SHC

SIN HENG CHAN (MALAYA) BERHAD

(Reg. No. 196201000185 (4690-V))

(Incorporated in Malaysia)

ANNUAL REPORT

2020

CONTENTS

59TH ANNUAL GENERAL MEETING

Venue

Board Room of SHC, Level 3, Wisma E & C,
No. 2, Lorong Dungun Kiri, Damansara Heights
50490 Kuala Lumpur

Date

21 June 2021, Monday

Time

10.00 a.m.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Mak Hon Weng
Chairman/Independent Non-Executive Director

Dato' Choo Keng Weng
Managing Director/Non-Independent Executive Director

Mr. Thomas Tuan Kit Kwong
Independent Non-Executive Director

YBM Tunku Mahmood Bin Tunku Mohammed D.K. PSI
Independent Non-Executive Director

YBM Tunku Azlan Bin Tunku Aziz
Independent Non-Executive Director
(Appointed w.e.f. 7 May 2021)

Mr. Choo Kin Choong
Alternate Director to Dato' Choo Keng Weng

AUDIT COMMITTEE

Chairman
Mr. Thomas Tuan Kit Kwong
Members
YBM Tunku Mahmood Bin Tunku Mohammed D.K. PSI
Mr. Mak Hon Weng

NOMINATION COMMITTEE

Chairman
Mr. Mak Hon Weng
Members
Mr. Thomas Tuan Kit Kwong
YBM Tunku Mahmood Bin Tunku Mohammed D.K. PSI

REMUNERATION COMMITTEE

Chairman
YBM Tunku Mahmood Bin Tunku Mohammed D.K. PSI
Members
Mr. Thomas Tuan Kit Kwong
Mr. Mak Hon Weng

COMPANY SECRETARIES

Ms. Lim Seck Wah
(MAICSA 0799845) (SSM PC NO. 202008000054)

Ms. Kong Mei Kee
(MAICSA 7039391) (SSM PC NO. 202008002882)

REGISTERED OFFICE

Suite 2.02, Level 2, Wisma E & C
No. 2, Lorong Dungun Kiri, Damansara Heights
50490 Kuala Lumpur, Malaysia
Tel : 03-2094 7992
Fax : 03-2094 7996

BUSINESS OFFICE

Level 3, Wisma E & C
No. 2, Lorong Dungun Kiri, Damansara Heights
50490 Kuala Lumpur, Malaysia
Tel : 03-2094 7992
Fax : 03-2094 7996

SHARE REGISTRAR

Boardroom Share Registrars Sdn. Bhd.
11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13 46200 Petaling Jaya, Selangor
Tel : 03-7890 4700
Fax : 03-7890 4670

PRINCIPAL BANKERS

Alliance Bank Malaysia Berhad
Bank Islam Malaysia Berhad
CIMB Bank Berhad
Malayan Banking Berhad

AUDITORS

MESSRS AL JAFREE SALIHIN KUZAIMI PLT
Chartered Accountants
No. 555, Jalan Samudra Utara 1, Taman Samudra
68100 Batu Caves, Selangor Darul Ehsan
Tel : 03-6185 9970
Fax : 03-6184 2524

STOCK EXCHANGE LISTING

Main Board of Bursa Malaysia Securities Berhad
(Listed since 26 July 1973)
Stock Name : SHCHAN
Stock Code : 4316

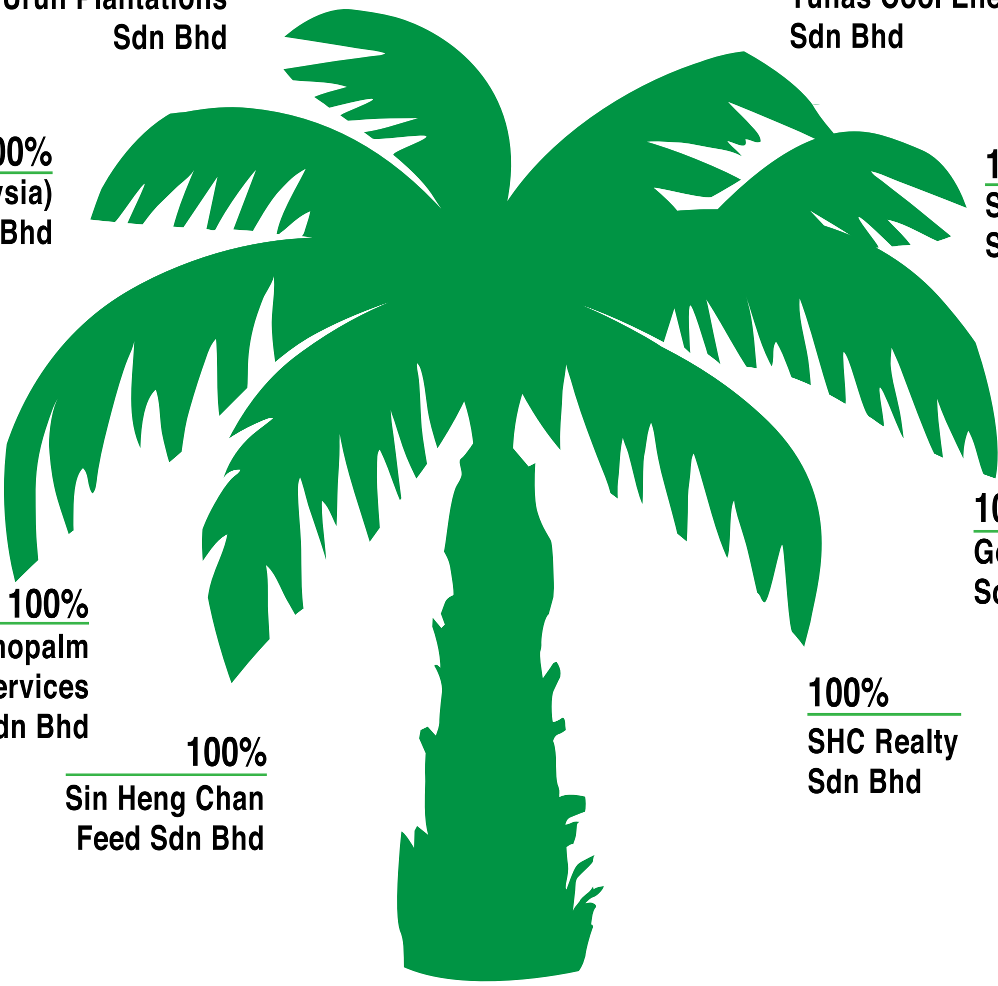
WEBSITE

www.shcm.com.my

CORPORATE STRUCTURE

SIN HENG CHAN (MALAYA) BERHAD

(Reg. No. 196201000185 (4690-V))



100%
Tunas Selatan Pagoh Sdn Bhd

100%
Urun Plantations Sdn Bhd

100%
Tunas Cool Energy Sdn Bhd

100%
Goldkist (Malaysia) Sdn Bhd

100%
SHC Capital Sdn Bhd

100%
Goldkist (NS) Sdn Bhd

100%
SHC Technopalm Plantation Services Sdn Bhd

100%
SHC Realty Sdn Bhd

100%
Sin Heng Chan Feed Sdn Bhd

PROFILE OF DIRECTORS

MR. MAK HON WENG

Male, Chairman/Independent Non-Executive Director, Aged 68, Malaysian

Mr. Mak Hon Weng was appointed to the Board on 21 March 2014. He was appointed as Chairman on 25 May 2018.

He is a Chartered Accountant (FCCA) and Chartered Secretary (ACIS) by training. He is also a member of the Malaysian Institute of Accountants (MIA).

He is the Chairman of the Nomination Committee and a member of the Audit Committee and Remuneration Committee of the Company.

He has more than 35 years of experience in senior managerial position, mostly in the banking industry. He last served as Senior Vice President with Alliance Bank Malaysia Bhd focusing in project financing for the real estate and construction sector.

He does not hold any directorship in any other public listed company.

DATO' CHOO KENG WENG

Male, Managing Director/Non-Independent Executive Director, Aged 71, Malaysian

Dato' Choo Keng Weng is a businessman with varied interests and investments in Malaysia and overseas.

He was appointed as Managing Director of Sin Heng Chan (Malaya) Berhad on 17 June 1995. He holds a Bachelor of Science and Master in Business Administration (MBA) in Finance (USA). After graduation in 1978, he served in various corporate positions both overseas and in Malaysia. He has vast experience in consumer food products, manufacturing and trading, property investment, plantations, construction and timber manufacturing.

He does not hold any directorship in any other public listed company. He sits on the board of several private limited companies.

MR. THOMAS TUAN KIT KWONG

Male, Independent Non-Executive Director, Aged 57, Malaysian

Mr. Thomas Tuan Kit Kwong was appointed to the Board on 11 November 2011.

He is the Chairman of the Audit Committee and a member of the Nomination Committee and Remuneration Committee of the Company.

He is a Chartered Accountant by profession and is a member of the Malaysian Institute of Accountants (MIA) and Malaysian Institute of Certified Public Accountants (MICPA). He started his accounting career with Azman, Wong, Salleh & Co. and subsequently joined KPMG Peat Marwick.

In 1991, Mr. Thomas joined Syarikat Teratai KG Sdn Bhd as a Financial Controller. He then joined Kelanamas Industries Berhad. He has been a Director and CEO of Pakai Industries Berhad since 1995.

He does not hold any directorship in any other public listed company.

PROFILE OF DIRECTORS (CONT'D)

YBM TUNKU MAHMOOD BIN TUNKU MOHAMMED D.K. PSI

Male, Independent Non-Executive Director, Aged 76, Malaysian

YBM Tunku Mahmood Bin Tunku Mohammed D.K. PSI was appointed as Director of the Company since January 1999.

He is the Chairman of the Remuneration Committee and a member of the Audit Committee and Nomination Committee of the Company.

YBM Tunku Mahmood Bin Tunku Mohammed D.K. PSI served the military for many years. He is a businessman and is involved with the plantations and hospitality business. In 2012, YBM Tunku Mahmood was appointed as "Jumaah Majlis Diraja Johor". He was nominated as a Member of The Royal Court of Johor.

He does not hold any directorship in any other public listed company.

YBM TUNKU AZLAN BIN TUNKU AZIZ

Male, Independent Non-Executive Director, Aged 52, Malaysian

YBM Tunku Azlan Bin Tunku Aziz was appointed as an Independent Non-Executive Director on 7 May 2021.

He is a Chartered Accountant with the Malaysia Institute of Accountants. He qualified as an Association of Chartered Certified Accountants ("ACCA") in 1996.

He started his career in 1996 with Sincere Leasing Sdn. Bhd. and moved to Aseambankers (M) Berhad in 1997. In 1999, he joined Pengurusan Danaharta Nasional Berhad until their closure in December 2005. In January 2006, he was appointed as Group Chief Financial Officer and Company Secretary of ARK Resources Berhad ("ARB").

Pursuant to his resignation from ARB in December 2009, he was appointed as a Non-Independent Non-Executive Director and member of Audit Committee of ARB in 2010. He resigned as ARB's Senior Independent Non-Executive Director in November 2018.

Thereafter, he joined Shapadu Energy & Engineering Sdn. Bhd. in January 2010 as Chief Financial Officer and in 2015, he was appointed as Chief Executive Officer of Shapadu Marine Sdn. Bhd.. Later in 2018, he assumed the post of Chief Executive Officer of Shapadu's Property Division until his resignation from the Shapadu Group in 2019.

He was thereon attached as an Executive Director with WMS Associates, a boutique auditing firm that specialises in insolvency works until July 2020.

Presently, he is a Senior Vice President with Destini Berhad. He is also on the Board of Scomi Group Berhad as an Independent Non-Executive Director and Chairman of Audit Committee; and LFE Corporation Berhad as an Independent Non-Executive Director and member of Audit Committee.

PROFILE OF DIRECTORS (CONT'D)

MR. CHOO KIN CHOONG

Male, Alternate Director to Dato' Choo Keng Weng, Aged 31, Malaysian

Mr. Choo Kin Choong was appointed as Alternate Director to the Managing Director, Dato' Choo Keng Weng with effective from 1 March 2020. Mr. Choo Kin Choong is the Group General Manager.

He graduated in 2012 with Bachelor of Arts in Philosophy, Politics and Economics from the University of Oxford, United Kingdom. He has been involved with the group's operations in the palm oil, forest plantation and energy and facility management sectors for the past 9 years.

He is the son of Dato' Choo Keng Weng (Managing Director and Major Shareholder).

He does not hold any directorship in any other public listed company.

Other Information:

1. **Family Relationship with any Director and/or Substantial Shareholder**
   Except for Mr. Choo Kin Choong who is the son of Dato' Choo Keng Weng, there is no family relationship between the Directors with any Director and/or Substantial Shareholders of the Company.
2. **Directors' Shareholdings**
   Details of the Directors' shareholdings in the Company are provided in the Analysis of Shareholdings Section in this Annual Report.
3. **Conflict of Interest with the Group**
   None of the Directors of the Company have any conflict of interest with the Group.
4. **Convictions for Offences**
   None of the Directors of the Company have been convicted of any offences within the past five (5) years. There was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year ended 31 December 2020.
5. **Number of Board Meeting Attended**
   Details of the Board meeting attendance of each director are disclosed in the Corporate Governance Overview Statement in the Annual Report.

PROFILE OF KEY SENIOR MANAGEMENT

DATO' CHOO KENG WENG

Male, Managing Director/Non-Independent Executive Director, Aged 71, Malaysian

Please refer to his Director's Profile appearing in page 4 of the Annual Report 2020.

CHOO KIN CHOONG

Male, Group General Manager, Aged 31, Malaysian

Please refer to his Director's Profile appearing in page 6 of the Annual Report 2020.

