ANNUAL REPORT 2021

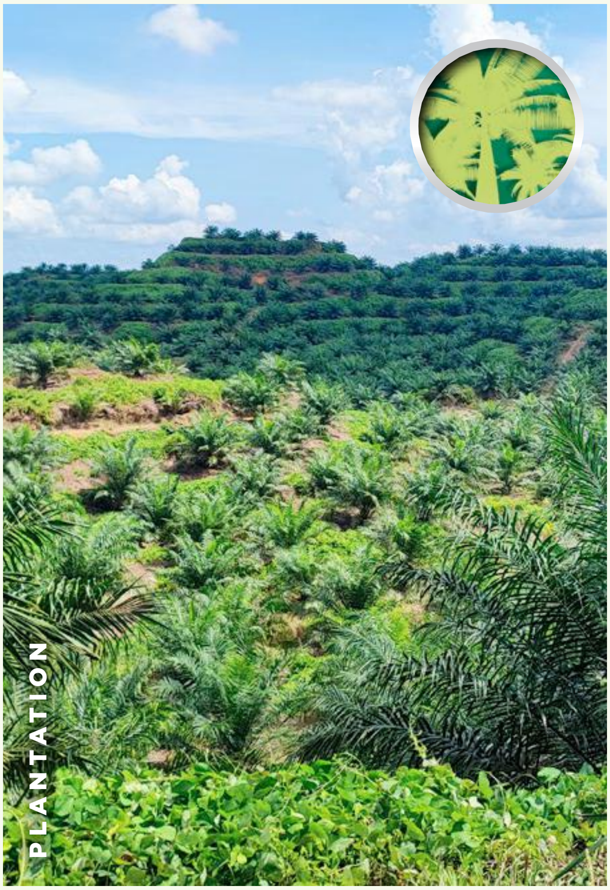
FORGING A SUSTAINABLE *Future*

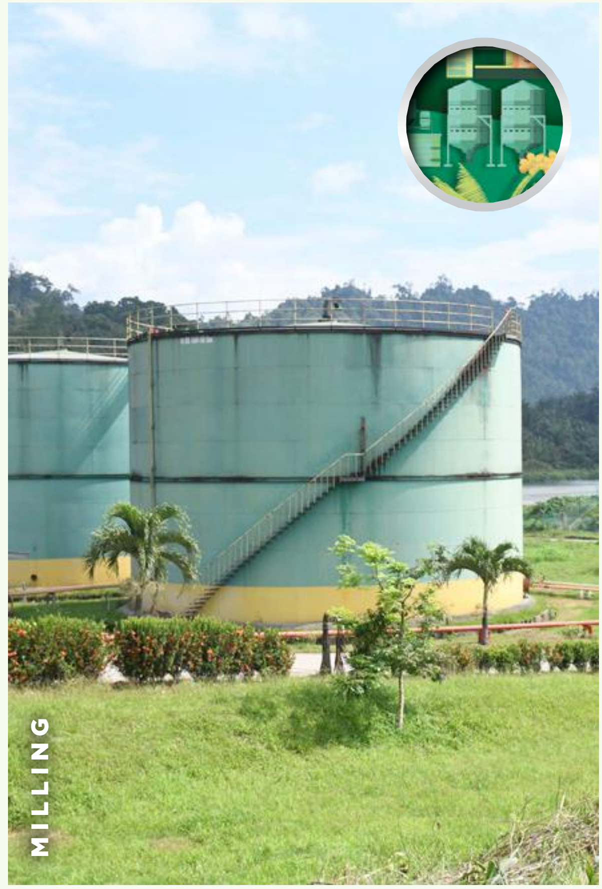
SARAWAK OIL PALMS

SARAWAK
OIL PALMS BERHAD

Registration No. 196801000358 (7949-M)

OUR CORE BUSINESS



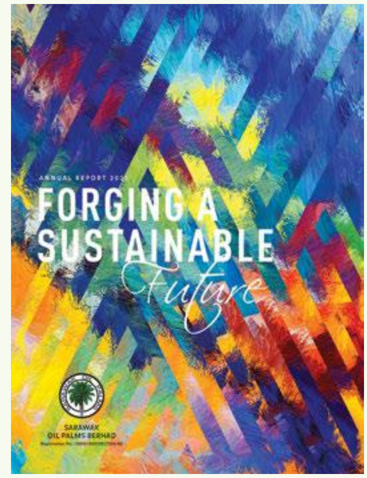


OUR VISION

To Become A Diversified Corporation With Global Recognition.

OUR CORE VALUES

- Insist on Quality
- Be Competitive and Have Strong Will to Succeed
- Continuous Improvement in Productivity and Performance
- Integrity and Professionalism
- Team Spirit and Unity
- Continuous Growth, Improvement and Development of Skill and Knowledge
- See Changes as Opportunities
- Environmentally and Safety Conscious



COVER RATIONALE

The painting strokes express the impact of force, dynamism, transformation and overcoming difficulties, especially in the tumultuous year that was beset by the global COVID-19 pandemic.

In 2021, SOPB is committed to forge ahead sustainably, relying on our values, strong balance sheet, robust risk management approach and to nurture a sustainable future with our stakeholder and the community through to better times.

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www.sop.com.my/investor-relations/annual-reports/

To access our Annual Report, please download the QR code reader to your smartphone by scanning the image on above.

TEN YEARS *Financial Record*

RESULTS	2012 RM'000	2013 RM'000	2014 RM'000	2015 RM'000	2016 RM'000	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000
Turnover	1,314,943	1,711,402	2,874,718	3,670,787	4,416,122	4,913,351	3,603,898	2,971,870	2,778,603	4,431,026
Profit before taxation	213,935	139,631	160,136	123,762	195,960	351,458	108,997	131,308	302,199	712,989
Profit after taxation	163,602	100,636	123,399	91,903	142,288	252,290	67,907	91,592	220,158	541,499
Total shareholders' fund	1,363,961	1,231,619	1,330,724	1,403,784	1,874,679	2,108,168	2,142,636	2,203,365	2,378,623	2,802,119
Total assets	2,480,635	2,467,148	2,719,927	3,030,413	4,332,737	4,289,652	4,126,013	4,182,321	4,258,087	4,656,852
Total borrowings	644,554	825,636	931,424	1,101,849	1,188,332	1,412,881	1,271,854	1,236,272	1,109,012	1,017,789
Issued & paid-up capital	436,548	438,253	439,498	441,307	570,111	819,860	820,085	820,091	820,982	823,162
Dividend (Net of tax)	16,360	19,693	21,963	21,997	22,090	28,540	34,252	28,544	28,546	57,168

FINANCIAL STATISTICS

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Profit before taxation / turnover (%)	16.3	8.2	5.6	3.4	4.4	7.2	3.0	4.4	10.88	16.09
Gross dividend (sen/share)	6.0	6.0	5.0	5.0	5.0	5.0	6.0	5.0	5.0	10.0
Net earnings per share of RM 1 each (sen) - Basic	36.0	21.0	26.3	20.1	28.1	40.8	10.9	15.7	35.75	89.21
Net earnings per share of RM 1 each (sen) - Diluted	35.5	20.7	26.0	20.0	28.0	40.8	10.9	15.7	35.74	88.98
Net tangible assets per share of RM 1 each (RM)	3.12	2.80	3.03	3.17	3.29	3.40	3.46	3.56	3.87	4.61

	2017 RM / Mt	2018 RM / Mt	2019 RM / Mt	2020 RM / Mt	2021 RM / Mt
Refined palm products	2,913	2,316	2,215	2,809	4,521
Crude palm oil	2,939	2,287	2,122	2,729	4,430
Palm kernel oil	5,072	3,686	2,517	3,223	5,932
Palm kernel cake	408	475	402	540	645
Palm kernel	2,332	1,657	1,137	1,950	2,671

TEN YEARS *Crop Record*

Planted Hectarage, Production and Produce Prices

	2012 Ha	2013 Ha	2014 Ha	2015 Ha	2016 Ha	2017 Ha	2018 Ha	2019 Ha	2020 Ha	2021 Ha
OIL PALMS										
Mature	45,107	55,426	59,997	61,049	77,115	78,607	80,772	79,872	81,198	81,809
Immature	18,154	8,104	3,380	2,468	10,629	9,380	7,614	7,699	6,766	5,173
Total	63,261	63,530	63,377	63,517	87,744	87,987	88,386	87,571	87,964	86,982
Area under development, Reserves, Unplanted, Building sites, etc	9,392	9,123	9,276	9,136	32,553	32,311	33,575	34,423	34,030	35,845
Total Area Under Lease	72,653	72,653	72,653	72,653	120,297	120,298	121,961	121,994	121,994	122,827

	Tonnes	Tonnes	Tonnes	Tonnes	Tonnes	Tonnes	Tonnes	Tonnes	Tonnes	Tonnes
FFB CROP										
Estate Crop	887,425	959,499	1,049,076	1,133,961	1,010,836	1,374,712	1,340,474	1,341,979	1,358,049	1,246,249
Outside Crop	798,106	853,066	770,991	692,580	603,405	669,525	756,692	727,410	688,210	727,658
	1,685,531	1,812,565	1,820,067	1,826,541	1,614,241	2,044,237	2,097,166	2,069,389	2,046,259	1,973,907
Crude Palm Oil (Produced)	347,548	364,600	367,015	355,468	315,221	411,930	419,356	416,682	390,481	384,253
Palm Kernels (Produced)	73,871	78,712	79,606	76,406	66,288	84,490	87,492	88,344	84,414	83,968
	421,419	443,312	446,621	431,874	381,509	496,420	506,848	505,026	474,895	468,221

YIELD PER HECTARE										
Tonnes FFB/Mature palms	18.21	17.09	17.50	18.55	16.79	17.07	16.40	16.57	16.58	15.23
Crude Palm Oil/FFB	20.67%	20.14%	20.26%	19.88%	19.97%	20.65%	20.53%	20.72%	19.70%	20.10%
Palm Kernels/FFB	4.39%	4.35%	4.39%	4.27%	4.20%	4.23%	4.28%	4.39%	4.26%	4.39%

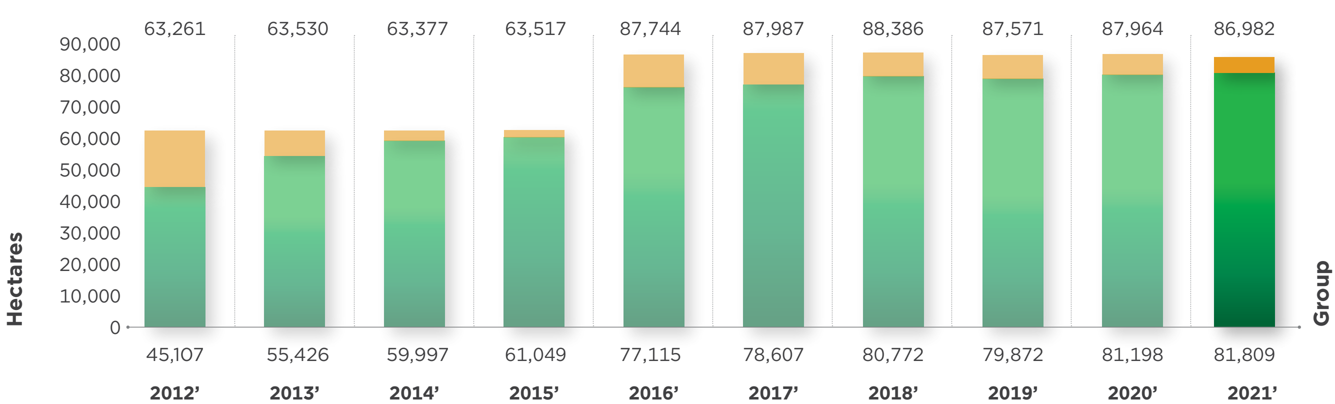
Planted Area Statistics

Palm Age (Yrs)	As at 31/12/2020 Area (HA)	As at 31/12/2021 Area (HA)
Immature (Below 4 yrs)	6,766	5,173
Young (4-10 yrs)	23,005	18,361
Prime (11-20 yrs)	53,956	57,088
Old (21 yrs & above)	4,237	6,360

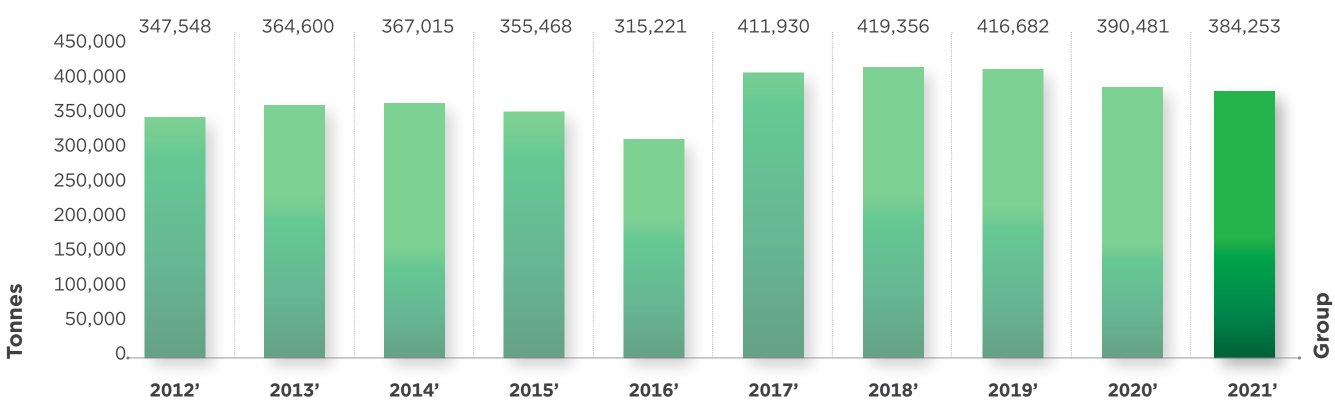
FFB Production and Extraction Rates	2020	2021
Group FFB production (mt)	1,358,049	1,246,249
Total FFB processed (mt)	1,981,880	1,911,247
Group CPO Production (mt)	390,481	384,253
Group Palm Kernel Production (mt)	84,414	83,968
Group FFB average yield (mt/ha)	16.58	15.23
Group average oil extraction rate (OER) (%)	19.70%	20.10%
Group average kernel extraction rate (KER) (%)	4.26%	4.39%

TEN YEARS *Statistical Highlights*

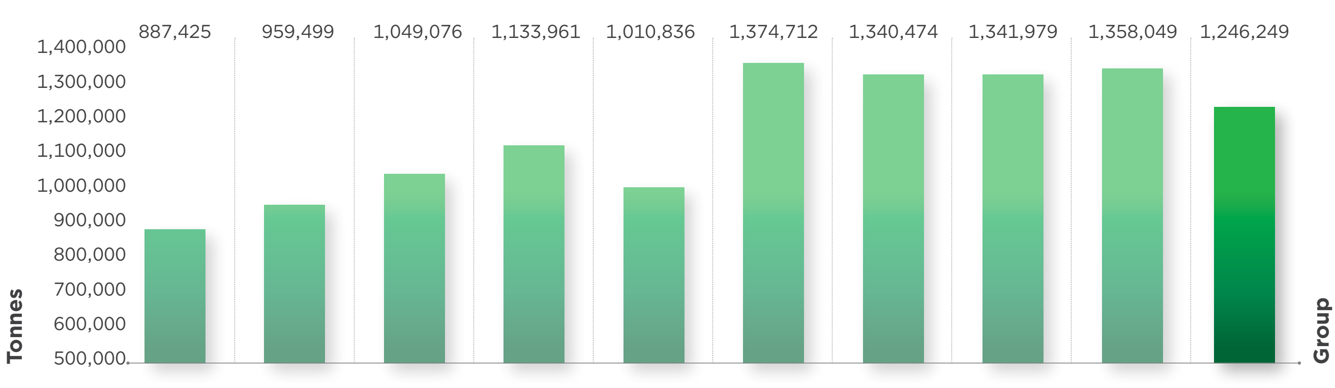
AREA PLANTED



CRUDE PALM OIL (PRODUCED)

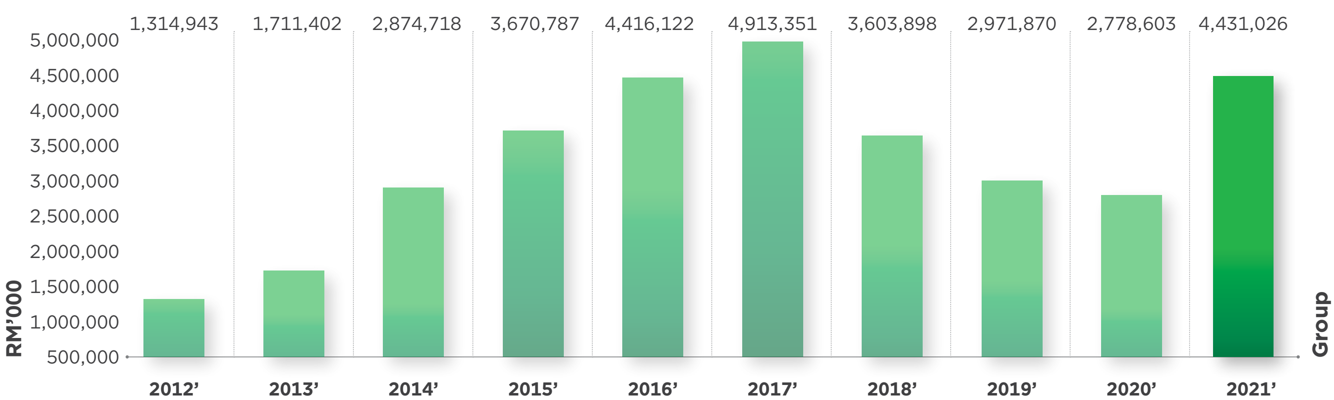


ESTATE CROP

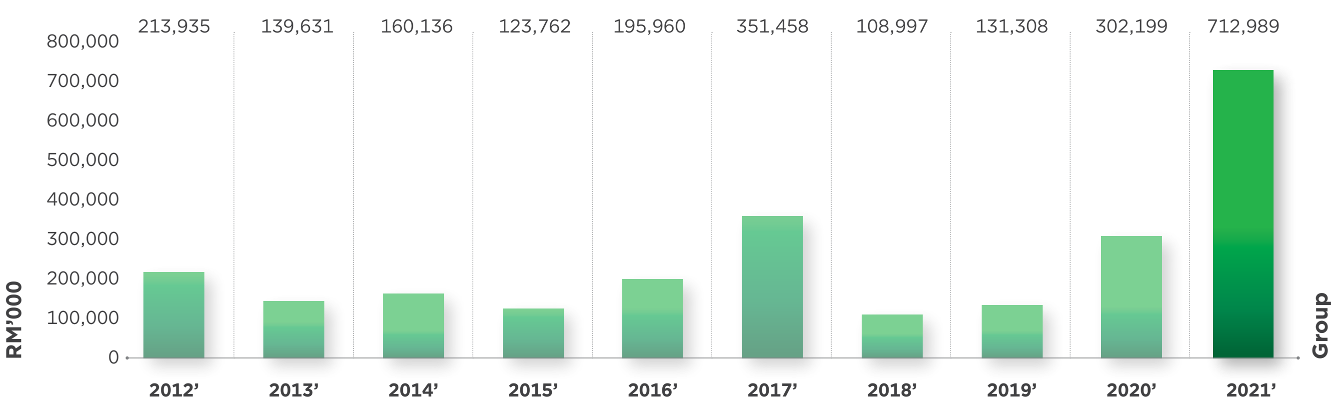


TEN YEARS STATISTICAL HIGHLIGHTS

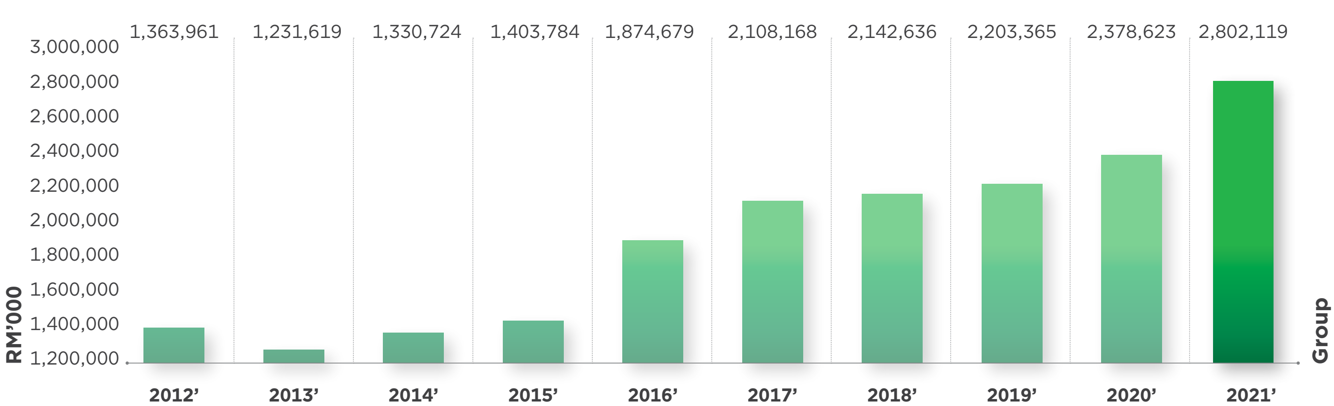
REVENUE



PROFIT BEFORE TAXATION



TOTAL SHAREHOLDERS' FUND



CORPORATE *Information*

BOARD OF DIRECTORS

Tan Sri Datuk Ling Chiong Ho
Group Executive Chairman
(Vacation of Office as Group Executive Chairman and Director on 1st March 2022)

Ling Chiong Sing

Monaliza Binti Zaidel

Ling Lu Kuang
(Appointed as Group Executive Chairman on 1st March 2022)

Ling Pau Pau
(Appointed on 1st March 2022)

Tang Tiong Ing

GROUP AUDIT AND RISK MANAGEMENT COMMITTEE

Fong Yoo Kaw @ Fong Yee Kow, Victor
Chairman
Independent Non-Executive

Tang Tiong Ing
Non-Independent Non-Executive

Dr. Lai Yew Hock, Dominic
Independent Non-Executive

Chua Chen San
Independent Non-Executive

Ling Pau Pau
Non-Independent Non-Executive
(Appointed on 1st March 2022)

INVESTMENT COMMITTEE

Ling Lu Kuang
Chairman
(Appointed as Chairman on 1st March 2022)

Fong Yoo Kaw @ Fong Yee Kow, Victor
Independent Non-Executive

Dr. Lai Yew Hock, Dominic
Independent Non-Executive

Monaliza Binti Zaidel
Non-Independent Non-Executive

Wong Hee Kwong
Group Chief Executive Officer

NOMINATION COMMITTEE

Fong Yoo Kaw @ Fong Yee Kow, Victor
Chairman
Independent Non-Executive

Dr. Lai Yew Hock, Dominic
Independent Non-Executive

Tang Tiong Ing
Non-Independent Non-Executive

ESOS COMMITTEE

Tan Sri Datuk Ling Chiong Ho
Chairman
(Vacation of Office as Chairman on 1st March 2022)

Ling Lu Kuang
Chairman
(Appointed as Chairman on 1st March 2022)

Chua Chen San
Independent Non-Executive

Dr. Lai Yew Hock, Dominic
Independent Non-Executive

Wong Hee Kwong
Group Chief Executive Officer

REMUNERATION COMMITTEE

Fong Yoo Kaw @ Fong Yee Kow, Victor
Chairman
Independent Non-Executive

Dr. Lai Yew Hock, Dominic
Independent Non-Executive

Monaliza Binti Zaidel
Non-Independent Non-Executive

CORPORATE INFORMATION

Datuk Amar Haji Ahmad Tarmizi Bin Haji Sulaiman
(Resigned on 31st May 2021)

Fong Yoo Kaw @ Fong Yee Kow, Victor

Dr. Lai Yew Hock, Dominic

Kamri Bin Ramlee

Hasmawati Binti Sapawi
(Resigned as Alternate Director for Datuk Amar Haji Ahmad Tarmizi Bin Haji Sulaiman on 31st May 2021 and appointed as a Director on 29th July 2021)

Chua Chen San

GROUP BUSINESS ADVISOR
Tan Sri Datuk Ling Chiong Ho

GROUP CHIEF EXECUTIVE OFFICER
Wong Hee Kwong

COMPANY SECRETARY
Eric Kiu Kwong Seng

REGISTERED OFFICE
No. 124-126,
Jalan Bendahara,
98000 Miri, Sarawak.
Tel : (6085) 436969
Fax : (6085) 432929

SHARE REGISTRARS
Boardroom Share Registrars Sdn. Bhd.
11th Floor, Menara Symphony,
No. 5, Jalan Prof. Khoo Kay Kim,
Seksyen 13, 46200 Petaling Jaya,
Selangor Darul Ehsan,
Malaysia.
Tel : (603) 7890 4700
Fax : (603) 7890 4670

AUDITORS
KPMG PLT Auditors
1st Floor, Lot 2045,
Jalan MS1/2, Marina Square Marina
Parkcity, 98000 Miri, Sarawak.
Tel : (6085) 321912
Fax : (6085) 321962

PRINCIPAL BANKERS
AmBank (M) Berhad
AmBank Islamic Berhad
CIMB Bank Berhad
Hong Leong Bank Berhad
Malayan Banking Berhad
OCBC Bank (Malaysia) Berhad
OCBC Al-Almin Bank Berhad
United Overseas Bank (Malaysia) Bhd

STOCK EXCHANGE LISTING
The Main Board
Bursa Malaysia

STOCK NAME
SOP

STOCK CODE
5126

DOMICILE
MALAYSIA

PROFILE OF *Board of Directors*

TAN SRI DATUK LING CHIONG HO

Group Executive Chairman

(Vacation of Office as Group Executive Chairman and Director. He is appointed as Group Business Advisor on 1 March 2022)

Date of Appointment :
16 June 1995

Malaysian | 70 | Male

Board Meeting Attended : ● ● ● ● ●

A Malaysian citizen, aged 70, was appointed as Director on 16 June 1995. In 1999, he was appointed as the Group Non-Executive Chairman and was subsequently redesignated as Group Executive Chairman in 2003. He was also the Chairman of the Group Management, ESOS and MRGF Committees. He vacated his office as Director, Group Executive Chairman, Chairman of the Group Management, ESOS and MRGF Committees, and appointed as Group Business Advisor from 1 March 2022. Currently, he is the Deputy Chairman of Sarawak Timber Association and also serves as Chairman/Deputy Chairman of several school boards and charitable organizations in Sarawak.

Tan Sri Datuk Ling is the founder and Chairman of the diversified Shin Yang Group of companies involving in reforestation, wood-based downstream activities, domestic and international shipping, shipbuilding, property development, infrastructure projects, oil palm, public transports, hypermarket and hotel business. He is also the Executive Chairman of Shin Yang Shipping Corporation Berhad, a company listed on Bursa Malaysia Securities Berhad.

Tan Sri Datuk Ling is the brother of Ling Chiong Sing, a director of SOPB. Tan Sri Datuk Ling is deemed connected to Shin Yang Plantation Sdn Bhd, one of the substantial shareholders of SOPB. He is deemed interested in various transactions between the SOPB Group and certain companies carried out in the ordinary course of business by virtue of his common directorship and/or shareholdings in these companies.

Tan Sri Datuk Ling has attended all five Board Meetings held during the financial year ended 31 December 2021. He has not been convicted of any offence within the past 5 years and has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year.

PROFILE OF BOARD OF DIRECTORS

LING LU KUANG

Non-Independent Non-Executive Director
(Appointed as Group Executive Chairman on 1 March 2022)

Date of Appointment :
27 June 2008

Malaysian 45 Male

Board Meeting Attended : ● ● ● ● ●

A Malaysian citizen, aged 45, was appointed as a Non-Independent Non-Executive Director on 27 June 2008. On 1 March 2022, he is appointed as Group Executive Chairman. He is also appointed as Chairman of Group Management, ESOS, MRGF, and Investment Committees on 1 March 2022. He graduated from the University of Auckland with Bachelor of Commerce degree double majoring in management and operation management. He had 15 years working experience as executive director actively involved in managerial role in several companies of various divisions of Shin Yang Group of companies including timber manufacturing, marketing, construction, property development, infrastructure, oil palm and reforestation. Currently he is the Non-Executive Director of some companies of Shin Yang Group which involved in domestic and international shipping, property development, property management and hotel business.

He is the eldest son of Tan Sri Datuk Ling Chiong Ho who is the Group Business Advisor of SOPB and is deemed connected party to Shin Yang Plantation Sdn Bhd, a substantial shareholder of the SOPB. He is deemed interested in various transactions between the SOPB Group and certain companies carried out in the ordinary course of business by virtue of his common directorships and/or shareholdings in these companies.

He has attended all five Board Meetings held during the financial year ended 31 December 2021. He has not been convicted of any offence within the past 5 years and has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year.

PROFILE OF BOARD OF DIRECTORS

LING CHIONG SING

Non-Independent Non-Executive Director

Date of Appointment :
1 December 2006

Malaysian | 65 | Male

Board Meeting Attended : ● ● ● ● ●

A Malaysian citizen, aged 65, was appointed as Non-Independent Non-Executive Director on 1 December 2006. He is also a member of MRGF Committee.

He graduated from Taiwan in Accounting and is currently the Chief Executive Director of a well-diversified Shin Yang Group of Companies in Sarawak. He has more than 30 years of managerial experience and is very hands on in the business of logging, plywood, shipping and shipbuilding, quarry operations, transportation, construction and project fields. He is the Group Managing Director of Shin Yang Shipping Corporation Berhad, a company listed on Bursa Malaysia Securities Berhad.

He is the brother of Tan Sri Datuk Ling Chiong Ho who is the Group Business Advisor of SOPB and is deemed connected party to Shin Yang Plantation Sdn Bhd, a substantial shareholder of the SOPB. He is deemed interested in various transactions between the SOPB Group and certain companies carried out in the ordinary course of business by virtue of his common directorships and/or shareholdings in these companies.

He has attended all five Board Meetings held during the financial year ended 31 December 2021. He has not been convicted of any offence within the past 5 years and has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year.

PROFILE OF BOARD OF DIRECTORS

LING PAU PAU

Non-Independent Non-Executive Director
(Appointed on 1 March 2022)

Date of Appointment :
1 March 2022

Malaysian | 47 | Female

Board Meeting Attended : N/A

A Malaysian citizen, aged 47, was appointed to the Board of SOPB as a Non-Independent Non-Executive Director on 1 March 2022. Recently, she serves as a member of Group Audit and Risk Management Committee. She graduated from University of Auckland New Zealand with Bachelor of Commerce in Accounting and Finance. She is a Chartered Accountant (Malaysia) and is a member of several professional bodies including the Malaysian Institute of Accountants, Certified Practicing Accountants of Australia.

She is currently the Finance Manager of Shin Yang Group of Companies. She joined Shin Yang Group of Companies since year 2004. Prior to year 2004, she was the audit senior of Ernst & Young, Sarawak and was deployed to undertake various portfolios involving supporting, planning, execution and delivery of audit engagements. She has more than 20 years working experience in financial and auditing (including accounting, tax, finance, treasury, and statutory reporting).

She is the daughter of Tan Sri Datuk Ling Chiong Ho who is the Group Business Advisor of SOPB, sister to the Group Executive Chairman of SOPB, Mr. Ling Lu Kuang and is deemed a connected party to the major shareholder of the Company. She is deemed interested in various transactions between the SOPB Group and certain companies carried out in the ordinary course of business by virtue of her common directorships and/or shareholdings in these companies.

She has not been convicted of any offence within the past 5 years and has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year.

PROFILE OF BOARD OF DIRECTORS

TANG TIONG ING

Non-Independent Non-Executive Director

Date of Appointment :
16 June 1995

Malaysian | 63 | Male

Board Meeting Attended : ● ● ● ● ●

A Malaysian citizen, aged 63, has been a Non-Independent Non-Executive Director since 16 June 1995. He serves as a member of the Group Audit and Risk Management Committee and Nomination Committee. He graduated from University of Malaya with Bachelor in Accounting with Honours. He is a Chartered Accountant (Malaysia) and is a member of several professional bodies including the Malaysian Institute of Accountants, Chartered Tax Institute of Malaysia and Fellow Certified Practicing Accountants of Australia and Malaysian Association of Company Secretaries.

His career started from Lau Hoi Chew & Co., a Certified Public Accounting firm in 1984 and was promoted to head the Miri Branch in 1985 till 1990. In 1991, he joined Shin Yang Group as a Group Accountant to oversee all the financial and accounting functions, corporate taxation, treasury, corporate planning and company secretarial function of the diversified Shin Yang Group. He is an appointed representative of Shin Yang Plantation Sdn. Bhd., a substantial shareholder of SOPB and does not have any conflict of interest with SOPB.

He has attended all five Board Meetings held during the financial year ended 31 December 2021. He has not been convicted of any offence within the past 5 years and has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year.

PROFILE OF BOARD OF DIRECTORS

DR. LAI YEW HOCK, DOMINIC

Independent Non-Executive Director

Date of Appointment :
24 February 2000

Malaysian | 63 | Male

Board Meeting Attended : ● ● ● ● ●

A Malaysian citizen, aged 63, was appointed as an Independent Non-Executive Director on 24 February 2000. He serves as a member of the Group Audit and Risk Management, Nomination, Remuneration, Investment and ESOS Committees. He graduated from the University of Otago, Dunedin, New Zealand with a Bachelor of Laws degree in 1985. He was variously admitted as a Barrister and Solicitor of the High Court of New Zealand in October 1985, as an Advocate of the High Court in Sabah and Sarawak in February 1986, and as an Advocate and Solicitor of the High Court of Malaya in October 1986. He graduated from the University of South Australia, Adelaide, Australia with the degree of Doctor of Business Administration in December 2006. His doctorate thesis is on Corporate Governance. He is also a Commissioner for Oaths, a Notary Public and an Accredited Mediator. He started his own legal firm in Miri, Sarawak in May 1992. He is not related to any director and/or substantial shareholder of SOPB and does not have any conflict of interest with SOPB.

He has attended all five Board Meetings held during the financial year ended 31 December 2021. He has not been convicted of any offence within the past 5 years and has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year.

PROFILE OF BOARD OF DIRECTORS

MONALIZA BINTI ZAIDEL

Non-Executive Director

Date of Appointment :
26 July 2018

Malaysian | 58 | Female

Board Meeting Attended :

A Malaysian citizen, aged 58, was appointed to the Board of SOPB as a Non-Executive Director on 26 July 2018. She serves as a member of the Remuneration Committee and Investment Committee. She holds a Bachelor of Science in Electrical Engineering from the University of Bridgeport, Connecticut, USA, a Master of Science In Information Systems and Technology at City University, London and a Corporate Masters in Business Administration (CMBA) at Ohio University, Ohio, USA.

She started her career as an Electrical Engineer at JKR Sarawak from August 1986 to March 2001. She was seconded to Sarawak Incorporated Sdn. Bhd. as a Manager of Facilities Management Services from March 2001 to September 2005. She was promoted as Senior Electrical Engineer at JKR Sarawak in October 2005. She was seconded to LCDA Holdings Sdn. Bhd. from 26 March 2007 until October 2009 as a Senior Manager of Property Management Division, to Jabatan Ketua Menteri (JKM) from November 2010 until 1 May 2012 as a Deputy Director in Innovation Unit and to LCDA Holdings Sdn. Bhd. from 2 May 2012 to September 2016 as a Senior Manager of Property And Engineering Division. She was the Deputy Chief Executive Officer (Property Sector) of LCDA Holdings Sdn Bhd from April 2017 to 31 December 2019. She was promoted as Chief Executive Officer and Director of LCDA Holdings Sdn Bhd and Acting General Manager of Land Custody and Development Authority on 01 January 2020. She is currently holding the post of General Manager of Land Custody and Development Authority since 1 October 2021.

She is a person connected by virtue of employment in LCDA Holdings Sdn. Bhd., a substantial shareholder of SOPB and does not have any conflict of interest with SOPB. She has attended all five Board Meetings held during the financial year ended 31 December 2021. She has not been convicted of any offence within the past 5 years and has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year.

PROFILE OF BOARD OF DIRECTORS

KAMRI BIN RAMLEE

Non-Independent Non-Executive Director

Date of Appointment :
1 April 2011

Malaysian | 62 | Male

Board Meeting Attended : ● ● ● ● ●

A Malaysian citizen, aged 62, was appointed as a Non-Independent Non-Executive Director on 1 April 2011. He holds a degree in LLB (Hons) from University Malaya and also a Master of Business Administration from University Kebangsaan Malaysia. He joined the Land Custody and Development Authority (LCDA) since 1989. He is currently the Senior Manager, Legal & Secretarial Division of LCDA Holdings Sdn Bhd since 2007. Prior to this, he worked as a legal officer with a government agency and a credit officer with a commercial bank in Kuala Lumpur. He is a person connected by virtue of employment in LCDA Holdings Sdn Bhd, a substantial shareholder of SOPB and does not have any conflict of interest with SOPB.

He has attended all five Board Meetings held during the financial year ended 31 December 2021. He has not been convicted of any offence within the past 5 years and has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year.

PROFILE OF BOARD OF DIRECTORS

DATUK AMAR HAJI AHMAD TARMIZI BIN HAJI SULAIMAN

Non-Independent Non-Executive Director

(Resigned on 31 May 2021)

Date of Appointment :
10 August 2017

Malaysian 59 Male

Board Meeting Attended :

A Malaysian citizen, aged 59, was appointed as the Non-Independent Non-Executive Director on 10 August 2017 and was subsequently redesignated as a Independent Director on 26 July 2018. He holds a Master of Business Administration (Finance) and also a Bachelor of Science (Business Administration), United States of America.

He started his career in Interfinance Berhad, Kuching in 1983 as a Credit Administrative Assistant. He joined Arab-Malaysian Merchant Bank Berhad, Kuala Lumpur as an Investment Manager from 1987 to 1992. He was an Investment Manager in American International Assurance Co. Ltd. Kuala Lumpur from 1992 to 1993 and a Chief Executive Officer in Amanah Saham Sarawak Berhad from 1993 to 2002. He was a Deputy State Financial Secretary from 2002 to 2004 and appointed as the State Financial Secretary since 2004 to 2021.

He was a person connected by virtue of employment as the State Financial Secretary, a substantial shareholder of SOPB and does not have any conflict of interest with SOPB. He and Ms Hasmawati Binti Sapawi (alternate director to Datuk Amar Haji Ahmad Tarmizi Bin Haji Sulaiman) have collectively attended one out of the three Board Meetings held during the financial year ended 31 December 2021. He has not been convicted of any offence within the past 5 years and has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year.

PROFILE OF BOARD OF DIRECTORS

HASMAWATI BINTI SAPAWI

Alternate Director to Datuk Amar Haji Ahmad Tarmizi Bin Haji Sulaiman

(Resigned as Alternate Director on 31 May 2021. She is appointed as Director on 29 July 2021)

Date of Appointment :
27 November 2017

Malaysian | 54 | Female

Board Meeting Attended :

A Malaysian citizen, aged 54, was appointed to the Board of SOPB as an Alternate Director to Datuk Amar Haji Ahmad Tarmizi Bin Haji Sulaiman on 27 November 2017. She was resigned as Alternate Director on 31st May 2021 and appointed as Director to the Board of SOPB on 29th July 2021. She holds a Bachelor of Arts (Hons, Economics), Canada, a Master of Business Administration, Australia and a Master of Environmental Management (Development Planning), Malaysia. She started her career as an Economist in Investment Division at Land Custody & Development Authority (LCDA) from November 1992 to December 2005 before serving the State Financial Secretary's Office (SFSO) on a secondment basis until December 2007. Subsequently, she was employed on a permanent basis with SFSO. Presently, she is holding the post of the Deputy State Financial Secretary since July 2021.

Prior to that she was the Director of Corporate Services & Investment Division at SFSO, a post she held since April 2008, handling corporate finance and investment activities. Ms. Hasmawati is a Non-Independent Non-Executive Director in Sarawak Plantation Berhad and Bintulu Port Holdings Berhad, and Independent Non-Executive Director in Dayang Enterprise Holdings Berhad.

She has attended all two Board Meetings after being appointed as Director, held during the financial year ended 31 December 2021. She is a person connected by virtue of employment as the Deputy State Financial Secretary, a substantial shareholder of SOPB and does not have any conflict of interest with SOPB. She has not been convicted of any offence within the past 5 years and has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year.

PROFILE OF BOARD OF DIRECTORS

FONG YOO KAW @ FONG YEE KOW, VICTOR

Independent Non-Executive Director

Date of Appointment :
28 April 2014

Malaysian | 69 | Male

Board Meeting Attended : ● ● ● ● ●

A Malaysian citizen, aged 69, was appointed as an Independent Non-Executive Director on 28 April 2014.

He serves as a Chairman of the Group Audit and Risk Management Committee, Nomination Committee, Remuneration Committee and Investment Committee.

He graduated from Victoria University of Wellington, New Zealand with Bachelor's Degree in Commerce and Administration (BCA) in 1975. He is a member of the Chartered Institute of Australia and New Zealand, a member of the Malaysian Institute of Accountants and an Associate member of the Institute of Chartered Secretaries and Administrator (ACIS). He started his career in New Zealand with the Lion Breweries Ltd Group of Companies. From 1979 to 1989, he was the Accountant and Group Secretary and later promoted to Group Financial Controller of the Sarawak Pulp Industries Sdn Bhd Group of companies. Victor joined the international professional service firm of EY in 1989 and during his professional career with EY for over 20 years and retired as a Partner in 2010.

He is an Independent Non-Executive Director of YKGI Holdings Berhad, Pansar Berhad and DPI Holdings Berhad. He is not related to any director and/or substantial shareholder of SOPB and does not have any conflict of interest with SOPB.

He has attended all five Board Meetings held during the financial year ended 31 December 2021. He has not been convicted of any offence within the past 5 years and has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year.

PROFILE OF BOARD OF DIRECTORS

CHUA CHEN SAN

Independent Non-Executive Director

Date of Appointment :
1 March 2016

Malaysian | 61 | Male

Board Meeting Attended : ● ● ● ● ●

A Malaysian citizen, aged 61, was appointed as an Independent Non-Executive Director on 1 March 2016. He serves as a member of the Group Audit and Risk Management and ESOS Committees. He graduated with a Bachelor of Commerce degree from the University of Canterbury, New Zealand in 1986. He is a Chartered Accountant (Malaysia) and is a member of the Malaysian Institute of Accountants, Chartered Tax Institute of Malaysia and Institute of Chartered Accountants Australia and New Zealand.

He was a Senior Accountant in Koller & Koller Accountants, New Zealand from 1988 to 1992. He joined Doyon Development Sdn Bhd, Samling Group as a Financial Accountant from 1992 to 1994. From 1994 to 2006, he was the Audit Manager in Liew & Co, Chartered Accountants and Internal Audit Manager in Shin Yang Group from 2006 to 2009. He is currently the Director of Audit, Tax and Consultancy Services in Andy Chia & Co, Chartered Accountants. He is not related to any director and/or substantial shareholder of SOPB and does not have any conflict of interest with SOPB.

He has attended all five Board Meetings held during the financial year ended 31 December 2021. He has not been convicted of any offence within the past 5 years and has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year.

PROFILE OF *Key Senior Management*

WONG HEE KWONG

Group Chief Executive Officer

Year of Joining SOP Group: 1996

Malaysian | 59 | Male

A Malaysian citizen, aged 59, was appointed as the Chief Executive Officer of Sarawak Oil Palms Berhad ("SOPB") in 1998 and was subsequently redesignated as Group Chief Executive Officer in 2010. He is a Chartered Accountant (Malaysia), a member of the Malaysian Institute of Accountants and Fellow member of Association of Chartered Certified Accountants (FCCA), U.K. He worked in KPMG, EON Finance Berhad and a Government linked company before joining SOPB Group as the Group Finance Manager and Company Secretary in April 1996. His professional experiences include accounting, secretarial, management consultancy, taxation and banking and finance. Currently, he is a council member of Malaysian Palm Oil Association (MPOA) and also a Board member of Trustees of Malaysian Palm Oil Council (MPOC).

He is not related to any director or substantial shareholder of SOPB and does not have any conflict of interest with SOPB. His direct interests in the shares and share options under the Employee Share Option Scheme of SOPB at year end are 2,245,600 shares and 2,853,900 options respectively.

He has not been convicted of any offence within the past 5 years and has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year.

ERIC KIU KWONG SENG

Chief Operating Officer

Year of Joining SOP Group: 1998

Malaysian | 50 | Male

A Malaysian citizen, aged 50, was appointed as the Company Secretary in 1998 and has about 23 years' experience in corporate secretarial practices. He is currently the Company Secretary and Chief Operating Officer of the Group. He holds an engineering degree in Manufacturing & Management (Hons) from University of Nottingham, U.K. and also a Master of Business Administration from University of Leeds (Leeds University Business School, U.K.). Currently, he is the Chairman of Sarawak Oil Palm Plantation Owners Association since 2021.

He is the son-in-law of Tan Sri Datuk Ling Chiong Ho who is the Group Executive Chairman (currently the Group Business Advisor) of SOPB. He has not been convicted of any offence within the past 5 years and has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year.

PROFILE OF KEY SENIOR MANAGEMENT

PANG SENG NAM
Regional Plantation Controller

Year of Joining SOP Group: 1976

Malaysian 65 Male

A Malaysian citizen, aged 65, was appointed as the Regional Plantation Controller of the group in 2020. He obtained HSC from College Tun Datuk Hj Openg in 1975 and started his career with SOPB in 1976 as the first batch of Agricultural Cadet. He obtained the Advance Associate Diploma of the Incorporated Society of Planters (AISP) in 1980. He left SOPB in 2000 and served with two other local prominent plantation groups in senior capacity. He re-joined SOPB in 2007. His professional experience includes land development in oil palm plantation, and replanting in both mineral and peat environment.

He is not related to any director and/or substantial shareholder of SOPB and does not have any conflict of interest with SOPB. He has not been convicted to any offence within the past 5 years and has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year.

THO KHENG CHIANG
Chief Financial Officer

Year of Joining SOP Group: 2010

Malaysian 43 Male

A Malaysian citizen, aged 43, was appointed as the Chief Financial Officer of the Group in 2019 and redesignated as Chief Financial Officer cum General Manager (Special Assignment in Plantation) in 2021. He is a Chartered Accountant (Malaysia), a member of the Malaysian Institute of Accountants and a Fellow member of Association of Chartered Certified Accountants (FCCA), U.K. He worked in KPMG and a public listed company before joining SOPB as the Internal Audit Manager in year 2010. His professional experiences include audit and assurance, accounting and corporate exercises.

He is not related to any director and/or substantial shareholder of SOPB and does not have any conflict of interest with SOPB. He has not been convicted of any offence within the past 5 years and has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year.

WONG SIEH TUNG
Head of Trading Operations cum General Manager

Year of Joining SOP Group: 2004

Malaysian 44 Male

A Malaysian citizen, aged 44, was appointed as the Head of Trading Operations in Year 2018 and redesignated as Head of Trading Operations cum General Manager (Special Assignment in Milling) in 2021. He is a Chartered Accountant (Malaysia), a member of Malaysia Institute of Accountants, Fellow member of Association Chartered Certified Accountants (FCCA), UK and member of Financial Planning Association of Malaysia (CFP). He started his career with Liew & Co, Miri and Shin Yang Plantations after which he joined SOPB as the Accounts Executive in year 2004. His professional experiences include accounting, audit and assurance.

He is not related to any director and/or substantial shareholder of SOPB and does not have any conflict of interest with SOPB. He has not been convicted to any offence within the past 5 years and has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year.

CHAIRMAN'S STATEMENT

words from

LING LU KUANG

Group Executive Chairman

REVIEW OF *Results*

On behalf of the Board of Directors of Sarawak Oil Palms Berhad ("SOPB"), it gives me much pleasure to present to you the Annual Report of our Group for the financial year ended 31 December 2021.

CHAIRMAN'S *Statement*

For the financial year 2021, SOPB has posted a new record after-tax profits of RM541 million, which represents an increase of RM321 million or 146% over the last year's after-tax profits of RM220 million. The higher profit achieved was mainly due to the higher palm products prices realized in year 2021 despite a decline in the Group's Fresh Fruit Bunch ("FFB") production. The average realized price of crude palm oil ("CPO") has increased from RM2,729 to RM4,430 per metric tonne basis.

The outbreak of COVID-19 pandemic since 2020 has continued to result in significant impacts to many of our business activities and raises concerns on the health of our employees and their families. The strict adherence to relevant standard operation procedures and collaboration with the government authorities for the smooth vaccinations programme rollouts were instrumental to the Group's strength, culture and values.

Further details on our operational and financial review can be found in the Management Discussion and Analysis on page 24 to 29.

DIVIDEND

To cater for future development projects of the Group, and to meet business challenges posed by volatile commodity prices, increases in prices of agriculture inputs and prolonged COVID-19 outbreak, the Group has set aside a large portion of reserve funds for capital expenditure of future development and as a cushion against any unfavourable market conditions.

The Board is also mindful of the continuous support and loyalty of its shareholders. In year 2021, a single-tier interim dividend of 4 sen per ordinary share was declared and paid on 30 December 2021. Besides this, the Board also proposed a final single-tier dividend of 6 sen per ordinary share totalling 10 sen per ordinary share for the financial year ended 31 December 2021.

Beside dividend payment, the Board also propose a bonus share issue of one bonus share for two existing ordinary shares subject to the approval from relevant authorities and shareholders' approval at an Extraordinary General Meeting to be convened.

SUSTAINABILITY

We will continue to adopt a proactive and prudent approach in furtherance our sustainability agendas of balancing the needs of People, Planet and Profit. We remained committed to sustainable agricultural practices, good corporate governance, high standards of occupational safety, health and welfare of our workforce, and fulfilment of our corporate social responsibility to the local communities.

Our conservation and biodiversity projects are ongoing with the collaboration of both local and foreign research bodies as well as universities. More details on our sustainability agendas, milestones and attainments could be found in the Sustainability Report from page 30 to 96.

PROSPECT

Challenges which oil palm industry would continue to encounter include plantation labour shortages, shortage of fertilizers, tariff and non-tariff trade restrictions and volatile palm products prices.

To minimize adverse impacts arising from these challenges, the Group will continue to intensify its programmes to raise workforce competency, efficiency and productivity, enhance its plantation worker retention programmes, and adopt mechanization to reduce labour dependency in plantation operations. The Group will also continue to monitor the efficacy of manuring programmes of its plantations and closely monitor the movement of commodity prices.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to extend my sincere appreciation to all our employees, customers, business associates and other stakeholders for your unwavering support and trust that helped us to weather through and emerge stronger in this challenging year.

LING LU KUANG
GROUP EXECUTIVE CHAIRMAN

MANAGEMENT DISCUSSION *and Analysis*

FFB production
1,246,249
metric tonnes

Oil extraction rate of **20.10%**
Kernel extraction rate of **4.39%**

Average Crude Palm Oil price of
RM4,430
per metric tonne

This review highlights details on financial and operation information of the Group for the year 2021.

1. Overview of Group's Business

The Group's core businesses are upstream operations - plantation and milling operations, and downstream operations which comprised of refining, trading and marketing of palm products.

On plantation operations, the FFB production in 2021 was 1,246,249 metric tonnes in comparison with 1,358,049 metric tonnes achieved in 2020. The yield decreased to 15.23 metric tonnes per hectare compared to 16.58 metric tonnes in 2020 due primarily to severe plantation labour shortages particularly the harvesters.

For the milling operations, the Group recorded a higher oil and kernel extraction rate of 20.10% and 4.39% respectively, compared to 19.70% and 4.26% in preceding year.

The realised palm product prices in 2021 was higher with the average crude palm oil (CPO) of RM4,430 per metric tonne compared to RM2,729 per metric tonne in 2020.

MANAGEMENT DISCUSSION AND ANALYSIS

2. Financial Results

(i) Abridged Group Income Statement

The total revenue of the Group in 2021 was RM4.4 billion compared to RM2.7 billion in 2020. The increase was mainly due to higher prices realised for palm products sold.

The Group had registered a higher profit after tax of RM541 million compared to RM220 million achieved in year 2020. The improvement was attributed mainly to better operational efficiency and palm products margin as a result of more favorable palm products prices.

Average Realised Prices for Palm Products:-

	2021 RM/mt	2020 RM/mt
Crude Palm Oil	4,430	2,729
Palm Kernel Oil	5,932	3,223

MANAGEMENT DISCUSSION AND ANALYSIS

(ii) Abridged Group Cash Flow Statement

	2021 RM'million	2020 RM'million
Operating activities		
(i) Cash generated before changes in working capital	860	510
(ii) Cash outflow from changes in working capital and payment of tax and interest	(400)	(105)
Net cash flows from operating activities	**460**	**405**
Financing activities		
(i) Net payment for trade financing, loans and borrowings	(93)	(174)
(ii) Proceeds from loans and borrowings	-	49
(iii) Dividend and interest payment	(96)	(73)
(iv) Cash inflow from other financing activities	2	1
Net cash flows used in financing activities	**(187)**	**(197)**
Investing activities		
(i) Capital expenditure on property, plant and equipment and bearer plants	(152)	(103)
(ii) Acquisition of joint venture	(2)	(1)
(iii) Acquisition of non-controlling interests	(52)	-
(iv) Cash inflow/(outflow) from other investing activites	87	(210)
Net cash flows used in investing activities	**(119)**	**(314)**
Net increase/(decrease) in cash and cash equivalents	**154**	**(106)**
Cash and cash equivalents at 1 January	642	748
Effect of exchange rate changes	1	-
Cash and cash equivalents at 31 December	**797**	**642**

For the year 2021, the Group generated net cash inflow of RM460 million from operating activities comprising cash generated before working capital changes of RM860 million, cash outflow from changes in working capital and net payment of tax and interest of RM400 million.

For financing activities, the changes in trade financing and repayment of loans were RM93 million. Dividend and interest payments were RM64 and RM32 respectively. With these, the overall cash outflow in financing activities was RM187 million.

For investing activities, the Group had incurred a capital expenditure of RM152 million in the replanting, upkeep and maintenance of immature planted areas, upgrade of palm oil mills and expansion on downstream plants, and another RM52 million for the acquisition of non-controlling interests in plantations. The cash inflows for other investing activities was RM87 million which consisted primarily of upliftment of fixed deposits under other investments.

MANAGEMENT DISCUSSION AND ANALYSIS

ii) Abridged Group Cash Flow Statement (continued)

The overall net increase in cash and cash equivalents for the financial year under review was RM154 million compared to RM106 million decrease in year 2020.

iii) Abridged Group Statement of Financial Position

	2021 RM'million	2020 RM'million
Assets		
Non-current assets		
Property, plant and equipment	1,074	1,040
Bearer plants	921	980
Right-of-use assets	513	511
Other non-current assets	268	277
	2,776	**2,808**
Current assets		
Biological assets	34	25
Other current assets	1,050	783
Cash and bank balances	797	642
	1,881	**1,450**
Total assets	**4,657**	**4,258**
Equity and liabilities		
Share capital	823	821
Reserves	1,979	1,558
Non-controlling interests	137	124
Total equity	**2,939**	**2,503**
Non-current liabilities		
Loans and borrowings	522	715
Other non-current liabilities	393	378
	915	**1,093**
Current liabilities		
Loans and borrowings	496	394
Other current liabilities	307	268
	803	**662**
Total liabilities	**1,718**	**1,755**
Total equity and liabilities	**4,657**	**4,258**

As of the financial year ended 31st December 2021, the Group's total assets and liabilities was RM4,657 million and RM1,718 million respectively. Total equity stood at RM2,939 million and the gross gearing of the Group stood at 0.35 times.

MANAGEMENT DISCUSSION AND ANALYSIS

3. Review of Operations

(i) Plantation Segment

(a) Plantation Areas Statistics

	As at 31.12.2021		As at 31.12.2020	
Palm age (Years)	**Area (ha)**	**%**	**Area (ha)**	**%**
Immature (below 4 years)	5,173	6%	6,766	8%
Young (4-10 years)	18,361	21%	23,005	26%
Prime (11-20 years)	57,088	66%	53,956	61%
Old (21 years and above)	6,360	7%	4,237	5%
Total	86,982	100%	87,964	100%

As of 31st December 2021, the Group's total planted area was 86,982 hectares compared to 87,964 hectares in 2020. A total of 560 hectares was replanted in 2021 compared to 419 hectares in 2020. The Group's weighted average palm age was 12.28 years.

