23 Menara Zenith Jalan Putra Square 6 25200 Kuantan Pahang Darul Makmur	Owned	14,444.40 sq.m	Head Office	
					3,440

GROUP PROPERTIES (CONT'D)

Location	Title/Address	Tenure (Leasehold Period Till Year)	Area (Hec) / Square Meter	Usage	Net Book Value As At 31.12.2021 RM'000
Dawn Oil Palm Plantations Sdn. Bhd.					
Dawn Estate	H.S(D) 11	2075	297.8482 ha	Oil Palm Cultivations	
Daerah Rompin	H.S(D) 18	2076	133.1414 ha		
Pahang Darul Makmur	H.S(D) 57	2079	242.8116 ha		
	H.S(D) 58	2079	177.7600 ha		
	H.S(D) 3719	2071	11.3312 ha		
	H.S(D) 3772	2072	236.3360 ha		
	H.S(D) 3773	2072	14.5687 ha		
	H.S(D) 4115	2103	114.1800 ha		
	PN 7815	2103	218.9000 ha		
	PN 19605	2071	138.2000 ha		
	H.S(D) 4852	2113	220.0000 ha		
	PN 17098	2103	23.7700 ha		
Cempaka Estate	H.S(D) 988	2096	452.6000 ha	Oil Palm Cultivations	
Daerah Bera					
Pahang Darul Makmur					
			2,281.4471 ha		68,558
B.S. Oil Palm Plantations Sdn. Bhd.					
Bukit Serok Estate	H.S(D) 8	2075	350.4572 ha	Oil Palm Cultivations	
Daerah Rompin	H.S(D) 16	2076	346.8150 ha		
Pahang Darul Makmur	H.S(D) 50	2085	357.8000 ha		
	H.S(D) 59	2079	171.9916 ha		
	H.S(D) 60	2079	248.8819 ha		
	H.S(D) 3716	2071	136.3788 ha		
	H.S(D) 3717	2071	137.1882 ha		
	H.S(D) 3741	2071	290.1591 ha		
	PN 17048	2103	27.7900 ha		
			2,067.4618 ha		67,914
Far East Delima Plantations Sdn. Bhd.					
Delima Estate ^b	H.S(D) 4568	2103	2,830.8500 ha	Oil Palm Cultivations	
Daerah Rompin					
Pahang Darul Makmur					
			2,830.8500 ha		36,233

GROUP PROPERTIES (CONT'D)

Location	Title/Address	Tenure (Leasehold Period Till Year)	Area (Hec) / Square Meter	Usage	Net Book Value As At 31.12.2021 RM'000
F.E. Rangkaian Sdn. Bhd.					
Rangkaian Estate^b	H.S(D) 4805	2112	728.4500 ha	Oil Palm	
Daerah Rompin	H.S(D) 4806	2112	687.9800 ha	Cultivations	
Pahang Darul Makmur					
1,416.4300 ha					24,958
Kilang Kosfarm Sdn. Bhd. ^c	H.S(D) 3896	2070	123.8339 ha	Building and Oil Palm Cultivations	
Cenderawasih Palm Oil Mill ^d	H.S(D) 3850	2074	10.0640 ha	Building and Oil Palm Cultivations	
133.8979 ha					386
Grand Total			20,279.6792 ha		779,593

Notes:

- ^a The value is based on acquisition price whereby all other properties is based on revaluation carried out in 2015 except for Bandar Indera Mahkota Land which is based on the current value.
- ^b The land is leased from Rangkaian Delima Sdn. Bhd.
- ^c The land is subleased from Kampong Aur Oil Palm Company (Sdn.) Berhad.
- ^d The land is currently in process of the lease to be registered to Prosper Capital Holdings Sdn. Bhd. (formerly known as Prosper Palm Oil Mill Sdn. Berhad)

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Far East Holdings Berhad

197301001753 (14809-W)

PROXY FORM

I/We NRIC/Company No.:

Tel: CDS Account No.: Number of Shares Held:

