FINANCIAL STATEMENTS

265 Statement on Directors' Responsibilities
266 Directors' Report
270 Statement by Directors
270 Statutory Declaration
271 Independent Auditors' Report
276 Statements of Comprehensive Income
278 Statements of Financial Position
280 Consolidated Statement of Changes in Equity
281 Company Statement of Changes in Equity
282 Statements of Cash Flows
286 Notes to the Financial Statements

STATEMENT ON DIRECTORS' RESPONSIBILITIES

The Companies Act 2016 requires the Directors to prepare financial statements (which include the consolidated statements of financial position and the consolidated statements of comprehensive income of the Group) for each financial year in accordance with Malaysian Accounting Standards Board (MASB) approved accounting standards in Malaysia for entities other than private entities and the provisions of the Companies Act 2016 and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (Bursa Malaysia), and to lay these before the Company at its Annual General Meeting.

Incorporated on pages 276 to 369 of this Annual Integrated Report, are the financial statements of the Company and the Group for the financial year ended 31 December 2021. The Companies Act 2016 placed responsibility on the Directors to ensure that the consolidated statements of financial position provide a true and fair view of the state of affairs of the Group as at 31 December 2021 and the consolidated statement of comprehensive income provides a true and fair view of the results of the Group for the financial year ended 31 December 2021.

In undertaking the responsibility placed upon them by law, the Directors have relied upon the Group's system of internal control to provide them with reasonable grounds to believe that the Group's accounting records, as well as other relevant records, have been maintained by the Group in a manner that enables them to sufficiently explain the transactions and financial position of the Group. This also enables the Directors to ensure that a true and fair consolidated statement of financial position and statement of comprehensive income and documents required by the Companies Act 2016 to be attached are prepared for the financial year to which these financial statements relate.

The Companies Act 2016 also requires the Directors to cause the Company to keep such accounting and other records in such manner that enables the Directors to sufficiently explain the transactions and financial position of the Company and the Group, and to prepare a true and fair statement of comprehensive income and statement of financial position and any documents required to be attached, as well as to enable such accounting records to be audited conveniently and properly.

The Directors also have general responsibilities for taking such steps that are reasonably available to them to safeguard the assets of the Group and of the Company and to prevent and detect fraud and other irregularities.

DIRECTORS' REPORT

The Directors are pleased to submit the annual report to the members together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2021.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are set out in Note 20 to the financial statements.

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

FINANCIAL RESULTS

	Group RM'000	Company RM'000
Profit for the financial year	125,353	200,895

DIVIDENDS

On 10 March 2022, the Board of Directors agreed to declare the payment of a final single tier dividend of 3.0 sen per ordinary share amounting to RM21.09 million, which is not taxable in the hands of the shareholders pursuant to paragraph 12B of Schedule 6 of the Income Tax Act, 1967.

RESERVES AND PROVISIONS

All material transfers to and from reserves or provisions during the financial year are disclosed in the financial statements.

DIRECTORS

The Directors in office during the financial year and during the previous period from the end of the financial year to the date of the report are as follows:

Datuk Syed Hisham Syed Wazir	
Choy Khai Choon	
Dato' Muthanna Abdullah	
Datuk Dr Abd Hapiz Abdullah	
Dato' Rosini Abd Samad	
Datuk Lim Thean Shiang	
Dato' Amir Hamdan Hj Yusof	
Nik Fazila Binti Nik Mohamed Shihabuddin	(Appointed on 18.10.2021)
Azman Bin Ahmad	(Appointed on 18.10.2021)
Dato' Haris Fadzilah Hassan	(Resigned on 07.04.2021)

The names of Directors of subsidiaries are set out in the respective subsidiary's statutory accounts and the said information is deemed incorporated herein by such reference and made part thereof.

DIRECTORS' REPORT

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than the benefits shown under Directors' Remuneration as disclosed in Note 12 to the financial statements) by reason of a contract made by the Company or a related corporation with the Directors or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, being arrangements with the object or objects 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, other than those arising from holding company's long term incentive plan ("LTIP") as disclosed in Directors' Interest in Shares and Debentures.

DIRECTORS' INTEREST IN SHARES AND DEBENTURES

According to the Register of Directors' Shareholdings required to be kept under Section 59 of the Companies Act 2016, none of the Directors who held office at the end of the financial year held any shares or debentures in the Company or its subsidiaries or its holding company or subsidiaries of the holding company during the financial year except as follows:

Shareholdings in MSM Malaysia Holdings Berhad

	Number of ordinary shares				
	At date of appointment	**Acquired**	**Granted**	**(Disposed)**	**At 31.12.2021**
Azman Bin Ahmad	3,900	-	-	-	3,900

Shareholdings in FGV Holdings Berhad, the immediate holding company

	Number of ordinary shares				
	At 1.1.2021	**Acquired**	**Granted**	**(Disposed)**	**At 31.12.2021**
Datuk Syed Hisham Syed Wazir	55,000	-	-	(55,000)	-

AUDITORS' REMUNERATION

Details of auditors' remuneration are set out in Note 11 to the financial statements.

DIRECTORS' REMUNERATION

Details of Directors' remuneration are set out in Note 12 to the financial statements.

INDEMNITY AND INSURANCE FOR DIRECTORS AND OFFICERS

The Company maintains a corporate liability insurance for the Directors and officers of the Group throughout the financial year, which provides appropriate insurance cover for the Directors and officers of the Group. The total amount of insurance premium paid by the Group during the financial year amounted to RM82,690 (2020: RM48,500).

DIRECTORS' REPORT

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS

Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:

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

(b) to ensure that any current assets, other than debts, which were unlikely to be realised in the ordinary course of business including the values of current assets as shown in the accounting records of the Group and the Company had been written down to an amount which the current assets might be expected so to realise.

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

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

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

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

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

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

(a) 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 liability of any other person; or

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

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

In the opinion of the Directors:

(a) the results of the Group's and of the Company's operations during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

(b) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group or the Company for the financial year in which this report is made.

IMMEDIATE HOLDING COMPANY

The Directors regard FGV Holdings Berhad, a company incorporated in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad, as the immediate holding company.

DIRECTORS' REPORT

ULTIMATE HOLDING BODY

The Directors regard FELDA, a body set up under the Land Development Act 1956, as the ultimate holding body of the Company.

AUDITORS

The auditors, PricewaterhouseCoopers PLT (LLP0014401 - LCA & AF 1146), have expressed their willingness to continue in office.

This report was approved by the Board of Directors on 21 March 2022. Signed on behalf of the Board of Directors:

DATUK SYED HISHAM SYED WAZIR
CHAIRMAN

CHOY KHAI CHOON
DIRECTOR

Kuala Lumpur

STATEMENT BY DIRECTORS

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

We, Datuk Syed Hisham Syed Wazir and Choy Khai Choon, two of the Directors of MSM Malaysia Holdings Berhad, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 276 to 369 are drawn up 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 the financial performance and cash flows of the Group and of the Company for the financial year ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Signed on behalf of the Board of Directors in accordance with a resolution dated 21 March 2022.

DATUK SYED HISHAM SYED WAZIR
CHAIRMAN

CHOY KHAI CHOON
DIRECTOR

Kuala Lumpur

STATUTORY DECLARATION

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

I, Ab Aziz Ismail, the Officer primarily responsible for the financial management of MSM Malaysia Holdings Berhad, do solemnly and sincerely declare that the financial statements set out on pages 276 to 369 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.

AB AZIZ ISMAIL
(MIA No.: 15850)

Subscribed and solemnly declared by the abovenamed Ab Aziz Ismail in Kuala Lumpur on 21 March 2022, before me.

Lot 333, 3rd Floor
Wisma New Asia
Jalan Raja Chulan
50200 Kuala Lumpur
COMMISSIONER FOR OATHS

PESURUHJAYA SUMPAH
W530
TAN SEOK KETT
BC/T/301
1/1/2022-30/9/2022
MALAYSIA

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF MSM MALAYSIA HOLDINGS BERHAD
(Incorporated in Malaysia) Registration No. 201101007583 (935722-K)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

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

What we have audited

We have audited the financial statements of the Group and of the Company, which comprise the statements of financial position as at 31 December 2021 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 276 to 369.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the "Auditors' responsibilities for the audit of the financial statements" section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and other ethical responsibilities

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

Our audit approach

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements of the Group and of the Company. In particular, we considered where the Directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Group and of the Company, the accounting processes and controls, and the industry in which the Group and the Company operate.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF MSM MALAYSIA HOLDINGS BERHAD
(Incorporated in Malaysia) Registration No. 201101007583 (935722-K)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key audit matters

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

Key audit matters	How our audit addressed the key audit matters
Impairment assessment of goodwill As at 31 December 2021, the Group has goodwill of RM576.2 million. We focused on this area as the recoverable amount of the cash generating unit ("CGU") is based on value-in-use ("VIU") calculations, which require management's judgment on the assumptions used in the calculations, in particular selling price, raw sugar price, sales volume, refining costs, terminal value growth rate, capital expenditure, discount rate and exchange rate. Refer to Note 3(d) in the significant accounting policies, Note 5 in the critical accounting estimates and judgment and Note 19 to the financial statements.	We performed the following procedures on the cash flow projections to support the impairment assessment of goodwill prepared by the management and approved by the Board of Directors of the Company: • We assessed the reasonableness of the key assumptions used by management in the VIU calculations, in particular selling price, raw sugar price, sales volume, refining costs, terminal value growth rate, discount rate and exchange rate by comparing with business plans, historical results and market trends; • We assessed the reliability of management's forecast through the review of past trends of actual financial performance against previous forecasted results; • We examined the sensitivity analysis prepared by the management on selling prices, raw sugar price, sales volume, refining costs, capital expenditure, discount rate and exchange rate to evaluate the impact on the impairment assessment; and • We assessed the adequacy of the disclosures in relation to goodwill in the financial statements. Based on our procedures, we noted no significant exceptions.

.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF MSM MALAYSIA HOLDINGS BERHAD
(Incorporated in Malaysia) Registration No. 201101007583 (935722-K)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key audit matters (continued)

Key audit matters	How our audit addressed the key audit matters
Impairment assessment of property, plant and equipment, right-of-use assets and intangible assets other than goodwill The carrying values of property, plant and equipment, right-of-use assets and intangible assets other than goodwill of the Group as at 31 December 2021 is RM1,220.5 million, RM83.0 million and RM46.0 million respectively ("non-financial assets"). As at 31 December 2021, the Group's market capitalisation of RM899.8 million was below the carrying value of its net assets of RM1,712.6 million which is an indication that the non-financial assets of the Group may be impaired. Consequently, management performed an impairment assessment on the Group's non-financial assets. Management concluded that the non-financial assets were not impaired as at 31 December 2021. We focused on this area as the recoverable amount of the assets based on VIU calculations require management's judgment on the assumptions used in the calculations, in particular selling price, raw sugar price, sales volume, refining costs, capital expenditure, realisability of the assets at terminal year, discount rate and exchange rate. Refer to Note 3(k) in the significant accounting policies, Note 5 in the critical accounting estimates and judgment and Note 17 to the financial statements.	We performed the following procedures on the cash flow projections to support the impairment assessment of property, plant and equipment, right-of-use assets and intangible assets other than goodwill prepared by the management and approved by the Board of Directors of the Company: • We assessed the reasonableness of the key assumptions used by management in the VIU calculations, in particular selling price, raw sugar price, sales volume, refining costs, realisability of assets at terminal year, discount rate and exchange rate by comparing with business plans, historical results and market trends; • We assessed the reliability of management's forecast through the review of past trends of actual financial performance against previous forecasted results; • We examined the sensitivity analysis prepared by the management on selling prices, raw sugar price, sales volume, refining costs, capital expenditure, discount rate and exchange rate to evaluate the impact on the impairment assessment; and • We assessed the adequacy of the disclosures in the financial statements. Based on our procedures, we noted no significant exceptions.

There are no key audit matters to report for the Company.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF MSM MALAYSIA HOLDINGS BERHAD
(Incorporated in Malaysia) Registration No. 201101007583 (935722-K)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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 Directors' Report, Statements by the Chairman and Group Chief Executive Officer, Corporate Governance Reports (including Audit, Governance and Risk Committee Report and Statement of Risk Management and Internal Control) and other sections of the Annual Integrated Report 2021, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

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

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

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

Responsibilities of the Directors for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

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

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

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

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF MSM MALAYSIA HOLDINGS BERHAD
(Incorporated in Malaysia) Registration No. 201101007583 (935722-K)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Auditors' responsibilities for the audit of the financial statements (continued)

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

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

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

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiary of which we have not acted as auditors, is disclosed in Note 20 to the financial statements.

OTHER MATTERS

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

PRICEWATERHOUSECOOPERS PLT
LLP0014401-LCA & AF 1146
Chartered Accountants

MAHESH A/L RAMESH
03428/04/2023 J
Chartered Accountant

Kuala Lumpur
21 March 2022

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Note	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Continuing operations					
Revenue	6	**2,259,698**	2,184,463	**254,579**	127,085
Cost of sales		**(2,098,744)**	(2,016,920)	**-**	-
Gross profit		**160,954**	167,543	**254,579**	127,085
Other operating income	7	**9,897**	1,566	**28,923**	117
Selling and distribution expenses		**(28,293)**	(26,101)	**-**	-
Administrative expenses		**(66,106)**	(62,374)	**(22,336)**	(21,584)
Impairment of investments in subsidiaries	20	**-**	-	**-**	(27,362)
(Impairment)/reversal of impairment of financial assets, net	8	**(1,635)**	(6,565)	**(13,433)**	419
Reversal of impairment of non-financial assets	17,18,19	**16,427**	11,775	**-**	-
Other operating expenses		**(7,682)**	(14,232)	**-**	-
Other gains/(losses), net	9	**41,998**	(2,816)	**-**	-
Profit from operations		**125,560**	68,796	**247,733**	78,675
Finance income	10	**2,587**	3,835	**-**	-
Finance costs	10	**(47,045)**	(36,784)	**(42,387)**	(28,909)
Profit before zakat and taxation	11	**81,102**	35,847	**205,346**	49,766
Zakat	13	**(1,000)**	(1,486)	**-**	-
Taxation	14	**(43,487)**	(30,498)	**(4,451)**	(2,448)
Profit for the financial year from continuing operations		**36,615**	3,863	**200,895**	47,318
Discontinued operations					
Profit/(loss) from discontinued operations, net of tax	16	**88,738**	(75,091)	**-**	-
Profit/(loss) for the financial year		**125,353**	(71,228)	**200,895**	47,318
Other comprehensive income/(loss):					
Items that may be subsequently reclassified to profit or loss					
Currency translation difference		**143**	(536)	**-**	-
Cash flow hedges		**5,542**	(4,241)	**5,542**	(4,241)
		5,685	(4,777)	**5,542**	(4,241)
Total comprehensive income/(loss) for the financial year		**131,038**	(76,005)	**206,437**	43,077

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Note	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Total profit/(loss) for the financial year attributable to owners of the Company arising from:					
- Continuing operations		**36,615**	3,863	**200,895**	47,318
- Discontinued operations		**88,738**	(75,091)	**-**	-
		125,353	(71,228)	**200,895**	47,318
Total other comprehensive income/(loss) for the financial year attributable to owners of the Company arising from:					
- Continuing operations		**42,300**	(914)	**206,437**	43,077
- Discontinued operations		**88,738**	(75,091)	**-**	-
		131,038	(76,005)	**206,437**	43,077
Basic and diluted earnings/(loss) per share attributable to equity holders of the Company (sen)	15				
- from continuing operations		**5.21**	0.55		
- from discontinued operations		**12.62**	(10.68)		
		17.83	(10.13)		

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

	Note	Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	17	**1,220,510**	1,255,235	**2,288**	1,970
Right-of-use assets	18	**83,036**	92,642	**551**	1,212
Intangible assets	19	**622,185**	625,112	**1,116**	2,214
Investments in subsidiaries	20	**-**	-	**1,271,851**	1,301,238
Loans due from a subsidiary	21	**-**	-	**1,041,370**	931,963
Lease receivables	22	**-**	-	**82,732**	83,859
Deferred tax assets	32	**-**	-	**372**	158
		1,925,731	1,972,989	**2,400,280**	2,322,614
Current assets					
Inventories	24	**421,059**	274,485	**-**	-
Receivables	23	**307,243**	227,177	**388**	176
Tax recoverable		**-**	8,118	**-**	547
Amounts due from subsidiaries	25	**-**	-	**19,265**	14,799
Amounts due from other related companies	25	**3,048**	465	**94**	-
Amount due from immediate holding company	25	**1**	1,461	**-**	136
Loans due from a subsidiary	21	**-**	-	**-**	70,090
Lease receivables	22	**-**	-	**2,167**	2,167
Deposits, cash and bank balances	28	**194,775**	195,921	**53,782**	20,360
		926,126	707,627	**75,696**	108,275
Assets held for sale	29	**18,982**	89,664	**-**	-
Total assets		**2,870,839**	2,770,280	**2,475,976**	2,430,889

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Note	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	30	**718,255**	718,255	**718,255**	718,255
Reorganisation deficit	31	**(1,039,632)**	(1,039,632)	**-**	-
Merger relief reserve	31	**1,733,939**	1,733,939	**1,733,939**	1,733,939
Foreign exchange reserve	31	**1,442**	1,299	**-**	-
Cash flow hedge reserve	31	**(3,667)**	(9,209)	**(3,667)**	(9,209)
Retained earnings/(accumulated losses)		**302,227**	176,874	**(524,027)**	(724,922)
Equity attributable to owners of the Company		**1,712,564**	1,581,526	**1,924,500**	1,718,063
Non-current liabilities					
Deferred tax liabilities	32	**39,911**	47,010	**-**	-
Borrowings	34	**363,885**	518,636	**363,885**	518,636
Loan due to a subsidiary	26	**-**	-	**92,554**	98,662
Lease liabilities	37	**3,549**	3,772	**-**	664
Derivatives financial liabilities	27	**3,571**	10,163	**3,571**	10,163
		410,916	579,581	**460,010**	628,125
Current liabilities					
Payables	33	**301,234**	157,091	**6,520**	2,528
Provision for taxation		**5,291**	-	**751**	-
Amounts due to subsidiaries	25	**-**	-	**5**	751
Loan due to a related company	26	**-**	47,152	**-**	10,108
Loan due to a subsidiary	26	**-**	-	**31,228**	30,194
Amounts due to other related companies	25	**3,936**	1,643	**117**	4
Amount due to ultimate holding body	25	**-**	221	**-**	221
Amount due to immediate holding company	25	**2,982**	12,503	**1,887**	6,096
Borrowings	34	**429,171**	388,464	**50,236**	33,914
Lease liabilities	37	**996**	1,170	**722**	885
Derivative financial liabilities	27	**3,749**	929	**-**	-
		747,359	609,173	**91,466**	84,701
Total liabilities		**1,158,275**	1,188,754	**551,476**	712,826
Total equity and liabilities		**2,870,839**	2,770,280	**2,475,976**	2,430,889

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

Group	Share capital (Note 30) RM'000	Reorgani-sation deficit (Note 31) RM'000	Merger relief reserve (Note 31) RM'000	Foreign exchange reserve (Note 31) RM'000	Cash flow hedge reserve (Note 31) RM'000	Retained earnings RM'000	Total RM'000
2021							
At 1 January 2021	**718,255**	**(1,039,632)**	**1,733,939**	**1,299**	**(9,209)**	**176,874**	**1,581,526**
Profit for the financial year	**-**	**-**	**-**	**-**	**-**	**125,353**	**125,353**
Other comprehensive income for the financial year, net of tax:							
Item that will be subsequently reclassified to profit or loss							
- currency translation differences	**-**	**-**	**-**	**143**	**-**	**-**	**143**
- cash flow hedges	**-**	**-**	**-**	**-**	**5,542**	**-**	**5,542**
Total comprehensive income for the financial year	**-**	**-**	**-**	**143**	**5,542**	**125,353**	**131,038**
At 31 December 2021	**718,255**	**(1,039,632)**	**1,733,939**	**1,442**	**(3,667)**	**302,227**	**1,712,564**
2020							
At 1 January 2020	718,255	(1,039,632)	1,733,939	1,835	(4,968)	248,102	1,657,531
Loss for the financial year	-	-	-	-	-	(71,228)	(71,228)
Other comprehensive loss for the financial year, net of tax:							
Item that will be subsequently reclassified to profit or loss							
- currency translation differences	-	-	-	(536)	-	-	(536)
- cash flow hedges	-	-	-	-	(4,241)	-	(4,241)
Total comprehensive loss for the financial year	-	-	-	(536)	(4,241)	(71,228)	(76,005)
At 31 December 2020	718,255	(1,039,632)	1,733,939	1,299	(9,209)	176,874	1,581,526

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

Company	Share capital (Note 30) RM'000	Non-distributable Merger relief reserve (Note 31) RM'000	Non-distributable Cash flow hedge reserve (Note 31) RM'000	Accumulated losses RM'000	Total RM'000
2021					
At 1 January 2021	**718,255**	**1,733,939**	**(9,209)**	**(724,922)**	**1,718,063**
Profit for the financial year	**-**	**-**	**-**	**200,895**	**200,895**
Other comprehensive income for the financial year, net of tax:					
Item that will be subsequently reclassified to profit or loss					
- cash flow hedges	**-**	**-**	**5,542**	**-**	**5,542**
Total comprehensive income for the financial year	**-**	**-**	**5,542**	**200,895**	**206,437**
At 31 December 2021	**718,255**	**1,733,939**	**(3,667)**	**(524,027)**	**1,924,500**
2020					
At 1 January 2020	718,255	1,733,939	(4,968)	(772,240)	1,674,986
Profit for the financial year	-	-	-	47,318	47,318
Other comprehensive (loss)/income for the financial year, net of tax:					
Item that will be subsequently reclassified to profit or loss					
- cash flow hedges	-	-	(4,241)	-	(4,241)
Total comprehensive (loss)/income for the financial year	-	-	(4,241)	47,318	43,077
At 31 December 2020	718,255	1,733,939	(9,209)	(724,922)	1,718,063

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Note	Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit/(loss) for the financial year from:					
- Continuing operations		**36,615**	3,863	**200,895**	47,318
- Discontinued operations		**88,738**	(75,091)	**-**	-
		125,353	(71,228)	**200,895**	47,318
Adjustments for:					
Taxation		**43,487**	30,498	**4,451**	2,448
Depreciation of property, plant and equipment		**75,402**	72,830	**650**	657
Gain on disposal of property, plant and equipment		**(902)**	(18)	**(197)**	-
Depreciation of right-of-use asset		**2,748**	3,001	**661**	496
Loss on lease modification		**-**	453	**-**	453
Loan modification (costs)/credit recharged to a subsidiary		**-**	-	**(9,749)**	11,695
Intangible assets written off		**-**	534	**-**	534
Reversal of impairment of property, plant and equipment		**(16,427)**	(3,807)	**-**	-
Reversal of impairment of right-of-use assets		**-**	(7,968)	**-**	-
Property, plant and equipment written off		**2,654**	1,393	**-**	-
Rent concession		**-**	(219)	**-**	-
Amortisation of intangible assets		**4,690**	5,709	**1,424**	1,474
Amortisation of advance payment		**-**	2,204	**-**	
Loss on disposal of asset held for sale		**-**	12	**-**	-
Unrealised loss on sugar future contracts		**963**	-	**-**	-
Unrealised loss on brent crude oil forward option		**2,133**	-	**-**	-
Unrealised (gain)/loss on foreign currency exchange translation		**(1,506)**	2,627	**-**	-
Unrealised (gain)/loss on foreign currency exchange forward contracts		**(276)**	929	**-**	-
Asset held for sale written-off		**-**	387	**-**	-
Inventories written down to net realisable value during the financial year		**13,436**	65	**-**	-
Reversal of prior year inventories written down to net realisable value		**(65)**	-	**-**	-
Gain on disposal of a subsidiary		**(6,287)**	-	**(28,781)**	-
Dividend income		**-**	-	**(186,000)**	(75,000)
Interest income		**(2,587)**	(3,835)	**(44,968)**	(49,803)
Interest expense		**47,045**	36,784	**42,387**	28,909
Impairment loss of investment in a subsidiary		**-**	-	**-**	27,362
Impairment loss/(reversal of impairment) loans due from subsidiaries		**-**	-	**13,433**	(419)
Impairment of trade and other receivables		**4,835**	7,219	**-**	-
Reversal of impairment loss of amount due from related company		**(3,200)**	(654)	**-**	-
Inventories written off		**6,081**	1,376	**-**	-
Allowance for inventory obsolescence		**10,957**	18,545	**-**	-
Zakat		**1,000**	1,486	**-**	-
Ineffective portion of cash flow hedge		**(830)**	417	**(830)**	417
Non-Cash item from continuing operations		**183,351**	169,968	**(207,519)**	(50,777)
Non-Cash item from discontinued operations	16(iii)	**(87,098)**	73,503	**-**	-
Operating profit/(loss) before changes in working capital		**221,606**	172,243	**(6,624)**	(3,459)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Note	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES (CONTINUED)					
Changes in working capital:					
Inventories		**(176,983)**	24,572	**-**	-
Receivables		**(88,355)**	51,976	**(212)**	711
Payables		**151,132**	35,563	**2,833**	910
Intercompany		**(8,714)**	5,029	**(9,487)**	(6,271)
Changes in working capital from continuing operations		**(122,920)**	117,140	**(6,866)**	(4,650)
Changes in working capital from discontinued operation	16(iii)	**(3,533)**	(12,481)	**-**	-
Cash generated from/(used in) operations		**95,153**	276,902	**(13,490)**	(8,109)
Zakat paid		**(1,000)**	(1,486)	**-**	-
Tax paid		**(36,525)**	(32,930)	**(3,367)**	(4,175)
Tax refunded		**5,986**	-	**-**	-
Net cash generated from/(used in) operating activities		**63,614**	242,486	**(16,857)**	(12,284)
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment	36	**(41,768)**	(22,271)	**(968)**	(378)
Purchase of intangible assets		**(1,763)**	(596)	**(326)**	(561)
Proceeds from disposal of property, plant and equipment		**902**	25	**197**	-
Proceeds from disposal of asset held for sale		**-**	1,148	**-**	-
Investment in subsidiary		**-**	-	**(122,000)**	-
Interest received		**2,587**	3,835	**928**	633
Dividend received		**-**	-	**186,000**	75,000
Loans to subsidiaries		**-**	-	**-**	(3,627)
Repayment of loan by subsidiaries		**-**	-	**-**	98,112
Proceeds from disposal of a subsidiary		**181,106**	-	**181,106**	-
Proceeds from lease receivables		**-**	-	**2,167**	2,167
Investing cash generated from/ (used in) continuing operations		**141,064**	(17,859)	**247,104**	171,346
Investing cash used in discontinued operation	16(iii)	**1,815**	619	**-**	-
Net cash generated from/(used in) investing activities		**142,879**	(17,240)	**247,104**	171,346

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Note	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES					
Drawdown of loan due to a related company		**20,000**	61,920	**-**	29,000
Repayment of loan due to a related company		**(67,232)**	(84,919)	**(10,000)**	(56,000)
Drawdown of loan due to a subsidiary		**-**	-	**-**	75,000
Repayment of loan due to a subsidiary		**-**	-	**(10,001)**	(45,000)
Drawdown of borrowings		**1,146,470**	1,179,063	**-**	-
Repayment of borrowings		**(1,269,676)**	(1,303,815)	**(148,006)**	(137,928)
Principal payment of lease liability		**(1,221)**	(221)	**(827)**	(158)
Interest payment of lease liability		**(241)**	(241)	**(57)**	(63)
Interest paid		**(38,442)**	(50,850)	**(27,934)**	(37,906)
Changes in restricted cash		**(696)**	1,578	**(696)**	1,578
Net cash used in financing activities		**(211,038)**	(197,485)	**(197,521)**	(171,477)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENT		**(4,545)**	27,761	**32,726**	(12,415)
Effect of foreign exchange rate changes		**2,703**	(798)	**-**	-
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR		**179,924**	152,961	**4,363**	16,778
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	28	**178,082**	179,924	**37,089**	4,363

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

Cash flows and non-cash changes in liabilities arising from financing activities are as follows:

Group	At 1 January RM'000	Cash drawdown RM'000	Cash repayment RM'000	Non-cash interest RM'000	Rent Concession/ Lease modification RM'000	Addition RM'000	At 31 December RM'000
2021							
Islamic term loan	552,550	-	(175,708)	37,279	-	-	414,121
Bankers' acceptance	354,550	1,146,470	(1,132,073)	9,988	-	-	378,935
Borrowings	907,100	1,146,470	(1,307,781)	47,267	-	-	793,056
Loan due to a related company	47,152	20,000	(67,569)	417	-	-	-
Lease liabilities	4,942	-	(1,462)	241	-	824	4,545
	959,194	1,166,470	(1,376,812)	47,925	-	824	797,601
2020							
Islamic term loan	631,719	-	(99,997)	20,828	-	-	552,550
Term loan	71,909	-	(74,455)	2,546	-	-	-
Bankers' acceptance	341,156	1,179,063	(1,177,550)	11,881	-	-	354,550
Borrowings	1,044,784	1,179,063	(1,352,002)	35,255	-	-	907,100
Loan due to a related company	70,431	61,920	(87,582)	2,383	-	-	47,152
Lease liabilities	5,656	-	(462)	241	(493)	-	4,942
	1,120,871	1,240,983	(1,440,046)	37,879	(493)	-	959,194

Company	At 1 January RM'000	Cash drawdown RM'000	Cash repayment RM'000	Non-cash interest RM'000	Lease Modification RM'000	At 31 December RM'000
2021						
Borrowings - Islamic term loan	552,550	-	(175,708)	37,279	-	414,121
Loan due to a related company	10,108	-	(10,232)	124	-	-
Loan due to a subsidiary	128,856	-	(10,001)	4,927	-	123,782
Lease liabilities	1,549	-	(884)	57	-	722
	693,063	-	(196,825)	42,387	-	538,625
2020						
Borrowings - Islamic term loan	631,719	-	(99,997)	20,828	-	552,550
Term loan	71,909	-	(74,455)	2,546	-	-
Loan due to a related company	37,116	29,000	(57,360)	1,352	-	10,108
Loan due to a subsidiary	94,758	75,000	(45,022)	4,120	-	128,856
Lease liabilities	1,981	-	(221)	63	(274)	1,549
	837,483	104,000	(277,055)	28,909	(274)	693,063

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

1 GENERAL INFORMATION

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

The registered office of the Company is located at Level 21, Wisma FGV, Jalan Raja Laut, 50350 Kuala Lumpur. The principal place of business of the Company is located at Level 44, Menara Felda, Platinum Park, No. 11, Persiaran KLCC, 50088 Kuala Lumpur.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are set out in Note 20 of the financial statements. There have been no significant changes in the nature of these activities during the financial year.