CAPT. (R) PANIRCHELLVUM S/O VELAITHAM, PGB

Male, Director (Plantation), Aged 67, Malaysian

Cpt. (R) Panirchellvum was appointed as Director (Plantation) for the Group's oil palm plantation segment in 2018. After graduating from Royal Military College in 1974, he had a distinguished career in the Royal Ranger Batallion, during which he received the Bravery Dagger from the Chief of the Armed Forces and the Panglima Gagah Berani from the DYMM Yang Dipertuan Agong. He also has attended the Senior Management Development Program (SMDP) by Harvard Business School and the Design Thinking Program by Stanford University.

His working experience spans of 38 years in various plantation groups throughout Malaysia, including senior positions in Golden Hope, Glenealy Plantations, Asian Forestry Company and Asian Plantations Limited. He is deeply experienced in all aspects of plantation management.

MURUGAN JOSEPH

Male, General Manager, Aged 51, Malaysian

Mr. Murugan graduated from Universiti Utara Malaysia with degree in Bachelor of Economics in 1997. He has more than 21 years of experience in plantation operations. He is the General Manager of the Group's plantation segment.

He has served in various plantation companies throughout Malaysia with companies such as Tradewinds Plantation Berhad, Asian Plantations (SWK) Sdn. Bhd., Glenealy Plantations and Golden Hope Plantations, before joining the Group in December 2017.

MAK KAI MENG

Male, Group Chief Accountant, Aged 49, Malaysian
(Appointed w.e.f. 7 December 2020)

Mr. Mak is a qualified Chartered Accountant and a member of the Malaysian Institute of Accountants (MIA).

He has more than 20 years of experience in accounting and finance sectors. He held various finance and accounting positions in public listed company and multinational corporations, which include, amongst others, Kumpulan Jetson Berhad, TSH Resources Berhad, Chemstationasia Group of Companies and Eleven Sports Network Sdn Bhd.

Mr. Mak joined the Group on 7 December 2020 as Group Chief Accountant.

Mr. Mak is the nephew of Mr. Mak Hon Weng (Chairman/ Independent Non-Executive Director).

LOH YUEN MEI

Female, Finance Manager, Aged 50, Malaysian

Ms. Loh is a qualified Chartered Accountant from Malaysian Institute of Accountants (MIA). She holds Bachelor of Accounting degree from Universiti Putra Malaysia (UPM).

She has more than 10 years in financial management and auditing experience in trading, construction, property development, property management and other sectors.

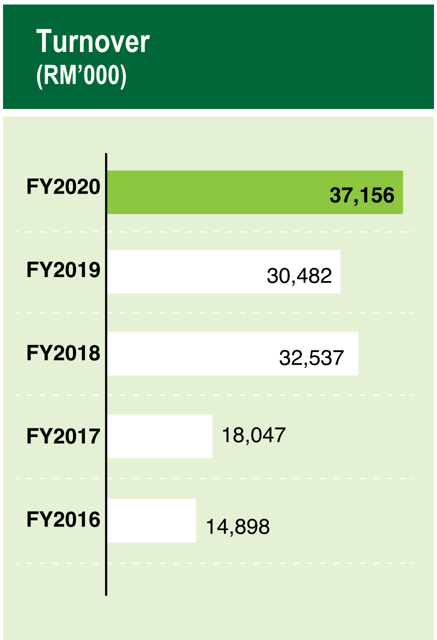
Other Information:

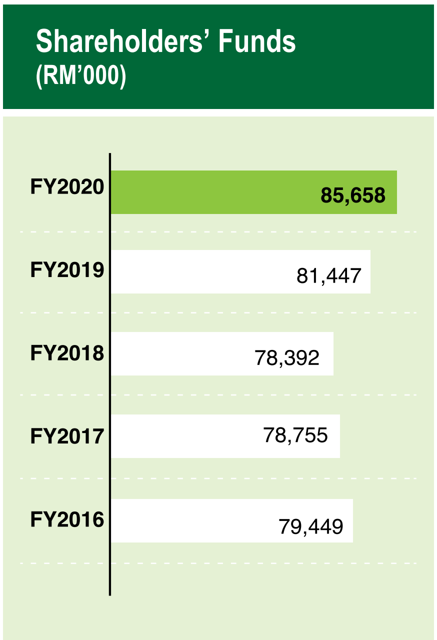
1. **Family Relationship with any Director and/or Substantial Shareholder**
   Except for Mr. Choo Kin Choong who is the son of Dato' Choo Keng Weng and Mr. Mak Kai Meng who is the nephew of Mr. Mak Hon Weng, there is no family relationship between the Directors/Key Senior Management with any Director and/or Substantial Shareholders of the Company.
2. **Conflict of Interest with the Group**
   None of the Directors/Key Senior Management of the Company has any conflict of interest with the Group.
3. **Convictions for Offences**
   None of the Directors/Key Senior Management of the Company have been convicted of any offences within the past five (5) years. There was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year ended 31 December 2020.

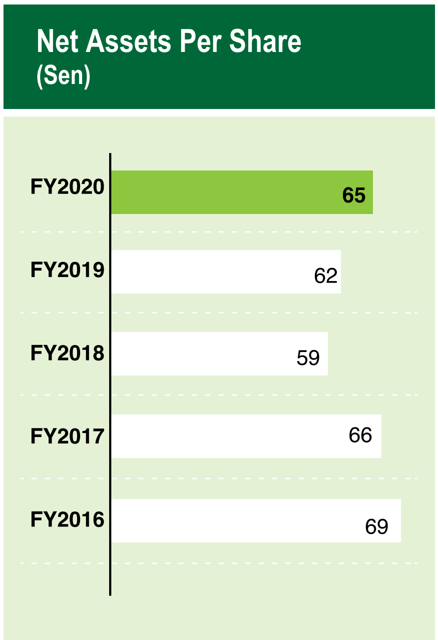
GROUP 5-YEAR FINANCIAL SUMMARY

Financial Year Ended 31 December (RM'000)	2020	2019	2018	2017 #	2016
Turnover					
– Continuing operation	37,156	30,482	32,537	18,047	14,898
Profit/(Loss) for the financial year attributable to:					
Equity holders of the Company	4,211	3,055	(6,264)	(1,724)	2,610
Minority interest	-	-	-	-	-
Paid-up capital	123,992	123,992	123,992	118,092	115,067
Total tangible asset	179,749	166,989	187,276	190,284	135,746
Shareholders' funds	85,658	81,447	78,392	78,755	79,449
Earnings/(Loss) per share (sen)	3.19	2.32	(5.02) *	(1.47) *	2.27
Net assets per share (sen)	65	62	59	66	69
Net tangible assets per share (sen)	47	44	41	50	55

*Note : * Based on the weighted average of ordinary share in issue during the financial year.*
 # As restated.







MANAGEMENT DISCUSSION AND ANALYSIS

PROFILE OF SIN HENG CHAN (MALAYA) GROUP

Sin Heng Chan (Malaya) Berhad ("our Group") is principally involved in two core business segments. First, the Group is engaged in the cultivation of oil palm plantations and sale of Fresh Fruit Bunches ("FFB"). As at 31 December 2020, the Group has a plantation landbank on mineral soil of approximately 10,940 hectares in Sarawak. This business segment accounted for 65% of the Group's total revenue for the financial year ended 31 December 2020 ("FY2020").

The Group's second core business activity includes the engineering, procurement and construction of district cooling systems, the supply of cooling energy from district cooling systems and related activities, and the provision of energy and facility management services. It is involved in the supply of chilled water to designated buildings and shared facilities within the Pagoh Education Hub, Johor, and the Dataran Pahlawan Megamall Melaka ("DPMM"). For FY 2020, the energy and facility management segment contributed to 35% of the Group's revenue. This segment provides the Group with a steady and recurring stream of income, unlike the Group's oil palm plantation business, which is cyclical and highly dependent on crude palm oil ("CPO") prices.

On 21 May 2021, the Group further expanded the facility management segment via the completion of the acquisition of 100% equity interest in Tunas Selatan Pagoh Sdn Bhd. This acquisition is expected to provide a significant earnings contribution to the Group moving forward.

FINANCIAL REVIEW

Revenue

The Group recorded revenue of RM37.2 million for the FY 2020, an increase of 22% compared to the revenue of RM30.5 million in FY2019. The increase in revenue was mainly due to increased revenue from the plantations segment, where revenue increased by 47% to RM24.3 million from RM16.5 million in the preceding year. This increase was partly offset by a decrease in revenue from the energy and facility management segment.

The increase in revenue from the plantations segment can be attributed to increases in average CPO and FFB selling prices by 30% and 36% respectively compared to the preceding year. At the same time, the Group's FFB production increased by 10% compared to FY2019. For the FY2020, the Group's estates produced 45,649 metric tonnes (mt) compared to 41,478mt in the preceding year.

	FY 2020	FY 2019	Difference (%)
Average CPO Price (RM/mt)	2,767	2,122	30%
Average FFB Price (RM/mt)	533	393	36%
FFB Production (mt)	45,649	41,478	10%

For the energy and facility management segment, revenue decreased by 8% to RM12.9 million, compared to RM14.0 million in the preceding year. The decline in revenue was due to reduced consumption of chilled water from the Group's cooling system in Melaka which, like many other businesses, was affected by the Covid-19 pandemic. Throughout much of 2020, DPMM was operating on reduced capacity due the imposition of Movement Control Order (MCO) restrictions and other measures.

Segmental Contributions to Revenue

	Group	
	FY 2020 RM	**FY 2019 RM**
1. Plantations	24,268,472	16,488,169
2. Energy and Facilities Management	12,887,077	13,994,162
	37,155,549	**30,482,331**

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

For the FY2020, the Group's profit attributable to equity holders of the company improved by 38% to RM4.2 million, compared to RM3.1 million in FY2019. The Group's improved results were driven by both core business segments which registered earnings improvements.

The plantations segment registered a profit before tax ("PBT") of RM1.4 million in FY2020 compared to a loss of RM6.4 million in FY2019. This can be attributed to the increases in average CPO and FFB selling prices by 30% and 36% respectively compared to the preceding year. The segment's profitability was also augmented by the 10% increase in FFB production from the Group's estates compared to FY2019. In addition, despite the operational challenges arising from the Covid-19 pandemic, better cost control measures by the estate management resulted in improved operating margins.

The energy and facilities management segment registered a 44% increase in PBT of RM4.0 million for FY 2020 compared to RM2.8 million in FY 2019. The segment's improvements can be attributed to a reduction in operating costs by management at both sites and savings in finance costs due to reductions in interest rates.

The Group's investment holding segment registered a loss of RM0.079 million compared to a PBT of RM9.4 million in the preceding year. In FY2020, the Group did not undertake any sale of assets and hence did not record any gains from disposal compared to FY2019.

Segmental contributions to Profit after tax for the Financial Year

	Group	
	FY 2020 RM	**FY 2019 RM**
1. Plantations	1,411,958	(6,365,468)
2. Energy and Facilities Management	4,043,490	2,811,703
3. Investment Holding	(78,984)	9,392,046
4. Others	(53,623)	(25,397)
5. Elimination	(1,238,161)	(3,074,631)
6. Share of results of associates	-	(98,429)
7. PBT	4,084,680	2,639,824
8. Tax credit	126,746	415,204
Profit after tax	**4,211,426**	**3,055,028**

Finance Cost

The Group's finance costs decreased to RM4.4 million during the year compared to RM5.7 million in the preceding year. The reduction was due to decreased bank borrowings as a result of repayment as well as reduction in interest rates.

Liquidity and Capital Resources

As at 31 December 2020, the Group's fixed deposits, cash and bank balances stood at RM21.9 million, compared with RM4.4 million in the previous year. The increase in funds was mainly due to:

i) Income generated in the ordinary course of business from the Group's two segments;
ii) Improved cashflow management which was prioritized by the Group;
iii) Proceeds raised by SHC Capital Sdn Bhd, an indirect wholly owned subsidiary of the Company, through the successful issuance of Islamic medium term notes of RM80.0 million in nominal value ("Sukuk") under an Islamic medium term note programme of RM200.0 million in nominal value ("Sukuk Programme")

The Group's first sukuk issuance was assigned a rating of AA-IS with a stable outlook by Malaysian Rating Corporation Berhad. The proceeds were utilized to redeem existing bank borrowings and will be available to finance the Group's investment activities, capital expenditure, working capital requirements and other general corporate purposes.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY (CONT'D)

Gearing

The gearing ratio of the Group as at 31 December 2020 decreased to 51% from 55% in FY 2019 mainly due to the increase of cash and cash equivalents coupled with the improvement in PAT as stated above. The gearing ratio is calculated as net debts divided by total capital plus net debt. The Group and the Company includes within net debts, payables and accruals, amount owing to related parties, and borrowings less cash and cash equivalents.

OPERATIONAL REVIEW

SEGMENT REVIEW AND ANALYSIS

The Group has two core business segments comprising of the plantations segment, and the energy and facilities management segment.

i) Plantations

The Group's Plantations segment involves the upstream cultivation of oil palm plantations and the sale of FFB to external CPO mills. As at 31 December 2020, our Group has a contiguous plantation landbank on mineral soil of approximately 10,940 hectares located in Sarawak, of which 4,063 ha are planted with oil palms. Approximately 98% of the total planted area are mature, while the remaining 2% are young.

The age profile of the current developed net area is as follows:

Palm Age (years)	Area (ha)	%
Immature (0-3 years)	-	0%
Young (4-10 years)	69	2%
Prime (11-20 years)	3,994	98%
Old (21 years & above)	-	0%
Total	**4,063**	**100%**

For 2020, the Group recorded an increase in its production of FFB to 45,649mt, compared to 41,478mt in 2019. The increase in crop production of 10% was achieved by the estate's management team despite facing challenging circumstances, such as labour shortages, supply chain disruptions from Covid-19, and adverse weather in late 2020.Through better supply chain coordination and cost control measures, management was also able to improve overall operating margins during the year. Barring unforeseen circumstances, the Group expects the labour shortage to abate when the country's borders are allowed to reopen and foreign worker recruitment is permitted to resume.