Address:

being a member/members of **FAR EAST HOLDINGS BERHAD [197301001753 (14809-W)]**, hereby appoint:-

(1) Name of Proxy: NRIC/Company No.:

Address:

Tel: Percentage of Shares Represented: %

(2) Name of Proxy: NRIC/Company No.:

Address:

Tel: Percentage of Shares Represented: %

or failing him/her, *the CHAIRMAN OF THE MEETING, as *my/our proxy(ies) to vote for *me/us on *my/our behalf at the **48th ANNUAL GENERAL MEETING** of the Company will be held at The Zenith Hotel, Jalan Putra Square 6, 25200 Kuantan, Pahang Darul Makmur on Wednesday, 15 June 2022 at 10.00 a.m. and at any adjournment thereof.

Please indicate with (√) how you wish your vote to be casted. In the absence of specific instruction, your Proxy will vote or abstain from voting at his/her discretion.

No	Resolutions		For	Against
1.	To approve the payment of a final single tier dividend of 5 sen per ordinary share and a special dividend of 3 sen per ordinary share in respect of the financial year ended 31 December 2021 as recommended by Directors.	Ordinary Resolution 1		
2.	To re-elect the following Directors who retire pursuant to Clause 77 of the Constitution of the Company and who being eligible, offer themselves for re-election:- (a) Nik Mohamed Zaki bin Nik Yusoff (b) Tee Lip Teng (c) Dato' Suhaimi bin Mohd Yunus	Ordinary Resolution 2 Ordinary Resolution 3 Ordinary Resolution 4		
3.	To approve the payment of fees to the Directors up to an amount of RM890,000 from the 48 th AGM until the next AGM of the Company.	Ordinary Resolution 5		
4.	To approve the payment of benefits to the Directors up to an amount of RM1,336,550 from the 48 th AGM until the next AGM of the Company.	Ordinary Resolution 6		
5.	To re-appoint Messrs Moore Stephens Associates PLT as Auditors of the Company for the financial year ending 31 December 2022 and to authorise the Directors to determine their remuneration.	Ordinary Resolution 7		
6.	Proposed Renewal of Shareholders' Mandate for Existing RRPT.	Ordinary Resolution 8		
7.	Proposed Amendments to Constitution.	Special Resolution 1		

Signed this day of 2022

Signature(s)/Company Seal of Shareholder

Notes on Proxy

1. Depositors who appear in the Record of Depositors as at 9 June 2022 (which is not less than three (3) market days before the date of this meeting) shall be regarded as member of the Company entitled to attend at the 48th AGM or appoint a proxy or proxies to attend and vote on his behalf.
2. To be valid, the duly completed form of proxy must be deposited at the registered office of the Company, Level 23, Menara Zenith, Jalan Putra Square 6, 25200 Kuantan, Pahang Darul Makmur, not less than twenty-four (24) hours before the time for holding the meeting.
3. A member who is an authorised nominee may appoint one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
4. A member other than an authorised nominee shall be entitled to appoint not more than two (2) proxies to attend and vote at the same meeting.
5. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportions of his/her holdings to be represented by each proxy.
6. If the member is a corporation, the form of proxy must be executed under its Common Seal or under the hand of an officer or attorney duly authorised.
7. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiples beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
8. Where an authorised nominee appoints two (2) proxies, or where an exempt authorised nominee appoints two (2) or more proxies, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
9. Pursuant to Paragraph 8.29A (1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in this notice shall be put to vote by poll.
10. Voting right of shareholders-Every member of the Company present in person or by proxy shall have one (1) vote on a show of hand and in the case of a poll shall have one (1) vote for every share of which he/she is the holder.

Fold here to seal

STAMP

COMPANY SECRETARY
FAR EAST HOLDINGS BERHAD
Level 23, Menara Zenith
Jalan Putra Square 6
25200 Kuantan
Pahang Darul Makmur

Fold here to seal



Far East Holdings Berhad 197301001753 (14809-W)

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

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