The immediate holding company is FGV Holdings Berhad ("FGVH"), a company incorporated and domiciled in Malaysia, and listed on the Main Market of Bursa Malaysia Securities Berhad.

The ultimate holding body is Federal Land Development Authority ("FELDA"), a body set up under the Land Development Act 1956.

2 BASIS OF PREPARATION

The financial statements of the Group and of the Company have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act 2016 in Malaysia.

The financial statements of the Group and of the Company have been prepared under the historical cost convention unless otherwise indicated in the individual policy statements in Note 3 to the financial statements.

The preparation of financial statements in conformity with MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the financial period.

It also requires Directors to exercise their judgement in the process of applying the Group and Company's accounting policies. Although these estimates and judgement are based on the Directors' best knowledge of current events and actions, actual results may differ. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 5.

(i) The Group and Company has applied the following standards and amendments for the first time for the financial year beginning on 1 January 2021:

- 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'

The amendments listed above did not have significant impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

The Group's and Company's Islamic term loan is based on 1-month Kuala Lumpur Interbank Offered Rate (KLIBOR). The Group and Company will closely monitor the regulators' announcement on the alternative benchmark rate or discontinuation of publication of the KLIBOR for the relevant tenor; and engage the counterparties to discuss necessary changes to the related contracts, including the Islamic profit rate swap the Group and the Company has entered into.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2 BASIS OF PREPARATION (CONTINUED)

(ii) Accounting pronouncements that are not yet effective and have not been early adopted by the Group and Company:

Accounting pronouncements that are currently being assessed by the Directors:

Effective for annual periods beginning on or after 1 January 2022 with earlier application permitted

- Amendments to MFRS 3 'Reference to Conceptual Framework'
- Amendments to MFRS 116 'Proceeds before intended use'
- Amendments to MFRS 137 'Onerous Contracts - Cost of Fulfilling a Contract'
- Annual Improvements to MFRS 9 'Fees in the 10% test for derecognition of financial liabilities'
- Annual improvements to MFRS 141 'Taxation in Fair Value Measurements'
- Annual improvements to Illustrative Example Accompanying MFRS 16 Leases 'Lease Incentives'
- Annual improvements to MFRS 1 'Subsidiary as First-time Adopter'

Effective annual periods beginning on or after 1 January 2023

- Amendments to MFRS 101 'Classification of liabilities as current and non-current'
- Amendments to MFRS 112 'Deferred Tax related to Assets and Liabilities arising from a single transaction'
- Amendments to MFRS 101 and MFRS Practice Statement 2 'Disclosure of Accounting Policies'
- Amendments to MFRS 108 'Definition of Accounting Estimates'

The accounting pronouncements that are not yet effective are not expected to have any significant impact on the financial statements of the Group and Company.

3 SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of financial statements are set out below. These policies have been consistently applied to all the financial years presented, unless otherwise stated:

(a) Basis of consolidation and investment in subsidiaries

The consolidated financial statements include the financial statements of the Company and all its subsidiaries made up to the end of financial year. Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Acquisition accounting

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group when the acquired set of activities and asset meet the definition of a business. The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of the non-controlling interests. The Group recognises any non-current controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets. At the end of reporting period, non-controlling interests consists of amount calculated on the date of combinations and its share of changes in the subsidiary's equity since the date of combination.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of consolidation and investment in subsidiaries (continued)

Acquisition accounting (continued)

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

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with MFRS 9 in profit or loss. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recognised as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss (Note 3(d)).

Predecessor accounting

Acquisitions of subsidiaries and businesses under common control that meet the conditions of a merger are accounted for using the predecessor basis of accounting.

Under the predecessor basis of accounting, the results of subsidiaries and businesses under common control are presented as if the business combination had been effected throughout the current and previous years. The assets and liabilities combined are accounted for based on the carrying amounts from the perspective of the common control shareholder at the date of transfer. On consolidation, the cost of the business combination is cancelled with the values of the shares received. Any resulting credit or debit difference is classified as reorganisation reserve. Any share premium, capital redemption reserve and any other reserves which are attributable to share capital of the combined entities, to the extent that they have not been capitalised by a debit difference, are reclassified and presented as movement in other capital reserves.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated, unrealised losses are also eliminated unless cost cannot be recovered. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency with the policies adopted by the Group.

Non-controlling interests is the equity in a subsidiary not attributable, directly or indirectly, to a parent. On an acquisition-by-acquisition basis, the Group measures any non-controlling interests in the acquiree at the non-controlling interests' proportionate share of the acquiree's identifiable net assets. At the end of reporting period, non-controlling interests consists of amount calculated on the date of combinations and its share of changes in the subsidiary's equity since the date of combination.

The gain or loss on disposal of a subsidiary is the difference between net disposal proceeds and the Group's share of its net assets as of the date of disposal including the cumulative amount of any exchange differences or other reserves that relate to the subsidiary and is recognised in profit or loss.

All earnings and losses of the subsidiary are attributed to the parent and the non- controlling interests, even if the attribution of losses to the non-controlling interests results in a debit balance in the non-controlling interests.

In the Company's financial statements, investments in subsidiaries are shown at cost less accumulated impairment losses.

Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount (Note 3(f)).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in equity attributable to owners of the Group.

(c) Disposal of subsidiaries

When the Group ceases to consolidate because of a loss of control, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

Gains or losses on the disposal of subsidiaries include the carrying amount of goodwill relating to the subsidiaries sold.

(d) Goodwill

Goodwill represents the excess of the cost of acquisition of subsidiaries over the Group's share of the fair value of their identifiable net assets including contingent liabilities at the date of acquisition. Goodwill on acquisition in respect of a subsidiary is included in the consolidated statement of financial position as intangible assets. Negative goodwill represents the total of consideration transferred, non-controlling interest recognised and previously held interest measured being less than where the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash generating units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognised immediately as an expense and is not subsequently reversed. See significant accounting policies Note 3(k) on impairment of non-financial assets.

(e) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair values as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised on a straight-line basis over the estimated economic useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. If such an indication exists, an asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. See significant accounting policies Note 3(k) on impairment of non-financial assets.

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each statement of financial position date.

Intangible assets with indefinite useful lives and intangible assets under development are not amortised but tested for impairment annually or more frequently if the events or changes in circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. The useful life of an intangible asset with an indefinite life is also reviewed annually to determine whether the useful life assessment continues to be supportable.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Intangible assets (continued)

Intangible assets are amortised using the straight line basis over their estimated useful lives as follows:

Intangible assets	Estimated useful lives
Brand	25 years
Software	3 – 5 years

Amortisation on intangible assets under development commences when the assets are ready for their intended use.

The nature of the intangible assets are as follows:

(i) Brand is related to a sugar brand 'Prai' acquired as part of the acquisition of the sugar business.

(ii) Software relates to information technology ("IT") used within the Group.

(f) Financial assets

Classification

The Group classifies its financial assets in the following categories:

(i) those to be measured subsequently at fair value (either through profit or loss or other comprehensive income); and

(ii) those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income ("FVOCI").

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Financial assets (continued)

Measurement (continued)

(a) Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the group classifies its debt instruments:

(i) Amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss, together with foreign exchange gains and losses. Impairment losses are presented as separate line item in profit or loss.

(ii) FVOCI

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss. Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are recognised in profit or loss and impairment expenses are presented as separate line item in profit or loss.

(iii) FVPL

Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

(b) Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Financial assets (continued)

Impairment

(a) Impairment for debt instruments

The Group and Company assess on a forward-looking basis the expected credit loss ("ECL") associated with its debt instruments carried at amortised cost and at FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Group and Company's financial instruments that are subject to the ECL model are as follows:

- Receivables (excluding advance payments, prepayments and GST receivables)
- Lease receivable
- Loans and amounts due from subsidiaries/other related companies/holding company
- Financial assets at fair value through other comprehensive income

While cash and cash equivalents are also subject to the impairment requirements of MFRS 9, the identified impairment loss was immaterial.

ECL represent a probability-weighted estimate of the difference between present value of cash flows according to contract and present value of cash flows the Group and the Company expect to receive, over the remaining life of the financial instrument.

The measurement of ECL reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

(i) General 3-stage approach for other receivables, loans and amount due from subsidiaries and related companies that are non-trade related

At each reporting date, the Group and Company measure ECL through loss allowance at an amount equal to 12 month ECL if credit risk on a financial instrument or a group of financial instruments has not increased significantly since initial recognition. For all other financial instruments, a loss allowance at an amount equal to lifetime ECL is required.

The Company applies MFRS 9 general 3 stage approach to measure ECL which uses a lifetime expected loss allowance for lease receivables carried at amortised cost. The ECL rates is based on the probability of recovery of the receivable within one year or more than a year. Based on management assessment, there is no additional loss allowance identified for lease receivables.

The measurement details of ECL are disclosed in the relevant notes to the financial assets.

(ii) Simplified approach for trade receivables and amounts due from subsidiaries and related companies that are trade related

The Group and Company apply the MFRS 9 simplified approach to measure ECL which uses a lifetime ECL for all trade receivables and amounts due from subsidiaries and related companies that are trade related.

The measurement details of ECL are disclosed in the relevant notes to the financial assets.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Financial assets (continued)

Impairment (continued)

(b) Significant increase in credit risk

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportable forward-looking information.

The following indicators are incorporated:

- External credit rating (as far as available).
- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations.
- Actual or expected significant changes in the operating results of the debtor.
- Significant increases in credit risk on other financial instruments of the same debtor.
- Significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements.
- Significant changes in the expected performance and behaviour of the debtor, including changes in the payment status of debtor in the group and changes in the operating results of the debtor.

Macroeconomic information (such as market interest rates or growth rates) is incorporated as part of the internal rating model as applicable.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment.

(c) Definition of default and credit-impaired financial assets

The Group defines a financial instrument as default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

Quantitative criteria:

The Group defines a financial instrument as default, when the counterparty fails to make contractual payment within 180 days of when they fall due.

Qualitative criteria:

The debtor meets unlikeliness to pay criteria, which indicates the debtor is in significant financial difficulty. The Group considers the following instances:

- the debtor is in breach of financial covenants.
- concessions have been made by the lender relating to the debtor's financial difficulty.
- it is becoming probable that the debtor will enter bankruptcy or other financial reorganisation.
- the debtor is insolvent.

Financial instruments that are credit-impaired are assessed on individual basis.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Financial assets (continued)

Impairment (continued)

(d) Groupings of instruments for ECL measurement

(i) Collective assessment

To measure ECL, trade receivables arising from the Group have been grouped based on the days past due and shared credit risk characteristics as follows:

(i) Geographical region of customers

(ii) Customer division

(iii) Related company and external customers

(iv) Other shared credit risks

The contract assets relate to amounts due from customers on contracts and unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

(ii) Individual assessment

Trade receivables which are in default or credit-impaired are assessed individually.

Other receivables, loans and amount due from intercompany, are assessed on individual basis for ECL measurement, as credit risk information is obtained and monitored separately.

(e) Write-off

(i) Trade receivables

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group.

Impairment losses on trade receivables are presented as net impairment losses on the face of profit or loss. Subsequent recoveries of amounts previously written off are credited against the same line item.

(ii) Other debt instruments

The Group writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. The assessment of no reasonable expectation of recovery is based on unavailability of debtor's sources of income or assets to generate sufficient future cash flows to repay the amount. The Group may write-off financial assets that are still subject to enforcement activity. Subsequent recoveries of amounts previously written off will result in impairment gains.

(f) Subsidiaries

An impairment loss is recognised for the amount by which the carrying amount of the subsidiary exceeds its recoverable amount. The recoverable amount is higher of an asset's fair value less costs of disposal and value-in-use. Any subsequent increase in recoverable amount is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Financial liabilities

Financial liabilities are recognised on the statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instrument.

Financial liabilities are recognised initially at fair value, plus, in the case of financial liabilities other than derivatives, directly attributable transactions costs.

Subsequent to initial recognition, all financial liabilities are measured at amortised cost using the effective interest method except for derivatives in a loss position, if any, which are measured through profit or loss.

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

Gains or losses arising from changes in fair value of derivatives are recognised in profit or loss within other gain/losses, net. Net gains or losses on derivatives include exchange differences.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date.

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 added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Foreign exchange differences are capitalised to the extent of the capitalisation of the related borrowing costs.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

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

When the basis to determine the future contractual cash flows of the borrowings are modified entirely as a result of IBOR reform, the Group applied the reliefs provided in the Phase 2 amendments of IBOR reform with no modification gain or loss is recognised.

In situations where some or all of a change in the basis for determining the contractual cash flows of a borrowing does not meet the criteria of the Phase 2 amendments, the Group first applies the practical expedient to the changes required by IBOR reform, including updating the effective interest rate of the borrowings. Any additional changes are accounted for as modification of borrowings in accordance with the requirement in MFRS 9 (that is, assessed for modification or derecognition, with the resulting modification gain / loss recognised immediately in profit or loss where the borrowings is not derecognised).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy.

(i) Property, plant and equipment

Property, plant and equipment are initially stated at cost. All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Cost also includes borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset.

See significant accounting policies Note 3(g) on borrowing costs. To the extent a legal or constructive obligation to a third party exists, the acquisition cost includes estimated cost of dismantling and removing the assets are restoring the site.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Major spare parts, stand-by equipment and servicing equipment are classified as property, plant and equipment rather than inventory when they are expected to be used during more than one period.

A bearer plant is a living plant that is used in the production or supply of agricultural produce, is expected to bear produce for more than one period and has a remote likelihood of being sold as agricultural produce, except for incidental scrap sales. The bearer plants of the Group are oil palms, rubber trees and mango trees. Immature bearer plants are measured at accumulated costs of planting of bearer plants, similar to accounting for a self-constructed item of property, plant and equipment. Bearer plants are classified as immature until the trees are available for harvest.

At that point, bearer plants are measured at amortised cost and depreciated over their useful life which is estimated to be 20 to 25 years.

Freehold land is not depreciated as it has an infinite useful life and assets under construction are not depreciated until when the assets are ready for their intended use.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Property, plant and equipment (continued)

All property, plant and equipment are depreciated on a straight line basis to write off the cost of each asset to their residual values over their estimated useful lives as follows:

Principal annual rates used are summarised as follows:

Property, plant and equipment	Estimated useful lives
Buildings	20 – 25 years
Plant and machinery	3 – 20 years
Furniture, fittings, equipment and motor vehicles	3 – 11 years
Bearer plants	
- Oil palms	22 years, or the lease term if shorter
- Rubber trees	20 years, or the lease term if shorter
- Mango trees	25 years, or the lease term if shorter

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date. The effects of any revision of the residual values and useful lives are included in profit or loss for the financial year in which the changes arise.

Depreciation on property, plant and equipment ceases at the earlier of derecognition and classification as held for sale. Depreciation on assets under construction commences when the assets are ready for their intended use.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in "other operating income" in profit or loss.

At each statement of financial position date, the Group assess whether there is any indication of impairment. If such an indication exists, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. See significant accounting policies Note 3(k) on impairment of non-financial assets.

(j) Inventories

Inventories which consist of raw materials, work-in-progress, finished goods, molasses and consumables are stated at lower of cost and net realisable value.

Cost is determined on the weighted average cost basis. Raw material cost comprises the landed cost of goods purchased and in the case of work-in-progress and finished goods, includes materials, direct labour, other direct charges and an appropriate proportion of factory overheads. Consumables comprise the actual purchase costs.

Net realisable value is the estimated selling price in the ordinary course of business, less selling and distribution costs and all other estimated cost to completion.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Impairment of non-financial assets

Assets that have an indefinite useful life for example goodwill or intangible asset not ready to use, are not subject to amortisation and are tested annually for impairment, or when events or circumstances occur indicating that impairment may exist. Property, plant and equipment and other non-current non-financial assets, including intangible assets with definite useful lives, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

The impairment loss is charged to profit or loss. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). Impaired assets, except goodwill, are reviewed for possible reversal of impairment at each reporting date and is recognised in profit or loss.

The reversal is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised.

(l) Current and deferred income taxes

Tax expenses for the year comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Current and deferred tax is measured using the tax rates that have been enacted or substantively enacted at the statement of financial position date in the countries where the Group's subsidiaries operate generate taxable income.

Deferred tax is provided for on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and unused tax losses can be utilised.

Deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred and income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

(m) Zakat

The Group recognises its obligations towards the payment of zakat on business. Zakat for the current period is recognised as and when the Group has a current zakat obligation as a result of zakat assessment. The amount of zakat expense shall be assessed when a company within the Group has been in operation for at least 12 months, i.e. for the period known as "haul (eligible period)".

Zakat expense is determined based on the Group's financial results for the year. The amount of zakat paid is recognised as an expense in the financial year in which it is incurred.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Foreign currencies

Functional and presentation currency

Items included in the financial statements of the each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in Ringgit Malaysia ("RM"), which is the Group and Company's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except when deferred in equity as qualifying cash flow hedges ad qualifying net investment hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in profit or loss. Foreign exchange gains and losses related to foreign currency forward contracts are presented in profit or loss within "other (losses)/gains - net".

Group companies

The results and financial position of all Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

(ii) income and expenses for each statement of comprehensive income are translated at average rate (unless this average is not reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

(iii) all resulting exchange differences are recognised in the foreign exchange reserve as a separate component of equity.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entities and translated at closing rate. Exchange differences arising are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities and long-term advances are taken to the foreign exchange reserve within equity. When a foreign operation is sold, such exchange differences are recognised in profit or loss as part of the gain or loss on disposal.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Revenue recognition

(i) Revenue from contracts with customers

- Sales of goods

The Group's revenue which represents income arising in the course of the Group's and the Company's ordinary activities is recognised by reference to each distinct performance obligation promised in the contract with customer when or as the Group and the Company transfer the control of the goods and services promised in a contract and the customer obtains control of the goods or services. Depending on the substance of the respective contract with customer, the control of the promised goods or services may transfer over time or at point in time.

A contract with customer exists when the contract has commercial substance, the Group, the Company and their customers have approved the contract and intend to perform their respective obligations, the Group's, the Company's and the customer's rights regarding the goods or services to be transferred and the payment terms can be identified, and it is probable that the Group and the Company will collect the consideration to which it will be entitled to in exchange of those goods or services.

Revenue from contracts with customers is measured at its transaction price, being the amount of consideration which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties such as sales and service taxes or goods and service tax. If the amount of consideration varies due to discounts, rebates, penalties or other similar items, the Group and the Company estimate the amount of consideration that it expects to be entitled based on the expected value method or the most likely outcome but the estimation is constrained up to the amount that is highly probable of no significant reversal in the future. Transaction price is allocated to each performance obligation on the basis of the relative standalone selling prices of each distinct good or service promised in the contract.

The Group sells refined sugar, liquid sugar, sugar premix, raw sugar and molasses in connection to the sugar operation. In addition, the Group also sells rubber, palm oil and mango through its plantation segment.

Revenue from sales of goods from the sugar operation and plantation are recognised net of discount and taxes at the point in time when control of the goods has transferred to the customer. Depending on the terms of the contract with the customer, control transfers either upon delivery or shipment of goods to the specific location agreed with the customer, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the goods in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Revenue recognition (continued)

(i) Revenue from contracts with customers (continued)

- Sales with a right of return

  When the customer has a right to return the goods within a given period, the Group is obliged to refund the purchase price. Revenue is adjusted for the expected value of the returns and cost of sales are adjusted for the value of the corresponding goods expected to be returned.

  A refund liability for the expected refunds to customers is recognised as adjustment to revenue and correspondingly in trade and other payables. At the same time, the Group has a right to recover the goods from the customer where the customer exercises his right of return and recognises a refund asset and a corresponding adjustment to cost of sales the refund asset is measured by reference to the former carrying amount of the product.

  Accumulated experience is used to estimate such returns at the time of sale at a portfolio level using the expected value method. Because the number of goods returned has been steady for years, management assessed that it is highly probable that a significant reversal in the cumulative revenue recognised will not occur. The validity of this assumption and the estimated amount of returns are reassessed at each reporting date.

- Revenue from rendering services

  Revenue from rendering services including management fees are recognised when the services are performed by reference to completion of the specific services.

  Transportation services performed after the transfer of control of sales of goods from the sugar operation to customers are regarded as a separate performance obligation and recognised over time depending on the terms of the contract.

- Receivables, contract asset and contract liabilities

  A receivable is recognised when the goods are delivered or services are rendered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

- Contract cost

  During the previous financial year, the Group has elected the practical expedient to recognise incremental contract cost of obtaining contract with period of less than one year as an expense when incurred.

(ii) Revenue from other sources

Specific revenue recognition criteria for other revenue and income earned by the Company are as follows:

(a) Rental income - recognised on a straight-line basis over the lease terms.

(b) Finance income - recognised using effective interest method.

Finance income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

(c) Dividend income

Dividend income from investments are recognised in profit or loss when the right to receive payment is established. This applies even if they are paid out of pre-acquisition profits.

Dividends that clearly represents a recovery of part of the cost of an investment is recognised in other comprehensive income if it relates to an investment in equity instruments measured at FVOCI.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Dividend distribution

Dividends on ordinary shares are recognised as liabilities when proposed or declared before the statement of financial position date. A dividend proposed or declared after the statement of financial position date, but before the financial statements are authorised for issue, is not recognised as a liability at the reporting date.

(q) Cash and cash equivalents

For the purpose of the statement of cash flows, cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. Cash and cash equivalents comprise cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of 3 months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(r) Leases

<u>The Group and Company as a lessee</u>

Leases are recognised as a right-of-use ("ROU") asset and a corresponding liability at the date at which the leased asset is available for use by the Group and Company.

(a) ROU assets

ROU assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- decommissioning or restoration costs.

The ROU asset is depreciated over the shorter of the right-of-use asset's useful life and the lease term on a straight-line basis, as follows:

ROU assets	Estimated useful lives
Leasehold land	66 to 99 years
Buildings	3 to 60 years

The ROU assets are adjusted for certain remeasurement of the lease liability.

At each statement of financial position date, the Group assesses whether there is any indication of impairment. If such an indication exists, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. See significant accounting policies Note 3(k) on impairment of non-financial assets.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) Leases (continued)

The Group and Company as a lessee (continued)

(b) Lease liabilities

Lease liabilities are initially measured at the present value of the lease payments that are not paid at that date. The lease payments include the following:

- Fixed payments (including in-substance fixed payments), less any lease incentive receivable;
- Variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date, if any;
- Amounts expected to be payable by the Group under residual value guarantees;
- The exercise price of a purchase and extension options if the group is reasonably certain to exercise that option, if any; and
- Payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option, if any.

Lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing is used. This is the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the ROU in a similar economic environment with similar term, security and conditions.

Lease payments are allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Variable lease payments that depend on sales are recognised in profit or loss in the period in which the condition that triggers those payments occurs.

The Group presents the lease liabilities as a separate line item in the statement of financial position. Interest expense on the lease liability is presented within the finance cost in the statement of profit or loss.

(c) Lease term

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) Leases (continued)

The Group and Company as a lessee (continued)

(d) Reassessment of lease liabilities

The Group initially estimates and recognises amounts expected to be payable under residual value guarantees as part of the lease liability. The amounts are reviewed, and adjusted if appropriate, at the end of each reporting period.

A change in lease payments (including rent concession, except for COVID-19-related rent concessions), other than those arising from a change in amounts expected to be payable under residual value guarantees or in an index or rate used to determine lease payments, is accounted for as a lease modification if it is not part of the original terms and conditions of the lease. The lease modification is accounted for as either a new lease or as a remeasurement of an existing lease liability, depending on the criteria set in MFRS 16.

(e) Short-term leases and leases of low value assets

Short-term leases are leases with a lease term of 12 months or less, which cost less than RM20,000 each if purchased new. 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.

The Group and Company do not separate any non-lease components from lease components, and instead account for each lease component and any associated non-lease components as a single lease component.

The Group and Company as a lessor

As a lessor, the Company determines at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset to the lessee. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

(a) Finance leases

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

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

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. The Company revises the lease income allocation if there is a reduction in the estimated unguaranteed residual value.

(b) Sublease classification

When the Company is an intermediate lessor, it assesses the lease classification of a sublease with reference to the ROU asset arising from the head lease, not with reference to the underlying asset. If a head lease is short-term lease, then it classifies the sublease as an operating lease.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(s) Employee benefits

(i) Short-term employee benefits

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

(ii) Defined contribution plan

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. Such contributions are recognised as an expense in profit or loss as incurred.

(iii) Termination benefits

The Group pays termination benefits in cases of termination of employment within the framework of the restructuring. Termination benefits are recognised as a liability and an expense when the Group has a detailed formal plan for the termination and is without realistic possibility of withdrawal.

(t) Equity instruments

Ordinary shares are classified as equity.

The transaction costs of an equity transaction are accounted for as a deduction from equity, net of tax. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

(u) Contingent liabilities

The Group does not recognise a contingent liability but discloses its existence in the financial statements. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence and non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in the extremely rare case where there is a liability that cannot be recognised because it cannot be measured reliably. However contingent liabilities do not include financial guarantee contracts.

(v) Segment reporting

Segment information is presented in a manner that is consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Group Chief Executive Officer.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(w) Provisions

Provisions are recognised when:

- the Group has a present legal or constructive obligation as a result of past events;
- it is probable that an outflow of resources will be required to settle the obligation; and
- a reliable estimate of the amount can be made.