(b) FFB Production and Extraction rates

		2021	2020
Group total mature area	Ha	81,809	81,198
Group FFB production	mt	1,246,249	1,358,049
Group FFB processed	mt	1,911,247	1,981,880
Group CPO production	mt	384,253	390,481
Group PK production	mt	83,968	84,414
Group FFB average yield	mt/ha	15.23	16.58
Group average oil extraction rate("OER")	%	20.10%	19.70%
Group average kernel extraction rate ("KER")	%	4.39%	4.26%

In 2021, the total Group's FFB production was 1,246,249 metric tonnes, which is translated to the yield per hectare of 15.23 metric tonnes. The oil extraction rate and kernel extraction rate attained was 20.10% and 4.39% respectively. With these, the Group registered an oil per hectare of 3.06 metric tonnes against 3.29 metric tonnes in the preceding year.

A total of 1,911,247 metric tonnes of FFB was processed by the mills, representing an approximately 65% of the mill capacity utilisation rate.

MANAGEMENT DISCUSSION AND ANALYSIS

(ii) Downstream Segment

For downstream segment, the refinery and other downstream activities have contributed positively in year 2021. This was mainly attributed to the favorable price trend coupled with improved operational efficiency. The refinery performance nevertheless would be very much dependent on the movements of world edible oil prices.

The Group continued to expand its market and product range in palm oil value added products. However, its contribution to the overall revenue and profitability of the Group remained insignificant.

(iii) Property Development Segment

The property market outlook in Sarawak remains sluggish in year 2021, particularly with the impact of COVID-19 pandemic.

Henceforth, the Group has not launched any new project apart from completing the previously launched Taman Lambir Jaya residential and shop houses project. The overall take up rate of the above was approximately 67% towards the end of year 2021. The contribution from property development segment remains insignificant to the Group.

4. Outlook for 2022

Shortage of plantation labour, shortage of fertilizers, geopolitical conflicts, and weather impact on edible oils supplies are some of the challenges faced by oil palm industry in Malaysia. The Group remains cautious as to the uncertainty of the global edible oil supply-demand dynamic and geographical politics headwinds. The business environment is expected to be challenging amid the labour shortages across the industry in the aftermath of COVID-19 pandemic, and disruption of agriculture inputs supply chain arising from geopolitical conflicts.

The Group will continue to drive operational excellence and cost-efficient structure despite the surmounting challenges facing the group as a whole.

SUSTAINABILITY *Report 2021*

ABOUT THIS REPORT

We are pleased to present the 2021 Sustainability Report of Sarawak Oil Palms Berhad (SOPB) and its subsidiaries (Group) as follows to our stakeholders detailing the Economic, Environment and Social (EES) performance of the operations of the Group for the reporting period from 1 January 2021 to 31 December 2021.

This is the 5th report published annually in accordance with Bursa Malaysia Sustainability Reporting Guide 2018 (2nd Edition) and Global Reporting Initiative (GRI) Standards: Core Option and Sustainable Development Goals (SDGs).

EXTERNAL ASSURANCE

This report has been approved by the Group Management Committee and Board of Directors.

No external assurance was conducted during this reporting period.

This Report is available in hard copy upon request or it can be downloaded from our website at www.sop.com.my. Should you require any further information or wish to share any feedback, please feel free to contact us at:

Sarawak Oil Palms Berhad

Contact Person:
Mr Galau Melayong
(Sustainability Department)

Telephone:
+60 8543 6969

Olive-backed Sunbird (male), Nectarinia Jugularis sighted in Tinbarap Conservation Area

MARKETPLACE

Please refer to Sustainability Report 2021 on page 45.

ENVIRONMENT

Please refer to Sustainability Report 2021 on page 55.

WORKPLACE

Please refer to Sustainability Report 2021 on page 72.

COMMITMENT TO OUR COMMUNITIES

Please refer to Sustainability Report 2021 on page 83.

SUSTAINABILITY REPORT 2021

GROUP CHIEF EXECUTIVE OFFICER'S STATEMENT TO STAKEHOLDERS

"

Dear Stakeholders,

We are delighted to present the Group's 2021 Sustainability Report prepared in accordance to the Bursa Malaysia Sustainability Reporting Guide 2018 (2nd Edition) and Global Reporting Initiative (GRI) Standards: Core Option and Sustainable Development Goals (SDGs). The fundamental sustainability issues reviewed in this report were identified through our triennial Materiality Assessment.

"

This Sustainability Report includes our holistic sustainability strategies which focus on implementing best practices in a comprehensive manner, covering the different aspects of environment, community, marketplace and workplace, as well as benchmarking against leading industry standards.

The Group aspires to continually socialise our commitments with the relevant stakeholders including our employees, local communities and suppliers so that our goals can be achieved with mutual support and common understanding towards the harnessing of environmental resources in a sustainable pace.

In 2021, the resurgence of COVID-19 infections in Malaysia led to the nationwide Movement Control Order (MCO) as a vital mean to contain the pandemic outbreak and the plantation sector was inevitably impacted by the restrictions. The pandemic compelled us to review our business strategies to be economically resilient while upholding the commitments to our stakeholders. Meanwhile, the longer-term impacts of the pandemic and the future prospects for oil palms in a rapidly changing world remain highly unpredictable.

Having journeyed three years since the launch of our Oil Palms Sustainability Policy (OPSP) on No Deforestation, No Peat and No Exploitation (NDPE), the ensuring of full compliance of NDPE within our supply chain remains an arduous task, with additional roadblocks created by the evolving pandemic situation. Moving forward, we will continue relentlessly to engage with our stakeholders to realise our objective of full traceability with the support of our third-party suppliers and the local communities.

As with previous years, all our operating units were MSPO certified and the implementation of the Principles and Criteria set out in the MSPO certification standard had been an invaluable perpetual guide in our sustainability journey. With the implementation of MSPO Trace, we had been able to monitor the traceability status within our supply chain and to ensure that our fresh fruit bunches (FFB), crude palm oil (CPO) and palm kernel (PK) were fully traceable to their sources. The MSPO certification augmented our existing ISCC certification and allowed the Group to market our products based on quality and sustainability certifications.

We will continue to report our progress on the implementation of leading sustainability standards as a way to provide assurance to our stakeholders on the Group's environmental and social commitments.

During the pandemic, the safety and health of all our employees was an utmost priority. The in-house COVID-19 taskforce that was established in 2020 continued to update the standard operating procedures undertaken by the Group to prevent new waves of infection from disrupting the operational units. These measures included vaccination booster

SUSTAINABILITY REPORT 2021

programme recommended by the health authorities, mandating restricted mobility at the Group's plantations, manufacturing facilities and premises, provision of face masks and care packages including food aid, screening of body temperature, mandatory use of face mask and face shield at workplaces, regular swab tests for early detection and to prevent widespread transmission, frequent sanitization of workplaces and the observance of social distancing.

The plantation sector faced serious labour shortage in 2020 and the problem persisted into 2021. Though the MCO was lifted in phases towards the end of 2021, when travel restrictions were eased and the Malaysian government allowed recruitment of foreign workers to provide relief to the labour crunch, our operations as a whole had experienced negative manpower deployment.

We continued to uphold our commitments to social welfare and to improving the well-being of our employees. Emphasis had been placed towards the continuous upgrading of in-house residential amenities and the conduct of regular meetings between the respective site management and the employees to address any gaps. We had witnessed that our empathetic approach towards the social needs of our employees had led to improved productivities despite the pandemic.

As an agricultural-based commodity company, the Group recognises that the long-term success of our business relied on the proper management of our natural resource base and ecosystem services which are the foundation of all food and agricultural systems. To ensure the provision of essential ecosystem services, ecosystem functions have to be managed sustainably and the biodiversity protected. The Group remains committed to environmental preservation through biodiversity conservation and the mitigation of negative impacts by reducing emissions, optimizing energy usage and effective waste management.

Concurrently, we had established measures to mitigate the negative impacts of our operations to the environment in a holistic manner such as the reduction of greenhouse gases emissions with methane capture facilities at the mills, exploring usage of renewable energy and proper waste management.

We remained steadfast to the sustainability commitments declared in our OPSP and conducted our business as a good steward of the environment. We had always sought the involvement and support of the local communities as good neighbours.

Last but not least, I would like to extend my most sincere appreciation to our stakeholders for their continued support and participation in our sustainability journey which has allowed us to scale greater heights each year. Regardless of any future challenges created by catastrophic events such as pandemic or military conflicts beyond our shores, we will always stay faithful to our sustainability declarations and strive towards achieving our goals to drive positive sustainability transformation both within and beyond our supply chain.

The details of our sustainability initiatives can be found in the following page 30 to 96.

One Team, One Mind, One Heart.

WONG HEE KWONG
GROUP CHIEF EXECUTIVE OFFICER

SUSTAINABILITY GOVERNANCE STRUCTURE

The Group's Sustainability Governance structure is a top-down approach which comprises of 3 layers of committees to ensure that everyone plays a crucial role in delivering the sustainability performance we seek. The Board of Directors (BOD) sets the direction based on macroeconomic indicators in relation to the end state of sustainability desired with the approval of the relevant sustainability policies.

The Group Management Committee (GMC) is made up of senior management personnel, including Head of Department (HOD) of the Group which formulates strategies and set procedures for implementation. GMC, which is led by Group Executive Chairman (GEC), also deliberates on the current sustainability challenges and manages the Group's sustainability performance and reporting.

The Group Sustainability Committee (GSC) which consists of Heads of operational units, is responsible to implement the established sustainability procedures which are embedded into the Group's operational activities. Whenever required, consultants and trainers are engaged to review contemporary issues including the determination of ambiguities in approved certification approaches to ensure that the necessary sustainability standards are attained. GSC plays a fundamental role in the Group's sustainability performance to ensure that sustainability standards are consistently upheld across the Group.

BOARD OF DIRECTORS

a. Promotes sustainability with respect to environment, economic and social aspects.
b. Oversees SOPB's sustainability performance.
c. Approves sustainability policies.

GROUP MANAGEMENT COMMITTEE

a. Formulates sustainability strategies, goals and implementation procedures and practices.
b. Deliberates sustainability issues.
c. Manages SOPB's sustainability performance and sustainability reporting.

GROUP SUSTAINABILITY COMMITTEE

a. Enhances sustainability performance across SOPB.
b. Engages stakeholders.
c. Raises awareness among employees.
d. Ensures that sustainability standards are consistently upheld across SOPB.

SUSTAINABILITY REPORT 2021

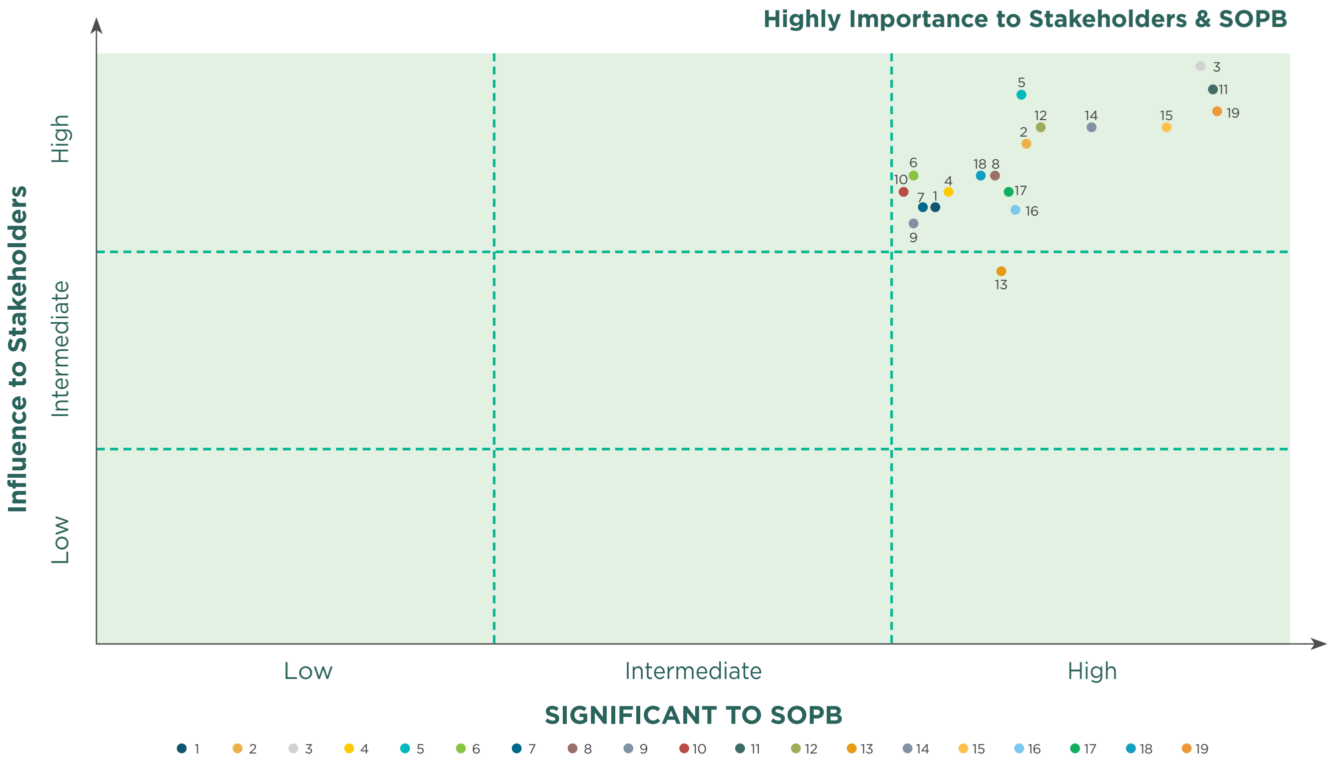
MATERIALITY MATRIX

In 2021, the Group's Sustainability Reporting Team conducted a new cycle of materiality assessment with reference to the guidance under the Bursa Malaysia Sustainability Toolkit: Materiality Assessment (2nd Edition).

In the 2021 Materiality Assessment, a new sustainability matter on the COVID-19 Combat Measure Approach was introduced. The new Materiality Assessment involved 311 key stakeholders from various categories such as the Group's employees, shareholders, consultants, local communities, NGOs, customers, and contractors which were selected via an objective prioritization process.

The key Sustainability Material Matters identified in Materiality Assessment 2021 are illustrated in the diagram as follows:

MATERIALITY MATRIX



1	Traceability & Supply Chain	11	Water & Effluent Management
2	Sustainability Certifications	12	Waste Management
3	Food Safety	13	Grievance Mechanism
4	Economic Performance	14	Protection of Human Rights
5	Business Ethical Practices	15	Employee Occupational & Safety
6	Suppliers' Sustainability Commitment	16	Training & Development
7	Peatland Protection	17	Commitment to Our Local Communities
8	Biodiversity & Conservation	18	Right of Indigenous People
9	Carbon Footprint	19	COVID-19 Combat Measure Approach
10	Sustainable Energy Management		

SUSTAINABILITY REPORT 2021

PEOPLE

- Grievance Mechanism
- Protection of Human Rights
- Employee Occupational & Safety
- Training & Development
- Commitment to Our Local Communities
- Rights of Indigenous People
- COVID-19 Combat Measure Approach

PLANET

- Peatland Protection
- Biodiveristy & Conservation
- Carbon Footprint
- Sustainable Energy Management
- Water & Effluent Management
- Waste Management

PROFIT

- Traceability & Supply Chain
- Sustainability Certifications
- Food Safety
- Economic Performance
- Business Ethical Practices
- Supplier's Sutainability Commitment

SUSTAINABILITY POLICIES

The Group recognises that operating an integrated palm oil business which would benefit both nature and people is no small feat. Most of our stakeholders, including environmental NGOs have admitted that sustainable palm oil should not face import restrictions if the policy makers are able to put an end to deforestation, introduce peatland restoration policies, support smallholders and implement sharing of benefits with local communities in the palm oil business.

In line with the above, the Group has established various policies to lay out the framework for our approaches to sustainable development such as the Environmental Sustainability Policy, Social and Community Policy, Occupational Safety & Health Policy and Oil Palms Sustainability Policy.

From the onset, we have always been mindful that certain aspects of our upstream operation and downstream processing facilities could have environmental impacts on our surroundings. Our Environmental Sustainability Policy affirms our commitment to conserving and preserving our surrounding environment. We have adopted a Zero Burning Policy in all of our upstream oil palms cultivation, maintenance and harvesting activities. At the mid and downstream, we have moved towards zero waste management. POME (palm oil mill effluent) is subjected to waste treatment processes in accordance to applicable Malaysian requirements before being discharged into the rivers near our palm oil mills.

The Social & Community Policy was established in 2014 that affirms the Group's commitment to protect and respect human rights for all employees including the local communities where we operate.

In 1999, the Occupational Safety and Health Policy was established to ensure full compliance to the Occupational Safety and Health Act 1994. The establishment of this policy ensures that the safety and health of workers in all operational units are accounted for by providing a safe and conducive work environment. The policy was updated and revised in 2017.

In order to augment our sustainability commitments, these policies are reviewed periodically and implemented accordingly. The Group's OPSP, which was launched in January 2019 is the integral of all our current policies which further affirms our commitments to leading sustainability practices of NDPE which are applied throughout the Group's supply chain.

The adoption of the OPSP manifested our assurance that the Group's palm products are sustainably produced without compromising on quality. Palm products are sourced from areas without deforestation, with High Conservation Value

(HCV) protected, and produced by Good Agricultural Practices (GAP). The Group will not condone any new oil palms development without HCV and High Carbon Stock Approach (HCSA) and on peats regardless of depth.

With respect to the social commitment of our OPSP, we support the Universal Declaration of Human Rights where all employees are treated fairly. Local, migrant and temporary workers have the freedom of association and the right to bargain collectively. We seek to eliminate all forms of illegal, forced, bonded, compulsory or child labour by adopting responsible recruitment practices throughout our recruitment process.

We believe that building transparency requires an open, two-way communication channel with stakeholders and we have adopted the Free, Prior, and Informed Consent (FPIC) Procedure to recognise the rights of the indigenous and the local communities complemented by our Grievance Mechanism that is publicly available. The Whistle-Blowing Procedure is also an avenue for anyone to share their concerns.

With regards to the sustainability of our supply chain, we will continue to socialise the MSPO certification to our suppliers as we hold the view that the MSPO certification system provides assurance of commitment to implement, evaluate, and demonstrate an entity's progress towards sustainability. To encourage the adoption of MSPO certification, we will continue to support any initiative taken by our suppliers to acquire MSPO certification as a first step in their sustainability journey to develop a compliant, traceable and credible supply chain.

GRIEVANCES MECHANISM

Whistle-Blowing Policy

The Whistle-Blowing Policy was established in January 2019 and the latest revision was made in November 2021 where anonymity of disclosure is assured. This policy allows employees and stakeholders to convey any concerns or report improper act or practice within the Group. This policy serves as a proper channel for anyone to express any complaint or grievance in relation to the Group's operations or any sustainability issues concerning our palm product suppliers.

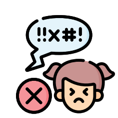
More information on the Whistle-Blowing Policy is available via this link:

http://www.sop.com.my/sustainability/docs/supplychain/Whistle%20Blowing%20Policy%20&%20Procedure.pdf

Complaint and Grievance Procedure

The Complaint and Grievance Procedure is made available to all of the Group's business units which allows anyone to lodge a complaint or grievance, make a suggestion or highlight any vital matters which will be escalated to the management level for intervention. 'Suggestion/Complaint Forms' and the 'Suggestion Box' are made available throughout all of the Group's operational units. Every new employee will be briefed on these procedures at the commencement of work and refresher briefings are conducted on an annual basis.

Sexual Harassment Policy



The Sexual Harassment Policy was established in 2014 and is communicated to every employee through annual trainings. At the operational units, it is desired to have equal representation of male and female employees and management that constitute the 'Sexual Harassment/Gender Committee' to ensure that any form of sexual harassment is addressed fairly right from the start. The Group is committed to ensuring that the working environment is safe, conducive and free of sexual harassment.

Free, Prior and Informed Consent Procedure

In January 2019, the Free, Prior and Informed Consent (FPIC) Procedure was adopted in addition to the launching of the Group's Oil Palms Sustainability Policy. More information of this procedure is available at this link: http://www.sop.com.my/sustainability/grievance_handling.php

The FPIC Procedure is meant to complement the existing system of reporting procedures to communicate any issues in relation to exploitation that may had been directly or indirectly related to the Group's activities.

Code of Conduct Business and Ethics

The Group's Code of Business Conduct & Ethics was established to demonstrate our commitment to conducting business in a professional and ethical manner that is applicable to all employees and directors of the Group. The Code covers compliance to applicable laws, conflict of interest, anti-bribery and corruption, fair dealing, and protection of assets and capitals. In 2020, the code was revised to ensure that the Group's principles and values are assimilated into practice.

More information on the revised Code of Business Conducts and Ethics is available at the following link:
https://www.sop.com.my/wp-content/uploads/2021/02/Revised__code-of-business-conduct-and-ethics-v2.1-final-Copy.pdf

Sustainable Development Goals

The United Nations (UN) Sustainable Development Goals (SDGs) were adopted in 2015 by all UN members which comprise of seventeen goals to work towards so as to achieve the 2030 Agenda for Sustainable Development. The SDGs collectively is a clarion call for the countries and societies to work together to create a sustainable future where poverty would be eliminated, standards of health and education would be improved, and continuous economic growth could be achieved and sustained, whilst the challenges of climate change could be addressed and tackled.

SUSTAINABILITY REPORT 2021

The Group is a MSPO certified entity. We believe that the seven principles of MSPO certification provide a balance between the need for sustainability and economic growth. MSPO certification further supports and propels our potentials to work towards achieving all the SDGs.

During the trying time of pandemic where the usual practices and social norms were disrupted, we continued to pursue the SDGs that were beneficial to our employees and communities around us whilst paying equal attention to the environmental needs in the course of pursuing our economic goals.

There are eleven SDGs adopted by the Group and the details are tabulated as follows;

Target	Status	UN SDGs Contributions
I) All employees in the Group receive minimum wage conforming to National Legislations. II) Local communities around the Group's concession areas benefit from the access roads built by the Group where they have the opportunity to develop their own lands with cash crops like oil palms and sell their FFB to any palm oil mills. III) Train local communities on the know-how and skills in oil palms cultivation.	I) Achieved and On-going. All local and foreign employees were paid at or above Malaysian Minimum Wages Order 2020. II) Achieved and ongoing. Our access roads provided the local communities with reliable access to government schools, clinics, healthcare, and allowed them to send crops to nearby mills. III) Local communities were provided with opportunities to work in oil palms estates and mills and were trained so as to acquire the necessary skills.	1 NO POVERTY 2 ZERO HUNGER 4 QUALITY EDUCATION 8 DECENT WORK AND ECONOMIC GROWTH
I) To provide Protective Personal Equipment (PPE) free of charge to all employees according to jobs assigned. II) To reduce occupational hazards in all operational units. III) To accomplish zero fatalities in all operational units. IV) To conduct internal and external training on Safe Operating Procedures (SOP), Driving Awareness, First Aid, Fire Fighting on annual basis assisted by the Safety and Health Department to achieve minimal injuries and zero fatalities. V) To establish clinics in operational units and provide medicines and treatments free of charges to all employees and their dependents.	Achieved and On-going I) All workers were provided with PPEs as per their job scope free of charge. II) Total accident rate had decreased by 45.83% compared to 2020. III) Zero fatality cases for 2021. IV) Achieved and On-going. All employees underwent job related Safety and Health trainings, conducted by both internal and external trainers annually. V) All clinics were provided with adequate medicine and medical supplies free of charge to all employees and their dependents.	3 GOOD HEALTH AND WELL-BEING

SUSTAINABILITY REPORT 2021

Target	Status	UN SDGs Contributions
VI) To provide free COVID-19 vaccination to all employees and free swab tests to enable early detection, treatments and reduce transmission. VII) To execute Vision Care Program which reaches out to nearby longhouses within the proximity of the Group's plantation estates.	VI) As of August 2021, all employees had been vaccinated. Nevertheless, continued testing at all operational and business units were carried out to prevent large scale COVID-19 resurgence within the Group. VII) This program was actively carried out in collaboration with various government agencies and private medical practitioner in providing free vision screening and eyes check-ups among children and the elderly.	
I) To reduce GHG emissions with the installation of facilities that capture methane at our palm oil mills. II) To install Electrostatic Precipitators (ESP) in all mills and refinery to reduce dusts emission.	I) One out of seven mills had methane-capture facilities fully commissioned in 2021. Installation of the methane -capture facilities in another 3 mills would continue in year 2022. Methane-capture facilities for the remaining mills would be installed in stages. II) Three out of seven POMs and one refinery had been successfully installed with ESP.	7 AFFORDABLE AND CLEAN ENERGY
I) To provide free housing with potable water supply and electricity at a subsidized rate. II) To consistently upgrade the living quarters of our employees at the operational units.	Achieved and On-going I) All workers were provided with potable water supply and subsidized electricity. II) Management had established a 5-Year plan to upgrade the living quarters to comply with relevant regulations, and kept all employees' residence in good conditions with basic amenities and facilities for all employees.	11 SUSTAINABLE CITIES AND COMMUNITIES
I) To achieve optimum yield potential. II) To increase in production from the present levels through transformation of field management in yields improvement and oil extraction rates per area. III) To adopt Best Management Practices that are cost-effective and practical base on scientific approaches to increase palm oil yield in existing matured estates. IV) At Palm Oil Mill To benchmark OER or KER performance with industry peers or with national and state figures released monthly by MPOB.	I,II,III,IV,V: On-going. VI) Sustainability Certification a) All operational units (mills and refineries) were MSPO and MSPO SCCS certified since 2019. b) Six out of seven POMs were ISCC EU&PLUS certified since 2017.	12 RESPONSIBLE CONSUMPTION AND PRODUCTION

SUSTAINABILITY REPORT 2021

Target	Status	UN SDGs Contributions
V) Downstream – Refinery, Biodiesel & Phytonutrient Plants, Food Packaging. To produce higher value-added products. VI) Sustainability Certifications a) All plantations, mills and refineries are to be certified under MSPO and MSPO Supply Chain Certification Standard (SCCS). b) All plantation, mills and refineries are to be certified under ISCC standards.		
The UNSDGs seek to tackle climate change and aim to improve livelihood. I) To operationalize the Group's Oil Palms Sustainability Policy with commitment to No Deforestation, No Peat and No Exploitation, which is applicable to own operations and third-party suppliers. II) To produce biodiesel so as to support the combustion of biodiesel which releases lower levels of pollutants and greenhouse gas emissions compared to fossils fuels*. III) To commit to implement programs that (i) progressively reduce GHG emission, (ii) recycle palm biomass and generate renewable energy,	I) Launched in year 2019 and implemented throughout the Group's supply chain. II) Biodiesel was one of the products manufactured by the Group. III) Organic residues such as pruned fronds, empty fruit bunches and mill by-products were recycled and applied in the field. More information is available under the section of 'Soil Conservation and Recycling Biomass' on page 55.	13 CLIMATE ACTION
To increase the carbon stock in Tinbarap Conservation Area (TCA).	In 2021, tree density was approximately the same as 2020, which was about 688 trees per ha. Compared to 2019, there had been an increase of about 100 trees per ha. More information is available on page 57 under the 'Biodiversity and Conservation' on 'Tinbarap Conservation Area (TCA)'.	15 LIFE ON LAND

Target	Status	UN SDGs Contributions
Goal 17 under the SDGs states "Partnerships for the Goals" relates the need of strengthening the means of implementation and revitalizing the global partnership for sustainable development. To be fully traceable to mill (TTM) and fully traceable to plantation (TTP) all throughout the Group's supply chain. To actively engage and assist our suppliers (smallholders and outgrowers) in complying with our NDPE policy as well as attaining the MSPO certification.	The Group's website allowed public access to information related to the Group's oil palms plantations. Actively assisted our suppliers including smallholders and out-growers to comply with our Sourcing Policy, including to be MSPO certified.	17 PARTNERSHIPS FOR THE GOALS

Reference:
(i) https://www.mpocc.org.my/mspo-blogs/9-unsdg-goals-reinforced-by-mspo
(ii) *https://www.conserve-energy-future.com/advantages-and-disadvantages-of-biofuels.php
(iii) *https://www.eia.gov/energyexplained/biofuels/biodiesel-and-the-environment.php#:`:text=Biodiesel%20burns%20much%20cleaner%than,%2C%20hydrocarbons%2C%20air%20toxics

Stakeholder Engagement

To ensure sustainable palm oil production, we believe that multi-stakeholders' collaboration is the best way to achieve positive outcomes that are mutually beneficial. As a pioneer in the oil palms industry in Sarawak, we seek to empower and mobilise our employees to engage with all stakeholders such as the local and indigenous communities, customers and NGOs. We believe that meaningful sustainability progress can be made through constructive dialogues and time-bound commitments. We wish to socialise our sustainability policies within our supply chain to spur actions and to address any concerns raised by our stakeholders.

The Group continued to engage with our various stakeholders despite the ongoing pandemic in 2021 where some of the engagements were done on virtual platforms to ensure that we did not lose the momentum of our sustainability agenda. The Group's stakeholders included employees, customers, government and regulators, media, smallholders, outgrowers and local communities, NGOs, schools and universities, certification bodies, shareholders, investors and banks and suppliers.

Stakeholder	Engagement Modes	Areas of Concern	Frequency	Anticipated Outcomes
Employees	Management meeting Events and functions Staff meetings and internal trainings Internal communication via newsletters and intranet Recreational activities	Human & worker's rights Social welfare Sustainability updates Safety & health The group's sustainability performance updates Training and development opportunities	Annually or as needed	To understand, assimilate and uphold the commitments and targets laid out in SOPB's policies and procedures

SUSTAINABILITY REPORT 2021

Stakeholder	Engagement Modes	Areas of Concern	Frequency	Anticipated Outcomes
Customers	Meetings and seminars Engagement surveys Site visits to operational units	Product quality and food safety Price competitiveness NDPE policy implementation High conservation value areas Environmental practices for all operational units Traceability	As needed	Acceptance of the Group's commitments and practices in line with sustainability policies
Government & Regulators	Field visits and dialogue sessions Events and seminars Publications via newsletters and website	Compliance status to regulatory requirements Human & worker's rights Shortage of workforce	As needed	Recognition of the Group's commitments, policies and procedures
Smallholders, Outgrowers & Local Communities	CSR activities Seminars, dialogues and workshops Seminars	Certification requirements Sustainability commitments Market requirements	Annually or as needed	Stronger rapport and support for the Group's policies by smallholders, outgrowers and local communities
NGOs	Teleconference Email One-to-one meetings Field visits Documentation review	Sustainability policies and practices Human & worker's rights Supply chain traceability	As needed	Acceptance of the Group's policies, procedures and progress on sustainability
Schools & Universities	Career fairs Site visits Internships Awards Seminars and workshops	Career opportunities and scholarships Development of oil palms industry Sustainability commitments	Annually	Better understanding of the oil palms sector Participation in the oil palms sector Render financial assistance to those in need

Stakeholder	Engagement Modes	Areas of Concern	Frequency	Anticipated Outcomes
Certification Bodies	Sustainability certifications	Certification requirements Compliance to related acts and laws Sustainability commitments	Annually	Compliance to certification requirements Assurance to stakeholders on supply chain monitoring and compliance to the Group's policies
Shareholders, Investors & Banks	Site visits Quarterly updates	Sustainability certifications Implementation of commitments	Quarterly	Assurance of the Group's sustainability commitments and progress
Suppliers	Surveys/questionnaire One-to-one meeting / Webinar Contract bidding and tendering	Business ethics Compliance to relevant laws Market requirements on sustainability	Annually or as needed	Full compliance to the Group's policies Stronger rapport with the suppliers to address concerns raised by buyers

Highlights on Stakeholders' Engagement in 2021

Engagement with Smallholder

As a follow up to previous engagements in 2018 with the smallholders of Long Bemang, a village in Apoh, Baram in the Telang Usan District, the Group participated in an outreach programme by the Sarawak Department of Agriculture (DOA) in collaboration with Malaysian Palm Oil Board (MPOB) and Malaysian Palm Oil Certification Council (MPOCC), for cash crop farmers including oil palms Independent Smallholders (ISH). The Group's Head of Sustainability (HOS) Galau Melayong made a presentation during the AgriCop 2021 outreach programme that was held from 26-27 November 2021 at the Long Bemang long house Community Hall. The event was well attended by 350 farmers including oil palms ISH.

HOS Galau Melayong shared the Group's practical experience on application of technology in oil palms plantations in a presentation titled "Perkongsian Penggunaan Teknologi dalam Perladangan Kelapa Sawit", which meant "Sharing on Technological Application in Oil palms Plantations", which was essentially the adoption of Good Agricultural practices (GAP) in the industry. The main focus of the presentation was on GAP and the basic maintenance of oil palms trees encompassing weeding, manuring and integrated pest management (IPM) in the industry as well as from a smallholder's perspective.

SUSTAINABILITY REPORT 2021

HOS Galau Melayong presenting during AgriCop 2021 Community Outreach Programme

The latest use of a mechanized harvesting method using “cantas”, a motorised harvesting tool was also shared with the ISH. During the Q&A session, HOS Galau highlighted the mandatory deadline of MSPO certification to the smallholders as palm oil mills in Malaysia would not be allowed to accept any FFB from ISH, if they were only registered with Sustainable Palm Oil Cluster (SPOC) and not MSPO certified. HOS Galau also conveyed that the Group was open to future collaborations with MPOC and MPOCC should there be any request on practical on-site training of ISH.

Investor Relation

The Group provided investors and civil societies with timely information regarding its business activities, processes, developments and performance.

With the recurrence of the COVID-19 outbreak in 2021, our Investor Relations team held three virtual engagements with industry analysts, investors and relevant stakeholders. The Group’s company website at sop.com.my also served as one of the platforms to disseminate information, announcements, disclosures and reports relevant to the Group’s commercial activities to the investors.

In 2021, the Annual General Meeting (AGM) was conducted via online platform and shareholders were given the opportunity to share their feedback and seek clarifications before and during the AGM. The Board of Directors and key members of the management team were present to respond to queries.

Marketplace

Overview of the Group's Supply Chain

Overview of Supply Chain

The Group is an integrated oil palms industry player with our operational units spanning oil palms plantations, palm oil mills, refinery, kernel crushing plant, biodiesel plant, phytonutrient plant and consumer packaging plants.

As at 31 December 2021, the Group owns a land bank of 121,994 hectares with 87,205 hectares of planted areas over 38 estates, where 55.7% are planted on mineral soil and 44.3% are planted on peat land. The Group owns seven palm oil mills, a refinery, a kernel crushing plant, a biodiesel plant, a phytonutrient plant and 2 consumer packaging plants. The Group's headquarter is located in Miri, Sarawak.

Our palm products, consumer products and pharmaceutical products are sold locally and also to international markets through the Group's marketing office in Kuala Lumpur and trading office in Singapore. Our products are sold to 27 countries including Europe, India, Japan, South Korea, Africa, and South Africa.

EUROPE

- Spain
- Italy
- Netherlands

ASIA

- China
- Bangladesh
- India
- Pakistan
- South Korea
- Japan
- Brunei
- Vietnam
- Philippines

AFRICA

- Kenya
- Tanzania
- Mozambique
- South Africa
- Republic of Congo
- Cameroon
- Nigeria
- Togo
- Guinea
- Morocco
- Tunisia
- Mauritania

OTHERS

- New Zealand
- Turkey
- United States of America

LOCATION OF THE SOPB OPERATIONAL UNITS

ESTATE

SARAWAK OIL PALM BERHAD
1 Suai 1 & Division
2 Lambir 1 & Lambir 2
3 Suai 2

SOPP (BALINGAN) SDN BHD
4 Sungai Liuk
5 Sungai Meris

SOPP (BELURU) SDN BHD
6 Tinbarap 1
7 Tinbarap 2
8 Tinbarap 3
9 Tinbarap 4
10 Tinbarap 5
11 Tinbarap 6
12 Tinbarap 7 & 9

SOPP (NIAH) SDN BHD
13 Sungai Balim
14 Sungai Trus

SOPP (BORNEO) SDN BHD
15 Sepakau 1
16 Sepakau 2
17 Taniku 1 & Taniku 2

SOPP (KEMENA) SDN BHD
18 Kuala Tatau 1
19 Kuala Tatau 2
20 Sabaju 1
21 Sabaju 2
22 Sebungan

SOPP (SABAJU) SDN BHD
23 Sabaju 3
24 Sabaju 4 & 5

SOPP (SUAI) SDN BHD
25 Lamaus & Divisions

26 Telong
27 Tibus Division

SOPP (KARABUNGAN) SDN BHD
28 Karabungan

SOPP PELITA BATU LINTANG PLANTATIONS SDN BHD
29 Batu Lintang

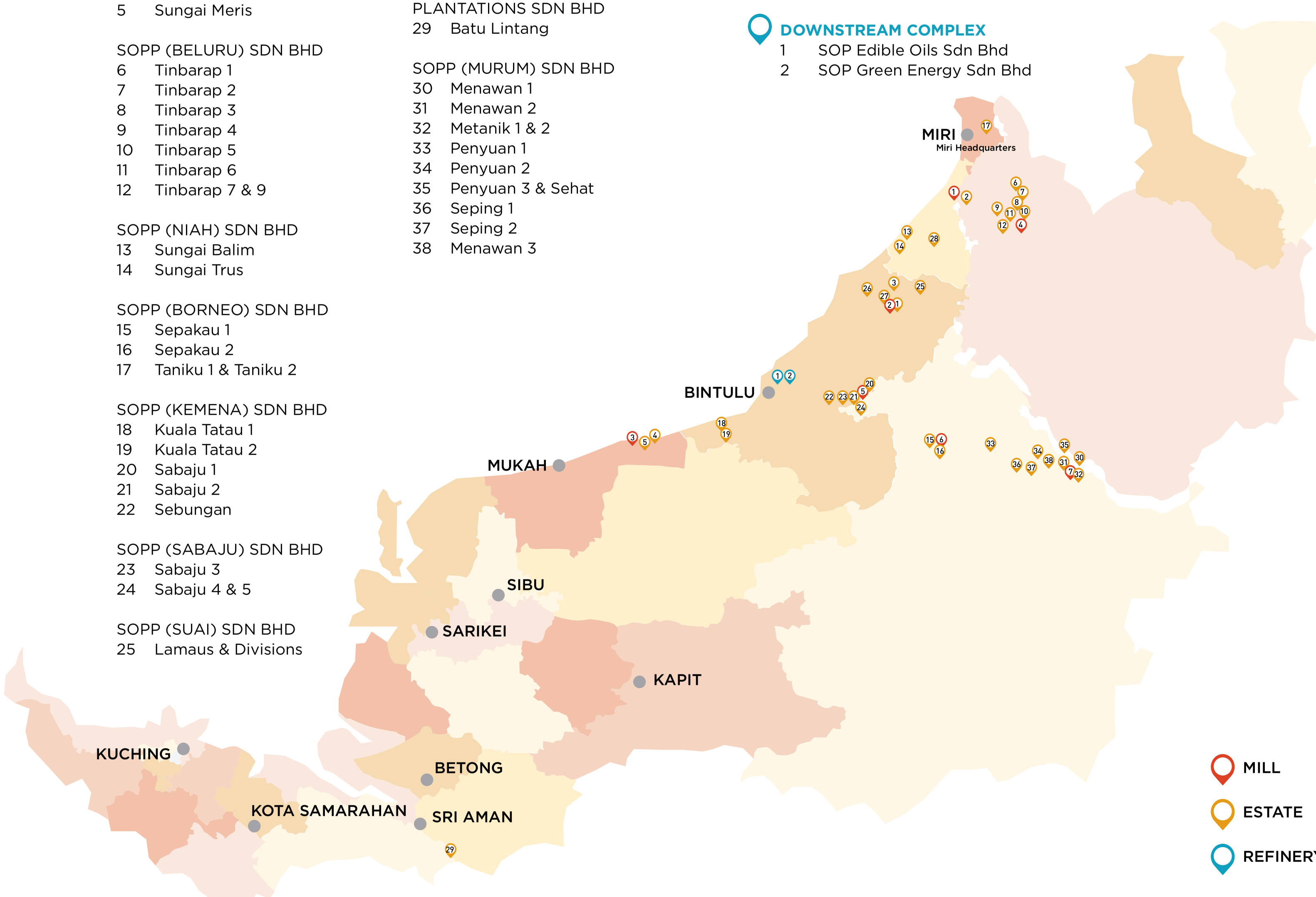
SOPP (MURUM) SDN BHD
30 Menawan 1
31 Menawan 2
32 Metanik 1 & 2
33 Penyuan 1
34 Penyuan 2
35 Penyuan 3 & Sehat
36 Seping 1
37 Seping 2
38 Menawan 3

MILL

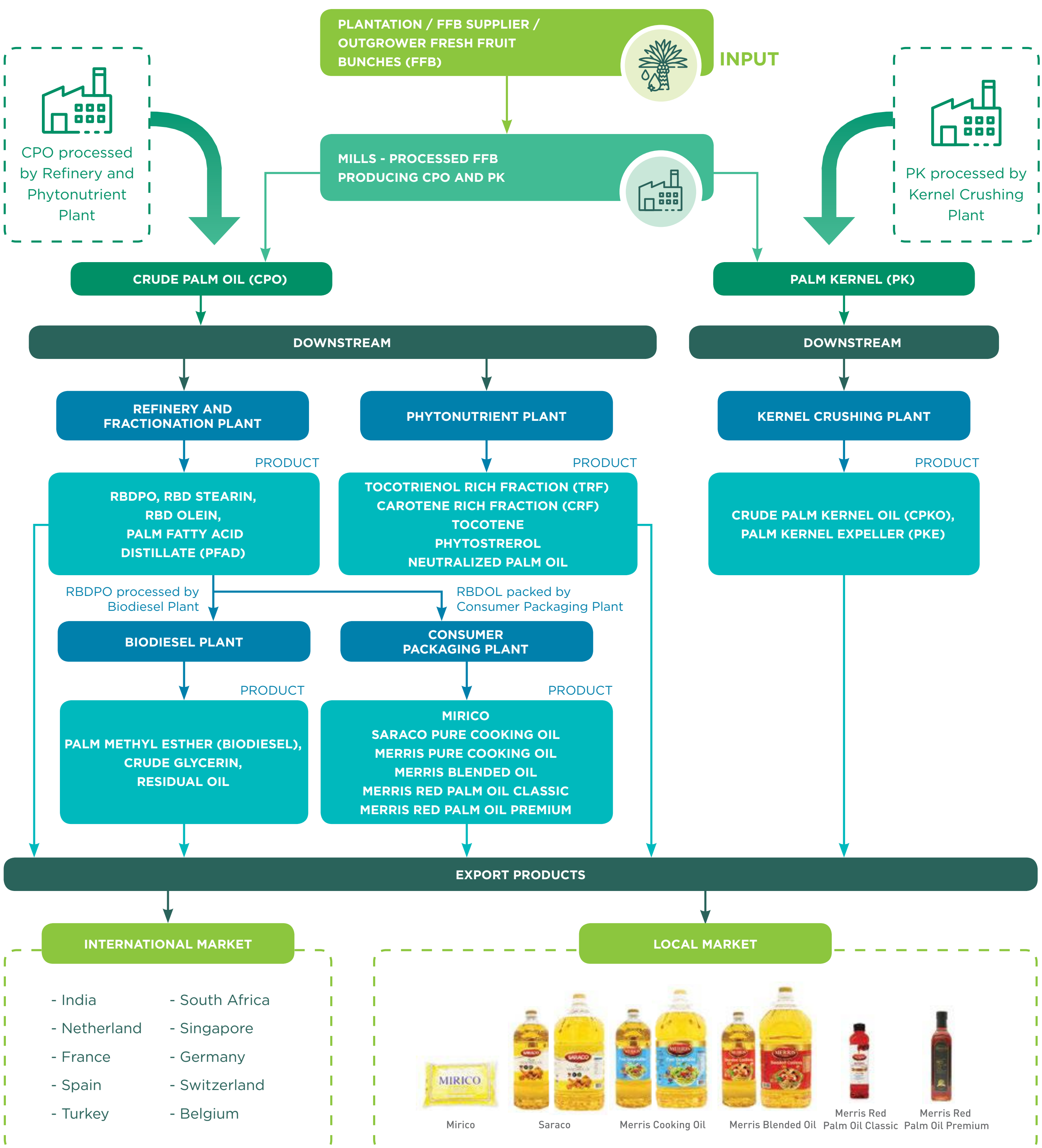
1 Lambir
2 Galasah
3 Balingian
4 Tinbarap
5 Sabaju
6 Sepakau
7 Metanik

DOWNSTREAM COMPLEX

1 SOP Edible Oils Sdn Bhd
2 SOP Green Energy Sdn Bhd



OVERVIEW OF SOPB SUPPLY CHAIN



SUSTAINABILITY REPORT 2021

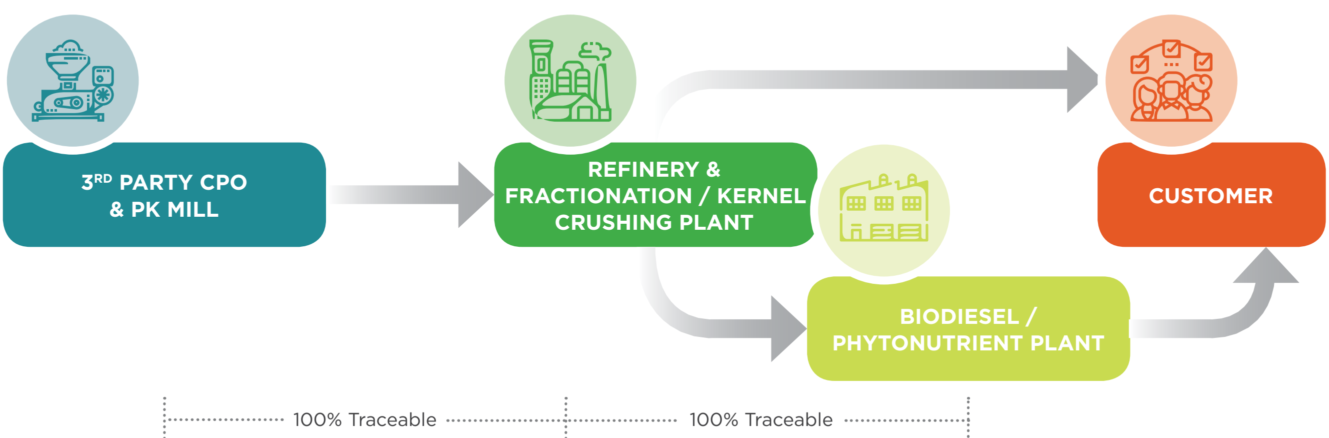
Traceability

Traceability Status

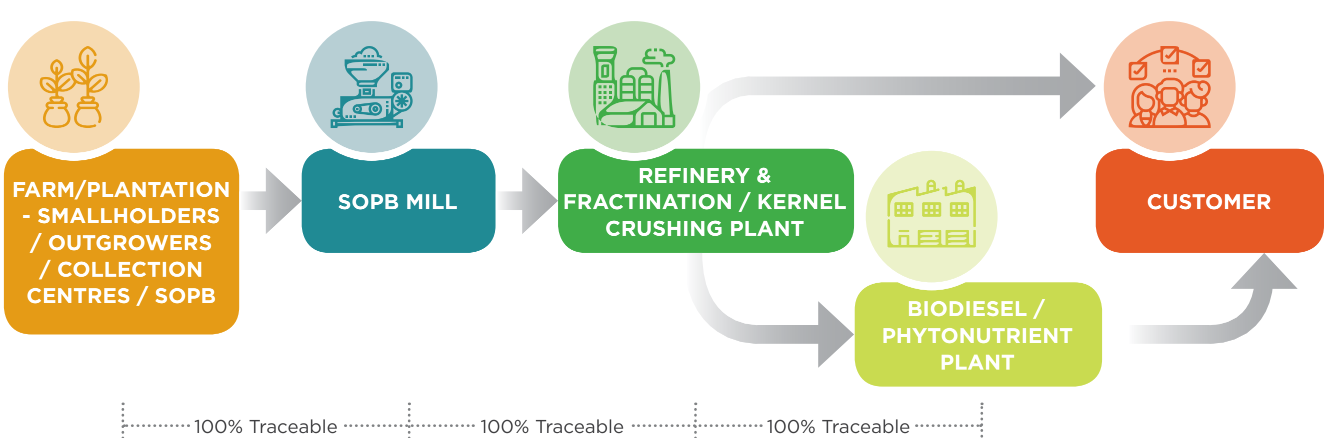
The Group's online Sustainability Dashboard was launched in 2019 as a communication channel to provide updates on our traceability status, and at the same time to demonstrate our commitments to transparency and responsible sourcing of raw materials and palm products, including from third-party suppliers. Similar to previous years, the crude palm oil (CPO) and palm kernel (PK) for our refineries and kernel crushing plant were fully traceable up to the mill level.

For all of the Group's palm oil mills, all of the FFB were sourced from the Group's own plantations and third-party suppliers including smallholders, outgrowers and collection centres. As at 2021, similar to previous year, the FFB that were sourced from our own plantations were fully traceable. The Group sought to achieve full Traceable to Plantation (TTP) within our supply chain but efforts were hindered by the pandemic which limited our mobility between states and districts. However, the MPOCC's MSPO Trace system was launched as a viable alternative to assist in monitoring the traceability and certification status of our suppliers.

3RD PARTY MILL SUPPLIERS (Traceable up to Mill Level)



SOPB (Traceable up to Plantation Level)



FULLY TRACEABLE TO MILL

29
3rd party supplying palm oil mills

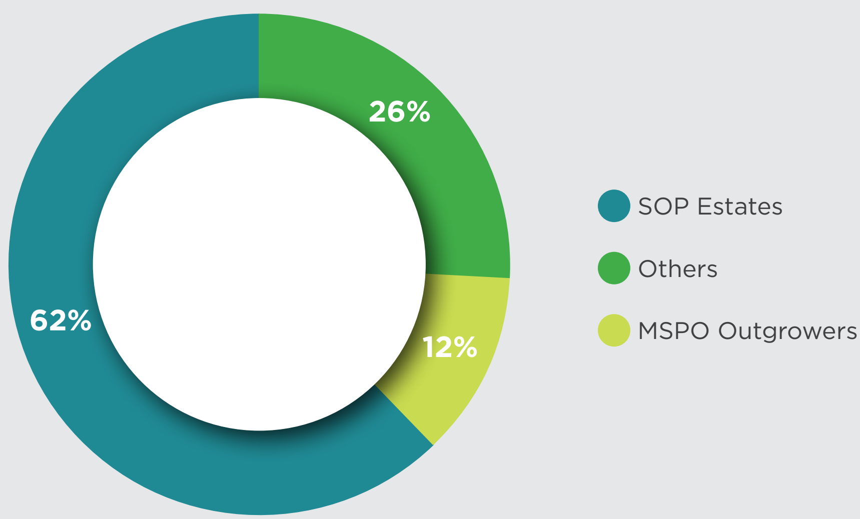
7
SOPB palm oil mills

TRACEABILITY TO PLANTATION (TTP)

41%
TTP for the Group's entire palm oil supply chain

100%
TTP for SOPB plantations

The Group's Palm Oil Mills' FFB Supply (January to December 2021)



Supplier Engagement Procedure

The Supplier Engagement Procedure was launched on 2 January 2019 to complement our OPSP and to ensure full compliance by our suppliers to the Group's sustainability policies, to demonstrate full transparency in sharing sustainability related information and to accomplish full TTP throughout our supply chain.

The procedure was revised in August 2021 with the addition of ***Supply Chain Re-entry Procedure*** which is applicable to a supplier that has been suspended or placed on 'No Buy' list by the Group's buyers.

More information on the procedure is available at the following link:
https://www.sop.com.my/sustainability/docs/supplychain/Supplier-Engagement-Procedure-Rev-01_Signed.pdf

SUSTAINABILITY REPORT 2021

Collaboration with Buyers

The Group took the initiative to engage with suppliers and buyers alike on consumer sentiments towards palm oil industry through constructive dialogues aimed at addressing any misconceptions and explaining the benefits of our products.

For 2021, we continued to engage with our third-party supplying mills in order to achieve full TTP with the support of a buyer and its consultant. At the same time, the Group's mills and plantations were registered on Global Forest Watch (GFW) to detect any potential breach of our sustainability policies reported within our supply chain.

Sustainability Certification

The Group remains committed to be recognized as a practitioner of sustainable agriculture practices and we are fully committed to adopt the MSPO standards as the primary sustainability standard which demonstrates our commitments to professionalism, upholding industry standards and continuous learning and improvements.

We have adopted certification systems as a credible way to implement, evaluate, and communicate the progress of our commitments towards sustainability, and in the longer term, as a testimony of us as a good and responsible global citizen.

Pursuant to our OPSP, we require all our palm products suppliers to obtain MSPO certification as we believe that they would be able to comply with the requirements of our OPSP with regards to NDPE.

The monitoring of our palm oil supply chain continues to be challenging due to the complexities involved. By assisting our suppliers including smallholders to be MSPO certified, we believe that it would in turn augment the sustainable production of palms product for our processing facilities.

We recognise that the larger commercial plantations tend to be more efficient in terms of oil yield and overall economics, whereas smallholders serve important social roles in providing income and employment to the rural populations. We believe that the collective partnership of everyone is vital to ensure that the industry is able to achieve its sustainability goals.

Malaysian Sustainable Palm Oil Certification

The MSPO Certification Scheme is the national scheme in Malaysia for oil palms plantations, independent and organised smallholders and palm oil processing facilities to be certified against the requirements of the MSPO Standards. https://www.mpocc.org.my/about-mspo

The Group was amongst the first oil palms companies in Sarawak to be MSPO certified. In 2019, we achieved full MSPO certification for all the Group's estates, palm oil mills, refinery and fractionation plant, kernel crushing plant, biodiesel plant and phytonutrient plant. In 2021, annual surveillance and or recertification audits were carried out as scheduled. The certification covered MSPO Part 3 General Principles for Oil Palms Plantations and Organized Smallholders, MSPO Part 4 General Principles for Palm Oil Mills and MSPO Supply Chain Certification Standard (SCCS).

As at 31 December 2021, all of our third-party supplying mills were MSPO certified and another 90% were MSPO SCCS certified with the remaining 10% pending SCCS certification.

International Sustainability & Carbon Certification (ISCC)

The Group also commits to an international certification known as ISCC which was created through an open multi-stakeholder approach that guides a certified entity to focus on producing sustainable raw materials and products, promote traceability within the supply chain and as well as reducing the greenhouse gases emissions.

The ISCC certification was developed in accordance to the legal requirements stipulated in Renewable Energy Directive 2009/28/EC and Fuel Quality Directive 2009/30/EC and it is seen as a reliable certification system that helps customers to recognize the difference between sustainable and non-sustainable biofuels.