Nevertheless, management is optimistic and committed to further improving FFB production in future years through best agricultural management practices in the field. In 2020, management introduced further mechanization in the estate through the introduction of specialized cranes on its agricultural tractors to aid field evacuation. The Group will continue to prioritise the mechanization of key estate processes and continuous upgrading of estate infrastructure to improve productivity.

In order to sustain the segment's FFB production over the long run, the Group has taken advantage of its landbank by expanding the planted area of the estate in a gradual manner. This will enable the Group to achieve economies of scale while improving its yields with better planting material. This will auger well for this segment's growth in the coming years.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

OPERATIONAL REVIEW (CONT'D)

SEGMENT REVIEW AND ANALYSIS (CONT'D)

i) Plantations (Cont'd)

The Group is committed to sustainability and continues to maintain Malaysian Sustainable Palm Oil (MSPO) certification for all its estates in 2020. Also important to the Group are the local communities that surround the estate. During the year, the Group embarked on the planning and construction of two Bailey bridges with the support of the local authorities which will improve community access to neighbouring towns. The Group plans to continue its support of local communities by offering opportunities for employment and further contributing to community development projects.

	2020	2019	Change (%)
Production of FFB (mt)	45,649	41,478	10
Average Selling Price per mt (RM)			
Crude Palm Oil (CPO)*	2,767	2,122	30
FFB Price	533	393	36

** Extracted from MPOB Peninsular Malaysia Average*

As shown in the table above, the segment's improved financial performance was driven by the substantial increase in average CPO prices and therefore FFB selling prices. Compared to 2019, the Group's average FFB selling price increased by 36% to RM533 per mt from RM393 per mt. The Group was able to take advantage of the favourable prices through an increase in its FFB production to 45,649 mt.

The management is mindful of the risks of fluctuating CPO prices which are influenced by many factors beyond the Group's control. Nevertheless, this can be mitigated through good agronomic practices which can improve yields while reducing unit production costs. These will continue to be focus points of the segment's operations moving forward.

ii) Energy and Facilities Management

The Group's second business segment includes the engineering, procurement and construction of district cooling systems, the supply of cooling energy from district cooling systems and related activities, and the provision of energy and facility management services. As at 31 December 2020, the Group supplies cooling energy to the Pagoh Education Hub via a district cooling system and to DPMM.

For FY 2020, the Group's energy and facilities management segment registered a PBT of RM4.0 million compared to RM2.8 million in FY 2019. The 44% increase in PBT of this segment can be attributed to several factors, including savings in finance costs arising out of the reduction in interest rates. In addition, reduced operating costs by management improved the segment's profitability. The improved financial performance of this segment was achieved despite the adverse impact of the Covid-19 pandemic on the operating hours of DPMM which was affected by Movement Control Order restrictions.

On 21 May 2021, the Group further expanded this segment by completing its acquisition of 100% equity interest in Tunas Selatan Pagoh Sdn Bhd ("TSP"). This is expected to provide the Group with a significant boost to earnings moving forward. TSP in a 40% shareholder in Sime Darby Property Selatan Sdn Bhd ("SDPS"), which owns a group of concession companies involved in the construction and current maintenance of the Pagoh Education Hub. Given SDPS will provide asset management services of the facilities until 2037, the Group will be able to look forward to further steady and recurring earnings from this business segment.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

OPERATIONAL REVIEW (CONT'D)

Prospects

In 2021, the Group's performance in the plantation segment will be primarily influenced by CPO and palm kernel prices. These are in turn affected by the various factors affecting the supply and demand of palm oil, including global weather conditions, prices and production of substitute vegetable oils, crude oil prices, and general global economic conditions. The rate of vaccinations and the pace of economic recovery from the Covid-19 pandemic will also have significant direct and indirect effects on prices. Commodities may also do well in an inflationary environment brought about by a combination of government stimulus, recovering economies, and widespread supply disruption.

Notwithstanding this, the Group will continue to focus on increasing the production of FFB from its estates. The Group remains fundamentally optimistic about the long-term prospects of the palm oil industry. It is the most efficiently produced vegetable oil in the world, and therefore more competitive than other vegetable oils. Owing to its versatility, it is used in a wide variety of products. In periods of high crude oil prices, biodiesel-driven demand for palm oil is expected to increase.

The Group is optimistic on the ability of its energy and facility management division to continue to provide steady and recurrent income to the Group. It will continue to prospect and evaluate potential new projects to further expand this segment.

As always, the Group continues to prospect for new opportunities and sustainable businesses which can grow shareholder value in the long run.

NOTE OF APPRECIATION

On behalf of the Board, I wish to acknowledge and express our appreciation to all our valued stakeholders, including our investors, shareholders, customers, vendors, business associates, financiers, and the relevant authorities for your invaluable support throughout the year.

We would also like to acknowledge the hard work and dedication of our management and staff team members, as well as the members of our Board, who have made large contributions to our Group. We look forward to your continued commitment in the coming year.

Thank you.

DATO' CHOO KENG WENG
Managing Director

STATEMENT OF CORPORATE GOVERNANCE

The Board of Directors ("the Board") of **SIN HENG CHAN (MALAYA) BERHAD** ("the Company") recognises the importance of practicing and maintaining good corporate governance in managing and directing the board matters and business conduct throughout the Company and its subsidiaries ("the Group") to ensure sustainable long-term growth and enhancement of shareholders' value and financial performance.

The Board believes that good corporate governance practices are pivotal towards enhancing business prosperity and corporate accountability with the ultimate objective of realizing long-term shareholder value, whilst taking into account the interests of other stakeholders. Hence, the Board is fully dedicated to continuously appraise the Group's corporate governance practices and procedures to ensure that the principles and recommendations in corporate governance are applied and adhered to in the best interests of the stakeholders.

This statement sets out the manner in which the Group has applied the three (3) principles prescribed in the Malaysian Code on Corporate Governance issued on 26 April 2017 ("MCCG") and the extent to which it has complied with the MCCG:-

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.

This Corporate Governance Overview Statement should be read together with the Company's Corporate Governance Report for the financial year ended 31 December 2020, which is available on Bursa Malaysia Securities Berhad's website at https://www.bursamalaysia.com. The Corporate Governance Report has disclosed to what extent the Company has applied the Practices set out in the Malaysian Code on Corporate Governance.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

I Roles and Board Responsibilities

1.0 Every company is headed by a Board, which assumes responsibility for the Company's leadership and is collectively responsible for meeting the objectives and goals of the Company.

1.1 The Board takes full responsibility for the oversight and overall performance of the Group and provides leadership within a framework of prudent and effective controls which enables risk to be appropriately assessed and managed. The Board sets the strategic direction, ensuring that the necessary resources are in place for the Company to meet its objectives and deliver sustainable performance. The Board is entrusted with the responsibility of leading and directing the Group towards achieving its strategic goals and realizing long-term shareholders' values.

The Board has assumed the following principal responsibilities in discharging its fiduciary duties:

(a) Reviewing and adopting a strategic plan for the Company, addressing the sustainability of the Group's business;
(b) Overseeing the conduct of the Group's businesses and evaluating if its businesses are being properly managed;
(c) Identify principal business risks faced by the Group and ensuring the implementation of appropriate internal controls and mitigating measures to address such risks;
(d) Ensuring that all candidates appointed to senior management positions are of sufficient caliber, including the orderly succession of senior management personnel;
(e) Reviewing the adequacy and integrity of the Group's internal control and management information systems;
(f) Carrying out periodic review of the Group's financial performance and operating results and major capital commitments; and
(g) Reviewing and approving any major corporate proposals, new business ventures or joint ventures of the Group.

STATEMENT OF CORPORATE GOVERNANCE (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

I Roles and Board Responsibilities (Cont'd)

1.0 Every company is headed by a Board, which assumes responsibility for the Company's leadership and is collectively responsible for meeting the objectives and goals of the Company. (Cont'd)

1.1 To ensure the effective discharge of its function and responsibilities, the Board has delegated specific responsibilities to the following Committees:

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

All Committees have written terms of reference. These Committees are formed in order to enhance business and operational efficiency as well as efficacy. The Chairman of the respective Committees will report to the Board the outcome of the Committees meetings for the Board's considerations and approvals and extracts of such reports are incorporated in the minutes of the Board meetings. The Board retains full responsibility for the direction and control of the Company and the Group.

1.2 The Managing Director leads the Board and is responsible for the effective performance of the Board. He ensures that all relevant issues and quality information to facilitate decision making and effective running of the Group's business are included in the meeting agenda.

The roles of the Managing Director as well as terms of reference of the committees are spelt out in detail in the Board Charter which is made available for reference at the Company's website at www.shcm.com.my. The last review and update of Board Charter was on 17 March 2021.

1.3 The Board has delegated to the Managing Director, the authority and responsibility for implementing of the Board policies, strategies and decisions adopted by the Board. The Managing Director takes on primary responsibility to spearhead and manage the overall business activities of the various business divisions of the Group. The Managing Director is assisted by key senior management and head of each division in implementing and running the Group's day-to-day business operations.

The roles of the Chairman and Managing Director are held by different person.

The presence of the Independent Directors fulfills a pivotal role of corporate accountability. They provide unbiased and independent advice, alternative viewpoints, challenge perceptions and judgment as appropriate to take account of the interest of the Group, shareholders, employees and any party with whom the Group conducts business.

1.4 The Board is supported by qualified and competent Company Secretaries who facilitate overall compliance with the Companies Act 2016, the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad and other laws and regulations. The secretaries are the members of the Malaysian Institute of Chartered Secretaries and Administrators.

The Company Secretaries are responsible for the following in respect of effective Board operation:

(a) Attend and ensure proper conduct and procedures at all Board Meetings, Board Committee Meetings, Annual General Meeting, Extraordinary General Meeting and any other meetings that require the attendance of Company Secretary and ensure that meetings are properly convened;
(b) Ensure that the quarterly financial results, audited financial statements, annual reports, circulars and all relevant announcements are announced to Bursa Malaysia Securities Berhad on a timely basis;
(c) Ensure that deliberations at the meetings are well captured and minuted;
(d) Ensure that the Company complies with the MMLR and the requirements of the relevant authorities;

STATEMENT OF CORPORATE GOVERNANCE (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

I Roles and Board Responsibilities (Cont'd)

1.0 Every company is headed by a Board, which assumes responsibility for the Company's leadership and is collectively responsible for meeting the objectives and goals of the Company. (Cont'd)

1.4 The Company Secretaries are responsible for the following in respect of effective Board operation: (Cont'd)

(e) Inform and keep the Board updated of the latest enhancement in corporate governance, changes in the legal and regulatory framework, new statutory requirements and best practices;
(f) Remind the Directors and principal officers to refrain from dealings in the Company's securities during the closed period;
(g) Ensure proper record and maintenance of the Company's proceedings, resolutions, statutory records, register books and documents;
(h) Assist the Chairman to organize and co-ordinate in all the Board Committee, Board and General meetings;
(i) Attend all the Board Committee, Board and General meetings;
(j) To upkeep and update the statutory records;
(k) To liaise with internal and external auditors to furnish them with the statutory records for audit purposes; and
(l) As the adviser to the Board and compliance unit of the Company.

1.5 The Board meets on a quarterly basis, with additional meetings convened as and when necessary.

All Directors are notified with the notice of Board Meetings at least 7 days in advance. The agenda and a set of board papers were issued at least 3 days from the date of Board Meetings so as to ensure that the Directors can appreciate the issues to be deliberated and to obtain further explanations, where necessary, to expedite the decision-making process effectively.

During the financial year ended 31 December 2020, five (5) Board Meetings were held. A brief profile of each member of the Board are set out in the Directors' Profile section of this Annual Report.

The Board recognizes that the decision-making process is highly contingent on the quality of information furnished. As such, all Directors have unrestricted access to any information pertaining to the Company and the Group. All the Directors are supplied with relevant information and reports on financial, operational, corporate, regulatory, business development and audit matters, by way of Board reports or upon specific requests, for decisions to be made on an informed basis and effective discharge of Board's responsibilities.

The Board members will be furnished with comprehensive explanation and board papers on pertinent issues and recommendations by Management. The issues are then deliberated and discussed thoroughly by the Board prior to decision-making. In addition, the Board members are updated on the Company's activities and its operations on a regular basis.

External advisers are invited to attend meetings to provide insights and professional views, advice and explanation on specific items on the meeting agenda, when required. Senior management team from different business units are also invited to participate at the Board meetings to enable all Board members to have equal access to the latest updates and developments of business operations of the Group presented by the senior management team.

All proceedings of the Board Meetings are properly recorded in the minutes of meetings by the Company Secretary, circulated in a timely manner and duly signed by the Chairman of the meetings. The Board also resolved and approved the Company's matters through circular resolutions during the financial year.

Every Director has full access to the advice and services of the Company Secretaries as and when required to enable them to discharge their duties effectively.

There is a formal procedure sanctioned by the Board, whether as a full Board or in their individual capacity to take independent professional advice at the Group's expense, where necessary in furtherance of their duties.

STATEMENT OF CORPORATE GOVERNANCE (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

I Roles and Board Responsibilities (Cont'd)

2.0 There is demarcation of responsibilities between the Board, Board Committees and Management. There is clarity in the authority of the Board, its Committees and Individual Directors.

The Board is guided by a Board Charter which sets out the principles governing the Board of Directors of the Company and adopts the principles of good governance and practice in accordance with applicable laws, rules and regulations in Malaysia. The Board Charter also sets out the respective roles and responsibilities of the Board, board committees, individual directors and managements; and issues and decisions reserved for the Board.

The Board will periodically review the Board Charter and make any changes whenever necessary. The Board Charter is published on the Company's corporate website at www.shcm.com.my. The Board Charter was last reviewed on 17 March 2021.

3.0 The Board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness. The board, management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the Company.

3.1 Code of Ethics and Conduct

The Board has formalised a Code of Ethics and Conduct that set out the basic principles to guide all the directors, employees and its subsidiary and associate companies. The Board shall observe and adhere to the Company's Code of Ethics and Conduct for Directors which provide guidance regarding ethical and behavioral considerations or actions in discharging their duties and responsibilities.