Where the Group expects a provision to be reimbursed (for example, under an insurance contract), the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time recognised as finance cost.

(x) Onerous contracts

The Group recognises a provision for onerous contracts when the expected benefits to be derived from a contract are less than the unavoidable costs of meeting the obligations under the contract.

(y) Non-current assets held for sale

Non-current assets are classified as assets held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for sale in its immediate condition. Management must be committed to the sale, which should be expected within one year from the date of classification as held for sale. Immediately before classification as held for sale, the assets (or components of a disposal group) are remeasured in accordance with the Group's accounting policies. Thereafter, the assets (or disposal group) are recognised at the lower of their carrying amount and fair value less cost to sell. Assets classified as held for sale, or included within a disposal group that is classified as held for sale, are not depreciated. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are included in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. A disposal group that is to be abandoned may also qualify.

Results from operations qualifying as discontinued operations are presented separately as a single amount on profit or loss. Results from operations qualifying as discontinued operations as of the balance sheet date for the latest period presented, that have previously been presented as results from continuing operations, are represented as results from discontinued operations for all periods presented.

In case conditions for classification of non-current assets and disposal groups as held for sale are no longer met, classification as held for sale ceases. Accordingly, results of operations, previously presented in discontinued operations, are reclassified and included in result from continuing operations for all periods presented. Non-current assets that ceases to be classified as held for sale are remeasured at the lower of their carrying amount before classification as held for sale, adjusted for any depreciation, amortisation or revaluations that would have been recognised had the asset or disposal group not been classified as held for sale, and its recoverable amount at the date of the subsequent decision to sell.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(z) Earnings per share

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated based on the consolidated profit after taxation attributable to equity shareholders of the Company and divided by the weighted number of ordinary shares in issue.

(aa) Fair value measurement

The fair value measurement prescribes that 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.

(ab) Derivative financial instruments and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value.

The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and the nature of the item being hedged. The Group designates certain derivatives as hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge).

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in cash flows of hedged items.

The fair values of various derivative instruments used for hedging purposes are disclosed in Note 27 to the financial statements. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining hedged item is more than 12 months, and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss within 'finance income/(costs)' and 'foreign exchange losses'.

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss (for example, when the forecast sale that is hedged takes place). The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in profit or loss and presented separately after net operating profit.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to profit or loss within 'finance income/(costs)' (Note 10).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(ab) Derivative financial instruments and hedging activities (continued)

Cash flow hedge (continued)

The Group has applied the following Phase 1 reliefs provided by the Amendments to MFRS 9 and MFRS 7 'Interest Rate Benchmark Reform' until the uncertainty arising from IBOR reform no longer being present:

- When considering the 'highly probable' requirement, the Group has assumed that the IBOR interest rate on which the Group's hedged borrowings is based does not change as a result of IBOR reform.
- In assessing whether the hedge is expected to be highly effective on a forward-looking basis the Group has assumed that the IBOR interest rate on which the cash flows of the hedged borrowings and the interest rate swap that hedges it are based is not altered by IBOR reform.
- The Group has not recycled the cash flow hedge reserve for designated hedges that are subject to the IBOR reform.

The Group has applied the following reliefs provided by the Amendments to MFRS 9 and MFRS 7 'Interest Rate Benchmark Reform - Phase 2':

- Hedge designation: When the Phase 1 amendments cease to apply, the Group will amend its hedge designation to reflect changes which are required by IBOR reform, but only to make one or more of the following changes:

  a) designating an alternative benchmark rate (contractually or non-contractually specified) as a hedged risk;

  b) amending the description of the hedged item, including the description of the designated portion of the cash flows or fair value being hedged; or

  c) amending the description of the hedging instrument.

  The Group amends its hedge documentation to reflect this change in designation by the end of the reporting period in which the changes are made. These amendments to the hedge documentation do not require the Group to discontinue its hedge relationships.

- Amounts accumulated in the cash flow hedge reserve: When the Group amends its hedge designation as described above, the accumulated amount outstanding in the cash flow hedge reserve is deemed to be based on the alternative benchmark rate. For discontinued hedging relationships, when the interest rate benchmark on which the hedged future cash flows were based has changed as required by IBOR reform, the amount accumulated in the cash flow hedge reserve is also deemed to be based on the alternative benchmark rate for the purpose of assessing whether the hedged future cash flows are still expected to occur.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

4 FINANCIAL RISK MANAGEMENT

(a) Financial risk management policies

The Group is exposed to market risk (including foreign currency exchange risk, commodity price risk and finance rate risk), credit risk and liquidity risk arising from its business activities. The Group's overall risk management strategy seeks to minimise adverse effects from the unpredictability of financial markets on the Group's financial performance. The Group uses relevant derivative financial instruments to hedge the risk of such commercial exposure and ensure the implementation risk action plans to effectively mitigate the risks.

The Board of Directors has overall responsibility for the oversight of financial risk management which includes risk identification, operational or strategic, and the subsequent action plans to manage these risks. Management is responsible for identifying, monitoring and managing the Group's risk exposures.

Market risk

(i) Foreign currency exchange risk

The Group operates internationally and is exposed to foreign currency exchange risk arising from various currency exposures, primarily with respect to the United States Dollar ("USD").

The Group manages its currency exposure through foreign currency forward contracts.

As at 31.12.2021, a 10% weakening of the USD against Malaysia Ringgit ("RM") at the date of statement of financial position would increase the Group's profit after tax of approximately RM11,077,000.

As at 31.12.2020, a 10% weakening of the USD against Malaysia Ringgit ("RM") at the date of statement of financial position would reduce the Group's loss after tax of approximately RM5,536,000.

The above exposure mainly as a result of foreign exchange gains/losses on translation of payables. The analysis assumes that all other variables remain constant.

(ii) Commodity price risk

The Group is exposed to raw sugar prices which are subject to fluctuations due to unpredictable factors such as weather, change of global demand and global production.

Management is responsible for managing the Group's exposure to raw sugar input cost against selling prices of refined sugar set by the Government. Management meets regularly to review their raw sugar requirements and price trends and then decides when to buy and price raw sugar consignments so that a refining margin is locked to ensure budgeted profits are met. In addition, the Group enters into New York 11 raw sugar future contracts to manage its raw sugar purchase cost.

A sensitivity analysis has been performed based on the Group's exposure to sugar futures as at year end. If price of raw sugar increases or decreases by 10% with all other variables held constant, the Group's profit after tax and equity would decrease or increase by RM10,846,000 (2020: loss after tax and equity would decrease or increase by RM6,845,000).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Financial risk management policies (continued)

Market risk (continued)

(iii) Finance rate risk

The Group's finance rate risk mainly arises from term loans. Term loans issued at variable rates expose the Group to cash flow finance rate risk.

The Company has been in constant engagement with its lender to manage its finance rate risk and has been advised that the current KLIBOR is still being referenced for its borrowings. The Company has also been informed that currently, the lender shall be guided by further announcement by Bank Negara Malaysia (BNM) on the timeline for the migration to the alternative reference rate (ARR) upon the cessation of the current KLIBOR rate. Upon the issuance of the guidelines, the lenders will engage the Company on the transition plan.

The finance rate profile of the Group's finance bearing financial assets, based on carrying amounts as at the end of the financial year was:

	Group		Company	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Financial assets				
At fixed rate:				
Fixed deposits	**81,119**	127,748	**37,395**	16,688
At floating rate (exposed to cash flow finance rate risk):				
Loans to subsidiaries	**-**	-	**1,041,370**	1,002,053
	81,119	127,748	**1,078,765**	1,018,741

The finance rate profile of the Group's finance bearing financial liabilities, based on carrying amounts as at the end of the reporting period was:

	Group		Company	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Financial liabilities				
At fixed rate:				
Loan due to a related company	**-**	47,152	**-**	10,108
Borrowings	**378,935**	354,550	**-**	-
	378,935	401,702	**-**	10,108
At floating rate (exposed to cash flow finance rate risk):				
Borrowings	**414,121**	552,550	**414,121**	552,550
Loan due to a subsidiary	**-**	-	**123,782**	128,856
	414,121	552,550	**537,903**	681,406
	793,056	954,252	**537,903**	691,514

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Financial risk management policies (continued)

Market risk (continued)

(iii) Finance rate risk (continued)

If finance rates on its floating rate financial liabilities increased/decreased by 10 basis points with all other variables held constant, the loss after tax of the Group will decrease/increase by RM315,000 (2020: loss after tax of the Group will increase/decrease by RM420,000).

If finance rates on its floating rate financial liabilities increased/decreased by 10 basis points with all other variables held constant, the profit after tax of the Company will decrease/increase by RM409,000 (2020: profit after tax of the Company will decrease/increase by RM518,000).

Other financial assets and financial liabilities are non-finance bearing, and therefore are not affected by changes in finance rates.

Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. Credit risk arises from cash and cash equivalents, contractual cash flows of debt investments carried at amortised cost, favourable derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures from outstanding receivables.

The Group adopts the policy of dealing with customers with an appropriate credit history, and obtaining sufficient security where appropriate, including payments in advance, security in the form of guarantees, deeds of undertaking or letters of credit which can be called upon if the counterparty is in default under the terms of the agreement.

Receivables, amounts due from subsidiaries and other related companies' exposure are closely monitored and continuously followed up.

The Group's deposits, cash and bank balances were largely placed with major financial institutions in Malaysia. The Directors are of the view that the possibility of non-performance by these financial institutions, including those non-rated financial institutions, is remote on the basis of their financial strength.

(a) Impairment of financial assets

The Group's financial assets that are subject to the expected credit loss (ECL) model include trade receivables. While cash and cash equivalents are also subject to the impairment requirements of MFRS 9, the impairment loss is expected to be immaterial.

(i) Trade receivables, lease receivable, amounts due from subsidiaries and related companies that are trade related using simplified approach

The Group applies the MFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

The expected loss rates are based on the payment profiles of sales over a period of 24 months before reporting date and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. No significant changes to estimation techniques or assumptions were made during the reporting period.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Financial risk management policies (continued)

Credit risk (continued)

(a) Impairment of financial assets (continued)

(ii) Other receivables, loans and amounts due from immediate holding company, subsidiaries and other related companies that are non-trade related using general 3-stage approach

The Group uses three categories for other receivables which reflect their credit risk and how the loss allowance is determined for each of those categories (3 stage approach). These financial assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the group, and a failure to make contractual payments for a period of greater than 365 days past due.

A summary of the assumptions underpinning the Group's ECL model is as follows:

Category	Group's definition of category	Basis for recognising ECL
Performing	Debtors have a low risk of default and a strong capacity to meet contractual cash flows	12 month ECL
Underperforming	Debtors for which there is a significant increase in credit risk or significant increase in credit risk is presumed if interest and/or principal repayments are 30 days past due	Lifetime ECL
Non-performing	Interest and/or principal repayments are 180 days past due or there is evidence indicating the asset is credit-impaired	Lifetime ECL (credit-impaired)
Write-off	There is evidence indicating that there is no reasonable expectation of recovery based on unavailability of debtor's sources of income or assets to generate sufficient future cash flows to repay the amount	Asset is written off

Fixed deposits and bank balances

The Group seeks to invest in its cash assets safely by depositing them with licensed financial institutions.

The Group's bank and cash balances were largely placed with major financial institutions in Malaysia. The Directors are of the view that the possibility of non-performance by these financial institutions, including those non-rated financial institutions, is remote on the basis of their financial strength.

Inter-company balances

The Company provided unsecured loans to subsidiaries. The Company monitors the results of the subsidiaries regularly.

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 and there was no indication that the loans to the subsidiaries are not recoverable.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Financial risk management policies (continued)

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulties in meeting obligations due to shortage of funds. The Group maintains a sufficient level of cash and cash equivalents to meet the Group's working capital requirements by closely monitoring its cash flows. Due to the nature of its business, the Group has adopted prudent liquidity risk management in maintaining and obtaining sufficient credit facilities from financial institutions.

Cash flow forecasting is performed in the operating entities of the Group and then aggregated by management. Management monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance, compliance with internal statements of financial position ratio targets and, if applicable, external regulatory or legal requirements – for example, currency restrictions. As at 31 December 2021, the Group has no undrawn committed borrowing facilities (2020: RM Nil).

Based on the term sheet and consent letters obtained from its lender, financial covenants shall be computed based on the Group's consolidated annual audited financial statement for the financial year ended 31 December 2021 onwards. As at 31 December 2021, the Group and the Company have complied with all of the financial covenants.

The Company plans to manage its liquidity risk by receiving income in the form of dividends and management fees from its subsidiaries and to restructure the repayment of loan due to a subsidiary to meet its obligations over the next twelve months. The Company also plans to meet the covenants requirement for the financial year ending 31 December 2022 by monetising its non-core assets. As a consequence, the Company will be able to meet its debt obligations as and when they fall due within the next twelve months.

Surplus cash is invested in profit bearing current accounts, time deposits, money market deposits and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the above-mentioned forecasts. At the reporting date, the Group held cash investments of RM81,119,000 (2020: RM127,748,000) and other liquid assets of RM113,656,000 (2020: RM68,173,000) that are expected to readily generate cash inflows for managing liquidity risk. At the reporting date, the Company held cash investments of RM37,395,000 (2020: RM16,688,000) and other liquid assets of RM16,387,000 (2020: RM3,672,000) that are expected to readily generate cash inflows for managing liquidity risk.

The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining maturity periods at the reporting date to the contractual maturity dates. Derivative financial liabilities are included in the analysis if their contractual maturities are essential for an understanding of the timing of the cash flows. The table below summaries the maturity profile of the Group's and Company's financial liabilities based on the remaining maturity periods at the statement of financial position date. The amounts disclosed in the table are based on contractual undiscounted cash flows.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Financial risk management policies (continued)

Liquidity risk (continued)

	Less than 1 year RM'000	Between 1 and 2 years RM'000	Between 2 and 5 years RM'000	Over 5 years RM'000	Total RM'000
Group					
At 31 December 2021					
Payables	**301,234**	**-**	**-**	**-**	**301,234**
Amounts due to other related companies	**3,936**	**-**	**-**	**-**	**3,936**
Amount due to immediate holding company	**2,982**	**-**	**-**	**-**	**2,982**
Borrowings	**444,299**	**75,697**	**264,355**	**52,291**	**836,642**
Lease liabilities	**1,239**	**501**	**741**	**5,755**	**8,236**
Total undiscounted financial liabilities	**735,690**	**76,198**	**265,096**	**58,046**	**1,153,030**
At 31 December 2020					
Payables	157,091	-	-	-	157,091
Loan due to a related company	47,152	-	-	-	47,152
Amounts due to other related companies	1,643	-	-	-	1,643
Amount due to ultimate holding body	221	-	-	-	221
Amount due to immediate holding company	12,503	-	-	-	12,503
Borrowings	411,601	70,346	253,014	278,512	1,013,473
Lease liabilities	1,187	944	618	5,961	8,710
Total undiscounted financial liabilities	631,398	71,290	253,632	284,473	1,240,793
Company					
At 31 December 2021					
Payables	**6,520**	**-**	**-**	**-**	**6,520**
Amounts due to subsidiaries	**5**	**-**	**-**	**-**	**5**
Amounts due to other related companies	**117**	**-**	**-**	**-**	**117**
Amount due to immediate holding company	**1,887**	**-**	**-**	**-**	**1,887**
Loan due to a subsidiary	**31,228**	**17,224**	**58,097**	**28,468**	**135,017**
Borrowings	**65,365**	**75,697**	**264,355**	**52,291**	**457,708**
Lease liabilities	**738**	**-**	**-**	**-**	**738**
Total undiscounted financial liabilities	**105,860**	**92,921**	**322,452**	**80,759**	**601,992**
At 31 December 2020					
Payables	2,528	-	-	-	2,528
Amounts due to subsidiaries	751	-	-	-	751
Amounts due to other related companies	4	-	-	-	4
Amount due to immediate holding company	6,096	-	-	-	6,096
Loan due to a subsidiary	30,194	17,338	58,585	34,931	141,048
Loan due to a related company	10,108	-	-	-	10,108
Amount due to ultimate holding body	221	-	-	-	221
Borrowings	57,051	70,346	253,014	278,512	658,923
Lease liabilities	885	738	-	-	1,623
Total undiscounted financial liabilities	107,838	88,422	311,599	313,443	821,302

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Capital risk management policies

The Group's and Company's primary objectives on capital management policies are to safeguard the Group's and Company's ability to maintain healthy capital ratios to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group and Company manage its capital structure and make adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group and Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial year ended 31 December 2021 and 31 December 2020.

The Group considers its debts and equity attributable to owners of the Company as capital and monitor capital using gearing ratio. This ratio is calculated as net debt divided by total capital of the Group and Company. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the consolidated statement of financial position), lease liabilities and loan due to a related company less deposits, cash and bank balances. At Company level, net debt also includes loan due to a subsidiary. Total capital is calculated as 'equity attributable to owners of the Company as shown in the consolidated statement of financial position plus the net debt of the Group and Company.

The gearing ratio analysis for the Group and the Company are as disclosed below:

	Group		Company	
	2021	**2020**	**2021**	**2020**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Net debt	**602,826**	763,273	**484,843**	672,703
Equity attributable to owners of the Company	**1,712,564**	1,581,526	**1,924,500**	1,718,063
Total capital	**2,315,389**	2,344,799	**2,409,343**	2,390,766
Gearing ratio	**26%**	33%	**20%**	28%

The decrease in the Company's gearing ratio in 2021 is due to full repayment of loan due to a related company and overall lower borrowings level.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Fair value estimation

Financial instruments that are measured in the statement of financial position at fair value are disclosed by the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The following table presents the Group's financial assets and liabilities that are measured at fair value at 31 December 2021 and 31 December 2020:

	Carrying amount RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
Group - Liabilities				
As at 31 December 2021				
Financial liabilities at fair value through profit or loss:				
Derivatives				
- Foreign exchange forward contract	**(653)**	**-**	**(653)**	**-**
- Sugar commodity futures contracts	**(963)**	**(963)**	**-**	**-**
- Brent crude oil option contracts	**(2,133)**	**(2,133)**	**-**	**-**
Derivatives used for hedging:				
- Islamic profit rate swap	**(3,571)**	**-**	**(3,571)**	**-**
As at 31 December 2020				
Financial liabilities at fair value through profit or loss:				
Derivatives				
- Foreign exchange forward contract	(929)	-	(929)	-
Derivatives used for hedging:				
- Islamic profit rate swap	(10,163)	-	(10,163)	-
Company - Liabilities				
As at 31 December 2021				
Derivatives used for hedging:				
- Islamic profit rate swap	**(3,571)**	**-**	**(3,571)**	**-**
As at 31 December 2020				
Derivatives used for hedging:				
- Islamic profit rate swap	(10,163)	-	(10,163)	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Fair value estimation (continued)

There were no transfers between levels 1 and 2 during the financial year.

(i) Financial instruments in Level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the statement of financial position date. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1. Instruments included in Level 1 comprise of sugar commodity futures contracts and brent crude oil option contracts.

(ii) Financial instruments in Level 2

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2. Instruments included in Level 2 comprise Islamic profit rate swap and foreign exchange forward contract.

There are no offsetting financial assets and financial liabilities during the financial year.

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated by Directors and management and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumption that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the recoverable amount of the cash generating units ('CGU') to which the goodwill is allocated. Estimating the recoverable amount requires management to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

The recoverable amounts of CGUs were determined based on the higher of fair value less cost to sell and value-in-use ("VIU") calculations. The VIU is the net present value of the projected future cash flows derived from the CGU discounted at an appropriate discount rate. Projected future cash flows are estimates made based on historical, industry trends, general market and economic condition and other available information. Projected future cash flows are based on Group's judgement in terms of assessing future uncertain parameters such as selling price, raw sugar price, sales volume and terminal value growth rate. These judgements are based on the historical track record and expectations of future events that are believed to be reasonable under current circumstances.

As a result of these impairment assessments, the Group did not recognise any impairment. A forecast period of 8 years together with a terminal value growth rate was used to derive the recoverable amount. An extended forecast period of 8 years is used to show the full impact following the rationalisation plan within the Group.

The key assumptions and sensitivity analysis are as disclosed in Note 19 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

Impairment of non-financial assets

The Group and Company assess whether there is any indication that non-financial assets are impaired at the end of each reporting period and tests non-financial assets for impairment if such indication exists.

Impairment is measured by comparing the carrying amount of a cash generating unit with its recoverable amount. The recoverable amount is measured at the higher of the fair value less costs to sell for that asset and its value in use. The value in use is the net present value of the projected future cash flows derived from that asset discounted at an appropriate discount rate. Projected future cash flows are calculated based on historical and industry trends, general market and economic conditions and other available information. Changes to any of these assumptions would affect the determination of value in use.

Refer to Notes 17, 18 and 19 to the financial statements for the details of the impairment assessment carried out by management on the Group's property, plant and equipment, ROU assets and intangible assets.

6 REVENUE – CONTINUING OPERATIONS

The Group and Company derive the following types of revenue:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Revenue from contract with customers	**2,259,698**	2,184,463	**13,637**	14,102
Revenue from other sources	**-**	-	**240,942**	112,983
	2,259,698	2,184,463	**254,579**	127,085

Disaggregation of revenue from contracts with customers:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Revenue from contract with customers				
Management fee income	**-**	-	**13,637**	14,102
Sales of goods (refined sugar and molasses)	**2,252,740**	2,184,051	**-**	-
Rendering of services (transportation services)	**6,958**	412	**-**	-
	2,259,698	2,184,463	**13,637**	14,102
Revenue from other sources				
Interest income	**-**	-	**54,717**	38,108
Dividend income	**-**	-	**186,000**	75,000
Others	**-**	-	**225**	(125)
	-	-	**240,942**	112,983
	2,259,698	2,184,463	**254,579**	127,085
Timing of revenue recognition				
- at a point in time	**2,252,740**	2,184,051	**-**	-
- over time	**6,958**	412	**13,637**	14,102
	2,259,698	2,184,463	**13,637**	14,102

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

6 REVENUE – CONTINUING OPERATIONS (CONTINUED)

The following table shows the revenue expected to be recognised in the future relating to performance obligations that were unsatisfied (or partially satisfied) as at 31 December:

	Group	
	2021 RM'000	**2020 RM'000**
Sales of goods	**8,212**	12,749

The aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied as of the end of the reporting date, of which the Group expects to recognise is RM8,212,151 (2020: RM12,748,902) as revenue in 2022 (2020: 2021).

7 OTHER OPERATING INCOME – CONTINUING OPERATIONS

	Group		Company	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Gain on disposal of a subsidiary (Note 20)	**6,287**	-	**28,721**	-
Income from sale of scrap	**344**	357	**-**	-
Gain on disposal of property, plant and equipment (Note 17)	**902**	18	**197**	-
Unrealised gains on foreign currency exchange translation	**1,506**	-	**-**	-
Realised gains on foreign currency exchange translation	**851**	1,187	**-**	-
Others	**7**	4	**5**	117
	9,897	1,566	**28,923**	117

8 IMPAIRMENT/(REVERSAL OF IMPAIRMENT) OF FINANCIAL ASSETS, NET – CONTINUING OPERATIONS

	Group		Company	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Impairment loss of trade and other receivables (Note 23)	**4,835**	7,219	**-**	-
Reversal of impairment loss of amount due from a related company (Note 25)	**(3,200)**	(654)	**-**	-
Impairment/(reversal) of impairment loss of loans due from subsidiaries (Note 21)	**-**	-	**13,433**	(419
	1,635	6,565	**13,433**	(419)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

9 OTHER GAINS/(LOSSES) – NET – CONTINUING OPERATIONS

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Unrealised fair value (losses)/gains-net				
- Sugar futures contract	**(963)**	-	**-**	-
- Brent crude oil forward option	**(2,133)**	-	**-**	-
- Foreign currency exchange forward contracts	**276**	(929)	**-**	-
	(2,820)	(929)	**-**	-
Realised fair value gains/(losses)-net				
- Sugar futures contract	**13,005**	(1,903)	**-**	-
- Foreign currency exchange forward contracts	**851**	16	**-**	-
	13,856	(1,887)	**-**	-
Liquidation of excess raw sugar contracts	**30,962**	-	**-**	-
	41,998	(2,816)	**-**	-

10 FINANCE INCOME AND COSTS – CONTINUING OPERATIONS

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Finance income:				
Interest income	**2,587**	3,835	**-**	-
Finance costs:				
Interest on:				
- bankers' acceptances	**(9,988)**	(11,881)	**-**	-
- term loans*	**(37,279)**	(23,374)	**(37,279)**	(23,374)
- loan due to a related company	**(417)**	(2,383)	**(124)**	(1,352)
- loan due to a subsidiary	**-**	-	**(4,927)**	(4,120)
- lease liabilities	**(241)**	(241)	**(57)**	(63)
	(47,925)	(37,879)	**(42,387)**	(28,909)
Amount capitalised on qualifying assets				
- property, plant and equipment (Notes 17, 36)	**880**	1,095	**-**	-
	(47,045)	(36,784)	**(42,387)**	(28,909)

* Term loan finance costs for the Group and Company includes loan modification cost of RM9,749,080 (2020: loan modification credit of RM11,695,000).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

11 PROFIT BEFORE ZAKAT AND TAXATION – CONTINUING OPERATIONS

Profit before zakat and taxation is stated after charging/(crediting):

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Cost of raw sugar consumed	**1,562,563**	1,326,838	**-**	-
Changes in inventories of work in progress, refined sugar and molasses	**(146,574)**	44,767	**-**	-
Inventories written off	**6,081**	1,376	**-**	-
Allowance for inventory obsolescence	**10,957**	18,545	**-**	-
Net realisable value of inventories				
- write down of inventories to net realisable value during the financial year	**13,436**	65	**-**	-
Distribution and transport expenses	**30,442**	26,101	**-**	-
Natural gas and fuel consumed	**116,398**	155,884	**-**	-
Property, plant and equipment				
- Depreciation	**75,402**	72,830	**650**	657
- Write offs	**2,654**	1,393	**-**	-
- Gain on disposal of property, plant and equipment	**(902)**	(18)	**(197)**	-
- Reversal of impairment	**(16,427)**	(3,807)	**-**	-
Right-of-use assets				
- Depreciation	**2,748**	3,001	**661**	496
- Reversal of impairment	**-**	(7,968)	**-**	-
Intangible assets				
- Amortisation	**4,690**	5,709	**1,424**	1,474
- Write offs	**-**	534	**-**	534
Amortisation of advance payment	**-**	2,204	**-**	-
Asset held for sale				
- Loss on disposal	**-**	12	**-**	-
- Written off	**-**	387	**-**	-
Gain on disposal of a subsidiary	**(6,287)**	-	**(28,721)**	-
Insurance claim	**7,244**	-	**-**	-
Loan modification charge/(credit)	**9,749**	(11,695)	**9,749**	(11,695)
Principal auditors' remuneration				
- Audit fee – current year	**441**	507	**161**	161
- Other assurance services	**284**	284	**284**	284
Other auditors' remuneration				
- Audit fee	**-**	61	**-**	-
- Other services	**31**	-	**-**	-
Repair and maintenance	**47,856**	45,074	**741**	1,193
Tyre expenses	**478**	301	**-**	-
Diesel and fuel	**1,897**	2,444	**-**	-
Staff costs*	**86,776**	79,462	**13,423**	10,311
Rental expenses for short term leases and low value assets	**693**	624	**-**	-
Unrealised foreign exchange (gain)/loss	**(1,506)**	2,627	**-**	-
Separation cost	**1,174**	11,445	**-**	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

11 PROFIT BEFORE ZAKAT AND TAXATION – CONTINUING OPERATIONS (CONTINUED)

Profit before zakat and taxation is stated after charging/(crediting): (continued)

* Staff costs (excluding Directors' remuneration) are analysed as follows:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Wages, salaries and bonuses	**61,917**	56,285	**10,623**	7,861
Defined contribution plan	**9,261**	8,630	**1,623**	1,369
Other employee benefits	**15,598**	14,547	**1,177**	1,081
	86,776	79,462	**13,423**	10,311

12 DIRECTORS' REMUNERATION – CONTINUING OPERATIONS

2021	Receivable from the Company RM'000	Receivable from subsidiaries RM'000	Group RM'000
Fees:			
- Independent Non-Executive	**1,128**	**-**	**1,128**
- Non-Independent Non-Executive	**222**	**-**	**222**
	1,350	**-**	**1,350**
Meeting allowances:			
- Independent Non-Executive	**394**	**-**	**394**
- Non-Independent Non-Executive	**78**	**-**	**78**
	472	**-**	**472**
Benefits in kind:			
- Independent Non-Executive Director	**69**	**-**	**69**
- Non-Independent Non-Executive	**13**	**-**	**13**
	82	**-**	**82**
Other benefits:			
- Independent Non-Executive	**31**	**-**	**31**
- Non-Independent Non-Executive	**2**	**-**	**2**
	33	**-**	**33**
	1,937	**-**	**1,937**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

12 DIRECTORS' REMUNERATION – CONTINUING OPERATIONS (CONTINUED)

2020	Receivable from the Company RM'000	Receivable from subsidiaries RM'000	Group RM'000
Fees:			
- Independent Non-Executive	818	-	818
- Non-Independent Non-Executive	331	-	331
	1,149	-	1,149
Meeting allowances:			
- Independent Non-Executive	260	-	260
- Non-Independent Non-Executive	62	-	62
	322	-	322
Benefits in kind:			
- Independent Non-Executive Director	127	-	127
- Non-Independent Non-Executive	16	-	16
	143	-	143
Other benefits:			
- Independent Non-Executive	23	-	23
- Non-Independent Non-Executive	2	-	2
	25	-	25
	1,639	-	1,639

13 ZAKAT – CONTINUING OPERATION

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Movement in zakat liability:				
At beginning of financial year	**-**	-	**-**	-
Current financial year's zakat expense	**1,000**	1,486	**-**	-
Zakat paid	**(1,000)**	(1,486)	**-**	-
At the end of financial year	**-**	-	**-**	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

14 TAXATION – CONTINUING OPERATIONS

	Group		Company	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Current tax	**40,793**	34,060	**4,242**	2,236
Under accrual in prior financial year	**2,622**	490	**423**	301
	43,415	34,550	**4,665**	2,537
Deferred tax (Note 32)	**72**	(4,052)	**(214)**	(89)
	43,487	30,498	**4,451**	2,448

The numerical reconciliation of the relationship between taxation and profit before taxation after zakat is as follows:

	Group		Company	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Profit before taxation after zakat	**80,102**	34,361	**205,346**	49,766
Tax at Malaysian tax rate of 24% (2020: 24%)	**19,225**	8,247	**49,283**	11,944
Tax effects of:				
- expenses not deductible for tax purposes	**13,515**	8,621	**2,519**	9,770
- income not subject to tax	**(6,219)**	(4,715)	**(47,774)**	(19,567)
- under accrual in prior financial year	**2,622**	490	**423**	301
- temporary differences not recognised	**14,292**	17,546	**-**	-
- temporary differences in respect of prior years	**52**	309	**-**	-
	43,487	30,498	**4,451**	2,448

15 EARNINGS/(LOSS) PER SHARE

	Group	
Continuing operations	**2021 RM'000**	**2020 RM'000**
Profit for the financial year attributable to owners of the Company	**36,615**	3,863
Weighted average number of ordinary shares in issue ('000)	**702,980**	702,980
Basic and diluted earnings per share (sen)	**5.21**	0.55
Discontinued operations		
Profit/(Loss) for the financial year attributable to owners of the Company	**88,738**	(75,091)
Weighted average number of ordinary shares in issue ('000)	**702,980**	702,980
Basic and diluted profit/(loss) per share (sen)	**12.62**	(10.68)

There is no diluted earnings per share as there is no potential dilutive ordinary shares in issue.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

16 PROFIT/(LOSS) FROM DISCONTINUED OPERATIONS

(i) In the previous financial year, after analysing the market outlook, competitive intensity and the attractiveness of the industry, the Group had strategically decided to exit its non-core business, i.e. the rubber, oil palm and mango plantation. The Group therefore presents and discloses in its financial statements the financial effects of the non-core business in accordance to MFRS 5 'Non-Current Assets Held for Sale and Discontinued Operations'.