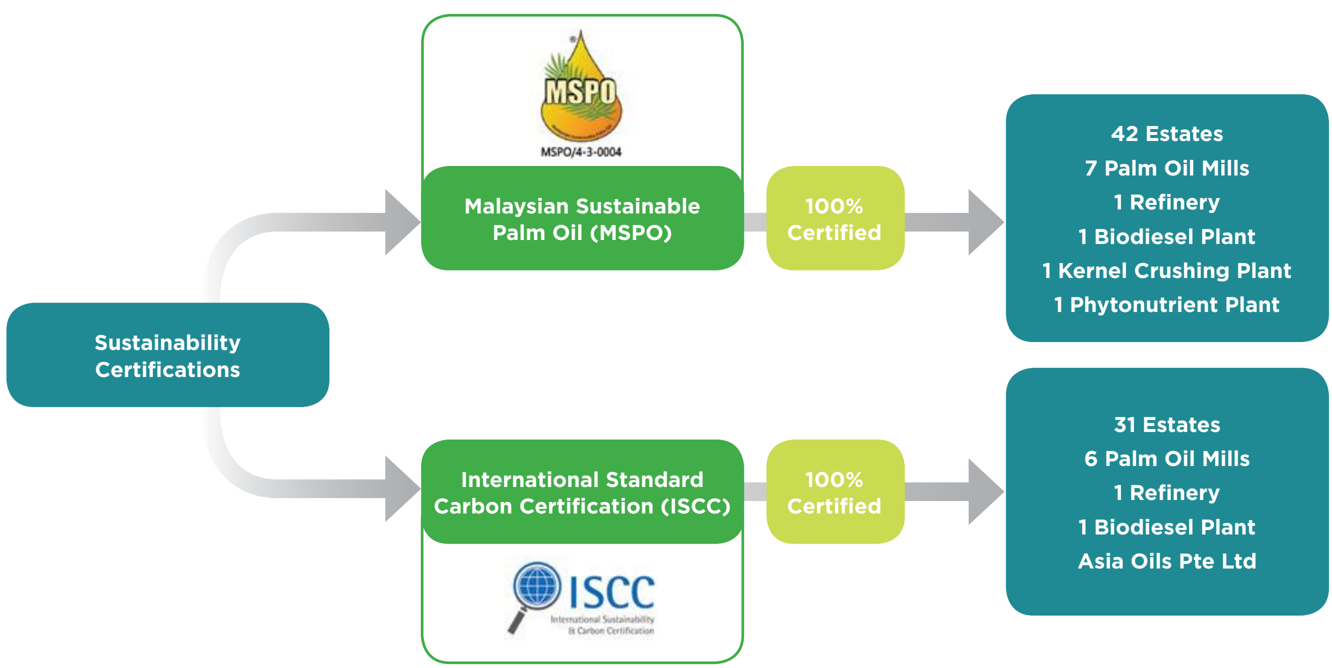
SUSTAINABILITY REPORT 2021

As of 1st July 2021, the relevant ISCC implementations in the Group have been adjusted to comply with the new ISCC requirements re-established according to DIRECTIVE (EU) 2018/2001 (REDII).

With the continued focus on sustainable development of the palm oil sector, the adoption of ISCC system demonstrates that the Group takes responsibility to reduce the risk of harmful ventures and ensures that our production process minimizes impacts and damages to the environment, and that the extraction of raw materials is traceable and done in a socially responsible manner. All these aspects are covered under the ISCC standards and our compliance supports our sustainability commitments to our stakeholders.

The Group's first premise was certified in 2014 and since then, all eligible plantations, palm oil mills, downstream complexes and our trading office namely Asia Oils Pte Ltd in Singapore have been ISCC certified.

ISCC annual re-certification audits for all certified operational units were successfully carried out in 2021.



SUSTAINABILITY REPORT 2021

Food Safety, Quality and Management System Certifications

Globally, food safety and authenticity will receive greater focus with the increased volume of food supplies required to meet growing demand. There will be heavier burdens placed on producers to manufacture food that are both safe and of good quality under various accreditation schemes to provide assurance to consumers.

The Group is committed to adhere to product safety, reliability and quality to ensure that we provide our customers with the best products. We believe that certification serves to provide guarantee to our stakeholders on food safety, sustainability and reliability.

In 2021, our laboratory had successfully obtained ISO 17025 as a form of assurance on our technical competencies and the reliability of the analytical results provided to our customers. Our products and or processes are certified by various international standards as follows:

The content and labelling for our packed products comply with the requirements of Malaysia Food Act, 1983.

Zoological Society of London's Sustainable Palm Oil Transparency Toolkit (ZSL SPOTT)

In 2021, the Group participated in the SPOTT assessment administered by ZSL for the fourth year running. SPOTT supports the financial sector and supply chain stakeholders to manage ESG risk through transparency assessments of soft commodity producers and traders.

We believe that staying engaged with ZSL and by participating in the SPOTT assessment annually allow us to demonstrate our commitments to transparency in disseminating information as required by the assessment ranging from our procedures, existing policies, organization structures, total hectarage, best management practices and responsible sourcing.

To achieve higher ranking in the years ahead, the Group would continue to focus on the gaps that have been identified that require more attention and we look forward to continuous engagements with ZSL. More information on the SPOTT assessment is available at this link: https://www.spott.org/palm-oil

Carbon Disclosure Project (CDP)

CDP is a global disclosure platform for companies to share information on managing climate risks, greenhouse gases emissions and environmental impacts. 2021 was the first year that the Group had participated in the CDP to identify gaps early and adjust our long-term strategies to be a carbon neutral company.

Membership of Association

As an active and responsible player in the oil palms industry, the Group is a participant in many local and national associations to ensure that the latest sustainability approaches and goals are fully integrated into our sustainability practices.

The relevant associations are as shown below:

ASSOCIATIONS

Malaysian Palm Oil Association (MPOA)
Member

Sarawak Oil Palm Plantations Owners Association (SOPPOA)
Chairman and Permanent Council Member

Malaysian Palm Oil Certification Council (MPOCC)
Representative for the Expert Working Group for MSPO Supply Chain Certification Scheme (SCCS)

Representative for the Technical Working Committee for Malaysian Sustainable Palm Oil (MSPO) Certification

Representative for the National Steering Committee for MSPO Certification

Malaysia Palm Oil Board (MPOB)
Representative for the MPOB National Committee Meeting

International Sustainability & Carbon Certification (ISCC)
Active participation in the ISCC Technical Stakeholder Dialogue for South East Asia

The Palm Oil Refiners Association of Malaysia (PORAM)
Board of Trustee

Malaysian Biodiesel Association
Member

Palm Oil Collaboration Group (POCG)
Member, Member to the Social Issues Working Group (SIWG)

High Conservation Value Resource Network (HCVRN)
Representative of SOPPOA in Regional Stakeholder Consultation on MYNI for Management and Monitoring of HCVs 2020

SUSTAINABILITY REPORT 2021

Customer Privacy

All of the Group's employees including the directors are expected to safeguard confidential information obtained during the course of their work. They are prohibited to make any disclosure unless with authorisation or mandated by law.

In 2021, the Group did not receive any complaint in regards to violation of customer privacy.

Customer Satisfaction

The Group takes a serious view on our customers' perceptions and level of satisfaction. The Customer Satisfaction Survey is carried out annually to identify customers' requirements and expectations that have not been met.

The survey focuses on three key areas as follows:

- Communication
- Quality Product
- Quantity and Time

The table below shows the results of the surveys for the year 2019, 2020 and 2021.

CUSTOMER SATISFACTION SURVEY

2019	2020	2021
4.03	4.36	4.42

This score is based on the scale of 1 - 5.

There was a slight increase in customer satisfaction survey index for the year 2021. We will continue to improve our operations to meet customers' perception and satisfaction level.

Environment

The Group is working continuously to improve our environmental performance through various approaches and technologies which help to reduce the impact of our operations on the environment. Some of the strategies and initiatives have been implemented successfully in our oil palms plantations, palm oil mills, and downstream processing facilities.

Malaysia's palm oil industry is regulated by the government and needs to comply with more than 15 laws and regulations including the Environmental Quality Act 1974, Environmental Quality (Clean Air Regulations) 1978, Pesticides Act 1974 (Pesticides Registration Rules), Occupational Safety and Health Act 1994, Wildlife Protection Ordinance 1998 and the Environmental Impact Assessment (EIA) requirements.

In addition to complying with applicable laws and regulations, we strive to conform to the most stringent environmental standards. The Groups' operations are directly owned and managed, and are compliant with leading certification schemes and benchmarks. Being sensitive to the current environmental concerns, we are actively pursuing various standards, web-based discussions and approaches on climate change, life cycle analysis (LCA), carbon neutrality and environmental management system (EMS).

No Deforestation

The Group launched our integrated Oil Palms Sustainability Policy (OPSP) in 2019, a manifestation of our commitment to No Deforestation of HCV areas within our land bank. Any new development would have to undergo HCV and HCSA assessments, in line with the National and State Agricultural Land Use Policy. The Group stays true to our commitments and is fully compliant to the OPSP.

Since then, the Group had ceased all new development which would involve deforestation of primary forest without HCV assessment and strictly no new oil palms planting on peatland regardless of depth.

The Group had conducted HCV assessments for all our post-2005 planting and had also started assessments using the HCSA. Our palm product suppliers were informed to comply with our OPSP or bear the risk of being excluded from our supply chain.

In order to monitor our progress in implementing our OPSP, we had established the Sustainability Policy Implementation Plan in 2019 to communicate our strategy to achieve our NDPE vision and goals leading up to 2020 and beyond. Internally, the Group had adopted a self-monitoring posture on any deforestation within our supply chain leveraging on the GFW platform.

To ensure that our palm product suppliers were adhering to our OPSP, we actively engaged with them by providing tailored solutions and technical assistance to build up our suppliers' capacity and enhance their environmental performance. We took the initiative to engage with our suppliers and buyers alike on consumer sentiments in constructive dialogues aimed at addressing mutual concerns.

Soil Conservation & Recycling Biomass

One of the soil conservation techniques that the Group practises is the growing of fast-growing leguminous cover plant such as Mucuna bracteata, during the early stage of planting or re-planting, and terraced planting at mineral areas is carried out to minimize surface run-off. For weeding, only circular and path spraying techniques are used so as to maintain inter-row vegetation as natural ground cover. Routine practices such as using appropriate tyre size and pressure for field vehicles and weeding-only path to minimize soil compaction were observed.

Residues such as pruned fronds, empty fruit bunches and mill by-products were recycled in the fields as top soil enrichment and as organic fertilizers so as to reduce the use of inorganic fertilizers and reduce gaseous emissions.

SUSTAINABILITY REPORT 2021

Mucuna are planted on the replanted estate as well as terrace area in an estate

Integrated Pest Management (IPM)

Growing threats arising from climate change, including biotic factors such as pests and disease could impact crop performance in unpredictable ways. Integrated Pest Management (IPM) is the use of holistic and compatible methods of pest and disease control to reduce crop damage and to increase productivity.

Bagworm, Metisa Plana and Pteroma Pendula are some of the most destructive pests in oil palms plantations. Bagworm infestation can cause serious crop loss due to defoliation which affects the growth rates of oil palms. It can reduce the overall yield by up to 40% and requires at least a period of two years for the yield to recover.

With the implementation of IPM in managing pests, we were able to reduce dependency on inorganic pesticides in limiting and preventing pests in our estates.

The planting of beneficial plants such as Antigonon Leptopus, also known as Mexican Creepers helped to attract predators such as small wasp-like insects which played an important role in regulating and keeping control of the bagworm population in oil palms plantations. The availability of such plants in the field also provided shelter through bushy canopies, and nectar from the plant stipules acted as a preferred food source to ensure survival of such predators in abundance. These predators injected eggs into the host larvae of the bagworm via its 'ovipositor' to prevent major outbreak of pests.

The use of natural soil bacteria solution application and rat trapping devices helped to reduce the population of rats in our oil palms plantations so as to ensure best management of a plantation using eco-friendly and sustainable methods.

Antigonon Leptopus (Mexican Creepers)

Peatlands Best Management Practices

Around 45% of the Group's estates are on peatlands. Maintaining the designated water level and pH level in peat estates with proper drainage, water gate and or tidal gate is fundamental to our estate operations.

Subsidence post and piezometers were installed to monitor effectiveness of the water management.

One year before replanting of oil palms on peat, a drainability study of the area will be conducted by an external consultant in the existing plantations to characterise soil profile and determine the suitability for planting. Where areas are subsequently identified as unsuitable for oil palms replanting, plans will be developed for appropriate management such as rehabilitation, proper water management and fire prevention.

Subsidence post and piezometers installed at peat estates

Zero Burning Policy

In all replanting activities, the Group practises a Zero Burning Policy where all the palm trunks are felled, chipped, mulched and left in-situ for decomposition. This helps to reduce haze emission and the natural retention and regeneration of nutrients also aid in the maintaining the organic balance of the soil.

Biodiversity and Conservation

Reforestation of Tinbarap Conservation Area

Initiated in July 2017 together with Malaysian Palm Oil Board (MPOB) and Sarawak Forestry Corporation (SFC), our rehabilitation of Tinbarap Conservation Area (TCA) has been progressing steadily.

Under the reforestation program, 12,730 seedlings had been planted in the area.

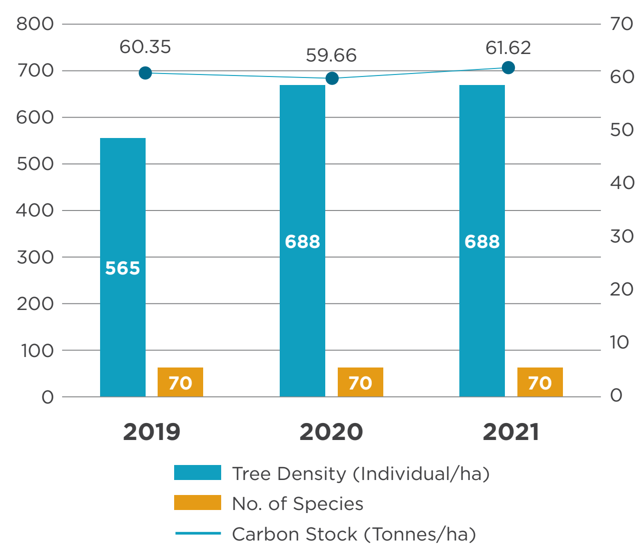
Collection of seeds from TCF to be transplanted in vacant areas

Germination of Dryobalanops rappa (Kapur Paya) seeds in Tinbarap 5

Tinbarap Conservation Area

Since the inception of TCA in 2015, continuous efforts had been made to monitor the growth and recovery of the forest through an annual census in the permanent plots together with MPOB. The results of the census are as follow:

Annual Census of TCA



Although there was an increase of more than 100 individuals, a slight drop in the carbon stock was observed from 2019 to 2020. This was due to the death of larger trees attributed to uprooting or other natural causes such as termite infestation, and replaced with younger trees that had previously not met the census criteria of DBH of 10cm.

SUSTAINABILITY REPORT 2021

In June 2021, with the resurgence of the COVID-19 infections in Malaysia, another round of MCO was enforced. Due to this lockdown, inter-division travels were limited to essential services which hindered our collaborators from travelling and only limited data was obtained in Sabaju Estate and Sebungan Estate.

The data for 2021 are tabulated as follows:

Survey on Bird Species

Family	Common Name	Scientific Name	Iucn Red List, 2021	No. Of Individual
Columbidae	Spotted Dove	Streptopelia chinensis	LC	55
	Grey-capped Emerald Dove	Chalcophaps indica	LC	1
	Green Imperial Pigeon	Ducula aenea	NT	1
	Pink-necked Green Pigeon	Treron vernans	LC	19
	Thick-billed Green Pigeon	Treron curvirostra	LC	
	Little Green Pigeon	Treron olax	LC	
Pycnonotidae	Yellow-vented Bulbul	Pycnonotus simplex	LC	84
	Olive-winged Bulbul	Pycnonotus plumosus	LC	15
	Asian Red-eyed Bulbul	Pycnonotus brunneus	LC	
	Hook-billed Bulbul	Setornis criniger	VU	
	Black-headed Bulbul	Brachypodius atriceps	LC	
	Puff-backed Bulbul	Euptilotus eutilotus	NT	
Rallidae	White-breasted Waterhen	Amaurornis phoenicurus	LC	52
Timaliidae	Bold-striped tit-babbler	Macronus bornensis	LC	52
	Fluffy-backed tit-babbler	Macronus ptilosus	NT	3
	Black-throated Babbler	Stachyris nigricollis	NT	
	Chestnut-winged Babbler	Stachyris erythroptera	NT	7
	Chestnut-rumped Babbler	Stachyris maculata	NT	
	Chestnut-backed Scimitar Babbler	Pomatorhius montanus	LC	
	Horsfield's Babbler	Trichastoma sepiarium	LC	
	White-chested Babbler	Trichastoma rostratum	LC	
	Black-capped Babbler	Pellorneum nigrocapitatum	NT	
	Short-tailed Babbler	Trichastoma malaccense	NT	
	Rufous-crowned Babbler	Malacopteron magnum	NT	
	Sooty-capped Babbler	Malacopteron affine	NT	
	Grey-headed Babbler	Stachyris poliocephala	LC	
	Moustached Babbler	Malacopteron magnirostre	LC	
	Abbott's Babbler	Malacocincla abbotti	LC	
	Grey-throated Babbler	Stachyris nigriceps	LC	
	Rufous-fronted Babbler	Cyanoderma rufifrons	LC	

Family	Common Name	Scientific Name	Iucn Red List, 2021	No. Of Individual
Cuculidae	Plaintive Cuckoo	Cacomantis merulinus	LC	7
	Greater Coucal	Centropus sinensis	LC	68
	Lesser Coucal	Centropus bengalensis	LC	10
	Chestnut-bellied Malkoha	Phaenicophaeus sumatranus	LC	1
	Chestnut-breasted Malkoha	Phaenicophaeus curvirostris	LC	1
	Raffles's Malkoha	Rhinortha chlorophaea	LC	
	Indian Cuckoo	Cuculus micropterus	LC	
Musicapidae	Oriental magpie-robin	Copsychus saularis	LC	90
	White-rumped Shama	Kittacincla malabarica	LC	
	Rufous-tailed Shama	Trichixos pyrropygus	NT	
	Grey-chested Jungle-flycatcher	Cyornis umbratilis	NT	
	Malaysian Blue Flycatcher	Cyornis turcosus	NT	
	Asian Paradise flycatcher	Terpsiphone paradisi	LC	
Rhipiduridae	Malaysian Pied Fantail	Rhipidura javanica	LC	44
Cisticolidae	Yellow-bellied Prinia	Prinia flaviventris	LC	45
	Ashy Tailorbird	Orthotomus ruficeps	LC	6
	Dark-necked tailorbird	Orthotomus atrogularis	LC	1
	Rufous-tailed Tailorbird	Orthotomus sericeus	LC	10
Sturnidae	Asian Glossy Starling	Aplonis panayensis	LC	10
	Hill Myna	Gracula religiosa	LC	8
Ardeidae	Little Egret	Egretta garzetta	LC	8
	Intermediate Egret	Ardea intermedia	LC	9
	Great egret	Ardae alba	LC	
	Cattle egret	Bubulcus ibis	LC	
	Cinnamon Bittern	Ixobrychus cinnamomeus	LC	4
	Yellow Bittern	Ixobrychus sinensis	LC	5
	Striated Heron	Butorides striata	LC	2
Scolopacidae	Common Sandpiper	Actitis hypoleucos	LC	1
Hirundinidae	Pacific Swallow	Hirundo tahitica	LC	4
	Swallow sp			11
	Barn Swallow	Hirundo rustica	LC	
Apodidae	Swiflet sp			69
Psittaculidae	Long-tailed Parakeet	Psittacula longicauda	VU	102
Nectariidae	Purple-naped Sunbird	Cinnyris asiaticus	LC	2
	Plain Sunbird	Anthreptes simplex	LC	10
	Brown-throated Sunbird	Anthreptes malacensis	LC	18

Family	Common Name	Scientific Name	Iucn Red List, 2021	No. Of Individual
Nectariidae	Olive-backed Sunbird	Cinnyris jugularis	LC	
	Ruby-cheeked Sunbird	Chalcoparia singalensis	LC	
	Eastern crimson Sunbird	Aethopyga siparaja	LC	1
	Little Spiderhunter	Arachnothera longirostra	LC	4
	Spectacled Spiderhunter	Arachnothera flavigaster	LC	
	Purple-throated Sunbird	Leptocoma sperata	LC	
	Red-troated Sunbird	Anthreptes rhodolaemus	NT	
	Temminck's Sunbird	Aethopyga temminckii	LC	
	Copper-throated Sunbird	Leptocoma calcostetha	LC	
	Yellow-eared Spiderhunter	Arachnothera chrysogenys	LC	
Accipitridae	Black-shouldered Kite	Elanus axillaris	LC	4
	Crested serpent Eagle	Spilornis cheela	LC	6
	Changeable hawk-eagle	Nisaetus cirrhatus	LC	
	Crested Goshawk	Accipiter trivirgatus	LC	
	Oriental Honey Buzzard	Pernis ptilorhynchus	LC	
Laniidae	Long-tailed Shrike	Lanius schach	LC	1
	Tiger Shrike	Lainus tigrinus	LC	
Bucerotidae	Black Hornbill	Anthracoceros malayanus	NT	1
Alcedinidae	Blue-eared Kingfisher	Alcedo meninting	LC	1
	Stork-billed Kingfisher	Pelargopsis capensis	LC	5
	Oriental dwarf Kingfisher	Ceyx erithaca	LC	1
Megalaimidae	Blue-eared Barbet	Psilopogon cyanotis	LC	2
	Red-throated Barbet	Psilopogon mystacophanos	NT	
Dicaeidae	Yellow-rumped Flowerpecker	Prionochilus xanthopygius	LC	1
	Orange-bellied Flowerpecker	Dicaeum trigonostigma	LC	1
	Yellow-breasted Flowerpecker	Prionochilus maculatus	LC	
	Yellow-bellied Flowerpecker	Dicaeum melanozanthum	LC	
	Scarlet-breasted flowerpecker	Prionochilus thoracicus	NT	
	Yellow-vented Flowerpecker	Dicaeum chrysorrheum	LC	
Estrildidae	Dusky Munia	Lonchura fuscans	LC	12
	Chestnut Munia	Lonchura atricapilla	LC	6
Corvidae	Large-billed Crow	Corvus macrorhynchos	LC	1
	Slender-billed Crow	Corvus enca	LC	
Artamidae	White-breasted Woodswallow	Artamus leucorynchus	LC	
Aegithinaidae	Green Iora	Aegithina viridissima	NT	2
	Common Iora	Aegithina tiphia	LC	

Family	Common Name	Scientific Name	Iucn Red List, 2021	No. Of Individual
Falconidae	Black-thighed Falconet	Microhierax fringillarius	LC	
Passeridae	Eurasian Tree Sparrow	Passer montanus	LC	8
Coraciidae	Oriental Dollarbird	Eurystomus orientalis	LC	
Meropidae	Blue-throated Bee-eater	Merops viridis	LC	1
Picidae	Grey-and-buff woodpecker	Hemicircus concretus	LC	
	Buff-necked Woodpecker	Meiglyptes tukki	NT	
	Buff-rumped Woodpecker	Meiglyptes grammithorax	LC	
	Rufous Woodpecker	Celeus brachyurus	LC	
	White-bellied Woodpecker	Dryocopus javensis	LC	
	Olive-backed woodpecker	Dinopium rafflesii	NT	
	Common Flameback	Dinopium javanense	LC	
	Rufous piculet	Sasia abnormis	LC	
Trogonidae	Diard's Trogon	Harpactes diardii	NT	
Eurylaimidae	Black-and-red Broadbill	Cymbirhynchus macrorhynchos	LC	
	Banded broadbill	Eurylaimus harterti	LC	
	Black and yellow broadbill	Eurylaimus ochromalus	NT	
Cisticolidae	Rufous-tailed Tailorbird	Orthotomus sericeus	LC	
	Ashy Tailorbird	Orthotomus ruficeps	LC	
	Yellow-bellied Prinia	Prinia flaviventris	LC	
Dicruridae	Greater Racquet-tailed Drongo	Dicrurus paradiseus	LC	
	Bronzed Drongo	Dicrurus aeneus	LC	
Pityriaseidae	Bornean Bristlehead*	Pityriasis gymnocephala	NT	
Chloropseidae	Greater Green Leafbird	Chloropsis sonnerati	EN	
	Lesser Green Leafbird	Chloropsis cyanopogon	NT	
Alcippeidae	Brown Fulvetta	Alcippe brunneicauda	NT	
Vangidae	Black-winged Flycatcher-shrike	Hemipus hirundinaceus	LC	
Campephagidae	Lesser Cuckooshrike	Lalage fimbriata	LC	
Anhingidae	Oriental darter	Anhinga melanogaster	NT	
TOTAL SPECIES				**54**
TOTAL INDIVIDUAL				**893**

EN Endangered: (A taxon is Endangered when the best available evidence indicates that it meets any of the criteria A to E for Endangered, and it is therefore considered to be facing a very high risk of extinction in the wild)

VU Vulnerable: (A taxon is Vulnerable when the best available evidence indicates that it meets any of the criteria A to E for Vulnerable, and it is therefore considered to be facing a high risk of extinction in the wild)

NT Near Threatened: (A taxon is Near Threatened when it has been evaluated against the criteria but does not quality for Critically Endangered, Endangered or Vulnerable now, but is close to quantifying for or is likely to qualify for a threatened category in the near future)

SUSTAINABILITY REPORT 2021

Survey on Fish Species

Family	Common Name	Species Name	Iucn Red List, 2021	No. Of Individual
Ambassidae	Glass Perchlet, Seriding Jeragat	Ambassis kopsii		40
Anabantidae	Climbing Perch, Puyu	Anabas testudineus	LC	5
Bagridae	Asian Redtail Catfish, Baung	Hemibagrus nemurus	LC	36
Channidae	Asian Snakehead, Haruan, Toman Paya	Channa striata	LC	4
Clariidae	Freshwater Catfish, Keli	Clarias leiacanthus	LC	2
	Blackskin Catfish	Clarias meladerma	LC	17
		Clarias sp.		2
Cynoglossidae		Cynoglossus waandersii		1
Cyprinidae	Spotted Barb	Barbodes binotatus	LC	9
Cyprinidae		Rasbora myersi	LC	2
	Beardless Barb, Boeng, Cemperas	Cyclocheilichthys apogon	LC	7
	Stripped Barb	Desmopuntius johorensis	LC	4
		Rasbora rutteni	DD	1
	Yellowtail Rasbora, Seluang Gadang	Rasbora tornieri	LC	18
	Goldfoil Barb, River Barb, Kepia	Barbonymus schwanenfeldii	LC	1
		Cosmochilus falcifer	LC	44
	Carp, Emperas Gadang	Cyclocheilichthys enoplos	LC	7
	Golden Shark, Hoven's Carp, Jelawat	Leptobarbus hoevenii	LC	1
Gobiidae	Bumblebee Catfish, Bumblebee Goby	Brachygobius doriae	LC	1
Helostomatidae	Kissing Gourami, Biawan	Helostoma temminckii	LC	6
Lobotidae	Tiger Perch	Datnioides microlepis	LC	1
Mastacembelidae	Fire Eel, Tiran Bara	Mastacembelus erythrotaenia	LC	2
Notopteridae		Chitala borneensis	LC	9
Osphronemidae	Malay Combtail	Belontia hasselti	LC	9
	Blue Gourami, Three-spotted Gourami, Sepat Padi	Trichopodus trichopterus	LC	6
Pangasiidae		Pangasius macronema	LC	2
Sciaenidae	Croaker, Gelama	Johnius trachycephalus	LC	5

Family	Common Name	Species Name	Iucn Red List, 2021	No. Of Individual
Siluridae	Giant Striped Catfish, Tapah	Wallago leerii	LC	7
	Lais	Kryptopterus lais	LC	7
	Lais Jungang, Lais Timah	Phalacronotus apogon	LC	2
		Ceratoglanis scleronema	LC	1
		Phalacronotus parvanalis	DD	2
Soleidae	Sole, Lidah Bronok Asia	Brachirus panoides	LC	1
Toxotidae	Archerfish, Sumpit Tompok	Toxotes microlepis	LC	8
		Number of Species (S)		**34**
		Number of Individual (n)		**270**

Spilornis cheela crested serpent Eagle and Otus rufescens reddish scop owl spotted during Bird Species Survey conducted by team from MPOB

SUSTAINABILITY REPORT 2021

Collaboration & Research

Lambir Estate

In 2015, the Group, MPOB and University of Tokyo signed an agreement to conduct research on the ecosystem dynamics of oil palms plantations. Over the years, postgraduate students had performed research at Lambir Estate.

The MOU was renewed in 2019 to allow continued participation by more post-graduate students and aspiring young scientist from Tokyo University to conduct research on the use of energy, carbon and water in Lambir 2 Estate which experienced frequent floodings.

Unfortunately, due to the COVID-19 in 2020, the research project in Lambir Estate was postponed. Despite the circumstances, data from the Eddy Covariance tower in Lambir Estate was still collected throughout 2021 with the assistance of personnel from the Group and MPOB to allow desktop research to continue.

Sabaju & Sebungan Estate

The Group, MPOB and Van Hall Larenstein, University of Applied Sciences (VHL) signed a MOU to research on the biodiversity of birds and its contribution to oil palms plantations. The research was led by a renowned University Professor who is an associate lecturer of sustainable palm oil and tropical forest from VHL.

Due to the border closure by the Malaysian Government, students from VHL were unable to visit our estates for research. After the government had announced the reopening Malaysia's borders, plans were made to enable the research in Sebungan & Sabaju Estate to resume.

Under the agreement signed in 2015 between the Group and MPOB, the research on ecosystem carbon and nitrogen dynamics in Sabaju and Sebungan Estate had carried on despite the ongoing pandemic.

Murum Estate

In 2021, the Group had agreed to partially fund a candidate from Newcastle University under the Collaborative Awards in Science and Engineering (CASE) Studentship for PhD Project (https://nerc.ukri.org/funding/available/postgrad/focused/industrial-case). This collaboration aims to provide training experience within the context of a having a mutually beneficial research collaboration between academic and non-academic partner organisations.

The PhD thesis will focus on "Barriers to tree re-establishment in logged tropical rainforest in Borneo". Since cross-border travel was limited in 2021, the student had been working remotely from the UK with support from our personnel. With the lifting of the travel restrictions, the student would resume the fieldwork at Murum Estate.

Greenhouse Gaseous (GHG) Emissions

The requirement to quantify carbon footprint or greenhouse gases (GHG) emission has become the norm for responsible palm oil producers.

The Group has committed to reduce GHG emissions at all operational units and to reach 35% reduction once methane capture installations are completed in 2023. The GHG emissions have been managed and monitored at various stages of production from oil palms nursery, FFB production, oil extraction at palm oil mills and transportation of CPO and PK.

The data sets were compiled, quantified and analysed. Mitigation measures were taken into account to focus on the significant emission area. Our GHG emissions value were quantified based on the ISCC 205 methodology which was updated in July 2021 according to EU Renewable Energy Directive II (REDII).

The emissions from the respective operating units are as follows:

2021	Unit	Operating Unit			
		Plantation	Mill	SOP Edible Oils	SOP Green Energy
Scope 1	MT CO_2eq	102,734	90,848	7,037	36,794
Scope 2	MT CO_2eq	0	0	25,942	5,935
Total Emission	MT CO_2eq	102,734	90,848	32,979	42,730
Emission Intensity	MT CO_2eq/ MT Product	0.08	0.19	0.04	0.26

Note:

Scope 1 : Direct GHG emissions were defined as emissions from sources that were owned or controlled by the Group such as usage of fertilizers, fossil fuel, pesticide, chemicals and lubricants.

Scope 2 : Indirect GHG emissions were defined as consumption of purchased grid electricity from utilities providers.

The comparison of emission from respective operating units from 2019 to 2021 are as follows:

Total Greenhouse Gases (GHG) Emission Values						
Operational Unit	VALUES (in tonnes CO_2eq)					
	2019		2020		2021	
	Scope 1	Scope 2	Scope 1	Scope 2	Scope 1	Scope 2
Plantation	104,034	-	116,270	-	102,734	-
Mill	134,138	-	100,179	-	90,848	-
Refinery	18,785	9,146	8,153	25,181	7,037	25,942
Biodiesel Plant	22,015	2,849	25,681	3,246	36,794	5,935

GHG Intensity (TCO_2eq/ MT Product)	Operating Unit			
	Plantation	Mill	SOP Edible Oils	SOP Green Energy
2019	0.08	0.27	0.04	0.30
2020	0.09	0.21	0.04	0.31
2021	0.08	0.19	0.04	0.26

In 2021, GHG emissions from SOP Green Energy had increased but the intensity had reduced due to increase in production of phytonutrients products.

Biogas Plant for Methane Capture

The first methane capture facility was commissioned at our Metanik Palm Oil Mill in February 2020. The next installation is under construction at Sabaju POM. A third plant construction work contract had been awarded for Galasah POM in 2021. The installations at the remaining four POMs are expected to be completed by 2023.

Electrostatic Precipitators (ESP)

Since the revision of the government regulatory permissible level of dust emission load limit from 400mg/m^3 to 150 mg/m^3, the Group had made plans to progressively install ESPs at all the palm oil mills.

The ESP for Metanik POM was completed in 2020 while the ESPs for Lambir POM and Sabaju POM were completed in 2021. The ESP for Galasah POM is currently under construction and is expected to complete in 2022.

Energy Management

Energy consumption in year 2021 for Group's respective operational units are summarised as follows:

Energy consumption within the Group	Consumption (GJ) in 2021			
	Plantations	Mills	SOP Edible Oils	SOP Green Energy
a) Non-renewable energy fuel consumed	346,527	95,765	80,353	20,065
b) Renewable fuel consumed	0.00	0.00	566,183	0.00
c) Electricity, heating, cooling & steam purchased for consumption	0.00	0.00	106,127	24,280
d) Self-generated electricity, heating, cooling & steam (which are not consumed)	0.00	0.00	0.00	0.00
e) Electricity, heating, cooling & steam sold	0.00	0.00	0.00	0.00
f) Total energy consumption within the group = a) + b) + c) + d) – e)	346,527	95,765	752,664	44,346
g) Energy Intensity (GJ/MT Product)	0.28	0.20	0.91	0.27

Source of conversion factor:
1) 1000liter > 40.198 GJ (Diesel): https://www.unitconverters.net/energy/fuel-oil-equivalent-kiloliter-to-gigajoule.htm
2) 1000kWh> 3.6GJ: http://convert-to.com/conversion/energy/convert-kwh-to-gj.html
3) PK: 20.09mj/kg; Fiber: 19.06mj/kg: MPOB - Slide; MDPI (Multidisciplinary Digital Publishing Institute)

Comparison of Energy Intensity

Energy Intensity (GJ/MT Product)	Plantations	Mills	SOP Edible Oils	SOP Green Energy
2019	0.22	0.24	1.16	0.15
2020	0.30	0.23	1.18	0.16
2021	0.28	0.20	0.91	0.27

In 2021, the higher renewable energy consumption was due to increased production of our biodiesel and phytonutrient plant, where 78% of the energy were from renewable sources such as fibre and palm kernel shell.

Water & Effluent Management

Water accounting across the production of FFB in the oil palm's life cycle is gaining momentum due to the importance placed on the need to quantify water footprint (WF). WF is an approach to quantify how much water is being used at specific processes in the life cycle of a product.

Effluent is wastewater generated during milling and stored in ponds before being discharged to the surrounding environment or waterways. The main aim of wastewater treatment is to maximize the removal of suspended solids to the legal limit of 20 mg/L before the remaining treated water is discharged.

Palm oil mill effluent (POME) exists in forms of high solid, oil, and grease and has high biochemical oxygen demand (BOD) and chemical oxygen demand (COD). If not properly treated, POME becomes an environmental pollutant as it consumes oxygen which is the major concern due to the adverse effects to aquatic lives.

As a responsible oil palms producers, we see effluent management as an important part of our palm oil mill operations. Good effluent management has a number of benefits both on and off the facilities including cost saving on inorganic fertilizer from improved soil conditioning properties, and improved soil moisture holding capacity of the organic matter in the field with proper POME application.

Protection of Riparian Buffer Zone and Slope

Riparian Buffer Zone (RBZ) refers to the vegetated areas adjacent to streams and rivers that are effective at intercepting chemical residuals, including from fertilizer runoff and to prevent the chemicals from entering water bodies during heavy rain.

RBZs that are well maintained have positively helped to minimize the plantations' impact to the natural habitats for the flora and fauna along the RBZs as well as in the river. In 2016, the Group's Protection of Riparian Buffer Zone and Slope Policy was reviewed and standardised and implemented in all of the Group's plantations.

An independent accredited environmental consultant had been engaged on a quarterly basis to ensure compliance to the parameters set by the Natural Resources and Energy Board (NREB) of Sarawak.

Riparian Buffer Zones maintained at the riverside at the boundary and within the estates

SUSTAINABILITY REPORT 2021

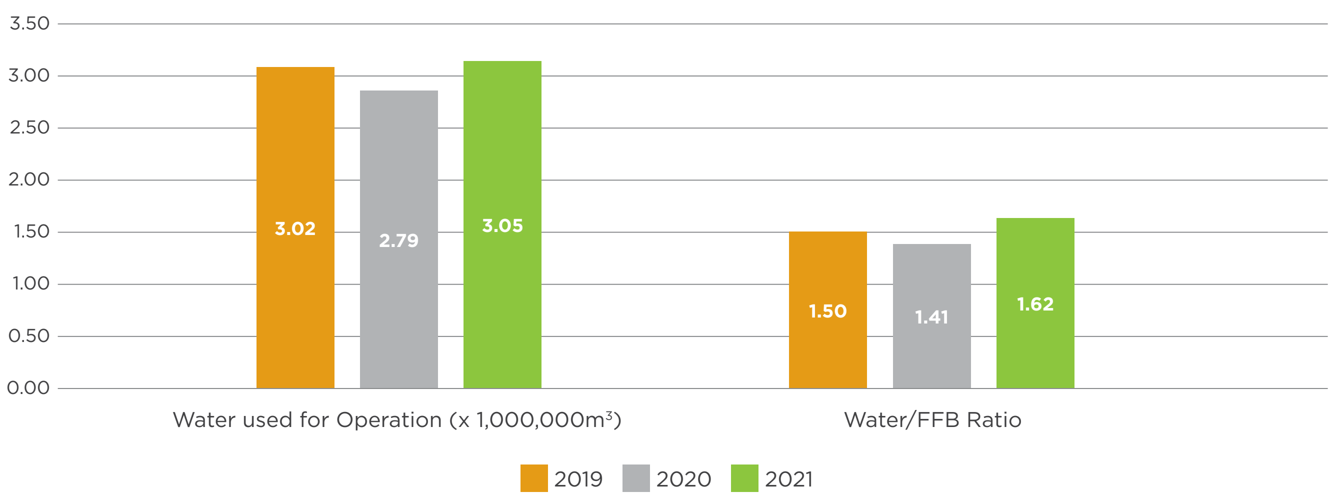
Water Consumption

The Group places strong emphasis on the requirement to analyse the quality of water consumed both domestically and for industrial purposes.

In plantations and palm oil mills, potable water was provided to all residents who resided in the housing quarters of the Group. Water analysis was carried out by internal and external laboratories to ensure that the quality of water met the requirements under National Standard for Drinking Water.

For milling operations, treated water was used to generate steam for the boilers. Water consumption of the mills is illustrated as follows:

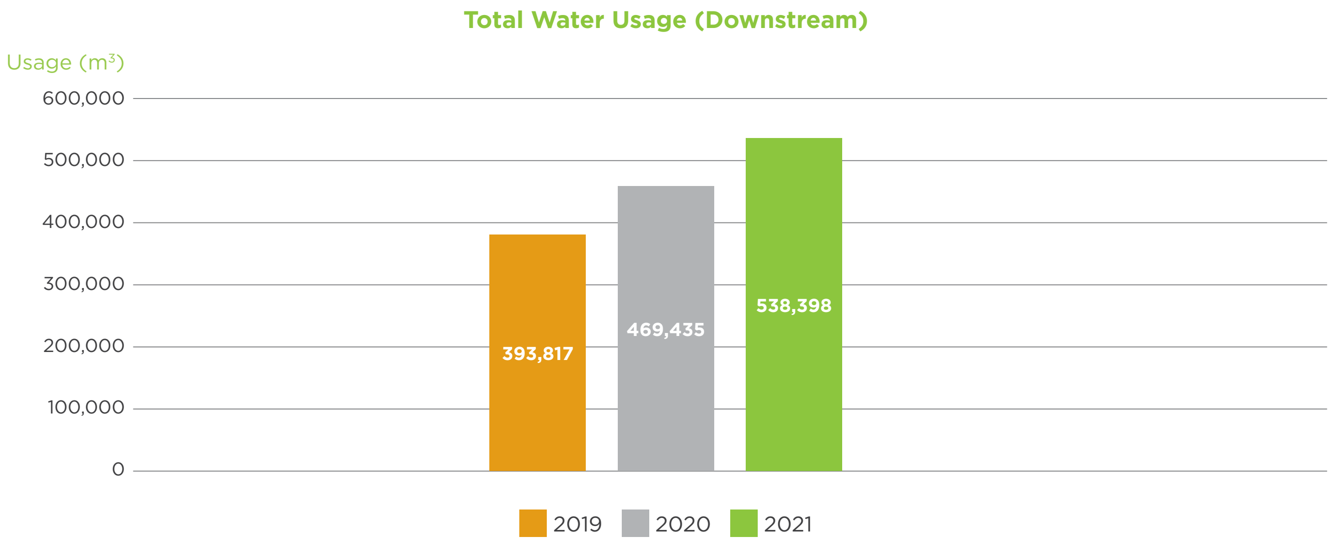
Mill Operations Water Use in Gigalitre and Water Consumption/FFB Processed Ratio



For the Bintulu Downstream Complex, the water was supplied by a third party, LAKU Management Sdn. Bhd. The total water usage had increased compared to previous years due to higher steam demand.

Instead of relying solely on raw water, the Group had recycled treated waste water for use at the refinery's cooling tower system. Rainwater was also collected for general cleaning and steam condensate was circulated back to the boiler house.

SUSTAINABILITY REPORT 2021



Effluent Management

In 2021, the Group complied with the Department of Environment's (DOE) regulations for waste water discharge.

All POME wastes were properly treated in treatment ponds to meet the BOD and COD discharge limits as required by EQ (Prescribed Premises)(Crude Palm Oil) Regulations 1977 - EQ (Prescribed Premises)(Crude Palm Oil) Amendment Regulation 1982 before being released into the waterways.

Average BOD Level of Mills (mg/L)		
2019	2020	2021
33.5	25.1	21.2

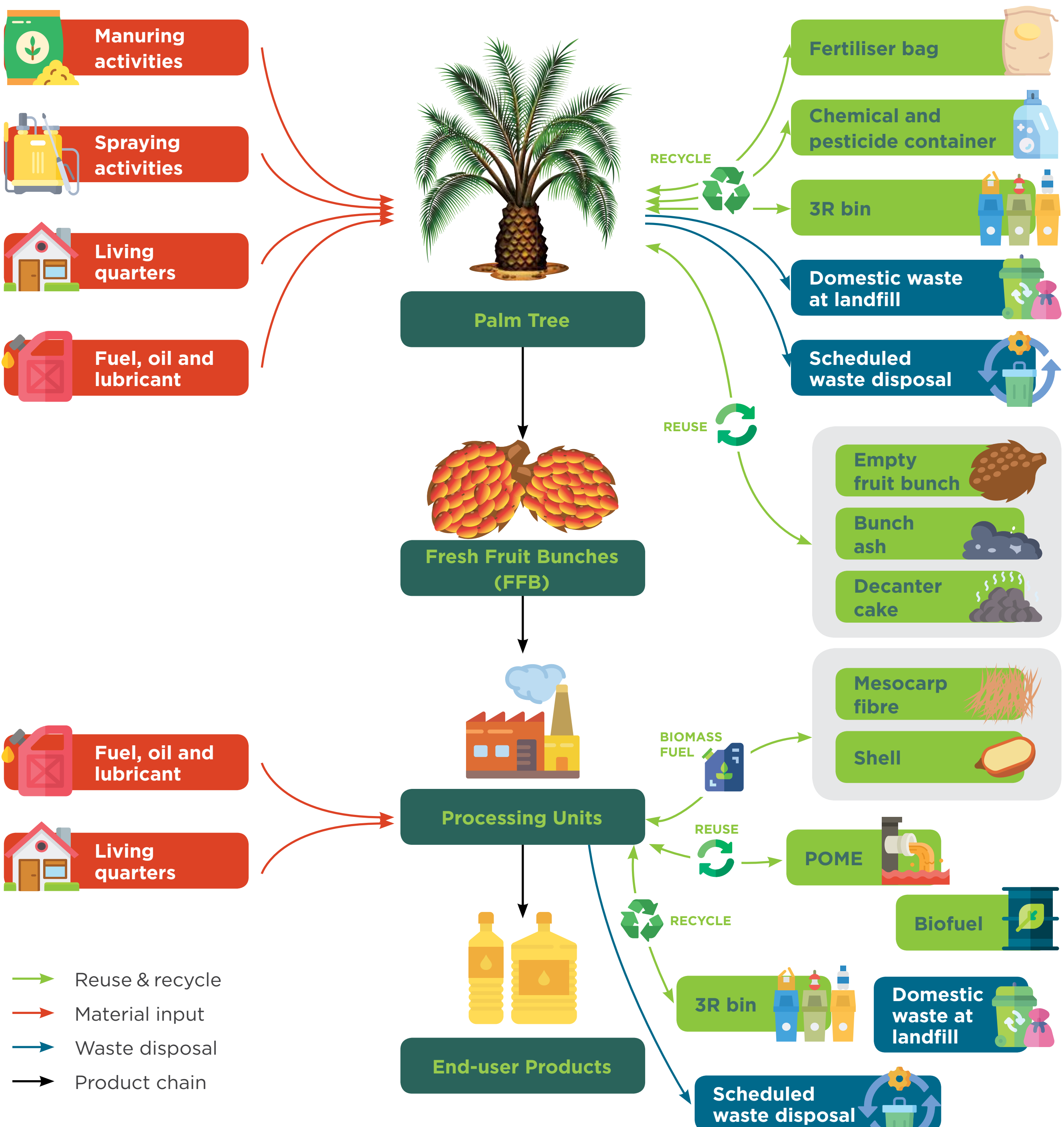
BOD Level of Effluent from Refinery and Biodiesel Plant (mg/L)						
BOD Values	Refinery			Biodiesel Plant		
	2019	2020	2021	2019	2020	2021
Lowest	1	< 2	< 2	< 2	2.5	< 2
Highest	13	15	4.6	20	< 20	6.4

Year	Total Effluent Discharged (m^3)	
	Palm Oil Mill Effluent (POME)	Downstream Effluent
2019	1,520,551	45,009
2020	1,682,871	76,313
2021	1,458,812	104,831

SUSTAINABILITY REPORT 2021

Waste Management

The Group adopts a sustainable waste management approach in the overall supply chain. Different types of wastes are generated within the production chains and these are reduced, recycled or reused as much as possible.



Empty fertilizer bags are washed in the chemical store, tripled-rinsed facilities, kept in designated stores and monitored via the respective inventory records

In plantations, wastes such as fertilizer bags, pesticide containers and scheduled wastes are generated from maintenance upkeep activities whereas domestic trash is generated from the households.

To avoid contamination to the environment, used industrial packings were kept in designated stores and monitored via the respective inventory records. Scheduled wastes from operational units were disposed by licensed collectors. Domestic wastes were either disposed at onsite landfill or government landfill in accordance with the Group's Waste Management Procedure and Waste Management Plan.

However, the by-products from FFB processing such as Empty Fruit Bunches, fibre and kernel shells were used as biomass fuel for steam generation.

To prevent improper waste disposal, employees were trained on waste management at the operational units to create awareness on proper waste handling.

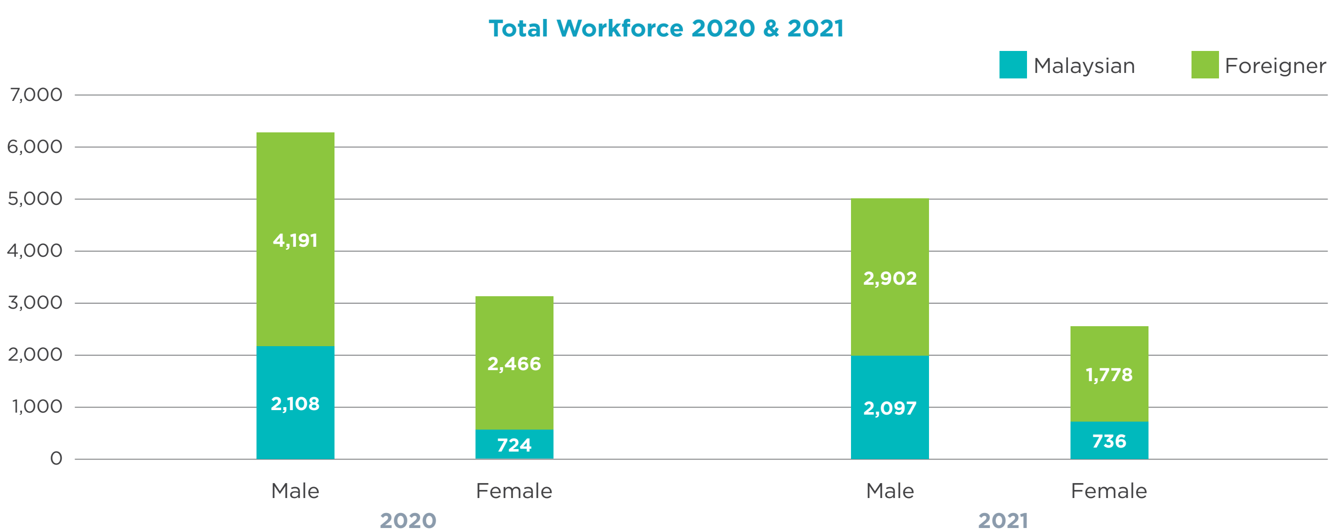
As an initiative to reduce waste disposal into landfill, recycling booths were made available on-site at all operational units to encourage recycling.

Workplace

Employment

The Group's employee profiles for the year 2020 and 2021 are illustrated as follows:

Comparison of Total Workforce in Year 2020 and Year 2021



Total Workforce by Gender in 2021

Total Workforce by Gender			
	Male	Female	Total
Malaysian	2097	736	2833
Foreigner	2902	1778	4680
Total	4999	2514	7513
Percentage (%)	66.54%	33.46%	100.00%

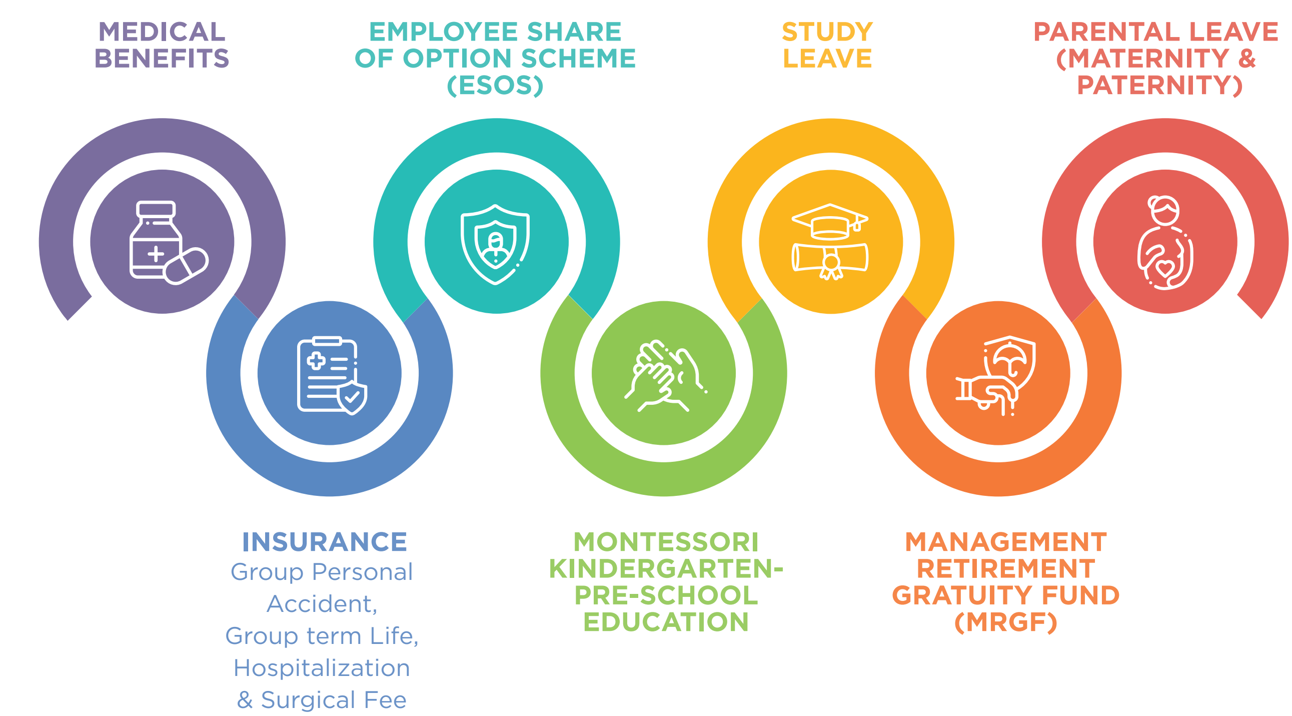
Employees by Gender in 2021 by Job Appointment

Category	Gender			
	Male	Percentage	Female	Percentage
Management	154	2.05%	46	0.61%
Executive	174	2.32%	85	1.13%
Non-Executive	1143	15.21%	304	4.05%
General Worker	3528	46.96%	2079	27.67%

Employees by Age Group in 2021 by Job Appointment

Caterory	Age Group					
	Below 30	Percentage	31-50	Percentage	Above 51	Percentage
Management	0	0.00%	148	1.97%	52	0.69%
Executive	86	1.14%	157	2.09%	16	0.21%
Non-Executive	620	8.25%	745	9.92%	82	1.09%
General Worker	1638	21.80%	3698	49.22%	271	3.61%

Benefits provided to full-time employees that were not provided to temporary or part-time employees



Parental Leave

Parental leave is one of the employee benefits provided by the Group to all permanent employees. The term "parental leave" is defined as Paternity Leave for married male employees & Maternity Leave for married female employees. The Group had managed to retain over 80% of the employees for a period of 12 months after they had returned from parental leave.

Minimum Wage and Gender Equality

All employees of the Group received at least the minimum wage set by the Malaysian Government in accordance to the Minimum Wages Order 2020. We had applied gender equality policy on wages payment and remuneration for all of our employees.

Early Notice Regarding Corporate Changes

The Group had provided early notice to employees prior to any implementation of significant changes.

Non-Discrimination

The Group believes in non-discrimination and is committed to offer equal opportunities to all employees and not to engage in or practise discrimination in hiring, compensation, access to training, promotion, termination or retirement based on ethnic and national origin, caste, religion, sex, age, sexual orientation, union membership or political affiliation.

Total number of incidents of discrimination and corrective actions taken in 2021

Total number of incidents of discrimination being reported	Actions taken
Nil	Nil

Human Right Assessment

The Group is committed to uphold human rights of all our employees and the local communities in our landscape. We respect and support the Universal Declaration of Human Rights and treat all employees fairly. We respect and recognize the rights of all workers including contract, temporary and migrant workers, and that they have the liberty to freedom of association and the right to bargain collectively.

Child Labour

The Group is committed to uphold human rights of all our employees and the local communities in our landscape under the Social and Community Policy. Hence, no child under the age of 18 years old was employed to work within the Group.

Employees' Welfare

The 5-Year Plan to upgrade the living quarters with more amenities and facilities for both foreign and local employees was partly derailed by the resurgence of the COVID-19. Various components of the plan such as site preparations could not be implemented. However, the respective management at the operational units carried out local upgrading and maintenance of the existing housing to comply with applicable regulations.

At the corporate level, in 2021, the Group reviewed the upgrade of site management's residence and rest house, including converting, improving, modifying and upgrading of the existing old buildings, amenities and facilities so as to improve employees' working environment and quality of life.

The management at each site actively engaged with the employees through regular forums such as "Mesyuarat Kebajikan dan Alam Sekitar" to understand the social needs of the employees and thereafter took necessary and prompt actions to address their needs. For medical benefits, the Group provided insurance coverage, free medical checkups and hospitalization allowance for all employees including plantation workers.

For site medical emergencies, clinics had been set up in many of the Group's estates to provide medical consultation and treatment. In the absence of such facilities, the site management provided free transport for employees who needed medical treatment from the nearest clinic or government hospital.

With the resurgence of the COVID-19 in 2021, the in-house Standard Operating Procedures (SOP) based on the present guidelines and SOP prescribed by the Ministry of Health were strictly implemented and adhered to so as to protect the employees as well as the local communities.

Quarantine Center at Lambir Estate

SUSTAINABILITY REPORT 2021

Occupational Safety and Health (OSH)

The Group adopts a proactive approach towards the prevention of accidents with programs and tailored activities conducted throughout the year to raise awareness on occupational safety and health.

These are the key preventive measures for OSH;

Commitment

- Observe and comply with OSH legal requirements as far as practicable.
- Promote and implement good OSH and conduct at the workplace.
- Inculcate a proactive culture with training, supervision and dissemination of information on OSH.