The Board will periodically review the Code of Ethics and Conduct to ensure it remains relevant and appropriate. The details of the Code of Ethics and Conduct are available for reference at the Company's website at www.shcm.com.my. The Code of Ethics and Conduct was last reviewed on 17 March 2021.

3.2 Whistleblowing Policy

The Board has put in place an avenue for employees and stakeholders to report genuine concerns about unethical behavior, malpractices and illegal acts on failure to comply with regulatory requirements without fear of reprisal. All cases shall be independently investigated and appropriate actions taken where required.

The details of the whistle-blowing policy are available for reference at the Company's website at www.shcm.com.my. The whistle-blowing policy was last reviewed on 17 March 2021.

3.3 Anti-Bribery and Anti-Corruption Policy

The Board has adopted the Anti-Bribery and Anti-Corruption Policy and adequate measures to address across the Group in line with the guidelines provided under Section 17A of the Malaysian Anti-Corruption Commission Act 2009 on 28 May 2020.

The Board believes that the policy would be key in ensuring a systematic approach to prevent corruption and complying with applicable legal and regulatory requirements in the various jurisdictions in which the Group operates. Every director, employee and person acting on the Group's behalf is responsible for maintaining the Group's reputation and for conducting company business honestly and professionally.

The Board is assisted by the Compliance Unit to oversee all current and future matters relating to the Anti-Bribery and Anti-Corruption Policy and Whistleblowing Policy as well as to carry out general reporting and investigations into any whistleblowing reports.

STATEMENT OF CORPORATE GOVERNANCE (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

I Roles and Board Responsibilities (Cont'd)

3.0 The Board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness. The board, management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the Company. (Cont'd)

3.3 Anti-Bribery and Anti-Corruption Policy (Cont'd)

The Compliance Unit comprises of members of senior management personnel of the Company from Accounts & Finance Department and Human Resources & Administration Department of the Company and its subsidiaries. The Compliance Unit shall meet at least once every six (6) months.

The details of the Anti-Bribery and Anti-Corruption Policy are available for reference at the Company's website at www.shcm.com.my. The Anti-Bribery and Anti-Corruption Policy was adopted on 28 May 2020 and last reviewed on 17 March 2021.

The Anti-Bribery and Anti-Corruption Policy is made known to all the staff of its group and its stakeholders.

3.4 Sustainability of Business

The Board shall endeavour to implement sustainability strategies which yield environmental, economic and social benefits to all its various stakeholder and the communities in which it operates to ensure long-term viability and sustainability of the Company's business.

II Board Composition

4.0 Board decisions are made objectively in the best interests of the Company taking into account diverse perspectives and insights.

4.1 Currently as at todate, the Board consists of six (6) members; comprising one (1) Managing Director, four (4) Independent Non-Executive Directors and one (1) Alternate Director. The composition of the Board complies with paragraph 15.02 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

At least half of the Board comprises of the Independent Directors which is in compliance with the MCCG 2017.

The Group is led and controlled by an experienced Board, many of whom have vast knowledge of the business. There is a clear division of responsibility between the Chairman and the Managing Director to ensure that there is a balance of power and authority. The Chairman is responsible for ensuring the Board's effectiveness and conduct, monitoring the monthly result so as to ensure it meets the budget and goals. The Managing Director is responsible for the day-to-day management of the business as well as the implementation of the Board's policies and decisions.

The Non-Executive Directors contribute significantly in areas such as policy and strategy, performance monitoring, allocation of resources as well as improving governance and controls and provide unbiased and independent views to safeguard the interest of the shareholders. Together with the Managing Director who has in-depth knowledge of the business, the Board constitutes of individuals who are committed to business coupled with integrity and professionalism in all its activities.

Mak Hon Weng is the Chairman of the Board whilst the Managing Director is Dato' Choo Keng Weng.

The Board considers that the current size of the Board is adequate and facilitates effective decision-making. The Nomination Committee has reviewed the present composition of the Board and the four main existing committees and is satisfied that they have adequately carried out their functions within their scope of work.

STATEMENT OF CORPORATE GOVERNANCE (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

II Board Composition (Cont'd)

4.0 Board decisions are made objectively in the best interests of the Company taking into account diverse perspectives and insights. (Cont'd)

4.2 The Board noted the MCCG 2017 recommends that the tenure of an independent director should not exceed a cumulative term of nine years. Upon completion of the nine years, an independent director may continue to serve on the Board subject to his re-designation as a non-independent director. In the event such Director is to be retained as an independent director, the Board must first justify and seek annual shareholders' approval. If the Board continues to retain the independent director after the twelfth year, annual shareholders' approval must be sought through a two-tier voting process to retain the said director as an independent director.

Presently, Thomas Tuan Kit Kwong and YBM Tunku Mahmood Bin Tunku Mohammed D.K. PSI are Independent Non-Executive Directors of the Company whose tenure have exceeded a cumulative term of more than nine (9) years and twelve (12) years respectively.

Thomas Tuan Kit Kwong and YBM Tunku Mahmood Bin Tunku Mohammed D.K. PSI who have served on the Board as Independent Non-Executive Director of the Company to be retained as Independent Non-Executive Directors of the Company were deliberated at the Nomination Committee Meeting that was held on 17 March 2021. The Nomination Committee members were satisfied that Thomas Tuan Kit Kwong and YBM Tunku Mahmood Bin Tunku Mohammed D.K. PSI maintains their independency despite their long services extended to the Company and recommended to the Board to seek for shareholders' approval at the forthcoming Fifty-Ninth ("59th") Annual General Meeting ("AGM").

The re-election of Thomas Tuan Kit Kwong and YBM Tunku Mahmood Bin Tunku Mohammed D.K. PSI as Independent Non-Executive Director at the forthcoming 59th AGM will be subject to annual shareholders' approval through two-tiers voting process.

The Board believes that although Thomas Tuan Kit Kwong and YBM Tunku Mahmood Bin Tunku Mohammed D.K. PSI have served more than nine (9) years and twelve (12) years respectively on the Board, they remain unbiased, objective and independent in expressing their opinions and in participating in decision making of the Board. The length of their services on the Board have not in any way interfered with their objective and independent judgement in carrying out their role as members of the Board and Committees. The Board had obtained the shareholders' approval at the previous Annual General Meeting to retain Thomas Tuan Kit Kwong and YBM Tunku Mahmood Bin Tunku Mohammed D.K. PSI as Independent Non-Executive Director of the Company, and will be doing the same in the forthcoming 59th AGM. Accordingly, the Board is making a recommendation to shareholders for approval at the forthcoming 59th AGM of the Company that Thomas Tuan Kit Kwong and YBM Tunku Mahmood Bin Tunku Mohammed D.K. PSI remains as an Independent Non-Executive Director.

4.3 The Board recognises the importance of independence and objectivity in the decision-making process. The Board is committed to ensure that the independent directors are capable to exercise independent judgment and act in the best interests of the Group. The Independent Directors of the Company fulfill the criteria of "Independence". They act independently of management and are not involved in any other relationship with the Group that may impair their independent judgment and decision making. Each Director has a continuing responsibility to determine whether he has a potential or actual conflict of interest in relation to any material transactions.

STATEMENT OF CORPORATE GOVERNANCE (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

II Board Composition (Cont'd)

4.0 Board decisions are made objectively in the best interests of the Company taking into account diverse perspectives and insights. (Cont'd)

4.3 The Director is required to immediately disclose to the Board and to abstain from participating in discussions, deliberations and decisions of the Board on the respective matters. The Board, via Nomination Committee and guided by the Corporate Governance Guide–Towards Boardroom Excellence has developed the criteria to assess independence and formalised the current independence assessment practice. The evaluation process also involved a peer and self-review assessment, where Directors will assess their own performance and that of their fellow Directors. These assessments and comments by all Directors were summarised and discussed at the Nomination Committee meeting which were then reported to the Board at the Board Meeting held thereafter. Each independent director abstained from deliberation on his own assessment. The Nomination Committee was satisfied that the Independent Directors still maintain their independence.

4.4 The Board appoints its members through a formal and transparent selection process, which is consistent with the Constitution of the Company. This process has been reviewed, approved and adopted by the Board. New appointees will be considered and evaluated by the Nomination Committee ("NC"). The NC will then recommend the candidates to be approved and appointed by the Board. The Company Secretaries will ensure all appointments are properly made and that legal and regulatory requirements are met.

The appointment process of Director YBM Tunku Azlan Bin Tunku Aziz during the year was summarized as follows:

(i) The identified candidate was from the recommendations from the Major Shareholder and Management through their contacts in related industries, finance accounting or legal professions.

(ii) In evaluating the suitability of candidates to the Board, the Nomination Committee considers, inter-alia, the required mix of skills, expertise, experience, time commitment and contribution of the candidates can bring to the Board. In the case of candidates proposed for appointment as Independent Non-Executive Directors, the candidate's independency will be considered.

(iii) The NC did not source from the source such as Institute of Independent Director for the identified candidate YBM Tunku Azlan fulfills the expected criteria of meritocracy.

(iv) Recommendation to be made by Nomination Committee to the Board. This also includes recommendation for appointment as a member of the various Board Committees, where necessary; and

(v) Decision to be made by the Board on the proposed new appointment including appointment to the various Board committees.

The appointment of new board members and senior management will be guided by the skills, competencies, knowledge, experience, commitment and integrity of the candidate.

4.5 The Board does not establish any diversity policy for the Board and workforce in terms of gender, age and ethnicity or setting any target as it is of the view that appointment of directors and employees should be based strictly on merits and not driven by any nationality, racial, age or gender bias.

The Group does not adopt any formal gender diversity policy in the selection of new Board candidates and does not have specific policies on setting target for female candidates in the workforce. The evaluation of the suitability of candidates as the new Board member or as a member of the workforce is based on the candidates' competency, skills, character, time commitment, knowledge, experience and other qualities in meeting the needs of the Group, regardless of gender.

The Group gives an equal opportunity to all its employees and does not practise discrimination of any form, whether based on age, gender, race and religion, throughout the organisation.

STATEMENT OF CORPORATE GOVERNANCE (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

II Board Composition (Cont'd)

4.0 Board decisions are made objectively in the best interests of the Company taking into account diverse perspectives and insights. (Cont'd)

4.6 The Constitution of the Company provides that all Directors of the Company are subject to retirement. At least one third (1/3) of the Directors for the time being, or the number nearest from office at the Annual General Meeting, provided always that all Directors shall retire from office at least once in every three (3) years. A retiring Director shall be eligible for re-election. This provides an opportunity for shareholders to renew their mandates. Newly appointed directors shall hold office only until the next annual general meeting and shall be eligible for re-election.

The election of each director is voted on separately. To assist shareholders in their decision, sufficient information such as personal profile, meetings attendance and their shareholdings in the Group of each Director standing for election are furnished in the Annual Report accompanying the Notice of Annual General Meeting.

The Nomination Committee is also responsible for recommending to the Board those Directors who are eligible to stand for re-election/re-appointment based on the reviews of their performance and their contribution to the Board through their skills, experience, qualities and ability to act in the best interests of the Company in decision making.

The Nomination Committee assessed and was satisfied and made recommendations to the Board for re-election/re-appointments with regards to the following:

(i) The re-election of the director, YBM Tunku Mahmood Bin Tunku Mohammed D.K. PSI, who is due to retirement but shall be eligible for re-election pursuant to Article 94 of the Company's Constitution at the forthcoming 59th AGM;

(ii) The re-election of the director, Mak Hon Weng, who is due to retirement but shall be eligible for re-election pursuant to Article 94 of the Company's Constitution at the forthcoming 59th AGM;

(iii) The re-election of the director, YBM Tunku Azlan Bin Tunku Aziz, who is due to retirement but shall be eligible for re-election pursuant to Article 100 of the Company's Constitution at the forthcoming 59th AGM;

(iv) Re-election of Thomas Tuan Kit Kwong, whose tenure of service as an Independent Director has exceeded a cumulative term of nine (9) years, for recommendation to shareholders for their approval based on the attributes necessary in discharging his role and functions as an independent Director; and

(v) Re-election of YBM Tunku Mahmood Bin Tunku Mohammed D.K. PSI, whose tenure of service as an Independent Director has exceeded a cumulative term of twelve (12) years, for recommendation to shareholders for their approval based on the attributes necessary in discharging his role and functions as an independent Director.

The profiles of these Directors are set out on pages 4 to 5 of the Annual Report.

4.7 All directors of the Company do not hold more than five directorships under paragraph 15.06 of the Main Market Listing Requirements.

The Board meets at least five (5) times a year at quarterly intervals with additional meetings convened when urgent and important decisions need to be taken between the scheduled meetings. Besides Board meetings, the Board also exercises control on matters that require Board's approval through Directors' Circular Resolutions. Amongst others, key matters such as approval of annual and quarterly results, financial statements, major acquisitions and disposals, major investments, appointment of Directors are discussed and decided by the Board.

STATEMENT OF CORPORATE GOVERNANCE (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

II Board Composition (Cont'd)

4.0 Board decisions are made objectively in the best interests of the Company taking into account diverse perspectives and insights. (Cont'd)

4.7 The dates scheduled for Board meetings, Board Committee meetings and Annual General Meeting are set in advance and circulated to the Directors to facilitate the Directors' time planning. The Directors' Circular Resolutions are used for determination of urgent matters arising in between meetings. In accordance with Article 136 of the Constitution of the Company, a signed and approved resolution by a majority of the Directors present in Malaysia and who are sufficient to form a quorum, shall be as valid and effectual as if it had been passed at a meeting of the Directors duly called and constituted.