(ii) Analysis of the profit and loss of discontinued operations is as follows:

	2021 RM'000	2020 RM'000
Revenue	**-**	-
Cost of sales	**-**	-
Gross profit	**-**	-
Other operating income	**89,493**	619
Administrative expenses	**(755)**	(555)
Other operating expenses	**-**	(75,155)
Profit/(Loss) before taxation	**88,738**	(75,091)
Taxation - deferred tax (Note 32)	**-**	-
Profit/(Loss) from discontinued operation	**88,738**	(75,091)

(iii) Analysis of the cash flows of discontinued operations is as follows:

	2021 RM'000	2020 RM'000
Operating cash flows	**(1,893)**	(14,069)
Investing cash flows	**1,815**	619
Total cash outflow	**(78)**	(13,450)

(iv) Profit/(Loss) before taxation from discontinued operations is stated after charging/(crediting):

	2021 RM'000	2020 RM'000
Reversal of impairment of asset held for sale	**-**	(1,762)
Impairment of property, plant and equipment	**-**	43,705
(Reversal of impairment)/Impairment of receivables	**(16)**	20
Depreciation of property, plant and equipment	**-**	2,011
Depreciation of right-of-use assets	**-**	2,674
Property, plant and equipment written-off	**-**	27,244
Staff costs	**183**	307
Gain on disposal of a subsidiary	**(85,527)**	-
Inventories written off	**-**	177
Gain on disposal of property, plant and equipment	**(1,572)**	(566)

During the financial year ended 31 December 2019, the recoverability of plantation assets which included leasehold land and bearer plants was determined based on the offer price received from a potential buyer. Following the assessment, an impairment of RM1,762,000 was made during financial year ended 31 December 2019 upon reclassification of the asset to Assets Held for Sale from Right-of-Use Assets and Property, Plant and Equipment.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

16 PROFIT/(LOSS) FROM DISCONTINUING OPERATION (CONTINUED)

(iv) Profit/(Loss) before taxation from discontinued operations is stated after charging/(crediting): (continued)

During the financial year ended 31 December 2020, the Group had exercised its right to rescind the sales and purchase agreement previously entered to dispose its plantation assets. Pursuant to this, the related assets were reclassified from Assets Held for Sale to Right-of-Use Assets and Property, Plant and Equipment and continued to be depreciated.

In the financial year ended 31 December 2020, the Group has performed a valuation exercise on its assets. Pursuant to the valuation exercise, the Group has reversed an impairment charge of RM1,762,000 recorded previously.

The fair value was within Level 2 of the fair value hierarchy as this was based on comparison of prices for similar assets.

On 29 September 2021, MSM Malaysia Holdings Berhad ("the Company") completed the disposal of the entire equity of MSM Perlis Sdn Bhd ("MSMP"), a wholly owned subsidiary of the Company, for a total cash consideration of RM181,106,000, which resulted in a gain on disposal of RM91,814,000. Further details of the gain on disposal is reflected in Note 20 to the financial statements.

Of the total gain, RM85,527,000 is shown as gain on disposal from discontinued operations.

17 PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Furniture, fittings, equipment and motor vehicles RM'000	Assets under construction RM'000	Bearer plants - Oil Palm, Rubber and Mango RM'000	Total RM'000
2021							
Cost							
At 1 January 2021	6,486	482,712	1,538,409	90,929	7,419	46,328	2,172,283
Additions	-	788	3,123	1,714	32,579	-	38,204
Write-offs	-	(184)	(4,927)	(152)	(618)	-	(5,881)
Disposal	-	-	(110)	(3,838)	-	-	(3,948)
Disposal of a subsidiary	-	(48,506)	(197,889)	(17,654)	(1,461)	(46,328)	(311,838)
Reclassifications	-	977	24,771	589	(26,337)	-	-
At 31 December 2021	6,486	435,787	1,363,377	71,588	11,582	-	1,888,820
Accumulated depreciation							
At 1 January 2021	-	120,319	565,594	56,587	-	2,623	745,123
Charge for the financial year	-	9,633	59,360	6,409	-	-	75,402
Write-offs	-	(40)	(3,085)	(102)	-	-	(3,227)
Disposal	-	-	(51)	(3,552)	-	-	(3,603)
Disposal of a subsidiary	-	(28,900)	(98,806)	(16,070)	-	(2,623)	(146,399)
At 31 December 2021	-	101,012	523,010	43,272	-	-	667,296
Accumulated impairment							
At 1 January 2021	-	20,489	104,390	1,880	1,461	43,705	171,925
Reversal of impairment during the financial year	-	-	(16,427)	-	-	-	(16,427)
Transfer to Assets Held for Sale (Note 29)	-	-	11,300	-	-	-	11,300
Disposal	-	-	(59)	(286)	-	-	(345)
Disposal of a subsidiary	-	(19,606)	(99,083)	(1,584)	(1,461)	(43,705)	(165,439)
At 31 December 2021	-	883	121	10	-	-	1,014
Net book value							
At 31 December 2021	6,486	333,892	840,244	28,306	11,582	-	1,220,510

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

17 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	Freehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Furniture, fittings, equipment and motor vehicles RM'000	Assets under construction RM'000	Bearer plants - Oil Palm, Rubber and Mango RM'000	Total RM'000
2020							
Cost							
At 1 January 2020	6,486	479,404	1,511,215	97,468	19,771	-	2,114,344
Additions	-	8	1,557	894	27,584	-	30,043
Transfer from Assets Held for Sale (Note 29)	-	7,530	1,621	2,958	-	73,572	85,681
Transfer to Assets Held for Sale (Note 29)	-	(7,526)	(883)	(2,205)	-	-	(10,614)
Write-offs	-	(245)	(8,222)	(9,659)	-	(27,244)	(45,370)
Disposal	-	(4)	(737)	(1,060)	-	-	(1,801)
Reclassifications	-	3,545	33,858	2,533	(39,936)	-	-
At 31 December 2020	6,486	482,712	1,538,409	90,929	7,419	46,328	2,172,283
Accumulated depreciation							
At 1 January 2020	-	109,683	516,851	60,351	-	-	686,885
Charge for the financial year	-	11,388	55,766	6,175	-	1,512	74,841
Transfer from Assets Held for Sale (Note 29)	-	4,278	1,440	2,628	-	1,111	9,457
Transfer to Assets Held for Sale (Note 29)	-	(4,774)	(729)	(2,083)	-	-	(7,586)
Write-offs	-	(253)	(7,024)	(9,456)	-	-	(16,733)
Disposal	-	(3)	(710)	(1,028)	-	-	(1,741)
At 31 December 2020	-	120,319	565,594	56,587	-	2,623	745,123
Accumulated impairment							
At 1 January 2020	-	20,489	108,197	1,880	1,461	-	132,027
Impairment loss charged in the financial year	-	-	-	-	-	43,705	43,705
Reversal of impairment during the financial year	-	-	(3,807)	-	-	-	(3,807)
At 31 December 2020	-	20,489	104,390	1,880	1,461	43,705	171,925
Net book value							
At 31 December 2020	6,486	341,904	868,425	32,462	5,958	-	1,255,235

Included in the Group's assets under construction during the financial year are finance costs capitalised amounting to RM880,000 (2020: RM1,095,000) (Note 10) applying a capitalisation rate of 2.82% (2020: 3.36%).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

17 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(a) Bearer plants

Bearer plants comprise oil palms, rubber trees and mango trees. Immature bearer plants are capitalised in capital work in progress.

	Mature				Immature				
Group	Oil palms RM'000	Rubber trees RM'000	Mango RM'000	Total RM'000	Oil palm RM'000	Rubber trees RM'000	Mango RM'000	Total RM'000	Total bearer plant RM'000
31.12.2021									
Cost									
At 1 January 2021	1,608	22,219	676	24,503	-	21,628	197	21,825	46,328
Disposal of subsidiary	(1,608)	(22,219)	(676)	(24,503)	-	(21,628)	(197)	(21,825)	(46,328)
At 31 December 2021	-	-	-	-	-	-	-	-	-
Accumulated depreciation									
At 1 January 2021	420	2,112	91	2,623	-	-	-	-	2,623
Disposal of subsidiary	(420)	(2,112)	(91)	(2,623)	-	-	-	-	(2,623)
At 31 December 2021	-	-	-	-	-	-	-	-	-
Accumulated impairment loss									
At 1 January 2021	1,188	20,107	585	21,880	-	21,628	197	21,825	43,705
Disposal of subsidiary	(1,188)	(20,107)	(585)	(21,880)	-	(21,628)	(197)	(21,825)	(43,705)
At 31 December 2021	-	-	-	-	-	-	-	-	-
Net book value									
At 31 December 2021	-	-	-	-	-	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

17 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(a) Bearer plants (continued)

Group	Mature				Immature				Total bearer plant
	Oil palms RM'000	Rubber trees RM'000	Mango RM'000	Total RM'000	Oil palm RM'000	Rubber trees RM'000	Mango RM'000	Total RM'000	RM'000
31.12.2020									
Cost									
At 1 January 2020	-	-	-	-	-	-	-	-	-
Transfer from asset held for sale	1,608	22,219	676	24,503	-	48,872	197	49,069	73,572
Write offs	-	-	-	-	-	(27,244)	-	(27,244)	(27,244)
At 31 December 2020	1,608	22,219	676	24,503	-	21,628	197	21,825	46,328
Accumulated depreciation									
At 1 January 2020	-	-	-	-	-	-	-	-	-
Transfer from asset held for sale	329	725	57	1,111	-	-	-	-	1,111
Charge for the financial year	91	1,387	34	1,512	-	-	-	-	1,512
At 31 December 2020	420	2,112	91	2,623	-	-	-	-	2,623
Accumulated impairment loss									
At 1 January 2020	-	-	-	-	-	-	-	-	-
Impairment loss	1,188	20,107	585	21,880	-	21,628	197	21,825	43,705
At 31 December 2020	1,188	20,107	585	21,880	-	21,628	197	21,825	43,705
Net book value									
At 31 December 2020	-	-	-	-	-	-	-	-	-

Bearer plants comprise oil palms, rubber trees and mango trees.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

17 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(b) Impairment assessment

Financial year ended 31 December 2021

(a) MSM Sugar Refinery (Johor) Sdn Bhd ("MSM Johor")

MSM Johor has recorded continuous losses due to its low utilisation capacity since previous financial years, and this has been identified as indicator for impairment for the assets.

The recoverable amount was determined using value in use calculation based on cash flow projections for a finite projection period of 20 years, based on the weighted average remaining useful life of property, plant and equipment.

The recoverable amount of MSM Johor's assets calculated based on value in use calculation was RM1,428 million exceed the carrying value by RM195 million.

The key assumptions used for the value in use calculation are:

Key assumptions	2021
Selling price, RM/MT	**2,690 – 2,800**
Raw sugar price, US cents/lbs	**15.0 – 20.3**
Sales volume, MT'000	**381 – 655**
Freight charges, USD/MT	**30.0 – 35.0**
Natural gas price, RM/MMBtu	**30.0 – 33.1**
Discount rate %	**10%**
Exchange rate (RM – USD)	**RM4.25/USD**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

17 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(b) Impairment assessment (continued)

Financial year ended 31 December 2021 (continued)

(a) MSM Sugar Refinery (Johor) Sdn Bhd ("MSM Johor") (continued)

The sensitivity on the MSM Johor's assets recoverable amount to key assumptions are as follows:

Key assumptions	Sensitivity	VIU Higher/(Lower) by RM'000
Sales volume	30% reduction in FY22 and FY23	(43,000)
Freight charges	Increase to USD60/MT in FY22 (USD 30/MT FY23 onwards)	(32,400)
Natural gas price	Increase to RM40/MMBtu in FY22	(21,100)
Fine syrup sales volume	Reduce by 12KMT - 16KMT	(8,800)

The above sensitivity analysis is based on the movement of individual key assumptions while holding all other assumptions constant.

(b) Reversal of impairment loss

In the current financial year, the Group carried out an assessment on the recoverable amount of certain plant and machinery assets previously impaired during the financial year ended 31 December 2019. Following the assessment, the Group has reversed a total impairment of RM5,127,000 as a result of increase in service potential through the commencement of utilisation of these assets.

In addition, in December 2021, the Company received an offer in respect of certain plant and machinery from a scrap metal purchaser. These plant and machinery are part of assets impaired in financial year ended 31 December 2019 following cessation of refinery operations in MSM Perlis. Following this offer, a reversal of impairment loss of RM11,300,000 had been recognised based on the recoverable amount of the assets which is equivalent to the offer price.

As the assets were planned for disposal to the scrap metal purchaser, the assets have been reclassified to Assets Held for Sale (Note 29) from Property, Plant and Equipment. Sale of these assets was completed on 17 February 2022.

(c) MSM Perlis Sdn Bhd ("MSM Perlis")

During the financial year ended 31 December 2019, the recoverable amount of plantation assets which included leasehold land and bearer plant assets was determined based on the offer received from a potential buyer.

During the financial year ended 31 December 2020, following the rescission of sale and purchase agreement of the assets' disposal, the plantation assets were transferred to Property, Plant and Equipment and Right-Of-Use Assets, as indicated in Note 18 to the financial statements, from Assets Held for Sale.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

17 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(b) Impairment assessment (continued)

Financial year ended 31 December 2021 (continued)

(c) MSM Perlis Sdn Bhd ("MSM Perlis") (continued)

After considering the condition of the bearer plants as a result of the cessation of the plantation operations and a fire during the financial year ended 31 December 2020 which resulted in a write-off of RM27,244,000, an impairment assessment was performed on bearer plants. The assessment indicated the recoverable amount of the bearer plant assets as nil. Accordingly, an impairment of RM43,705,000 was recorded in the financial year ended 31 December 2020.

During the current financial year, the Group carried out an assessment on the recoverable amount of certain plant and machinery assets previously impaired in financial year ended 31 December 2019. Following the assessment, the Group has reversed a total impairment of RM5,127,000 as a result of a change in the recoverable amount of these assets.

During the financial year ended 31 December 2020, leasehold plantation land and leasehold factory land located at Chuping, Perlis were transferred to Assets Held for Sale following offer received from potential buyer.

On 29 September 2021, MSM Malaysia Holdings Berhad ("the Company") completed the disposal of the entire equity of MSM Perlis Sdn Bhd ("MSMP"), a wholly owned subsidiary of MSMH, for a total cash consideration of RM181,106,000. The assets and liabilities of MSMP were deconsolidated upon completion of the disposal. The effects of the disposal is reflected in Note 20 to the financial statements.

Company	**Furniture fittings, equipment, and motor vehicles RM'000**
2021	
Cost	
At 1 January 2021	**5,801**
Addition	**968**
Disposal	**(534)**
At 31 December 2021	**6,235**
Accumulated depreciation	
At 1 January 2021	**3,831**
Charge for the financial year	**650**
Disposal	**(534)**
At 31 December 2021	**3,947**
Net book value	
At 31 December 2021	**2,288**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

17 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company	Furniture fittings, equipment, and motor vehicles RM'000
2020	
Cost	
At 1 January 2020	5,423
Addition	378
At 31 December 2020	5,801
Accumulated depreciation	
At 1 January 2020	3,174
Charge for the financial year	657
At 31 December 2020	3,831
Net book value	
At 31 December 2020	1,970

18 RIGHT-OF-USE ASSETS

	Leasehold land RM'000	Building RM'000	Total RM'000
Group			
2021			
Cost			
At 1 January	**100,989**	**6,199**	**107,188**
Addition	**-**	**824**	**824**
Transfer to asset held for sale (Note 29)	**(10,573)**	**-**	**(10,573)**
At 31 December 2021	**90,416**	**7,023**	**97,439**
Accumulated depreciation			
At 1 January 2021	**12,594**	**1,952**	**14,546**
Charge for the financial year	**1,755**	**993**	**2,748**
Transfer to asset held for sale (Note 29)	**(2,891)**	**-**	**(2,891)**
At 31 December 2021	**11,458**	**2,945**	**14,403**
Net book value			
At 31 December 2021	**78,958**	**4,078**	**83,036**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

18 RIGHT-OF-USE ASSETS (CONTINUED)

	Leasehold land RM'000	Building RM'000	Total RM'000
Group			
2020			
Cost			
At 1 January	110,437	10,709	121,146
Transfer from asset held for sale (Note 29)	99,225	-	99,225
Transfer to asset held for sale (Note 29)	(108,673)	-	(108,673)
Lease modification	-	(3,301)	(3,301)
Lease expiry	-	(1,209)	(1,209)
At 31 December 2020	100,989	6,199	107,188
Accumulated depreciation			
At 1 January 2020	12,067	4,937	17,004
Charge for the financial year	4,877	798	5,675
Transfer from asset held for sale (Note 29)	17,687	-	17,687
Transfer to asset held for sale (Note 29)	(22,037)	-	(22,037)
Lease modification	-	(2,574)	(2,574)
Lease expiry	-	(1,209)	(1,209)
At 31 December 2020	12,594	1,952	14,546
Accumulated impairment			
At 1 January 2020	7,968	-	7,968
Reversal of impairment during the financial year	(7,968)	-	(7,968)
At 31 December 2020	-	-	-
Net book value			
At 31 December 2020	88,395	4,247	92,642

In the financial year ended 31 December 2020, the Group has carried out a valuation exercise on its assets. Pursuant to the valuation exercise, the Group has reversed an impairment charge of RM7,968,000 made previously. The fair value is within Level 2 of the fair value hierarchy as this is based on comparison of prices for similar assets.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

18 RIGHT-OF-USE ASSETS (CONTINUED)

Total cash outflow for leases of the Group is as follows:

	Group	
	2021	**2020**
	RM'000	**RM'000**
Rental of short term assets	**693**	624
Principal payments of lease liabilities	**1,221**	221
Interest payment of lease liabilities	**241**	241
	2,155	1,086

Company	**Building RM'000**
2021	
Cost	
At 1 January 2021	**1,708**
Accumulated depreciation	
At 1 January 2021	**496**
Charge for the financial year	**661**
At 31 December 2021	**1,157**
Net book value	
At 31 December 2021	**551**
2020	
Cost	
At 1 January 2020	5,009
Lease modification	(3,301)
At 31 December 2020	1,708
Accumulated depreciation	
At 1 January 2020	2,574
Lease modification	(2,574)
Charge for the financial year	496
At 31 December 2020	496
Net book value	
At 31 December 2020	1,212

Total cash outflow for leases of the Company is as follows:

	Company	
	2021	**2020**
	RM'000	**RM'000**
Principal payments of lease liabilities	**827**	158
Interest payment of lease liabilities	**57**	63
	884	221

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

19 INTANGIBLE ASSETS

Net book value	Group Goodwill RM'000	Group Brand RM'000	Group Software RM'000	Group Total RM'000	Company Software RM'000
2021					
As at 1 January 2021	**576,240**	**86,033**	**14,555**	**676,828**	**8,107**
Additions	**-**	**-**	**1,763**	**1,763**	**326**
Disposal of a subsidiary	**-**	**-**	**(1,278)**	**(1,278)**	**-**
As at 31 December 2021	**576,240**	**86,033**	**15,040**	**677,313**	**8,433**
Accumulated amortisation					
As at 1 January 2021	**-**	**37,978**	**13,559**	**51,537**	**5,893**
Charge for the financial year	**-**	**3,226**	**1,464**	**4,690**	**1,424**
Disposal of a subsidiary	**-**	**-**	**(1,099)**	**(1,099)**	**-**
As at 31 December 2021	**-**	**41,204**	**13,924**	**55,128**	**7,317**
Accumulated Impairment					
As at 1 January 2021	**-**	**-**	**179**	**179**	**-**
Disposal of a subsidiary	**-**	**-**	**(179)**	**(179)**	**-**
As at 31 December 2021	**-**	**-**	**-**	**-**	**-**
Net Book Value					
As at 31 December 2021	**576,240**	**44,829**	**1,116**	**622,185**	**1,116**
2020					
As at 1 January 2020	576,240	86,033	14,493	676,766	8,080
Additions	-	-	596	596	561
Write-offs	-	-	(534)	(534)	(534)
As at 31 December 2020	576,240	86,033	14,555	676,828	8,107
Accumulated amortisation					
As at 1 January 2020	-	34,752	11,076	45,828	4,419
Charge for the financial year	-	3,226	2,483	5,709	1,474
As at 31 December 2020	-	37,978	13,559	51,537	5,893
Accumulated Impairment					
As at 31 December 2020	-	-	179	179	-
Net Book Value					
As at 31 December 2020	576,240	48,055	817	625,112	2,214

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

19 INTANGIBLE ASSETS (CONTINUED)

Goodwill

The goodwill relates to the acquisition of the sugar business and is allocated to the sugar segment. This represents the lowest level at which goodwill is monitored for internal management purposes.

The recoverable amount of the Cash Generating Unit ("CGU") is determined based on value-in-use ("VIU") calculations using cash flows projections based on financial budgets approved by the Directors covering an eight-year period and applying a terminal value multiple using a long term sustainable growth rate. An extended forecast period of eight years is used to show the full impact following the rationalisation plan within the Group.

The recoverable amount calculated based on VIU exceeded the carrying value by RM646 million (2020: RM257 million).

The key assumptions used for the CGU's value in use calculation are:

Key assumptions	2021	2020
Selling price, RM/MT	**2,690 - 2,800**	1,866 - 2,690
Raw sugar price, US cents/lbs	**15.0 - 20.3**	13.2 - 15.0
Sales volume, MT'000	**1,088 - 1,181**	1,148 - 1,340
Landed cost, RM/MT	**2.9 - 15.0**	2.9 - 15.0
Natural gas, RM/MMBtu	**30.0 - 33.1**	30.0 - 34.9
Terminal value growth rate, %	**2%**	2%
Discount rate, %	**9% - 10%**	11% - 12%
Exchange rate (RM – USD)	**RM4.25/USD**	RM4.40/USD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

19 INTANGIBLE ASSETS (CONTINUED)

Goodwill (continued)

Other than as disclosed below, there is no reasonably possible change in any of the above key assumptions, which would cause the carrying value of the CGU to exceed its recoverable amount.

2021

Key assumptions	Sensitivity	VIU Higher/(Lower) by RM'000
Landed Cost	Increase by RM15/mt	(105,500)
Domestic sales volume	Reduce by 30%	(42,900)
Fine syrup sales volume	Reduce by 24kmt - 29kmt	(50,200)
Natural gas	Increase by 10%	(38,500)

A reduction in domestic selling price by RM297/MT, increase in raw sugar price by USD1.2 cents/lbs, reduction in terminal value growth rate by 4.6%, increase in discount rate by 1.8%, decrease in domestic sales volume by 18.9% and increase in exchange rate by RM0.33/USD would, all changes taken in isolation, result in the recoverable amount being equal to the carrying amount.

2020

Key assumptions	Sensitivity	VIU Higher/(Lower) by RM'000
Exchange rate	Reduce by RM0.13/USD	202,700
Raw sugar price	*	154,800
Domestic and industry sales volume	Domestic reduce by 28mt - 88mt; Industry reduce by 33mt - 131mt;	(321,700)
Discount rate	Discount rate reduce by 1%	417,400
Capital expenditure	Increase by RM79m	(87,100)
Selling premium	Reduce in selling premium by USD50/mt	(11,000)

* Raw sugar price increase by RM0.50/USD in FY2021, reduce by RM0.75/USD in FY2022, reduce by RM2.90/USD in FY2023 and constantly reduce by RM0.30/USD in FY2024 to FY2028.

A reduction in domestic selling price by RM36/MT, increase in raw sugar price by USD0.2 cents/lbs, reduction in terminal value growth rate by 0.6%, increase in discount rate by 0.4%, decrease in domestic sales volume by 3.8% and increase in exchange rate by RM0.06/USD would, all changes taken in isolation, result in the recoverable amount being equal to the carrying amount.