System

- Adopt OSH policy supported by revised internal safe operating procedures to ensure proactive management intervention.
- Induction program and refresher courses for employees.
- Reinforce the importance of safety by mandating near-miss reporting.
- Maintain risk management for effective hazard control at all operation units.
- Clinics are provided for a better response during emergencies for medical support.
- OSH Committee to communicate OSH issues to employees at all operation units.

Governance

- Ensure compliance to Occupational Safety and Health Act and code of practice.
- Conduct workplace inspection and documentation audit.
- Investigate all incidents related to OSH.

Culture

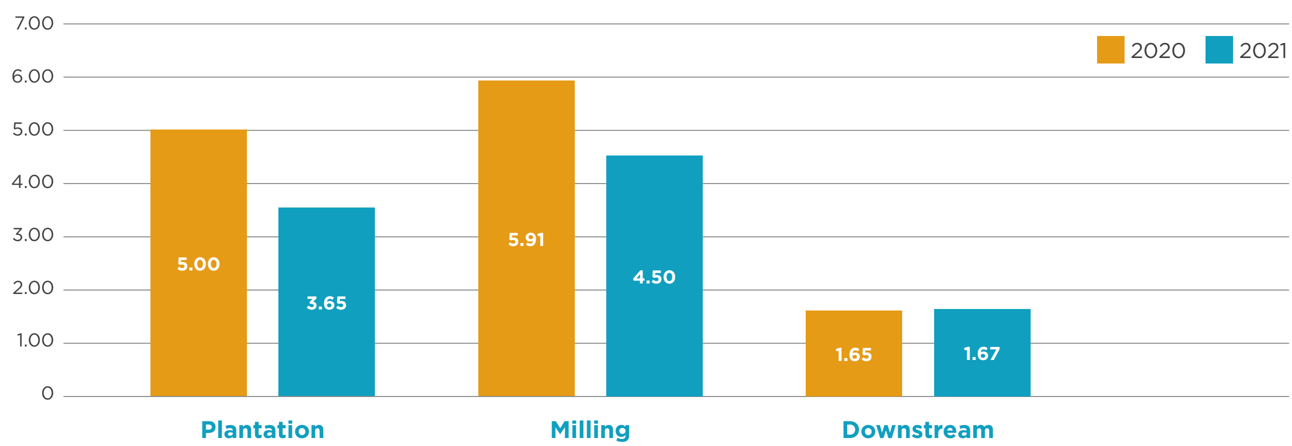
- Promote OSH programs across all operation units.

Lost Time Injury (LTI)*

$$\text{Lost Time Injury Frequency Rate} = \frac{\text{Number of accident} \times 1{,}000{,}000}{\text{Total man hour worked}}$$

*The formula above is based on Occupational (Notification of Accident, Dangerous Occurrence, Occupational Poisoning and Occupational Disease) Regulations 2004 Guideline.

Lost Time Injury Frequency Rate



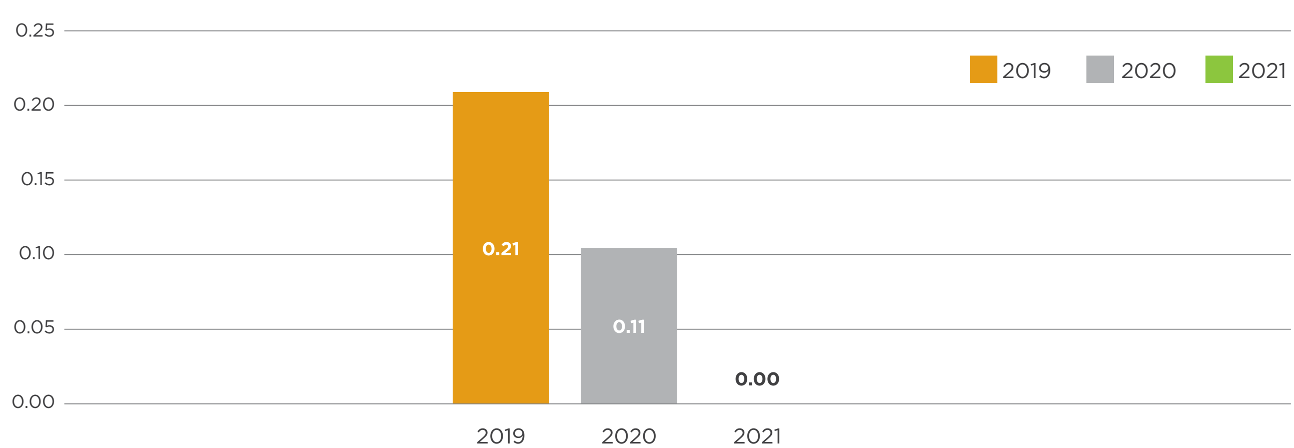
The graph above shows a decrease in LTI for the plantation and milling operations in 2021. The LTI for downstream operations recorded a slight increase of 1.2% accidents rate. In 2021, the total accidents reported a reduction of 45.83% compared to 2020.

Fatal Accident Rate

Fatal Accident Rate is calculated based on the following formula (Occupational Safety and Health Act

$$\textit{Fatal Accident Rate} = \frac{\textit{Number of fatalities} \times 1{,}000}{\textit{Annual average no. of employees}}$$

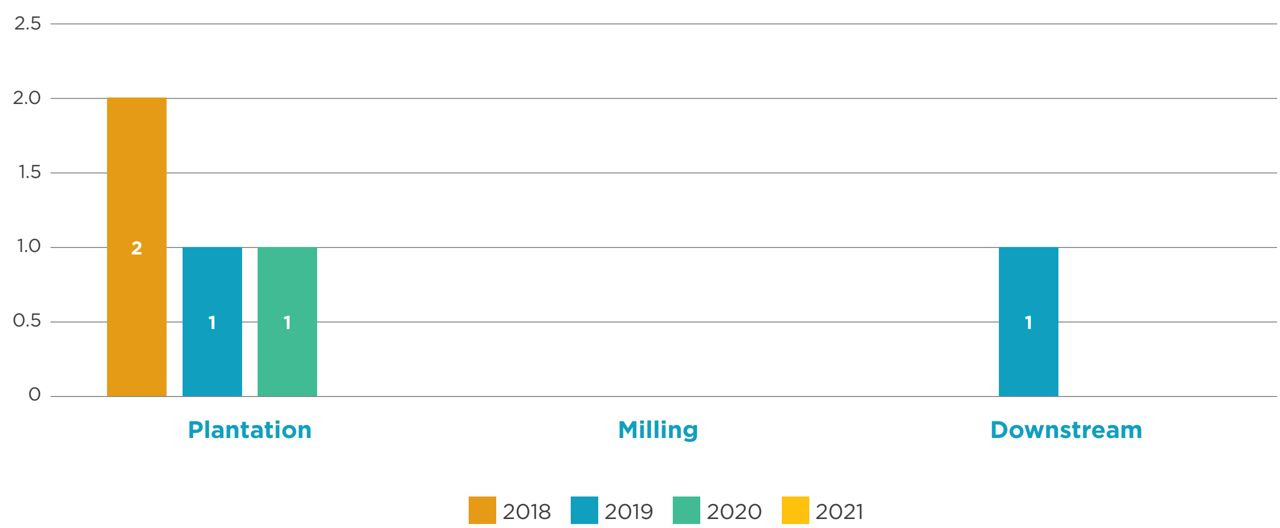
Fatal Accident Rate



In 2021, there was no fatality accident reported in all operations.

SUSTAINABILITY REPORT 2021

Fatality Recorded from 2018 to 2021



In 2021, the Safety and Health departments proactively enforced the control measures to limit accidents at the workplace. Ground visits were also conducted to ensure that the control measures had been implemented.

CHEMICAL HEALTH RISK MANAGEMENT

Chemical Health and Risk Assessment (CHRA)

Chemical Health and Risk Assessment (CHRA) was conducted in eleven estates of SOP Plantations (Murum) Sdn Bhd in 2019 in compliance with Occupational Safety & Health Act (OSHA) 1994. Reports from the CHRA included recommendations for improvement. The next assessment would be conducted in 2024.

Another 30 estates of the Group were successfully assessed in the second half of 2021 after the State Disaster Management Committee declared Phase Four of the National Recovery Plan.

Physical inspection by CHRA assessor at the workplace

Group photo after assessment completed

Closing meeting by the assessor

Noise Risk Assessment

In compliance with the Occupational Safety and Health (Noise Exposure) Regulation 2019 that had been gazetted to supersede the Factories and Machinery (Noise Exposure) Regulations 1989, the Group had amended the noise exposure limit and imposed a more practical standard to limit employees' exposure to excessive noise at the work sites.

The Group had appointed an accredited assessor to conduct Noise Risk Assessment for our estates to fulfil the requirements under the regulations. In 2021, seven estates had completed the assessment. The programme will continue in 2022 for remaining estates.

Noise Risk Assessment technician recording sound from the lorry exhaust

Noise Risk Assessment technician recording sound from metal cutting machine at the workplace

Health Surveillance Program

The Group is committed to ensure that the workers continue to be in good health and are fit for work.

In compliance with the Medical Surveillance 2001 Guidelines, all workers who are directly or indirectly exposed to chemical hazardous to health as listed in Schedule II OSH Act 1994 are required to undergo the Health Surveillance Program as recommended in the Chemical Health Risk Assessment (CHRA) Report prepared by the assessor.

The Group managed to send a total of 46 workers before the Medical Surveillance Program was put on hold since January 2021 due to a spike of COVID-19 cases. For the second half of 2021, the program was placed on hold pending the renewal of CHRA 2020/2021. The CHRA assessor recommended to discontinue the monitoring of organophosphate type chemicals due to the low occurrence reported in the previous Personal Chemical Exposure Monitoring Report and that the control measures had been implemented by the estates.

Safety and Health Training

Occupational Safety and Health related trainings were conducted in all operation units with strict adherence to the COVID-19 Standard Operating Procedure (SOP). The new norms of wearing face mask and social distancing had been added to the existing SOPs and practices.

Firefighting Training for the Emergency Response Team at workplace

SUSTAINABILITY REPORT 2021

Safety Management System Awareness and Training for Plantation conducted for Management Trainee & new employees

EXTERNAL PROGRAMME AND INSPECTIONS

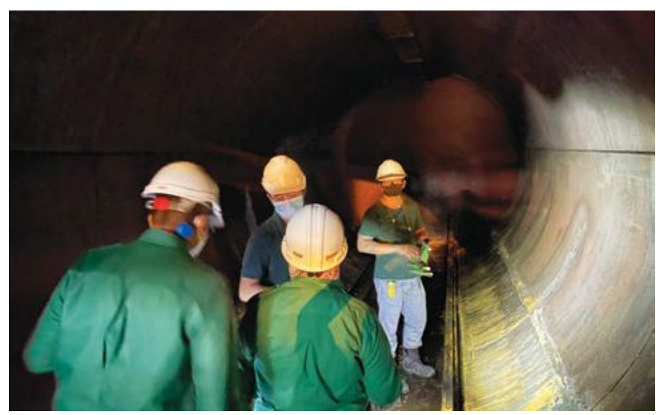
Workshop organized by DOSH Sarawak

Opening Speech by Director of DOSH Sarawak

Participants at DOSH workshop

Boiler Inspection and Documentation Audit at Palm Oil Mill

Documentation audit after inspection



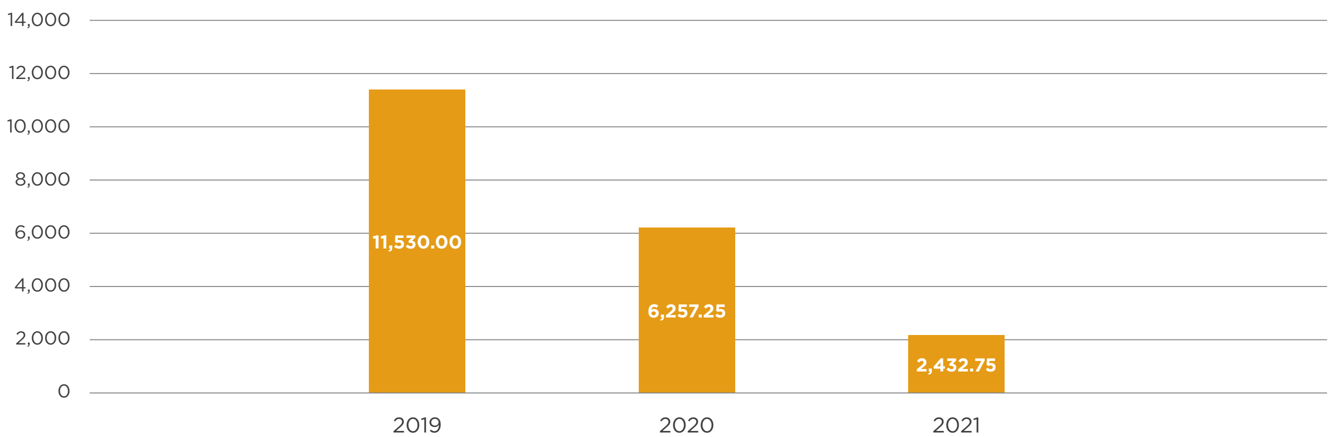
Sterilizer inspection by DOSH Officer

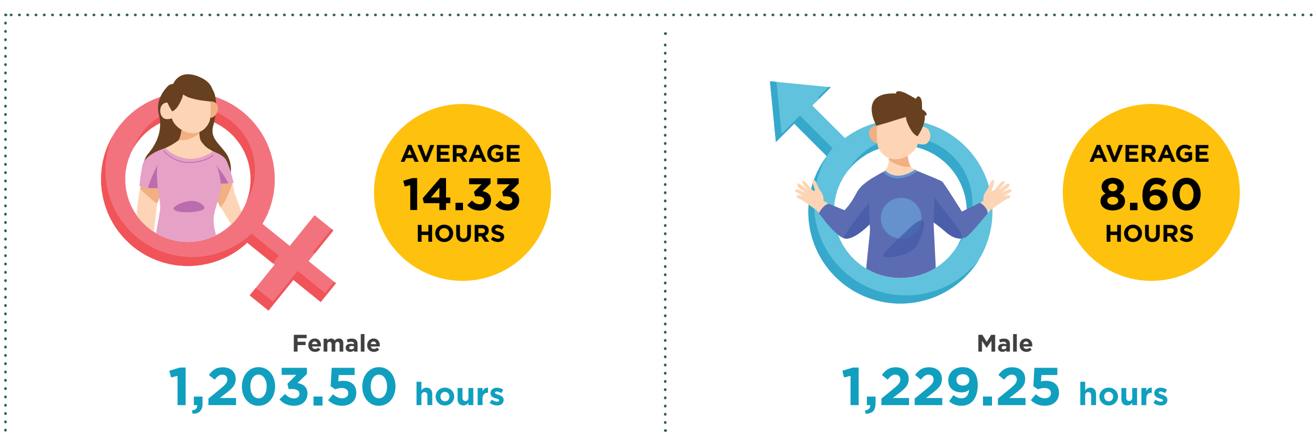
Training

Internal and external trainings were conducted at all operational units, non-operational units' as well as for security staff. The scope of training included company policies such as Social and Community Policy relevant to Human Rights, Occupational Safety & Health, environmental and sustainability related topics, agricultural practices, relevant operational and support practices. Due to COVID-19 outbreaks, there was a reduction in the average training hours clocked by the employees. Nevertheless, trainings were conducted via virtual platform besides on-site trainings to ensure that competencies were not disrupted by the pandemic.

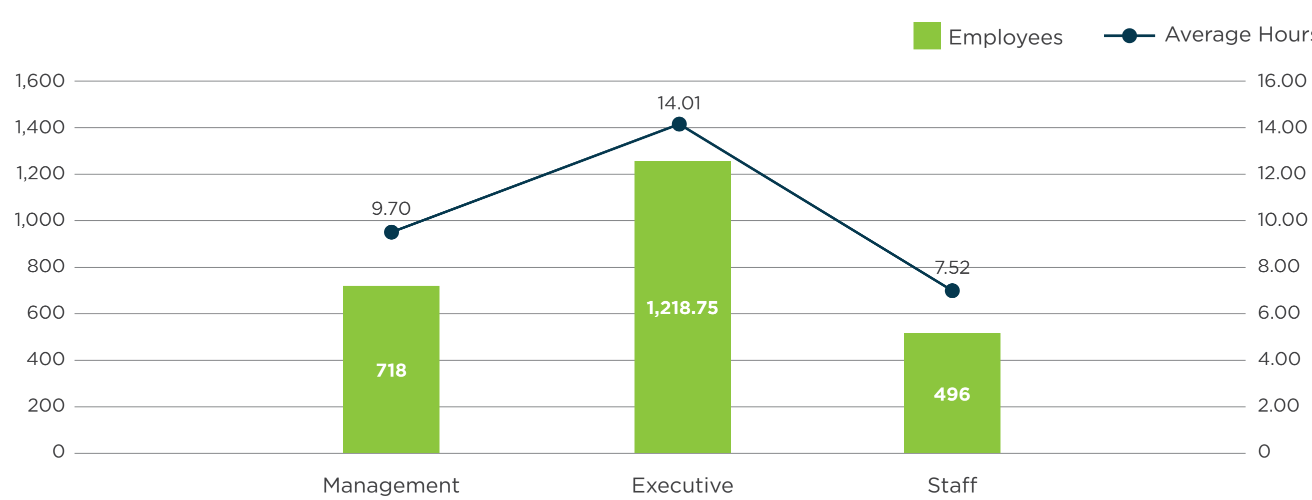
The statistics of training hours clocked by all employees in 2021 are as follows:

Employee Training Hours (Hours)





Average Training Hours by Employees (Hours/Person/Year)



Education

SOP Academy

The SOP Academy has emerged as the main venue for the Group's in-house trainings since it was launched in 2010. The Group believes in providing career development for staff, enabling them to acquire new knowledge and skills which are in line with our goal of producing highly skilled planters in the oil palms industry.

Various in-house trainings, refresher courses were organized throughout the years. Plantation Induction Programme was conducted for new employees in order to train and ensure that they are able to perform basic operational tasks before being assigned to the different plantations.

Plantation Induction Programme	Executive Level	Supervisory Level	Clerical Level	Total
2019	12	25	4	41
2020	7	12	-	19
2021	8	30	-	38

Early Childhood Education – Community Learning Center (CLCs)

In all our operational units, CLCs were established to provide early childhood education to the children of our foreign workers. All the children were taught by competent teachers based on Indonesia National Education syllabus so that these children would integrate better upon their return to Indonesia in the future.

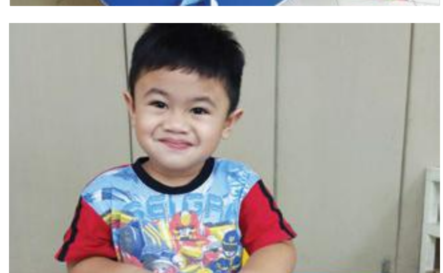
Indonesian students at Community Learning Center Sabaju 1 Estate

Montessori Kindergarten

The Montessori Kindergarten was launched in 2018 to provide preschool education in English.

The school is located at the SOP Academy and its curriculum is designed specifically to promote holistic developments including character building, physical coordination and cognitive skills.

Total Number of Students	Total Number of Teachers
8	2



Children "@ work" at the Montessori Kindergarten

Commitment To Our Communities

As part of the Group's commitment to the local communities in our landscape, in 2021, we continued to participate in community engagement programs that actively fostered the well-being of the local communities in the areas such as healthcare, education and disaster relief.

Programs for Surrounding Communities

Social Contribution Programs

I. COVID-19 Special Relief to the Local Communities

In line with the Group's Corporate Social Responsibility (CSR) commitment, the Group is committed to giving back to the society by extending a helping hand and providing relief to those in need during the ongoing pandemic. This Special Relief Program was initiated and designed to reach out to the local community in our landscape affected by the COVID-19 pandemic.

Special relief for local communities in Murum

II. SOPB Group donated 3,047 bottles of 2kg Merris Pure Vegetable Cooking Oil to the Frontline staff of Miri and Bintulu General Hospital

The Group donated 1,962 bottles and 1,085 bottles of 2kg Merris Pure Vegetable Cooking Oil to the healthcare workers of Miri and Bintulu General Hospital respectively.

The donation is in line with the Group's Corporate Social Responsibility tagline "***We Grow Together with Local Community***", and as a token of encouragement to the dedicated frontline health workers who have been working tirelessly at the forefront of the pandemic.

The Group continued to partner with the Ophthalmology Department of Miri and Bintulu General Hospital for our Vision Care Project that was launched in 2013 by having their medical teams to help conduct free eye screening and basic medical health check at the respective regions.

SUSTAINABILITY REPORT 2021

COO Eric Kiu Kwong Seng handed over Merris Cooking Oil to Miri General Hospital Deputy Director, Dr. Francis Heng Eng Khai

COO Eric Kiu Kwong Seng accompanied by CO Kiu Kwong Chiang handed over Merris Cooking Oils to Bintulu General Hospital Director, Dr. Suzalinna Binti Sulaiman

Educational Programs

The Group believes that education is one of the fundamental factors to achieving sustainable social well-being in the local communities. We seek to reward high performing students, as well as to provide financial and material aid to deserving students from the local communities near our estates. In 2021, both YAA and SAP program were extended to thirty-five primary and secondary schools.

I. Excellent Education Award Program: Young Achievers Awards (YAA)

In 2021, despite of school closures due to COVID-19, the Group had continued to issue Young Achievers Awards (YAA) to motivate young students from rural schools to strive for high academic achievements. Outstanding secondary school students who had excelled in the public examinations such as Sijil Pelajaran Malaysia and Sijil Tinggi Pelajaran Malaysia were each awarded with cash incentive and a Certificate of Achievement through this annual CSR initiative.

Year	Number of Recipients
2016	199
2017	150
2018	190
2019	142
2020	146
2021	116

II. Student Adoption Programme (SAP)

The Student Adoption Programme (SAP) focuses on providing financial support to underprivileged students from lower-income families living in the vicinity of the Group's operations. Through this programme, the Group hopes to motivate the students to excel in their studies while helping to ease the financial burden on their families.

The recipients were recommended by the respective schools and were each given financial assistance in the form of cash award and a stationery set.

Year	Number of Recipients
2016	91
2017	93
2018	113
2019	81
2020	50
2021	60

EM Tedong Ak Lasit of Sepakau 1 Estate handed over YAA & SAP to recipients of SMK Bakun

SM Apong Ak Siri of Lambir Academy handed over the cash incentives and stationery packs to Mr. Alias Bin Ngah, Principal of SMK Luar Bandar Miri

Disaster Relief

The Group's Corporate Social Responsibility programs include the establishment of a Disaster Relief Fund which seeks to provide relief to the local communities in our landscape who suffer losses due to disasters such as flood and fire.

In 2021, no major disaster had occurred necessitating our interventions.

Programs at Workplace

SOPB Best Management Practices and Procedures for Plantations

The Group launched the "***SOPB Best Management Practices and Procedures for Plantation Unit***", a guidebook containing current best practices and procedures for employees to follow and apply in the field.

GCEO Paul Wong Hee Kwong together with GPC Chua Kian Hong, RPC Tay Ching and RPC Pang Seng Nam launched the SOPB Best Management Practices and Procedures Guidebook

COVID-19 Pandemic

I. Implementation of new norms at our workplace

The Group is committed to ensure the safety, well-being and welfare of the SOP Family during the COVID-19 pandemic. To safeguard the workplace and the well-being of our employees, staff were regularly reminded to wear face mask and practise social distancing at all times in the office premises and make every effort to practise good hygiene habits. Moreover, plastic office partitions had been installed at HQ offices and Warehouse Krokop as part of our initiative to limit the spread of COVID-19 infections.

Plastic office partitions installed at an HQ office

SUSTAINABILITY REPORT 2021

II. Special Relief to Operation Staff & Workers

The Group continued its COVID-19 Special Relief Program in 2021 that was first started in April 2020 which seeks to provide relief to the monthly paid staff and daily paid workers in the operation units. A total of six batches of relief supplies were distributed.

Distributions of essential food items to operational units

III. Distribution of face mask, face shield, hand sanitizer and disinfectant to all locations

The Group had provided everyone with a reusable washable face mask and face shield to be worn at all times during work.

In addition, we had also distributed hand sanitizers and disinfectants to the staff as part of our continuous effort in preventing the spread of COVID-19 at the workplace.

Wearing a face mask with face shield is compulsory on site during the RMCO period

IV. The Group COVID-19 Antigen Swab Test

It is compulsory for all foreign workers in our plantations to undergo COVID-19 antigen swab test as mandated by the government under the Prevention and Control of Infectious Disease Act 1988 (Act 342). Apart from foreign workers, the Group had also decided to include local daily paid workers and management staff together with their family members who were staying at our premises to undergo swab tests.

Workers in estate queuing up for their swab test

COVID-19 Antigen Swab Test in progress for employees

V. The Group's COVID-19 Vaccination Program

The Group had conducted the SOPB COVID-19 Vaccination Program in line with the National COVID-19 Immunisation Program in collaboration with Sarawak Disaster Management Committee (SDMC), COVID-19 Immunisation Task Force (CITF) and an authorised private clinic.

Through this program, we had enabled the employees including the foreign workers to be vaccinated and most of the employees had received their booster dose by the end of the 2021.

We will continue to proactively take a precautionary approach to minimise the risk of COVID-19 infections amongst employees.

COO Eric Kiu Kwong Seng with personnel from SDMC, CIFT and medical staff from private clinic after inspecting PPVIN Lambir

The Group's staff receiving vaccination

SUSTAINABILITY REPORT 2021

VI. Employee Team Building Activities

The "Get vaccinated, Get Lucky!" campaign consisted of 3 rounds of lucky draws which ran from August till October 2021.The event featured a grand prize of RM1,000 cash for each round and over 100 gifts for lucky draw winners.

Through this event, the Group sought to encourage our staff to be vaccinated and to bring some cheers especially during this bleak season. It was also a token of appreciation to the staff who took the initiative to get vaccinated to keep themselves, their colleagues and their family protected.

Lucky draw winners of the "Get Vaccinated, Get Lucky!" campaign

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CORPORATE GOVERNANCE *Overview Statement*

The Board of Directors recognizes the importance of good corporate governance and continues to be committed to ensure high standards of corporate governance are continually practiced throughout the Group to promote business prosperity, corporate responsibility and sustainable growth for the interests of all its stakeholders.

The Board of Directors is pleased to present an overview of its corporate governance which takes its guidance from principles stated in the Malaysian Code on Corporate Governance ("MCCG") first published by Bursa Malaysia in April 2017 and recently revised on 28 April 2021.

The three (3) principles of corporate governance as set out in the MCCG are:-

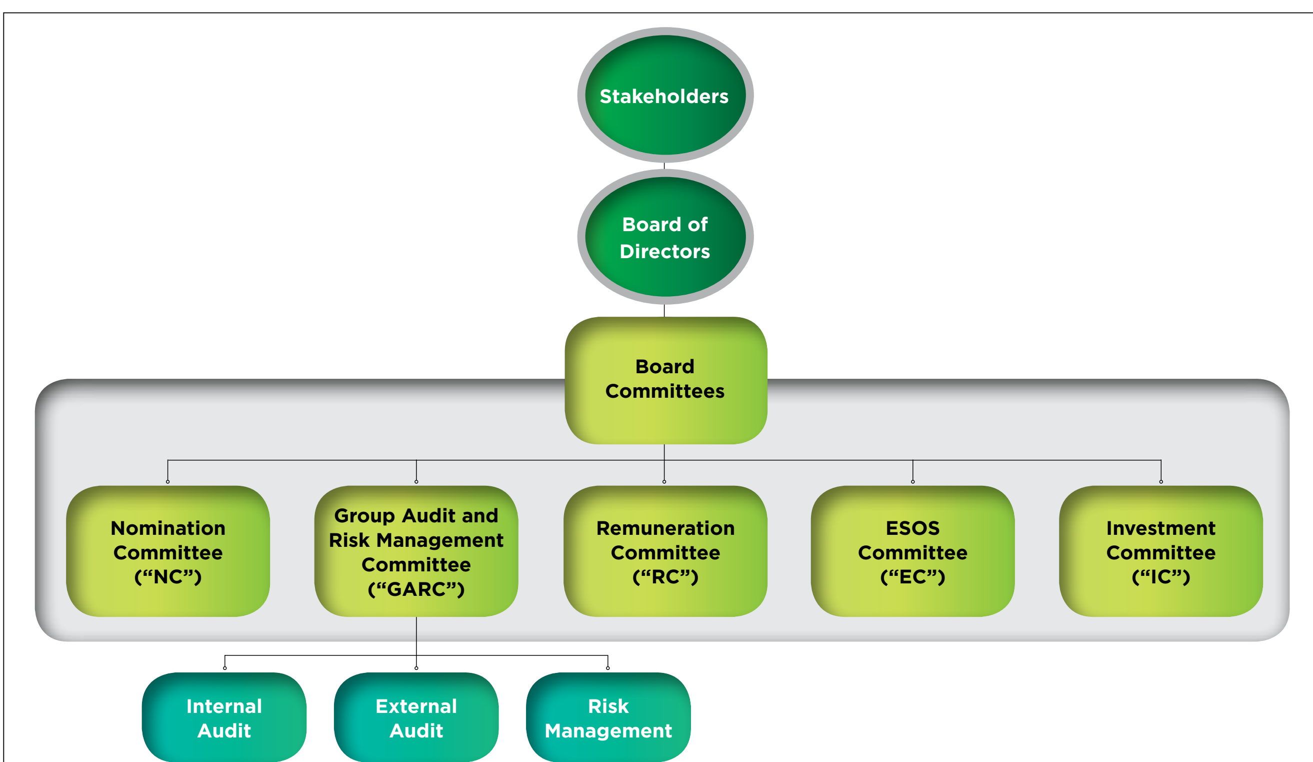
Principle A:	Board leadership and effectiveness;
Principle B:	Effective audit and risk management; and
Principle C:	Integrity in corporate reporting and meaningful relationship with stakeholders.

Detailed explanation on the application of the practices of corporate governance as set out in the MCCG are reported under Corporate Governance Report (CG Report) as published on the Company's website.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

Governance Framework

The diagram below portrays the governance framework of SOPB Group.



CORPORATE GOVERNANCE OVERVIEW STATEMENT

Board of Directors

The Group is led by an effective Board of Directors, comprising ten (10) members and headed by the Group Executive Chairman. Collectively, the Group Executive Chairman and all the Directors bring with them a wide range of experience and expertise in areas such as finance, corporate affairs, law, business acumen, management and operations to set the Group's goals, direction and strategies, and also ensure that good corporate governance practices, good systems and all necessary resources are in place for the Group to achieve its goals and objectives.

The ten (10) members of the Board comprise of (i) one Executive Director (the Group Executive Chairman), (ii) six Non-Independent Non-Executive Directors, and (iii) three Independent Non-Executive Directors. The number of Independent Directors meets Bursa Malaysia Securities Berhad Main Market Listing Requirements which requires at least two (2) Directors or one-third (1/3) of the Board whichever is higher, to be Independent Directors.

The profile of each Director is presented on page 08 to 19 of the Annual Report.

The Board is aware of the gender diversity agenda promulgated in the MCCG. No specific gender diversity targets have been set by the Group. Nevertheless as at the date of this report's issuance, there were three females who served as Board members. The Board acknowledges the value of individual Director appointed, regardless of gender difference, who will bring diverse opinions, perspectives, professionalism and integrity, expertise and experiences, and competency and wealth of knowledge to the Board.

None of the Board members holds more than five (5) directorships in public listed companies to ensure they devote sufficient time to carry out their responsibilities.

Roles and Responsibilities of the Board

(i) Board Charter

The Board takes full responsibility for the overall performance of the Company and of the Group.

The duties and responsibilities of the Board of Directors are spelt out in the Board Charter, which is available on the Company's website.

(ii) Summary of the principal duties and responsibilities of the Board includes the followings:

a. Set overall business strategies, plans and direction of the Group in promoting sustainability with balanced approach to economic, environmental and social aspects.

b. Oversee the conduct of Group's business to evaluate whether the business is properly managed.

c. Identify principal risks and ensure the implementation of appropriate risk management systems to mitigate the risks.

d. Review the adequacy and integrity of the management information and internal control systems.

e. Ensure full compliance with Listing Requirements of Bursa Securities and all other applicable laws, regulations and statutory requirements.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Board Committees

The Board establishes Committees to assist in carrying out its duties and responsibilities. The Board delegates functions to the following Committees which had been established to assist it in the execution of its responsibilities.

(i) Nomination Committee ("NC")

The NC has been established since 2001. The Committee, among others, is responsible for recommending the right candidate with the necessary skills, knowledge, expertise and experience including his/her professionalism and integrity to fill in the Board.

The Committee assesses the effectiveness of the Board, its Committees and the performance of each individual Director annually.

The members of the Nomination Committee are as follows:-

Fong Yoo Kaw @ Fong Yee Kow, Victor	-	Chairman, Independent Non-Executive Director
Dr. Lai Yew Hock, Dominic	-	Independent Non-Executive Director
Tang Tiong Ing	-	Non-Independent Non-Executive Director

The Committee meets when necessary. For the financial year ended 31 December 2021, the Committee held one (1) meeting.

(ii) Group Audit and Risk Management Committee ("GARC")

The GARC has been established since 1992. The composition and terms of reference of this Committee together with its report are presented on page 110 to 112 of the Annual Report.

(iii) Remuneration Committee ("RC")

The RC has been established since 1994. The Committee is responsible for recommending the remuneration framework for Directors, as well as the remuneration package of Executive Director to the Board for approval. The members of the Remuneration Committee are as follows:-

Fong Yoo Kaw @ Fong Yee Kow, Victor	-	Chairman, Independent Non-Executive Director
Dr. Lai Yew Hock, Dominic	-	Independent Non-Executive Director
Monaliza Binti Zaidel	-	Non-Independent Non-Executive Director

The Committee meets when necessary. For the financial year ended 31 December 2021, the Committee held three (3) meetings.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(iv) ESOS Committee ("EC")

On the 9th August 2017, the shareholders have approved a new Employees' Share Option Scheme ("ESOS") and its related ESOS By-Laws. The new ESOS is valid for a duration of 10 years and will expire in year 2027.

The ESOS Committee was established on 9th August 2017 to oversee the allocation of ESOS Options and its administration to ensure full compliance at all times with the By-Laws.

The members of the ESOS Committee are as follows:-

Ling Lu Kuang	-	Chairman, Group Executive Chairman
Chua Chen San	-	Independent Non-Executive Director
Dr. Lai Yew Hock, Dominic	-	Independent Non-Executive Director
Wong Hee Kwong	-	Group Chief Executive Officer

The Committee meets whenever necessary. For the financial year ended 31 December 2021, the Committee held one (1) meeting.

(v) Investment Committee ("IC")

The IC was established on 29th August 2018. The Committee is responsible for evaluating, assessing, reviewing and recommending to the Board any proposed corporate exercise. Besides that, the IC appoints professional advisors, consultants, valuers, negotiators or undertakes any other necessary duties for the proposed corporate exercise.

The members of the Investment Committee are as follows:-

Fong Yoo Kaw @ Fong Yee Kow, Victor	-	Chairman, Independent Non-Executive Director
Dr. Lai Yew Hock, Dominic	-	Independent Non-Executive Director
Monaliza Binti Zaidel	-	Non-Independent Non-Executive Director
Wong Hee Kwong	-	Group Chief Executive Officer

The Committee meets when necessary. For the financial year ended 31 December 2021, the Committee held One (1) meeting.

Sustainability and Social Corporate Responsibility

The Board is committed to adopt the Malaysian Sustainable Palm Oil (MSPO) as the primary sustainability standard of the group. The Group will work and engage with our partners and all relevant stakeholders to meet the objectives of building a sustainable palm oil supply chain based on MSPO.

The Group's activities to promote sustainability during the financial year under review are disclosed in Sustainability Report set out on page 30 to 96 of the Annual Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Supply of Information to Board Members

Board Meetings are structured with a pre-set agenda. Board papers for the Agenda are circulated to Directors at least five (5) working days before the meeting date to give Directors time to deliberate on the issues to be raised at the meeting. Quarterly reports on the financial performance of the Group are also circulated to the Directors for their views and comments. All proceedings of Board Meetings are minuted and signed by the Chairman of the Meeting.

At other times, Directors have direct access to the Senior Management and the service of the Company Secretary. Directors especially newly appointed ones are encouraged to visit the Group's operating centres to familiarise themselves with the various operations of the Group.

Board Meetings

For the financial year ended 31 December 2021, the Board held five (5) meetings. Directors' profiles and attendance to these meetings could be found in the profiles of Board of Directors on page 08 to 19 and page 280 of Statement Accompanying Notice.

At Board Meetings, strategies and performance of the Group are being reviewed and evaluated in the light of any changing circumstances whether economic, social or political. Although all the Directors have an equal responsibility for the Group operations, the role played by the independent Non-Executive Directors are vital to ensure that strategies formulated or transactions proposed by management are amply discussed in unbiased and independent manner, taking into account the interests not only of the Group but also the shareholders, employees, customers, suppliers, environment and community at large.

The Attendance record of each Director is as follows:

Directors	No. of Meeting during FYE 2021
Tan Sri Datuk Ling Chiong Ho (resigned on 1 March 2022)	5/5
Fong Yoo Kaw @ Fong Yee Kow, Victor	5/5
Dr. Lai Yew Hock, Dominic	5/5
Chua Chen San	5/5
Datuk Amar Haji Ahmad Tarmizi Bin Haji Sulaiman (resigned on 31 May 2021)	0/3
Hasmawati Binti Sapawi (Appointed on 29 July 2021, formerly alternate director)	1/3 as alternate director 2/2 as director
Ling Chiong Sing	5/5
Ling Lu Kuang	5/5
Tang Tiong Ing	5/5
Kamri Bin Ramlee	5/5
Monaliza Binti Zaidel	5/5
Ling Pau Pau (Appointed 1 March 2022)	N/A

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Company Secretary

The Company Secretary, Mr. Eric Kiu Kwong Seng (LS No. 0007062) assumed his role in 1998 and thus has about 23 years' experience in corporate secretarial services.

The Board has direct access to the advice and services of Company Secretary, who supports the Board in the discharge of its functions. He plays an advisory role to the Board in relation to the Company's constitution, Board's policies and procedures and compliance with relevant regulatory requirements, codes of guidance and legislations. He supports the Board in managing the Group Governance Model, ensuring that it is effective and relevant. He attends all Board Meetings and ensures that the meetings are properly convened and that proceedings and deliberations at the Board and Board Committee are accurately recorded. He also facilitates the communication of key decisions and policies between the Board, Board Committees and Senior Management and to update the Board on the follow-up or implementation of its decisions / recommendations.

Good Business Conduct and Healthy Corporate Culture

The Board is committed to promoting good business conduct and maintaining healthy corporate culture. Towards this, the Group has promulgated the followings:

(i) Code of Business Conduct and Ethics

The Group's Code of Business Conduct and Ethics for Directors and employees governs the standards of ethics and good conduct expected of Directors and employees. The details of the Code of Business Conduct and Ethics are available on the Company's website.

(ii) Whistle Blowing Policy

The Group is committed to achieve and maintain high standard of integrity, transparency and fairness in the conduct of its business and operations. The Group takes a serious view of any improper conduct on the part of any of its employees, management, directors and vendors in particular with respect to their obligations to the Group's interests. The policy is established to help the employees and stakeholders to raise concerns without fear of reprisal on any improper conduct that may be observed within the Group.

All reporting or disclosure by a whistleblower who has knowledge or is aware of any improper conduct within the Group is to be directed to any one of the designated persons as follows in accordance with the set procedures:

- Group Executive Chairman
- Group Chief Executive Officer
- Chairman of Group Audit and Risk Management Committee

Whistle blowers may use the in-house Whistle-blowing Disclosure System, located in the Company's staff Portal, which will enable whistle blowers to make disclosures while maintaining their anonymity.

(iii) Anti-Bribery and Corruption

The Group has a zero-tolerance approach to any act of bribery or corruption and will take disciplinary action up to and including dismissal, in the event of a breach. The Group is committed to comply with all the applicable provisions set out in Malaysian Anti-Corruption Commission (MACC) Act 2009 and take preventative measures to prevent and detect corrupt practices.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Appointment and Re-election of Directors

The Company Constitution provides that at least one-third (1/3) of the Board is subject to retirement by rotation at each Annual General Meeting. The Directors to retire in each year are the Directors who have been longest in office since their appointment or re-appointment. A retiring Director is eligible for re-appointment. These provide an opportunity for the shareholders to renew their mandates. The election of each Director is voted on separately.

The appointment of new Director by the Board is dependent upon recommendation from the Nomination Committee. In making recommendations, the Nomination Committee has assessed the suitability of candidates by taking into account the required knowledge, professionalism, expertise and experience, integrity, competency and other qualities, which the candidates would bring to the Board. Directors are required to notify the Nomination Committee before accepting any new Directorship and to indicate the time expected to be spent on the new appointment.

Tenure of an Independent director would not exceed a cumulative term of nine (9) years. However, if an Independent director whose service is required beyond nine (9) years but less than twelve (12) years, shareholders' approval is sought in the Annual General Meeting. For an independent director whose service is required beyond a cumulative term of twelve (12) years, shareholders' approval through a two-tier voting process would be sought in the Annual General Meeting.

Directors' Training and Development

All the Directors have attended and completed the Mandatory Accreditation Programme prescribed by the Bursa Malaysia Training Sdn Bhd. The Board has undertaken an assessment of the training needs of each director and they were nominated to attend Continuing Education Programme organised by accredited organisations as and when necessary to keep abreast with the latest development that are relevant to the Group. During the financial year, the Directors have attended various training programmes, forums, conferences and seminars as follows:-

Title of Training Programmes	Duration of training per programme, day(s)
National Tax Conference 2021 by LHDN and CTIM	2
Seminar Percukaian Kebangsaan 2021 by LHDN	1
EY Budget 2022 Webinar	1
Seminar on "Cyber Security: How to Mitigate the Impact of Cyber Crime on Your Business" for Pansar Berhad	1
Seminar on "Companies Act 2016. Practical Guide for Company Directors" by SSM	1
Seminar on "Contract Basics for Non-Lawyers" by SSM	1
Grant Thornton Budget 2022 Webinar	1
Seminar on "Preference shares. Steps to Issue, Redeem and Convert" by SSM	1

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Directors' Remuneration

The Group pays its Non-Executive Directors annual fees, which are approved annually by the shareholders. In addition, its Directors and members to the Board Committee are paid a meeting allowance for each meeting they attended. The Directors are also reimbursed reasonable expenses incurred by them in the course of carrying out their duties on behalf of the Group.

The policy practised by the Group is to provide remuneration package necessary to attract, retain and motivate Directors. The structure of remuneration package of Executive Director is also linked to corporate and individual performance. Where applicable, the Board also takes into consideration information provided by independent consultants or survey data on comparable companies in determining the remuneration package. The Directors are entitled to take independent professional advice with the expense borne by the Company.

The aggregate and range of the Directors' remuneration for the Company for the financial year ended 31 December 2021 are as follows:-

	COMPANY					SUBSIDIARIES		GROUP
	Fees RM'000	Salaries and bonus RM'000	Benefits in kind RM'000	Others RM'000	Total RM'000	Salaries and bonus RM'000	Others RM'000	Total RM'000
EXECUTIVE								
Tan Sri Datuk Ling Chiong Ho (resigned on 1 March 2022)	63	2,435	16	295	2,809	-	79	2,888
Ling Lu Kuang	63	-	-	3	66	1,232	23	1,321
NON-EXECUTIVE								
Tang Tiong Ing	69	-	-	5	74	-	4	78
Dr. Lai Yew Hock, Dominic	69	-	-	6	75	-	-	75
Chua Chen San	69	-	-	5	74	-	-	74
Fong Yoo Kaw @ Fong Yee Kow, Victor	69	-	-	6	75	-	-	75
Ling Chiong Sing	63	-	-	3	66	-	50	116
Kamri Bin Ramli	63	-	-	3	66	-	6	72
Datuk Amar Haji Ahmad Tarmizi Bin Haji Sulaiman (resigned on 31 May 2021)	25	-	-	1	26	-	-	26
Hasmawati Binti Sapawi (Appointed on 29 July 2021)	28	-	-	1	29	-	1	30
Monaliza Binti Zaidel	63	-	-	3	66	-	61	127
Ling Pau Pau (Appointed 1 March 2022)	-	-	-	-	-	-	-	-
TOTAL	**644**	**2,435**	**16**	**331**	**3,426**	**1,232**	**224**	**4,882**

There are no contracts of service between any Directors and the Company other than the Group Executive Chairman, Tan Sri Datuk Ling Chiong Ho, whose term is concurrent with the tenure of his directorship.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

Group Audit and Risk Management Committee ("GARC")

The GARC was established to assist the Board in overseeing the Group's financial reporting process, internal controls, risk management and governance.

The Group Audit and Risk Management Committee Report is set out on page 110 to 112 of the Annual Report.

Risk Management and Internal Controls

The Statement on Risk Management and Internal Control is set out on page 107 to 109 of the Annual Report.

Relationship with the Auditors

Key features underlying the relationship of the Group Audit and Risk Management Committee with the external auditors are included in the Group Audit and Risk Management Committee's terms of reference as detailed on page 110 to 112 of the Annual Report.

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

Integrity in Corporate Reporting

The Board aims to provide and present a balanced and meaningful assessment of the Group's financial performance and prospects at the end of the financial year, primarily through the annual financial statements, quarterly and half yearly announcement of results to shareholders as well as the Chairman's statement, and Management Discussion and Analysis in the annual report. The Board is assisted by the Group Audit and Risk Management Committee to oversee the Group's financial reporting processes and the quality of its financial reporting. The Company announces its quarterly and full year results within the mandatory period.

Communication with Shareholders and Investors

The Group recognises the importance of communicating with its shareholders and does this through the Annual Report, Annual General Meeting (AGM) and analyst meetings. The policy of the Group is to maintain an active dialogue with its shareholders with the intention of giving shareholders as clear and complete picture of the Group's performance and position as possible. The primary contact with shareholders / stakeholders is through the Investor Relations Team, Company Secretary and Group Chief Executive Officer who attend dialogue sessions with institutional investors and deliver presentations to analysts periodically.

The key elements of the Group's dialogue with its shareholders / stakeholders is the opportunity to gather view of and answer questions from both private and institutional shareholders on all issues relevant to the Group.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

At AGM, the Group Executive Chairman, Group Chief Executive Officer and members of the Board are present to address queries during the meeting. It has also been the Group's practice to send the Notice of the Annual General Meeting and related papers to shareholders at least twenty-eight (28) working days before the meeting. The shareholders are encouraged to ask questions about both the resolutions being proposed and the Group's operations in general. Where it is not possible to provide immediate answers, the Board will undertake to furnish the shareholders with a written answer after the AGM. The Group Executive Chairman and Group Chief Executive Officer also addresses to the shareholders on the review of the Group's operations for the financial year and outlines the prospects of the Group for subsequent financial year.

All resolutions put forth for shareholders' approval at AGM are voted by poll. Polling agent and scrutineer are engaged to facilitate counting and independent verification of votes.

The Group's website, www.sop.com.my is also used as a forum to communicate with the shareholders and investors and to provide information on the Group's business activities.

The Group has appointed Mr. Fong Yoo Kaw @ Fong Yee Kow, Victor as the Independent Non-Executive Director to whom investors and shareholders may refer to express their concerns.

At all times, investors and shareholders may contact the Company Secretary for information on the Group.

Corporate Governance Report

Pursuant to Listing Requirements paragraph 15.25(2), the Corporate Governance Report which discloses the application of each Practice of the MCCG by the Group in the format prescribed by Bursa Malaysia is available at the Group's website, www.sop.com.my

This Corporate Governance Overview Statement is made in accordance with a resolution of the Board of Directors dated 23 February 2022.

STATEMENT ON RISK MANAGEMENT *and Internal Control*

The Board is pleased to provide Statement on Risk Management and Internal Control pursuant to Paragraph 15.26(b) of the Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements on the Group's compliance with the Principles, Intended Outcomes and Practices relating to risk management and internal controls as stipulated in the MCCG and is guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers.

Pursuant to paragraph 15.23 of the Main Market Listing Requirements of Bursa Securities, the external auditors have reviewed this Statement on Risk Management and Internal Control pursuant to the scope set out in Audit and Assurance Practice Guide 3, Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report ("AAPG 3") issued by the Malaysian Institute of Accountants ("MIA") for inclusion in the annual report of the Group for the year ended 31 December 2021, and reported to the Board that nothing has come to their attention that cause them to believe that the statement intended to be included in the annual report of the Group, in all material respects: has not been prepared in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, or is factually inaccurate.

AAPG 3 does not require the external auditors to consider whether the Directors' Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Directors and management thereon. The report from the external auditors was made solely for, and directed solely to the Board of Directors in connection with their compliance with the listing requirements of Bursa Malaysia Securities Berhad and for no other purposes or parties. The external auditors do not assume responsibility to any person other than the Board of Directors in respect of any aspect of this report.

The Board is satisfied with adequacy and effectiveness of the Group's risk management and internal control system. The board has received assurance from Group Chief Executive Officer (GCEO), Chief Operating Officer (COO) and Chief Financial Officer (CFO) that the Group's risk management and internal control system, is operating adequately and effectively, in all material aspects.

BOARD RESPONSIBILITY

The Board affirms its responsibility for the Group's system of risk management and internal control which includes the establishment of an appropriate control environment and framework as well as reviewing its adequacy and effectiveness. The system of risk management and internal control consists of financial controls, operational and compliance controls, cyber security controls and risk management to safeguard shareholders' investments and the Group's assets.

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

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

KEY COMPONENTS OF INTERNAL CONTROL ENVIRONMENT

Risk Management Framework

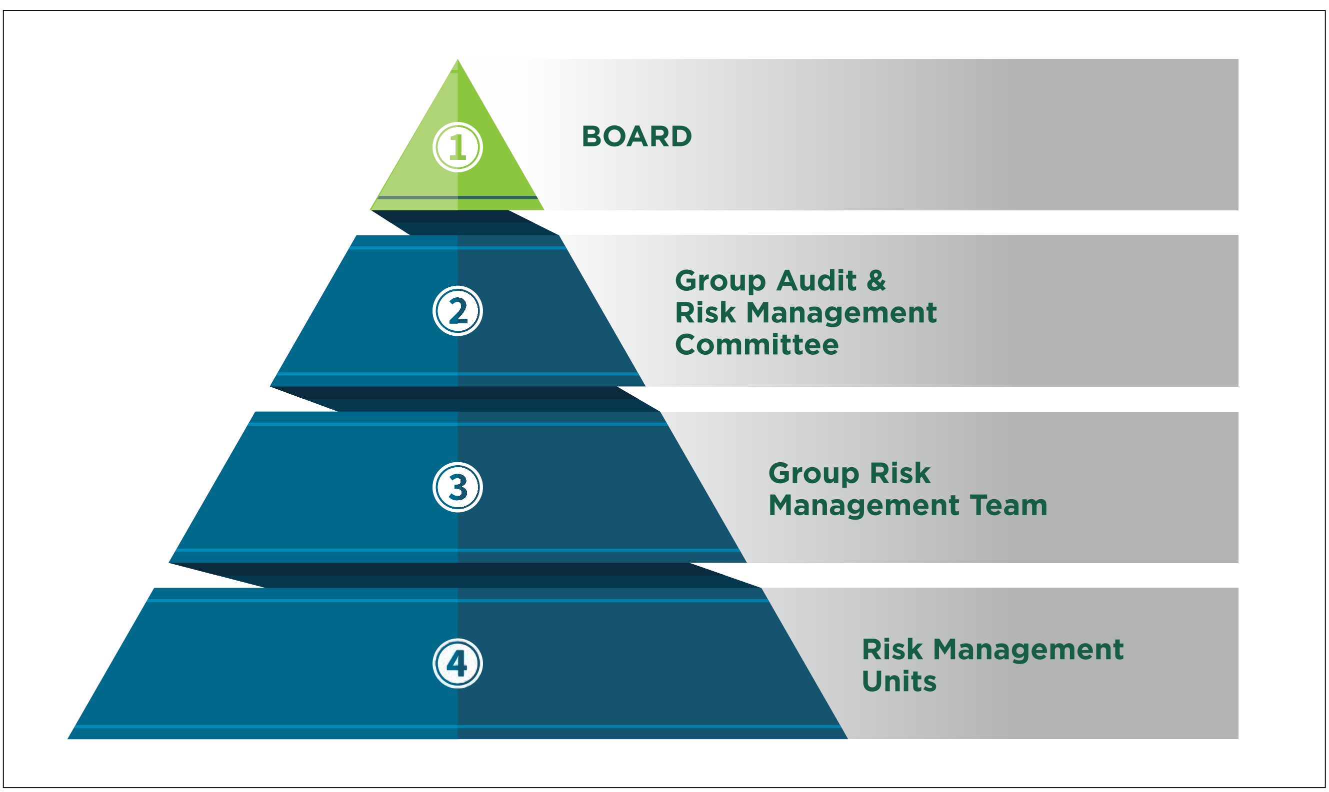
The risk management procedure has been established based on the ISO 31000:2009 Risk management – Principles and Guidelines and will be used for guidance by everyone involved in the application of risk management.

A formal and on-going process of identifying, evaluating, managing and monitoring principal risks that affect the achievement of the Group's business objectives in a structured manner has been in place since 2002. The Group has established procedures for reporting and monitoring of risks and controls. Regular reviews are conducted on quarterly basis with additional reviews to be carried out as and when required.

The Group Audit and Risk Management Committee has been entrusted to oversee the risk management activities, and approve appropriate risk management procedures and measurement methodologies across the Group.

The on-going process is monitored by the Group Risk Management Committee Team, which consists of GCEO and Heads of Department within the Group. The Group Risk Management Team reports to the Group Audit and Risk Management Committee on a quarterly basis.

The Group's risk management framework is set out in the diagram below:



STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

OTHER KEY COMPONENTS OF INTERNAL CONTROL SYSTEM

The other key components of the Group's internal control system are described below:

Board Meetings

The Board meets at least quarterly and has a formal agenda on matters for discussion. The Group Executive Chairman together with GCEO lead the presentation of board papers and provide comprehensive explanation of pertinent issues. In arriving at any decision, on recommendation by the Management, a thorough deliberation and discussion by the Board is a prerequisite. In addition, the Board is kept updated on the Group's activities and operations on a regular basis.

Organisational Structure with Formally Defined Responsibility Lines and Delegation of Authority

There is in place an organisational structure with formally defined responsibility lines and authorities to facilitate quick response to changes in the dynamic business environment and accountability for operation performance. Capital and non-capital expenditures, acquisition and divestment are subject to appropriate approval processes.

Performance Management Framework

Comprehensive management reports are generated on a regular and consistent basis and presented to the Board for its review of the Group's financial and operating performance. The review encompasses areas such as financial and non-financial key performance indicators, variances between budget and operating results and compliance with laws and regulations.

The Group has in place a detailed and well-controlled budgeting process that provides a responsibility accounting framework.

Operational Policies and Procedures

The documented policies and procedures form an integral control system to safeguard the Group assets against material losses and ensure complete and accurate financial information. The documents consist of memoranda, circulars, manuals and handbooks that are continuously being revised and updated to meet operational needs and regulatory requirements.

Group Internal Control

The Internal Audit reports regularly on the internal control system and the effectiveness of risk management system of the Group in its quarterly reports to Group Audit and Risk Management Committee Report.

Continuous management efforts are in place to improve the internal control system. The Board is not aware of any material losses that were incurred during the year due to the weaknesses in the internal control system.

This statement is made in accordance with a resolution of the Board dated 23 February 2022.

GROUP AUDIT AND RISK MANAGEMENT *Committee Report*

TERMS OF REFERENCE

The Committee was established in 1992 and with effect from 2013, it was renamed as the Group Audit and Risk Management Committee, to serve as a Committee of the Board of Directors, with the terms of reference as set out below:

COMPOSITION OF THE COMMITTEE

- The Committee shall comprise not less than three (3) members;
- All members of the Committee must be Non-Executive Directors, with a majority of them being Independent Non-Executives Directors;
- All members of the Committee should be financially literate and at least one member of the Committee must be a member of Malaysian Institute of Accountants ("MIA") or shall fulfill such other requirements as prescribed in the listing requirement;
- No alternate Director shall be appointed as a member of the Committee;
- The Chairman who shall be elected by the members of the Committee must be an Independent Non-Executive Director.
- Any vacancy in the Committee resulting in non-compliance of the said requirements must be filled within three (3) months.
- The terms of office and performance of the Committee and each of its members must be reviewed by the Board at least once every three (3) years.