During the financial year ended 31 December 2020, the Board met five (5) times where it deliberated on and considered matters relating to the Group's financial performance, operational, corporate, business development, and any other matters that require the Board's approval. All the current Directors are committed and had devoted sufficient time to discharge their duties, as demonstrated by their full attendance at the Board Meetings detailed below:

Name of Directors and Designation	Number of Meetings attended
Mak Hon Weng *(Chairman/Independent Non-Executive Director)*	5/5
Dato' Choo Keng Weng *(Managing Director/Non-Independent Executive Director)*	5/5
Thomas Tuan Kit Kwong *(Independent Non-Executive Director)*	5/5
YBM Tunku Mahmood Bin Tunku Mohammed D.K. PSI *(Independent Non-Executive Director)*	5/5
Choo Kin Choong *(Alternate Director to Dato' Choo Keng Weng)*	5/5
YBM Tunku Azlan Bin Tunku Aziz *(Independent Non-Executive Director)* *(appointed w.e.f. 7 May 2021)*	Not applicable

4.8 All Directors have completed the Mandatory Accreditation Programme prescribed by Bursa Malaysia Securities Berhad. Directors are encouraged to attend various external professional programmes deemed necessary to ensure that they are kept abreast of various issues facing the changing business environment within which the Group operates. Directors are also encouraged to evaluate their own training needs on a continuous basis and recommend to the Board for the relevant programmes, seminars, briefings or dialogues available that would best enable them to enhance their knowledge and contributions to the Board by actively participate in Board deliberation and effectively discharge their duties.

During the financial year under review, except for Mak Hon Weng and Choo Kin Choong, the other directors have not attended any training programme as they took precautionary move towards the widespread of Covid-19 issues and adhere to social distancing.

Following are the training and development programmes attended by the Directors during the financial year:

Name of Directors	Date	Training Attended
Mak Hon Weng	17 August 2020	MIA Webinar Series: The New Companies (Amendment) Act 2019
	7 October 2020	MIA Webinar: My Posture & Me
	18 November 2020	Fraud Risk Management Workshop

STATEMENT OF CORPORATE GOVERNANCE (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

II Board Composition (Cont'd)

4.0 Board decisions are made objectively in the best interests of the Company taking into account diverse perspectives and insights. (Cont'd)

4.8 Following are the training and development programmes attended by the Directors during the financial year: (Cont'd)

Name of Directors	Date	Training Attended
Choo Kin Choong	7, 9 & 21 April 2020	Iclif Executive Education Center: Mandatory Accreditation Programme for Directors of Public Listed Company
	20 May 2020	Boardroom Corporate Service Sdn Bhd: Webinar on Tax Implications for Debt Restructuring
	25 June 2020	Iclif Executive Education Center: Force Majeure & Covid 19 – How Are Contractual Relationships Affected and Managed?
	26 November 2020	Suruhanjaya Sekuriti: ESG Shariah-Compliant Screening For Equities

All Directors have been with the Company for several years and are familiar with their duties and responsibilities as directors. Wherever there is a new Board member being appointed, he/she will be given briefings and orientation by the Managing Director and senior management of the Company on the business activities of the Group and its strategic directions, as well as their duties and responsibilities as directors. There has been no new appointment of Board member during the financial year.

The Directors are regularly updated on statutory and regulatory requirements and the impact and implication to the Group and Directors in carrying out their duties and responsibilities. In addition, the Directors also receives briefings and updates on any new regulatory, rules that may affect the Group's businesses and operations, risk management activities and technology initiatives on a regular basis.

The Company Secretaries also update the Board Members on the revised relevant guidelines on listing requirements and implementation and its impact on the Companies Act, 2016.

4.9 The election of each director is voted on separately. To assist shareholders in their decision, sufficient information such as personal profile, meetings attendance and their shareholdings in the Group of each Director standing for election are furnished in the Annual Report accompanying the Notice of Annual General Meeting.

STATEMENT OF CORPORATE GOVERNANCE (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

II Board Composition (Cont'd)

5.0 Stakeholders are able to form an opinion on the overall effectiveness of the Board and individual directors.

The Company conducts an annual assessment to evaluate the effectiveness of the board and the Board Committees as well as the performance of each individual Director through the Nomination Committee.

The Nomination Committee ("NC") of the Company comprises exclusively Independent Non-Executive Directors and its composition are as follows:

- Mr. Mak Hon Weng *(Chairman, Independent Non-Executive Director)*
- YBM Tunku Mahmood Bin Tunku Mohammed D.K. PSI *(Member, Independent Non-Executive Director)*
- Mr. Thomas Tuan Kit Kwong *(Member, Independent Non-Executive Director)*

The NC held one (1) meeting during the financial year ended 31 December 2020. The details of the terms of reference of NC are available for reference at the Company's website at www.shcm.com.my.

The evaluation involves each and respective Director and Committee member completing separate evaluation questionnaires regarding the processes of the Board and its Committees, their effectiveness and where improvements could be considered. The criteria for the evaluations are guided by the Corporate Governance Guide–Towards Boardroom Excellence. The Audit Committee and the Remuneration Committee each carried out its evaluation with the view to maximize the performance of the individual committees in the interest of the Company. The evaluation process also involved a peer and self-review assessment, where Directors will assess their own performance and that of their fellow Directors. These assessments and comments were summarised and discussed at the NC meeting which were then reported to the Board at the Board Meeting held thereafter. The NC evaluated all the above Assessment Forms at the NC Meeting held on 17 March 2021 and was satisfied with the performance of the Board and Board Committees as well as the performance of individual Director.

During the financial year under review, the NC carried out the following assessments and satisfied with the results of the assessments:

(i) reviewed and assessed the structure, size, required mix of skills, experience, diversity and other qualities, including core competencies and effectiveness of the Board, as a whole and the Board Committees;

(ii) reviewed and assessed the contribution of each individual Director based on criteria, responsibilities, strength, time commitment and ability to act in the best interests of the Company in decision making;

(iii) reviewed and recommended to the Board the re-election of Directors who retired in accordance with the Constitution of the Company;

(iv) reviewed and recommended to the Board for re-appointment of Director who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years and to seek shareholders' approval at the forthcoming Annual General Meeting;

(v) reviewed the term of office and performance of the Audit Committee and each of its members to determine whether the Audit Committee and its members have carried out their duties in accordance with their terms of reference;

(vi) assessed the independence of each of the existing Independent Directors with each Director abstaining from deliberation on his own assessment; and

(vii) reviewed the Terms of Reference of NC.

STATEMENT OF CORPORATE GOVERNANCE (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

III Remuneration

6.0 The level and composition of remuneration of directors and senior management take into account the Company's desire to attract and retain the right talent in the board and senior management to drive the Company's long-term objectives. The remuneration policies and decisions are made through a transparent and independent process.

6.1 The Remuneration Committee ("RC") of the Company comprises all Independent Non-Executive Directors and its composition is as follows:

- YBM Tunku Mahmood Bin Tunku Mohammed D.K. PSI *(Chairman, Independent Non-Executive Director)*
- Mr. Thomas Tuan Kit Kwong *(Member, Independent Non-Executive Director)*
- Mr. Mak Hon Weng *(Member, Independent Non-Executive Director)*

The RC held one (1) meeting during the financial year to carry out its function as stated within the terms of reference. The details of the terms of reference of RC are available for reference at the Company's website at www.shcm.com.my.

6.2 The primary function of the RC is to set up and review the policy of remuneration framework and recommend to the Board the remuneration packages of all the Directors according to the skills, level of responsibilities, experience and performance of the Directors.

The remuneration of Directors is determined at levels which enables the Company to attract and retain Directors with the relevant experience and expertise to manage the business of the Group effectively. The RC reviews the Board remuneration policy and terms of conditions of service of each Director annually taking into consideration market conditions and comparisons, responsibilities held, business strategy, long term objectives and the overall financial performance of the Group.

The RC is also responsible to review the remuneration packages of the Non-Executive Directors of the Company and thereafter recommend to the Board for their consideration. Non-Executive Directors are paid by way of fixed monthly fees and a meeting allowance for each meeting attended. Individual Director is refrained from deliberating of his/her own remuneration.

The Board will recommend the Directors' fees and other benefits payable to Directors to the shareholders for approval at the AGM in accordance with Section 230(1) of the Companies Act, 2016.

STATEMENT OF CORPORATE GOVERNANCE (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

III Remuneration (Cont'd)

7.0 Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the Company's performance.

7.1 The details of the Directors' remuneration received in financial year ended 31 December 2020 are set out as below:

Name	Salaries & Bonus (RM)	Fees (RM)	Other Emoluments * (RM)	Subtotal (RM)	Grand Total (RM)
Executive Directors					
Dato' Choo Keng Weng	551,250	16,000 #	82,688	639,938	649,938
Total for Executive Directors	**551,250**	**16,000**	**82,688**	**639,938**	**649,938**
Non Executive Directors					
Mak Hon Weng	-	6,000 @	10,000	16,000	16,000
Thomas Tuan Kit Kwong	-	6,000 @	8,000	14,000	14,000
YBM Tunku Mahmood Bin Tunku Mohammed D.K. PSI	-	6,000 @	44,000	50,000	50,000
Total for Non Executive Directors	**-**	**18,000**	**62,000**	**80,000**	**80,000**
Grand Total	**551,250**	**34,000**	**144,688**	**719,938**	**729,938**

Notes:

* *Other emoluments consist of benefit-in-kind, other allowances, contribution to EPF, SOCSO and EIS.*

@ *Received from the Company.*

\# *Received from the Group, inculding subsidiaries of Sin Heng Chan (Malaya) Berhad.*

7.2 Remuneration disclosure for top five (5) Key Senior Management

The Board is of the view that disclosure of five (5) Key Senior Management's remuneration on named and in bands of RM50,000 basis would not be in the best interest of the Company on the grounds of confidentiality and sensitivity concerns arising from such disclosure.

The Company believes that disclosure of the detailed remuneration of the top five (5) senior management in bands of RM50,000 may be detrimental to its own interests due to the scarcity of human resources with the relevant experience, expertise and knowledge in the Company's business environment and the competitive nature by other companies to acquire such resources.

STATEMENT OF CORPORATE GOVERNANCE (CONT'D)

PRINCIPLE B: EFFECTIVE AUDIT

I Audit Committee

8.0 There is an effective and independent Audit Committee ("AC"). The Board is able to objectively review the AC's findings and recommendations. The Company's financial statement is a reliable source of information.

8.1 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 and quarterly announcement of financial results. The Board is assisted by the Audit Committee ("AC") to oversee the Group's financial reporting processes and the quality of its financial reporting.

The AC comprises of all Independent Directors, The composition of the Committee is as follows:-

- Mr. Thomas Tuan Kit Kwong *(Chairman, Independent Non-Executive Director)*
- YBM Tunku Mahmood Bin Tunku Mohammed D.K. PSI *(Member, Independent Non-Executive Director)*
- Mr. Mak Hon Weng *(Member, Independent Non-Executive Director)*

The Chairman of the AC, Mr Thomas Tuan Kit Kwong is not the Chairman of the Board and members of the AC comprise of only Independent Non-Executive Directors.

The details of the terms of reference of the AC are available for reference at the Company's website at www.shcm.com.my.

Annually, the composition of AC is reviewed by NC and recommended to the Board for its approval. The NC in maintaining an independent and effective AC, will ensure that only an Independent Non-Executive Director who is financially literate, has the relevant expertise and experience, and the strong understanding of the Company's business would be considered for appointment on AC. All the AC members will continue to attend training to keep themselves abreast of recent developments in accounting and auditing standards, practices and rules.

8.2 The Board is responsible for ensuring that the financial statements of the Group give a true and fair view of the state of affairs of the Group and of the Company as at the end of the financial year and of their results and cash flows for the financial year then ended. In preparing the financial statements, the Directors have ensured that Applicable Approved Accounting Standards in Malaysia and the provisions of the Companies Act, 2016 and the Listing Requirements of the Bursa Securities have been applied.

In preparing the financial statements, the Directors have selected and applied consistently appropriate accounting policies and made reasonable and prudent judgments and estimates where applicable.

The Directors also have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The Board is satisfied that it has met its obligation to present a balanced and comprehensive assessment of the Company's position and prospects in the Directors' Report and the Financial Statements of this Annual Report.

8.3 An internal compliance framework exists to ensure that the Group meets its obligations relating to related party transactions under the Listing Requirements. The Board through its AC, reviews and reports to the Board any related party transactions (including recurrent related party transactions) and conflict of interest situations that may arise within the Company or Group. A Director who has an interest in a transaction must abstain from deliberation and voting on the relevant resolution in respect of such transaction at the Board and any general meeting convened to consider such matters.

Further details of these transactions are set out in the Recurrent Related Party Transactions Circular to Shareholders dated 28 May 2021.

STATEMENT OF CORPORATE GOVERNANCE (CONT'D)

PRINCIPLE B: EFFECTIVE AUDIT

I Audit Committee

8.0 There is an effective and independent Audit Committee ("AC"). The Board is able to objectively review the AC's findings and recommendations. The Company's financial statement is a reliable source of information. (Cont'd)

8.4 The AC assesses the suitability and independence of the external auditors on an annual basis. Areas of assessment including amongst others, the external auditor's objectivity and independence, audit fees, size and competency of the audit team, audit strategy, audit reporting and partner involvement. The inputs/opinions from the Company's personnel who had constantly contacted with the external audit team throughout the year would also be used as a tool in the judgement of the suitability of the external auditor.

The External Auditors, in supporting their independence, will provide the AC with a written assurance confirming their independence throughout the conduct of the audit engagement in accordance with the relevant professional and regulatory requirements. The External Auditors have provided such declaration in their annual audit plan presented to the AC of the Company during the financial year.

The external auditors of the Company fulfill an essential role on behalf of Company's shareholders in giving an assurance to the shareholders on the reliability of the financial statements of the Company and the Group.

The external auditors have an obligation to bring to the attention of the Board of Directors, the AC and Company management any significant defects in the Group's systems of reporting, internal control and compliance with Applicable Approved Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

The external auditors of the Company are invited to attend at least two (2) meetings with the AC a year to discuss their audit plan and audit findings on the Company's yearly financial statements. In addition, the AC will also have private sessions with the external auditors without the presence of the management to enable exchange of views on issues requiring attention.