The above sensitivity analysis is based on the movement of individual key assumptions while holding all other assumptions constant.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

20 INVESTMENTS IN SUBSIDIARIES

	Company	
	2021	**2020**
	RM'000	**RM'000**
Unquoted investments, at cost		
At 1 January	**2,157,406**	2,157,406
Additional investment in a subsidiary (Note 20(a))	**122,000**	-
Disposal of investment in subsidiary (Note 20(b))	**(913,937)**	-
At 31 December	**1,365,469**	2,157,406
Accumulated impairment		
At 1 January	**856,168**	828,806
Charged during the year (Note 20(c))	**-**	27,362
Disposal of investment in subsidiary (Note 20(b))	**(762,550)**	-
At 31 December	**93,618**	856,168
Net investment in subsidiaries	**1,271,851**	1,301,238

(a) Capital injection in a subsidiary

During the financial year ended 31 December 2021, MSM Malaysia Holdings Berhad ("the Company") made a capital injection of RM122,000,000 to MSM Perlis Sdn Bhd ("MSMP") for the purpose of balance sheet restructuring prior to disposal of MSMP.

(b) Disposal of a subsidiary during the financial year

On 29 September 2021, the Company completed the disposal of the entire equity of MSMP, a wholly owned subsidiary of the Company, for a total cash consideration of RM181,106,000, which resulted in a gain on disposal of RM91,814,000 to the Group and a gain on disposal of RM28,721,000 to the Company after net cost to sell.

The effect of the disposal of MSM Perlis Sdn. Bhd. on the financial position of the Group as at the financial year end is as follows:

Net asset disposed	**RM'000**
Asset held for sale	89,421
Receivables	439
Income tax recoverable	533
Cash and cash equivalents	5,204
Payables	(72)
Deferred tax liabilities	(7,171)
Net asset disposed	88,354
Cost to sell	938
Gain on disposal of a subsidiary#	91,814
Proceeds from disposal of a subsidiary	181,106

Of the total gain, RM6,287,000 is shown as gain disposal for continuing operations and RM85,527,000 is shown as gain on disposal from discontinued operations.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

20 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

(c) Impairment in subsidiaries

Investments in subsidiaries was impaired in the financial year ended 31 December 2020 as there was indication that the carrying amount would not be fully recovered. The impairment charge was recognised based on a combination of the value-in-use and fair value less costs to sell methods using the following key assumptions:

Value in use

Key assumptions	2020
Selling price, RM/MT	1,866 - 2,690
Raw sugar price, US cents/lbs	13.2 - 15.0
Sales volume, MT'000	498 - 671
Terminal value growth rate, %	2%
Pre-tax discount rate, %	12% - 13%

Fair value less costs to sell

Included in the cash generating unit is the fair value less costs to sell for a piece of land of RM175,000,000.

Details of subsidiaries, are as follows:

Name of subsidiaries	Place of business/ country of incorporation	Nature of business	Proportion of ordinary shares directly held by parent		Proportion of ordinary shares directly held by Group	
			2021	2020	2021	2020
			%	%	%	%
Direct subsidiaries						
MSM Prai Berhad	Malaysia	Sugar refining, sales and marketing of refined sugar products	**100**	100	**100**	100
MSM Trading & Distribution Sdn Bhd	Malaysia	Buy and sell commodities products either through physical or paper transaction that would add revenue streams, improve quality, productivity and efficiency of operations	**100**	100	**100**	100
MSM Sugar Refinery (Johor) Sdn Bhd	Malaysia	Sugar refining, sales and marketing of refined sugar products	**100**	100	**100**	100
MSM Trading International DMCC*	United Arab Emirates	Trading in sugar (under liquidation)	**100**	100	**100**	100
Indirect subsidiary						
MSM Logistics Sdn Bhd	Malaysia	Provision of transportation services	**-**	-	**100**	100

* Audited by firms other than member firms of PricewaterhouseCoopers International Limited.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

21 LOANS DUE FROM A SUBSIDIARY

	Company	
	2021	**2020**
	RM'000	**RM'000**
Islamic term loan – MSM Sugar Refinery (Johor) Sdn Bhd	**1,054,083**	1,002,053
Loss allowance (Note 8)	**(13,433)**	-
	1,041,370	1,002,053
Analysed as:		
Current	**-**	70,090
Non-current	**1,041,370**	931,963
Total loans to subsidiaries	**1,041,370**	1,002,053

The interest rates charged during the financial year were as follows:

	2021 % per annum	**2020 % per annum**
Islamic term loan	**4.36 - 4.37**	4.36 - 5.67

Islamic term loan is unsecured, with interest charged at a rate which is at the prevailing rate based on a licensed bank's Islamic term loan facility rate on the day of the drawing. Subject to the provisions of the agreements, the amount of the facility shall be repaid commencing from 2023 for a period of 12 years.

(a) Reconciliation of loss allowance

Loan due from subsidiaries using general 3 stage approach

The loss allowance for loan due from subsidiaries as at 31 December 2021 reconciles to the opening loss allowance for that provision as follows:

	Performing RM'000	**Under-performing RM'000**	**Non-performing RM'000**	**Total RM'000**
Opening loss allowance as at 1 January 2020 (calculated under MFRS 9)	-	**(419)**	**-**	**(419)**
Reversal of loss allowance (Notes 1a, 8)	-	419	-	419
Closing loss allowance as at 31 December 2020	-	-	-	-
Individual financial assets transferred to under-performing (credit-impaired financial assets) (Notes 1b, 8)	-	(13,433)	-	(13,433)
Closing loss allowance as at 31 December 2021	**-**	**(13,433)**	**-**	**(13,433)**

Note 1a:

The reversal of loss allowance in the previous financial year of RM419,000 was recorded after repayment made during that year.

Note 1b:

The loss allowance have been recognised during the financial year subsequent to considering the revised repayment plan agreed by the Company with the subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

21 LOANS DUE FROM SUBSIDIARIES (CONTINUED)

(b) Maximum exposure to credit risk

The following table contains an analysis of the credit risk exposure of the subsidiaries for which an ECL allowance is recognised. Their gross carrying amounts disclosed below also represents the Group's maximum exposure to credit risk on these assets:

Group internal credit rating	Expected credit loss	Basis for recognition of expected credit loss provision	Estimated gross carrying amount at default RM'000	Loss allowance RM'000	Carrying amount (net of loss allowance) RM'000
2021					
Performing	**-**	**12 months ECL**	**-**	**-**	**-**
Under performing	**1.3%**	**Lifetime ECL**	**1,054,803**	**(13,433)**	**1,054,803**
2020					
Performing	-	12 months ECL	1,002,053	-	1,002,053
Under performing	-	Lifetime ECL	-	-	-

22 LEASE RECEIVABLES

	Company 2021 RM'000	Company 2020 RM'000
Not later than 1 year	**2,167**	2,167
Later than 1 year	**82,732**	83,859
	84,899	86,026

The leased asset is in respect of a piece of leasehold land acquired for the construction of a sugar refinery which the Company leases to a subsidiary of the Company. The Company and its subsidiary had agreed that the total investment recovery cost of RM87,346,451 as at 30 April 2016, which is the commencement date of the lease agreement for the said land, will be recovered by the subsidiary over a period of 59 years. Accordingly, the Company has transferred the net book value of the leasehold land amounting to RM87,346,451 as at 30 April 2016 from property plant and equipment to lease receivables in 2019.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

22 LEASE RECEIVABLES (CONTINUED)

The following table sets out a maturity analysis of lease receivables, showing the undiscounted lease payments to be received after the reporting date.

	Company	
	2021 RM'000	2020 RM'000
Within 1 year	**2,167**	2,167
In the second year	**2,167**	2,167
In the third year	**2,167**	2,167
In the fourth year	**2,167**	2,167
In the fifth year	**2,167**	2,167
After the fifth year	**104,540**	106,707
Total undiscounted lease payments receivable	**115,375**	117,542
Unearned finance income	**(30,476)**	(31,516)
Net investment in the lease	**84,899**	86,026

23 RECEIVABLES

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Current assets:				
Trade receivables	**265,099**	227,029	**-**	-
Other receivables	**41,493**	4,032	**20**	20
Deposits	**4,054**	2,989	**11**	11
Prepayments	**12,248**	4,002	**357**	145
	322,894	238,052	**388**	176
Loss allowance – Trade receivables	**(7,603)**	(10,632)	**-**	-
Loss allowance – Other receivables	**(8,048)**	(243)	**-**	-
Total receivables	**307,243**	227,177	**388**	176

The receivables are denominated as follows:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Ringgit Malaysia	**237,173**	193,110	**388**	176
US Dollar	**70,070**	33,751	**-**	-
Others	**-**	316	**-**	-
	307,243	227,177	**388**	176

Credit term of trade receivables range between 30 to 60 days (2020: 30 to 60 days).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

23 RECEIVABLES (CONTINUED)

(a) Included in other receivables are cash placed for sugar futures trading facilities of RM17,970,000 (2020: RM Nil).

(b) Reconciliation of loss allowance

(i) Trade receivables using simplified approach

The Group and the Company applies MFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on the payment profiles of revenue earned over a period of 24 months before 31 December 2021 or 31 December 2020 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates were not adjusted to reflect forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables, as the Group has not identified any forward looking assumptions which correlate to the historical loss rates.

The movement of loss allowance for trade receivables as at 31 December 2021 is as follows:

	Trade receivables	
	2021	**2020**
	RM'000	**RM'000**
At 1 January	**(10,632)**	(3,025)
Decrease/(Increase) in loss allowance recognised in profit or loss during the year (Note 8)	**3,029**	(7,607)
At 31 December	**(7,603)**	(10,632)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

23 RECEIVABLES (CONTINUED)

(b) Reconciliation of loss allowance (continued)

(i) Trade receivables using simplified approach (continued)

31 December 2021

The following table contains an analysis of the credit risk exposure of trade receivables for which an ECL allowance is recognised, based on collective impairment assessment:

	Current RM'000	Less than 30 days past due RM'000	More than 30 days past due RM'000	More than 60 days past due RM'000	More than 90 days past due RM'000	Total RM'000
31 December 2021						
Gross carrying amount - trade receivables	**209,976**	**6,114**	**2,910**	**886**	**45,213**	**265,099**
Individual assessment - credit impaired	**-**	**-**	**-**	**-**	**(3,660)**	**(3,660)**
Individual assessment - non-credit impaired	**-**	**-**	**-**	**-**	**(37,648)**	**(37,648)**
	209,976	**6,114**	**2,910**	**886**	**3,905**	**223,791**
Expected loss rate	**0.12%**	**1.00%**	**5.54%**	**12.35%**	**81.87%**	
Collective loss allowance	**(263)**	**(61)**	**(161)**	**(109)**	**(3,197)**	**(3,791)**
Carrying amount (net of loss allowance)	**209,713**	**6,053**	**2,749**	**777**	**708**	**220,000**

Decrease in loss allowance since prior year is due receipts from customers during the financial year.

The following table contains an analysis of the credit risk exposure of trade receivables for which an ECL allowance is recognised, based on individual impairment assessment:

	Non-credit impaired RM'000	Credit-impaired RM'000	Total RM'000
31 December 2021			
Gross carrying amount	**37,648**	**3,660**	**41,308**
Loss allowance	**(152)**	**(3,660)**	**(3,812)**
Carrying amount (net of loss allowance)	**37,496**	**-**	**37,496**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

23 RECEIVABLES (CONTINUED)

(b) Reconciliation of loss allowance (continued)

(i) Trade receivables using simplified approach (continued)

31 December 2020

The following table contains an analysis of the credit risk exposure of trade receivables for which an ECL allowance is recognised, based on collective impairment assessment:

	Current RM'000	Less than 30 days past due RM'000	More than 30 days past due RM'000	More than 60 days past due RM'000	More than 90 days past due RM'000	Total RM'000
31 December 2020						
Gross carrying amount - trade receivables	188,243	19,267	5,111	1,953	12,455	227,029
Expected loss rate	0.32%	2.79%	8.00%	16.23%	70.41%	
Loss allowance	(598)	(538)	(409)	(317)	(8,770)	(10,632)
Carrying amount (net of loss allowance)	187,645	18,729	4,702	1,636	3,685	216,397

(ii) Other receivables using general 3 stage approach

The loss allowance for other receivables as at 31 December 2021 reconciles to the opening loss allowances for that provision as follows:

	Performing RM'000	Under-performing RM'000	Non-performing RM'000	Total RM'000
Opening loss allowance as at 1 January 2020 (calculated under MFRS 9)	**-**	**(611)**	**-**	**(611)**
Reversal of loss allowance (Note 8)	-	368	-	368
Closing loss allowance as at 31 December 2020	**-**	**(243)**	**-**	**(243)**
Individual financial assets transferred to under-performing (credit-impaired financial assets) (Note 8)	-	(7,864)	-	(7,864)
Reversal of loss allowance (Notes 16)	-	16	-	16
Changes in allowance from disposal of a subsidiary	-	43	-	43
Closing loss allowance as at 31 December 2021	**-**	**(8,048)**	**-**	**(8,048)**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

24 INVENTORIES

	Group	
	2021 RM'000	2020 RM'000
At cost:		
- Raw materials	**194,342**	144,789
- Work-in-progress	**30,521**	22,276
- Finished goods	**103,060**	67,297
- Consumable stores	**23,454**	32,883
- Molasses	**261**	252
At net realisable value:		
- Raw materials	**57,427**	-
- Work-in-progress	**11,994**	6,988
	421,059	274,485

Write downs of inventories to net realisable value amounted to RM13,436,000 (2020: RM 65,000). These were recognised as an expense during the year and included in cost of sales in the statement of profit or loss (Note 11).

25 AMOUNTS DUE FROM/(TO) SUBSIDIARIES, OTHER RELATED COMPANIES, IMMEDIATE HOLDING COMPANY AND ULTIMATE HOLDING BODY

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Current assets				
Amounts due from:				
Subsidiaries	**-**	-	**19,265**	14,799
Other related companies	**3,048**	3,665	**94**	-
Less: loss allowance	**-**	(3,200)	**-**	-
Immediate holding company	**1**	1,461	**-**	136
	3,049	1,926	**19,359**	14,935
Current liabilities				
Amounts due to:				
Subsidiaries	**-**	-	**5**	751
Other related companies	**3,936**	1,643	**117**	4
Immediate holding company	**2,982**	12,503	**1,887**	6,096
Ultimate holding body	**-**	221	**-**	221
	6,918	14,367	**2,009**	7,072

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

25 AMOUNTS DUE FROM/(TO) SUBSIDIARIES, OTHER RELATED COMPANIES, IMMEDIATE HOLDING COMPANY AND ULTIMATE HOLDING BODY (CONTINUED)

(a) Amounts due from/(to) subsidiaries are unsecured, interest free, denominated in Ringgit Malaysia and have credit terms of 30 to 180 days (2020: 30 to 180 days).

(b) Amounts due from/(to) other related companies are unsecured, interest free, denominated in Ringgit Malaysia and have credit terms of 30 to 60 days (2020: 30 to 60 days).

(c) The amount due from/(to) the immediate holding company represents non-trade balance, which is expected to be settled within the normal credit period of 90 days (2020: 90 days) and is denominated in Ringgit Malaysia, unsecured and interest free.

(d) Amount due to ultimate holding body relates to office rental charges which is denominated in Ringgit Malaysia, unsecured and interest free and repayable within 60 days.

(e) The fair value of amount due from/(to) subsidiaries, other related companies, immediate holding company and ultimate holding body approximates its carrying value, as the impact of discounting is not significant.

Reconciliation of loss allowance

To measure the expected credit losses, amounts due from subsidiaries, other related companies and immediate holding company have been grouped based on shared credit risk characteristics and the days past due.

For amounts due from subsidiaries, other related companies and immediate holding company which are trade related, the expected loss rates are based on the payment profiles of revenue earned over a period of 24 months before 31 December 2021 or 31 December 2020 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates were not adjusted to reflect forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables, as the Group has not identified any forward looking assumptions which correlate to the historical loss rates.

No loss allowances have been recognised on amounts due from subsidiaries, other related companies and immediate holding company during the year other than reversal of loss allowances on amount due from a related company of RM3,200,000 (2020: RM654,000) (Note 8).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

26 LOANS DUE TO A SUBSIDIARY AND TO A RELATED COMPANY

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Non-current liability				
Loans due to a subsidiary				
Unsecured:				
- Financing in nature	**-**	-	**92,554**	98,662
Current liability				
Loans due to a subsidiary				
Unsecured:				
- Financing in nature	**-**	-	**31,228**	30,194
Loan due to a related company				
Unsecured:				
- Financing in nature	**-**	47,152	**-**	10,108

Loan due to a subsidiary relates to a short term and long term funding facility from a subsidiary. The loan is unsecured, denominated in Ringgit Malaysia and the average interest rate of the loan ranges from 3.02% - 4.48% (2020: 3.02% - 4.48% per annum). Short term funding is repayable in 6 months from the drawdown date. Long term funding is repayable within 7 years.

Loan due to a related company relates to short term funding facility from subsidiary of the immediate holding company. The average interest rate of the loan is 2.92% (2020: 2.85% - 4.45%) per annum.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

27 DERIVATIVE FINANCIAL INSTRUMENTS

Group

	2021 Assets RM'000	2021 Liabilities RM'000	2020 Assets RM'000	2020 Liabilities RM'000
Non-current:				
Islamic profit rate swap	**-**	**(3,571)**	-	(10,163)
Current:				
Sugar futures contracts	**-**	**(963)**	-	-
Brent crude oil options contracts	**-**	**(2,133)**	-	-
Foreign exchange forward contract	**-**	**(653)**	-	(929)
	-	**(7,320)**	-	(11,092)

	2021 Notional amount RM'000	2021 Derivative liabilities RM'000	2020 Notional amount RM'000	2020 Derivative liabilities RM'000
Sugar futures contracts	**1,882**	**(963)**	-	-
Brent crude oil options contracts	**4,155**	**(2,133)**	-	-
Foreign exchange forward contracts	**88,234**	**(653)**	74,778	(929)
Islamic profit rate swap	**208,333**	**(3,571)**	291,667	(10,163)
	302,064	**(7,320)**	366,445	(11,092)

Company

	2021 Assets RM'000	2021 Liabilities RM'000	2020 Assets RM'000	2020 Liabilities RM'000
Non-current:				
Islamic profit rate swap	**-**	**(3,571)**	-	(10,163)

	2021 Notional amount RM'000	2021 Derivative liabilities RM'000	2020 Notional amount RM'000	2020 Derivative liabilities RM'000
Islamic profit rate swap	**208,333**	**(3,571)**	291,667	(10,163)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

28 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise of the following:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Fixed deposits with licensed investment bank in Malaysia	**81,119**	127,748	**37,395**	16,688
Cash and bank balances	**113,656**	68,173	**16,387**	3,672
Deposits, cash and bank balances	**194,775**	195,921	**53,782**	20,360
Less: Restricted cash	**(16,693)**	(15,997)	**(16,693)**	(15,997)
Cash and cash equivalents	**178,082**	179,924	**37,089**	4,363

The effective interest rates of the fixed deposits range from 1.60% - 2.13% (2020: 1.57% - 3.30%) per annum for the Group and range from 1.60% - 2.13% (2020: 1.57% - 3.30%) per annum for the Company respectively. All fixed deposits have original maturity terms of 3 months or less (2020: 3 months or less).

Bank balances are deposits held at call with banks and earn no interest.

Restricted cash relates to bank balance pledged in order to obtain certain bank facilities.

The fixed deposits, cash and bank balances are denominated as follows:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Ringgit Malaysia	**118,721**	150,447	**53,782**	20,360
US Dollar	**76,054**	44,231	**-**	-
AE Dirham	**-**	1,243	**-**	-
	194,775	195,921	**53,782**	20,360

Credit rating profiles of banks in which the fixed deposits have been placed are as follows:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
AAA	**81,119**	127,748	**37,395**	16,688

AAA – A financial institution rated AAA has a superior capacity to meet its financial obligations. This is the highest long-term financial institution rated assigned by RAM Ratings.

AA – A financial institution rated AA has a strong capacity to meet its financial obligations. The financial institution is resilient against adverse changes in circumstances, economic conditions and/or operating environments.

A – A financial institution rated A has an adequate capacity to meet its financial obligations. The financial institution is more susceptible to adverse changes in circumstances, economic conditions and/or operating environments than those in higher-rated categories.

For long-term ratings, RAM Ratings applies subscripts 1, 2 or 3 in each rating category from AA to C. The subscripts 1 indicates that the financial institution ranks at the higher end of its generic rating category; the subscript 2 indicates a mid-ranking; and the subscripts 3 indicates that the financial institution ranks at the lower end of its generic rating category.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

29 ASSETS HELD FOR SALE

On 29 September 2021, MSM Malaysia Holdings Berhad ("the Company") completed the disposal of the entire equity of MSM Perlis Sdn Bhd ("MSMP"), a wholly owned subsidiary of MSMH, for a total cash consideration of RM181,106,000. The assets and liabilities of MSMP were deconsolidated upon completion of the disposal.

Two vacant land in Pulau Indah has been reclassified to Assets Held for Sale as it met MFRS 5 criteria, and the disposal is expected to be completed in 2022.

In December 2021, the Company received an offer in respect of certain plant and machinery from a scrap metal purchaser. These plant and machinery are part of assets impaired in financial year ended 31 December 2019 following cessation of refinery operations in MSMP. Following this offer, the Group has reversed the impairment recognised of RM11,300,000 based on the recoverable amount of the assets which is equivalent to the offer price.

As the assets were planned for disposal, the assets have been reclassified to Assets Held for Sale from Property, Plant and Equipment. Sale of assets was completed on 17 February 2022.

The details are as follows:

	Leasehold land RM'000	Plant and machinery RM'000	Building and office equipment RM'000	Total RM'000
Group				
2021				
As at 1 January 2021	**86,636**	**154**	**2,874**	**89,664**
Transferred from property, plant and equipment (Note 17)	**-**	**11,300**	**-**	**11,300**
Transferred from right-of-use-assets (Note 18)	**7,682**	**-**	**-**	**7,682**
Disposal	**-**	**(152)**	**(91)**	**(243)**
Disposal of subsidiary (Note 20)	**(86,636)**	**(2)**	**(2,783)**	**(89,421)**
As at 31 December 2021	**7,682**	**11,300**	**-**	**18,982**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

29 ASSETS HELD FOR SALE (CONTINUED)

	Leasehold land RM'000	Bearer plant-oil palm, rubber, and mango RM'000	Plant and machinery RM'000	Building and office equipment RM'000	Total RM'000
Group					
2020					
As at 1 January 2020	79,776	72,461	181	5,129	157,547
Transferred to property, plant and equipment (Note 17)	-	(72,461)	(181)	(3,582)	(76,224)
Transferred to right-of-use assets (Note 18)	(81,538)	-	-	-	(81,538)
Transferred from property, plant and equipment (Note 17)	-	-	154	2,874	3,028
Transferred from right-of-use assets (Note 18)	86,636	-	-	-	86,636
Written-off during the year	-	-	-	(387)	(387)
Disposal	-	-	-	(1,160)	(1,160)
Reversal of impairment loss	1,762	-	-	-	1,762
As at 31 December 2020	86,636	-	154	2,874	89,664

30 SHARE CAPITAL

	Group and Company			
	2021 Number of shares	2020 Number of shares	2021 RM'000	2020 RM'000
Issued and fully paid up:				
Ordinary shares				
At 1 January/31 December	**702,980,000**	702,980,000	**718,255**	718,255

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

31 RESERVES

(i) Reorganisation deficit (non-distributable)

Reorganisation deficit comprises the difference between the fair value of 577,979,800 new ordinary shares issued at RM3.50 per share on 20 May 2011 and the carrying amounts of the sugar business as at January 2010. It is recognised as reorganisation deficit in accordance with the predecessor method of accounting.

(ii) Merger relief reserve (non-distributable)

Merger relief reserve comprises the 577,979,800 new ordinary shares with a par value of RM0.50 each issued at a fair value of RM3.50 per share for the acquisition of entire equity interests in MSM Prai Berhad and MSM Perlis Sdn Bhd on 20 May 2011. The difference between par value and fair value is recognised as merger relief reserve in accordance with section 60(4) of the Companies Act 1965.

(iii) Foreign exchange reserve

The foreign exchange reserve is used to record exchange difference arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

(iv) Cash flow hedge reserve

The Group manages its cash flow interest rate risk with floating-to-fixed interest rate swaps which are designated in cash flow hedge relationships.

To the extent this hedge is effective, the change in fair value of the hedge instrument is recognised in the cash flow hedge reserve. The gain or loss relating to the ineffective portion of the interest rate swaps is reclassified to profit or loss and recognised within 'finance cost'.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

32 DEFERRED TAX LIABILITIES/(ASSETS)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority. The following amounts, determined after appropriate offsetting, are shown in the statement of financial position:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Deferred tax liabilities/(assets)				
- Subject to income tax	**39,911**	39,839	**(372)**	(158)
- Subject to RPGT	**-**	7,171	**-**	-
	39,911	47,010	**(372)**	(158)

The analysis of deferred tax assets and deferred tax liabilities is as follows:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Deferred tax liabilities/(assets):				
- Deferred tax liabilities to be recovered after more than 12 months	**11,813**	22,322	**-**	72
- Deferred tax liabilities to be recovered within 12 months	**28,098**	24,688	**(372)**	(230)
Deferred tax liabilities/(assets) (net)	**39,911**	47,010	**(372)**	(158)
At 1 January	**47,010**	51,062	**(158)**	(69)
Disposal of MSM Perlis	**(7,171)**	-	**-**	-
	39,839	51,062	**(158)**	(69)
Charged/(Credited) to profit and loss (Notes 14 and 16):				
- property, plant and equipment	**3,989**	(5,506)	**(24)**	(5)
- payables and accruals	**(2,258)**	(563)	**(190)**	(84)
- intangible assets	**(2,421)**	3,015	**-**	-
- receivables	**271**	(573)	**-**	-
- accrued interest	**-**	163	**-**	-
- right-of-use assets	**(81)**	(81)	**-**	-
- derivatives financial assets	**676**	(575)	**-**	-
- lease liabilities	**(104)**	68	**-**	-
Charged/(Credited) to profit and loss	**72**	(4,052)	**(214)**	(89)
At 31 December	**39,911**	47,010	**(372)**	(158)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

32 DEFERRED TAX LIABILITIES/(ASSETS) (CONTINUED)

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Deferred tax liabilities (before offsetting)				
- property, plant and equipment	**22,960**	18,971	**48**	72
- asset held for sale	**-**	7,171	**-**	-
- right-of-use assets	**639**	720	**-**	-
- intangible assets	**20,456**	22,877	**-**	-
- receivables	**271**	-	**-**	-
	44,326	49,739	**48**	72
Offsetting	**(4,415)**	(2,729)	**(48)**	(72)
Deferred tax liabilities (after offsetting)	**39,911**	47,010	**-**	-
Deferred tax assets (before offsetting)				
- derivatives	**-**	676	**-**	-
- payables and accruals	**3,497**	1,239	**420**	230
- lease liabilities	**918**	814	**-**	-
	4,415	2,729	**420**	230
Offsetting	**(4,415)**	(2,729)	**(48)**	(72)
Deferred tax assets (after offsetting)	**-**	-	**372**	158

The amount of unused tax losses and deductible temporary differences (subject to approval by the Inland Revenue) for which no deferred tax assets are recognised in the statement of financial position of the Group as the Directors are of the view it is not probable that sufficient taxable profits will be available to allow the deferred tax assets to be utilised is as follows:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Continuing operations				
Unused tax losses	**304,711**	291,268	**-**	-
Deductible temporary differences	**107,642**	61,533	**-**	-
	412,353	352,801	**-**	-
Discontinuing operation				
Unused tax losses	**-**	17,669	**-**	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

32 DEFERRED TAX LIABILITIES/(ASSETS) (CONTINUED)

Under the Malaysia Finance Act 2018 which was gazetted on 27 December 2018, unutilised tax losses will be imposed with a limit of utilisation for 7 consecutive years. In Budget 2022, the existing time limit to carry forward unutilised business losses to be extended to 10 consecutive YAs. The existing transitional provision for unutilised business losses from YA2018 be allowed to be carried forward for 10 consecutive YAs, until YA2028.