DUTIES AND RESPONSIBILITIES

The Committee shall:

- Provide assistance to the Board of Directors in fulfilling its fiduciary responsibilities relating to the management of financial risk processes, corporate accounting and reporting practices for the Company and Group.
- Maintain a direct line of communication between the Board and the external and internal auditors.
- Act upon the Board's request to direct and where appropriate supervise any special projects or investigation considered necessary and review investigation reports on any major issues or concerns with regard to the management of the Group.
- Review and monitor to ensure that an adequate system of risk management for the management to safeguard the Group's assets and operations.
- Prepare reports, if the circumstances arise or at least once (1) a year, to the Board summarising the work performed in fulfilling the Committee's primary responsibilities.
- Any other activities, as authorised by the Board.
- Report promptly to Bursa Malaysia on any matter reported to the Board which has not been satisfactorily resolved resulting in a breach of Bursa Malaysia Main Market Listing Requirement.

AUTHORITY

- The Committee is authorised to seek any information it requires from employees, who are required to co-operate with any request made by Committee.
- The Committee shall have full and unlimited access to any information pertaining to the Group as well as direct communication to the internal and external auditors and with senior management of the Group.
- The committee shall have the resources that are required to perform its duties. The committee can obtain at the expense of the Group, outside legal or other independent professional advice it considers necessary.

GROUP AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

COMMITTEE MEETINGS

During the financial year ended 31 December 2021, six (6) Committee meetings were held. A record of the attendance to these meetings is as follows:

Directors	No. of Meetings Attended
Fong Yoo Kaw @ Fong Yee Kow, Victor, CA(M)	6/6
Dr. Lai Yew Hock, Dominic	6/6
Tang Tiong Ing, CA(M)	6/6
Chua Chen San CA(M)	6/6

The Committee met (5) times in the financial year. The quorum for a meeting of at least (2) members with the majority of members present being independent Directors was adhered to. The Committee also met with the external auditors two (2) times in the financial year without the presence of the Management. Other Directors and employees were invited to attend Committee meeting on need basis at the Committee's invitation and specific to the relevant meeting. The Company Secretary is the Secretary of the Committee. Minutes of each meeting are distributed to each Board member and the Chairman of the Committee reports on key issues discussed at each meeting to the Board.

Financial Procedures and Financial Reporting

Review the quarterly results and the year-end financial statements, prior to the approval by the Board, ensure compliance with appropriate accounting policies, accounting standards and disclosure requirements.

Related Party Transaction

Monitor any related party transaction and conflict of interest situation that may arise within the Group, including any transaction, procedure or course of conduct that raises question on management integrity.

Allocation of Share Options

Verification on the allocation of any Employee Share Options Scheme (ESOS) to ensure compliance with the provisions in the ESOS By-Laws and Listing Requirements.

External Audit

- Review with the external auditors, the audit scope and plan.
- Review the independence and objectivity of the external auditors and their services, including non-audit services and the professional fees, so as to ensure a proper balance between objectivity and value for money.
- Review the external audit reports and to evaluate their findings and recommendations for actions to be taken.
- Review the appointment and performance of external auditors, the audit fee and any question of resignation or dismissal before making recommendation to the Board.

GROUP AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

Internal Audit

- Review and approve the yearly internal audit plan, internal audit charter and audit programmes.
- Review the adequacy of the internal audit scope, functions and resources of the internal audit and that it has the necessary authority to carry out its work.
- Review the results of the internal audit and ensure that appropriate action is taken by the management on the recommendations of the internal audits.
- Review the performance of the internal audit to ensure that they are able to exercise independence in discharging their duties.
- Approve any appointment or termination of the senior staff members of the internal audit function.
- Review movement of the internal audit staff members and provide opportunity for resigning staff member to submit reasons for resigning.

Risk Management

- Review the adequacy and effectiveness of risk management, internal control and governance systems in identify risks and risk mitigation.
- Ensure that the Group has a widespread understanding of risk management principles.

SUMMARY ACTIVITIES OF THE INTERNAL AUDIT FUNCTION

The Group has Internal Audit ("IA") function to undertake independent regular and systematic reviews of the systems of internal control so as to provide reasonable assurance that such systems continue to operate satisfactorily and effectively. During the year the IA function is led by an Internal Audit Manager who has over ten (10) years' experience in finance, accounting and internal audit, and with a team of 11 members, majority of whom are Bachelor Degree holders.

The IA reports directly to the Committee with independent and objective reports on the state of internal control of the various operating units within the Group. In addition, the IA also conducts investigations and special reviews at the request of management. Follow-up audits are then carried out to determine whether corrective actions have been taken by the management.

The IA attends the Committee meeting quarterly to present the internal audit findings and makes appropriate recommendations on areas of concern for the Committee's deliberation.

During the year, the IA carried out a total of twelve (12) audits and reviews covering the Group's operations in the area of plantation, mill, downstream operation, trading, finance and administration. The costs incurred by the IA for the financial year was RM794,152 (2020: RM931,471).

STATEMENT ON *Directors' Responsibility*

The Directors are required under the Main Market Listing Requirements of Bursa Malaysia Securities Berhad to issue a statement explaining their responsibility for preparing the financial statements.

The Directors are also required by the Companies Act, 2016 to prepare financial statements and the results and cash flow for that year which give a true and fair view of the state of affairs of the Company and the Group.

In preparing the financial statements for the year ended 31 December 2021 set out in page 133 to 267, the Directors have used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, followed the applicable approved accounting standards in Malaysia, the provision of the Companies Act, 2016 and the Listing Requirements of the Bursa Malaysia Securities Berhad. The Directors are responsible for ensuring that proper accounting records are kept which disclose with reasonable accuracy financial information for preparation of the financial statements. The Directors have overall responsibilities for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

This statement is made in accordance with the resolution of the Board of Directors dated 27 April 2022.

ADDITIONAL Compliances Information

1. NON-AUDIT FEES

The non-audit fees paid and payable to the Group's external auditors, KPMG PLT and its affiliates for the financial year ended 31 December 2021 were amounting to RM104,511 which mainly for the tax advisory and professional development services.

2. NO MATERIAL CONTRACTS

There were no material contracts involving the interest of Directors and major shareholders pursuant to paragraph 21, Part A, Appendix 9C of the Listing Requirements of Bursa Malaysia entered into by the Group since the end of the previous financial year up to 31 December 2021 except as disclosed in the following recurrent related party transactions.

3. RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("RRPT")

Name of Transacting Party	Nature of Transaction	Related Party #	Year 2021 Actual (RM'000)
1 The Group	Purchase of lubricant, spare parts, tyres and mild steel plate for the tractors and machinery from Shin Yang Trading Sdn. Bhd. ("SY Trading")	(a) SYHSB has more than 20% direct interest in SY Trading.(1) (b) Tan Sri Datuk Ling Chiong Ho(2) (c) Ling Chiong Sing(3) (d) Ling Lu Kuang(4) (e) Tang Tiong Ing(5)	1,543
2 The Group	Purchase of gravel from Hollystone Quarry Sdn. Bhd. ("HQ")	(a) SYHSB has more than 20% indirect interest in HQ.(1) (b) Tan Sri Datuk Ling Chiong Ho(2) (c) Ling Chiong Sing(3) (d) Ling Lu Kuang(4) (e) Tang Tiong Ing(5)	4,837
3 The Group	Provision of maintenance services and supply of lubricants, spare parts and tyres for the tractors and machinery by Dai Lieng Trading Sdn. Bhd. ("DLT")	(a) SYHSB has more than 20% indirect interest in DLT.(1) (b) Tan Sri Datuk Ling Chiong Ho(2) (c) Ling Chiong Sing(3) (d) Ling Lu Kuang(4) (e) Tang Tiong Ing(5)	7,831
4 The Group	Provision of heavy equipment, machinery and related spare parts by Dai Lieng Machinery Sdn. Bhd. ("DLM")	(a) SYHSB has more than 20% indirect interest in DLM.(1) (b) Tan Sri Datuk Ling Chiong Ho(2) (c) Ling Chiong Sing(3) (d) Ling Lu Kuang(4) (e) Tang Tiong Ing(5)	6,053

ADDITIONAL COMPLIANCES INFORMATION

Name of Transacting Party	Nature of Transaction	Related Party #	Year 2021 Actual (RM'000)
5 The Company	Purchase of fresh fruit bunches from Linau Mewah Sdn. Bhd. ("LMSB")	(a) Tan Sri Datuk Ling Chiong Ho[2] (b) Ling Chiong Sing[3] (c) Ling Lu Kuang[4] (d) Tang Tiong Ing[5]	93,588
6 The Group	Purchase of fresh fruit bunches from Shin Yang Forestry Sdn. Bhd. ("SYFSB")	(a) SYHSB has more than 20% indirect interest in SYFSB.[1] (b) Tan Sri Datuk Ling Chiong Ho[2] (c) Ling Chiong Sing[3] (d) Ling Lu Kuang[4] (e) Tang Tiong Ing[5]	4,234
7 The Group	Land transport services from Melinau Transport Sdn. Bhd. ("MTSB")	(a) SYHSB has more than 20% indirect interest in MTSB.[1] (b) Tan Sri Datuk Ling Chiong Ho[2] (c) Ling Chiong Sing[3] (d) Ling Lu Kuang[4] (e) Tang Tiong Ing[5]	6,100
8 The Group	Purchase of motor vehicles and rental of premises from Boulevard Jaya Sdn. Bhd. ("BJSB")	(a) SYHSB has more than 20% direct interest in BJSB.[1] (b) Tan Sri Datuk Ling Chiong Ho[2] (c) Ling Chiong Sing[3] (d) Ling Lu Kuang[4] (e) Tang Tiong Ing[5]	1,663
9 The Group	Purchase of fresh fruit bunches, crude palm oil and/or palm kernel from Primaluck (M) Sdn. Bhd. ("PSB")	(a) SYHSB has more than 20% indirect interest in PSB.[1] (b) Tan Sri Datuk Ling Chiong Ho[2] (c) Ling Chiong Sing[3] (d) Ling Lu Kuang[4] (e) Tang Tiong Ing[5]	785
10 The Group	Shipping services from Shin Yang Shipping Sdn. Bhd. ("SYShipping")	(a) SYHSB has more than 20% indirect interest in SYShipping.[1] (b) Tan Sri Datuk Ling Chiong Ho[2] (c) Ling Chiong Sing[3] (d) Ling Lu Kuang[4]	1,309

ADDITIONAL COMPLIANCES INFORMATION

Name of Transacting Party	Nature of Transaction	Related Party #	Year 2021 Actual (RM'000)
11 The Group	Purchase of chemicals from Shin Yang Chemical Sdn. Bhd. ("SYCSB")	(a) SYHSB has more than 20% indirect interest in SYCSB.[1] (b) Tan Sri Datuk Ling Chiong Ho[2] (c) Ling Chiong Sing[3] (d) Ling Lu Kuang[4] (e) Tang Tiong Ing[5]	-
12 The Group	Purchase of fresh fruit bunches from Danum Sinar Sdn. Bhd. ("DSSB")	(a) Tan Sri Datuk Ling Chiong Ho[2]	39,207
13 The Group	Purchase of fresh fruit bunches, crude palm oil and/or palm kernel from Dataran Seping Sdn. Bhd. ("DSeping")	(a) SYHSB has more than 20% direct interest in DSeping.[1] (b) Tan Sri Datuk Ling Chiong Ho[2] (c) Ling Chiong Sing[3] (d) Ling Lu Kuang[4] (e) Tang Tiong Ing[5]	6,409
14 The Group	Purchase of fresh fruit bunches from Selangau Plantation Sdn. Bhd. ("SPSB")	(a) SYHSB has more than 20% indirect interest in SPSB.[1] (b) Tan Sri Datuk Ling Chiong Ho[2] (c) Ling Chiong Sing[3] (d) Ling Lu Kuang[4] (e) Tang Tiong Ing[5]	2,074
15 The Group	Purchase of fresh fruit bunches from Dataran Linau Sdn. Bhd. ("DLSB")	(a) SYHSB has more than 20% direct interest in DLSB.[1] (b) Tan Sri Datuk Ling Chiong Ho[2] (c) Ling Chiong Sing[3] (d) Ling Lu Kuang[4] (e) Tang Tiong Ing[5]	4,409
16 The Group	Supply of motor vehicles and provision of maintenance services for motor vehicles by Boulevard Motor Sdn. Bhd. ("BMSB")	(a) Ling Lu Kuang has 14.9985% indirect interest in BMSB. (b) Tan Sri Datuk Ling Chiong Ho[2] (c) Ling Chiong Sing[3]	1,349

ADDITIONAL COMPLIANCES INFORMATION

Name of Transacting Party	Nature of Transaction	Related Party #	Year 2021 Actual (RM'000)
17 The Group	Provision of services of heavy machineries and vehicles by Dai Lieng Industry Sdn. Bhd. ("DLI")	(a) SYHSB has more than 20% indirect interest in DLI.[1] (b) Tan Sri Datuk Ling Chiong Ho[2] (c) Ling Chiong Sing[3] (d) Ling Lu Kuang[4] (e) Tang Tiong Ing[5]	2,417
18 The Company	Purchase of fresh fruit bunches from Shin yang Agriculture Sdn. Bhd ("SYAgri")	(a) SYHSB has more than 20% direct interest in SYAgri.[1] (b) Tan Sri Datuk Ling Chiong Ho[2] (c) Ling Chiong Sing[3] (d) Ling Lu Kuang[4] (e) Tang Tiong Ing[5]	4,198

Note #

(1) *Shin Yang Holding Sdn. Bhd. ("SYHSB"), a major shareholder of SOPB with indirect interest of 28.47% held through Shin Yang Plantation Sdn. Bhd. ("SYPSB"). SYPSB is wholly owned by Shin Yang Corporation Sdn. Bhd. ("SYCSB") and SYCSB is, in turn, wholly owned by SYHSB.*

(2) *Tan Sri Datuk Ling Chiong Ho is the Group Executive Chairman and major shareholder of SOPB and is also the Director of SYHSB, SY Trading, HQ, DLT, DLM, LMSB, SYFSB, BJSB, SYShipping, DSSB, DSeping, SPSB, DLSB, BMSB, DLI and SYAgri. He has substantial direct/indirect interest in SYHSB, SY Trading, HQ, DLT, DLM, LMSB, SYFSB, MTSB, BJSB, PSB, SYShipping, SYCSB, DSSB, DSeping, SPSB, DLSB, BMSB, DLI and SYAgri.*

(3) *Ling Chiong Sing is the Non-Executive Director of SOPB and is also the Director of SYHSB, SY Trading, HQ, DLT, DLM, LMSB, SYFSB, MTSB, BJSB, SYShipping, SYCSB, DSeping, SPSB, DLSB, BMSB, DLI and SYAgri. He has substantial direct/indirect interest in SYHSB, SY Trading, HQ, DLT, DLM, LMSB, SYFSB, MTSB, BJSB, PSB, SYShipping, SYCSB, DSeping, SPSB, DLSB, BMSB, DLI and SYAgri.*

(4) *Ling Lu Kuang is the Non-Executive Director of SOPB. He is a deemed person connected to Tan Sri Datuk Ling Chiong Ho and also authorized representative of Shin Yang Group.*

(5) *Tang Tiong Ing is the Non-Executive Director, member of the Audit and Risk Management Committee and Nomination Committee of SOPB. He is authorized representative and also an employee of Shin Yang Group.*

4. ADDITIONAL ESOS INFORMATION

Pursuant to paragraph 27, Part A, Appendix 9C of the Listing Requirements of Bursa Malaysia, the aggregate maximum allocation of ESOS applicable to Directors and Senior Management is up to 50%. Since the commencement of the ESOS up to 31 December 2021, approximately 30% of the options were granted to Directors and Senior Management.

FINANCIAL *Statements*

DIRECTORS' REPORT

DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding, cultivation of oil palms and operations of palm oil mills. There has been no significant change in the nature of these activities during the financial year.

SUBSIDIARIES

The principal activities and other details of the Company's subsidiaries are disclosed in Note 7 to the financial statements.

RESULTS

	Group RM'000	Company RM'000
Profit for the financial year attributable to:		
Owners of the Company	509,896	154,952
Non-controlling interests	31,603	-
	541,499	154,952

RESERVES AND PROVISIONS

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

DIVIDEND

Since the end of the previous financial year, the Company had paid the following dividends:

(i) In respect of the financial year ended 31 December 2020, a first and final single-tier dividend of 6 sen per ordinary share totalling RM34,300,437 was paid on 16 July 2021; and

(ii) In respect of the financial year ended 31 December 2021, a first interim single-tier dividend of 4 sen per ordinary share totalling RM22,867,666 was paid on 30 December 2021.

DIRECTORS' REPORT

DIVIDEND (CONTINUED)

At the forthcoming Annual General Meeting, a final dividend in respect of the financial year ended 31 December 2021, of 6 sen per ordinary share on 576,423,046 ordinary shares, amounting to a dividend payable of RM34,585,383 will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders will be accounted for in shareholders' equity as an appropriation of retained earnings in the financial statements for the financial year ending 31 December 2022.

DIRECTORS OF THE COMPANY

Directors who served during the financial year until the date of this report are:

Tan Sri Datuk Ling Chiong Ho* (Vacation of office on 01.03.2022)
Ling Lu Kuang*
Ling Chiong Sing*
Ling Pau Pau (Appointed on 01.03.2022)*
Tang Tiong Ing*
Monaliza Binti Zaidel*
Kamri Bin Ramlee*
Datuk Amar Haji Ahmad Tarmizi Bin Haji Sulaiman (Resigned on 31.05.2021)
Hasmawati Binti Sapawi (Appointed on 29.07.2021)*
Fong Yoo Kaw @ Fong Yee Kow
Dr. Lai Yew Hock*
Chua Chen San

* These Directors are also directors of the Company's respective subsidiaries.

DIRECTORS OF THE SUBSIDIARIES

The following is the list of directors of the subsidiaries (excluding those who are also directors of the Company as mentioned above) in office during the financial year until the date of this report:

Chan Kim Hong
Cheang Chu King
Chua Chin Wei
Datu Haji Sarudu Bin Haji Hoklai
Datuk Tan Thian Siang
Eric Kiu Kwong Seng
George Lentton Anak Indang
John Wayne Anak Chamberlin Sirau
Kong Lee Luang
Mersal Bin Abang Rosli
Tuan Haji Abdul Hadi Bin Haji Abdul Kadir
Wong Hee Kwong

DIRECTORS' REPORT

DIRECTORS OF THE SUBSIDIARIES (CONTINUED)

The following is the list of directors of the subsidiaries (excluding those who are also directors of the Company as mentioned above) in office during the financial year until the date of this report: (continued)

Wong Kai Song
Dato Chung Soon Nam (Appointed on 17.05.2021)
Tho Kheng Chiang (Appointed on 24.06.2021)
Mohammad Faisal Bin Jaffar (Appointed on 12.07.2021)
Chua Kian Hong (Resigned on 24.06.2021)
Azmi Bin Bujang (Resigned on 01.07.2021)
Mardiana Binti Sidi (Resigned on 01.12.2021)

DIRECTORS' INTERESTS IN SHARES

The interests and deemed interests in the shares and options over shares of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at financial year end (including the interests of the spouses or children of the Directors who themselves are not Directors of the Company) as recorded in the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares			
	At 1.1.2021	Bought	Sold	At 31.12.2021
The Company				
Direct interest				
Tan Sri Datuk Ling Chiong Ho	40,047,600	-	-	40,047,600
Tang Tiong Ing	55,131	-	-	55,131
Dr. Lai Yew Hock	50,657	-	-	50,657
Ling Chiong Sing	-	50,000	-	50,000
Deemed interest				
Tan Sri Datuk Ling Chiong Ho	162,787,900	-	-	162,787,900
Tang Tiong Ing	169,714	15,000	-	184,714
Ling Lu Kuang	55,650,000	6,750,000	-	62,400,000
Ling Chiong Sing	162,787,900	-	-	162,787,900

DIRECTORS' REPORT

DIRECTORS' INTERESTS IN SHARES (CONTINUED)

	Number of options over ordinary shares			
	At 1.1.2021	Granted	Exercise	At 31.12.2021
Share options of the Company at RM3.60 per share				
Tan Sri Datuk Ling Chiong Ho	5,707,900	-	-	5,707,900
Ling Lu Kuang	2,853,900	-	-	2,853,900
Ling Chiong Sing	150,000	-	(50,000)	100,000
Tang Tiong Ing	150,000	-	-	150,000
Fong Yoo Kaw @ Fong Yee Kow	150,000	-	-	150,000
Dr. Lai Yew Hock	150,000	-	-	150,000
Kamri Bin Ramlee	150,000	-	-	150,000
Chua Chen San	150,000	-	-	150,000

By virtue of their interest in the shares of the Company, Tan Sri Datuk Ling Chiong Ho and Ling Chiong Sing are also deemed interested in the shares of the subsidiaries during the financial year to the extent that the Company has an interest.

The other Directors, Monaliza Binti Zaidel and Hasmawati Binti Sapawi holding office at 31 December 2021 did not have any interest in the shares and options over shares of the Company and of its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than those fees and other benefits included in the aggregate amount of remuneration received or due and receivable by Directors as shown in the financial statements or the fixed salary of a full time employee of the Company or of its related corporations) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, other than certain Directors who have significant financial interests in companies which traded with certain companies in the Group in the ordinary course of business (as disclosed in Note 37 to the financial statements).

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

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company increased its issued and paid-up ordinary share capital from 571,121,846 to 571,693,846 by way of the issuance of 572,000 ordinary shares for cash pursuant to the Company's Employee Share Options Scheme ("ESOS") at an average exercise price of RM3.23 per ordinary share.

ISSUE OF SHARES AND DEBENTURES (CONTINUED)

The new ordinary shares issued during the financial year ranked pari passu in all respects with the existing ordinary shares of the Company.

There were no issuances of debentures by the Company during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the financial year apart from the issue of options pursuant to the ESOS.

At an Extraordinary General Meeting held on 9 August 2017, the Company's shareholders approved the establishment of an ESOS of not more than 10% of the issued share capital of the Company to eligible Directors and employees of the Group.

The salient features and other terms of the ESOS are disclosed in Note 18 to the financial statements.

During the financial year, the Company granted 713,700 share options under the scheme. These options expire on 18 September 2027 and are exercisable if the employee remains in service.

The options offered to take up unissued ordinary shares and the exercise prices are as follows:

			Number of options over ordinary shares				
Date of Offer	**Expiry date**	**Exercise price**	**At 1.1.2021**	**Granted**	**Exercised**	**Forfeited**	**At 31.12.2021**
28.09.2017	18.09.2027	3.60	32,647,600	-	(359,700)	(700,200)	31,587,700
25.05.2018	18.09.2027	3.12	1,128,000	-	(91,700)	(89,000)	947,300
03.04.2019	18.09.2027	2.21	1,171,800	-	(92,000)	(93,000)	986,800
17.04.2020	18.09.2027	2.23	592,400	-	(28,600)	(72,800)	491,000
06.04.2021	18.09.2027	3.57	-	713,700	-	(121,000)	592,700
			35,539,800	713,700	(572,000)	(1,076,000)	34,605,500

INDEMNITY AND INSURANCE COSTS

a. Directors

During the financial year, the Company maintained a Directors' and Officers' Liability Insurance to provide appropriate insurance cover for the Directors and Officers of the Company. The total insured limit for the Directors' and Officers' Liability Insurance effected for the Directors and Officers of the Company and its subsidiaries was RM100,000,000 per occurrence and in the aggregate. The insurance premium for the Group was RM177,138.

DIRECTORS' REPORT

INDEMNITY AND INSURANCE COSTS (CONTINUED)

b. Auditors

Any indemnity given to or insurance effected for the auditors of the Company is to be made to the extent as permitted under Section 289 of the Companies Act 2016. There is no amount of such indemnity given or insurance effected for its auditors during the year.

OTHER STATUTORY INFORMATION

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

i) all known bad debts have been written off and adequate provision made for doubtful debts, and

ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

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

i) that would render the amount written off for bad debts or the amount of the provision for doubtful debts in the Group and in the Company inadequate to any substantial extent, or

ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or

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

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

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

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

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

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

DIRECTORS' REPORT

OTHER STATUTORY INFORMATION (CONTINUED)

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

AUDITORS

The auditors, KPMG PLT have indicated their willingness to accept re-appointment.

The auditors' remuneration is disclosed in Note 27 to the financial statements.

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

Dr. Lai Yew Hock
Director

Chua Chen San
Director

Miri,

Date: 27 April 2022

STATEMENT BY DIRECTORS

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

In the opinion of the Directors, the financial statements set out on pages 133 to 267 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2021 and of their financial performance and cash flows for the financial year then ended.

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

Dr. Lai Yew Hock
Director

Chua Chen San
Director

Miri,

Date: 27 April 2022

STATUTORY DECLARATION

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

I, **Tho Kheng Chiang**, the officer primarily responsible for the financial management of Sarawak Oil Palms Berhad, do solemnly and sincerely declare that the financial statements set out on pages 133 to 267 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed, **Tho Kheng Chiang**, NRIC: 790106-12-5573, MIA CA37095, at Miri in the State of Sarawak on 27 April 2022.

Tho Kheng Chiang

Before me:

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF SARAWAK OIL PALMS BERHAD
Registration No. 196801000358 (7949 - M)
(Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Sarawak Oil Palms Berhad, which comprise the statements of financial position as at 31 December 2021 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 133 to 267.

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

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current 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.

1. Valuation of goodwill – Group

Refer to Note 2(f) - Significant accounting policies: Intangible assets and Note 6 – Intangible assets.

The key audit matter

Goodwill on consolidation of the Group arose from acquisition of subsidiaries in the plantations segment in prior years. The Group is required to perform annual goodwill assessment based on estimated future cash flows to support the goodwill amounting to RM168,123,000 as at 31 December 2021.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF SARAWAK OIL PALMS BERHAD
Registration No. 196801000358 (7949 - M)
(Incorporated in Malaysia)

Key Audit Matters (continued)

1. Valuation of goodwill – Group (continued)

The key audit matter (continued)

We determined the impairment assessment of goodwill to be a key audit matter due to the impairment assessment prepared by the Group contained certain degree of judgement and involved assumptions of future events that are inherently uncertain. It required us to exercise a significant level of judgement in evaluating the Group's impairment assessment.

How the matter was addressed in our audit

We performed the following audit procedures, among others:

- we evaluated the design and implementation of the controls over the preparation of the valuation model used to determine recoverable amount of the cash generating units ("CGUs");
- we performed a retrospective review by comparing the actual results during the current year with those included in the prior year's forecasts in order to assess the accuracy of the Group's budgeting process;
- we evaluated and challenged the Group's key assumptions such as prices and production of fresh fruit bunches, operational costs in plantations, palm oil prices, sales and production volume and discount rates by making comparisons to actual results, externally derived data and industry norms;
- we obtained confirmation that the key assumptions were subject to oversight from the Directors; and
- we assessed the adequacy of the Group's disclosures in respect of key assumptions and assessed whether the sensitivity of the outcome of impairment assessment to changes in the key assumptions reflected the risk inherent in the valuation of goodwill.

2. Valuation of investment in subsidiaries – Company

Refer to Note 2(a)(i) - Significant accounting policies: Basis of consolidation - Subsidiaries and Note 7 – Investment in subsidiaries.

The key audit matter

Certain subsidiaries of the Company were loss making for the financial year ended 31 December 2021 which indicated that there may be an impairment on the investment in these subsidiaries. The Company has evaluated the indicator and performed impairment assessment to determine the recoverable amount.

We determined this to be a key audit matter due to the degree of judgement involved in preparing and considering the prospective financial information based on the assumptions and events which may occur in the next 12 months and beyond by the Group. In view of the inherent uncertainties involved in forecasting and discounting future cash flows, as well as the appropriateness of the key assumptions used to derive the projections, it required us to exercise a significant level of judgement in evaluating the Group's assessment on investment in subsidiaries.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF SARAWAK OIL PALMS BERHAD
Registration No. 196801000358 (7949 - M)
(Incorporated in Malaysia)

Key Audit Matters (continued)

2. Valuation of investment in subsidiaries – Company (continued)

How the matter was addressed in our audit

We performed the following audit procedures, among others:

- we obtained an understanding on the process in relation to the Company's assessment on investment in subsidiaries and evaluated the design and implementation of the controls over the preparation of the valuation model used to determine the recoverable amount of those affected subsidiaries;
- we performed a retrospective review by comparing the actual results during the current year with those included in the prior year's forecasts in order to assess the accuracy of the Company's budgeting process;
- we evaluated and challenged the Company's key assumptions such as prices and production of fresh fruit bunches, operational costs in plantations, palm oil prices, sales and production volume, gross profit margin, discount rates by making comparisons to actual results, externally derived data and industry norms; and
- we compared the carrying amount of the investment against its recoverable amount based on value-in-use. Where the recoverable amount was less than carrying amount of the investment, assessed if the impairment loss has been properly recognised in the profit or loss.

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the annual report and, in doing so, consider whether the annual report 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 the annual report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

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

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF SARAWAK OIL PALMS BERHAD
Registration No. 196801000358 (7949 - M)
(Incorporated in Malaysia)

Responsibilities of the Directors for the Financial Statements (continued)

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the ability of the Group and of the Company 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:

- 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.

- 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 internal control of the Group and of the Company.

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

- 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 ability of the Group or of the Company 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.

- 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 gives a true and fair view.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF SARAWAK OIL PALMS BERHAD
Registration No. 196801000358 (7949 - M)
(Incorporated in Malaysia)

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

- 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 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 auditors' report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors are disclosed in Note 7 to the financial statements.

Other Matter

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

KPMG PLT
(LLP0010081-LCA & AF 0758)
Chartered Accountants

Nicholas Chia Wei Chit
Approval Number: 03102/03/2024 J
Chartered Accountant

Miri,

Date: 27 April 2022

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

		Group		Company	
	Note	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Assets					
Property, plant and equipment	3	1,074,314	1,040,132	174,441	163,196
Bearer plants	4	921,245	979,964	158,297	152,070
Right-of-use assets	5	512,986	510,461	40,630	29,736
Intangible assets	6	168,264	168,266	-	-
Investment in subsidiaries	7	-	-	1,630,031	1,575,618
Investment in joint venture	8	22,163	23,287	-	-
Inventories	9	57,525	40,618	-	-
Deferred tax assets	10	19,573	44,942	-	-
Total non-current assets		2,776,070	2,807,670	2,003,399	1,920,620
Agricultural produce	11	34,169	25,282	4,555	2,712
Inventories	9	476,475	251,561	57,317	40,841
Trade and other receivables	12	282,071	190,608	420,260	316,496
Contract assets	13	37,934	21,067	-	-
Prepayments and other assets		3,047	1,702	447	372
Derivatives	14	8,697	7,144	-	-
Current tax recoverable		7,427	5,808	-	-
Other investments	15	234,269	304,836	58,352	198,555
Cash and cash equivalents	16	796,693	642,409	225,053	151,965
Total current assets		1,880,782	1,450,417	765,984	710,941
Total assets		4,656,852	4,258,087	2,769,383	2,631,561

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					
Share capital	17	823,162	820,982	823,162	820,982
Other reserves	17	(793)	(6,543)	-	-
Employee share option reserve	18	26,481	23,870	26,481	23,870
Retained earnings		1,953,269	1,540,314	1,393,303	1,295,519
Total equity attributable to owners of the Company		2,802,119	2,378,623	2,242,946	2,140,371
Non-controlling interests	7	136,592	124,272	-	-
Total equity		2,938,711	2,502,895	2,242,946	2,140,371
Liabilities					
Loans and borrowings	19	522,110	715,164	220,000	320,032
Lease liabilities		114	584	1,202	1,810
Government grants	20	14,338	15,212	459	532
Derivatives	14	408	4,828	-	-
Deferred tax liabilities	10	377,620	356,998	47,775	44,298
Total non-current liabilities		914,590	1,092,786	269,436	366,672
Loans and borrowings	19	495,679	393,848	100,041	377
Lease liabilities		1,535	1,580	608	553
Trade and other payables	21	288,830	209,330	150,991	96,579
Current tax payable		14,938	11,469	5,288	3,129
Government grants	20	1,064	868	73	73
Derivatives	14	1,505	45,311	-	23,807
Total current liabilities		803,551	662,406	257,001	124,518
Total liabilities		1,718,141	1,755,192	526,437	491,190
Total equity and liabilities		4,656,852	4,258,087	2,769,383	2,631,561

The notes on pages 148 to 267 are an integral part of these financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

		Group		Company	
	Note	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Revenue	22	4,431,026	2,778,603	1,645,972	1,027,392
Cost of sales		(3,291,629)	(2,247,854)	(1,314,298)	(874,245)
Gross profit		1,139,397	530,749	331,674	153,147
Other income	23	50,435	16,929	40,254	14,361
Administrative expenses		(31,081)	(39,551)	(18,068)	(14,427)
Other operating expenses		(143,294)	(26,118)	(76,412)	(25,532)
Selling and marketing expenses		(290,493)	(148,299)	(82,919)	(58,049)
Changes in fair value of agricultural produce	11	8,887	6,728	1,843	1,413
Net loss on impairment of financial instruments		(936)	(2,879)	-	(9,904)
Results from operating activities		732,915	337,559	196,372	61,009
Finance income	24	16,279	20,855	13,359	15,528
Finance costs	25	(33,324)	(42,252)	(9,733)	(9,929)
Net finance (costs)/income		(17,045)	(21,397)	3,626	5,599
Share of loss of equity-accounted joint venture, net of tax	8	(2,881)	(13,963)	-	-
Profit before tax		712,989	302,199	199,998	66,608
Taxation	26	(171,490)	(82,041)	(45,046)	(17,656)
Profit for the financial year	27	541,499	220,158	154,952	48,952

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

		Group		Company	
	Note	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Other comprehensive income, net of tax					
Item that are or may be reclassified subsequently to profit or loss					
Foreign currency translation differences for foreign operations		732	(478)	-	-
Cash flow hedge	29	5,018	(4,209)	-	-
Other comprehensive income/(loss) for the financial year, net of tax		5,750	(4,687)	-	-
Total comprehensive income for the financial year		547,249	215,471	154,952	48,952
Profit attributable to:					
Owners of the Company		509,896	204,116	154,952	48,952
Non-controlling interests	7	31,603	16,042	-	-
Profit for the financial year		541,499	220,158	154,952	48,952
Total comprehensive income attributable to:					
Owners of the Company		515,646	199,429	154,952	48,952
Non-controlling interests	7	31,603	16,042	-	-
Total comprehensive income for the financial year		547,249	215,471	154,952	48,952
Basic earnings per ordinary share (sen)	30	89.21	35.75		
Diluted earnings per ordinary share (sen)	30	88.98	35.74		

The notes on pages 148 to 267 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

		Attributable to owners of the Company						
		Non-distributable			Distributable			
Group	**Note**	**Share capital RM'000**	**Other reserves RM'000**	**Employee share option reserve RM'000**	**Retained earnings RM'000**	**Total RM'000**	**Non-controlling interests RM'000**	**Total equity RM'000**
At 1 January 2020		820,091	(1,856)	20,366	1,364,764	2,203,365	111,740	2,315,105
Foreign currency translation differences for foreign operations		-	(478)	-	-	(478)	-	(478)
Cash flow hedge	29	-	(4,209)	-	-	(4,209)	-	(4,209)
Total other comprehensive expense for the financial year		-	(4,687)	-	-	(4,687)	-	(4,687)
Profit for the financial year		-	-	-	204,116	204,116	16,042	220,158
Total comprehensive income for the financial year		-	(4,687)	-	204,116	199,429	16,042	215,471
Contributions by and distributions to owners of the Company								
Dividends to owners of the Company	31	-	-	-	(28,546)	(28,546)	-	(28,546)
Dividends to non-controlling interests in subsidiaries		-	-	-	-	-	(3,530)	(3,530)
Changes in ownership interest in a subsidiary		-	-	-	(20)	(20)	20	-
Issue of ordinary shares pursuant to exercise of share options	17	749	-	-	-	749	-	749
Share options granted	18	-	-	3,646	-	3,646	-	3,646
Share options exercised	18	142	-	(142)	-	-	-	-
Total transaction with owners of the Company		891	-	3,504	(28,566)	(24,171)	(3,510)	(27,681)
At 31 December 2020		820,982	(6,543)	23,870	1,540,314	2,378,623	124,272	2,502,895

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

		← Attributable to owners of the Company →						
		← Non-distributable →			Distributable			
Group (continued)	**Note**	**Share capital RM'000**	**Other reserves RM'000**	**Employee share option reserve RM'000**	**Retained earnings RM'000**	**Total RM'000**	**Non-controlling interests RM'000**	**Total equity RM'000**
At 1 January 2021		820,982	(6,543)	23,870	1,540,314	2,378,623	124,272	2,502,895
Foreign currency translation differences for foreign operations		-	732	-	-	732	-	732
Cash flow hedge	29	-	5,018	-	-	5,018	-	5,018
Total other comprehensive income for the financial year		-	5,750	-	-	5,750	-	5,750
Profit for the financial year		-	-	-	509,896	509,896	31,603	541,499
Total comprehensive income for the financial year		-	5,750	-	509,896	515,646	31,603	547,249
Contributions by and distributions to owners of the Company								
Dividends to owners of the Company	31	-	-	-	(57,168)	(57,168)	-	(57,168)
Dividends to non-controlling interests in subsidiaries		-	-	-	-	-	(7,261)	(7,261)
Changes in ownership interest in subsidiaries		-	-	-	(39,773)	(39,773)	(12,022)	(51,795)
Issue of ordinary shares pursuant to exercise of share options	17	1,848	-	-	-	1,848	-	1,848
Share options granted	18	-	-	2,943	-	2,943	-	2,943
Share options exercised	18	332	-	(332)	-	-	-	-
Total transaction with owners of the Company		2,180	-	2,611	(96,941)	(92,150)	(19,283)	(111,433)
At 31 December 2021		823,162	(793)	26,481	1,953,269	2,802,119	136,592	2,938,711

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

		Attributable to owners of the Company			
		Non-distributable		Distributable	
Company	**Note**	**Share capital RM'000**	**Employee share option reserve RM'000**	**Retained earnings RM'000**	**Total RM'000**
At 1 January 2020		820,091	20,366	1,275,113	2,115,570
Profit and total comprehensive income for the financial year		-	-	48,952	48,952
Contributions by and distributions to owners of the Company:					
- Issue of ordinary shares pursuant to exercise of share options	17	749	-	-	749
- Share options granted	18	-	3,646	-	3,646
- Share options exercised	18	142	(142)	-	-
- Dividends to owners of the Company	31	-	-	(28,546)	(28,546)
Total transaction with owners of the Company		891	3,504	(28,546)	(24,151)
At 31 December 2020/ 1 January 2021		820,982	23,870	1,295,519	2,140,371
Profit and total comprehensive income for the financial year		-	-	154,952	154,952
Contributions by and distributions to owners of the Company:					
- Issue of ordinary shares pursuant to exercise of share options	17	1,848	-	-	1,848
- Share options granted	18	-	2,943	-	2,943
- Share options exercised	18	332	(332)	-	-
- Dividends to owners of the Company	31	-	-	(57,168)	(57,168)
Total transaction with owners of the Company		2,180	2,611	(57,168)	(52,377)
At 31 December 2021		823,162	26,481	1,393,303	2,242,946

The notes on pages 148 to 267 are an integral part of these financial statements.

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					
Profit before tax		712,989	302,199	199,998	66,608
Adjustments for:					
Change in fair value of agricultural produce	11	(8,887)	(6,728)	(1,843)	(1,413)
Amortisation of bearer plants	4	72,535	58,505	6,664	5,407
Amortisation of government grants	20	(1,048)	(917)	(73)	(121)
Amortisation of intangible assets	6	16	16	-	-
Depreciation of property, plant and equipment	3.2	87,198	82,078	23,362	23,248
Depreciation of right-of-use assets	5	9,703	9,547	1,054	957
Net loss on impairment of financial instruments		936	2,879	-	9,904
Impairment loss on investment in					
- in a joint venture	8	-	3,471	-	-
Dividend income from:					
- subsidiaries	22	-	-	(26,788)	(14,335)
(Gain)/Loss on disposal of:					
- property, plant and equipment		(474)	(849)	(795)	(686)
- subsidiary		-	-	-	65
Finance income	24	(16,279)	(20,855)	(13,359)	(15,528)
Finance costs	25	33,324	42,252	9,733	9,929
Fair value changes on derivatives		(43,484)	11,955	(23,807)	14,639
Inventories written down	9	634	1,437	-	1,883
Inventories written off	9	136	534	-	180
Property, plant and equipment written off		760	681	58	162
Bearer plants written off		5,992	6,387	156	28
Unrealised loss/(gain) on foreign exchange		712	69	(3)	4
Share options granted under ESOS	18	2,943	3,646	986	1,277
Share of loss of equity-accounted joint venture, net of tax		2,881	13,963	-	-
Operating profit before changes in working capital		860,587	510,270	175,343	102,208

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)					
Change in inventories		(242,520)	(18,447)	(16,476)	(588)
Change in trade and other receivables, prepayments and other assets		(106,012)	(19,863)	3,369	(1,469)
Change in trade and other payables		75,540	(3,167)	28,603	18,545
Net movement in subsidiaries balances		-	-	(81,488)	(28,285)
Cash generated from operations		587,595	468,793	109,351	90,411
Net tax paid		(125,234)	(60,556)	(39,409)	(21,381)
Interest/Profit paid		(4,539)	(5,591)	(493)	(356)
Interest received		2,329	1,820	-	-
Net cash from operating activities		460,151	404,466	69,449	68,674
Cash flows from investing activities					
Acquisition of property, plant and equipment	(i)	(123,577)	(75,471)	(35,143)	(16,247)
Additional investment in subsidiaries		-	-	(54,413)	(915)
Acquisition of non-controlling interests	38	(51,795)	-	-	-
Additional investment in joint venture		(1,757)	(842)	-	-
Additions to intangible assets		(14)	(27)	-	-
Additions to right-of-use assets		(12,024)	(116)	(11,948)	(27)
Dividends received		-	-	26,788	14,335
Interest received		13,950	19,035	13,359	15,528
Additions to bearer plants	(ii)	(16,575)	(27,147)	(11,259)	(20,289)
Upliftment/(Placement) of fixed deposits with original maturities exceeding three months		70,567	(230,478)	140,203	(131,197)
Proceeds from disposal of:					
- property, plant and equipment		1,866	1,922	1,530	1,500
Net cash (used in)/from investing activities		(119,359)	(313,124)	69,117	(137,312)

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					
Net movement in trade financing	(iii)	91,783	(15,350)	-	-
Net proceeds from Sukuk Murabahah	(iii)	-	19,384	-	20,000
Repayment of loans and borrowings	(iii)	(177,882)	(153,446)	-	-
Repayment of hire purchase financing	(iii)	(6,645)	(4,897)	(368)	(427)
Payment of lease liabilities	(iii)	(720)	(608)	(553)	(524)
ESOS capital contribution from subsidiaries		-	-	1,957	2,369
Proceeds from exercise of ESOS		1,848	749	1,848	749
Proceeds from loans and borrowings	(iii)	-	29,588	-	-
Proceeds from government grants		370	78	-	78
Dividends paid	31	(57,168)	(28,546)	(57,168)	(28,546)
Dividends paid to non-controlling interests		(7,261)	(3,530)	-	-
Interest paid		(31,571)	(40,522)	(11,197)	(12,120)
Net cash used in financing activities		(187,246)	(197,100)	(65,481)	(18,421)
Net increase/(decrease) in cash and cash equivalents		153,546	(105,758)	73,085	(87,059)
Effect of exchange rate changes		738	10	3	(4)
Cash and cash equivalents at beginning of financial year		642,309	748,057	151,965	239,028
Cash and cash equivalents at end of financial year	(iv)	796,593	642,309	225,053	151,965

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 outflows for leases as a lessee					
Included in net cash from operating activities:					
Payment related to short-term leases		(1,834)	(2,138)	(214)	(205)
Payment relating to variable lease payments not included in the measurement of lease liabilities		(9,538)	(8,895)	-	-
Interest paid in relation to lease liabilities		(101)	(120)	(118)	(144)
Included in net cash from financing activities:					
Payment of lease liabilities		(524)	(608)	(553)	(524)
Total cash outflows for leases		(11,997)	(11,761)	(885)	(873)

Notes:

(i) Acquisition of property, plant and equipment

	Note	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Amount paid using internal fund		123,577	75,471	35,143	16,247
Acquired under hire purchase financing		199	5,113	-	-
Finance cost capitalised	3.1	885	1,678	652	286
Aggregate cost of property, plant and equipment acquired during the year	3	124,661	82,262	35,795	16,533

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

Notes: (continued)

(ii) Additions to bearer plants

	Note	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Addition of bearer plants (including personnel expenses)	4	19,808	30,780	13,047	22,988
Depreciation capitalised	4.1	(1,256)	(1,448)	(395)	(514)
Finance costs capitalised	4.1	(1,977)	(2,185)	(1,393)	(2,185)
		16,575	27,147	11,259	20,289

Notes: (continued)

(iii) Reconciliation of liabilities arising from financing activities

	At 1.1.2020 RM'000	Net changes from financing cash flows RM'000	Acquisition of new leases RM'000	Additional hire purchase financing RM'000	Interest amortisation on financial liabilities RM'000	Foreign exchange movement RM'000	At 31.12.2020 RM'000
Group							
Term loans	911,423	(100,358)	-	-	-	-	811,065
Sukuk Murabahah	-	19,384	-	-	-	-	19,384
Revolving credits	73,500	(23,500)	-	-	-	-	50,000
Hire purchase financing	12,173	(4,897)	-	5,113	-	-	12,389
Trade banking facilities	231,525	(15,350)	-	-	-	(1)	216,174
Lease liabilities	2,367	(608)	406	-	-	-	2,165
Total liabilities from financing activities	1,230,988	(125,329)	406	5,113	-	(1)	1,111,177
Company							
Sukuk Murabahah	-	20,000	-	-	-	-	20,000
Term loans	300,000	-	-	-	-	-	300,000
Revolving credits	-	-	-	-	-	-	-
Hire purchase financing	836	(427)	-	-	-	-	409
Lease liabilities	2,887	(524)	-	-	-	-	2,363
Total liabilities from financing activities	303,723	19,049	-	-	-	-	322,772

Notes: (continued)

(iii) Reconciliation of liabilities arising from financing activities (continued)

	At 31.12.2020/ 1.1.2021 RM'000	Net changes financing cash flows RM'000	Acquisition of new leases RM'000	Additional hire purchase financing RM'000	Interest amortisation on financial liabilities RM'000	Foreign exchange movement RM'000	At 31.12.2021 RM'000
Group (continued)							
Term loans	811,065	(127,882)	-	-	-	-	683,183
Sukuk Murabahah	19,384	-	-	-	77	-	19,461
Revolving credits	50,000	(50,000)	-	-	-	-	-
Hire purchase financing	12,389	(6,645)	-	199	-	-	5,943
Trade banking facilities	216,174	91,783	-	-	-	1,245	309,202
Lease liabilities	2,165	(720)	204	-	-	-	1,649
Total liabilities from financing activities	1,111,177	(93,464)	204	199	77	1,245	1,019,438
Company (continued)							
Sukuk Murabahah	20,000	-	-	-	-	-	20,000
Term loans	300,000	-	-	-	-	-	300,000
Hire purchase financing	409	(368)	-	-	-	-	41
Lease liabilities	2,363	(553)	-	-	-	-	1,810
Total liabilities from financing activities	322,772	(921)	-	-	-	-	321,851

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

Notes: (continued)

(iv) Cash and cash equivalents

For the purpose of the statements of cash flows, cash and cash equivalents comprise the following at the reporting date:

		Group		Company	
	Note	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Cash on hand and at banks	16	275,394	199,339	135,325	62,116
Fixed deposits with maturities not exceeding three months	16	521,199	442,970	89,728	89,849
		796,593	642,309	225,053	151,965

The notes on pages 148 to 267 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

Sarawak Oil Palms Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The addresses of the principal place of business and registered office of the Company are No. 124 - 126, Jalan Bendahara, 98000 Miri, Sarawak.

The Company is principally engaged in investment holding, cultivation of oil palms and operations of palm oil mills, while the principal activities of its subsidiaries and joint venture are stated in Note 7 and Note 8 to the financial statements respectively.

These financial statements were authorised for issue by the Board of Directors on 27 April 2022.

1. Basis of preparation

(a) Statement of compliance

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

The following are accounting standards, interpretations and amendments of the MFRSs that have been issued by the MASB but have not been adopted by the Group and the Company.

MFRS / Amendment / Interpretation	**Effective date**
Amendments to MFRS 16, *Leases – Covid-19-Related Rent Concessions beyond 30 June 2021*	1 April 2021
Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2018-2021)*	1 January 2022
Amendments to MFRS 3, *Business Combinations - Reference to the Conceptual Framework*	1 January 2022
Amendments to MFRS 9, *Financial Instruments (Annual Improvements to MFRS Standards 2018-2021)*	1 January 2022
Amendments to Illustrative Examples accompanying MFRS 16, *Leases (Annual Improvements to MFRS Standards 2018-2021)*	1 January 2022
Amendments to MFRS 116, *Property, Plant and Equipment - Proceeds before Intended Use*	1 January 2022
Amendments to MFRS 137, *Provisions, Contingen Liabilities and Contingent Assets - Onerous Contracts - Cost of Fulfilling a Contract*	1 January 2022
Amendments to MFRS 141, *Agriculture (Annual Improvements to MFRS Standards 2018-2021)*	1 January 2022
MFRS 17, *Insurance Contracts*	1 January 2023
Amendments to MFRS 17, *Insurance Contracts – Initial Application of MFRS 17 and MFRS 9 – Comparative Information*	1 January 2023
Amendments to MFRS 101, *Presentation of Financial Statements - Classification of Liabilities as Current or Non-current)*	1 January 2023
Amendments to MFRS 108, *Accounting Policies Changes in Accounting Estimates and Errors – Definition of Accounting Estimates*	1 January 2023
Amendments to MFRS 112, *Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction*	1 January 2023

NOTES TO THE FINANCIAL STATEMENTS

1. Basis of preparation (continued)

(a) Statement of compliance (continued)

MFRS / Amendment / Interpretation	Effective date
Amendments to MFRS 10, *Consolidated Financial Statements and MFRS 128, Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	To be determined

The Group and the Company plan to apply the abovementioned accounting standards, amendments and interpretations:

- from the annual period beginning on 1 January 2022 for these amendments that are effective for annual periods beginning on or after 1 April 2021 and 1 January 2022, which are currently assessed as applicable to the Group except for Amendments to MFRS 1 which is not applicable to the Group.

- from the annual period beginning on 1 January 2023 for the accounting standard and amendments that are effective for annual periods beginning on or after 1 January 2023, except for MFRS 17 and Amendments to MFRS 17, which are assessed as presently not applicable to the Group and the Company.

The initial application of the above accounting standards, interpretations or amendments are not expected to have any material financial impacts to the current period and prior period financial statements of the Group and the Company.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis, other than as disclosed in Note 2.

(c) Functional and presentation currency

The individual financial statements of each entity in the Group are prepared using the currency of the primary economic environment in which the entity operates, which is the functional currency. The Group's and the Company's financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency and presentation currency. All financial information is presented in RM and has been rounded to the nearest thousand, unless otherwise stated.

(d) Use of estimates and judgements

The preparation of financial statements in conformity with MFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

NOTES TO THE FINANCIAL STATEMENTS

1. Basis of preparation (continued)

(d) Use of estimates and judgements (continued)

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in the following notes:

- Note 6 - impairment testing of goodwill;
- Note 7 - impairment testing of investment in subsidiaries;
- Note 10 - recognition of deferred tax assets; and
- Note 11 - measurement of agricultural produce.

2. Significant accounting policies

The accounting policies set out below have been applied consistently to the periods presented in these financial statements and applied consistently by the Group and the Company, unless otherwise stated.

(a) Basis of consolidation

(i) Subsidiaries

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

The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

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

2. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(ii) Business combinations

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

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

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

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

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

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

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

(iii) Acquisitions of non-controlling interests

The Group accounts for all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

(iv) Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any surplus or deficit arising on the loss of control is recognised in profit or loss.

If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or as financial asset depending on the level of influence retained.

NOTES TO THE FINANCIAL STATEMENTS

2. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(v) Joint arrangements

Joint arrangements are arrangements of which the Group has joint control, established by contracts requiring unanimous consent for decisions about the activities that significantly affect the arrangements' returns.

Joint arrangements are classified and accounted for as follows:

- A joint arrangement is classified as "joint operation" when the Group or the Company has rights to the assets and obligations for the liabilities relating to an arrangement. The Group and the Company account for each of its share of the assets, liabilities and transactions, including its share of those held or incurred jointly with the other investors, in relation to the joint operation.

- A joint arrangement is classified as "joint venture" when the Group or the Company has rights only to the net assets of the arrangements. The Group accounts for its interest in the joint venture using the equity method. Investments in joint venture are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

(vi) Non-controlling interests

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

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

(vii) Transactions eliminated on consolidation

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

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

NOTES TO THE FINANCIAL STATEMENTS

2. Significant accounting policies (continued)

(b) Foreign currency

(i) Foreign currency transactions

In preparing the financial statements of individual entities in the Group, transactions other than the entity's functional currency (foreign currencies) are translated to the functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date, except for those that are measured at fair value which are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of equity instruments where they are measured at fair value through other comprehensive income or a financial instrument designated as a cash flow hedge, which are recognised in other comprehensive income.

In the consolidated financial statements, when settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented in the foreign currency translation reserve ("FCTR") in equity.

(ii) Operations denominated in functional currencies other than Ringgit Malaysia

The assets and liabilities of operations denominated in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at exchange rates at the end of the reporting period, except for goodwill and fair value adjustments arising from business combinations before 1 January 2020 (the date when the Group first adopted MFRS) which are treated as assets and liabilities of the Company. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated to RM at exchange rates at the dates of the transactions.

The income and expenses of foreign operations in hyperinflationary economies are translated to RM at the exchange rate at the end of the reporting period. Prior to translating the financial statements of foreign operations in hyperinflationary economies, their financial statements for the current period are restated to account for changes in the general purchasing power of the local currency. The restatement is based on relevant price indices at the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS

2. Significant accounting policies (continued)

(b) Foreign currency (continued)

***(ii) Operations denominated in functional currencies other than Ringgit Malaysia* (continued)**

Foreign currency differences are recognised in other comprehensive income and accumulated in the FCTR in equity. However, if the operation is a non-wholly owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the FCTR related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

(c) Financial instruments

(i) Recognition and initial measurement

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

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

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

(ii) Financial instrument categories and subsequent measurement

Financial assets

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

2. Significant accounting policies (continued)

(c) Financial instruments (continued)

(ii) Financial instrument categories and subsequent measurement (continued)

Financial assets (continued)

(a) Amortised cost

Amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The financial assets are not designated as fair value through profit or loss.

Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets [see Note 2(m)(i)] where the effective interest rate is applied to the amortised cost.

(b) Fair value through other comprehensive income

(i) Debt investments

Fair value through other comprehensive income category comprises debt investment where it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the debt investment, and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The debt investment is not designated as at fair value through profit or loss. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets [see Note 2(m)(i)] where the effective interest rate is applied to the amortised cost.

NOTES TO THE FINANCIAL STATEMENTS

2. Significant accounting policies (continued)

(c) Financial instruments (continued)

(ii) Financial instrument categories and subsequent measurement (continued)

Financial assets (continued)

(b) Fair value through other comprehensive income (continued)

(ii) Equity investments

This category comprises investment in equity that is not held for trading, and the Group and the Company irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of investment. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are not reclassified to profit or loss.

(c) Fair value through profit or loss

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

Financial assets categorised as fair value through profit or loss are subsequently measured at their fair value. Net gains or losses, including any interest or dividend income, are recognised in the profit or loss.