During the financial year, the amount of audit fee and non-audit fee paid or payable to the External Auditors of the Company during the financial year ended 31 December 2020 were as follows:

	Group (RM)	**Company (RM)**
Audit Fees	97,000	45,000
Non-audit Fees	35,000	35,000
Total	**132,000**	**80,000**

The non-audit fees were in respect of tax compliance, benchmarking study in respect of transfer pricing documents and agreed-upon procedures in respect of the computation of the revised exercise price.

In considering the nature and scope of non-audit fees, the AC was satisfied that they were not likely to create any conflict or impair the independence and objectivity of the External Auditors.

The AC and the Board are satisfied with the performance, competence and independence of the external auditors and the Board had recommended their re-appointment to the shareholders' approval at the forthcoming 59th AGM.

The key features underlying the relationship of the AC with external auditors are included in the AC's terms of reference as detailed in AC section of this Annual Report.

STATEMENT OF CORPORATE GOVERNANCE (CONT'D)

PRINCIPLE B: EFFECTIVE AUDIT (CONT'D)

II. Risk Management and Internal Control Framework

9.0 Company makes informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives. The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

9.1 The Board has ultimate responsibility for reviewing the Company's risks, approving the risk management framework and policy and overseeing the Company's strategic risk management and internal control framework to achieve its objectives within an acceptable risk profile as well as safeguarding the interest of stakeholders and shareholders and the Group's assets.

9.2 The Risk Management Committee comprises of senior management team who reported the Risk profile and risk management framework to the AC on quarter basis. The primary responsibility and purpose of the AC is to assist the Board in fulfilling its responsibility with respect to evaluating, reviewing and monitoring the Group's risk management framework and activities on on-going basis. The AC reports to the Board regarding the Group's risk exposures, including review risk assessment model used to monitor the risk exposures and Management's view on the acceptable and appropriate level of risks faced by the Group's Business Unit.

The key features of the Audit Framework are presented in the Statement on Risk Management and Internal Control of the Company as set out on page 37 to 39 of this Annual Report.

10.0 Company has an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

The internal audit function is outsourced to a professional firm who reports directly to the Audit Committee.

The Statement on Risk Management and Internal Control furnished on page 37 to 39 of the Annual Report provides an overview on the state of internal controls within the Group, in an effort to manage risk.

The Board is aware of the need to establish corporate disclosure policies and procedures to enable comprehensive, accurate and timely disclosures of material information relating to the Company and its subsidiaries to be made to the regulators, shareholders and stakeholders. On this basis, the Board has formalized pertinent policies and procedures not only to comply with the disclosure requirements as stipulated in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, but also setting out the persons authorised and responsible to approve and disclose material information to regulators, shareholders and stakeholders.

The release of material information will be made publicly via Bursa Malaysia Securities Berhad. Members of the public can also obtain the full financial results and the Company's announcements from the Bursa Malaysia Securities Berhad's website.

The Company's website at www.shcm.com.my is regularly updated and provides relevant information on the Company which is accessible to the public to make informed investment decision.

STATEMENT OF CORPORATE GOVERNANCE (CONT'D)

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

I Communication with Stakeholders

11.0 There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other's objectives and expectations. Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.

The Board believes that a constructive and effective investor relationship is essential in enhancing shareholders' value and recognizes the importance of timely dissemination of information to shareholders.

In addition to shareholders participation at general meetings, the Board also encourages other channel of communication with shareholders. For this purpose, shareholders and other stakeholders may convey their concerns relating to the Company to the Independent Director, YBM Tunku Mahmood Bin Tunku Mohammed D.K. PSI at the contact details set out in the corporate information section of this Annual Report.

The policy of the Company is to maintain an active dialogue with its shareholders with the intention of giving its shareholders as clear and complete information of the Company's financial performance, major developments and position as possible. Such information is communicated through the Annual Report, the various disclosures and announcements to Bursa Securities, including quarterly and annual results and corporate website.

II Conduct of General Meetings

12.0 Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at general meetings.

12.1 The Annual General Meeting is the principal forum for dialogue and interaction with shareholders.

The key element of the Company's dialogue with its shareholders is the opportunity to gather views of, and answer questions from, both the individual and institutional investors on all aspects relevant to the Company at the Annual General Meeting. It is also a requirement for the Company to send the Notice of the Annual General Meeting and related circular to its shareholders at least twenty-one (21) days before the meeting. At the Annual General Meeting, shareholders are encouraged to ask questions both about the resolutions being proposed or about the Group's operations in general to seek more information. Where it is not possible to provide immediate answers, the Chairman will undertake to furnish the shareholders with a written answer after the Annual General Meeting.

12.2 All resolutions set out in the notice of general meetings will be carried out by poll voting. The Board make announcement of the detailed results showing the number of votes cast for and against each resolution at general meetings to facilitate greater shareholder participation.

For Independent Directors who have served more than 9 years will be subject to 2-tier voting.

12.3 The Company embraces technology advancement by facilitating members to participate members' meeting via online and remote poll voting for AGM held in 2020 as a way to certain the outbreak of Covid-19 and to adhere to SOP by observing social distancing.

STATEMENT OF CORPORATE GOVERNANCE (CONT'D)

COMPLIANCE STATEMENT

Saved as disclosed above, the Board is satisfied that throughout the financial year ended 31 December 2020, the Company has applied the principles and recommendations of the corporate governance set out in MCCG 2017, where necessary and appropriate.

The Board is required to present the financial statements for each financial year which have been made out in accordance with the applicable approved accounting standards and give a true and fair view of the state of affairs, the results and cash flows of the Group and the Company.

The Board is satisfied that the Group has used the appropriate accounting policies and applied them consistently and supported by reasonable prudent judgement and estimates, adopted to include new and revised MFRSs where applicable, in preparing the financial statements of the Group and of the Company for the financial year ended 31 December 2020. The Board is also of the view that relevant approved accounting standards have been followed in the preparation of these financial statements.

The Board has also taken all such necessary steps to ensure that proper internal controls are in place to safeguard the assets of the Group and to detect and prevent fraud and other irregularities.

This CG Overview Statement is made in accordance with a resolution of the Board dated 24 May 2021.

AUDIT COMMITTEE REPORT

The primary objective of the Audit Committee is to assist the Board in the effective discharge of its fiduciary responsibilities for corporate governance, financial reporting process and internal control system.

The Audit Committee has adopted practices aimed at maintaining appropriate standards of responsibility, integrity and accountability to all the Company's shareholders.

MEMBERSHIP

The Audit Committee is appointed by the Board and comprises exclusively of Independent Non-Executive Directors. The Audit Committee comprises of the following members:

Chairman

Mr. Thomas Tuan Kit Kwong — Independent Non-Executive Director
(Member of the Malaysian Institute of Accountants)

Members

YBM Tunku Mahmood Bin Tunku Mohammed D.K. PSI — Independent Non-Executive Director

Mr. Mak Hon Weng — Independent Non-Executive Director
(Member of the Malaysian Institute of Accountants)

MEETINGS

There were four (4) Audit Committee meetings held during the financial year 2020 and record of attendance for meetings detailed below:

Name of Committee Members	Designation	Attendance
Mr. Thomas Tuan Kit Kwong	Chairman	4/4
YBM Tunku Mahmood Bin Tunku Mohammed D.K. PSI	Member	4/4
Mr. Mak Hon Weng	Member	4/4

In addition to the AC members, the Head of Finance, the Head of Departments, the Internal Auditors, Compliance Officer and Company Secretary shall attend the meeting as invitees. Representatives of the External Auditors shall attend meetings where matters relating to the audit of the statutory accounts are to be discussed and to present the Audited Financial Statements at the specific meeting. Other Board members, Senior Management and Employees may attend the meeting upon the invitation of the AC Chairman. The AC shall meet with the External Auditors without the presence of the Executive Directors and the Management at least twice a year.

The Company Secretary shall be the secretary of the AC. Notice of meeting and supporting documents are to be circulated to the AC members at least seven (7) days prior to the meeting so as to provide the AC members with relevant and timely information for effective discussions during the meeting. The AC Chairman shall report on each meeting to the Board.

Any resolution in writing signed by all the members of the AC shall be as valid and effectual as if it had been passed at a meeting of the AC duly convened and held and may consist of several documents in the like form, each signed by one or more members of the AC.

The Audit Committee members have undergone relevant training during the financial year to be apprised of regulatory changes as well as to stay abreast with contemporary issues that may affect the Group. Details of the Audit Committee members' training are shown in the Company's Corporate Governance Overview Statement included in this Annual Report.

AUDIT COMMITTEE REPORT (CONT'D)

AUTHORITY

The Committee shall, in accordance with a procedure to be determined by the Board and at the cost of the Company:

a) have authority to investigate any matter within its terms of reference;
b) have adequate resources and unrestricted access to any information from both Internal and External Auditors and all employees of the Group in performing its duties;
c) have direct communication channels with the External Auditors and person(s) carrying out the internal audit function or activity;
d) be able to obtain external legal or other independent professional advice and to invite outsiders with relevant experience to attend, if necessary; and
e) be able to convene meetings with the External Auditors, the Internal Auditors or both, excluding the attendance of other directors and employees of the Company, whenever deemed necessary.

SUMMARY OF ACTIVITIES UNDERTAKEN BY THE AUDIT COMMITTEE DURING THE FINANCIAL YEAR

In line with the Terms of Reference of the Audit Committee, the following activities were carried out by the Audit Committee during the financial year ended 31 December 2020 in discharging its fiduciary duties:

Financial Performance & Reporting

- Reviewed the unaudited quarterly financial announcements and annual financial statements of the Group prior to submission to the Board of Directors for their perusal and approval. This was to ensure compliance of the financial statements with the provisions of the Companies Act, 2016, Financial Reporting Standards, International Financial Reporting Standards and applicable Listing Requirements of Bursa Malaysia Securities Berhad.

- Reported to the Board on significant audit issues and concerns discussed during the AC meetings which have significant impact of the Group from time to time, for consideration and deliberation by the Board.

- Reviewed the Audit Committee Report and the Statement on Risk Management and Internal Control prior to submission of the same to the Board for consideration and inclusion in the Annual Report of the Company.

- Review the Risk Management Report on the business operation, risk profile and risk management.

- The dates the Committee met during the financial year to deliberate on financial reporting matters appended below:

Date of Meetings	Financial Reporting Statements Reviewed
20 February 2020	Unaudited quarterly report on consolidated results of the Company and its Group of Companies for the Fourth quarter ended 31 December 2019.
28 May 2020	Audited Financial Statements for the financial year ended 31 December 2019, Statement on Risk Management and Internal Control and Audit Committee Report for the Board's approval and disclosure in the Company's Annual Report 2019.
26 June 2020	Unaudited quarterly report on consolidated results of the Company and its Group of Companies for the First quarter ended 31 March 2020.
26 August 2020	Unaudited quarterly report on consolidated results of the Company and its Group of Companies for the Second quarter ended 30 June 2020.

AUDIT COMMITTEE REPORT (CONT'D)

SUMMARY OF ACTIVITIES UNDERTAKEN BY THE AUDIT COMMITTEE DURING THE FINANCIAL YEAR (CONT'D)

Financial Performance & Reporting (Cont'd)

- The dates the Committee met during the financial year to deliberate on financial reporting matters appended below: (Cont'd)

Date of Meetings	Financial Reporting Statements Reviewed
26 November 2020	Unaudited quarterly report on consolidated results of the Company and its Group of Companies for the Third quarter ended 30 September 2020.
17 March 2021	Unaudited quarterly report on consolidated results of the Company and its Group of Companies for the Fourth quarter ended 31 December 2020.

External Auditors

- Discussed and reviewed the External Auditors' audit planning memorandum for the financial year ended 31 December 2020 outlining their auditors' responsibilities, engagement team, background of the group, business highlights, materiality, audit risk assessment, significant risks and areas of audit focus, consideration of fraud, internal control plan and involvement of Internal Auditors, involvement of component auditors, timetable, engagement quality control, independence policies and procedures and audit fees.

- Deliberated on the External Auditors' report at its meeting with regard to the relevant disclosures in the annual audited financial statement for financial year ended 31 December 2020.

- Reviewed the External Auditors' findings arising from audits, particularly comments and response in management letters in order to be satisfied that appropriate action is being taken.

- Discussed and reviewed with the External Auditors the applicability and the impact of the new accounting standards and new financial reporting regime issued by the Malaysian Accounting Standards Board.

- Dialogue session with the External Auditors, without the presence of the Executive Director and management.

- Reviewed and evaluated the performance and effectiveness of the External Auditors. The Audit Committee assessed the integrity, capability, professionalism and work ethics of the External Auditors. The Audit Committee was satisfied with the external auditor's performance and therefore, the Audit Committee had recommended to the Board, the re-appointment of the External Auditors at the Annual General Meeting.

- Reviewed the audit fees, the number and experience of audit staff assigned to the audit engagement, resources and effectiveness of the External Auditors.

- Received reports from the External Auditors on their own policies regarding independence and the measures taken to control the quality of their work.

- The Audit Committee had numerous meetings with the External Auditors during the financial year ended 31 December 2020 i.e. 20 February 2020, 26 November 2020 and 17 March 2021 respectively to discuss on audit matters.

AUDIT COMMITTEE REPORT (CONT'D)

SUMMARY OF ACTIVITIES UNDERTAKEN BY THE AUDIT COMMITTEE DURING THE FINANCIAL YEAR (CONT'D)

Internal Audit

- Reviewed the scope of work and audit plans for the Group prepared by the Internal Auditors.

- Reviewed the Internal Audit Report for the financial year ended 31 December 2020 from Internal Auditors and assessed the internal audits' findings, recommendations together with the Management's comments.

- Reviewed and assessed Internal Auditors based on staff strength, resources, professional integrity, independence, familiarity with Group's operation as well as reputation and recommended to the Board the re-appointment of Internal Auditors.

- Reviewed the adequacy and performance of Internal Audit function and its comprehensiveness of the coverage of activities within the Group.