The Group's unused tax losses as of 31 December 2021 for which no deferred tax assets were recognised based on the year of assessment ("YA") expiry are as follows:

	Group	
	2021	**2020**
	RM'000	**RM'000**
Continuing operations		
Expiring in 2025	**-**	85,010
Expiring in 2026	**-**	178,813
Expiring in 2027	**-**	27,445
Expiring in 2028	**85,010**	-
Expiring in 2029	**178,813**	-
Expiring in 2030	**27,445**	-
Expiring in 2031	**13,443**	-
	304,711	291,268
Discontinuing operation		
Expiring in 2025	**-**	9,252
Expiring in 2026	**-**	5,801
Expiring in 2027	**-**	2,616
	-	17,669

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

33 PAYABLES

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Current liabilities:				
Trade payables	**5,339**	5,905	**-**	-
Other payables	**59,321**	43,205	**4,119**	210
Accruals	**232,846**	99,809	**2,401**	2,318
Unpaid balance for acquisition of property, plant and equipment (Note 36)	**3,728**	8,172	**-**	-
Total payables	**301,234**	157,091	**6,520**	2,528

Trade payables carry credit periods between 30 to 60 days (2020: 30 to 60 days).

The fair value of the payables approximates their carrying value, as the impact of discounting is not significant.

The payables are denominated as follows:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
- Ringgit Malaysia	**300,863**	151,634	**6,520**	2,528
- United States Dollar	**371**	5,141	**-**	-
- Pound Sterling	**-**	316	**-**	-
	301,234	157,091	**6,520**	2,528

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

34 BORROWINGS

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Non-current liabilities:				
Islamic term loans				
- Secured	**363,885**	518,636	**363,885**	518,636
Current liabilities:				
Islamic term loans				
- Secured	**50,236**	33,914	**50,236**	33,914
Bankers' acceptances				
- Unsecured	**378,935**	354,550	**-**	-
	429,171	388,464	**50,236**	33,914
	793,056	907,100	**414,121**	552,550

All borrowings are denominated in Ringgit Malaysia.

Bankers' acceptances

The average interest rates of the borrowings range approximately 2.30% to 3.30% (2020: 3.27% to 3.57%) per annum.

Islamic term loans

The average interest rates of the borrowings range approximately 4.36% to 4.37% (2020: 4.36% to 5.67%) per annum.

The Islamic term loans which have a tenure of 12 years (2020: 12 years) are secured against a leasehold land, debenture and certain bank balances of the Group.

The Group and the Company are required to comply with certain financial covenants i.e. consolidated net debt and financing to equity ratio, consolidated net debt and financing to earnings before interest, tax, depreciation and amortisation ("EBITDA") ratio and consolidated finance payment cover ratio (collectively known as "financial covenants"). The financial covenants are to be complied with annually (2020: annually).

As at 31 December 2021, the Group and the Company have complied with all of the financial covenants.

In the financial year ended 31 December 2020, the Group and the Company obtained a consent letter from its lender to defer the imposition of all the financial covenants for financial year ending 31 December 2020. The imposition is conditional upon the Group and the Company obtaining an official valuation report addressed to its lender on a land leased by the Company and a prepayment of RM40,000,000. These conditions have been confirmed as fulfilled by the lender on 28 December 2020.

In the financial year ended 31 December 2021, the Company has made an additional prepayment of RM114,256,000. As a result of the prepayments, the Company has recorded a loan modification cost of RM9,749,000.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

35 SIGNIFICANT RELATED PARTY TRANSACTIONS

In addition to related party disclosures mentioned elsewhere in the financial statements, set out below are other significant related party transactions and balances.

Federal Land Development Authority ("FELDA"), the Group and Company's ultimate holding body effective from 24 December 2020, is a statutory body corporate set up under the Land Development Act 1956, and controlled by the Malaysian Government. The Group considers that, for the purpose of MFRS 124 – "Related Party Disclosures", FELDA and the Malaysian Government is in the position to exercise significant influence over it. As a result, the Malaysian Government and Malaysian Government controlled bodies (collectively referred to as "government-related entities") are related parties of the Group and the Company.

Apart from the individually significant transactions as disclosed in the financial statements, the Group and the Company have collectively, but not individually, significant transactions with other government-related entities which include but not limited to the following:

- Deposit placing with and deposit taking from government-related entities
- Utilities services provided by the government-related entities

These transactions are conducted in the ordinary course of the Group's business on terms consistently applied in accordance with the Group's internal policies and processes. These terms do not depend on whether the counterparties are government-related entities or not.

Related parties and their relationship with the Group are as follows:

Related parties	Relationship
Federal Land Development Authority ("FELDA")	Ultimate holding body
FGV Holdings Berhad ("FGVH")	Immediate holding company
Koperasi Permodalan FELDA Malaysia Berhad ("KPF")	Related company
Felda Holdings Berhad ("FHB")	Subsidiary of FGVH
FGV Capital Sdn Bhd ("FGVC")	Subsidiary of FGVH
MSM Perlis Sdn Bhd ("MSM Perlis")	Subsidiary of FGVH
FGV Integrated Farming Holdings Sdn Bhd ("FGVIF")	Subsidiary of FGVH
FGV R&D Sdn Bhd ("FGV R&D")	Subsidiary of FGVH
KPF Trading Sdn Bhd (Felda Trading Sdn Bhd) ("KPF Trading")	Subsidiary of KPF
KPF Niaga Sdn Bhd ("KPF Niaga")	Subsidiary of KPF
Felda D'Saji Sdn Bhd ("D'Saji")	Subsidiary of KPF
FGV Prodata Systems Sdn Bhd ("FPSB")	Subsidiary of FHB
FGV Security Services Sdn Bhd ("FSS")	Subsidiary of FHB
FGV Transport Sdn Bhd ("FGVT")	Subsidiary of FHB
Felda Travel Sdn Bhd ("Felda Travel")	Subsidiary of FHB
FGV Agri Services Sdn Bhd ("FASSB")	Subsidiary of FHB
Delima Oil Products Sdn Bhd ("D.O.P")	Subsidiary of FHB
FGV Kernel Products Sdn Bhd ("FKPSB")	Subsidiary of FHB
Felda Engineering Services Sdn Bhd ("Felda Engineering")	Subsidiary of FHB
MSM Sugar Refinery (Johor) Sdn Bhd ("MSM Johor")	Subsidiary company
MSM Logistics Sdn Bhd ("MSM Logistics")	Subsidiary company
MSM Prai Berhad ("MSM Prai")	Subsidiary company
MSM Trading & Distribution Sdn Bhd ("MSM Trading")	Subsidiary company
MSM Trading International DMCC ("MSM Trading International")	Subsidiary company

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

35 SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Significant transactions with related parties

	Group		Company	
	2021	**2020**	**2021**	**2020**
	RM'000	**RM'000**	**RM'000**	**RM'000**
(i) Transactions with FGVH and subsidiaries of FGVH:				
- management fees:				
- current year	**2,954**	2,819	**1,697**	1,616
- sales of refined sugar	**(16)**	-	**-**	-
- interest expense	**417**	2,383	**124**	1,352
- other services	**(759)**	203	**1**	194
	2,596	5,405	**1,822**	3,162
(ii) Transactions with FHB and subsidiaries of FHB:				
- sales of refined sugar	**(43)**	(11)	**-**	-
- security services (FSS)	**1,752**	1,197	**-**	59
- transportation services	**5,771**	8,523	**-**	-
- other services	**59**	880	**103**	19
(iii) Transactions with subsidiaries of KPF:				
- sales of refined sugar	**(1,921)**	(1,376)	**-**	-
- insurance service	**302**	279	**-**	-
- provision of refreshment	**4**	7	**4**	7
(iv) Transaction with FELDA				
- rental	**885**	409	**885**	409

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

35 SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Significant transactions with related parties (continued)

	Group		Company	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
(v) Transactions with subsidiaries:				
Dividends received from:				
- MSM Prai	**-**	-	**(186,000)**	(75,000)
Interest received/receivable from:				
- MSM Perlis	**-**	-	**-**	(815)
- MSM Johor	**-**	-	**(52,750)**	(35,606)
Interest paid/payable to:				
- MSM Prai	**-**	-	**4,927**	(4,120)
Management fees from:				
- MSM Prai	**-**	-	**(8,040)**	(8,040)
- MSM Perlis	**-**	-	**(1,395)**	(1,860)
- MSM Logistics	**-**	-	**(182)**	(182)
- MSM Johor	**-**	-	**(4,020)**	(4,020)
Office rental from:				
- MSM Johor	**-**	-	**(16)**	(35)
- MSM Prai	**-**	-	**(202)**	(203)
- MSM Logistic	**-**	-	**(5)**	(7)
Land rental from:				
- MSM Johor	**-**	-	**(2,167)**	(2,167)
(vi) Transactions with subsidiaries:				
Loan modification recharge (receivable)/payable from MSM Johor	**-**	-	**(9,749)**	11,695
Lease interest recharge receivable from MSM Johor	**-**	-	**(1,040)**	(1,053)

These transactions were undertaken on agreed terms between the related parties.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

35 SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Significant financial year end balances are as follows:

	Group		Company	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Amount due to immediate holding company, FGVH	**(2,982)**	(12,503)	**(1,887)**	(6,096)
Amount due from immediate holding company, FGVH	**1**	1,461	**-**	136
Amounts due from/(to) other related companies				
Due from				
- KPF	**2,950**	464	**-**	-
- Other related companies	**98**	1	**94**	-
	3,048	465	**94**	-
Due to				
- Ultimate holding body, FELDA	**-**	(221)	**-**	(221)
- Other related companies	**(3,936)**	(1,643)	**(117)**	(4)
	(3,936)	(1,864)	**(117)**	(225)
Loan due to a related company, FGVC	**-**	(47,152)	**-**	(10,108)
Amounts due from subsidiaries:				
- MSM Perlis	**-**	-	**-**	437
- MSM Prai	**-**	-	**7,102**	913
- MSM Logistics	**-**	-	**215**	18
- MSM Johor	**-**	-	**11,769**	13,163
- MSM Trading	**-**	-	**6**	4
- MSM Trading International	**-**	-	**173**	264
	-	-	**19,265**	14,799
Amounts due to subsidiaries:				
- MSM Perlis	**-**	-	**-**	(751)
- MSM Johor	**-**	-	**(5)**	-
Loans due from subsidiaries, net of repayments:				
- MSM Johor	**-**	-	**1,041,370**	1,002,053
	-	-	**1,041,370**	1,002,053
Loans due to a subsidiary, net of repayments:				
- MSM Prai	**-**	-	**(123,782)**	(128,856)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

35 SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Key management personnel remuneration

Key management personnel comprise Directors and senior management and above of the Group, having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly.

The aggregate amount of emoluments received/receivable by Directors of the Group during the year is disclosed in Note 12 to the financial statements.

The aggregate amount of emoluments received/receivable by other key management personnel of the Group and Company during the year is as follows:

	Group		Company	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Salary, allowances and bonuses	**7,200**	7,413	**4,941**	4,924
Defined contribution plan	**1,160**	1,231	**785**	812
Other employee benefits	**43**	750	**33**	204
Total	**8,403**	9,394	**5,759**	5,940

Benefits-in-kind provided to other key management personnel of the Group and of the Company amounted to RM20,400 (2020: RM18,177) and RM20,400 (2020: RM18,177) respectively.

36 PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	Group		Company	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Aggregate cost of property, plant and equipment	**38,204**	30,043	**968**	378
Capitalisation of borrowing cost	**(880)**	(1,095)	**-**	-
Unpaid balances included in other payables and accruals (Note 33)	**(3,728)**	(8,172)	**-**	-
Cash paid in respect of previous financial years acquisition	**8,172**	1,495	**-**	-
	41,768	22,271	**968**	378

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

37 LEASE LIABILITIES

	Group		Company	
	2021	**2020**	**2021**	**2020**
	RM'000	**RM'000**	**RM'000**	**RM'000**
At 1 January	**4,942**	5,656	**1,549**	1,981
Addition	**824**	-	**-**	-
Lease modification	**-**	(274)	**-**	(274)
Rent concession	**-**	(219)	**-**	-
Payment of lease liabilities	**(1,462)**	(462)	**(884)**	(221)
Interest expense on lease liabilities	**241**	241	**57**	63
At 31 December	**4,545**	4,942	**722**	1,549
Classified as:				
Current	**996**	1,170	**722**	885
Non-Current	**3,549**	3,772	**-**	664
	4,545	4,942	**722**	1,549

38 CAPITAL COMMITMENTS

Capital expenditure not provided for in the financial statements are as follows:

	Group		Company	
	2021	**2020**	**2021**	**2020**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Property, plant and equipment:				
- contracted and not provided for	**99,982**	32,233	**374**	-
- authorised and not contracted for	**155,470**	188,799	**5,792**	2,070
	255,452	221,032	**6,166**	2,070

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

39 FINANCIAL INSTRUMENTS

The analysis of classification of financial instruments are as follows:

Group	Amortised cost		Fair value through profit or loss	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
As at 31 December				
Financial assets				
Current assets				
Receivables (excluding prepayments, GST receivables and advance payments)	**294,995**	223,175	**-**	-
Amount due from immediate holding company	**1**	1,461	**-**	-
Amounts due from other related companies	**3,048**	465	**-**	-
Deposits, cash and bank balances	**194,775**	195,921	**-**	-
Total financial assets	**492,819**	421,022	**-**	-
Financial liabilities				
Non-current liabilities				
Borrowings	**363,855**	518,636	**-**	-
Lease liabilities	**3,549**	3,772	**-**	-
Derivatives financial liabilities	**-**	-	**3,571**	10,163
	367,434	522,408	**3,571**	10,163
Current liabilities				
Payables (excluding GST payables)	**301,234**	157,091	**-**	-
Amount due to immediate holding company	**2,982**	12,503	**-**	-
Amounts due to other related companies	**3,936**	1,643	**-**	-
Amount due to ultimate holding body	**-**	221	**-**	-
Loan due to a related company	**-**	47,152	**-**	-
Borrowings	**429,171**	388,464	**-**	-
Lease liabilities	**996**	1,170	**-**	-
Derivative financial liabilities	**-**	-	**3,749**	929
	738,319	608,244	**3,749**	929
Total financial liabilities	**1,105,753**	1,130,652	**7,320**	11,092

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

39 FINANCIAL INSTRUMENTS (CONTINUED)

The analysis of classification of financial instruments are as follows: (continued)

Company	Amortised cost 2021 RM'000	Amortised cost 2020 RM'000	Fair value through profit or loss 2021 RM'000	Fair value through profit or loss 2020 RM'000
As at 31 December				
Financial assets				
Non-current assets				
Loans due from subsidiaries	**1,041,370**	931,963	**-**	-
Lease receivables	**82,732**	83,859	**-**	-
	1,124,102	1,015,822	**-**	-
Current assets				
Receivables (excluding prepayments, GST receivables and advance payments)	**31**	31	**-**	-
Amount due from subsidiaries	**19,265**	14,799	**-**	-
Amounts due from other related companies	**94**	-	**-**	-
Loans due from subsidiaries	**-**	70,090	**-**	-
Deposits, cash and bank balances	**53,782**	20,360	**-**	-
Amount due to immediate holding company	**-**	136	**-**	-
Lease receivables	**2,167**	2,167	**-**	-
	75,339	107,583	**-**	-
Total financial assets	**1,199,441**	1,123,405	**-**	-
Financial liabilities				
Non-current liabilities				
Borrowings	**363,885**	518,636	**-**	-
Lease liabilities	**-**	664	**-**	-
Loan due to subsidiary	**92,554**	98,662	**-**	-
Derivatives financial liabilities	**-**	-	**3,571**	10,163
	456,439	617,962	**3,571**	10,163
Current liabilities				
Payables (excluding GST payables)	**6,520**	2,528	**-**	-
Amounts due to subsidiaries	**5**	751	**-**	-
Amounts due to other related companies	**117**	4	**-**	-
Amount due to ultimate holding body	**-**	221	**-**	-
Loan due to a subsidiary	**31,228**	30,194	**-**	-
Loan due to a related company	**-**	10,108	**-**	-
Amount due to immediate holding company	**1,887**	6,096	**-**	-
Borrowings	**50,236**	33,914	**-**	-
Lease liabilities	**722**	885	**-**	-
	90,715	84,701	**-**	-
Total financial liabilities	**547,154**	702,663	**3,571**	10,163

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

40 SEGMENT INFORMATION

Operating segments are reported in a manner consistent with the internal management reporting provided to the chief operating decision maker (CODM). The CODM who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Group Chief Executive Officer. The Group Chief Executive Officer considers the business primarily a product perspective.

The reportable operating segments have been identified as follows:

(i) Sugar - sugar refining and sales, marketing of refined sugar and commodity trading

(ii) Palm oil, rubber and mango – palm oil, rubber and mango plantation

Reconciliation represents income and expenses related to the corporate office, which is the investment holding entity. Included in reconciliation are cash and cash equivalents, accruals of the holding company.

The Group Chief Executive Officer, which is the chief operating decision maker, reviews the internal management reports on a basis that is consistent with the presentation as per the statement of comprehensive income.

The segment information provided to the Group Chief Executive Officer for the reportable segments for the financial year is as follows:

	Continuing operations			Discontinuing operation	
Group	**Sugar RM'000**	**Reconciliation RM'000**	**Subtotal RM'000**	**Rubber, palm oil and mango RM'000**	**Total RM'000**
2021					
Total segment revenue	2,259,698	-	2,259,698	-	2,259,698
Revenue from external customer	2,259,698	-	2,259,698	-	2,259,698
Finance income	1,659	928	2,587	-	2,587
Finance cost	(42,058)	(4,987)	(47,045)	-	(47,045)
Depreciation and amortisation	(80,105)	(2,735)	(82,840)	-	(82,840)
(Impairment loss)/reversal of impairment (net)					
- financial assets	(1,635)	-	(1,635)	16	(1,619)
- non-financial assets	16,427	-	16,427	-	16,427
Profit before zakat and taxation	78,697	2,405	81,102	88,738	169,840
Taxation	(39,036)	(4,451)	(43,487)	-	(43,487)
Zakat	(1,000)	-	(1,000)	-	(1,000)
Profit after taxation for the financial year					125,353
Total assets	2,812,247	58,592	2,870,839	-	2,870,839
Total liabilities	1,144,707	13,568	1,158,275	-	1,158,275
Addition to property, plant and equipment	37,236	968	38,204	-	38,204
Addition to intangible assets	1,437	326	1,763	-	1,763

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

40 SEGMENT INFORMATION (CONTINUED)

The segment information provided to the Group Chief Executive Officer for the reportable segments for the financial year is as follows: (continued)

Group	Continuing operations			Discontinuing operation	
	Sugar RM'000	Reconciliation RM'000	Subtotal RM'000	Rubber, palm oil and mango RM'000	Total RM'000
2020					
Total segment revenue	2,184,463	-	2,184,463	-	2,184,463
Revenue from external customer	2,184,463	-	2,184,463	-	2,184,463
Finance income	3,202	633	3,835	-	3,835
Finance cost	(32,063)	(4,721)	(36,784)	-	(36,784)
Depreciation and amortisation	(78,913)	(2,627)	(81,540)	(4,685)	(86,225)
(Impairment loss)/reversal of impairment (net)					
- financial assets	(6,565)	-	(6,565)	(20)	(6,585)
- non-financial assets	11,775	-	11,775	(41,943)	(30,168)
Profit/(Loss) before zakat and taxation	62,036	(26,189)	35,847	(75,091)	(39,244)
Taxation	(28,050)	(2,448)	(30,498)	-	(30,498)
Zakat	(1,486)	-	(1,486)	-	(1,486)
Loss after taxation for the financial year					(71,228)
Total assets	2,575,520	112,738	2,688,258	82,022	2,770,280
Total liabilities	1,161,675	14,539	1,176,214	12,540	1,188,754
Addition to property, plant and equipment	29,665	378	30,043	-	30,043
Addition to intangible assets	35	561	596	-	596

Analysis of revenue

The analysis of revenue by geographical locations is as follows:

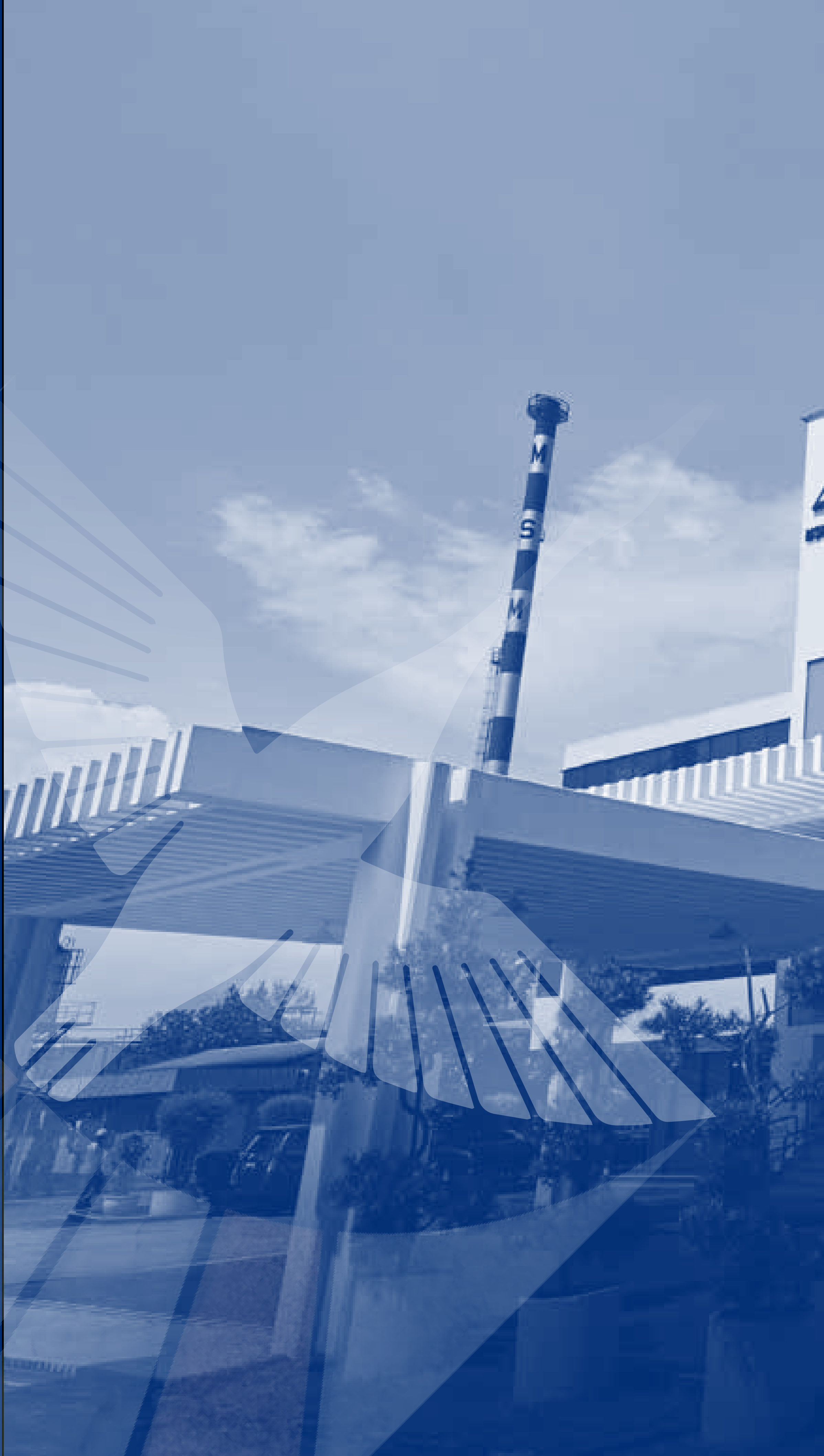
	Group	
	2021 RM'000	2020 RM'000
Malaysia	**1,753,616**	1,715,271
Asia	**384,194**	353,200
Australia	**6,020**	5,847
Europe	**97,642**	102,344
Others	**18,226**	7,801
	2,259,698	2,184,463

All non-current assets other than financial instruments are located in Malaysia.