All financial assets, except for those measured at fair value through profit or loss and equity investments measured at fair value through other comprehensive income, are subject to impairment assessment [see Note 2(m)(i)].

Financial liabilities

The categories of financial liabilities at initial recognition are as follows:

(a) Fair value through profit or loss

Fair value through profit or loss category comprises financial liabilities that are derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument), contingent consideration in a business combination and financial liabilities that are specifically designated into this category upon initial recognition.

2. Significant accounting policies (continued)

(c) Financial instruments (continued)

(ii) Financial instrument categories and subsequent measurement (continued)

Financial liabilities (continued)

(a) Fair value through profit or loss (continued)

On initial recognition, the Group or the Company may irrevocably designate a financial liability that otherwise meets the requirements to be measured at amortised cost as at fair value through profit or loss:

(a) if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise;

(b) a group of financial liabilities or assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the Group's key management personnel; or

(c) if a contract contains one or more embedded derivatives and the host is not a financial asset in the scope of MFRS 9, where the embedded derivative significantly modifies the cash flows and separation is not prohibited.

Financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair value with gains or losses, including any interest expense are recognised in the profit or loss.

For financial liabilities where it is designated as fair value through profit or loss upon initial recognition, the Group and the Company recognise the amount of change in fair value of the financial liability that is attributable to change in credit risk in the other comprehensive income and remaining amount of the change in fair value in the profit or loss, unless the treatment of the effects of changes in the liability's credit risk would create or enlarge an accounting mismatch.

(b) Amortised cost

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

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

NOTES TO THE FINANCIAL STATEMENTS

2. Significant accounting policies (continued)

(c) Financial instruments (continued)

(iii) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantees issued are initially measured at fair value. Subsequently, they are measured at higher of:

- the amount of the loss allowance; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance to the principles of MFRS 15, *Revenue from Contracts with Customers.*

Liabilities arising from financial guarantees are presented together with other provisions.

(iv) Regular way purchase or sale of financial assets

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date accounting in the current year.

Trade date accounting refers to:

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

Settlement date accounting refers to:

(a) the recognition of an asset on the day it is received by the Group or the Company, and
(b) derecognition of an asset and recognition of any gain or loss on disposal on the day that is delivered by the Group or the Company.

Any change in the fair value of the asset to be received during the period between the trade date and the settlement date is accounted in the same way as it accounts for the acquired asset.

Generally, the Group or the Company applies settlement date accounting unless otherwise stated for the specific class of asset.

NOTES TO THE FINANCIAL STATEMENTS

2. Significant accounting policies (continued)

(c) Financial instruments (continued)

(v) Hedge accounting

At inception of a designated hedging relationship, the Group and the Company document the risk management objective and strategy for undertaking the hedge. The Group and the Company also document the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

(a) Fair value hedge

A fair value hedge is a hedge of the exposure to changes in fair value of a recognised asset or liability or an unrecognised firm commitment, or an identified portion of such an asset, liability or firm commitment, that is attributable to a particular risk and could affect the profit or loss.

In a fair value hedge, the gain or loss on the hedging instrument shall be recognised in profit or loss (or other comprehensive income, if the hedging instrument hedges an equity instrument which the Group or the Company has elected to present the subsequent changes in fair value of the investment in equity in other comprehensive income).

The hedging gain or loss on the hedged item shall adjust the carrying amount of the hedged item and be recognised in profit or loss. If the hedged item is a financial asset (or a component thereof) that is measured at fair value through other comprehensive income, the hedging gain or loss on the hedged item shall be recognised in profit or loss. However, if the hedged item is an equity instrument for which an entity has elected to present changes in fair value in other comprehensive income, those amounts shall remain in other comprehensive income. When a hedged item is an unrecognised firm commitment (or a component thereof), the cumulative change in the fair value of the hedged item subsequent to its designation is recognised as an asset or a liability with a corresponding gain or loss recognised in profit or loss.

(b) Cash flow hedge

A cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with all, or a component of, a recognised asset or liability or a highly probable forecast transaction and could affect the profit or loss. In a cash flow hedge, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised in other comprehensive income and accumulated in equity and the ineffective portion is recognised in profit or loss. The effective portion of changes in the fair value of the derivative that is recognised in other comprehensive income is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge.

NOTES TO THE FINANCIAL STATEMENTS

2. Significant accounting policies (continued)

(c) Financial instruments (continued)

(v) Hedge accounting (continued)

(b) Cash flow hedge (continued)

Subsequently, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss in the same period or periods during which the hedged forecast cash flows affect profit or loss. If the hedge item is a non-financial asset or liability, the associated gain or loss recognised in other comprehensive income is removed from equity and included in the initial amount of the asset or liability. However, loss recognised in other comprehensive income that will not be recovered in one or more future periods is reclassified from equity into profit or loss immediately.

The Group designates only the change in fair value of the spot element of forward contracts as the hedging instrument in cash flow hedging relationships. The change in fair value of the forward element of forward exchange contracts ("forward points") and/or the foreign currency basis spread are separately accounted for as cost of hedging and recognised in a cost of hedging reserve within equity.

Cash flow hedge accounting is discontinued prospectively when the hedging instrument expires or is sold, terminated or exercised, the hedge is no longer highly effective, the forecast transaction is no longer expected to occur or the hedge designation is revoked. If the hedge is for a forecast transaction, the cumulative gain or loss on the hedging instrument remains in equity until the forecast transaction occurs. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the hedging reserve and the cost of hedging reserve remains in equity until, for a hedge of a transaction resulting in recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to profit or loss in the same period or periods as the hedged expected future cash flows affect profit or loss.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the hedging reserve and the cost of hedging reserve are immediately reclassified to profit or loss.

(c) Hedge of a net investment

A hedge of a net investment is a hedge in the interest of the net assets of a foreign operation. In a net investment hedge, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised in other comprehensive income and the ineffective portion is recognised in profit or loss. The cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss on disposal of the foreign operation.

NOTES TO THE FINANCIAL STATEMENTS

2. Significant accounting policies (continued)

(c) Financial instruments (continued)

(vi) Derivative financial instruments

The Group and the Company use derivative financial instruments such as interest rate swaps and forward currency contracts to manage certain exposures to fluctuations in interest rates and foreign currency exchange rates.

Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains and losses arising from changes in fair value on derivatives during the year, other than those accounted for under hedge accounting as described in Note 2(c)(v), are recognised in profit or loss.

In general, contracts to sell or purchase non-financial items to meet expected own use requirements are not accounted for as financial instruments. However, contracts to sell or purchase commodities that can be net settled or which contain written options are required to be measured at fair value, with gains and losses recognised in profit or loss.

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

(vii) Derecognition

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

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires. A financial liability is also derecognised when its terms are modified and the cash flows of the modified liability are substantially different, in which case, a new financial liability based on modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

2. Significant accounting policies (continued)

(c) Financial instruments (continued)

(viii) Offsetting

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

(d) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. Cost also may include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within “other income” or “administrative expenses” respectively in profit or loss.

(ii) Subsequent costs

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

2. Significant accounting policies (continued)

(d) Property, plant and equipment (continued)

(iii) Depreciation

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

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use. Assets under construction are not depreciated until the assets are ready for their intended use.

The estimated useful lives for the current and comparative periods are as follows:

Infrastructures	47 - 99 years
Buildings	5 - 20 years
Furniture and office equipment	5 - 10 years
Plant, machinery and field equipment	4 - 10 years
Motor vehicles and vessels	5 - 10 years

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

(e) Leases

(i) Definition of a lease

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

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

NOTES TO THE FINANCIAL STATEMENTS

2. Significant accounting policies (continued)

(e) Leases (continued)

(i) Definition of a lease (continued)

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

(ii) Recognition and initial measurement

(a) As a lessee

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

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

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

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

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

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

Leasehold land, being a right-of-use asset held under a lease contract, is classified under different category of assets, namely right-of-use assets or inventories depends on its nature of use.

NOTES TO THE FINANCIAL STATEMENTS

2. Significant accounting policies (continued)

(e) Leases (continued)

(ii) Recognition and initial measurement (continued)

(b) As a lessor

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

To classify each lease, the Group and 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. If this is the case, then the lease is a finance lease; if not, then it is an operating lease.

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

Where applicable, for finance lease, the Group and the Company recognises assets held under a finance lease in its statement of financial position and presents them as a receivable at an amount equal to the net investment in the lease. The Group and the Company uses the interest rate implicit in the lease to measure the net investment in the lease.

(iii) Subsequent measurement

(a) As a lessee

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

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

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

The Group and the Company recognises lease payments received under operating leases as income on a straightline basis over the lease term as part of "other income".

NOTES TO THE FINANCIAL STATEMENTS

2. Significant accounting policies (continued)

(e) Leases (continued)

(iii) Subsequent measurement (continued)

(b) As a lessor

The Group and the Company recognises finance income over the lease term, based on a pattern reflecting a constant periodic rate of return on the Group's net investment in the lease. The Group applies the lease payments relating to the period against the gross investment in the lease to reduce both the principal and the unearned finance income. The net investment in the lease is subject to impairment requirements in MFRS 9, *Financial Instruments* [see Note 2(m)(i)].

(f) Intangible assets

(i) Goodwill

Goodwill arises on business combinations is measured at cost less any accumulated impairment losses. In respect of equity-accounted associates and joint venture, the carrying amount of goodwill is included in the carrying amount of the investment and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity-accounted associates and joint venture.

(ii) Other intangible assets

Intangible assets, other than goodwill, that are acquired by the Group, which have finite useful lives, are measured at cost less any accumulated amortisation and any accumulated impairment losses. Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

(iii) Amortisation

Goodwill and intangible assets with indefinite useful lives are not amortised but are tested for impairment annually and whenever there is an indication that they may be impaired.

Other intangible assets are amortised from the date that they are available for use. Amortisation is based on the cost of an asset less its residual value. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets.

The estimated useful lives for the current and comparative periods are as follows:

Trademark	10 years

2. Significant accounting policies (continued)

(g) Bearer plants

Bearer plants are living plants used in the production or supply of agricultural produce; are expected to bear produce for more than one period; and have a remote likelihood of being sold as agricultural produce, except for incidental scrap sales.

Bearer plants include mature and immature oil palm plantations. Immature plantations are stated at cost which includes costs incurred for field preparation, planting, fertilising and maintenance, capitalisation of borrowing costs incurred on loans used to finance the developments of immature plantations and an allocation of other indirect costs based on planted areas. Mature plantations are stated at cost less accumulated amortisation and impairment, if any. Mature plantations are amortised on a straight-line basis over 22 years, the expected useful life of the oil palms, calculated from the time when the palms are declared mature, normally 36 months after initial planting. Upon maturity, all subsequent maintenance expenditure is charged to profit or loss.

During the financial year ended 31 December 2021, the useful lives of the bearer plants are revised. Such revision is accounted for as a change in accounting estimate and was applied prospectively from the current financial year.

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

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

(h) Agricultural produce

Agricultural produce comprises produce growing on the bearer plants.

A gain or loss arising on initial recognition of agricultural produce at fair value less costs to sell and from a change in fair value less costs to sell of agricultural produce shall be included in profit or loss for the period in which it arises.

NOTES TO THE FINANCIAL STATEMENTS

2. Significant accounting policies (continued)

(i) Inventories

Inventories are measured at the lower of cost and net realisable value.

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

(i) Land held for property development

This comprise land or such portions thereof on which no development activities have been carried out or where development activities are not expected to be completed within normal operating cycle of 2 to 3 years. Such land is classified as non-current portion of inventory.

When development activities have commenced and where it can be demonstrated that the development activities can be completed within normal operating cycle, such land is transferred and included as part of property development costs (i.e. current portion of inventory).

Cost of land includes expenditure that are directly attributable to the acquisition of the land and any other costs directly attributable to bringing the land to working condition for its intended use.

(ii) Properties development costs

Property development costs comprise costs associated with the acquisition of land and all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities.

Property development costs are initially measured at cost and subsequently recognised as an expense to profit or loss when the control of the inventory is transferred to the customer, either over time or at point in time.

(iii) Completed properties

Cost of completed properties are determined on a specific identification basis and includes land, construction costs and other related development costs attributable to developing the properties to completion.

(iv) Plantation products and produce, stores, spares, raw materials and consumables

Cost of spare parts and consumables is based on the weighted average basis.

Cost of inventories is calculated using the weighted average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of finished goods, cost includes an appropriate share of production overheads based on normal operating capacity.

NOTES TO THE FINANCIAL STATEMENTS

2. Significant accounting policies (continued)

(i) Inventories (continued)

(iv) Plantation products and produce, stores, spares, raw materials and consumables (continued)

Cost of crude palm oil and palm kernel includes direct labour, an appropriate share of production overheads and the fair value attributed to agriculture produce at year end in accordance to MFRS 141. The fair value of agricultural produce harvested from the Group's own plantations and sold during the year are recorded as part of the agricultural produce movement (Note 11) and as part of "changes in fair value of agricultural produce" in determining profit.

Cost of fresh fruit bunches acquired from third parties includes the cost of purchase of the inventory.

Oil palm nursery inventories consist of seedlings remaining in the nursery for eventual field planting. Cost of palm oil seeds and seedlings includes the cost of treatment and cultivation.

(j) Contract asset/Contract liability

A contract asset is recognised when the Group's or the Company's right to consideration is conditional on something other than the passage of time. A contract asset is subject to impairment in accordance to MFRS 9, *Financial Instruments* [see Note 2(m)(i)].

A contract liability is stated at cost and represents the obligation of the Group or the Company to transfer goods or services to a customer for which consideration has been received (or the amount is due) from the customers.

(k) Contract cost

(i) Incremental cost of obtaining a contract

The Group or the Company recognises incremental costs of obtaining contracts when the Group or the Company expects to recover these costs.

(ii) Cost to fulfill a contract

The Group or the Company recognises a contract cost that relate directly to a contract or to an anticipated contract as an asset when the cost generates or enhances resources of the Group or the Company, will be used in satisfying performance obligations in the future and it is expected to be recovered.

These contract costs are initially measured at cost and amortised on a systematic basis that is consistent with the pattern of revenue recognition to which the asset relates. An impairment loss is recognised in the profit and loss when the carrying amount of the contract cost exceeds the expected revenue less expected cost that will be incurred. Where the impairment condition no longer exists or has improved, the impairment loss is reversed to the extent that the carrying amount of the contract cost does not exceed the amount that would have been recognised had there been no impairment loss recognised previously.

2. Significant accounting policies (continued)

(l) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three months or less, and are used by the Group and the Company in the management of their short-term commitments. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

(m) Impairment

(i) Financial assets

The Group and the Company recognise loss allowances for expected credit losses on financial assets measured at amortised cost, debt investments measured at fair value through other comprehensive income, contract assets and lease receivables. Expected credit losses are a probability-weighted estimate of credit losses.

The Group and the Company measure loss allowances at an amount equal to lifetime expected credit loss, except for debt securities that are determined to have low credit risk at the reporting date, cash and bank balance and other debt securities for which credit risk has not increased significantly since initial recognition, which are measured at 12-month expected credit loss. Loss allowances for trade receivables, contract assets and lease receivables are always measured at an amount equal to lifetime expected credit loss.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's or the Company's historical experience and informed credit assessment and including forward-looking information, where available.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, while 12-months expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12 months after the reporting date. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company are exposed to credit risk.

The Group and the Company estimate the expected credit losses on trade receivables using a provision matrix with reference to historical credit loss experience.

An impairment loss in respect of financial assets measured at amortised cost is recognised in profit or loss and the carrying amount of the asset is reduced through the use of an allowance account.

An impairment loss in respect of debt investments measured at fair value through other comprehensive income is recognised in profit or loss and the allowance account is recognised in other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

2. Significant accounting policies (continued)

(m) Impairment (continued)

(i) Financial assets (continued)

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

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

(ii) Other assets

The carrying amounts of other assets (except for inventories, contract assets, lease receivables, deferred tax assets and non-current assets (or disposal group) classified as held for sale) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each period at the same time.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units ("CGU"). Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a cash-generating unit or a group of cash-generating units that are expected to benefit from the synergies of the combination.

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

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

NOTES TO THE FINANCIAL STATEMENTS

2. Significant accounting policies (continued)

(m) Impairment (continued)

(ii) Other assets (continued)

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (groups of cash-generating units) on a *pro rata* basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

(n) Equity instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

(i) Issue expenses

Costs directly attributable to the issue of instruments classified as equity are recognised as a deduction from equity.

(ii) Ordinary shares

Ordinary shares are classified as equity.

(o) Employee benefits

(i) Short-term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

NOTES TO THE FINANCIAL STATEMENTS

2. Significant accounting policies (continued)

(o) Employee benefits (continued)

(ii) State plans

The Group's contributions to statutory pension funds are charged to profit or loss in the financial year to which they relate. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(iii) Employee share option plans

Employees of the Group and the Company receive remuneration in the form of share options as consideration for services rendered. The cost of these equity-settled transactions with employees is measured by reference to the fair value of the options at the date on which the options are granted. This cost is recognised in profit or loss, with a corresponding increase in the employee share option reserve over the vesting period. The cumulative expense recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's and the Company's best estimate of the number of options that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in cumulative expense recognised at the beginning and end of that period.

No expense is recognised for options that do not ultimately vest, except for options where vesting is conditional upon a market or non-vesting condition, which are treated as vested irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied. The employee share option reserve is transferred to retained earnings upon expiry of the share options. When the options are exercised, the employee share option reserve is transferred to share capital if new shares are issued.

(p) Provisions

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

(q) Revenue and other income

(i) Goods sold

The Group's revenue is derived mainly from its plantation operations. In the plantation operations, the Group sells crude palm oil, fresh fruit bunches, palm kernel, refined palm oil related products, and etc.

Revenue from sales of goods are recognised (net of discount and taxes collected on behalf) at the point in time when control of the goods has been transferred to the customer. Depending on the terms of the contract with the customer, control transfers either upon delivery of the goods to a location specified by the customer and acceptance of the goods by the customer, or upon delivery of the goods on board vessels or tankers for onward delivery to the customers.

NOTES TO THE FINANCIAL STATEMENTS

2. Significant accounting policies (continued)

(q) Revenue and other income (continued)

(i) Goods sold (continued)

Contracts where control of goods transfer to the customer upon delivery of the goods on board vessels or tankers are often bundled with freight services. In such contracts, sale of goods and provision of freight are accounted for as separate performance obligations as the customer can benefit from the sale of goods and shipping services on its own or with the use of other resources. The transaction price is allocated to each performance obligation based on the stand-alone selling prices of the goods and services.

The Group has taken advantage of the practical expedients not to account for significant financial components where the time difference between receiving consideration and transferring control of promised goods or services to the customer is one year or less.

(ii) Sale of properties

Revenue from sales of properties is recognised as and when the controls of the properties is transferred to customer, either over time or at a point in time.

Controls of the assets are transferred over time when the Group is restricted contractually from directing the properties for alternative use as they are being developed and has an enforceable right to payment for performance completed to-date. Revenue is recognised over the contract period based on the progress towards completion of that performance obligation by using cost incurred method. Otherwise, the revenue is recognised at a point in time when the customer obtains control of the properties.

Revenue from sales of properties are measured at the fixed transaction prices under sale contract. The contracts may sometime include multiple promises to customers and therefore accounted for as separate performance obligations. The total consideration in a sale contract is allocated to all identified distinct performance obligations based on their relative stand-alone selling prices. When there is not directly observable price, the Group applies expected cost plus margin to derive stand-along selling price.

The following are descriptions of principal activities from which the Group or the Company generates its other revenue.

(a) Rental income

Rental income from sub-leased property is recognised as other income.

(b) Dividend income

Dividend income is recognised in profit or loss on the date that the Group's or the Company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

NOTES TO THE FINANCIAL STATEMENTS

2. Significant accounting policies (continued)

(q) Revenue and other income (continued)

(c) Interest income

Interest income is recognised in profit or loss as it accrues using the effective interest method in profit or loss except for interest income arising from temporary investment of borrowings taken specifically for the purpose of obtaining a qualifying asset which is accounted for in accordance with the accounting policy on borrowing costs.

(d) Government grants

Government grants are recognised initially as deferred income at fair value when there is reasonable assurance that they will be received and that the Group will comply with the conditions associated with the grant; they are then recognised in profit or loss as other income on a systematic basis over the useful life of the asset.

Grants that compensate the Group for expenses incurred are recognised in profit or loss as other income on a systematic basis in the same period in which the expenses are recognised.

(r) Borrowing costs

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

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

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

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

(s) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

NOTES TO THE FINANCIAL STATEMENTS

2. Significant accounting policies (continued)

(s) Income tax (continued)

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the temporary differences arising from the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are not discounted.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Unutilised reinvestment allowance and investment tax allowance, being tax incentives that is not a tax base of an asset, is recognised as a deferred tax asset to the extent that it is probable that the future taxable profits will be available against which the unutilised tax incentive can be utilised.

(t) Contingent liabilities

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

2. Significant accounting policies (continued)

(u) Earnings per ordinary share

The Group presents basic and diluted earnings per share data for its ordinary shares ("EPS").

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees.

(v) Operating segments

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

(w) Fair value measurements

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

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

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair value are categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

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

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

Level 3: unobservable inputs for the asset or liability.

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

3. Property, plant and equipment

Group	Buildings RM'000	Furniture and office equipment RM'000	Infra-structures RM'000	Plant, machinery and field equipment RM'000	Motor vehicles and vessels RM'000	Capital work-in-progress RM'000	Total RM'000
Cost							
At 1 January 2020	411,268	30,622	484,037	697,495	136,291	46,351	1,806,064
Additions	1,040	1,231	24,243	21,856	8,105	25,787	82,262
Disposals	(111)	(28)	-	(2,374)	(2,302)	(87)	(4,902)
Reclassification	(2,503)	-	2,503	-	533	-	533
Write-offs	(664)	(395)	-	(6,420)	(917)	-	(8,396)
Exchange translation differences	(7)	(2)	-	-	-	-	(9)
At 31 December 2020/ 1 January 2021	409,023	31,428	510,783	710,557	141,710	72,051	1,875,552
Additions	8,252	1,884	9,509	27,896	14,076	63,044	124,661
Disposals	(16)	(62)	-	(1,765)	(1,527)	-	(3,370)
Reclassification	3,850	-	8,104	24,869	-	(36,823)	-
Write-offs	(408)	(240)	-	(3,010)	(479)	(6)	(4,143)
Exchange translation differences	214	5	-	-	-	-	219
At 31 December 2021	420,915	33,015	528,396	758,547	153,780	98,266	1,992,919

3. Property, plant and equipment (continued)

Group (continued)	Buildings RM'000	Furniture and office equipment RM'000	Infra-structures RM'000	Plant, machinery and field equipment RM'000	Motor vehicles and vessels RM'000	Capital work-in-progress RM'000	Total RM'000
Accumulated depreciation							
At 1 January 2020	171,253	19,061	60,078	418,879	93,637	-	762,908
Depreciation for the financial year	19,526	2,477	6,760	45,264	9,499	-	83,526
Disposals	(100)	(16)	-	(1,836)	(1,877)	-	(3,829)
Reclassification	(280)	(6)	280	6	533	-	533
Write-offs	(499)	(368)	-	(6,162)	(686)	-	(7,715)
Exchange translation differences	(1)	(2)	-	-	-	-	(3)
At 1 December 2020/ 1 January 2021	189,899	21,146	67,118	456,151	101,106	-	835,420
Depreciation for the financial year	18,772	2,656	8,200	48,970	9,928	-	88,526
Disposals	(15)	(53)	-	(1,247)	(663)	-	(1,978)
Reclassification	(972)	(13)	972	29	(16)	-	-
Write-offs	(318)	(216)	-	(2,254)	(595)	-	(3,383)
Exchange translation differences	17	3	-	-	-	-	20
At 31 December 2021	207,383	23,523	76,290	501,649	109,760	-	918,605
Carrying amounts							
At 31 December 2020	219,124	10,282	443,665	254,406	40,604	72,051	1,040,132
At 31 December 2021	213,532	9,492	452,106	256,898	44,020	98,266	1,074,314

3. Property, plant and equipment (continued)

Company	Buildings RM'000	Furniture and office equipment RM'000	Infra-structures RM'000	Plant, machinery and field equipment RM'000	Motor vehicles and vessels RM'000	Capital work-in-progress RM'000	Total RM'000
Cost							
At 1 January 2020	149,046	19,070	22,831	286,598	21,930	10,512	509,987
Additions	224	562	1,665	4,265	195	9,622	16,533
Disposals	-	(16)	-	(2,308)	(524)	-	(2,848)
Write-offs	(439)	(220)	-	(2,555)	(396)	-	(3,610)
Reclassification	288	-	3,271	1,366	-	(4,925)	-
At 31 December 2020/ 1 January 2021	149,119	19,396	27,767	287,366	21,205	15,209	520,062
Additions	5,920	891	1,102	4,150	2,398	21,334	35,795
Disposals	(16)	(53)	-	(1,766)	(1,024)	-	(2,859)
Write-offs	(68)	(106)	-	(660)	-	-	(834)
Reclassification	454	871	64	4,335	-	(5,724)	-
At 31 December 2021	155,409	20,999	28,933	293,425	22,579	30,819	552,164

3. Property, plant and equipment (continued)

Company (continued)	Buildings RM'000	Furniture and office equipment RM'000	Infra-structures RM'000	Plant, machinery and field equipment RM'000	Motor vehicles and vessels RM'000	Capital work-in-progress RM'000	Total RM'000
Accumulated depreciation							
At 1 January 2020	83,677	11,205	1,761	223,295	18,649	-	338,587
Depreciation for the financial year	6,254	1,474	438	14,812	784	-	23,762
Disposals	-	(8)	-	(1,569)	(458)	-	(2,035)
Write-offs	(381)	(207)	-	(2,464)	(396)	-	(3,448)
At 31 December 2020/ 1 January 2021	89,550	12,464	2,199	234,074	18,579	-	356,866
Depreciation for the financial year	6,249	1,568	468	14,652	820	-	23,757
Disposals	(15)	(47)	-	(1,525)	(537)	-	(2,124)
Write-offs	(68)	(94)	-	(614)	-	-	(776)
At 31 December 2021	95,716	13,891	2,667	246,587	18,862	-	377,723
Carrying amounts							
At 31 December 2020	59,569	6,932	25,568	53,292	2,626	15,209	163,196
At 31 December 2021	59,693	7,108	26,266	46,838	3,717	30,819	174,441

NOTES TO THE FINANCIAL STATEMENTS

3. Property, plant and equipment (continued)

3.1 Additions to property, plant and equipment

Additions during the year include:

		Group		Company	
	Note	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Finance costs capitalised	25	885	1,678	652	286

Included in additions to property, plant and equipment during the year are finance costs capitalised at rates ranging from 3.53% to 3.56% (2020: 3.50% to 4.85%) per annum.

3.2 Allocation of depreciation

		Group		Company	
	Note	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Recognised in profit or loss	27	87,198	82,078	23,362	23,248
Capitalised into bearer plants	4.1	1,256	1,448	395	514
Capitalised into inventories		72	-	-	-
		88,526	83,526	23,757	23,762

3.3 Security

Assets under hire purchase financing are charged to secure the hire purchase borrowings of the Group (see Note 19).

The carrying amount of property, plant and equipment of the Group pledged to banks for banking facilities granted to the Group as referred to in Note 19 are as follows:

	2021 RM'000	2020 RM'000
Buildings	35,348	37,512

NOTES TO THE FINANCIAL STATEMENTS

4. Bearer plants

	Note	Group RM'000	Company RM'000
Cost			
At 1 January 2020		1,371,093	161,551
Additions		30,780	22,988
Written off		(29,173)	(3,296)
At 31 December 2020/1 January 2021		1,372,700	181,243
Additions		19,808	13,047
Written off		(15,930)	(2,146)
At 31 December 2021		1,376,578	192,144
Accumulated amortisation			
At 1 January 2020		357,017	27,034
Amortisation for the financial year	27	58,505	5,407
Written off		(22,786)	(3,268)
At 31 December 2020/1 January 2021		392,736	29,173
Amortisation for the financial year	27	72,535	6,664
Written off		(9,938)	(1,990)
At 31 December 2021		455,333	33,847
Carrying amounts			
At 31 December 2020/1 January 2021		979,964	152,070
At 31 December 2021		921,245	158,297

NOTES TO THE FINANCIAL STATEMENTS

4. Bearer plants (continued)

4.1 Additions to bearer plants

Additions to bearer plants during the year comprise:

		Group		Company	
	Note	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Depreciation of property, plant and equipment	3.2	1,256	1,448	395	514
Loan interest	25	1,977	2,185	1,393	2,185
Personnel expenses					
- wages, salaries and others		4,800	9,733	3,712	6,477

Included in the additions during the year are loans interest capitalised at rates ranging from 3.53% to 3.56% (2020: 3.22% to 4.85%) per annum.

4.2 Change of useful live

During the financial year ended 31 December 2021, the Group and the Company conducted a review on the estimated useful live of the palm trees. Several oil palms estates in the Group are having palm age of over 20 years old. Based on the remaining palm density, palm conditions, pest and disease issues and continual shortage of tall palms harvesters, which had adversely affect fresh fruit bunches yield, the revised estimate on the economic useful life of oil palms would be 22 years calculated from the time the palms reached maturity. The change in the estimate would reflect the economic pattern of the palms under current prevailing operating conditions. The effects of this change on amortisation expense, recognised in cost of sales, in current and future periods is as follows:

	2021 RM	2022 RM	2023 RM	2024 RM	2025 RM	Future RM
Group						
Increase/(Decrease) in amortisation expense	14,387	14,335	14,335	14,149	13,488	(70,694)
Company						
Increase/(Decrease) in amortisation expense	883	913	913	913	913	(4,535)

5. Right-of-use assets

	Leasehold land RM'000	Land use rights RM'000	Buildings RM'000	Plant and machinery RM'000	Total RM'000
Group					
Cost					
At 1 January 2020	582,319	6,040	2,345	2,454	593,158
Additions	116	-	405	-	521
Exchange translation difference	-	-	(15)	-	(15)
At 31 December 2020/ 1 January 2021	582,435	6,040	2,735	2,454	593,664
Additions	12,024	-	204	-	12,228
Exchange translation difference	-	-	52	-	52
At 31 December 2021	594,459	6,040	2,991	2,454	605,944
Accumulated depreciation					
At 1 January 2020	72,366	658	496	151	73,671
Depreciation for the financial year	8,654	120	649	124	9,547
Exchange translation difference	-	-	(15)	-	(15)
At 31 December 2020/ 1 January 2021	81,020	778	1,130	275	83,203
Depreciation for the financial year	8,732	120	728	123	9,703
Exchange translation difference	-	-	52	-	52
At 31 December 2021	89,752	898	1,910	398	92,958
Carrying amounts					
At 31 December 2020	501,415	5,262	1,605	2,179	510,461
At 31 December 2021	504,707	5,142	1,081	2,056	512,986

NOTES TO THE FINANCIAL STATEMENTS

5. Right-of-use assets (continued)

	Leasehold land RM'000	Land use rights RM'000	Buildings RM'000	Total RM'000
Company				
Cost				
At 1 January 2020	38,764	-	2,173	40,937
Additions	27	993	-	1,020
At 31 December 2020/1 January 2021	38,791	993	2,173	41,957
Additions	11,948	-	-	11,948
At 31 December 2021	50,739	993	2,173	53,905
Accumulated depreciation				
At 1 January 2020	10,926	-	338	11,264
Depreciation for the financial year	378	66	513	957
At 31 December 2020/1 January 2021	11,304	66	851	12,221
Depreciation for the financial year	476	66	512	1,054
At 31 December 2021	11,780	132	1,363	13,275
Carrying amount				
At 31 December 2020	27,487	927	1,322	29,736
At 31 December 2021	38,959	861	810	40,630

As a lessee

Group

Right-of-use assets are in relation to lease of land from state government which is single one-off upfront lease payment, lease of Native Customary Rights land ("land use rights"), lease of land from third party, lease of office building from third party and lease of natural gas pipeline and metering station.

Company

Right-of use assets are mainly in relation to lease of land from state governments and subsidiaries and lease of office building from third party.

5. Right-of-use assets (continued)

As a lessee (continued)

Company (continued)

5.1 Security

At 31 December 2021, certain leasehold land of the Group with total carrying amount of RM78,349,000 (2020: RM79,721,000) are pledged to banks for banking facilities granted to the Group (see Note 19).

5.2 Variable lease payments

Fixed and variable rental payments for the period ended 31 December 2021 were as follows:

	Fixed payments* RM'000	Variable payments RM'000	Total payments RM'000	Estimated annual impact on rent of 1% increase in usage RM'000
Leases with lease payments based on usage	1,674	9,538	11,212	95

* The Group applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term.

6. Intangible assets - Group

	Goodwill RM'000	Trademark RM'000	Total RM'000
Cost			
At 1 January 2020	168,123	140	168,263
Additions	-	27	27
At 31 December 2020/1 January 2021	168,123	167	168,290
Additions	-	14	14
At 31 December 2021	**168,123**	**181**	**168,304**

NOTES TO THE FINANCIAL STATEMENTS

6. Intangible assets – Group (continued)

	Goodwill RM'000	Trademark RM'000	Total RM'000
Accumulated amortisation			
At 1 January 2020	-	8	8
Amortisation for the year	-	16	16
At 31 December 2020/1 January 2021	-	24	24
Amortisation for the year	-	16	16
At 31 December 2021	-	40	40
Carrying amount			
At 31 December 2020	168,123	143	168,266
At 31 December 2021	168,123	141	168,264

Goodwill

Goodwill has been allocated to the Group's CGUs identified, which is the plantations segment as follows:

Impairment testing for cash-generating units containing goodwill

For the purpose of impairment testing, goodwill is allocated to the respective cash generating units ("CGU") in respect of the following subsidiaries in the plantations segment, which represent the lowest level within the Group at which the goodwill is monitored for internal management purposes. The aggregate carrying amounts of goodwill allocated to each unit are as follows:

	Group	
	2021 RM'000	2020 RM'000
SOP Plantations (Murum) Sdn. Bhd.	162,941	162,941
SOP Plantations (Borneo) Sdn. Bhd.	1,026	1,026
SOP Industries Sdn. Bhd.	696	696
SOP Karabungan Sdn. Bhd.	500	500
SOP Plantations (Sabaju) Sdn. Bhd.	2,960	2,960
	168,123	168,123

NOTES TO THE FINANCIAL STATEMENTS

6. Intangible assets – Group (continued)

The Group performs the impairment testing on an annual basis or more frequently if there is an indication that the goodwill may be impaired. An impairment testing may be performed at any time within an annual reporting period provided the test is performed at the same time annually. This testing involves determining the CGUs' value in use and comparing to the carrying amount of the CGUs. Where the value in use exceeds the carrying value of the CGUs, the asset is not impaired, but where the carrying amount exceeds the value in use, an impairment loss is recognised to reduce the carrying amount of the CGUs to its value in use. Estimates of value in use are key judgemental estimates in the financial statements. A number of key assumptions have been made as a basis for the impairment tests. In each case, these key assumptions have been made by management reflecting past experiences and are consistent with relevant external sources of information.

The recoverable amount of the CGUs has been estimated using the value-in-use method. Value in use was determined by discounting the projected cash flow based on operating results over the expected useful life of the bearer plants on the following key assumptions:

(i) Average selling prices was determined based on long term pricing of crude palm oil, palm kernel and fresh fruit bunch of RM3,095, RM1,805 and RM607 (2020: RM2,450/MT, RM1,740/MT and RM474/MT) respectively;

(ii) Yield rates ranging from 17.66MT/HA to 23.98MT/HA (2020: 15.64MT/HA to 24.02MT/HA) depend on the age profile of the bearer plants; and

(iii) Pre-tax discount rates of 10% (2020: 10%).

As the estimated recoverable amount exceeds the carrying amount of the CGUs, there is no impairment necessary.

The values assigned to the key assumptions represent management's assessment of future trends in the plantation industry and are based on historical data from both external and inter sources.

Sensitivity to changes in assumptions

The estimated value-in-use is most sensitive to the following key assumptions:

(i) An increase of 1 percentage point in the discount rate used would have resulted in a reduction in recoverable amount by RM82,190,000 (2020: RM92,867,000), without any impairment;

(ii) Reduction in the average selling price by 5% would have resulted in a reduction in recoverable amount by RM141,281,000 (2020: RM135,474,000), without any impairment; and

(iii) Reduction in the production volume by 5% would have resulted in a reduction in recoverable amount by RM130,247,000 (2020: RM97,408,000), without any impairment.

NOTES TO THE FINANCIAL STATEMENTS

7. Investment in subsidiaries

	2021 RM'000	2020 RM'000
Unquoted shares, at cost		
Ordinary shares	1,506,395	1,455,049
Redeemable preference shares	123,636	120,569
	1,630,031	1,575,618

Certain subsidiaries within the Group has yet to achieve the Group's expectation. The Company has performed impairment testing of investment in subsidiaries that has not been performing up to the Group's expectation. Management has evaluated whether the investments are stated in excess of their recoverable amounts. The recoverable amounts of the investments in the subsidiaries are based on the value-in-use model using discounted cash flow projections from the financial budgets and forecasts approved by management, an exercise that entails a high degree of estimation uncertainty. These key assumptions include long term average selling price, production volume and budgeted operation cost of the respective subsidiaries. The pre-tax discount rate used is 10%. As the recoverable amount is higher than the carrying amount, the Company has concluded no further impairment to the investment in subsidiaries.

Plantation segment
The key assumptions for plantation companies are similar to the impairment assessment on the intangible assets, which have been set out in Note 6 to the financial statements.

Others
The key assumption for others are estimated transport rate and transport cost to remain consistent over five years.

On 4 May 2021, the Group entered into a share sale agreement to acquire 6,200,000 ordinary shares in SOP Plantations (Sabaju) Sdn. Bhd. for a total cash consideration of RM45,880,000, increasing its direct shareholding from 60% to 100%. The acquisition was completed on 16 July 2021. During the year, the Company has subscribed for additional 5,465,000 ordinary shares in SOP Plantations (Sabaju) Sdn. Bhd. for a total consideration of RM5,465,000 (see Note 38.2).

During the year, the Company has subscribed for additional 905,000 preference shares in a wholly owned subsidiary, Asia Oils Investment Pte. Ltd. for a total consideration of SGD995,750 equivalent to RM3,100,000.

NOTES TO THE FINANCIAL STATEMENTS

7. Investment in subsidiaries – Company (continued)

Name of subsidiaries	Principal activities	Principal place of business/ country of incorporation	Effective ownership interest and voting interest 2021 %	2020 %
Held by the Company:				
SOP Karabungan Sdn. Bhd.	Cultivation of oil palms	Malaysia	70	70
SOP Pelita Batu Lintang Plantation Sdn. Bhd.	Cultivation of oil palms	Malaysia	60	60
SOP Plantations (Balingian) Sdn. Bhd.	Cultivation of oil palms	Malaysia	80	80
SOP Plantations (Beluru) Sdn. Bhd.	Cultivation of oil palms	Malaysia	100	100
SOP Plantations (Borneo) Sdn. Bhd.	Cultivation of oil palms	Malaysia	85	85
SOP Plantations (Kemena) Sdn. Bhd.	Cultivation of oil palms	Malaysia	100	100
SOP Plantations (Niah) Sdn. Bhd.	Cultivation of oil palms	Malaysia	80	80
SOP Plantations (Sarawak) Sdn. Bhd.	Investment holding	Malaysia	100	100
SOP Plantations (Suai) Sdn. Bhd.	Cultivation of oil palms	Malaysia	85	85
SOP Plantations (Sabaju) Sdn. Bhd.	Cultivation of oil palms	Malaysia	100	60
SOP Plantations (Murum) Sdn. Bhd.	Cultivation of oil palms and operations of palm oil mill	Malaysia	100	100
SOP Resources Sdn. Bhd.	Supply of goods	Malaysia	100	100
SOP Services Sdn. Bhd.	Rendering of insurance services	Malaysia	100	100
SOP Industries Sdn. Bhd.	Investment holding	Malaysia	100	100
SOP Properties Sdn. Bhd.	Property development	Malaysia	100	100
Avantsar Sdn. Bhd.	Research and development	Malaysia	-	100
SOP Agro Sdn. Bhd.	Processing oil palm by-products into fertilisers	Malaysia	100	100
SOP Corporate Services Sdn. Bhd.	Corporate support and services	Malaysia	100	100
SOP Transport Sdn. Bhd.	Transportation service	Malaysia	100	100
Asia Oils Investment Pte. Ltd.*	Investment holding	Singapore	100	100

NOTES TO THE FINANCIAL STATEMENTS

7. Investment in subsidiaries – Company (continued)

Name of subsidiaries	Principal activities	Principal place of business/ country of incorporation	Effective ownership interest and voting interest 2021 %	2020 %
Held by the Company: (continued)				
Asia Oils Captive Pte. Ltd.	Rendering of captive reinsurance service	Labuan, Malaysia	100	100
Titian Megamas Sdn. Bhd.	Licensed money lending activities	Malaysia	100	100
Murum Trading Sdn. Bhd.	Inactive	Malaysia	100	100
SOP Mutual Sdn. Bhd.	Inactive	Malaysia	100	100
SOP Capital Sdn. Bhd.	Issuance of bonds, Sukuk or other securities to potential investors	Malaysia	100	100
Held through SOP Plantations (Beluru) Sdn. Bhd.:				
Setia Wiramaju Sdn. Bhd.	Management and maintenance of road and barge	Malaysia	62.75^	62.75^
Held through SOP Industries Sdn. Bhd.:				
SOP Green Energy Sdn. Bhd.	Manufacturing of biodiesel and phytonutrient products	Malaysia	100	100
SOP Edible Oils Sdn. Bhd.	Refining and trading of palm products	Malaysia	100	100
SOP Foods Sdn. Bhd.	Manufacturing, trading and distribution of food products and cooking oil	Malaysia	100	100
SOP Nutraceuticals Sdn. Bhd.	Selling and distribution of health and food products	Malaysia	100	100
Avantsar Sdn. Bhd.	Research and development	Malaysia	100	-
Held through SOP Edible Oils Sdn. Bhd.:				
Asia Oils Pte. Ltd.*	Sales and marketing agents and trading of palm products	Singapore	100	100
Held through SOP Foods Sdn. Bhd.:				
Subur Asiamas Sdn. Bhd.	Packaging and distribution of cooking oil	Malaysia	70	70
TSEA Sdn. Bhd.	Packaging and distribution of cooking oil	Malaysia	70	70
Held through SOP Properties Sdn. Bhd.:				
Wawasan Asiamaju Sdn. Bhd.	Property development	Malaysia	100	51

* *The financial statements of these subsidiaries are audited by a member of KPMG International.*
^ *Included ownership interest held by the Company of 3.83% (2020: 3.83%).*

7. Investment in subsidiaries – Company (continued)

Non-controlling interests in subsidiaries

The Group's subsidiaries that have material non-controlling interests ("NCI") are as follows:

2021	SOP Plantations (Niah) Sdn. Bhd. RM'000	SOP Plantations (Balingian) Sdn. Bhd. RM'000	SOP Plantations (Borneo) Sdn. Bhd. RM'000	Other subsidiaries with immaterial NCI RM'000	Total RM'000
NCI percentage of ownership interest and voting interest	20%	20%	15%		
Carrying amount of NCI	35,772	31,596	46,485	22,739	136,592
Profit allocated to NCI	4,746	4,395	6,156	16,306	31,603

Summarised financial information before intra-group elimination

	SOP Plantations (Niah) Sdn. Bhd. RM'000	SOP Plantations (Balingian) Sdn. Bhd. RM'000	SOP Plantations (Borneo) Sdn. Bhd. RM'000
As at 31 December 2021			
Non-current assets	44,995	34,868	84,034
Current assets	146,663	132,537	213,185
Non-current liabilities	(9,302)	(7,005)	(18,282)
Current liabilities	(3,496)	(2,442)	(5,492)
Net assets	178,860	157,958	273,445
Year ended 31 December 2021			
Revenue	57,474	49,380	104,141
Profit for the year, representing total comprehensive income	23,731	21,977	43,264
Cash flows from operating activities	25,124	23,767	44,738
Cash flow used in investing activities	(29,388)	(791)	(17,032)
Cash flow used in financing activities	(8,117)	(10,000)	(10,000)
Net (decrease)/increase in cash and cash equivalents	(12,381)	12,976	17,706
Dividend paid to NCI	1,600	2,000	1,500

NOTES TO THE FINANCIAL STATEMENTS

7. Investment in subsidiaries – Company (continued)

Non-controlling interests in subsidiaries (continued)

2020	SOP Plantations (Niah) Sdn. Bhd. RM'000	SOP Plantations (Balingian) Sdn. Bhd. RM'000	SOP Plantations (Borneo) Sdn. Bhd. RM'000	Other subsidiaries with immaterial NCI RM'000	Total RM'000
NCI percentage of ownership interest and voting interest	20%	20%	15%		
Carrying amount of NCI	32,626	29,200	41,828	20,618	124,272
Profit allocated to NCI	3,480	3,864	3,035	5,663	16,042

Summarised financial information before intra-group elimination

As at 31 December 2020			
Non-current assets	45,042	38,189	90,609
Current assets	130,465	118,014	174,241
Non-current liabilities	(9,566)	(6,901)	(19,046)
Current liabilities	(2,812)	(3,301)	(5,623)
Net assets	163,129	146,001	240,181
Year ended 31 December 2020			
Revenue	45,298	42,823	79,335
Profit for the year, representing total comprehensive income	17,398	19,322	21,947
Cash flows from operating activities	23,042	22,804	31,048
Cash flow from/(used in) investing activities	81	(11,405)	(64,956)
Cash flow used in financing activities	(5,164)	(5,000)	(5,000)
Net increase/(decrease) in cash and cash equivalents	17,959	6,399	(38,908)
Dividend paid to NCI	1,000	1,000	750

NOTES TO THE FINANCIAL STATEMENTS

8. Investment in joint venture – Group

	2021 RM'000	2020 RM'000
Investment in shares	42,834	41,078
Share of post-acquisition reserves	(17,200)	(14,320)
Less: Impairment loss (Note 8.1)	(3,471)	(3,471)
	22,163	23,287

Details of the joint venture are as follows:

Name of entity	Principal place of business/ country of incorporation	Principal activity	Effective ownership interest and voting interest 2021 %	Effective ownership interest and voting interest 2020 %
Seaworth Pte. Ltd.	Singapore	Investment holding	50	50

During the financial year, the Group has subscribed to additional 425,000 (2020: 200,000) non-cumulative and non-convertible preference shares of USD1.00 each in the joint venture, Seaworth Pte. Ltd. via wholly owned subsidiary, Asia Oils Investment Pte Ltd.

8.1 Impairment loss

During the last financial year, an impairment loss RM3,471,000 was made against the carrying amount of the investment in joint venture, based on the estimated recoverable amount of the said investment. The recoverable amount is determined based on the estimated fair value of the net assets in the joint venture at the reporting date (fair value less cost to sell), using the valuation of the marine vessels which was performed by an external valuer.

The following table summarises the financial information of the Group's joint venture, adjusted for any differences in accounting policies and reconciles the summarised financial information to the carrying amount of the Group's interest in the joint venture, which is accounted for using the equity method.

NOTES TO THE FINANCIAL STATEMENTS

8. Investment in joint venture – Group (continued)

8.1 Impairment loss (continued)

	Seaworth Pte. Ltd.	
	2021 RM'000	**2020 RM'000**
Group		
Summarised financial information		
As at 31 December		
Non-current assets	52,697	48,943
Current assets	3,347	3,298
Cash and cash equivalents	1,747	500
Current liabilities	(7,184)	(2,035)
Non-current liabilities	(275)	-
Net assets	50,332	50,706
Year ended 31 December		
Loss/Total comprehensive loss for the financial year	(5,761)	(27,925)
Included in the loss/total comprehensive loss is:		
Revenue	27,389	23,383
Depreciation	(4,455)	(4,107)
Impairment loss on		
- property, plant and equipment	-	(18,683)
- trade and other receivables	-	(1,454)
Finance costs	(34)	(6)
Tax expense	(34)	(106)
Reconciliation of net assets to carrying amount		
Group's share of net assets	25,166	25,359
Goodwill	1,250	1,250
Impairment losses	(3,471)	(3,471)
Effect of movements in exchange rates	(782)	149
Carrying amount in the statement of financial position	22,163	23,287
Group's share of results for the financial year ended 31 December		
Group's share of loss/total comprehensive loss	(2,881)	(13,963)

NOTES TO THE FINANCIAL STATEMENTS

9. Inventories

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Non-current				
Cost				
Land held for property development (Note 9.1)	57,525	40,618	-	-
Current				
Cost				
Property development costs	-	4,856	-	-
Raw materials	24,456	86,946	2,629	1,118
Finished goods	243,153	58,117	36,215	23,699
Nursery inventories	2,791	2,277	1,084	1,503
Stores and consumables	65,913	53,842	17,389	14,521
Construction materials	75	227	-	-
Completed properties	19,072	25,197	-	-
	355,460	231,462	57,317	40,841
Net realisable value				
Finished goods	23,295	17,067	-	-
Raw material	95,111	-	-	-
Completed properties	2,609	3,032	-	-
	121,015	20,099	-	-
	476,475	251,561	57,317	40,841
	534,000	292,179	57,317	40,841
Recognised in profit or loss:				
Inventories recognised as cost of sales	2,828,789	1,978,237	1,313,655	872,916
Written off	136	534	-	180
Write down to net realisable value	634	1,437	-	1,883

The Directors apply judgement and consider factors such as the latest selling price, current stock level, whether the product line has been discontinued and future use of the inventory to determine the appropriate allowance or write-off for slow-moving or obsolete inventories.

NOTES TO THE FINANCIAL STATEMENTS

9. Inventories (continued)

9.1 Land held for property development - Group

	2021 RM'000	2020 RM'000
Leasehold land ("right-of-use assets")	36,016	19,422
Development costs	21,509	21,196
	57,525	40,618

NOTES TO THE FINANCIAL STATEMENTS

10. Deferred tax assets/(liabilities)

10.1 Recognised deferred tax assets and liabilities

Deferred taxation is attributable to the followings:

	Assets		Liabilities		Net	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Group						
Property, plant and equipment	-	-	(168,762)	(174,199)	(168,762)	(174,199)
Bearer plants	-	-	(215,301)	(222,676)	(215,301)	(222,676)
Rights-of-use assets	-	-	(92,689)	(94,212)	(92,689)	(94,212)
Fair value adjustment on cash flow hedge	458	2,043	-	-	458	2,043
Fair value adjustment on agricultural produce	-	-	(8,200)	(6,058)	(8,200)	(6,058)
Unutilised tax losses	41,035	66,286	-	-	41,035	66,286
Unabsorbed capital allowance and agriculture allowance	65,972	101,787	-	-	65,972	101,787
Others	19,440	14,973	-	-	19,440	14,973
Tax assets/(liabilities)	126,905	185,089	(484,952)	(497,145)	(358,047)	(312,056)
Set off of tax	(107,332)	(140,147)	107,332	140,147	-	-
Net tax assets/ (liabilities)	19,573	44,942	(377,620)	(356,998)	(358,047)	(312,056)
Company						
Property, plant and equipment	-	-	(15,641)	(11,634)	(15,641)	(11,634)
Bearer plants	-	-	(37,991)	(36,497)	(37,991)	(36,497)
Fair value adjustment on agricultural produce	-	-	(1,093)	(651)	(1,093)	(651)
Others	-	-	6,950	4,484	6,950	4,484
Tax liabilities	-	-	(47,775)	(44,298)	(47,775)	(44,298)

10. Deferred tax assets/(liabilities) (continued)

10.2 Recognised deferred tax assets and liabilities – net movement during the year

Movements in temporary differences during the financial year are as follows:

	At 1.1.2020 RM'000	Recognised in profit or loss RM'000	Recognised in other comprehensive income RM'000	At 31.12.2020/ 1.1.2021 RM'000	Recognised in profit or loss RM'000	Recognised in other comprehensive income RM'000	At 31.12.2021 RM'000
Group							
Property, plant and equipment	171,156	3,043	-	174,199	(5,437)	-	168,762
Bearer plants	230,017	(7,341)	-	222,676	(7,375)	-	215,301
Rights-of-use assets	95,713	(1,501)	-	94,212	(1,523)	-	92,689
Fair value adjustment on cash flow hedge	(714)	-	(1,329)	(2,043)	-	1,585	(458)
Fair value adjustment on agricultural produce	4,453	1,605	-	6,058	2,142	-	8,200
Unutilised tax losses	(71,857)	5,571	-	(66,286)	314	-	(65,972)
Unabsorbed capital allowance and agriculture allowance	(119,600)	17,813	-	(101,787)	60,752	-	(41,035)
Others	(6,027)	(8,946)	-	(14,973)	(4,467)	-	(19,440)
	303,141	10,244	(1,329)	312,056	44,406	1,585	358,047
		(Note 26)	(Note 29)		(Note 26)	(Note 29)	

10. Deferred tax assets/(liabilities) (continued)

10.2 Recognised deferred tax assets and liabilities – net movement during the year (continued)

	At 1.1.2020 RM'000	Recognised in profit or loss RM'000	At 31.12.2020/ 1.1.2021 RM'000	Recognised in profit or loss RM'000	At 31.12.2021 RM'000
Company					
Deferred tax liabilities					
Property, plant and equipment	16,413	(4,779)	11,634	4,007	15,641
Bearer plants	32,284	4,213	36,497	1,494	37,991
Agricultural produce	312	339	651	442	1,093
Others	(879)	(3,605)	(4,484)	(2,466)	(6,950)
	48,130	(3,832)	44,298	3,477	47,775
		(Note 26)		(Note 26)	

10.3 Unrecognised deferred tax assets - Group

Deferred tax assets have not been recognised in respect of the following temporary differences (stated at gross):

	2021 RM'000	2020 RM'000
Unabsorbed tax losses carried forward	53,294	67,617
Unutilised capital allowances	7,962	4,530
Others	11,283	7,884
	72,539	80,031

Deferred tax assets of RM15,874,000 (2020: RM17,144,000) have not been recognised in the statement of financial position in respect of the temporary differences because it is not probable that future taxable profits will be available against which the affected group entities can utilise the benefits.

Under the Income Tax Act 1967, unabsorbed business losses from a year of assessment can only be carried forward up to 10 consecutive year of assessment ("YA") effective from YA2019. Unutilised capital allowances and agriculture allowances attributable to group entities incorporated in Malaysia do not expire under the current tax legislation. In the case of a dormant company, such allowances and losses will not be available to the affected group entities if there has been a change of 50% or more in the shareholdings thereof. Unutilised tax losses of RM31,352,000 will expire on YA2029.

NOTES TO THE FINANCIAL STATEMENTS

10. Deferred tax assets/(liabilities) (continued)

10.3 Unrecognised deferred tax assets - Group (continued)

The estimation of future taxable profits requires management to make judgments, estimates and assumptions about future events that are inherently uncertain. Accordingly, the deferred tax assets recognised are subject to estimation uncertainties and may be adjusted in subsequent periods as a result of changes in the accounting estimates.

Pursuant to the Singapore Income Tax Act, unutilised tax losses of the subsidiary incorporated in Singapore do not expire under the agreement of Inland Revenue Authority of Singapore. The unutilised tax losses as at 31 December 2021 is RM21,942,000 (2020: RM29,486,000).

11. Agricultural produce

	Group RM'000	Company RM'000
Unharvested fresh fruit bunches		
Fair value		
At 1 January 2020	18,554	1,299
Changes in fair value less costs to sell	6,728	1,413
At 31 December 2020/1 January 2021	25,282	2,712
Changes in fair value less costs to sell	8,887	1,843
At 31 December 2021	34,169	4,555

Agricultural produce of the Group and of the Company is in relation to unharvested fresh fruit bunches ("FFB") in the oil palm plantation.

During the financial year, the Group and the Company harvested approximately 1.2 million metric tonne ("mt") (2020: 1.4 million mt) and 157,000 mt (2020: 127,000 mt) of FFB respectively. The estimated quantity of unharvested FFB of the Group and of the Company as at 31 December 2021 included in the fair valuation was 133,000 mt (2020: 151,000 mt) and 17,000 mt (2020: 16,000 mt) respectively.