- The Audit Committee had numerous meetings with the Internal Auditors during the financial year ended 31 December 2020 i.e. 26 August 2020 and 26 November 2020 respectively to discuss on internal audit matters.

Related Party Transaction ("RPT") and Conflict of Interest

All Board members will disclose if they have any RPT during the quarter at each quarterly Board meeting.

At each quarterly meeting, the AC reviewed the RPT and if there is any Conflict of Interest ("COI") situation that may arise within the Company and its Group including any transaction, procedure or course of conduct that raises questions of management integrity.

It is the duty of AC to review the RPT and Recurrent RPT ("RRPT"), if there are fair, reasonable and on normal commercial terms and in the best interest of the Company prior to the Company entering into such transaction. All RRPT must be at arm's length transaction.

The AC must ensure:

(a) Adequate oversight over the controls on the identification of the interested parties and identification of the RPT and possible COI situations; and

(b) Assess and address the reasonableness of the RPT and COI situation to ensure that interested parties do not abuse their powers to gain unfair advantages.

During the financial year under review, there were no RPT and COI situation reported.

AUDIT COMMITTEE REPORT (CONT'D)

INTERNAL AUDIT FUNCTION

The Group has outsourced its internal audit function to Messrs Baker Tilly Monteiro Heng Governance Sdn. Bhd., a professional company specializing in providing accountancy, business and financial advisory services to multinational organisations. The professional fee and other cost incurred in respect of the internal audit function for the financial year ended 31 December 2020 was RM20,000.

During the financial year ended 31 December 2020 the Internal Auditors have carried out audits to assess the adequacy of the internal controls of the main operating subsidiaries, based on the risk-based internal audit plan approved by the Audit Committee. The Internal Auditors reported their findings and recommendations to the Audit Committee for deliberations together with the Management. Where areas of improvements were required, it was highlighted to the Management for implementation. The Audit Committee monitored the progress of the implementation.

During the period under review, the Internal Auditors carried out the following activities:-

a) Presented and obtained approval from the Audit Committee the annual risk-based internal audit plan, its audit strategy and scope of audit work;

b) Performed audits according to the annual risk-based internal audit plan, to review the adequacy and effectiveness of the internal control system, compliance with policies and procedures and reported ineffective and inadequate controls along with other areas for improvement and made recommendations to improve their effectiveness; and

c) Performed follow-up reviews in assessing the progress of the agreed management's action plans and report to the management and Audit Committee.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board of Directors ("the Board") is pleased to present the Group's Statement on Risk Management and Internal Control ("the Statement") for the financial year ended 31 December 2020 which is made in compliance with Paragraph 15.26(b) of Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia") and is guided by "Statement on Risk Management and Internal Control : Guidelines for Directors and Listed Issuers" endorsed by Bursa Malaysia.

BOARD RESPONSIBILITY

The Board is responsible for the Group's system of internal control, which includes the establishment of an appropriate control environment and framework as well as reviewing its adequacy and integrity. However, such a system is designed to manage the Group's risk within an acceptable risk profile, rather than to eliminate the risk of failure to achieve the policies and business objectives of the Group. Therefore, it should be noted that it can only provide reasonable but not absolute assurance against material misstatement of management and financial information and records or against financial losses or fraud.

The Board has undertaken the appropriate initiatives to strengthen the transparency, accountability and efficiency of the operations. The Board recognizes the importance of ensuring that a sound system of internal controls and effective risk management practices are in place in the organization. It had therefore given due attention towards improving the effectiveness of internal control, risk management and governance process of the organization.

The management assists the Board in the implementation of the Board's policies and procedures on risk and control, also in the design, operations and monitoring of suitable internal controls to mitigate and control these risks.

RISK MANAGEMENT FRAMEWORK

The Board recognizes the importance of identifying and managing principal risks of the Group's daily operations and that the identification and the management of such risk will affect the achievement of the Group's corporate objectives. As part of the integral process of risk management, the Group's risk management framework shall be structured in which the existence of significant risk of the Group has been identified and quantified. Priority will be given for areas of high risks to assist the Board and Senior Management.

The functional management has been given a clear line of accountability and delegated authorities have been established as part of the internal control efforts through the standard operating practices. The Risk Management Committee consists of key senior management responsible for identifying, managing and reporting on significant risks on an on-going basis and any significant risk matters identified are brought to the attention of the Board at their scheduled meetings.

The Audit Committee ("AC") chaired by an Independent Non-Executive Director, meets periodically to discuss the risk faced by the Group and ensures that existing mitigation actions are adequate. The AC would ultimately report to the Board level on issues of concern, if any.

In addition, external and relevant professionals would be drawn on to assist and provide advices to the management team when necessary. In order to ensure the objectivity of the review of the risk management and systems of internal controls in the Group, the AC is instituted by the Board to undertake this role.

The AC assists the Board to review the adequacy and integrity of the internal control system and its compliance with the Group's policies and procedures.

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

INTERNAL AUDIT FUNCTION

The Board acknowledges the importance of internal audit function and has engaged a professional firm, Baker Tilly Monteiro Heng Governance Sdn Bhd ("BTMH" or "Internal Auditor") to provide internal audit services to assist the Board in providing the assurance it requires on the effectiveness as well as the adequacy and the integrity of the Group's systems of internal control.

During the year under review, BTMH carried out review on the effectiveness of the internal control systems, follow-up review and highlights to the AC any significant findings in respect of non-compliance and major control weaknesses of which the management is responsible for ensuring the corrective actions are taken on the reported weaknesses.

The internal audit reviews are carried out using risk-based approached and based on major operating cycles as recommended and agreed with senior management and approved by the AC.

In the year under review, the following reviews on the Group's operations within the Plantation Division were undertaken by the Internal Auditor, according to the risk-based Internal Audit Plan approved by the AC:

- Estate's Contract Management
- Inventory Management for Fertilizers, Diesel and Spare Parts

The findings arising from the above reviews have been reported to the management for their response and subsequently for the AC deliberation before they are reported to the Board. Where weaknesses were identified, recommended procedures have been or are being put in place to strengthen controls.

In addition, a follow-up review has been carried out by the Internal Auditor with regards to internal audit report issued under the Energy and Facilities Management Division, in which the results of the follow-up review with action implemented by the management to rectify the previously highlighted weaknesses, are highlighted and reported to the AC.

THE INTERNAL CONTROL PROCESS

The following are the key processes that have been established as part of the Group's internal control effort :

a) Internal control efforts were done through standard operating procedures and guidelines involving operational planning, capital expenditure, safeguarding of assets against unauthorized use or disposition, financial and accounting records, reporting system and monitoring of Group's business and performances.

b) The key senior management through their daily involvement in the business operations and attendance at operational and management level of meetings, monitor the Group's policies and procedures.

c) The AC review internal control issues identified by the internal and external auditors and evaluate the adequacy and the effectiveness of the risk management and internal control systems. They also review the internal audit functions with particular emphasis on the scope of audits and quality of internal audits.

d) The Corporate office at the holding company coordinates and monitors the monthly performance results of the independent operational units, based on actual against budgeted financial performances, key business indicators and highlights of the related happenings. The liquidity position of the Group is monitored daily through the online banking system and also through the weekly reporting of bank transactions of the business units.

The internal control system will continue to be reviewed and enhanced in line with the changes in the operating environment.

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

CONCLUSION

For the financial year under review up to the date of approval of this statement for inclusion in the annual report, based on inquiry, information and assurance provided by the Managing Director and Group Chief Accountant, the Board is of the opinion that the internal control system was generally satisfactory and adequate for their purpose. There will be continual focus on measures to protect and enhance shareholders' value and business sustainability.

This statement on Risk Management and Internal Control is made by the Board in accordance to its resolution dated 24 May 2021. .

REVIEW OF THE STATEMENT BY THE EXTERNAL AUDITORS

As required by Paragraph 15.23 of Main Market Listing Requirements of Bursa Malaysia, the External Auditors have reviewed the Statement for inclusion in the annual report for the financial year ended 31 December 2020. Their review was performed in accordance with Audit and Assurance Practice Guide 3 ("AAPG 3"): Guidance for Auditors on Engagements to Report on the Statement, issued by the Malaysian Institute of Accountants. Based on their review, the External Auditors have reported to the Board that nothing has come to their attention that causes them to believe that the statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the Group's internal control system. AAPG 3 does not require the External Auditors to, and they did not, consider whether this Statement covers all risk and controls, or to form an opinion on the effectiveness of the Group's risk and control procedures.

SUSTAINABILITY STATEMENT

ABOUT THIS REPORT

This is the fourth Sustainability Statement published by Sin Heng Chan (Malaya) Berhad ("SHC") for the financial year ending 31 December 2020. The report highlights the major environmental and corporate social responsibility performance and sustainability achievements covering two business segments of SHC, namely Oil Palm Plantations and Energy and Facilities Management.

Data and statistics in this report are presented as absolute figures and are normalised into comparable terms as far as possible. Unless otherwise stated, data and statistics in this report covers the performance of SHC during the reporting period.

We will adapt any new changes in our model by improving our internal processes, risk management and stakeholder relations.

SUSTAINABILITY STATEMENT (CONT'D)

REPORTING PRINCIPLES

SHC firmly believes that economic, social and governance ("ESG") principles and corporate governance are at the core of a sustainable business. We are committed to embedding sustainability in our business operations and culture while ensuring we practise sustainability at every level of our operations.

In this report, we intend to provide our stakeholders with reliable ESG information concerning our Group's business activities. We remain committed to accomplish and execute our business strategy in line with the ESG targets as sustainability is a necessity and continuous commitment by the Group.

We have prepared this Sustainability Statement following the Bursa Malaysia Sustainability Guidelines issued by Bursa Malaysia wherever applicable.

The Annual Report of Sin Heng Chan (Malaya) Berhad contains more information on Corporate Governance, Remuneration Policies and the financial performance of SHC. Please refer to page 14 to 31 and 64 to 137 respectively of the Annual Report for the above information respectively.

SUSTAINABILITY STATEMENT (CONT'D)

SCOPE OF PERIOD

The scope of our Sustainability Statement covers the period from 1 January 2020 to 31 December 2020 ("FY2020"). The policies and strategies discussed throughout this report are undertaken by the Group unless otherwise specified.

FINANCIAL PERFORMANCE

- To enhance our financial report and conform with regulatory compliances
- To ensure financial performance reported within the stipulated time frame

MSPO

- SHC to comply with the MSPO certification which has been obtained on 27 September 2019

OSH

- To have zero reported injuries and fatalities
- SHC reported ZERO fatalities as of FY2020

ZERO BURNING AND WASTE

- To have zero reported open burning
- SHC to make yearly reporting on zero open burning and waste disposal policy

HUMAN RIGHTS AND FAIR EMPLOYMENT

- Equal Opportunity Employment – SHC does not discriminate by race, creed or religion
- Sexual Harrassment – Zero reported during the FY2020
- Minimum Wage – All workers are paid on time and above minimum wage
- Traning & Development – SHC to accord the necessary training and development and to record wihtin the next financial year

CORPORATE GOVERNANCE AND COMPLIANCE

SHC is committed to the principles and best practices of corporate governance as laid out in the Malaysian Code on Corporate Governance ("MCCG") to ensure that standards of corporate governance are being observed throughout the Group with the ultimate objective of enhancing long term shareholders value and returns to our stakeholders.

Details of our corporate governance framework and practices are elaborated in the Corporate Governance Overview Statement on pages 14 to 31 of this Annual Report as well as Corporate Governance Report for an announcement and publication at www.shcm.com.my.

As part of our compliance, we instil Code of Ethics into our business practice and operations. More of the policies can be found at our website includes our Board Charter, Audit Committee, Remuneration Committee and Nomination Committee. We strive to update these policies on an annual basis.

Sustainability Governance Structure

The Board of SHC has overall responsibility for the Group, which comprises of eight (8) wholly owned subsidiaries. Refer to page 3 of the Annual Report for the Corporate Structure.

SUSTAINABILITY STATEMENT (CONT'D)

CORPORATE GOVERNANCE AND COMPLIANCE (CONT'D)

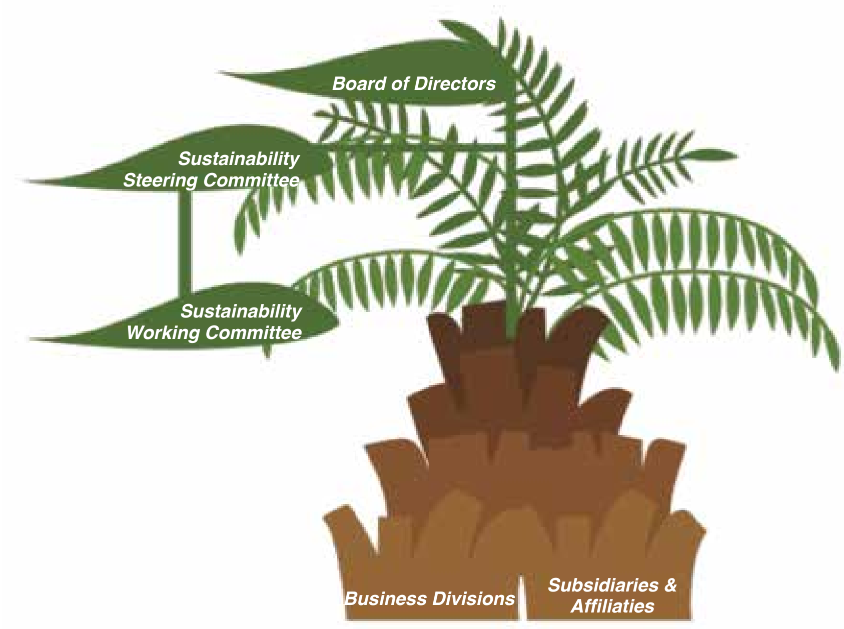
Sustainable Corporate Governance Structure

The Board of Directors of SHC is the highest governance body and responsible for promoting the long-term development of the Group and for growing shareholder value. The Board currently comprises of 1 Managing Director, 1 Alternate Director, and 4 Independent Non-Executive Directors. The biographies of the Directors can be found on page 4 to 6 of the Annual Report.