41 APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 21 March 2022.

ADDITIONAL INFORMATION



372 Analysis of Shareholdings
375 Summary of Properties Leased
376 List of Top 10 Properties Owned
378 Notice of Annual General Meeting
388 Statement Accompanying Notice of the 11th Annual General Meeting
389 Administrative Details
Proxy Form

ANALYSIS OF SHAREHOLDINGS

AS AT 21 MARCH 2022

Total Issued Shares : 702,980,000
Class of Shares : Ordinary share
Voting Right : One (1) vote per ordinary share

INFORMATION ON SUBSTANTIAL SHAREHOLDERS (5% AND ABOVE)

No.	Name of Shareholders	Direct		Deemed Interests	
		No. of Shares Held	% of Issued Shares	No. of Shares Held	% of Issued Shares
1.	FGV SUGAR SDN BHD	281,369,800	40.03	-	-
2.	KOPERASI PERMODALAN FELDA MALAYSIA BERHAD	107,393,952	15.28	-	-
3.	FGV HOLDINGS BERHAD	77,150,248	10.97	281,369,800*	40.03
4.	AMANAHRAYA TRUSTEES BERHAD	52,654,500	7.49	-	-

** Deemed interested by virtue of its interests in FGV Sugar Sdn Bhd, its wholly owned subsidiary.*

INFORMATION ON DIRECTORS' SHAREHOLDINGS

No.	Name of Directors	Direct Interest	
		No. of Shares Held	% of Issued Shares
1.	Datuk Syed Hisham Syed Wazir	-	-
2.	Choy Khai Choon	-	-
3.	Dato' Muthanna Abdullah	-	-
4.	Datuk Dr Abd Hapiz Abdullah	-	-
5.	Dato' Rosini Abd Samad	-	-
6.	Datuk Lim Thean Shiang	-	-
7.	Dato' Amir Hamdan Hj Yusof	-	-
8.	Azman Ahmad	3,900	0.00
9.	Nik Fazila Nik Mohamed Shihabuddin	-	-

INFORMATION ON GROUP CHIEF EXECUTIVE OFFICER'S SHAREHOLDINGS

No.	Name of Group Chief Executive Officer	Direct Interest	
		No. of Shares Held	% of Issued Shares
1.	Syed Feizal Syed Mohammad	-	-

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Issued Shares
Less than 100	674	6.34	3,732	0.00
100 to 1,000	2,687	25.26	1,664,311	0.24
1,001 to 10,000	5,148	48.39	24,847,216	3.53
10,001 to 100,000	1,903	17.89	57,242,341	8.14
100,001 to less than 5% of issued shares	222	2.09	100,653,900	14.32
5% and above of issued shares	5	0.05	518,568,500	73.77
Total	**10,639**	**100**	**702,980,000**	**100**

LIST OF TOP 30 SHAREHOLDERS

No.	Name of Shareholders	No. of Shares Held	% of Issued Shares
1.	FGV SUGAR SDN BHD	281,369,800	40.03
2.	FGV HOLDINGS BERHAD	77,150,248	10.97
3.	KOPERASI PERMODALAN FELDA MALAYSIA BERHAD	66,305,852	9.43
4.	AMANAHRAYA TRUSTEES BERHAD AMANAH SAHAM BUMIPUTERA	52,654,500	7.49
5.	KOPERASI PERMODALAN FELDA MALAYSIA BERHAD	41,088,100	5.84
6.	AMANAHRAYA TRUSTEES BERHAD AMANAH SAHAM MALAYSIA	9,598,000	1.37
7.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD	9,338,500	1.33
8.	TEOH HOOI BIN	4,619,100	0.66
9.	AMANAHRAYA TRUSTEES BERHAD AMANAH SAHAM MALAYSIA 2 - WAWASAN	4,000,000	0.57
10.	NGA KO TONG	3,202,800	0.46
11.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR OCBC SECURITIES PRIVATE LIMITED (CLIENT A/C-R ES)	2,028,000	0.29
12.	PAK NGA PROPERTY SDN BHD	2,000,000	0.28
13.	CHEN CHIH LIANG	1,992,500	0.28
14.	LEE BEE LIAN	1,799,400	0.26
15.	TING CHEK HUA	1,685,000	0.24
16.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SELINA SHARMALAR SOLOMON (8112136)	1,632,100	0.23
17.	CHAH CHING BOO	1,425,200	0.20

ANALYSIS OF SHAREHOLDINGS

AS AT 21 MARCH 2022

No.	Name of Shareholders	No. of Shares Held	% of Issued Shares
18.	TEE KONG PENG	1,185,000	0.17
19.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SAW CHAI SOON (E-KLC)	1,100,000	0.16
20.	LEE HONG CHEN	1,064,000	0.15
21.	AFFIN HWANG NOMINEES (TEMPATAN) SDN BHD PLEGDED SECURITIES ACCOUNT FOR KHOR CHUN LANG (D01)	1,000,000	0.14
22.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT TAM SENG @ TAM SENG SEN (E-PTS)	1,000,000	0.14
23.	TEOH KING LONG	1,000,000	0.14
24.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SAW CHAI HOCK (E-KLC)	962,000	0.14
25.	BRANDON GOHUMPU	960,200	0.14
26.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR DEVA DASSAN SOLOMON (E-SS2)	932,500	0.13
27.	KHOR KENG SAW @ KHAW AH SOAY	840,200	0.12
28.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR JACKY YAP YOU WEI (E-KLG/BTG)	800,000	0.11
29.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR INBAMANAY A/P M J ARUMANAYAGAM (8061712)	775,800	0.11
30.	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR CITIBANK N.A. (NFS)	754,500	0.11

SUMMARY OF PROPERTIES LEASED

AS AT 31 DECEMBER 2021

No.	Name of Lessor/Lessee or Landlord/Tenant or Grantor/ Grantee Lot no/Postal Address	Description of property/ Existing use	Built-up area/Land area (square metre unless otherwise stated)	Tenure/ Date of expiry	Rental per annum (Unless otherwise stated) (RM unless otherwise stated)
MSM PRAI BERHAD					
1.	H.S. (D) 28162, Lot 286 Bandar Prai, Daerah Seberang Perai Tengah, Pulau Pinang - Plot A & B 798, Main Road, 13600 Prai Penang	Property erected with molasses tanks, refined sugar warehouse, raw sugar warehouse, container parking area, railway lines and packaging materials warehouse	3,471.5/ 97,494 sq ft	A lease for 30 years/ Expiring on 30 November 2024 with option to renew for another 30 years	26,323
2.	H.S. (D) 28162, Lot 286 Bandar Prai, Daerah Seberang Perai Tengah, Pulau Pinang - Plot C 798, Main Road, 13600 Prai, Penang	Property erected with raw warehouse and miscellaneous materials warehouse	4,119.7/ 60,575 sq ft	A lease for 30 years/ Expiring on 30 November 2024 with option to renew for another 30 years	16,355
3.	H.S. (D) 28137, Lot 287 Bandar Prai, Daerah Seberang Perai Tengah, Pulau Pinang, 798 Main Road, 13600 Prai, Penang	Property erected with raw warehouse and miscellaneous materials warehouse	72,451.4/ 605,484 sq ft	A lease for 30 years/ Expiring on 30 November 2024 with option to renew for another 30 years	163,480
4.	H.S. (D) 28162, Lot 286 Bandar Prai, Daerah Seberang Perai Tengah, Pulau Pinang - Plot D 798, Main Road, 13600 Prai, Penang	Property erected with raw warehouse and miscellaneous materials warehouse	5,374.7/ 96,140 sq ft	A lease for 3 years/ Expiring on 31 May 2024 with option to renew for another 10 years	252,096
5.	Penang Port Commission (as lessor)/ Kilang Gula Felda Perlis Sdn Bhd (as lessee) Bulk Cargo Terminal, 13600 Prai, Penang	Storage godown/ Currently used as a storage facility for refined sugar and raw sugar	7,580.12/ Not Applicable	A lease for 22 years/ Expiring on 31 January 2025	235,023

LIST OF TOP 10 PROPERTIES OWNED

AS AT 31 DECEMBER 2021

No.	Location Address/Lot No.	Acquisition Date	Tenure	Existing Use	Land Area (hectares unless otherwise stated)	Age of plant & building (years)	Year Lease Expiring	NBV as at 31/12/2021 (RM'000)
1.	PLO 46, Jalan Ipil 2 Tanjung Langsat Industrial Complex, Mukim Sungai Tiram, 81700 Pasir Gudang Johor Darul Takzim	31.3.2020	-	Building for Sugar Refinery	50.63 acres	1.8	-	287,135
2.	PLO 46, Jalan Ipil 2 Tanjung Langsat Industrial Complex Mukim Sungai Tiram, 81700 Pasir Gudang Johor Darul Takzim	30.4.2015	Leasehold	Raw & Refinery Sugar Warehouse and Operational for MSM Refinery Johor SB	50.63 acres	-	2075	78,945
3.	798, Main Road, 13600 Prai Seberang Perai, Penang Malaysia	26.3.1995	-	Building for Sugar refinery	859,693 sq metres	56.8	-	25,798
4.	Lot 60 & 61, Jalan BRP 8/1 Perusahaan Bukit Rahman Putra, 47000 Sungai Buloh Selangor	15.9.1993	-	Facility for sugar distribution and storage	9,913 sq metres	28.3	-	10,907
5.	H.S.(D) 119796, PT121676 Mukim Kelang, Daerah Klang Selangor	24.4.2013	Leasehold	Vacant land	10,670 sq metres	-	2097	4,042
6.	H.S.(D) 119797, PT121677 Mukim Kelang, Daerah Klang Selangor	24.4.2013	Leasehold	Vacant land	9,697 sq metres	-	2097	3,640
7.	H.S.(D) 31964, PT 34446 Mukim Batu, Daerah Gombak, Negeri Selangor Lot 60, Jalan BRP 8/1 Perusahaan Bukit Rahman Putra 47000 Sungai Buloh Selangor	15.9.1993	Freehold	Facility for sugar distribution and storage	1.214	-	-	2,228

No.	Location Address/Lot No.	Acquisition Date	Tenure	Existing Use	Land Area (hectares unless otherwise stated)	Age of plant & building (years)	Year Lease Expiring	NBV as at 31/12/2021 (RM'000)
8.	H.S.(D) 31965, PT 34447 Mukim Batu, Daerah Gombak, Negeri Selangor Lot 61, Jalan BRP 8/1 Perusahaan Bukit Rahman Putra 47000 Sungai Buloh Selangor	30.8.2002	Freehold	Facility for sugar distribution and storage	1.10543	-	-	2,029
9.	H.S.(D) 31962, PT 34444 Mukim Batu Daerah Gombak Negeri Selangor Lot 58, Jalan BRP 8/1 Perusahaan Bukit Rahman Putra, 47000 Sungai Buloh Selangor	15.9.1993	Freehold	Bays for trucks and primers	0.519	-	-	953
10.	H.S.(D) 31963, PT 34445 Mukim Batu Daerah Gombak Negeri Selangor Lot 59, Jalan BRP 8/1 Perusahaan Bukit Rahman Putra, 47000 Sungai Buloh Selangor	15.9.1993	Freehold	Vacant land	0.353	-	-	648

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Eleventh Annual General Meeting (11th AGM) of MSM Malaysia Holdings Berhad (MSMH or the Company) will be held entirely on a fully virtual basis through live streaming and online remote voting using the Remote Participation and Electronic Voting (RPEV) facilities via online meeting platform provided by Boardroom Share Registrars Sdn Bhd at **https://meeting.boardroomlimited.my** (Domain Registration No. with MYNIC – D6A357657) on **Wednesday, 8 June 2022 at 11.00 a.m** or at any adjournment thereof, for the purpose of considering and, if thought fit, passing with or without modifications, the following resolutions:

As Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 31 December 2021 together with the Reports of the Directors and Auditors thereon.

   Please refer to Explanatory Note 1

2. To approve the payment of Directors' fees for the Non-Executive Chairman and for each of the Non-Executive Directors from 8 June 2022 until the conclusion of the next AGM of MSM to be held in 2023 be paid on a monthly basis. **(Resolution 1)**

   Please refer to Explanatory Note 2 and Note 3

3. To approve the payment of benefits payable to the Non-Executive Chairman and Non-Executive Directors for the period from 8 June 2022 until the conclusion of the next AGM of MSM to be held in 2023.

   Please refer to Explanatory Note 2 and Note 4 **(Resolution 2)**

4. To re-elect the following Directors who retire by rotation in accordance with Clause 99 of the Company's Constitution and who, being eligible, offer themselves for re-election:

   i. Dato' Muthanna Abdullah **(Resolution 3)**

   ii. Choy Khai Choon **(Resolution 4)**

   Please refer to Explanatory Note 5

5. To re-elect the following Directors who retire in accordance with Clause 105 of the Company's Constitution and who, being eligible, offer themselves for re-election:

   i. Nik Fazila Nik Mohamed Shihabuddin **(Resolution 5)**

   ii. Azman Ahmad **(Resolution 6)**

   Please refer to Explanatory Note 6

6. To re-appoint Messrs. PricewaterhouseCoopers PLT as auditors of the Company for the financial year ending 31 December 2022 and to authorise the Board of Directors to determine their remuneration. **(Resolution 7)**

   Please refer to Explanatory Note 7

As Special Business

To consider and if thought fit, to pass the following as Ordinary Resolution:

7. **PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR THE EXISTING RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE FOR MSM AND ITS GROUP OF COMPANIES (MSM HOLDINGS GROUP) AND PROPOSED SHAREHOLDERS' MANDATE FOR THE NEW RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE FOR THE MSM HOLDINGS GROUP** **(Resolution 8)**

"**THAT**, subject always to the Companies Act, 2016, the Company's Constitution, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (Listing Requirements), other applicable laws, guidelines, rules and regulations, and the approval of the relevant governmental/regulatory authorities (where applicable), approval be and is hereby given to the Company and its subsidiaries to enter into all arrangements and/or transactions involving the interests of the related parties as specified in Appendix 1 of the Circular to the Shareholders dated 27 April 2022, provided that such arrangements and/or transactions are:

i. recurrent transactions of a revenue or trading nature;

ii. necessary for the day-to-day operations;

iii. carried out in the ordinary course of business on normal commercial terms which are not more favourable to the related parties than those generally available to the public; and

iv. not detrimental to the minority shareholders of the Company;

(Proposed Mandates);

AND THAT the Proposed Mandates shall commence immediately upon passing of this ordinary resolution and continue to be in force until:

a. the conclusion of the next AGM of the Company following this AGM, at which time the Proposed Mandates will lapse, unless the Proposed Mandates are renewed by a resolution passed at the next AGM of the Company; or

b. the expiration of the period within which the next AGM is required by law to be held; or

c. the Proposed Mandates are revoked or varied by a resolution passed by the Shareholders of the Company in a general meeting of the Company,

whichever is the earlier;

AND FURTHER THAT authority be and is hereby given to the Directors of the Company and/or its subsidiaries to complete and do all such acts and things (including executing such documents as may be required) as they may consider expedient or necessary to give effect to such transactions as authorised by this resolution and the Proposed Mandates."

Please refer to Explanatory Note 8

NOTICE OF ANNUAL GENERAL MEETING

8. **AUTHORITY FOR DIRECTORS TO ALLOT AND ISSUE SHARES PURSUANT TO SECTION 75 OF THE COMPANIES ACT, 2016** **(Resolution 9)**

   "**THAT**, pursuant to Section 75 of the Companies Act, 2016 and subject always to the Company's Constitution, the Listing Requirements and approvals of the relevant governmental/regulatory authorities, the Directors be and are hereby authorised to allot and issue shares in the Company at any time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion deem fit, provided that the aggregate number of shares to be allotted and issued pursuant to this resolution does not exceed ten percent (10%) of the issued share capital of the Company as at the date of such allotment **AND THAT** the Directors be and are also hereby authorised to obtain all necessary approvals from the relevant authorities for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad and that such authority shall continue to be in force until the conclusion of the next AGM of the Company."

   Please refer to Explanatory Note 9

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

BY ORDER OF THE BOARD

KOO SHUANG YEN
Company Secretary
(SSM PC NO.: 201908003534)
(MIA 7556)

Kuala Lumpur
27 April 2022

NOTES

1. Fully Virtual AGM

a. Our Company will conduct its 11th AGM on a fully virtual basis through live streaming and online remote voting using the RPEV facilities via online meeting platform at **https://meeting.boardroomlimited.my** (Online Meeting Platform). Please follow the procedures provided in the **Administrative Guide** for the 11th AGM in order to register, participate and vote remotely via RPEV facilities.

b. With the RPEV facilities, a Shareholder may exercise his/her right to participate (including to pose questions to the Board/Management of our Company) and vote at the 11th AGM, in the comfort of their home.

c. The venue of the 11th AGM is the Online Meeting Platform which is located in Malaysia being the main venue and is strictly for the purpose of compliance with Section 327(2) of the Companies Act, 2016 which requires the Chairman of the meeting to be present at the main venue. In a fully virtual general meeting, all meeting participants including the Chairman of the meeting, Board members, Senior Management and Shareholders are required to participate in the meeting online through the Online Meeting Platform only.

d. The Administrative Guide has taken into account the latest measures to-date to deal with the COVID-19 situation announced and/or implemented in Malaysia which affects the holding or conduct of general meetings. In view of the uncertainties and the surge in COVID-19 infections, the Company will have to observe the guidelines or new procedures as may be issued by the Government from time to time, which may affect the administration of the 11th AGM as set out in this Administrative Guide. Any material developments or updates on the 11th AGM will be announced on the website of Bursa Malaysia Securities Berhad and published onto the Company's corporate website regularly.

2. Proxy

a. Shareholders who are unable to participate in the 11th AGM may appoint Proxy(ies) to vote on their behalf. Where a Shareholder appoints two (2) Proxies, each Proxy appointed shall represent a minimum of one hundred (100) shares and the appointment of such Proxies shall not be valid unless the Shareholder specifies the proportion of his/her shareholding to be represented by each of such Proxy. Independent Scrutineer will be present to verify that the voting is conducted properly and fairly.

b. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account (omnibus account), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA") which is exempted from compliance with provisions of Section 25A(1) of SICDA.

c. 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.

The instrument appointing a proxy shall be in writing under the hands of the appointor or of his attorney duly authorised in writing or if the appointor is a corporation either under its common seal or the hand of its officer or its duly authorised attorney. An instrument appointing a proxy to vote at a meeting shall be deemed to include the power to demand or join in demanding a poll on behalf of the appointor.

NOTICE OF ANNUAL GENERAL MEETING

d. The appointment of Proxy may be made in a hardcopy form or by electronic means as follows:

<u>In Hardcopy Form</u>

The Proxy Form shall be deposited at the office of the Share Registrar of the Company at **Boardroom Share Registrars Sdn Bhd, Ground Floor or 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia** no later than **Monday, 6 June 2022 at 11.00 a.m.**, and in default the Proxy Form shall not be treated as valid.

<u>By Electronic Means</u>

The Proxy Form may be submitted:

i to the Share Registrar of the Company, **Boardroom Share Registrars Sdn Bhd** via e-mail to **bsr.helpdesk@boardroomlimited.com**, no later than **Monday, 6 June 2022 at 11.00 a.m.** or

ii via electronic means **(E-PROXY LODGEMENT)** no later than **Monday, 6 June 2022 at 11.00 a.m.** (please refer to the Annexure to the Proxy Form for further information on submission via e-Proxy).

3. Corporate Shareholders, Authorised Nominees and Exempt Authorised Nominees

For Corporate Shareholders, Authorised Nominees and Exempt Authorised Nominees who wish to participate and vote remotely via RPEV facilities at the 11th AGM of the Company, please refer to the procedures under item 2 of the Administrative Guide for the 11th AGM.

4. Shareholders entitled to participate and vote

For purposes of determining a Shareholder who shall be entitled to participate and vote at the 11th AGM of the Company, the Company shall be requesting from Bursa Malaysia Depository Sdn Bhd, in accordance with Clause 63 of the Company's Constitution and Section 34(1) of SICDA, to issue a General Meeting Record of Depositors as at **31 May 2022. Only a depositor whose name appears on the General Meeting Record of Depositors as at 31 May 2022 shall be entitled to participate and vote at the 11th AGM or appoint a Proxy(ies) to participate and vote on such depositor's behalf**.

5. Request for remote participation user ID and password

The registration for remote participation will be open from **11.00 a.m. Wednesday, 27 April 2022 until 11.00 a.m. Monday, 6 June 2022**. Please follow the procedures provided in the Administrative Guide for the 11th AGM in order to participate in the 11th AGM remotely via RPEV facilities.

6. Voting

Pursuant to Paragraph 8.29A(1) of the Listing Requirements, all resolutions set out in the Notice of the 11th AGM of the Company will be put to vote by poll. Poll Administrator will be appointed to conduct the poll via e-voting process and Independent Scrutineers will be appointed to verify the poll results.

Shareholders can proceed to vote on the resolutions and submit their votes at any time from the commencement of the 11th AGM at 11.00 a.m. until a time when the Chairman of the meeting announces the completion of the voting session. Upon completion of the voting session for the 11th AGM, the Independent Scrutineers will verify and announce the poll results followed by the Chairman of the meeting's declaration whether the resolutions are duly passed.

EXPLANATORY NOTES ON ORDINARY BUSINESS

Explanatory Note 1:
Audited Financial Statements for the financial year ended 31 December 2021

This agenda item is meant for presentation and discussion only as under the provisions of Section 340(1)(a) of the Companies Act, 2016 and Clause 135 of the Company's Constitution, the Audited Financial Statements does not require the final approval of Shareholders and hence, will not be put forward for voting.

Explanatory Note 2:
Non-Executive Directors' Remuneration

2.1 Section 230(1) of the Companies Act, 2016 provides amongst others, that the fees of the Directors and any benefits payable to the Directors of a listed company and its subsidiaries shall be approved at a general meeting. In this respect, the Board agreed that the Shareholders' approval shall be sought at the 11th AGM on the Directors' remuneration in two (2) separate resolutions as below:

a. **Resolution 1:**
Payment of Directors' fees for the Non-Executive Chairman and for each of the Non-Executive Directors from 8 June 2022 until the conclusion of the next AGM of MSM to be held in 2023 be paid on a monthly basis; and

b. **Resolution 2:**
Payment of benefits payable to the Non-Executive Chairman and Non-Executive Directors for the period from 8 June 2022 until the conclusion of the next AGM of MSM to be held in 2023.

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Note 3:

Resolution 1: Payment of Directors' fee for the Non-Executive Chairman and for each of the Non-Executive Directors from 8 June 2022 until the conclusion of the next AGM of MSM to be held in 2023 be paid on a monthly basis.

3.1 The Non-Executive Directors Remuneration Policy was last revised in 2021 based on the benchmarking review of the remuneration framework for the Non-Executive Directors of MSM carried out by KPMG Management & Risk Consulting Sdn Bhd, the appointed independent consultant. The Board approved the Nomination and Remuneration Committee's (NRC) recommendation for the payment of Directors' fees for the Non-Executive Chairman and for each of the Non-Executive Directors from 8 June 2022 until the conclusion of the next AGM of MSM to be held in 2023 (Relevant Period) to remain unchanged as approved at the 10th AGM of the Company held last year, as set out in the table below:

NON-EXECUTIVE DIRECTORS' (NED) ANNUAL FEES	Approved at the 10th AGM held on 17 June 2021		Approval sought at the 11th AGM	
	Chairman	Member	Chairman	Member
Board of Directors	RM315,000	RM120,000	RM315,000	RM120,000
Board Committees' Fees				
- Audit, Governance and Risk Committee	RM64,000	RM32,000	RM64,000	RM32,000
- Nomination and Remuneration Committee	RM35,000	RM20,000	RM35,000	RM20,000
- Investment and Tender Committee	RM32,000	RM16,000	RM32,000	RM16,000

3.2 The proposed Ordinary Resolution 1, if passed, will allow the Company to pay the Board and Board Committee's fees on monthly basis to the Non-Executive Chairman and to each Non-Executive Directors for the Relevant Period based on the proposed revised remuneration structure above.

Explanatory Note 4:

Resolution 2: Payment of benefits payable to the Non-Executive Chairman and Non-Executive Directors for the period from 8 June 2022 until the conclusion of the next AGM of MSM to be held in 2023.

4.1 The Directors' benefits payable to the Non-Executive Chairman and Non-Executive Directors are proposed to remain unchanged as approved at the 10th AGM of the Company held last year as set out in the table below:

DESCRIPTION	Approved at the 10th AGM held on 17 June 2021		Approval sought at 11th AGM	
Meeting Allowance (per meeting attended)	CHAIRMAN	NEDS	CHAIRMAN	NEDS
Board	RM2,000	RM2,000	RM2,000	RM2,000
Audit, Governance and Risk Committee	RM2,000	RM2,000	RM2,000	RM2,000
Nomination and Remuneration Committee	RM2,000	RM2,000	RM2,000	RM2,000
Investment and Tender Committee	RM2,000	RM2,000	RM2,000	RM2,000

DESCRIPTION	Approved at the 10th AGM held on 17 June 2021		Approval sought at 11th AGM	
Benefits-in-kind	CHAIRMAN	NEDS	CHAIRMAN	NEDS
Company car	1 unit, 2,000 cc with RM180,000 per annum for car utility	-	1 unit, 2,000 cc with RM180,000 per annum for car utility	-
Driver allowance or Security allowance	RM2,500 per month	-	RM2,500 per month	-
Group insurance	Provided	Provided	Provided	Provided
Medical coverage	Provided	Provided	Provided	Provided
Mobile phone bill	Reimbursement for a fixed plan	-	Reimbursement for a fixed plan	-

4.2 The Company is seeking Shareholders' approval on the benefits payable to the Non-Executive Chairman and Non-Executive Directors for the Relevant Period based on the proposed benefits (excluding Directors' fees) set out above.

4.3 Payment of the benefits payable will be made by the Company on a monthly basis and/or as and when incurred based on the proposed benefits set out above effective from 8 June 2022, if the proposed Ordinary Resolution 2 is passed at the 11th AGM.

4.4 The Board is of the view that it is just and equitable for the Directors to be paid benefits payable on a monthly basis and/or as and when incurred, particularly after they have discharged their responsibilities and rendered their services to the Company and its subsidiaries throughout the Relevant Period.

Explanatory Note 5:

Resolutions 3 and 4: Re-election of Directors who retire by rotation in accordance with Clause 99 of the Company's Constitution

5.1 Clause 99 of the Company's Constitution states that at every AGM, at least one-third (1/3) of the Directors for the time being shall retire from office. In addition, all Directors shall be eligible for re-election.

5.2 For the purpose of determining the eligibility of the Directors to stand for re-election at the 11th AGM, the NRC has conducted an assessment on each of the retiring Directors in line with Practice 5.1 of the Malaysian Code on Corporate Governance 2021. Apart from the quantitative analysis of the Director's performance, the NRC also considered the other elements, among others, the following:

(a) The Individual Director assessment as part of the Board Effectiveness Assessment 2021 (BEA 2021) carried out internally which focuses more on soft governance aspects of the Director (individual contribution, communication with members, their decision making and traits); and

(b) Special skills and knowledge an individual Director brings to the organisation.

NOTICE OF ANNUAL GENERAL MEETING

5.3 Based on the Individual Director assessment results of the BEA 2021 and the Directors' contribution to the Board, the NRC determined that each of the Director has met the performance criteria required of an effective and high performance Board and has the ability to continuously discharging their duties diligently as Directors of the Company.

5.4 The Independent Non-Executive Directors concerned have also provided their annual declaration/confirmation of independence in January 2022.

5.5 Based on the above, the Board approved that the Directors who retire by rotation in accordance with Clause 99 of the Company's Constitution namely, Dato' Muthanna Abdullah and Choy Khai Choon are eligible to stand for re-election. Both retiring Directors had abstained from deliberations and decisions on their own eligibility to stand for re-election at the relevant Board and Board Committee meetings.

5.6 The independence of Dato' Muthanna Abdullah and Choy Khai Choon who have served as Independent Non-Executive Director of the Company have been assessed by the NRC. Both Dato' Muthanna Abdullah and Choy Khai Choon satisfy the criteria of an Independent Director as defined under Listing Requirements, which include being independent of management, free from any business or other relationship which could interfere with the exercise of independent judgement, objectivity or the ability to act in the best interests of the Company, and also being independent of its major shareholders. Based on the NRC assessment, the Board affirmed Dato' Muthanna Abdullah and Choy Khai Choon to continue to act as Independent Non-Executive Director of the Company. Dato' Muthanna Abdullah and Choy Khai Choon has not exceeded the nine (9) years tenure as Independent Director.

Explanatory Note 6:

Resolutions 5 and 6: Re-election of Directors who retire in accordance with Clause 105 of the Company's Constitution

6.1 Clause 105 of the Company's Constitution stipulates at any time and from time to time, the Director shall have power to appoint any person to be a Director either to fill a casual vacancy or as an additional Director by way of ordinary resolution. Any Director so appointed shall hold office only until the next AGM and shall then be eligible for re-election.

6.2 Nik Fazila Nik Mohamed Shihabuddin and Azman Ahmad, whom were appointed during the financial year and before the 11th AGM, have successfully completed the Mandatory Accreditation Programmes pursuant to the provision of the Listing Requirements.

Explanatory Note 7:

Resolution 7: Re-appointment of Auditors

7.1 The present auditors, Messrs. PricewaterhouseCoopers PLT (PwC), has indicated their willingness to continue their services for another year. The Audit, Governance and Risk Committee (AGRC) and the Board have considered the re-appointment of PwC as auditors of the Company and have collectively agreed that PwC has met the relevant criteria prescribed by Paragraph 15.21 of the Listing Requirements.

7.2 The Board at its meeting held on 21 March 2022 approved the AGRC's recommendation for the Shareholders' approval to be sought at the 11th AGM on the re-appointment of PwC as external auditors of the Company for the financial year ending 2022, under Resolution 7 in accordance with Section 340(1)(c) and Section 274(1)(a) of the Companies Act, 2016.

ABSTENTION FROM VOTING

1. All the Non-Executive Directors who are Shareholders of the Company will abstain from voting on Ordinary Resolutions 1 and 2 concerning Directors' fees and benefits payable at the 11th AGM.
2. The Directors referred to in Ordinary Resolutions 3, 4, 5 and 6 who are Shareholders of the Company will abstain from voting on the resolutions in respect of his/her re-election and re-appointment at the 11th AGM.

EXPLANATORY NOTES ON SPECIAL BUSINESS

Explanatory Note 8:

Resolution 8: Proposed Mandates

8.1 The proposed Ordinary Resolution 8, if passed, will enable the Company and/or its subsidiary companies to enter into recurrent transactions involving the interests of the Related Parties, which are of a revenue or trading nature and necessary for the Group's day-to-day operations, subject to the transactions being carried out in the ordinary course of business on terms not favourable than those generally available to the public and are not detrimental to the minority Shareholders of the Company.

8.2 Detailed information on the Proposed Mandates is set out in the Circular to Shareholders dated 27 April 2022.

Explanatory Note 9:

Resolution 9: Authority to Directors to allot and issue shares

9.1 The proposed Ordinary Resolution 9 is a general mandate to be obtained from the Shareholders of the Company at this 11th AGM and, if passed, will empower the Directors pursuant to Section 75 of the Companies Act, 2016 to allot and issue ordinary shares in the Company of up to an aggregate amount not exceeding ten percent (10%) of the issued share capital of the Company as at the date of such allotment of shares without having to convene a general meeting.

9.2 This general mandate, unless revoked or varied at a general meeting, will expire at the conclusion of the next annual general meeting of the Company. The general mandate from Shareholders is to provide the Company flexibility to undertake any share issuance during the financial year without having to convene a general meeting.

9.3 The rationale for this proposed mandate is to allow for possible share issue and/or fund raising exercises including placement of shares for the purpose of funding current and/or future investment projects, working capital and/or acquisitions as well as in the event of any strategic opportunities involving equity deals which may require the Company to allot and issue new shares on an urgent basis and thereby reducing administrative time and costs associated with the convening of additional Shareholders meeting(s). In any event, the exercise of the mandate is only to be undertaken if the Board considers it to be in the best interest of the Company.