The fair value less costs to sell measurement of agricultural produce involves the use of unobservable inputs that are subject to estimation uncertainties that may result in a higher or a lower carrying amounts of agricultural produce in subsequent reporting periods. As described in accounting policy Note 2(h), any gain or loss in fair value less costs to sell of biological assets is recognised in the profit or loss as "changes in fair value of agricultural produce"

11.1 Fair value information

Fair value of the agricultural produce are categorised as Level 3. Level 3 fair value is estimated using unobservable inputs for the agricultural produce.

11. Agricultural produce (continued)

11.1 Fair value information (continued)

The following table summarises the valuation method and assumptions used in the determination of fair value less cost to sell within Level 3, as well as the significant unobservable inputs used in the valuation model of the Group and the Company.

Description of valuation technique and inputs used	Significant unobservable inputs of the Group	Significant unobservable inputs of the Company	Inter-relationship between key unobservable inputs and fair value measurement
The fair value measurement is determined by using the market approach, which takes into consideration the market prices of fresh fruits bunches ("FFB"), adjusted for estimated oil content of unharvested FFB, less harvesting, transport and other costs to sell.	• Expected FFB production of 133,000 mt (2020: 151,000 mt) • Expected oil content of 48,000 mt (2020: 55,000 mt) • Average FFB sales price (2021: RM898/mt – RM1,143/mt; 2020: RM567/mt – RM750/mt) • Average harvest and collection cost (2021: RM47/mt – RM134/mt; 2020: RM42/mt – RM113/mt)	• Expected FFB production of 17,000 mt (2020: 16,000 mt) • Expected oil content of 6,000 mt (2020: 6,000 mt) • Average FFB sales price (2021: RM966/mt – RM1,055/mt); 2020: RM638/mt – RM697/mt) • Average harvest and collection cost (2021: RM58/mt – RM79/mt; 2020: RM57/mt – RM70/mt)	The estimated fair value would increase/(decrease) if: • Expected FFB production were higher/(lower); • Expected oil content were higher/(lower); • Average FFB sales price were higher/(lower); • Average harvesting and collection cost were lower/(higher);

NOTES TO THE FINANCIAL STATEMENTS

11. Agricultural produce (continued)

11.2 Sensitivity analysis

The sensitivity analysis below indicates the approximate change in the Group's and the Company's fair value of FFB and profit for the year that would arise if the following key estimates and assumptions adopted in the valuation model had changed at the reporting date, assuming all other estimates, assumption and other variables remained constant.

	2021		2020	
	Increase/ (Decrease) in price and volume	Increase/ (Decrease) in fair value of agricultural produce and profit before tax for the year RM'000	Increase/ (Decrease) in price and volume	Increase/ (Decrease) in fair value of agricultural produce and profit before tax for the year RM'000
Group				
Selling price	10%	5,092	10%	3,665
	(10%)	(5,026)	(10%)	(3,639)
FFB metric tonnage	10%	3,417	10%	2,528
	(10%)	(3,417)	(10%)	(2,528)
Company				
Selling price	10%	632	10%	386
	(10%)	(632)	(10%)	(384)
FFB metric tonnage	10%	456	10%	271
	(10%)	(456)	(10%)	(271)

11.3 Risk management strategy related to agriculture activities

The Group and the Company are primarily exposed to the following risks relating to its oil palm plantations.

i) Regulatory and environmental risk

The Group and the Company have established environmental policies and procedures in an effort to drive towards greater commitments in sustainable palm oil practices while ensuring compliance with local environmental regulations and other applicable laws.

11. Agricultural produce (continued)

11.3 Risk management strategy related to agriculture activities (continued)

ii) Supply and demand risk

The Group and the Company is exposed to risks arising from fluctuations in the price and production volume of fresh fruit bunches. When possible, the Group and the Company managed the risk by aligning its forward contract against projected production volume to market supply and demand trend. Management performs regular industry trend analysis to formulate the quantum and period of forward contract to mitigate the risk.

iii) Climate and other risk

The Company plantations are exposed to the risk of damages from climatic changes, diseases, forest fires and other natural forces. The Company has underlying best plantation practices and policy in place aimed at monitoring and mitigating those risks.

12. Trade and other receivables

	Note	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Trade					
Trade receivables		252,040	165,428	-	-
Less: Allowance for impairment losses		(3,347)	(2,378)	-	-
		248,693	163,050	-	-
Amount due from subsidiaries		-	-	67,492	43,990
		248,693	163,050	67,492	43,990
Non-trade					
Other receivables		30,972	24,401	4,042	7,066
Less: Allowance for impairment losses		(419)	(703)	-	-
		30,553	23,698	4,042	7,066

NOTES TO THE FINANCIAL STATEMENTS

12. Trade and other receivables (continued)

		Group		Company	
	Note	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Non-trade (continued)					
Amount due from subsidiaries	12.2	-	-	356,492	272,786
Less: Allowance for impairment losses		-	-	(9,904)	(9,904)
		-	-	346,588	262,882
		30,553	23,698	350,630	269,948
Refundable deposits		2,825	3,860	2,138	2,558
		33,378	27,558	352,768	272,506
Total trade and other receivables		282,071	190,608	420,260	316,496

12.1 Assessment of impairment losses on receivables

The main collectability risk of trade and other receivables is customer insolvencies. Management determines allowance for impairment losses of doubtful receivables based on an on-going review and evaluation performed as part of its credit risk evaluation process. These include assessment of customers' past payment records, sales level, financial standing and the age of debts.

12.2 Non-trade amount due from subsidiaries of RM283,884,000 (2020: RM183,180,000) is unsecured, bears interest at 3.50% (2020: 3.50%) per annum and repayable on demand.

12.3 Included in trade receivables of the Group and of the Company are amounts of RM105,000 (2020: RM321,000) and RM105,000 (2020: RM216,000) respectively due from companies in which certain Directors of the Company have substantial financial interest.

13. Contract assets – Group

	2021 RM'000	2020 RM'000
Contract assets	37,934	21,067

The contract assets are in relation to the Group's rights to consideration for sales of goods which remain unbilled at the reporting date.

13. Contract assets – Group (continued)

Significant changes to contract assets balances during the period are as follows:

	2021 RM'000	2020 RM'000
Contract assets at the beginning of the period not transferred to trade receivables due to change in time frame	21,067	11,864
Contract assets at the beginning of the period transferred to trade receivables	(20,427)	(10,000)
Revenue recognised during the year	50,473	33,182
Progress billing during the year	(13,179)	(13,979)
	37,934	21,067

13.1 Impairment assessment on contract assets

Credit risk on contract assets arose from sales of goods. As at the end of the reporting period, the maximum exposure to credit risk arising from contract assets is represented by the carrying amount in the statements of financial position. Management has taken reasonable steps to ensure the contract assets are not credit impaired.

The Group assessed the risk of loss of each customer individually based on their financial information and external credit rating, where applicable. All of these customers have low risk of default.

NOTES TO THE FINANCIAL STATEMENTS

14. Derivatives

	2021			2020		
	Nominal amount RM'000	Assets RM'000	Liabilities RM'000	Nominal amount RM'000	Assets RM'000	Liabilities RM'000
Group						
Derivatives at fair value through profit or loss						
- Forward commodity contracts	91,917	6,512	-	202,706	2,702	17,816
- Commodity swaps	-	-	-	164,629	-	23,807
- Forward currency contracts	340,212	2,185	-	153,674	4,442	-
Derivatives used for hedging						
- Cash flow hedges	200,000	-	1,913	200,000	-	8,516
Total derivatives		8,697	1,913		7,144	50,139
Less: Current portion		-	(1,505)		(7,144)	(45,311)
Non-current portion		8,697	408		-	4,828
Company						
Current portion						
Derivatives at fair value through profit or loss						
Commodity swaps	-	-	-	164,629	-	23,807
Total derivatives		-	-		-	23,807

14. Derivatives (continued)

a) Derivatives not designated as hedging instruments

The Group uses forward commodity contracts, forward currency contracts and commodity swaps to manage some of the transaction exposure. These contracts are not designated as cash flows or fair value hedges and are entered into for period consistent with currency transaction exposure and fair value changes exposure. Such derivatives do not quality for hedge accounting.

Forward currency contracts are used to hedge the Group's sales and purchases denominated in USD and RM for which firm commitments existed at the reporting date.

b) Cash flow hedges

The interest rate swaps are being used to hedge the exposure to changes in the floating interest rate, of its secured loans. The management considers the interest rate swaps as effective hedging instruments as the secured loans and the swaps have identical critical terms.

15. Other investments

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Fixed deposits with original maturities exceeding three months	234,269	304,836	58,352	198,555

16. Cash and cash equivalents

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Cash on hand and at banks	275,394	199,339	135,325	62,116
Fixed deposits with origina maturities not exceeding three months	521,199	442,970	89,728	89,849
	796,593	642,309	225,053	151,965
Fixed deposit pledged to bank	100	100	-	-
	796,693	642,409	225,053	151,965

NOTES TO THE FINANCIAL STATEMENTS

17. Capital and reserves – Group and Company

17.1 Share capital

	2021		2020	
	Amount RM'000	Number of shares '000	Amount RM'000	Number of shares '000
Ordinary shares				
Issued and fully paid shares with no par value classified as equity instruments:				
At 1 January	820,982	571,122	820,091	570,876
Exercise of share options	1,848	572	749	246
Transfer from employee share option reserve	332	-	142	-
At 31 December	823,162	571,694	820,982	571,122

During the financial year, the Company increased its issued and paid-up ordinary share capital from 571,121,846 to 571,693,846 by way of the issuance of 572,000 ordinary shares for cash pursuant to the Company's Employee Share Options Scheme ("ESOS") at an average exercise price of RM3.23 per ordinary share.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

17.2 Other reserves – Group

	Hedge reserve RM'000	Foreign currency translation reserve RM'000	Total RM'000
At 1 January 2020	(2,263)	407	(1,856)
Other comprehensive income:			
Exchange differences on translation of the financial statements of foreign entities	-	(478)	(478)
Fair value adjustment on cash flow hedge	(4,209)	-	(4,209)
At 31 December 2020 and 1 January 2021	(6,472)	(71)	(6,543)

17. Capital and reserves – Group and Company (continued)

17.2 Other reserves – Group (continued)

	Hedge reserve RM'000	Foreign currency translation reserve RM'000	Total RM'000
At 31 December 2020 and 1 January 2021	(6,472)	(71)	(6,543)
Other comprehensive income:			
Exchange differences on translation of the financial statements of foreign entities	-	732	732
Fair value adjustment on cash flow hedge	5,018	-	5,018
At 31 December 2021	(1,454)	661	(793)

Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedges related to hedged transactions that have not yet occurred.

(i) Cash flow hedges

The interest rate swaps are being used to hedge the exposure to changes in the floating interest rates of its secured loans. The management considers the interest rate swaps as effective hedging instruments as the secured loans and the swaps have identical critical terms.

Foreign currency translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

NOTES TO THE FINANCIAL STATEMENTS

18. Employee share option reserve

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Employee share option reserve				
At 1 January	23,870	20,366	23,870	20,366
Share options granted under ESOS recognised in profit or loss	2,943	3,646	986	1,277
Charged to subsidiaries	-	-	1,957	2,369
Transfer to share capital arising from exercise of share options	(332)	(142)	(332)	(142)
At 31 December	26,481	23,870	26,481	23,870

The employee share option reserve represents the value of equity-settled share options granted to eligible Directors and employees.

The Sarawak Oil Palms Berhad Employees' Share Option Scheme ("ESOS") was approved by the shareholders at the Extraordinary General Meeting held on 9 August 2017. The ESOS was implemented on 19 September 2017 and to be in force for a period of 10 years from the date of implementation.

The salient features of the ESOS are as follows:

(i) The ESOS Committee appointed by the Board of Directors to administer the ESOS, may from time to time grant ESOS Option ("Options") to eligible employees of the Group and also Directors of the Company (collectively referred to "eligible person") to subscribe for new shares in the Company in accordance with the by-laws.

(ii) Subject to the discretion of the ESOS Committee, any eligible person who has served for at least one year shall be eligible to participate in the ESOS.

(iii) The maximum number of new shares which may be made available under the ESOS shall be up to 10% of the total number of issued shares of the Company at any point of time during the tenure of the ESOS.

(iv) The aggregate allocation of Options to the Directors of the Company and senior management of the Group shall not exceed 50% of the total number of shares to be issued under the ESOS. In addition, not more than 10% of the shares available under the ESOS are to be allocated to any eligible person who, either singly or collectively through persons connected to the eligible person, holds 20% or more in the issued shares of the Company.

NOTES TO THE FINANCIAL STATEMENTS

18. Employee share option reserve (continued)

(v) The subscription price for each share under the ESOS shall be based on the 5-day volume weighted average market price of the shares of the Company as quoted on Bursa Securities immediately preceding the date on which the option is granted, subject to a discount of not more than 10% or such other limit in accordance with any prevailing guideline issued by Bursa Securities or any other relevant authorities as may be amended from time to time.

(vi) The new shares of the Company to be allotted and issued upon any exercise of the Options will upon such allocation and issuance, rank pari passu in all respects with the then existing issued shares, save and except that the new shares so issued will not be entitled to any dividends, rights, allocations and/or other form of distributions that may be declared, made or paid to shareholders, the entitlement date (namely the date as at the close of business on which shareholders must be registered on the Register of Depositors in order to be entitled to any dividends, rights, allocations and/or other distributions) of which is prior to the date of allotment of the new shares.

(vii) The Options shall not carry any right to vote any general meeting of the Company.

(viii) Fair value of share options granted during the year:

The fair value of share options granted during the year was estimated using a Black Scholes model, taking into account the terms and conditions upon which the options were granted. The fair value of share options measured at granted date and the assumptions are as follows:

	2021	2020
Fair value of share options at the following grant dates (RM):		
6 April 2021	1.34	-
17 April 2020	-	0.93
Weighted average share price (RM)	3.93	2.52
Weighted average exercise price (RM)	3.57	2.23
Expected volatility (%)*	55.81	55.29
Expected life (years)	3	3
Risk free rate (%)	2.25	3.25
Expected dividend yield (%)	-	-

The expected life of the options is based on historical date and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features of the option grant were incorporated into the measurement of fair value.

* *The expected volatility is based on 2 years average historical volatility.*

18. Employee share option reserve (continued)

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in share options during the year.

	Outstanding 1 January '000	Granted '000	Exercised '000	Forfeited and other adjustment '000	Outstanding 31 December '000	Exercisable 31 December '000
2021						
2021 options	-	714	-	(121)	593	110
2020 options	592	-	(28)	(73)	491	153
2019 options	1,172	-	(92)	(93)	987	393
2018 options	1,128	-	(92)	(89)	947	515
2017 options	32,648	-	(360)	(700)	31,588	24,648
WAEP (RM)	3.52	3.57	3.23	3.34	3.53	3.56
2020						
2020 options	-	685	(7)	(86)	592	100
2019 options	1,469	-	(89)	(208)	1,172	338
2018 options	1,201	-	(7)	(66)	1,128	507
2017 options	33,691	-	(143)	(900)	32,648	22,384
WAEP (RM)	3.53	2.23	3.05	3.25	3.52	3.56

18. Employee share option reserve (continued)

(i) Details of share options outstanding at the end of the year:

Grant date	WAEP RM	Exercisable period
2021	3.57	6.4.2021-18.9.2027
2020	2.23	17.4.2020-18.9.2027
2019	2.21	2.5.2019-18.9.2027
2018	3.12	25.5.2018-18.9.2027
2017	3.60	27.10.2017-18.9.2027

(ii) Share options exercised during the year:

Option exercised during the financial year resulted in the issuance of 572,000 (2020: 245,500) ordinary shares at an average price of RM3.23 (2020: RM3.05) each. The related weighted average share price at the date of exercise was RM3.92 (2020: 3.80).

19. Loans and borrowings

		Group		Company	
	Note	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Non-current					
Secured:					
Hire purchase financing	19.1	1,876	5,777	-	32
Term loans		500,773	690,003	200,000	300,000
Sukuk Murabahah	19.2	19,461	19,384	20,000	20,000
		522,110	715,164	220,000	320,032

NOTES TO THE FINANCIAL STATEMENTS

19. Loans and borrowings (continued)

	Note	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Current					
Secured:					
Hire purchase financing	19.1	4,067	6,612	41	377
Revolving credits		-	50,000	-	-
Term loans		182,043	108,272	100,000	-
		186,110	164,884	100,041	377
Unsecured:					
Bankers acceptances/short term loans		309,202	216,174	-	-
Term loans		367	12,790	-	-
		309,569	228,964	-	-
		495,679	393,848	100,041	377
Total loans and borrowings		1,017,789	1,109,012	320,041	320,409

19.1 Hire purchase financing

Hire purchase financing are payable as follows:

	Payment RM'000	Interest RM'000	Principal RM'000
Group			
2021			
Less than one year	4,264	197	4,067
Between one and two years	1,910	34	1,876
Between two and five years	-	-	-
	6,174	231	5,943
2020			
Less than one year	7,086	474	6,612
Between one and two years	4,184	191	3,993
Between two and five years	1,815	31	1,784
	13,085	696	12,389

19. Loans and borrowings – Group (continued)

19.1 Hire purchase financing (continued)

	Payment RM'000	Interest RM'000	Principal RM'000
Company			
2021			
Less than one year	41	-	41
Between one and two years	-	-	-
Between two and five years	-	-	-
	41	-	41
2020			
Less than one year	388	11	377
Between one and two years	32	-	32
Between two and five years	-	-	-
	420	11	409

19.2 Sukuk Murabahah

In the last financial year, the Group has secured and entered into a Sukuk Murabahah Programme for the issuance of Sukuk Murabahah of up to a nominal value of RM1.00 billion with a tenure of up to 20 years from the first issue date.

The tenure of the Sukuk Murabahah Programme is 20 years from the first issue date of the Sukuk Murabahah under the Sukuk Murabahah Programme. The Sukuk Murabahah may be issued in series and shall have a tenure of more than one year and up to 20 years from the Issue Date. All Sukuk Murabahah shall mature upon the expiry of the Sukuk Murabahah Programme Tenure.

OCBC Al-Amin Bank Berhad ("OCBC") has made available Sukuk Murabahah of up to RM400 million in nominal value to be issued (whether in one or more series) under the Sukuk Murabahah Programme during the availability period for the Sukuk Murabahah to be subscribed for by OCBC.

The first issuance of RM20 million out of the RM400 million Sukuk Murabahah to be subscribed by OCBC under the Sukuk Murabahah programme was on 6 November 2020. The first issuance was within ninety (90) days after the date of fulfilment of the conditions precedent defined in the Sukuk Murabahah programme.

NOTES TO THE FINANCIAL STATEMENTS

19. Loans and borrowings – Group (continued)

19.2 Sukuk Murabahah (continued)

(i) Repayment terms of the Sukuk Murabahah programme

The OCBC Sukuk Murabahah shall be issued with each Tranche having a tenure as stated below, and which shall be redeemed based on the following redemption schedule:

Tenure of each Tranche of Sukuk Murabahah	Percentage Nominal Value of each Series of OCBC Sukuk Murabahah
6 years	Twenty per cent. (20%)
7 years	Twenty per cent. (20%)
8 years	Twenty per cent. (20%)
9 years	Twenty per cent. (20%)
10 years	Twenty per cent. (20%)
Total	One hundred per cent. (100%)

(ii) Periodic profit payment terms under the Sukuk Murabahah programme

The periodic profit rate is determined prior to the issuance of the Sukuk Murabahah. Sukuk Murabahah is issued with periodic profit payments which are payable quarterly. The periodic profit payments are determined based on pricing spread above OCBC's three months cost of fund for the 10 years tenure.

(iii) Securities

OCBC Sukuk Murabahah is secured by third party first land charge over the leasehold lands of the subsidiaries with total planted area of not less than 14,011.95 hectares.

19.3 Securities

Banker's acceptances and foreign currency trade loans are secured by a corporate guarantee provided by the Company.

Revolving credits were secured by charges over certain leasehold land (see Note 5) and palm oil mill (see Note 3) of the Group.

The term loans are secured by way of legal charges over certain leasehold land (see Note 5), building and palm oil mill (see Note 3) of the Group and fixed deposit pledged to the bank (see Note 16).

Assets under hire purchase are charged to secure the hire purchase facilities of the Group (see Note 3).

20. Government grants

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Cost:				
At 1 January	18,986	18,908	726	648
Received during the year	370	78	-	78
At 31 December	19,356	18,986	726	726
Accumulated amortisation:				
At 1 January	2,906	1,989	121	-
Amortisation for the year (Note 23)	1,048	917	73	121
At 31 December	3,954	2,906	194	121
Net carrying amount:				
At 31 December	15,402	16,080	532	605
Current	1,064	868	73	73
Non-current	14,338	15,212	459	532
	15,402	16,080	532	605

The government grant of RM15,630,000 was received to partly finance the construction of an advanced integrated bio-refinery plant. The construction of bio-refinery plant was completed in 2017, hence the commencement of the amortisation of the government grant, which is recognised as "other income" in profit or loss.

In the earlier financial year, a research project in relation to crude palm oil washing facilities, which was acquired in FY2019 was completed, hence, amortisation of government grant was recognised as 'other income" in profit or loss over the useful life of the plant. Total grant received in relation to the research project was RM726,000.

Another government grant of RM3,000,000 was received to partly finance a project to mitigate 3-monochloropropanediol ("3-MCPD") and glycidyl acid esters ("GE") level in palm oil. The project was completed and amortisation of the government grant is recognised as "other income" in profit or loss over the useful life of the plants during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

21. Trade and other payables

	Note	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Current					
Trade					
Trade payables	21.1	123,275	82,150	37,804	26,538
Amount due to subsidiaries		-	-	47,224	21,310
		123,275	82,150	85,028	47,848
Non-trade					
Amount due to subsidiaries		-	-	117	310
Retention sums payable to contractors		5,382	4,587	1,545	1,425
Deposits received					
- Others		809	195	90	90
- Subsidiary		-	-	719	713
Other payables and accrued expenses	21.1	159,364	122,398	63,492	46,193
		165,555	127,180	65,963	48,731
Total		288,830	209,330	150,991	96,579

21.1 Trade and other payables

Included in trade and other payables of the Group and of the Company are the amounts of RM12,079,000 (2020: RM9,456,000) and RM5,820,000 (2020: RM3,460,000) respectively due to companies in which certain Directors of the Company have substantial financial interest.

NOTES TO THE FINANCIAL STATEMENTS

22. Revenue

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Revenue from contracts with customers	4,431,026	2,778,603	1,619,184	1,013,057
Other revenue				
Dividend income from subsidiaries	-	-	26,788	14,335
	4,431,026	2,778,603	1,645,972	1,027,392

22.1 Disaggregation of revenue

	Oil palm operations		Property development		Total	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Group						
Major products and service lines						
Sales of oil palm based products and other related income	4,420,219	2,765,157	-	-	4,420,219	2,765,157
Sales of completed properties	-	-	10,807	13,446	10,807	13,446
	4,420,219	2,765,157	10,807	13,446	4,431,026	2,778,603
Geographical markets						
Malaysia	1,130,250	690,897	10,807	13,446	1,141,057	704,343
Asia-Pacific	2,568,838	1,521,799	-	-	2,568,838	1,521,799
Others	721,131	552,461	-	-	721,131	552,461
	4,420,219	2,765,157	10,807	13,446	4,431,026	2,778,603
Timing and recognition						
At a point in time	4,420,219	2,765,157	10,807	13,446	4,431,026	2,778,603

NOTES TO THE FINANCIAL STATEMENTS

22. Revenue (continued)

22.1 Disaggregation of revenue (continued)

	2021 RM'000	2020 RM'000
Company		
Major products and service lines		
Sales of oil palm based products	1,619,184	1,013,057
Geographical markets		
Malaysia	1,619,184	1,013,057
Timing of recognition		
At a point in time	1,619,184	1,013,057
Revenue from contracts with customers	1,619,184	1,013,057
Other revenue	26,788	14,335
Total	1,645,972	1,027,392

22. Revenue (continued)

22.2 Nature of goods and services

The following information reflects the typical transactions of the Group and the Company:

Nature of goods or services	Timing of recognition or method used to recognise revenue	Significant payment terms	Variable element in consideration	Warranty
Oil palm products	Export sales Revenue is recognised at the point in time when goods are shipped on board.	Export sales By irrevocable letter of credit at sight, advance payment or cash against documents through bank.	Not applicable.	Not applicable.
	Local sales Revenue is recognised at the point in time when goods are delivered and accepted by the customers at their premises, when the goods are transferred to the purchaser or when goods are shipped on board.	Local sales Credit period of 14 - 45 days from invoice date or advance payment.		
Completed properties	Revenue is recognised at a point in time when the control of the property is transferred to the purchaser.	Payment within 14 to 21 days upon signing of sales and purchase agreement.	Discounts or rebates granted during promotional periods.	Defect liability period from 6 up to 18 months as established in contracts.

NOTES TO THE FINANCIAL STATEMENTS

23. Other income

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Gain on disposal of property, plant, and equipment	474	849	795	686
Fair value changes on derivatives	43,484	-	23,807	-
Head office charges	-	-	12,589	10,380
Management fee	-	-	260	220
Rental income	631	779	434	388
Amortisation of government grant (Note 20)	1,048	917	73	121
Net gain on foreign exchange	2	10,804	2	-
Miscellaneous	4,796	3,580	2,294	2,566
	50,435	16,929	40,254	14,361

24. Finance income

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Interest income of financial assets calculated using the effective interest method that are at amortised cost:				
- Short-term deposits	13,950	19,035	2,772	6,073
- Current accounts	2,329	1,820	1,253	1,505
- Advances to subsidiaries	-	-	9,334	7,950
Recognised in profit or loss	16,279	20,855	13,359	15,528

NOTES TO THE FINANCIAL STATEMENTS

25. Finance costs

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Interest expense/profit payments of financial liabilities that are not at fair value through profit or loss:				
- Term loans	24,542	34,393	10,615	11,915
- Sukuk Murabahah	1,396	101	658	101
- Bankers acceptances	4,048	5,212	-	-
- Hire purchase financing	367	523	11	29
- Revolving credits	1,361	2,966	149	-
- Trust receipts	-	13	-	-
- Interest rate swap	3,881	2,419	-	-
- Others	490	368	227	211
	36,085	45,995	11,660	12,256
Interest expense on lease liabilities	101	120	118	144
	36,186	46,115	11,778	12,400
Recognised in profit or loss	33,324	42,252	9,733	9,929
Interest expense/profit payments of financial liabilities that are not at fair value through profit or loss capitalised into qualifying assets:				
- property, plant and equipment (Note 3)	885	1,678	652	286
- bearer plants (Note 4)	1,977	2,185	1,393	2,185
	36,186	46,115	11,778	12,400

NOTES TO THE FINANCIAL STATEMENTS

26. Taxation

Recognised in profit or loss

	Group		Company	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Current tax expense				
Malaysian - current year	129,609	70,825	41,810	20,700
- prior year	(2,525)	972	(241)	788
	127,084	71,797	41,569	21,488
Deferred tax expense (Note 10)				
Origination and reversal of temporary differences	44,178	13,365	3,477	(3,832)
Under/(over) provision in prior year	228	(3,121)	-	-
	44,406	10,244	3,477	(3,832)
Total taxation	171,490	82,041	45,046	17,656
Reconciliation of taxation				
Profit for the financial year	541,499	220,158	154,952	48,952
Total taxation	171,490	82,041	45,046	17,656
Profit excluding tax	712,989	302,199	199,998	66,608
Income tax calculated using				
Malaysian tax rate of 24%	171,139	72,527	47,999	15,985
Effect of tax rates in foreign jurisdiction	(527)	(280)	-	-
Difference in effective tax rate of equity accounted associates	691	989	-	-
Non-deductible expenses	6,750	10,033	3,717	4,323
Movements in unrecognised deferred tax assets	(1,270)	940	-	-
Reinvestment allowance utilised	(2,996)	-	-	-
Income not subject to taxation	-	-	(6,429)	(3,440)
Others	-	(19)	-	-
	173,787	84,190	45,287	16,868
(Over)/Under provision in prior year	(2,297)	(2,149)	(241)	788
Total taxation	171,490	82,041	45,046	17,656

NOTES TO THE FINANCIAL STATEMENTS

27. Profit for the financial year

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Profit for the financial year are arrived at after charging/(crediting):				
Auditors' remuneration:				
- Statutory audit				
- KPMG PLT	377	377	100	100
- Overseas affiliates of KPMG PLT	159	158	-	-
- Non-audit fees:				
- KPMG PLT	10	18	11	18
- Local affiliates of KPMG PLT	95	108	21	23
- Other auditors	106	103	-	-
Material expenses/(income)				
Depreciation of property, plant and equipment (Note 3.2)	87,198	82,078	23,362	23,248
Depreciation of right-of-use assets (Note 5)	9,703	9,547	1,054	957
Amortisation of intangible assets	17	16	-	-
Amortisation of bearer plants (Note 4)	72,535	58,505	6,664	5,407
Gain on disposal of property, plant and equipment	(474)	(849)	(795)	(686)
Loss on disposal of subsidiary	-	-	-	65
Personnel expenses (including key management personnel):				
- Contributions to the state plans	11,509	10,352	4,074	3,916
- Wages, salaries and others	257,265	236,699	71,043	56,992
- Social security contributions	2,301	2,613	616	666
- Share options granted under ESOS	2,943	3,646	986	1,277
Property, plant and equipment written off	760	681	58	162
Bearer plants written off	5,992	6,387	156	28

NOTES TO THE FINANCIAL STATEMENTS

27. Profit for the financial year (continued)

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Material expenses/(income) (continued)				
Inventories written down	634	1,437	-	1,883
Inventories written off	136	534	-	180
Net loss/(gain) on foreign exchange	6,237	(10,804)	(2)	4
Fair value (gain)/loss on derivatives	(43,484)	11,955	(23,807)	14,639
Realised losses on derivatives	143,502	3,646	64,055	750
Fair value gain on agricultural produce	(8,887)	(6,728)	(1,843)	(1,413)
Impairment loss on joint venture	-	3,471	-	-
Expenses arising from leases:				
Expenses relating to short-term leases	1,834	2,138	214	205
Expenses relating to variable lease payments not included in the measurement of lease liabilities	9,538	8,895	-	-
Net loss on impairment of financial instruments:				
Financial assets at amortised cost	936	2,879	-	9,904

28. Compensations to key management personnel

Compensations to key management personnel are as follows:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Directors:				
- Fees	866	822	642	600
- Short term employee benefits (including estimated benefits-in-kind)	3,682	2,865	2,451	1,953
- Post employment benefits	346	262	292	233
- Other emoluments	35	33	35	33
	4,929	3,982	3,420	2,819

NOTES TO THE FINANCIAL STATEMENTS

28. Compensations to key management personnel (continued)

Compensations to key management personnel are as follows: (continued)

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Other key management personnel:				
- Fees	159	161	-	-
- Short term employee benefits (including estimated benefits-in-kind)	11,346	9,128	10,176	8,272
- Post employment benefits	1,312	1,103	1,261	1,036
- Share options granted under ESOS	602	809	602	809
	13,419	11,201	12,039	10,117
	18,348	15,183	15,459	12,936

Other key management personnel comprise persons, other than the Directors of the Company, having authority and responsibility for planning, directing and controlling the activities of the Group entities either directly or indirectly.

29. Other comprehensive income

	2021			2020		
	Before tax RM'000	Tax benefit RM	Net of tax RM	Before tax RM	Tax benefit RM	Net of tax RM
Item that is reclassified subsequently to profit or loss						
Cash flow hedge						
- Gain/(Loss) during the year	10,484	(2,516)	7,968	(3,119)	749	(2,370)
- Reclassification adjustment for (gain)/loss in profit or loss	(3,881)	931	(2,950)	(2,419)	580	(1,839)
	6,603	(1,585)	5,018	(5,538)	1,329	(4,209)

NOTES TO THE FINANCIAL STATEMENTS

30. Earnings per ordinary share – Group

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

Diluted earnings per share is calculated by dividing profit for the year attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The following reflect the profit and share data used in the computation of basic and diluted earnings per share for the years ended 31 December:

	2021 RM'000	2020 RM'000
Profit attributable to owners of the Company	509,896	204,116

Weighted average number of ordinary shares

	2021 '000	2020 '000
Weighted average number of ordinary shares at 31 December (basic)	571,545	570,925
Effect of dilution of share options	1,473	185
Weighted average number of ordinary shares at 31 December (diluted)	573,018	571,110

Basic and diluted earnings per share

	2021 Sen	2020 Sen
Basic earnings per share	89.21	35.75
Diluted earnings per share	88.98	35.74

31. Dividends

Dividends recognised by the Company:

	Sen per share (tax exempt)	Total RM'000	Date of payment
2021			
Final 2020 ordinary	6	34,300	16 July 2021
Interim 2021 ordinary	4	22,868	30 December 2021
		57,168	
2020			
Final 2019 ordinary	5	28,546	24 July 2020

The Directors have proposed the following dividend which is subject to shareholders' approval at the forthcoming Annual General Meeting:

	Per ordinary shares Sen	Total amount RM'000
Final dividend for year ended 31 December 2021	6	34,585

32. Operating segments

The Group has two reportable segments, as described below, which are the Group's strategic business units. For each of the strategic business units, the Group's Chief Executive Officer (being the Chief Operating Decision Maker), reviews internal management reports monthly. The following describes the operations in each of the Group's reportable segments.

Oil Palms - Cultivation, processing, refining and trading of palm products.

Property development - Development of residential and commercial properties.

Performance is measured based on segment profit before tax as included in the internal management reports. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of the segments relative to other entities that operate within these industries.

Segment assets

The total of segment assets is measured based on all assets (including goodwill) of a segment, as included in the internal management reports that are reviewed by the Group's Chief Executive Officer. Segment assets total is used to measure the return of assets of each segment.

NOTES TO THE FINANCIAL STATEMENTS

32. Operating segments (continued)

Segment liabilities

Information on segment liabilities aggregates the total liabilities, including borrowings, to allow the Group's Chief Executive Officer to review and plan for the liquidity requirements of the Group.

Segment capital expenditure

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment and intangible assets other than goodwill.

32. Operating segments (continued)

	Oil Palms		Property development		Elimination		Consolidated	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Segment profit	714,957	298,557	1,005	2,461	(2,973)	1,181	712,989	302,199
Included in the measure of segment profit are:								
Revenue from external customers	4,420,219	2,765,157	16,757	13,446	(5,950)	-	4,431,026	2,778,603
Finance income	25,613	28,714	53	91	(9,387)	(7,950)	16,279	20,855
Finance costs	(41,831)	(50,137)	(952)	(890)	9,459	8,775	(33,324)	(42,252)
Write-down of inventories to net realisable value	(634)	(1,437)	-	-	-	-	(634)	(1,437)
Write-off of inventories	(6)	(534)	(130)	-	-	-	(136)	(534)
Share of loss of equity-accounted joint venture, net of tax	-	-	-	-	(2,881)	(13,963)	(2,881)	(13,963)
Depreciation and amortisation	(169,180)	(153,390)	(273)	(295)	-	-	(169,453)	(153,685)
Fair value gain/(loss) on derivatives	43,484	(11,955)	-	-	-	-	43,484	(11,955)
Fair value gain on agricultural produce	8,887	6,728	-	-	-	-	8,887	6,728
Impairment loss on trade receivables	(936)	(2,878)	-	(1)	-	-	(936)	(2,879)
Property, plant and equipment written off	(759)	(680)	(1)	(1)	-	-	(760)	(681)
Bearer plants written off	(5,992)	(6,387)	-	-	-	-	(5,992)	(6,387)

32. Operating segments (continued)

	Oil Palms		Property development		Elimination		Consolidated	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Other information								
Segment assets	4,569,389	4,176,911	90,310	84,352	(2,847)	(3,176)	4,656,852	4,258,087
Segment liabilities	1,684,744	1,750,516	41,749	36,794	(8,352)	(32,118)	1,718,141	1,755,192
Included in the measure of segment assets are:								
Additions to property, plant and equipment	124,661	82,258	-	4	-	-	124,661	82,262
Additions to bearer plants	19,808	30,780	-	-	-	-	19,808	30,780
Additions to right-of-use assets	12,228	521	-	-	-	-	12,228	521

32. Operating segments (continued)

Geographical segments

In presenting information on the basis of geographical segments, segment revenue is based on geographical location of customers. Segment assets are based on the geographical location of the assets. The amounts of non-current assets do not include financial instruments (including investments in joint venture), intangible assets, deferred tax assets and inventories.

	2021 RM'000	2020 RM'000
Revenue		
Malaysia	1,141,057	704,343
Asia-Pacific	2,568,838	1,521,799
Others	721,131	552,461
	4,431,026	2,778,603
Non-current assets		
Malaysia	2,495,458	2,517,403
Singapore	13,087	13,154
	2,508,545	2,530,557

Major customers

The following are the major customers with revenue equal or more than 10% of the Group's total revenue.

	Revenue		
	2021 RM'000	2020 RM'000	Segment
Customer A	510,234	469,779	Oil Palms
Customer B	467,353	312,570	Oil Palms

33. Financial instruments

33.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

(a) Fair value through profit or loss ("FVTPL")
- Mandatorily required by MFRS 9

(b) Amortised cost ("AC")

	Note	Carrying amount RM'000	AC RM'000	Mandatorily at FVTPL RM'000	Derivatives used for hedging RM'000
2021					
Financial assets					
Group					
Trade and other receivables	12	282,071	282,071	-	-
Derivative financial assets	14	8,697	-	8,697	-
Other investments	15	234,269	234,269	-	-
Cash and cash equivalents	16	796,693	796,693	-	-
		1,321,730	1,313,033	8,697	-
Company					
Trade and other receivables	12	420,260	420,260	-	-
Other investments	15	58,352	58,352	-	-
Cash and cash equivalents	16	225,053	225,053	-	-
		703,665	703,665	-	-

33. Financial instruments (continued)

33.1 Categories of financial instruments (continued)

	Note	Carrying amount RM'000	AC RM'000	Mandatorily at FVTPL RM'000	Derivatives used for hedging RM'000
2021					
Financial liabilities					
Group					
Loans and borrowings	19	(1,017,789)	(1,017,789)	-	-
Trade and other payables	21	(288,830)	(288,830)	-	-
Derivative financial liabilities	14	(1,913)	-	-	(1,913)
		(1,308,532)	(1,306,619)	-	(1,913)
Company					
Loans and borrowings	19	(320,041)	(320,041)	-	-
Trade and other payables	21	(150,991)	(150,991)	-	-
		(471,032)	(471,032)	-	-

33. Financial instruments (continued)

33.1 Categories of financial instruments (continued)

	Note	Carrying amount RM'000	AC RM'000	Mandatorily at FVTPL RM'000	Derivatives used for hedging RM'000
2020					
Financial assets					
Group					
Trade and other receivables	12	190,608	190,608	-	-
Derivative financial assets	14	7,144	-	7,144	-
Other investments	15	304,836	304,836	-	-
Cash and cash equivalents	16	642,409	642,409	-	-
		1,144,997	1,137,853	7,144	-
Company					
Trade and other receivables	12	316,496	316,496	-	-
Other investments	15	198,555	198,555	-	-
Cash and cash equivalents	16	151,965	151,965	-	-
		667,016	667,016	-	-

33. Financial instruments (continued)

33.1 Categories of financial instruments (continued)

	Note	Carrying amount RM'000	AC RM'000	Mandatorily at FVTPL RM'000	Derivatives used for hedging RM'000
2020					
Financial liabilities					
Group					
Loans and borrowings	19	(1,109,012)	(1,109,012)	-	-
Trade and other payables	21	(209,330)	(209,330)	-	-
Derivative financial liabilities	14	(50,139)	-	(41,623)	(8,516)
		(1,368,481)	(1,318,342)	(41,623)	(8,516)
Company					
Loans and borrowings	19	(320,409)	(320,409)	-	-
Trade and other payables	21	(96,579)	(96,579)	-	-
Derivative financial liabilities	14	(23,807)	-	(23,807)	-
		(440,795)	(416,988)	(23,807)	-

NOTES TO THE FINANCIAL STATEMENTS

33. Financial instruments (continued)

33.2 Net (losses)/gains arising from financial instruments

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Net losses on:				
Financial assets at amortised cost				
- impairment loss on on trade and other receivables	(936)	(2,879)	-	(9,904)
- interest income	16,279	20,855	13,359	15,528
- net gain on foreign exchange	(5,051)	10,827	2	-
	10,292	28,803	13,361	5,624
Financial assets at fair value through profit or loss				
Mandatorily required by MFRS 9				
- fair value changes on derivatives	1,554	(4,239)	23,807	-
	1,554	(4,239)	23,807	-
Financial liabilities at fair value through profit or loss				
Mandatorily required by MFRS 9				
- fair value changes on derivatives	41,930	(7,716)	-	(14,639)
- realised loss on derivatives	(143,502)	(3,646)	(64,055)	(750)
	(101,572)	(11,362)	(64,055)	(15,389)
Financial liabilities measured at amortised cost				
- interest expense/profit payments	(36,085)	(45,995)	(11,660)	(12,256)
- net loss on foreign exchange	(1,186)	(23)	-	(4)
	(37,271)	(46,018)	(11,660)	(12,260)
	(126,997)	(32,816)	(38,547)	(22,025)

NOTES TO THE FINANCIAL STATEMENTS

33. Financial instruments (continued)

33.3 Financial risk management

The Group is exposed to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

33.4 Credit risk

Credit risk is the risk of a financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its trade and other receivables. The Company's exposure to credit risk arises principally from loans and advances to subsidiaries and financial guarantees given to banks for credit facilities granted to subsidiaries. There are no significant changes as compared to prior periods.

Trade receivables

Risk management objectives, policies and processes for managing the risk

Management regularly reviews and monitors on an on-going basis by setting appropriate credit limits on trade receivables on a case-by-case basis.

The contract assets (see Note 13.1) have substantially the same risk characteristics as the trade receivables from the same categories of customers.

The Group assess periodically whether any of the trade receivables is credit impaired.

The gross carrying amounts of credit impaired trade receivables is written off (either partially or full) when there is no realistic prospect of recovery. This is generally the case when the Group or the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Nevertheless, trade receivables that are written off could still be subject to enforcement activities.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk arising from trade receivables is represented by the carrying amounts in the statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS

33. Financial instruments (continued)

33.4 Credit risk (continued)

Trade receivables (continued)

Recognition and measurement of impairment losses

In managing credit risk of trade receivables, the Group manages its debtor and takes appropriate actions (including but not limited to legal actions) to recover long overdue balances. Generally, trade receivables will pay within 90 days. The Group's debt recovery process is above 30 days past due after credit term, the Group will start to initiate a structured debt recovery process which is monitored by the sales marketing team.

The Group assessed the risk of loss of each major customer individually based on their financial information, past trend of payments and external credit ratings, where applicable. All of these customers have low risk of default.

The following table provides information about the exposure to credit risk and ECLs for trade receivables as at the end of the reporting period which are grouped together as they are expected to have similar risk nature.

	Gross carrying amount RM'000	Loss allowances RM'000	Net balance RM'000
2021			
Group			
Current (not past due)	286,304	-	286,304
1 – 30 days past due	190	-	190
31 – 60 days past due	-	-	-
61 – 90 days past due	112	-	112
More than 90 days past due	21	-	21
	286,627	-	286,627
Credit impaired			
Individually impaired	3,347	(3,347)	-
Trade receivables	289,974	(3,347)	286,627
Trade receivables	252,040	(3,347)	248,693
Contract assets	37,934	-	37,934
	289,974	(3,347)	286,627

33. Financial instruments (continued)

33.4 Credit risk (continued)

Trade receivables (continued)

Recognition and measurement of impairment losses (continued)

	Gross carrying amount RM'000	Loss allowances RM'000	Net balance RM'000
2020			
Group			
Current (not past due)	183,277	-	183,277
1 – 30 days past due	741	-	741
31 – 60 days past due	22	-	22
61 – 90 days past due	36	-	36
More than 90 days past due	37	-	37
	184,113	-	184,113
Credit impaired			
Individually impaired	2,382	(2,378)	4
Trade receivables	186,495	(2,378)	184,117
Trade receivables	165,428	(2,378)	163,050
Contract assets	21,067	-	21,067
	186,495	(2,378)	184,117

The movements in the allowance for impairment in respect of trade receivables during the year are shown below.

	Credit impaired RM'000
Group	
Balance at 1 January 2020	289
Amount written off	(87)
Net remeasurement of loss allowance	2,176
Balance at 31 December 2020/1 January 2021	2,378
Amount written off	(44)
Net remeasurement of loss allowance	931
Exchange translation differences	82
Balance at 31 December 2021	3,347

NOTES TO THE FINANCIAL STATEMENTS

33. Financial instruments (continued)

33.4 Credit risk (continued)

Trade receivables (continued)

Recognition and measurement of impairment losses (continued)

An allowance account in respect of receivables is used to record impairment losses. Unless the Group is satisfied that recovery is possible, the amount considered irrecoverable is written off against the receivables directly.

Cash and cash equivalents and other investments

The cash and cash equivalents and other investments are held with banks and financial institutions. As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

These banks and financial institutions have low credit risks. In addition, some of the bank balances are insured by government agencies. Consequently, the Group and the Company are of the view that the loss allowance is not material and hence, it is not provided for.

Other receivables

As at the end of reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

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.

The following table provides information about the exposure the credit risk and ECLs for other receivables.

	Gross carrying amount RM'000	Loss allowance RM'000	Net balance RM'000
2021			
Low credit risk	30,554	-	30,554
Credit impaired	419	(419)	-
	30,973	(419)	30,554
2020			
Low credit risk	23,698	-	23,698
Credit impaired	703	(703)	-
	24,401	(703)	23,698

33. Financial instruments (continued)

33.4 Credit risk (continued)

Recognition and measurement of impairment losses

Generally, the Group considers other receivables have low credit risk. As the Group is able to determine the timing of payments of the other debtors when they are payable, the Group considers the other receivables to be in default when the other debtors are not able to pay when demanded. The Group considers other receivables to be credit impaired when the other debtor is unlikely to repay its payables to the Group in full.

The movements in the allowance for impairment in respect of other receivables during the year are shown below.

	Credit impaired RM'000
Group	
Balance at 1 January 2020	-
Net remeasurement of loss allowance	703
Balance at 31 December 2020/1 January 2021	703
Amount written off	(289)
Net remeasurement of loss allowance	5
Balance at 31 December 2021	419

Inter-company loans and advances

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured loans and advances to subsidiaries. The Company monitors the ability of the subsidiaries to repay the loans and advance on an individual basis.

The Company has undertaken to provide financial support to certain subsidiaries to enable them to continue to operate as going concerns.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

Loans and advances provided are not secured by any collateral or supported by any other credit enhancements.

NOTES TO THE FINANCIAL STATEMENTS

33. Financial instruments (continued)

33.4 Credit risk (continued)

Inter-company loans and advances (continued)

Recognition and measurement of impairment loss

Generally, the Company considers loans and advances to subsidiaries have low credit risk. The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. As the Company is able to determine the timing of payments of the subsidiaries' loans and advances when they are payable, the Company considers the loans and advances to be in default when the subsidiaries are not able to pay when demanded. The Company considers a subsidiary's loan or advance to be credit impaired when:

- The subsidiary is unlikely to repay its loan or advance to the Company in full;
- The subsidiary is continuously loss making and is having a deficit shareholders' fund.

The Company determines the probability of default for these loans and advances individually using internal information available.

The following table provides information about the exposure to credit risk and ECLs for subsidiaries' loans and advances as at the end of the reporting period was:

	Gross carrying amount RM'000	Impairment loss allowance RM'000	Net balance RM'000
2021			
Low credit risk	299,492	-	299,492
Credit impaired	57,000	(9,904)	47,096
	356,492	(9,904)	346,588
2020			
Low credit risk	207,786	-	207,786
Credit impaired	65,000	(9,904)	55,096
	272,786	(9,904)	262,882

NOTES TO THE FINANCIAL STATEMENTS

33. Financial instruments (continued)

33.4 Credit risk (continued)

Inter-company loans and advances (continued)

The movements in the allowance for impairment in respect of inter-company loans and advances during the year are shown below.

	Credit impaired RM'000
Group	
Balance at 1 January 2020	-
Net remeasurement of loss allowance	9,904
Balance at 31 December 2020/1 January 2021 and 31 December 2021	9,904

Financial guarantees

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to the subsidiaries. The Company monitors on an ongoing basis the results of the subsidiaries and repayments made by the subsidiaries.

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk amounts to RM230,749,000 (2020: RM202,209,000) representing the outstanding banking facilities of the subsidiaries as at the end of the reporting period.

As at the end of the reporting period, there was no indication that the subsidiaries would default on repayment.

Recognition and measurement of impairment loss

The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. The Company considers a financial guarantee to be credit impaired when:

- The subsidiary is unlikely to repay its credit obligation to the bank in full; or
- The subsidiary is continuously loss making and is having a deficit shareholders' fund.

The Company determines the probability of default of the guaranteed loans individually using internal information available.

The financial guarantee is not recognised since the probability of default was low.

NOTES TO THE FINANCIAL STATEMENTS

33. Financial instruments (continued)

33.5 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from its various payables, loans and borrowings.

The Group maintains a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

33. Financial instruments (continued)

33.5 Liquidity risk (continued)

Maturity analysis

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

	Carrying amount RM'000	Contractual interest rate/ discount rate %	Contractual cash flows RM'000	Under 1 year RM'000	1-2 years RM'000	2-5 years RM'000	More than 5 years RM'000
Group							
2021							
Non-derivative financial liabilities							
Trade and other payables	288,830	-	288,830	288,830	-	-	-
Term loans	683,183	2.87 – 3.56	744,861	204,827	305,178	234,856	-
Sukuk Murabahah	19,461	3.75	25,663	807	812	6,448	17,596
Hire purchase financing	5,943	4.45 – 5.25	6,174	4,264	1,910	-	-
Bank acceptances/short term loans	309,202	2.07 – 2.45	309,202	309,202	-	-	-
Lease liabilities	1,649	3.50 – 5.00	2,002	795	269	236	702
	1,308,268		1,376,732	808,725	308,169	241,540	18,298
Derivative financial liabilities							
Cash flow hedges	1,913		1,913	1,505	408	-	-
	1,913		1,913	1,505	408	-	-

33. Financial instruments (continued)

33.5 Liquidity risk (continued)

Maturity analysis (continued)

	Contractual Carrying amount RM'000	Contractual interest rate/ discount rate %	Contractual cash flows RM'000	Under 1 year RM'000	1-2 years RM'000	2-5 years RM'000	More than 5 years RM'000
Company							
2021							
Non-derivative financial liabilities							
Trade and other payables	150,991	-	150,991	150,991	-	-	-
Sukuk Murabahah	20,000	3.30	24,888	660	660	1,958	21,610
Term loan	300,000	3.56	316,349	107,692	7,117	201,540	-
Hire purchase financing	41	4.45 - 4.76	41	41	-	-	-
Lease liabilities	1,810	5.00	2,279	698	323	442	816
Financial guarantee contracts	-		230,749	230,749	-	-	-
	472,842		725,297	490,831	8,100	203,940	22,426

33. Financial instruments (continued)

33.5 Liquidity risk (continued)

Maturity analysis (continued)

	Contractual Carrying amount RM'000	Contractual interest rate/ discount rate %	Contractual cash flows RM'000	Under 1 year RM'000	1-2 years RM'000	2-5 years RM'000	More than 5 years RM'000
Group							
2020							
Non-derivative financial liabilities							
Trade and other payables	209,330	-	209,330	209,330	-	-	-
Term loans	811,065	2.87 – 4.45	887,132	157,825	399,978	312,926	16,403
Sukuk Murabahah	19,384	3.75	19,408	636	1,204	4,862	12,706
Revolving credits	50,000	4.65	50,000	50,000	-	-	-
Hire purchase financing	12,389	4.58 – 4.76	13,085	7,086	4,184	1,815	-
Bank acceptances/short term loans	216,174	2.12 – 3.91	216,174	216,174	-	-	-
Lease liabilities	2,164	5.00	2,752	748	802	473	729
	1,320,506		1,397,881	641,799	406,168	320,076	29,838
Derivative financial liabilities							
Forward commodity contracts	17,816		17,816	17,816	-	-	-
Commodity swaps	23,807		23,807	23,807	-	-	-
Cash flow hedges	8,516		8,516	3,688	3,391	1,437	-
	50,139		50,139	45,311	3,391	1,437	-

33. Financial instruments (continued)

33.5 Liquidity risk (continued)

Maturity analysis (continued)

	Contractual Carrying amount RM'000	Contractual interest rate/ discount rate %	Contractual cash flows RM'000	Under 1 year RM'000	1-2 years RM'000	2-5 years RM'000	More than 5 years RM'000
Company							
2020							
Non-derivative financial liabilities							
Trade and other payables	96,579	-	96,579	96,579	-	-	-
Sukuk Murabahah	20,000	3.30	25,548	660	660	1,980	22,248
Term loan	300,000	3.53	313,190	10,581	302,609	-	-
Hire purchase financing	409	4.58 – 4.76	420	388	32	-	-
Lease liabilities	2,363	5.00	2,950	671	698	668	913
Financial guarantee contracts	-		202,209	202,209	-	-	-
	419,351		640,896	311,088	303,999	2,648	23,161
Derivative financial liabilities							
Commodity swaps	23,807		23,807	23,807	-	-	-

33. Financial instruments (continued)

33.6 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other prices that will affect the Group's financial position or cash flows.

33.6.1 Currency risk

The Group is exposed to foreign currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of Group entities. The currencies giving rise to this risk are primarily U.S. Dollar ("USD").

(i) Risk management objectives, policies and processes for managing the risk

The Group uses forward foreign currency contracts to hedge its foreign currency risk with maturities of less than one year after the end of the reporting period. Where necessary, the forward foreign currency contracts are rolled over maturity.

(ii) Exposure to foreign currency risk

The Group's exposure to foreign currency (a currency which is other than the functional currency of the Group entities) risk, based on carrying amounts as at the end of the reporting period are as follows:

	2021		2020	
	USD RM'000	SGD RM'000	USD RM'000	SGD RM'000
Balances recognised in the statement of financial position				
Trade receivables	8,579	-	118,535	-
Borrowings	(49,564)	-	(73,913)	-
Trade and other payables	(4,106)	(13)	(988)	(8)
	(45,091)	(13)	43,634	(8)

(iii) Currency risk sensitivity analysis

A 10% strengthening of RM against the primary foreign currency - USD at the end of the reporting period would have decreased post-tax profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. This analysis assumes that all other variables, in particular interest rates, remained constant.

NOTES TO THE FINANCIAL STATEMENTS

33. Financial instruments (continued)

33.6 Market risk (continued)

33.6.1 Currency risk (continued)

(iii) Currency risk sensitivity analysis (continued)

	2021 RM'000	2020 RM'000
USD	3,428	(3,316)

A 10% weakening of RM against the above currency at the end of the reporting period would have had equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remained constant.

33.6.2 Interest rates risk

The primary interest rates risk to which the Group is exposed relates to the deposits which are fixed rate instruments placed with approved financial institutions. The exposure to a risk of change in their fair value due to changes in interest rates would not be significant as the deposits are usually placed for less than twelve months.

The Group's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. Short term receivables and payables are not significantly exposed to interest rate risk.

Risk management objectives, policies and processes for managing the risk

The Group managed its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowing. To manage this, the Group enters into interest rate swaps, in which the Group agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amount calculated by reference to an agreed-upon notional principal amount. These swaps are designated to hedge underlying debt obligation. At 31 December 2021, the swap mature over the next four years following the maturity of a floating rate term loan and has a fixed swap (2020: fixed swap) rate of 4.83% (2020: 4.83%).

NOTES TO THE FINANCIAL STATEMENTS

33. Financial instruments (continued)

33.6 Market risk (continued)

33.6.2 Interest rates risk (continued)

Exposure to interest rates risk

The interest rates profile of the Group's and the Company's significant interest-bearing financial instruments, based on their carrying amounts as at the end of the reporting period are as follows:

	Group		Company	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Fixed rate instruments				
Fixed deposits	755,568	747,906	148,080	288,404
Hire purchase financing	(5,943)	(12,389)	(41)	(409)
Banker acceptances/short term loans	(309,202)	(216,174)	-	-
Revolving credits	-	(50,000)	-	-
Lease liabilities	(1,649)	(2,165)	(1,810)	(2,363)
	438,774	467,178	146,229	285,632
Floating rate instruments				
Term loans	(683,183)	(811,065)	(300,000)	(300,000)
Sukuk Murabahah	(19,461)	(19,384)	(20,000)	(20,000)
Amount due from subsidiaries	-	-	283,884	183,180
	(702,644)	(830,449)	(36,116)	(136,820)

NOTES TO THE FINANCIAL STATEMENTS

33. Financial instruments (continued)

33.6 Market risk (continued)

33.6.2 Interest rates risk (continued)

Interest rates risk sensitivity analysis

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group does not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss. The exposure to interest rate risk is consequently not material and hence sensitivity analysis is not presented.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points ("bp") in interest rates for financial assets and financial liabilities at the end of the reporting period would have increased/ (decreased) post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant.

	2021		2020	
	Profit or loss		Profit or loss	
	100 bp increase RM'000	100 bp decrease RM'000	100 bp increase RM'000	100 bp decrease RM'000
Group				
Floating rate instruments	(5,340)	5,340	(6,311)	6,311
Company				
Floating rate instruments	(274)	274	(1,039)	1,039

33.7 Hedging activities

Interest rate swap

The Group has entered into an interest rate swaps to hedge the cash flow risk in relation to the floating interest rate of the term loan of RM200 million. The interest rate swaps have the same nominal value of RM200 million (2020: RM200 million) and is settled every quarter, consistent with the interest repayment schedule of the term loan. During the year, gain of RM5,018,000 (2020: loss of RM4,209,000) was recognised in other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

33. Financial instruments (continued)

33.7 Hedging activities (continued)

Interest rate swap (continued)

The following table indicates the periods in which the cash flows are expected to occur.

	Carrying amount RM'000	Expected cash flow RM'000	Under 1 year RM'000	Between 1-2 years RM'000	Between 2-5 years RM'000
2021					
Interest rate risk					
Interest rate swap					
Net exposure	(1,454)	(1,913)	(1,505)	(408)	-
Fixed interest rate			4.83%	4.83%	-
2020					
Interest rate risk					
Interest rate swap					
Net exposure	(6,472)	(8,516)	(3,688)	(3,391)	(1,437)
Fixed interest rate			4.83%	4.83%	4.83%

The following table provides reconciliation by risk category of components of equity and analysis of OCI items, net of tax, resulting from cash flow hedge accounting.

	Hedging reserve RM'000
Balance at 1 January 2020	(2,263)
Changes in fair value	
Interest rate risk	(2,370)
Amount reclassified to profit or loss	
Interest rate risk	(1,839)
Balance at 31 December 2020/1 January 2021	(6,472)
Changes in fair value	
Interest rate risk	7,968
Amount reclassified to profit or loss	(2,950)
Balance at 31 December 2021	(1,454)

33. Financial instruments (continued)

33.8 Fair value information

The carrying amounts of cash and cash equivalents, other investments, short term receivables and payables and short-term borrowings reasonably approximate their fair values due to the relatively short-term nature of these financial instruments.

The tables below analyses other financial instruments at fair value.

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value					
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Total fair value RM'000	Carrying amount RM'000
Group										
2021										
Financial assets										
Forward currency contracts	-	2,185	-	2,185	-	-	-	-	2,185	2,185
Forward commodity contracts	-	6,512	-	6,512	-	-	-	-	6,512	6,512
	-	8,697	-	8,697	-	-	-	-	8,697	8,697
Financial liabilities										
Cash flow hedges	-	(1,913)	-	(1,913)	-	-	-	-	(1,913)	(1,913)
Term loans	-	-	-	-	-	-	(500,773)	(500,773)	(500,773)	(500,773)
Sukuk Murabahah	-	-	-	-	-	-	(19,461)	(19,461)	(19,461)	(19,461)
Hire purchase financing	-	-	-	-	-	-	(1,756)	(1,756)	(1,756)	(1,876)
	-	(1,913)	-	(1,913)	-	-	(521,990)	(521,990)	(523,903)	(524,023)

33. Financial instruments (continued)

33.8 Fair value information (continued)

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value					
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Total fair value RM'000	Carrying amount RM'000
Group										
2020										
Financial assets										
Forward currency contracts	-	4,442	-	4,442	-	-	-	-	4,442	4,442
Forward commodity contracts	-	2,702	-	2,702	-	-	-	-	2,702	2,702
	-	7,144	-	7,144	-	-	-	-	7,144	7,144
Financial liabilities										
Cash flow hedges	-	(8,516)	-	(8,516)	-	-	-	-	(8,516)	(8,516)
Commodity swaps	-	(23,807)	-	(23,807)	-	-	-	-	(23,807)	(23,807)
Forward commodity contracts	-	(17,816)	-	(17,816)	-	-	-	-	(17,816)	(17,816)
Term loans	-	-	-	-	-	-	(690,003)	(690,003)	(690,003)	(690,003)
Sukuk Murabahah	-	-	-	-	-	-	(19,384)	(19,384)	(19,384)	(19,384)
Hire purchase financing	-	-	-	-	-	-	(5,485)	(5,485)	(5,485)	(5,777)
	-	(50,139)	-	(50,139)	-	-	(714,872)	(714,872)	(765,011)	(765,303)

33. Financial instruments (continued)

33.8 Fair value information (continued)

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value					
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Total fair value RM'000	Carrying amount RM'000
Company										
2021										
Financial liabilities										
Term loan	-	-	-	-	-	-	(200,000)	(200,000)	(200,000)	(200,000)
Sukuk Murabahah	-	-	-	-	-	-	(20,000)	(20,000)	(20,000)	(20,000)
	-	-	-	-	-	-	(220,000)	(220,000)	(220,000)	(220,000)
2020										
Financial liabilities										
Commodity swaps	-	(23,807)	-	(23,807)	-	-	-	-	(23,807)	(23,807)
Term loan	-	-	-	-	-	-	(300,000)	(300,000)	(300,000)	(300,000)
Hire purchase financing	-	-	-	-	-	-	(30)	(30)	(30)	(32)
Sukuk Murabahah	-	-	-	-	-	-	(20,000)	(20,000)	(20,000)	(20,000)
	-	(23,807)	-	(23,807)	-	-	(320,030)	(320,030)	(343,837)	(343,839)

NOTES TO THE FINANCIAL STATEMENTS

33. Financial instruments (continued)

33.8 Fair value information (continued)

Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

Level 1 fair value

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical financial assets or liabilities that the entity can access at the measurement date.

Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the financial assets or liabilities, either directly or indirectly.

Derivatives

The fair value of forward currency contracts and forward commodity swap are based on banker quotes.

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period.

Transfers between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and 2 fair values during the financial year (2020: no transfer in either directions).

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the financial assets and liabilities.

NOTES TO THE FINANCIAL STATEMENTS

33. Financial instruments (continued)

33.8 Fair value information (continued)

Level 3 fair value (continued)

The following table shows the valuation techniques used in the determination of fair values within Level 3, as well as the key unobservable inputs used in the valuation models

Financial instruments not carried at fair value

Type	Description of valuation technique and inputs used
Sukuk Murabahah	Discounted cash flows using a rate based on the current market rate of borrowing of the Group at the reporting date (2021: 3.75%, 2020: 3.75%)
Term loans	The fair value of term loans approximate their carrying amounts as these are variable rate borrowings.
Hire purchase financing	Discounted cash flows using a rate based on the current market rate of borrowing of the Group at the reporting date (2021: 3.36%, 2020: 3.97%)

34. Capital management

The Group's objectives when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Directors monitor and are determined to maintain an optimal debt-to-equity ratio that complies with debt covenants and regulatory requirements.

	Group	
	2021 RM'000	2020 RM'000
Total loans and borrowings (Note 19)	1,017,789	1,109,012
Lease liabilities	1,649	2,165
Less: Other investments (Note 15)	(234,269)	(304,836)
Less: Cash and cash equivalents (Note 16)	(796,693)	(642,409)
Net (surplus)/debt	(11,524)	163,932
Total equity	2,938,711	2,502,895
Net debt-to-equity ratio	-	0.07

There was no change in the Group's approach to capital management during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

35. Capital commitments

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Contracted but not provided for				
Property, plant and equipment	56,928	68,447	25,865	14,702
Bearer plants	5,457	3,345	1,004	417
	62,385	71,792	26,869	15,119

36. Contingencies

The Directors are of the opinion that provision is not required in respect of the following as it is not probable that a future sacrifice of economic benefits will be required or the amount is not significant to the Group.

On 30 September 2010, SOP Plantations (Borneo) Sdn. Bhd., a subsidiary of the Company had been served with a Writ of Summons ("the Writ") in the High Court of Sabah and Sarawak at Bintulu under Suit Nom. 21-06-2010(BTU) ("Douglas Ding Suit") wherein it was named as the fifth(5^{th}) defendant along with other defendants which include Government of Sarawak, Director of Forests, Superintendent of Land & Surveys, Kapit and Pusaka KTS Forests Plantation Sdn. Bhd.

The High Court has made a judgement on 8 August 2014, and the area affected is insignificant and has no significant impact to the Company.

On 3 September 2014, the Plaintiff appealed against the judgement of the High Court on 8 August 2014 and similarly, the Company had filed a cross appeal against the same judgement on 4 November 2014.

Subsequently, the native residents of a nearby settlement of Uma Long Bangan, i.e. Uma Kahei, Long Mekero, applied to the Court of Appeal to be added as a party (as respondents) to the same appeal filed by the Plaintiff which was allowed by the Court of Appeal on 20 April 2016. In response, the Plaintiff filed a motion for leave to appeal to the Federal Court against the said Court of Appeal's decision made on 20 April 2016.

The Plaintiff/NCR Claimants of Uma Long Bangan have therafter filed an application to the Court of Appeal, seeking a stay of their appeal against the high Court's decision of 8 August 2014, until the disposal of the above said motion for leave to appeal to the Federal Court (against the Court of Appeals decision of 20 April 2016).

NOTES TO THE FINANCIAL STATEMENTS

36. Contingencies (continued)

On 18 August 2016, the Court of Appeal had granted Douglas Ding Jangan and the residents of Uma Long Bangan a stay of hearing of their appeal pending the disposal of their motion for leave to appeal to the Federal Court.

The Federal Court has refused the application for leave to appeal to the Federal Court on 13 September 2017. The net effect on this being the residents of Rumah Kahei, Long Mekero are interverners to be parties on the main appeal pending before the Court of Appeal. On 8 February 2018, the Court of Appeal dismissed the appeal made by Plaintiff and allowed the cross appeal of the Company over the judgement made on 8 August 2014. The plaintiff thereafter has on 7 March 2018 applied for leave to the Federal Court to appeal the decision of the Court of Appeal.

On 24 October 2018, the Federal Court has rejected the leave application against the Court of Appeal judgement that the Plaintiff has no NCR rights over the area originally claimed by them, except for one leave granted on a question of law arising out the cross appeals in respect of the numbered patches of land.

The Federal Court heard the parties' submissions and arguments in full on 14 August 2020, and on 7 July 2021 delivered their judgment to uphold the High Court's decision dated 8 August 2014, which has no significant impact to the Company.

37. Related parties

Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Related parties also include key management personnel, defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel include all the Directors of the Group, and certain members of senior management of the Group.

The Group has a related party relationship with:
(i) its subsidiaries as disclosed in Note 7;
(ii) its joint venture entity as disclosed in Note 8;
(iii) key management personnel; and
(iv) companies in which certain Directors and their close family members have or not deemed to have substantial interest.

NOTES TO THE FINANCIAL STATEMENTS

37. Related parties (continued)

Significant related party transactions

Significant related party transactions of the Group and of the Company, other than compensations to key management personnel (see Note 28) and those disclosed elsewhere in the financial statements, are shown below.

Transaction with its subsidiaries

	Company	
	2021 RM'000	2020 RM'000
Dividend income	(26,788)	(14,335)
Head office charges	(12,589)	(10,380)
Interest income	(9,334)	(7,950)
Management fee	(260)	(220)
Rental expense	470	491
Corporate service fee	3,496	3,459
Purchase of goods and services	22,424	21,352
Purchase of oil palm fresh fruit bunches	601,045	439,781
Sales of goods and services	(1,610,826)	(1,009,221)
Sales of property, plant and equipment	(1,514)	(790)
Purchase of property, plant and equipment	6,460	772

Transaction in which certain Directors and their close family members have or deemed to have substantial interest

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Purchase of oil palm fresh fruit bunches	121,017	66,364	99,064	54,584
Sale of goods and services	-	(1)	-	-
Transport services	7,497	8,705	1,246	2,340
Purchase of property, plant and equipment	14,145	10,940	3,283	765
Purchase of goods and services	16,193	25,784	2,048	1,764

The balances related to the above transactions are shown in Notes 12 and 21. There is no allowance for impairment loss on doubtful receivables provided against the outstanding balances of related parties.

Related party transactions are based on negotiated terms and the amounts outstanding at the statement of financial position date are unsecured and expected to be settled in cash.

NOTES TO THE FINANCIAL STATEMENTS

38. Acquisition of non-controlling interests

38.1 Acquisition of non-controlling interest – Avantsar Sdn. Bhd. (formerly known as SOP Developments Sdn. Bhd. and SOP Pelita Developments Sdn. Bhd.)

On 2 September 2020, the Group acquired an additional 35% interest in Avantsar Sdn. Bhd. (formerly known as SOP Developments Sdn. Bhd. and SOP Pelita Developments Sdn. Bhd.) for RM1, increasing its ownership from 65% to 100%. The carrying amount of net assets in the Group's financial statements on the date of acquisition was RM41,705 in deficit. The Group recognised an increase in non-controlling interest of RM20,000 and a decrease in retained earnings of RM20,000.

The following summarises the effect of changes in the equity interest in Avantsar Sdn. Bhd. (formerly known as SOP Developments Sdn. Bhd. and SOP Pelita Developments Sdn. Bhd.) that is attributable to owners of the Company:

	Group 2020 RM'000
Equity interest at 1 January 2020	(33)
Effect of increase in Company's ownership interest	(20)
Share of comprehensive loss	(8)
Equity interest at 31 December 2020	(61)

38.2 Acquisition of non-controlling interest - SOP Plantations (Sabaju) Sdn. Bhd.

On 16 July 2021, the Group acquired an additional 40% equity interest in SOP Plantations (Sabaju) Sdn. Bhd. from its non-controlling interest for total consideration of RM45,880,000, increasing its ownership from 60% to 100%. The fair value of additional interest acquired in the Group's financial statements on the date of acquisition was RM45,880,000 The difference between the consideration and the book value of the interest acquired of RM34,272,000 is reflected in equity as premium paid on acquisition of non-controlling interests. The Group recognised decrease in non-controlling interest of RM6,142,000 and a decrease in retained earnings of RM34,272,000.

The following summarises the effect of changes in the equity interest in SOP Plantations (Sabaju) Sdn. Bhd. that is attributable to owners of the Company:

	2021 RM'000
Equity interest at 1 January 2021	35,259
Effect of increase in Company's ownership interest	6,142
Share of comprehensive income	19,505
Equity interest at 31 December 2021	60,906

38. Acquisition of non-controlling interests (continued)

38.2 Acquisition of non-controlling interest - SOP Plantations (Sabaju) Sdn. Bhd. (continued)

On 11 August 2021, the Group has redeemed the preferences shares in SOP Plantations (Sabaju) Sdn. Bhd from its non-controlling interests for total consideration of RM5,465,000. The Group recognised decrease in non-controlling interests of RM5,465,000 and a decrease in retained earnings of RM5,465,000.

38.3 Acquisition of non-controlling interest - Wawasan Asiamaju Sdn. Bhd.

On 13 September 2021, the Group acquired an additional 539,000 ordinary shares in Wawasan Asiamaju Sdn. Bhd. through wholly owned subsidiary, SOP Properties Sdn. Bhd. for total consideration of RM449,750, increasing its ownership from 51% to 100%. The carrying amount of net assets in the Group's financial statements on the date of acquisition was RM844,000. The Group recognised an decrease in non-controlling interest of RM415,000 and a decrease in retained earnings of RM36,000.

The following summarises the effect of changes in the equity interest in Wawasan Asiamaju Sdn. Bhd. that is attributable to owners of the Company:

	2021 RM'000
Equity interest at 1 January 2021	468
Effect of increase in Company's ownership interest	415
Share of comprehensive loss	(170)
Equity interest at 31 December 2021	713

PROPERTIES OF THE GROUP
AS AT 31 DECEMBER 2021

Location of Properties	Year of Acquisition/ Revaluation	Tenure	Year of Expiry	Area in Hectares	Description	Age of Building (Years)	Net Book Value As at 31 Dec 2021 (RM'000)	Net Book Value As at 31 Dec 2020 (RM'000)
Lambir 1, 2 Estate KM 41, Miri – Bintulu Road, Miri Sarawak	1971-1981	Leasehold 87 to 97 years	2067	4,590	Oil Palm Estate Palm Oil Mill	15	269,003	243,179
Suai 1 Estate KM 120, Miri – Bintulu Road, Miri Sarawak	1989-1991	Leasehold 99 years	2084-2090	3,183	Oil Palm Estate Palm Oil Mill	20		
Suai 2 Estate KM 115, Miri – Bintulu Road, plus further 9KM	1989-2019	Leasehold 99 years	2085-2118	2,877	Oil Palm Estate			
Tinbarap 9 Estate KM 22, Miri – Bintulu Road, Off KM 45, From BLD Junction	2010-2011	Leasehold 60 years	2068-2070	1,194	Oil Palm Estate			
Miri Office No. 124-126, Jalan Bendahara, 98000 Miri	2004	Leasehold 60 years	2042	-	Registered Office - 445 sq.m.	37		
Lot 2415 & Lot 6918, Block 1, Lambir Land District	2021		2069	-	Shophouses - 869 sq.m.	1		
Kuala Lumpur Office 183 Level 26 Building M1, Lot 70 Section 70, Bandar Kuala Lumpur	2019	Freehold	-	-	Office Unit - 172 sq.m.	3		
SOP Tower Lot 275 & Lot 1007 Block 9 Miri Concession Land District	2021	Leasehold 99 years	2109-2114	-	Office under construction	-		
Balingian Estate KM 8, Balingian – Mukah Road, Balingian	1997-1999	Leasehold 60 years	2057-2059	3,978	Oil Palm Estate Palm Oill Mill	15	42,981	42,506

PROPERTIES OF THE GROUP
AS AT 31 DECEMBER 2021

Location of Properties	Year of Acquisition/ Revaluation	Tenure	Year of Expiry	Area in Hectares	Description	Age of Building (Years)	Net Book Value As at 31 Dec 2021 (RM'000)	Net Book Value As at 31 Dec 2020 (RM'000)
Tibus Estate Lot 157, Suai	2003	Leasehold 60 years	2063	1,499	Oil Palm Estate		61,157	64,422
Lamaus Estate KM 3, Jalan Ulu Niah, Off KM 110, Miri – Bintulu Road, Miri	2003	Leasehold 60 years	2063	3,814	Oil Palm Estate			
Suai Estate, Niah Lot 157, Suai	2004	Leasehold 60 years	2064	3,337	Oil Palm Estate			
Niah Estate KM 3, Kubur Road, Off Sepupok, Niah	1999	Leasehold 60 years	2059	4,995	Oil Palm Estate		41,546	42,624
Taniku Estate Jalan Pujut 7, Permyjaya KM 9 East of Miri	2003	Leasehold 60 years	2058	4,858	Oil Palm Estate		88,689	96,540
Sepakau Estate KM 81, Jalan Bakun off KM 53, Jalan Bintulu – Miri	2003	Leasehold 60 years	2057-2059	9,030	Oil Palm Estate Oil Palm Mill	13		
Karabungan Estate KM 48, Miri – Bintulu Road, Miri	2005	Leasehold 60 years	2058	2,023	Oil Palm Estate		21,704	23,200
Tatau Estate KM 40, Bintulu – Sibu Road, Off KM 13, Tatau	2008	Leasehold 99 years	2103	3,840	Oil Palm Estate		176,146	184,224
Sebungan Estate KM 25, Bintulu – Miri Road, KM 19 To Sebauh	2006	Leasehold 99 years	2103	1,646	Oil Palm Estate			
Sabaju 1, 2 Estate KM 53, Bintulu – Miri, KM 31 Bakun Road	2006	Leasehold 99 years	2104	4,880	Oil Palm Estate Palm Oil Mill	10		
Tinbarap Estate KM 22, Miri – Bintulu Road, Off KM 45, From BLD Junction	2007	Leasehold 99 years	2106	12,905	Oil Palm Estate Palm Oill Mill	8	231,477	246,632

PROPERTIES OF THE GROUP

AS AT 31 DECEMBER 2021

Location of Properties	Year of Acquisition/ Revaluation	Tenure	Year of Expiry	Area in Hectares	Description	Age of Building (Years)	Net Book Value As at 31 Dec 2021 (RM'000)	Net Book Value As at 31 Dec 2020 (RM'000)
Batu Lintang Estate Ulu Undop NCR, Sri Aman District	2008	NCR Native Land 60 years	NA	2,334	Oil Palm Estate		43,279	45,394
Sabaju Estate KM 53, Bintulu – Miri, KM 31 Bakun Road	2010	Leasehold 99 years	2114	4,844	Oil Palm Estate		64,954	67,670
POIC, Bintulu Lot 4270, 4277, 4278, Block 26, Kemena LD	2012	Leasehold 60 years	2074	40	Palm Oil Refinery Plant, Palm Kernel Crushing Plant, Biodiesel Plant, Phytonutrient Plant, Consumer Packaging Plant & Other Amenities	7 to 10	277,379	262,947
Land - Kuching/Miri Lot 6918, Lambir LD Lot 76, 172, 919-921, Block 233, Kuching North LD	2007-2021	Leasehold 60 to 99 years	2038-2069	30	Land Held for Future Development		41,074	27,039
Murum Estate Sungai Maleh, Belaga Blk 89 & Blk 90 Murum LD 96950 Murum Sarawak	2016	Leasehold 60 years	2076	47,000	Oil Palm Estate Palm Oil Mill Land under Oil Palm Development	10	665,570	688,617
Singapore Office 133 New Bridge Road, #20-09/10 Chinatown Point, Singapore 059413	2016	Leasehold 99 years	2079	-	Office Unit - 223 sq.m.	29	13,082	13,187

ANALYSIS OF SHAREHOLDINGS
AS AT 31 MARCH 2022

SHARE CAPITAL

Authorised	:	5,000,000,000 Ordinary Shares
Issued and Fully Paid	:	572,799,346 Ordinary Shares
Voting Rights	:	One Vote Per Share

DISTRIBUTION OF SHAREHOLDERS

Size of Holdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Issued Capital
Less than 100	206	4.52	3,794	0.00
100 – 1,000	1,039	22.78	629,826	0.11
1,001 – 10,000	2,370	51.95	9,495,466	1.66
10,001 – 100,000	766	16.79	22,249,703	3.88
100,001 to less than 5% of issued shares	176	3.86	151,097,387	26.38
5% and above of issued shares	5	0.10	389,323,170	67.97
TOTAL	4,562	100.00	572,799,346	100.00

Substantial Shareholders

		No. of Shares Held	% of Issued Capital
1.	LCDA HOLDINGS SDN BHD	115,626,600	20.19
2.	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT – AMBANK (M) BERHAD FOR SHIN YANG PLANTATION SDN BHD	103,064,478	17.99
3.	CIMB GROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR DBS BANK LTD (SFS-PB)	65,939,670	11.51
4.	SHIN YANG PLANTATION SDN BHD	59,723,422	10.43
5.	STATE FINANCIAL SECRETARY SARAWAK	44,969,000	7.85
6.	TAN SRI DATUK LING CHIONG HO	40,047,600	6.99

ANALYSIS OF SHAREHOLDINGS
AS AT 31 MARCH 2022

Directors' Interests In Shares

	Direct Interest		Deemed Interest	
Size of Holdings	**No. of Shares**	**% of Issued Capital**	**No. of Shares**	**% of Issued Capital**
In the company				
Tan Sri Datuk Ling Chiong Ho	40,047,600	6.99	162,787,900 (1)	28.42
Ling Lu Kuang	-	-	62,400,000 (2)	10.89
Ling Chiong Sing	50,000	0.01	162,787,900 (1)	28.42
Ling Pau Pau	-	-	1,533,449 (3)	0.26
Tang Tiong Ing	55,131	0.01	184,714 (3)	0.03
Monaliza Binti Zaidel	-	-	-	-
Kamri Bin Ramlee	-	-	-	-
Datuk Amar Haji Ahmad Tarmizi Bin Haji Sulaiman	-	-	-	-
Hasmawati Binti Sapawi	-	-	-	-
Fong Yoo Kaw @ Fong Yee Kow	-	-	-	-
Dr. Lai Yew Hock, Dominic	50,657	0.01	-	-
Chua Chen San	-	-	-	-

Note
1) *Indirect interest held through Shin Yang Plantation Sdn. Bhd.*
2) *Indirect interest held through Agape International Pte. Ltd.*
3) *Indirect interest held through his/her spouse.*

THIRTY LARGEST SHAREHOLDERS

AS AT 31 MARCH 2022

NO.	NAME	NO OF SHARES	SHARES %
1	LCDA HOLDINGS SDN BHD	115,626,600	20.19
2	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT – AMBANK (M) BERHAD FOR SHIN YANG PLANTATION SDN BHD	103,064,478	17.99
3	CIMB GROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR DBS BANK LTD (SFS-PB)	65,939,670	11.51
4	SHIN YANG PLANTATION SDN BHD	59,723,422	10.43
5	STATE FINANCIAL SECRETARY SARAWAK	44,969,000	7.85
6	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT – AMBANK (M) BERHAD FOR LING CHIONG HO	20,500,000	3.58
7	LING CHIONG HO	19,547,600	3.41
8	UOBM NOMINEES (ASING) SDN BHD UNITED OVERSEAS BANK NOMINEES (PTE) LTD FOR PERRA GROUP LIMITED	18,057,085	3.15
9	PEKAN MEGAH SDN BHD	7,477,176	1.31
10	TEOH GUAN KOK & CO. SDN. BERHAD	5,637,288	0.98
11	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR WONG ING YUNG (PB)	3,603,300	0.63
12	AMANAHRAYA TRUSTEES BERHAD PUBLIC STRATEGIC SMALLCAP FUND	3,182,200	0.56
13	HSBC NOMINEES (ASING) SDN BHD J.P. MORGAN SECURITIES PLC	2,467,000	0.43
14	UOB KAY HIAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR UOB KAY HIAN PTE LTD (A/C CLIENTS)	2,272,936	0.40
15	AMANAHRAYA TRUSTEES BERHAD PUBLIC SMALLCAP FUND	2,272,100	0.40
16	CITIGROUP NOMINEES (TEMPATAN) SDN BHD URUSHARTA JAMAAH SDN. BHD. (MAYBANK 2)	2,132,700	0.37
17	AMANAHRAYA TRUSTEES BERHAD PUBLIC ISLAMIC TREASURES GROWTH FUND	2,034,900	0.36

THIRTY LARGEST SHAREHOLDERS

AS AT 31 MARCH 2022

NO.	NAME	NO OF SHARES	SHARES %
18	WONG HEE KWONG	2,007,900	0.35
19	MAYBANK NOMINEES (TEMPATAN) SDN BHD NATIONAL TRUST FUND (IFM MAYBANK) (412183)	1,986,500	0.35
20	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR BANK OF SINGAPORE LIMITED (FOREIGN)	1,808,400	0.32
21	CITIGROUP NOMINEES (ASING) SDN BHD UBS AG	1,764,268	0.31
22	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR MANULIFE INSURANCE BERHAD (EQUITY FUND)	1,754,400	0.31
23	NEOH CHOO EE & COMPANY, SDN. BERHAD	1,750,000	0.31
24	HSBC NOMINEES (ASING) SDN BHD HSBC-FS I FOR SAMSUNG ASEAN SECURITIES MASTER INVESTMENT TRUST	1,638,500	0.29
25	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ERIC KIU KWONG SENG	1,496,457	0.26
26	ADINAMAJU SDN BHD	1,307,420	0.23
27	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR MANULIFE INVESTMENT AL-FAUZAN (5170)	1,282,900	0.22
28	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (PHEIM)	1,239,300	0.22
29	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR MANULIFE INVESTMENT PROGRESS FUND (4082)	1,174,400	0.21
30	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHONG YIEW ON (6000006)	882,000	0.15

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Fifty-Fourth Annual General Meeting (54th AGM) of Sarawak Oil Palms Berhad ("SOPB" or "Company") will be conducted on a fully virtual basis through live-streaming and online remote voting using the Remote Participation and Electronic Voting ("RPEV") facilities provided by Boardroom Share Registrars Sdn Bhd at https://meeting.boardroomlimited.my (Domain Registration No. with MYNIC – D6A357657) on 23 June 2022 at 10.00 am for the following businesses:-

AGENDA

1	To receive and adopt the annual accounts for the year ended 31 December 2021 together with the Reports of the Directors and Auditors thereon.	**Please Refer to Note 10**
2	To declare a Final Dividend in respect of the financial year ended 31 December 2021 as recommended by the Directors.	**(Resolution 1)**
3	To approve the payment of Directors' Fees for the financial year ending 31 December 2022, payable quarterly in arrears after each month of completed service of the Directors during the financial year.	**(Resolution 2)**
4	To approve the payment of Directors' benefit for the period from 1 January 2022 until the conclusion of the next Annual General Meeting.	**(Resolution 3)**
5	To re-elect the following Directors who retire pursuant to Article 93, 96 and 100 of the Company's Constitution and being eligible, offer themselves for re-election.	
	(a) Monaliza Binti Zaidel	**(Resolution 4)**
	(b) Tang Tiong Ing	**(Resolution 5)**
	(c) Kamri Bin Ramlee	**(Resolution 6)**
	(d) Hasmawati Binti Sapawi	**(Resolution 7)**
	(e) Ling Pau Pau	**(Resolution 8)**
6	To appoint Messrs KPMG PLT as Auditors of the Company and to authorise the Board of Directors to fix their remuneration.	**(Resolution 9)**
7	**As Special Businesses**	

To consider and, if thought fit, to pass the following ordinary resolutions:-

(i) Continuation in office as Independent Non-Executive Director

"THAT approval be and is hereby given to Directors who has served as an Independent Non-Executive Director of the Company for a cumulative form of more than nine (9) years, to continue to act as an Independent Non-Executive Director of the Company."

(a) Dr. Lai Yew Hock, Dominic **(Resolution 10)**

NOTICE OF ANNUAL GENERAL MEETING

(ii) Proposed Renewal and New Shareholders' Mandate for Recurrent Related Party Transactions of a revenue or trading nature **(Resolution 11)**

"THAT subject always to the Listing Requirements of the Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and/or its subsidiary companies to enter into Recurrent Related Party Transactions of a revenue or trading nature with those Related Parties as stated in Section 2.2 of the Circular to Shareholders dated 29 April 2022 ("Shareholders' Mandate") which are necessary for its day-to-day operations subject further to the following:-

(a) That the transactions are in the ordinary course of business and are made on an arm's length basis and on normal commercial terms which are not more favourable to the Related Parties than those available to the public and not to the detriment of the minority shareholders; and

(b) That disclosure will be made in the annual report of the Company of the breakdown of the aggregate value of transactions conducted pursuant to the Proposed Shareholders' Mandate during the financial year based on information such as the type of the Recurrent Transactions made and the names of the related parties involved in each type of the Recurrent Transactions made and their relationship with the company.

(c) That such approval shall continue to be in force until:-

(i) the conclusion of the next Annual General Meeting ("AGM") of the Company;

(ii) the expiration of the period within which the next AGM of the Company after the date it is required to be held pursuant to section 340(2) of the Companies Act, 2016 ("Acts") but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act; or

(iii) revoked or varied by resolution passed by the shareholders in a general meeting, whichever is the earlier;

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Shareholders' Mandate, with full powers to assents to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be imposed by the relevant authorities.

(iii) "That, pursuant to Sections 75 and 76 of the Companies 2016 and subject always to the approval of the relevant authorities, the Directors be and are hereby authorized to issue shares in the Company from time to time and upon such terms and conditions and for such purposes as the Directors may deem fit provided that in the aggregate number of shares issued pursuant to this resolution does not exceed ten per centum (10%) of the issued shares (excluding treasury shares) of the Company for the time being AND **(Resolution 12)**

NOTICE OF ANNUAL GENERAL MEETING

THAT the Directors be and are also authorized to obtain the approval for the listing of and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."

8 To transact any other business for which due notice shall be given in accordance with the Companies Act 2016.

NOTICE OF ENTITLEMENT AND PAYMENT OF FINAL DIVIDEND

NOTICE IS HEREBY GIVEN THAT the Final Dividend of 6 sen per ordinary share for the financial year ended 31 December 2021, if approved at 54th Annual General Meeting will be paid on 15 July 2022 to Shareholders whose names appear in the Records of Depositors and Register of Members at the close of business on 30 June 2022.

A Depositor shall qualify for entitlement only in respect of:
(a) Shares deposited into Depositor's Securities Account before 12:30pm on 28 June 2022. (In respect of shares which are exempted from mandatory deposit)
(b) Shares transferred into the Depositor's Securities Account before 4:30pm on 30 June 2022 in respect of transfers; and
(c) Shares bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of the Bursa Malaysia Securities Berhad.

By Order of the Board

Eric Kiu Kwong Seng
Secretary
Miri

29 April 2022

Notes:-
1. The Venue of the 54th 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 stipulated that the Chairman of the Meeting shall be present at the main venue of the 54th AGM and in accordance with Article 66 of the Constitution of the Company and in accordance with the Companies Act 2016 which allows a meeting of members to be held at more than one venue, using any technology or method that enable the members to attend and exercise their right to speak and vote at the general meeting.
2. With the RPEV facilities, a Shareholders may exercise his/her right to participate (including pose questions to the Board/Management) and vote at the 54th AGM, in the comfort of their home or office.
3. Shareholders and proxies will have to register to attend the 54th AGM remotely by using the RPEV Facilities accordingly to the procedures as set out in the Administrative Details.

NOTICE OF ANNUAL GENERAL MEETING

4. For the purpose of determining a member who shall be entitled to attend this 54th AGM, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. In accordance with Article 69 of the Company's Constitution to issue a General Meeting Record of Depositors as at 16 June 2022. Only a depositor whose name appears on the Record of Depositors as at 16 June 2022 shall be entitled to attend the same meeting and to speak or vote thereat.
5. Every member entitled to attend and vote at the meeting is entitled to appoint proxy/proxies to attend and vote for him/her. The member may attend and vote in person at the meeting after lodging the proxy form but however such attendance shall be automatically revoke the proxy's authority. A proxy may but need not be a member of the Company and there shall be no restriction as to the qualification of the proxy.
6. A member shall be entitled to appoint at least one (1) and up to two (2) proxies to attend the meeting. Where a members appoints more than one (1) proxy, the proxies shall not be valid unless he/she specifies the proportion of his/her shareholdings to be represented by each proxy.
7. Where a member of the Company is an exempted authorised nominees which holds ordinary shares in the Company for multiple beneficial owners in one securities accounts ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
8. The instrument appointing a proxy shall be in writing (in common or usual form) under the hand of the appointer or of his attorney duly authorised in writing, or if the appointer is a corporation, ether under the seal or under the hand of an officer or attorney duly authorised.
9. The instrument appointing a proxy must be deposited at the Company's Share Registrars' Office at Ground Floor or 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan or via electronic means through the Boardroom Smart Investor Portal at https://investor.boardroomlimited.com not less than forty-eight (48) hours before the time appointed for holding the meeting or any adjournment thereof.
10. This agenda is meant for discussion only as under the provisions of Section 340(1) of the Companies Act 2016, the Audited Financial Statements do not require formal approval of the shareholders and hence, the matter will not be put forward for voting.
    Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in this notice shall be put to vote by poll.

Notes on the Special Business

For Resolution No. 10 - Continuation in office as Independent Non-Executive Director.

The Nomination Committee and the Board has assessed the independence of the Director who have served as Independent Non-Executive Director of the Company for a cumulative term of more than 9 years and recommend Dr. Lai Yew Hock, Dominic who has served as an Independent Non-Executive Director of the Company for a term of twenty years to continue to act as Independent Non-Executive Director of the Company.

Dr. Lai Yew Hock, Dominic

(i) He is a lawyer by profession and he has carried out his professional duties as Independent Non-Executive Director in the best interest of the Company. He is able to provide proper checks and balance thus bring an element of objectivity to the Board of Directors.

(ii) He has always actively participated in Board and Board Committees discussions and has continuously provided an independent view to the Board.

(iii) He has the caliber, qualifications, experience and personal qualities to consistently challenge management in an effective and constructive manner.

(iv) Profile of the Director appears on page 13 of the Annual Report.

NOTICE OF ANNUAL GENERAL MEETING

For Resolution No. 11 - Proposed Renewal and New Shareholders' Mandate for Recurrent Related Party Transactions of a revenue or trading nature.

If passed, will authorize the Company and/or its subsidiary companies to enter into Recurrent Related Party Transactions of revenue or trading nature. This authority, unless revoked or varied by the Company at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

For Resolution No. 12 - Proposed Authority to issue and allot shares pursuant to Sections 75 and 76 of the Companies Act 2016.

The Board continues to consider strategic opportunities to broaden the earning potential of the Company and this may involve equity deals which may require the Company to issue new shares. If passed, it will grant authority to the Directors to issue shares pursuant to Sections 75 and 76 of the Companies Act 2016 and will provide flexibility to the Directors to undertake any possible fund raising activities, including but not limited to further placing of shares for the funding of the Company's future investment projects, working capital and/or acquisitions, by issuance of shares at any time up to an aggregate amount not exceeding 10% of the total issued share of the Company for the time being for such purposes as the Directors consider would be in the best interest of the Company.

The Company did not utilize this Shareholders' Mandate that was approved in 53rd Annual General Meeting. This authority, unless revoked or varied by the Company at a general meeting, will expire at the conclusion of the next annual general meeting of the Company.

STATEMENT ACCOMPANYING NOTICE OF THE FIFTY-FOURTH ANNUAL GENERAL MEETING OF SARAWAK OIL PALMS BERHAD

1. Directors who are standing for Re-election

(a) Monaliza Binti Zaidel (Resolution 4)
(b) Tang Tiong Ing (Resolution 5)
(c) Kamri Bin Ramlee (Resolution 6)
(d) Hasmawati Binti Sapawi (Resolution 7)
(e) Ling Pau Pau (Resolution 8)

Details of Directors who are standing for re-election are set out in the Directors' Profile appearing on page 08 to 19 of the Annual Report.

2. Directors who are seeking for continuation of office as Independent Non-Executive Director

(a) Dr. Lai Yew Hock, Dominic (Resolution 10)

Profile of the Director appears on page 13 of the Annual Report.

3. Details of Attendance of Directors of Board Meetings

Name of Directors	Date of Appointment	Board Attendance
Tan Sri Datuk Ling Chiong Ho	16/06/1995	5/5
Ling Chiong Sing	01/12/2006	5/5
Ling Lu Kuang	27/06/2008	5/5
Tang Tiong Ing	16/06/1995	5/5
Dr. Lai Yew Hock, Dominic	24/02/2000	5/5
Kamri Bin Ramlee	01/04/2011	5/5
Fong Yoo Kaw @ Fong Yee Kow, Victor	28/04/2014	5/5
Chua Chen San	01/03/2016	5/5
Datuk Amar Haji Ahmad Tarmizi Bin Haji Sulaiman Hasmawati Binti Sapawi (Alternate Director for Datuk Amar Haji Ahmad Tarmizi Bin Haji Sulaiman)	10/08/2017 (Resigned on 31 May 2021)	1/3
Hasmawati Binti Sapawi	29/07/2021	2/2
Monaliza Binti Zaidel	26/07/2018	5/5

Number of meetings attended (first figure) number of meetings held while in office (second figure).

STATEMENT ACCOMPANYING NOTICE OF THE FIFTY-FOURTH ANNUAL GENERAL MEETING OF SARAWAK OIL PALMS BERHAD

4. Details of the Board of Directors' Meeting held

Five Board Meetings were held during the year.

Board Meeting	Time	Place
25 February 2021	2.00 p.m.	Conference Room of SOPB, No. 124-126, Jalan Bendahara, Miri, Sarawak
27 April 2021	2.00 p.m.	Conference Room of SOPB, No. 124-126, Jalan Bendahara, Miri, Sarawak
24 May 2021	10.30 a.m.	Conference Room of SOPB, No. 124-126, Jalan Bendahara, Miri, Sarawak
26 August 2021	2.00 p.m.	Conference Room of SOPB, No. 124-126, Jalan Bendahara, Miri, Sarawak
25 November 2021	2.00 p.m.	Conference Room of SOPB, No. 124-126, Jalan Bendahara, Miri, Sarawak

5. Details of persons who are standing for election as Directors

No individual is seeking election as Director at the Fifty-Fourth Annual General Meeting of the Company.

ADMINISTRATIVE DETAILS OF THE 54TH ANNUAL GENERAL MEETING

Date & Time	:	**Thursday, 23 June 2022 at 10:00 a.m.**
Online Meeting Platform	:	**https://meeting.boardroomlimited.my (Domain Registration No. with MYNIC –D6A357657)**
Mode of Communication	:	**1. Shareholders may pose questions during live streaming using the messaging window facility to submit questions during the 54th AGM. The messaging window facility will be opened one (1) hour before the 54th AGM which is from 9:00 a.m. on Thursday, 23 June 2022.** **2. Shareholders may submit questions in advance on the AGM resolutions and Annual Report 2021 commencing from 29 April 2022 and in any event no later than 10.00 a.m., Sunday, 20 June 2022 via Boardroom's website 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-AGM Meeting Questions").**

A. FULLY VIRTUAL MEETING

1. In support of the Government of Malaysia's (the Government) ongoing efforts to contain the spread of the Coronavirus (COVID-19) and the Government's advice of social distancing and not having mass gatherings, the Company would like to leverage on technology advancement by conducting the 54th AGM of the Company on a **fully virtual basis through Remote Participation and Electronic Voting ("RPEV") facilities.**

2. The conduct of a fully virtual 54th AGM is in line with the revised Guidance Note and Frequently Asked Questions on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia on 7 April 2022 ("Revised Guidance Note and FAQs"). The Revised Guidance Note and FAQs state that in a fully virtual general meeting, all meeting participants including the Chairperson of the meeting, board members, senior management, and shareholders are required to participate in the meeting online.

3. According to the Revised Guidance Note and FAQ, an online meeting platform can be recognised as the meeting venue or place under Section 327(2) of the Companies Act 2016 provided that the online platform is located in Malaysia.

4. We strongly encourage you to participate in the fully virtual 54th AGM via the RPEV Facilities provided to exercise your right as a member of the Company to participate (including to pose questions to the Board of Directors and/or Management of the Company) and vote at the 54th AGM. Alternatively, you may also appoint the Chairman of the Meeting as your proxy to attend and vote on your behalf at the 54th AGM.

5. Kindly ensure that you are connected to the internet at all times in order to participate and vote when our virtual 54th AGM has commenced. It is your responsibility to ensure that connectivity for the duration of the meeting is maintained. Kindly note that the quality of the live webcast is dependent on the bandwidth and stability of the internet connection of the participants.

B. GENERAL MEETING RECORDS OF DEPOSITOR

1. Only shareholders whose names appear in the General Meeting Record of Depositors as at 16 June 2022 shall be entitled to attend, speak and vote at the Meeting of the Company or appoint proxy(ies) on his/ her behalf.

ADMINISTRATIVE DETAILS OF THE 54TH ANNUAL GENERAL MEETING

C. RPEV

1. Shareholders are encouraged to go online, participate, and vote at the 54th AGM via remote participation. Please follow the steps listed in Note D below on how to request for login ID and password.

2. Please note that this option is available to (i) individual members; (ii) corporate shareholder; (iii) Authorised Nominee; and (iv) Exempt Authorised Nominee.

D. REGISTRATION FOR RPEV

1. If you choose to participate in the meeting online, you will be able to view a live webcast of the Meeting, ask the board questions and submit your votes in real time whilst the meeting is in progress.

2. Kindly follow the steps below on how to request for login ID and password.

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. Submit request for Remote Participation user ID and password.]

a. 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 (front and back) or Passport in JPEG, PNG or PDF format.
d. Please enter a valid email address and wait for Boardroom's email 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 – Submit Request for Remote Participation User ID and Password
[Note: The registration for remote access will be opened on 29 April 2022.]

Individual Members
- Login to https://investor.boardroomlimited.com using your user ID and password from Step 1 above.
- Select "**SARAWAK OIL PALMS BERHAD (54TH) ANNUAL GENERAL MEETING**" from the list of Corporate Meetings and click "**Enter**".
- Click on "**Register for RPEV**".
- Read and agree to the terms & conditions and click "**Next**".
- Enter your CDS Account and thereafter submit your request.

Appointment of Proxy – Individual Members
- Log in to https://investor.boardroomlimited.com using your user ID and password from Step 1 above.
- Select "**SARAWAK OIL PALMS BERHAD (54TH) ANNUAL GENERAL MEETING**" from the list of Corporate Meetings and click "**Enter**".
- Click on "**Submit eProxy Form**".
- Read and accept the General Terms and Conditions by clicking "**Next**".
- Enter your CDS Account Number and number of securities held.

ADMINISTRATIVE DETAILS OF THE 54TH ANNUAL GENERAL MEETING

- Select your proxy – either the Chairman of the meeting or individual named proxy(ies) and enter the required particulars of your proxy(ies).
- 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**.
- Review and confirm your proxy appointment.
- Click "**Apply**".
- Download or print the eProxy form as acknowledgement.

Corporate Shareholders, Authorised Nominee and Exempt Authorised Nominee

- Write in to bsr.helpdesk@boardroomlimited.com by providing the name of Member, CDS Account Number accompanied with the Certificate of Appointment of Corporate Representative or Form of Proxy (as the case may be) to submit the request.
- Please provide a copy of the Corporate Representative's or Proxy's MyKad (front and back) or Passport in JPEG, PNG or PDF format as well as his/her email address.
- You will receive a notification from Boardroom that your request has been received and is being verified.
- Upon system verification against the AGM's Record of Depositories, you will receive an email from Boardroom either approving or rejecting your registration for remote participation.
- You will also receive your remote access user ID and password along with the email from Boardroom if your registration is approved.
- Please note that the closing time to submit your request is at 10:00 a.m. on 21 June 2022 (48 hours before the commencement of the 54th AGM).

Step 3 – Login to Virtual Meeting Portal

[Please note that the quality of the connectivity to Virtual Meeting Portal for live web cast as well as for remote online 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 will be opened for login starting at 9:00 a.m. on 23 June 2022, one (1) hour before the commencement of the 54th AGM.
b. Follow the steps given to you in the email along with your remote access user ID and password to login to the Virtual Meeting portal. (Refer to Step 2 above)
c. The steps will also guide you how to view live web cast, ask questions and vote.
d. The live webcast will end and the Messaging window will be disabled the moment the Chairman announces the closure of the 54th AGM.
e. Thereafter, you can logout from Virtual Meeting Portal.

E. APPOINTMENT OF PROXY

1. A Shareholder entitled to participate and vote at the Meeting is entitled to appoint proxy(ies) to participate and vote in his/her stead. If you are not able to participate in the 54th AGM remotely, you are encourage to appoint the Chairman of the Meeting as your proxy and indicate the voting instruction in the Form of Proxy.

2. The Form of Proxy must be deposited at the office of the Share Registrars, at Ground Floor or 11th Floor, Menara Symphony, No. 5, Jalan Prof.Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia or via electronic means through the Boardroom Smart Investor Portal at https://investor.boardroomlimited.comwhich is free and available to all individual shareholders (in accordance with the step below) not less than forty-eight (48) hours before the time appointed for holding of the Meeting or at any adjournment thereof (kindly refer to section D above).

ADMINISTRATIVE DETAILS OF THE 54TH ANNUAL GENERAL MEETING

3. If you wish to participate in the Meeting yourself, please do not submit any Form of Proxy for the Meeting. You will not be allowed to participate in the Meeting together with a proxy appointed by you.

4. If you have submitted your Form(s) of Proxy and subsequently decide to appoint another person or wish to participate in the Meeting by yourself, please write in to bsr.helpdesk@boardroomlimited.com to revoke the earlier appointed proxy(ies) forty-eight (48) hours before the Meeting. Your proxy(ies) on revocation would not be allowed to participate in the Meeting. In such event, you should advise your proxy(ies) accordingly.

F. PROCEDURE OF THE 54TH AGM

1. The Login User Guide for participation, posing questions and voting at the 54th AGM, will be emailed to you together with your remote access user ID and password once your registration has been approved.

2. No recording or photography of the Meeting proceedings is allowed without the prior written permission of the Company.

3. You must ensure that you are connected to the internet at all times in order to participate and vote when the 54th AGM has commenced. Therefore, it is your responsibility to ensure that connectivity for the duration of the meeting is maintained. Kindly note that the quality of the live streaming is dependent on the bandwidth and stability of the internet connection at the location of the remote participants.

G. PARTICIPATION THROUGH LIVE WEBCAST AND QUESTION AT THE 54TH AGM

1. The participants will be able to view the Company's presentation or slides via the live webcast.

2. The Chairman and the Board of Directors will endeavour their best to respond to the questions submitted by shareholders which are related to the resolutions to be tabled at the 54th AGM, as well as financial performance/prospect of the Company.

H. VOTING PROCEDURE AT THE 54TH AGM

1. The voting will be conducted by poll in accordance with Rule 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The Company has appointed Boardroom Share Registrars Sdn. Bhd. as Poll Administrator to conduct the poll by way of electronic voting (e-Voting). The Company has also appointed Sky Corporate Services Sdn. Bhd. as scrutineers to verify the poll results.

2. During the Meeting, the Chairman will invite the Poll Administrator to brief on the e-Voting housekeeping rules. The voting session will commence as soon as the Chairman calls for the poll to be opened and until such time when the Chairman announces the closure of the poll.

3. For the purposes of the 54th AGM, e-Voting will be carried out via personal smart mobile phones, tablets or personal computer/laptops.

ADMINISTRATIVE DETAILS OF THE 54TH ANNUAL GENERAL MEETING

4. There are 2 methods for members and proxies who wish to use their personal voting device to vote remotely.
   The methods are:-
   - Scan the QR Scanner Code given to you in the email notification; OR
   - Navigate to the website at https://meeting.boardroomlimited.my

5. You may proceed to cast your votes on each of the proposed resolution to be tabled at the 54th AGM as soon as the Chairman calls for the poll to be opened and until such time when the Chairman announces the closure of the poll.

6. The Scrutineers will verify the poll result reports upon the closing of the poll session by the Chairman. Scrutineers will announce the results thereafter, and the Chairman will declare whether the resolutions put to the vote were successfully carried or not.

I. VOUCHERS / GIFTS

No vouchers or gifts will be given to the participants of the 54th AGM.

J. ANNUAL REPORT AND/OR SHARE BUY-BACK STATEMENT

The Annual Report 2021 are available on Bursa Malaysia's website at www.bursamalaysia.com under company announcements of Sarawak Oil Palms Berhad as well as the Company's website at http://www.sop.com.my/investor-relations/annual-reports/.

K. ENQUIRY

Should you have any enquiry prior to the Meeting or if you wish to request for technical assistance to participate the Meeting, please contact Boardroom during office hours:-

Boardroom Share Registrars Sdn. Bhd.
Tel: +603 7890 4700
Fax: +603 7890 4670
Email: bsr.helpdesk@boardroomlimited.com

FORM OF PROXY

No. of ordinary shares held	CDS Account No.

SARAWAK OIL PALMS BERHAD
Registration No. 196801000358 (7949-M)
(Incorporated in Malaysia)

I/We ______________________________ NRIC/Company No. ______________

of ____

being a member/members of the above Company, hereby appoint *Chairman of the meeting or

Name of Proxy/Email Address/Tel No.	NRIC/Passport No.	Proportion of Shareholdings (%)
and/or failing him/her		

as *my/our proxy to vote for* me/us and on* my/our behalf at the Fifty-Fourth Annual General Meeting (54th AGM) of the Company will be conducted on a fully virtual basis through live-streaming and online remote voting using the Remote Participation and Electronic Voting ("RPEV") facilities provided by Boardroom Share Registrars Sdn Bhd at https://meeting.boardroomlimited.my (Domain Registration No. with MYNIC – D6A357657) on 23 June 2022 at 10.00 a.m. and, at any adjournment thereof. The proxy is to vote on the resolutions set out in the Notice of Annual General Meeting as indicated with an "X" in the appropriate spaces.

NO.	RESOLUTIONS	FOR	AGAINST
1	Declaration of Final Dividend		
2	Approval of Directors' fees for financial year ended 31 December 2022 payable on quarterly in arrears		
3	Approval of Directors' Benefits for the period from 1 January 2022 until the conclusion of the next Annual General Meeting		
4	Re-election of retiring director: Monaliza Binti Zaidel		
5	Re-election of retiring director: Tang Tiong Ing		
6	Re-election of retiring director: Kamri Bin Ramlee		
7	Re-election of retiring director: Hasmawati Binti Sapawi		
8	Re-election of retiring director: Ling Pau Pau		
9	Appointment of Auditors		
SPECIAL BUSINESSES			
10	Continuation of terms in office of Dr. Lai Yew Hock, Dominic as Independent Non-Executive Director		
11	Proposed Renewal and New Shareholders' Mandate for Recurrent Related Party Transactions of a revenue of trading nature		
12	Authorise the Directors to issue and allot shares pursuant to Sections 75 and 76 of the Companies Act 2016		

(Please indicate with an "X" in the space provided above on how you wish your proxy to vote. If no instruction is given this form will be taken to authorise the proxy to vote at his/her discretion)

Dated this ______________day of ______________ 2022

____

Signature and/or Common Seal of Shareholders

Notes:

1. The Venue of the 54th 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 stipulated that the Chairman of the Meeting shall be present at the main venue of the 54th AGM and in accordance with Article 66 of the Constitution of the Company and in accordance with the Companies Act 2016 which allows a meeting of members to be held at more than one venue, using any technology or method that enable the members to attend and exercise their right to speak and vote at the general meeting.
2. With the RPEV facilities, a Shareholders may exercise his/her right to participate (including pose questions to the Board/Management) and vote at the 54th AGM, in the comfort of their home or office.
3. Shareholders and proxies will have to register to attend the 54th AGM remotely by using the RPEV Facilities accordingly to the procedures as set out in the Administrative Details.
4. For the purpose of determining a member who shall be entitled to attend this 54th AGM, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. In accordance with Article 69 of the Company's Constitution to issue a General Meeting Record of Depositors as at 16 June 2022. Only a depositor whose name appears on the Record of Depositors as at 16 June 2022 shall be entitled to attend the same meeting and to speak or vote thereat.
5. Every member entitled to attend and vote at the meeting is entitled to appoint proxy/proxies to attend and vote for him/her. The member may attend and vote in person at the meeting after lodging the proxy form but however such attendance shall be automatically revoke the proxy's authority. A proxy may but need not be a member of the Company and there shall be no restriction as to the qualification of the proxy.

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AFFIX
STAMP
HERE

The Company Secretary

Sarawak Oil Palms Berhad (7949-M)
No. 124-126,
Jalan Bendahara,
98000 Miri,
Sarawak, Malaysia.

2nd fold here

6. A member shall be entitled to appoint at least one (1) and up to two (2) proxies to attend the meeting. Where a members appoints more than one (1) proxy, the proxies shall not be valid unless he/she specifies the proportion of his/her shareholdings to be represented by each proxy.
7. Where a member of the Company is an exempted authorised nominees which holds ordinary shares in the Company for multiple beneficial owners in one securities accounts ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
8. The instrument appointing a proxy shall be in writing (in common or usual form) under the hand of the appointer or of his attorney duly authorised in writing, or if the appointer is a corporation, ether under the seal or under the hand of an officer or attorney duly authorised.
9. The instrument appointing a proxy must be deposited at the Company's Share Registrars' Office at Ground Floor or 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan or via electronic means through the Boardroom Smart Investor Portal at https://investor.boardroomlimited.com not less than forty-eight (48) hours before the time appointed for holding the meeting or any adjournment thereof.


SOP


TAMAN
Lambir Jaya


MERRIS
Pure Vegetable Oil

www.sop.com.my

SARAWAK OIL PALMS BERHAD
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