STATEMENT ACCOMPANYING NOTICE OF THE 11TH ANNUAL GENERAL MEETING

(PURSUANT TO PARAGRAPH 8.27(2) OF THE LISTING REQUIREMENTS)

1. DIRECTORS WHO ARE STANDING FOR RE-ELECTION AT THE 11TH AGM

Directors standing for re-election pursuant to Clause 99 of the Company's Constitution and Section 205(3)(b) of the Companies Act, 2016:

- Dato' Muthanna Abdullah
- Choy Khai Choon

Directors standing for re-election pursuant to Clause 105 of the Company's Constitution and Section 205(3)(b) of the Companies Act, 2016:

- Nik Fazila Nik Mohamed Shihabuddin
- Azman Ahmad

Save for Azman Ahmad, none of the Directors standing for re-election has any interest in the securities of the Company or its subsidiaries. The details of the Directors' shareholdings in the Company are set out in page 372 of this Annual Integrated Report.

The profiles of the abovementioned Directors seeking for re-election as per Resolutions 3 to 6 of the Notice of 11th AGM of the Company are set out on the pages 186 to 194 of the Company's Annual Integrated Report 2021 **http://www.msmsugar.com/investor-relations/annual-reports** and Company's corporate website **(http://www.msmsugar.com/our-company/msm-group/board-directors).**

2. ORDINARY RESOLUTION ON AUTHORITY TO DIRECTORS TO ALLOT AND ISSUE SHARES

Details on the authority to Directors to allot and issue shares in the Company pursuant to Section 75 of the Companies Act, 2016 are provided under the Explanatory Note 9 on special business in the Notice of the 11th AGM.

As at the date of this Notice, no new shares were issued pursuant to the general mandate granted to the Directors at the last AGM held on 17 June 2021.

ADMINISTRATIVE GUIDE

FOR THE ELEVENTH ANNUAL GENERAL MEETING (11TH AGM)

Event	: 11th AGM
Day and date	: Wednesday, 8 June 2022
Time	: 11.00 a.m.
Online Meeting Platform	: https://meeting.boardroomlimited.my (Domain Registration No. with MYNIC – D6A357657) Provided by Boardroom Share Registrars Sdn Bhd

Mode of Communication

1. Shareholders may pose questions during live streaming using the messaging window facility to submit questions during the 11th AGM. The messaging window facility will be opened one (1) hour before the 11th AGM which is from 10.00 a.m. on Wednesday, 8 June 2022.
2. Shareholders may submit questions in advance on the 11th AGM resolution commencing from 27 April 2022 and in any event no later than 11.00 a.m., 30 May 2022 via Boardroom Smart Investor Portal at https://investor.boardroomlimited.com using the same user ID and password provided in Step 2 below, and select "SUBMIT QUESTION" to pose questions (Pre-11th AGM Questions).

FULLY VIRTUAL AGM

a. In support of the Government of Malaysia's ongoing efforts to contain the spread of the COVID-19 and in line with the revised Guidance Note and Frequently Asked Questions (FAQs) on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission of Malaysia on 16 July 2021 (Revised SC Guidance), MSM would like to leverage on technology advancement by conducting the 11th AGM on a fully virtual basis through live streaming and online remote voting using the RPEV facilities via online meeting platform at https://meeting.boardroomlimited.my (Online Meeting Platform). Please follow the procedures provided in the Administrative Guide for the 11th AGM in order to register, participate and vote remotely via RPEV facilities.

b. With the RPEV facilities, a Shareholder may exercise his/her right to participate (including to pose questions to the Board/Management of our Company) and vote at the 11th AGM, at the comfort of their home.

c. The venue of the 11th AGM is the Online Meeting Platform which is located in Malaysia being the main venue and is strictly for the purpose of compliance with Section 327(2) of the Companies Act, 2016 which requires the Chairman of the Meeting to be present at the main venue. In a fully virtual general meeting, all meeting participants including the Chairman of the Meeting, Board Members, Senior Management and Shareholders are required to participate in the meeting through the Online Meeting Platform only.

d. In view of the uncertainties and the surge in COVID-19 infections, the Company will have to observe the guidelines or new procedures as may be issued by the Government from time to time, which may affect the administration of the 11th AGM as set out in this Administrative Guide. Any material developments or updates on the 11th AGM will be announced on the website of Bursa Malaysia Securities Berhad and published onto the Company's website regularly.

ENTITLEMENTS TO PARTICIPATE AND VOTE

Only a depositor (Shareholder) whose name appears on the General Meeting Record of Depositors as at 31 May 2022 shall be entitled to participate and vote at the 11th AGM or appoint the Chairman of the Meeting as Proxy to participate and vote on such depositor's behalf.

ADMINISTRATIVE GUIDE

FOR THE ELEVENTH ANNUAL GENERAL MEETING (11TH AGM)

REMOTE PARTICIPATION AND VOTING FACILITIES

a. Shareholders are required to go online, participate and vote at the virtual 11th AGM via remote participation. Kindly follow the steps and instructions listed below on how to register to participate in the 11th AGM remotely.

b. Steps for Registration for Remote Participation and Voting.

BEFORE THE AGM DAY

1. Online Registration with Boardroom Smart Investor Portal (for first time registration only)

[Note: If you have already signed up with Boardroom Smart Investor Portal, you are not required to register again. You may proceed to Step 2 - Submit request for Remote Participation user ID and password.]

a. Access website **https://investor.boardroomlimited.com**.

b. Click <<**Register**>> to sign up as a user.

c. Complete registration with all required information. Upload and attached softcopy of MYKAD (for Malaysian) front and back or Passport (for non-Malaysian).

d. Please enter a valid email address and wait for Boardroom's email verification.

e. Your registration will be verified and approved within one (1) business day and an e-mail notification will be provided.

2. Submit Request for Remote Participation User ID and Password

*[Note: The registration for remote access will be open from **11.00 a.m. on Wednesday, 27 April 2022 until 11.00 a.m. on Monday, 6 June 2022**.]*

Individual Shareholders

a. Login to **https://investor.boardroomlimited.com** using your user ID and password registered under Step 1.

b. Select <<**MSM MALAYSIA HOLDINGS BERHAD ELEVENTH (11th) ANNUAL GENERAL MEETING**>> from the list of Corporate Meeting and click "**Enter**".

c. Click on "**Register for RPEV"**.

d. Read and agree to the terms and conditions and thereafter confirm the declaration.

e. Enter your CDS account number and thereafter submit your request.

f. You will receive a notification from Boardroom that your request has been received and is being verified.

g. Upon system verification against the General Meeting Record of Depositors as at 31 May 2022, you will receive an e-mail from Boardroom either approving or rejecting your registration for remote participation.

h. If your registration is approved, you will also receive your remote access user ID and password in the same email from Boardroom after the closing date.

Corporate Shareholders

a. Write in to **bsr.helpdesk@boardroomlimited.com** by providing the name of the Corporate Shareholder, CDS account number accompanied with the scanned copy of the Certificate of Appointment of Corporate Representative or Proxy Form to submit the request.

b. Please provide a scanned copy of the Corporate Representative's MYKAD (for Malaysian) front and back or Passport (for non-Malaysian) in JPEG or PNG format as well as his/her e-mail address.

c. You will receive a notification from Boardroom that your request has been received and is being verified.

d. Upon system verification against the General Meeting Record of Depositors as at 31 May 2022, you will receive an e-mail from Boardroom either approving or rejecting your registration for remote participation.

e. If your registration is approved, you will also receive your remote access user ID and password in the same email from Boardroom after the closing date.

Authorised Nominees and Exempt Authorised Nominees

a. Write in to **bsr.helpdesk@boardroomlimited.com** by providing the name of the Shareholder, CDS account number accompanied with the Proxy Form to submit the request.

b. Please provide a scanned copy of the Proxy Holder's MYKAD (for Malaysian) front and back or Passport (for non-Malaysian) in JPEG or PNG format as well as his/her e-mail address.

c. You will receive a notification from Boardroom that your request has been received and is being verified.

d. Upon system verification against the General Meeting Record of Depositors as at 31 May 2022, you will receive an e-mail from Boardroom either approving or rejecting your registration for remote participation.

e. If your registration is approved, you will also receive your remote access user ID and password in the same email from Boardroom after the closing date.

ON THE AGM DAY

3. Login to Virtual Meeting Portal

[Please note that the quality of the connectivity to virtual meeting portal for live streaming as well as for online remote voting is highly dependent on the bandwidth and the stability of the internet connectivity available at the location of the remote users.]

a. The virtual meeting portal is open for login starting from **10.00 a.m. on Wednesday, 8 June 2022**, one (1) hour before the commencement of the AGM, which can be accessed via one of the following methods:
- Launch RPEV facilities by scanning the QR Code provided in the email notification under Step 2; or
- Access to the Online Meeting Platform via website at **https://meeting.boardroomlimited.my**.

b. Insert the Meeting ID number provided in the email notification under Step 2.

c. Login with your remote access user ID and password provided to you via the email notification under Step 2.

4. Submit questions online

*[Note: Questions submitted online will be moderated before being sent to the Chairman of the Meeting to avoid repetition. All questions will be presented with the full name of the Individual Shareholders, Proxies and Corporate Representatives raising the questions. You may pose questions from **10.00 a.m. on Wednesday, 8 June 2022** until voting session commences.]*

a. If you would like to ask a question during the 11th AGM, select the messaging icon

b. Type your question within the chat box, once completed click <<**Send**>> button.

c. The messaging icon will be disabled when the voting session commences.

ADMINISTRATIVE GUIDE

FOR THE ELEVENTH ANNUAL GENERAL MEETING (11TH AGM)

5. Online remote voting

[Please note that the quality of the connectivity to virtual meeting portal for online remote voting is highly dependent on the bandwidth and the stability of the internet connectivity available at the location of the remote users. You may start voting from ***11.00 a.m. on Wednesday, 8 June 2022 until a time when the Chairman of the meeting announces the completion of the voting session****.]*

a. Once voting is open, the polling icon will appear with the resolution and your voting choices.

b. To vote, select your voting direction from the options provided. A confirmation message will appear to show your vote has been received.

c. To change your vote, re-select another voting direction.

d. If you wish to cancel your vote, please click <<**Cancel**>> button.

e. If you wish to abstain from voting on a particular resolution, please click <<**Cancel**>> button.

6. Remote participation through live streaming

[Please note that the quality of the connectivity to virtual meeting portal for live streaming is highly dependent on the bandwidth and the stability of the internet connectivity available at the location of the remote users.]

a. If you would like to view the live streaming, select the broadcast icon

b. The moment the Chairman of the Meeting announces the closure of the 11th AGM, the live streaming will end.

c. You can now logout from the virtual meeting portal.

PROXY

a. If you are a Shareholder and you are unable to participate in the 11th AGM and you wish to appoint a Proxy to vote on your behalf, please submit your Proxy Form in accordance with notes and instructions printed therein. Independent Scrutineer will be present to verify that the voting is conducted properly and fairly.

b. If you are a Shareholder and wish to participate in the 11th AGM yourself, please do not submit any Proxy Form as you will not be allowed to participate in the 11th AGM together with a Proxy appointed by you.

c. The appointment of Proxy may be made in hardcopy form or by electronic means as follows:

In Hardcopy Form

The Proxy Form shall be deposited at the office of the Share Registrar of the Company, **Boardroom Share Registrars Sdn Bhd, Ground Floor or 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia** no later than **Monday, 6 June 2022 at 11.00 a.m.**, and in default the Proxy Form shall not be treated as valid.

By Electronic Means

The Proxy Form may be submitted:

i. to the Share Registrar of the Company, **Boardroom Share Registrars Sdn Bhd** via e-mail to **bsr.helpdesk@boardroomlimited.com**, no later than **Monday, 6 June 2022 at 11.00 a.m.**; or

ii. via electronic means (e-Proxy) no later than **Monday, 6 June 2022 at 11.00 a.m.** (please refer to the Annexure to the Proxy Form for further information on submission via e-Proxy).

d. Please refer to the notes in the Notice and Proxy Form of the 11th AGM for detailed explanation.

CORPORATE SHAREHOLDERS, AUTHORISED NOMINEES AND EXEMPT AUTHORISED NOMINEES

For Corporate Shareholders, Authorised Nominees and Exempt Authorised Nominees who wish to participate and vote remotely via RPEV facilities at the 11th AGM of the Company, please refer to the procedures in item 2 above.

PROCEEDINGS OF THE MEETING

a. The meeting will start promptly at 11.00 a.m.

b. The resolutions set out in the Notice of 11th AGM will be considered at the 11th AGM. You will be asked to vote on these resolutions.

c. In order to enhance the efficiency of the proceedings of the 11th AGM, Shareholders may pose questions via the Online Meeting Platform/RPEV facilities at any time from 10.00 a.m. on the day of the 11th AGM until voting session commences. The Chairman/Board/Management will endeavour to address the questions received during the 11th AGM. If there is time constraint, the responses will be e-mailed to you at the earliest possible, after the meeting.

d. You are able to view the Company's presentation slides via the live streaming.

e. Voting session commences from 11.00 a.m. on the day of the 11th AGM until a time when the Chairman of the Meeting announces the completion of the voting session. Please indicate your vote for the resolution that is tabled for voting, confirm and submit your vote.

f. No recording or photography of the 11th AGM proceedings is allowed without the prior written permission of the Company.

VOTING

a. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (Bursa Malaysia), the resolutions set out in the Notice of the 11th AGM will be put to vote by poll. Poll Administrator and Independent Scrutineers will be appointed to conduct the poll via e-voting process and to verify the results of the poll.

b. Shareholders can proceed to vote on the resolutions and submit your vote at any time from the commencement of the 11th AGM at 11.00 a.m. until a time when the Chairman of the Meeting announces the completion of the voting session. Upon completion of the voting session of the 11th AGM, the Independent Scrutineers will verify and announce the poll results followed by the Chairman of the Meeting's declaration on the outcome of the resolutions.

c. The resolutions proposed at the 11th AGM and the results of the voting will be announced before the conclusion of the meeting and subsequently an announcement shall be made by the Company to Bursa Malaysia at **www.bursamalaysia.com**.

ADMINISTRATIVE GUIDE

FOR THE ELEVENTH ANNUAL GENERAL MEETING (11TH AGM)

ANNUAL INTEGRATED REPORT 2021 (AIR 2021) AND 11TH ANNUAL GENERAL MEETING DOCUMENTS (11TH AGM DOCUMENTS)

The following documents are available on Bursa Malaysia Berhad's website at www.bursamalaysia.com and also at the Company's website:

- AIR 2021* : http://www.msmsugar.com/investor-relations/annual-reports
- 11th AGM Documents : http://www.msmsugar.com/investor-relations/annual-reports
  - Notice of the 11th AGM
  - Proxy Form
  - Administrative Guide
  - Request Form
- Circular to Shareholders** : http://www.msmsugar.com/investor-relations/annual-reports
- Corporate Governance Report 2021 : http://www.msmsugar.com/investor-relations/annual-reports

Any request for printed copy of the AIR 2021 should be made via the Request Form available at http://www.msmsugar.com/investor-relations/annual-reports and email it to Encik Anas Khalid at **anas.khalid@boardroomlimited.com**.

Shareholders are advised to consider the environment before you decide to print the above reports or request for the printed copy of the AIR 2021. The environmental concerns like global warming, deforestation, climate change and many more affect every human, animal and nation on this planet.

Notes:

* *The AIR 2021 includes the Audited Financial Statements for the financial year ended 31 December 2021 and the Reports of the Directors and Auditors thereon.*

** *Circular to Shareholders on the Proposed Renewal of Shareholders' Mandate for the Existing Recurrent Related Party Transactions of a Revenue or Trading Nature for MSM and its Group of Companies (MSM Holdings Group) and Proposed Shareholders' Mandate for the New Recurrent Related Party Transactions of a Revenue or Trading Nature for the MSM Holdings Group.*

e-VOUCHERS

The Company will provide e-vouchers to all Shareholders/Proxies/Corporate Representatives who participated at the 11th AGM.

ENQUIRIES FOR AGM

a. If you have any enquiry relating to the 11th AGM Administrative Guide, please contact our **Investor Relations** during office hours:

   E-mail : **investor.relations@msmsugar.com**

b. If you have any enquiry relating to the RPEV facilities for the virtual 11th AGM, registration and Proxy Form, please contact **Boardroom Share Registrars Sdn Bhd**, the Company's Share Registrar during office hours:

   Person in-charge : Encik Anas Khalid
   Direct line : +603 7890 4730
   Tel (Help Desk) : +603 7890 4700
   Fax : +603 7890 4670
   E-mail : anas.khalid@boardroomlimited.com

MSM MALAYSIA HOLDINGS BERHAD
Registration No. : 201101007583 (935722-K)

ELEVENTH ANNUAL GENERAL MEETING (11TH AGM)
8 JUNE 2022

PROXY FORM

CDS Account No.	No. of Shares held

I/We ____
(Full name in BLOCK LETTERS as per Identity Card (MYKAD/Passport/Certificate of Incorporation))

MYKAD/Passport No. (for non-Malaysian only)/Company No.: ______________________ of
____
(Address in full)

Telephone no.: ______________________ being a member of **MSM MALAYSIA HOLDINGS BERHAD** (the Company), hereby appoint ______________________
(Full name in BLOCK LETTERS as per Identity Card (MYKAD/Passport/Certificate of Incorporation))

MYKAD/Passport No. (for non-Malaysian only):______________________ of ______________________
____
(Address in full)

Telephone no.: ______________________ Email address: ______________________

and/or failing him/her ______________________
(Full name in BLOCK LETTERS as per Identity Card (MYKAD/Passport/Certificate of Incorporation))

MYKAD/Passport No. (for non-Malaysian only): ______________________ of ______________________
____
(Address in full)

Telephone no.: ______________________ Email address: ______________________

or failing the abovenamed Proxies, the Chairman of the Meeting, as my/our Proxy/Proxies to attend and vote for me/us on my/our behalf at the 11th AGM of the Company be held entirely on a fully virtual basis through live streaming and online remote voting using the Remote Participation and Electronic Voting (RPEV) facilities via online meeting platform provided by Boardroom Share Registrars Sdn Bhd at **https://meeting.boardroomlimited.my** (Domain Registration No. with MYNIC – D6A357657) on **Wednesday, 8 June 2022, at 11.00 a.m.** and at any adjournment thereof.

My/our Proxy/Proxies shall vote as indicated below:

NO.	AGENDA				
1	To receive the Audited Financial Statements for the financial year ended 31 December 2021 together with the Reports of the Directors and Auditors thereon.				
ORDINARY BUSINESS		**RESOLUTION**	**FOR**	**AGAINST**	**ABSTAIN**
2	To approve the payment of Directors' fees for the Non-Executive Chairman and for each of the Non-Executive Directors from 8 June 2022 until the conclusion of the next AGM of MSM to be held in 2023 be paid on a monthly basis.	1			
3	To approve the the payment of benefits payable to the Non-Executive Chairman and Non-Executive Directors for the period from 8 June 2022 until the conclusion of the next AGM of MSM to be held in 2023.	2			
4	i. To re-elect Dato' Muthanna Abdullah who retires pursuant to Clause 99 of the Company's Constitution and who has offered himself for re-election.	3			
	ii. To re-elect Choy Khai Choon who retires pursuant to Clause 99 of the Company's Constitution and who has offered himself for re-election.	4			
5	i. To re-elect Nik Fazila Nik Mohamed Shihabuddin who retires pursuant to Clause 105 of the Company's Constitution and who has offered herself for re-election.	5			
	ii. To re-elect Azman Ahmad who retires pursuant to Clause 105 of the Company's Constitution and who has offered himself for re-election.	6			
6	To re-appoint Messrs. PricewaterhouseCoopers PLT as auditors of the Company for the financial year ending 31 December 2022 and to authorise the Directors to fix their remuneration.	7			
SPECIAL BUSINESS					
7	Proposed Mandates.	8			
8	Authority for Directors to allot and issue shares.	9			

(Please indicate with an "X" in the space whether you wish your votes to be cast **FOR** or **AGAINST** the resolutions. In the absence of such specific instructions, your proxy will vote or abstain as he thinks fit).

Dated this __________ day of __________ 2022

____
Signature(s)/Common Seal of Member(s)

The proportions of my/our holding to be represented by my/our proxies are as follows:

	No. of shares	Percentage
First Proxy		
Second Proxy		
Total		**100%**

Notes:

1. **Fully Virtual AGM**

   a. Our Company will conduct its 11th AGM on a fully virtual basis through live streaming and online remote voting using the RPEV facilities via online meeting platform at **https://meeting.boardroomlimited.my** (Online Meeting Platform). Please follow the procedures provided in the **Administrative Guide** for the 11th AGM in order to register, participate and vote remotely via RPEV facilities.

   b. With the RPEV facilities, a Shareholder may exercise his/her right to participate (including to pose questions to the Board/Management of our Company) and vote at the 11th AGM, at the comfort of their home.

   c. The venue of the 11th AGM is the Online Meeting Platform which is located in Malaysia being the main venue and is strictly for the purpose of compliance with Section 327(2) of the Companies Act, 2016 which requires the Chairman of the Meeting to be present at the main venue. In a fully virtual general meeting, all meeting participants including the Chairman of the meeting, Board members, Senior Management and Shareholders are required to participate in the meeting online through the Online Meeting Platform only.

   d. The Administrative Guide has taken into account the latest measures to-date to deal with the COVID-19 situation announced and/or implemented in Malaysia which affects the holding or conduct of general meetings. In view of the uncertainties and the surge in COVID-19 infections, the Company will have to observe the guidelines or new procedures as may be issued by the Government from time to time, which may affect the administration of the 11th AGM as set out in this Administrative Guide. Any material developments or updates on the 11th AGM will be announced on the website of Bursa Malaysia Securities Berhad and published onto the Company's website regularly.

2. **Proxy**

   a. Shareholders who are unable to participate in the 11th AGM may appoint Proxy(ies) to vote on their behalf. Where a Shareholder appoints two (2) Proxies, each Proxy appointed shall represent a minimum of one hundred (100) shares and the appointment of such Proxies shall not be valid unless the Shareholder specifies the proportion of his/her shareholding to be represented by each of such Proxy. Independent Scrutineer will be present to verify that the voting is conducted properly and fairly.

   b. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account (omnibus account), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act 1991 (SICDA) which is exempted from compliance with provisions of Section 25A(1) of SICDA.

   c. 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.

      The instrument appointing a proxy shall be in writing under the hands of the appointor or of his attorney duly authorised in writing or if the appointor is a corporation either under its common seal, or the hand of its officer or its duly authorised attorney. An instrument appointing a proxy to vote at a meeting shall be deemed to include the power to demand or join in demanding a poll on behalf of the appointor.

   d. The appointment of Proxy may be made in hardcopy form or by electronic means as follows:

      In Hardcopy Form

      The Proxy Form shall be deposited at the office of the Share Registrar of the Company at **Boardroom Share Registrars Sdn Bhd, Ground Floor or 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia** no later than **Monday, 6 June 2022** at **11.00 a.m.**, and in default the Proxy Form shall not be treated as valid.

      By Electronic Means

      The Proxy Form may be submitted:

      i. to the Share Registrar of the Company, **Boardroom Share Registrars Sdn Bhd** via e-mail to **bsr.helpdesk@boardroomlimited.com**, no later than **Monday, 6 June 2022** at **11.00 a.m.** or

      ii. via electronic means **(E-PROXY LODGEMENT)** no later than **Monday, 6 June 2022 at 11.00 a.m.** (please refer to the Annexure to the Proxy Form for further information on submission via e-Proxy).

3. **Corporate Shareholders, Authorised Nominees and Exempt Authorised Nominees**

   For Corporate Shareholders, Authorised Nominees and Exempt Authorised Nominees who wish to participate and vote remotely via RPEV facilities at the 11th AGM of the Company, please refer to the procedures under item 2 of the Administrative Guide for the 11th AGM.

4. **Shareholders entitled to participate and vote**

   For purposes of determining a Shareholder who shall be entitled to participate and vote at the 11th AGM of the Company, the Company shall be requesting from Bursa Malaysia Depository Sdn Bhd, in accordance with Clause 63 of the Company's Constitution and Section 34(1) of SICDA, to issue a General Meeting Record of Depositors as at **31 May 2022. Only a depositor whose name appears on the General Meeting Record of Depositors as at 31 May 2022 shall be entitled to participate and vote at the 11th AGM or appoint a Proxy(ies) to participate and vote on such depositor's behalf**.

5. **Request for remote participation user ID and password**

   The registration for remote participation will be open from **11.00 a.m. Wednesday, 27 April 2022 until 11.00 a.m. Monday, 6 June 2022**. Please follow the procedures provided in the Administrative Guide for the 11th AGM in order to participate in the 11th AGM remotely via RPEV facilities.

6. **Voting**

   Pursuant to Paragraph 8.29A(1) of the Listing Requirements, all resolutions set out in the Notice of the 11th AGM of the Company will be put to vote by poll. Poll Administrator will be appointed to conduct the poll via e-voting process and Independent Scrutineers will be appointed to verify the poll results.

   Shareholders can proceed to vote on the resolutions and submit their votes at any time from the commencement of the 11th AGM at 11.00 a.m. until a time when the Chairman of the meeting announces the completion of the voting session. Upon completion of the voting session for the 11th AGM, the Independent Scrutineers will verify and announce the poll results followed by the Chairman of the meeting's declaration whether the resolutions are duly passed.

please fold here to seal

Annual General Meeting
MSM MALAYSIA HOLDINGS BERHAD
8 June 2022

Stamp

SHARE REGISTRAR
Boardroom Share Registrars Sdn Bhd
11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13, 46200 Petaling Jaya
Selangor Darul Ehsan, Malaysia

please fold here to seal

ANNEXURE TO THE PROXY FORM

Dear Shareholders,

We are pleased to inform that as a Shareholder, you have the option to submit your Proxy Form via electronic means (e-Proxy) in paperless form. Once you have successfully submitted your e-Proxy form, you are no longer required to complete and submit the physical Proxy Form to the office of the Share Registrar of the Company.

To assist you on how to engage with e-Proxy, kindly read and follow the guidance notes which are detailed below:

ELECTRONIC LODGEMENT OF PROXY FORM OF THE 11TH AGM (E-PROXY LODGEMENT)

Step 1 : Register online with Boardroom Smart Investor Portal (for first time registration only)
[Note: If you have already signed up with Boardroom Smart Investor Portal, you are not required to register again. You may proceed to Step 2 below for e-Proxy lodgement.]

a. Access Boardroom's website at **https://investor.boardroomlimited.com**

b. Click <<**Register**>> to sign up as a user. Registration is free.

c. Complete registration with all required information. Upload and attach a softcopy of your MYKAD (for Malaysian) front and back or your Passport (for non-Malaysian).

d. Please enter a valid e-mail address and wait for Boardroom's e-mail verification to complete the registration.

e. Your registration will be verified and approved within one (1) business day and an email notification will be provided.

Step 2 : e-Proxy lodgement

a. Access Boardroom's website at **https://investor.boardroomlimited.com**

b. Login with your user ID (i.e. e-mail address) and password from Step 1 above.

c. Select **MSM MALAYSIA HOLDINGS BERHAD ELEVENTH (11th) ANNUAL GENERAL MEETING** from the list of Corporate Meeting and click **Enter**.

d. Click on submit **e-Proxy Form**.

e. Read the terms and conditions and confirm the declaration.

f. Enter the CDS account number and indicate the number of securities for your Proxy to vote on your behalf.

g. Appoint the Chairman of the Meeting as your Proxy and enter the required particulars.

h. Indicate your voting instructions – **FOR** or **AGAINST** or **ABSTAIN**. If you wish to have your proxy(ies) to act upon his/her discretion, please indicate **DISCRETIONARY**.

i. Review and confirm your Proxy appointment.

j. Click submit.

k. Download or print the e-Proxy form acknowledgement.

This page is intentionally left blank.