The overall strategic planning and accountability for the Group's sustainable development rest with our Board-level Committees, which determine the sustainability strategy and oversees its progress across the Group. Under the oversight of the Committees, the senior management team acts as the bridge between the Group and each subsidiary in driving sustainable initiatives throughout our operations, including safety, environment protection, staff welfare, community engagement and volunteering. Key corporate executives are responsible for optimising environmental performance, increasing staff awareness on corporate social responsibilities and sharing of best practise with the industry.

SHC has established a Sustainability Steering Committee ("SS") comprising senior Head of Departments of relevant operations, chaired by the Managing Director. The SS Committee plays the role of Chief Sustainable Officer, reporting directly to the Board on matters relating to sustainability from time to time. Figure 1 below shows the Corporate Governance Structure and its reporting guidelines for the SS.

Figure 1: Sustainable Corporate Governance Structure



The Group maintains its commitment to disclosing all relevant information in a timely, accurate, complete, understandable and convenient manner as part of our Corporate Disclosure Policy. SHC strictly assures that all communications to stakeholders are presented as clearly as possible under the terms of our policy. Additional information on our corporate policies can be accessed on the company website at the following URL https://shcm.com.my/corporate-policies/.

Details of our corporate governance framework and practices are elaborated in the Corporate Governance Overview Statement as set out on pages 14 to 31 of the Annual Report 2020.

SUSTAINABILITY STATEMENT (CONT'D)

CORPORATE GOVERNANCE AND COMPLIANCE (CONT'D)

Anti-Corruption Policies

The Group is committed to conducting its business activities properly and lawfully and adhere to the recent Anti-Bribery and Anti-Corruption Policy adopted by Group on 28 May 2020. The Group complies with the Adequate Procedure Guidelines as mentioned in the MACC Act Section 17A which was gazetted on 5 May 2018, came into force on 1st June 2020. A copy of the Anti-Bribery and Anti-Corruption Policy can be assessed on the company website at the URL https://shcm.com.my/corporate-policies/.

As part of the Group's effort to combat bribery and corruption, the Group has communicated to all its employees, customers and suppliers to enhance their awareness and the Group has identified the areas assessed as listed below:

Areas being Assessed	Employees	Customers	Suppliers/Business Associates
	Percentages of stakeholders being assessed.		
Palm Oil Segment	100%	100%	50%
Energy Segment	100%	100%	100%

The Group adopts Zero-Tolerance for bribery and corruption at all facets of its business operations and will continue to provide training and communication to all parties associated with the Group. The Group has not committed any offence under the MACC Act Section 17A. The Group will continue its due diligence on all its operations for corruption and bribery to ensure the Group does not contravene the Act.

Whistleblowing Policies

In addition to the adoption and adherence to our Anti-Bribery and Anti-Corruption Policy, SHC provides a channel by which wrongdoing and misconduct can be reported. This avenue is through the Whistleblowing Policy adopted by SHC. Said policy provides a clear procedural guide to deal with the relevant information in a manner which prioritises confidentiality and protection to whistleblowers. A copy of our Whistleblowing Policy can be found at the URL above.

RISK MANAGEMENT

The Board recognizes the importance of identifying and managing principal risks of the Group and that the identification and the management of such risk will affect the achievement of the Group's corporate objectives. As part of the integral process of risk management, the Group's has established a risk management framework in which the existence and potential significant risk to the Group will be identified, quantified and managed where priority will be given for areas of high risks to assist the Board and Senior Management.

Pillars of risk to the Group are as follows:

- **Operational Risk**

  Inclusive of climate conditions, economic conditions and the availability of labour. Operational risks are considered to be all factors which affect the daily operations of the Group's businesses, recent circumstances have highlighted the need to monitor operation risks as the global COVID-19 pandemic has presented an uncertain business environment.

- **Financial Risk**

  Financial risk refers to risks which solely affects the finances of the Group, which includes credit risks and interest rate risks. Monitoring financial risks is important for the purpose of maintaining a self-sustaining business and meeting stakeholder expectations.

SUSTAINABILITY STATEMENT (CONT'D)

RISK MANAGEMENT (CONT'D)

Pillars of risk to the Group are as follows: (Cont'd)

- **Compliance Risk**

  This refers to all risks involving legal and administrative compliance requirements that the Group is required to meet. Non-compliance leads to major repercussions that may affect the Group as a whole, highlighting the need to include said risks to the Risk Management Framework.

- **Reputational Risk**

  Risks to the reputation of the Group are also considered, and mainly concerns payments to suppliers and billing activities. The Group maintains a strong desire to maintain a strong reputation by way of meeting stakeholder requirements and expectations.

- **Cybersecurity Risk**

  A recent risk to consider, the increasing digitization of the Group opens up the need to monitor the associated risks. These include risks from human error with Group-wide systems as well as external cybersecurity risks such as hacking and phishing. As SHC is increasing its use of digital systems, the risks involved are always being factored and monitored.

REGULATORY COMPLIANCES

MSPO Certifications

The Malaysian Sustainable Palm Oil (MSPO) Certification Scheme is the national scheme in Malaysia for oil palm plantations and has been made mandatory by end 2019. As part of its commitment to sustainability, SHC was pleased to achieve MSPO certification for all of its estates on 27 September 2019 and maintain its compliance for the reporting period which covers four policies, specifically the Environment Policy, Social and Human Rights Policy, Occupational Health and Safety Policy and Sustainable Palm Oil Policy.

MSPO Certification

SUSTAINABILITY STATEMENT (CONT'D)

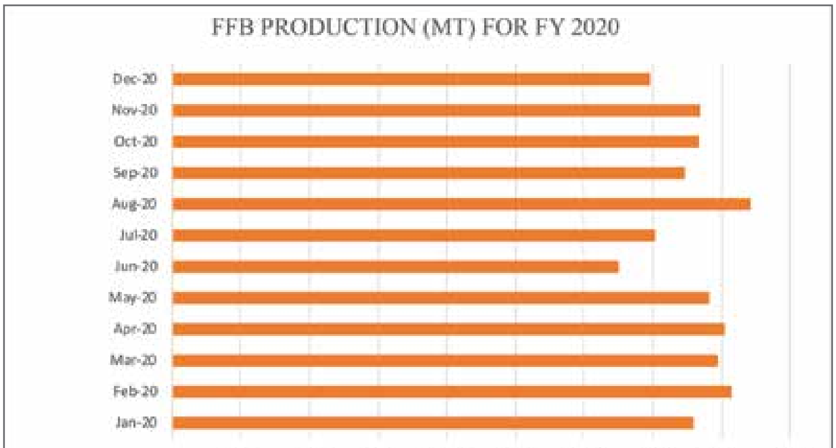
REGULATORY COMPLIANCES (CONT'D)

MSPO Certifications (Cont'd)

The MSPO Certification provides credibly sustainable and responsible management to bring about positive social, environmental and economic impacts, while minimising the negative impacts particularly on its people and the environment. These benefits can be summarised as;

- Improvements in the standards of management
- Promotion of sustainable forest management
- Biodiversity enhancement
- Social enhancement
- Improved efficiency leading to economic benefits
- Adherence to health and safety policies
- Compliance with legal and contractor requirements
- Access to existing and new markets

As part of transparency, SHC reports the monthly production of our Fresh Fruit Bunches ("FFB") to Bursa Malaysia on a monthly basis. The chart below, depicts the FFB production for FY 2020, totalling 45,649 metric tonnes ("MT").



	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20
FFB Production (MT)	3,799	4,066	3,975	4,018	3,906	3,256	3,516	4,211	3,734	3,838	3,846	3,484

STAKEHOLDER ENGAGEMENT

SHC is involved with various stakeholders in both business segments of the Group, comprising of oil palm plantations, and energy and facility management. Engagement and meeting the needs of all stakeholders are important to the Group.

SUSTAINABILITY STATEMENT (CONT'D)

STAKEHOLDER ENGAGEMENT (CONT'D)

Figure 2 below depicts the relationship between our stakeholders and our engagement methods with them. SHC has put in place measures to respond to the diverse expectations and requirements of each stakeholder. The facilitation of positive communication is encouraged daily in the ordinary course of business activities. Our focus for this year's reporting would be the oil palm segment. The energy segment is not reported because SHC engages independent external contractors in the provision of the services.

Figure 2 : Stakeholder Engagement

In view of the above, the group believes in maintaining continuous engagement with its valued stakeholders through various methods such as discussion and dialogue sessions. The table below depicts the engagement methods with various stakeholders and the mode of engagements.

Stakeholders
Our business relies on partnerships and working with a range of stakeholders. Our stakeholder engagement, including topics of concern and management of issues, are listed here.

Stakeholder group	Frequency & type of engagement	Topic of concern	How we manage the issue
Customers (existing and potential)	Frequency: Ongoing Type: Customer Survey	• Customer Service • Product Quality	• Customer Survey • Address our FFB through via our rejection rates
Shareholders	Frequency: Annually Type: Annual Report, Bursa Announcement, Media Briefings	• Dissemination of information • Transparency	• Address stakeholders issue timely and disseminate information through proper channels
Media	Frequency: Frequent Type: Newspaper, Social media, Press conferences, the launching of new routes	• Company performance • Misconceptions about the Company • Complaints on services	• Direct engagement • Press statements/briefings • To highlight effort through engagement and communication channel
Employees	Frequency: Regular, ongoing Type: Knowledge sharing sessions, Internal customer engagement programme, Internal customer satisfaction survey, Innovation Accelerator Programme	• The well-being of the company and job security • Staff welfare and benefits • Safety environment at work • Work competency	• Staff engagement programmes • Implementation of ESH programmes involving employees • Job-related training and workshops
Suppliers	Frequency: Occasional Type: Performance review meetings, workshops, coaching for compliance	• Compliance issues • Tender prices and payments • Cost efficiency and introduction of products • Workers quarters • ESH	• Engagement with suppliers during Safety Day and assurance audit • Constant and regular communications • Process improvement • Engage and share concerns with relevant parties • ESH roadshow, ESH elements in tender and contract documents

SUSTAINABILITY STATEMENT (CONT'D)

STAKEHOLDER ENGAGEMENT (CONT'D)

Working with Suppliers

SHC believe in upstream integrated supply chain management with an emphasis on quality and logistics control. We work closely with our business partners to develop new businesses and services that are adapted to the local climatic and operational environment while taking a high level of energy efficiency and the latest emission standards into consideration. We encourage fair and open competition that is intended to develop a long-term relationship with suppliers based on mutual trust. Our supply chain activities are guided by policies and procedures that are geared to ensuring the ethical procurement of supplies and services, as well as high-quality end products in which our customers can be confident in using. In 2020, all of SHC's suppliers are locally sourced.

The Group intends to continue to support local procurement where possible and to increase its procurement on local suppliers significantly. The Group will assess its supply procurement policy annually and to evaluate its suppliers based on merits, quality, pricing and service rendered.

AN OVERVIEW OF THE MATERIAL ASSESSMENT

Based on the survey results and the materiality assessment conducted this year, the Group reviewed and validated the material topics to ensure a consistent and balanced representation of the Group's significant sustainability performance and impacts. As a result, the following material topics have been prioritised for disclosure in the SHC Sustainability Report 2020 with the corresponding boundaries specified.

Our reporting boundaries concerned are within two areas of business comprising the Oil Palm Plantations segment and Energy and Facilities Management segment.

Material Matrix	Oil Palm Plantations	Energy and Facilities Management
Environment		
Energy and Efficiency	-	X
Measures Emissions	-	X
Green Procurement	-	X
Open Burning	X	-
Employees		
Employment	X	-
Training and Education	X	-
Staff Communication	X	-
Occupational Health and Safety	X	-
Social		
Community Engagement	X	-

Oil Palm Plantations Segment

Key Areas of Interest	Stakeholders' Comment	Our Responses and Relevant Disclosures in this Report
Employment & Staff Welfare	We are concerned with Human Rights issues.	SHC strives to comply with any concerns with regards to the rights of our workers and employees.
Occupational Health and Safety	There are concerns about the health and safety issues concerning the workers.	SHC places importance on the welfare and safety of our employees and workers. SHC complies with MPSO Standards.

SUSTAINABILITY STATEMENT (CONT'D)

AN OVERVIEW OF THE MATERIAL ASSESSMENT (CONT'D)

Energy and Facilities Management Segment

Key Areas of Interest	Stakeholders' Comment	Our Responses and Relevant Disclosures in this Report
Energy Efficiency	We are concerned with the efficiency levels of the cooling system.	SHC aims to achieve optimal levels of efficiency in the operation of our cooling system, surpassing agreed upon efficiency levels when possible.
Effluents and Waste	We are concerned about the disposal of wastewater from the cooling system.	SHC stringently adheres to all government regulations regarding wastewater treatment and disposal.

DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED

SHC generates approximately RM24.2 million and RM12.9 million from the oil palm plantations and energy and facilities management segments respectively. Economic value generated from both segments contributed approximately RM4 million.

Payment to suppliers and employees amounting to RM28.6 million and RM4.1 million respectively for both segments. As a socially responsible company, SHC gives priority to local procurement and employment in the region it operates.

Item	Stakeholder	2020 (RM'000)
Revenue from the sale of goods (Oil Palm Plantations)		24,269
Revenue from providing services (Energy and Facilities Management)		12,887
Revenue from financial investments		-
Other operating income		4,648
Direct Economic Value Generated		41,804
Economic Value Distributed		
Operating expenses	Suppliers and contractors	(28,670)
Wages and other payments to employees	Employees	(4,130)
Payments to providers of capital		
Payment to shareholders	Shareholders and investors	-
Payment to creditors		(4,415)
Payment to Government including income tax expenses	Government authorities	(127)
Community investment	Local communities	(504)
Economic Value Distributed		(37,846)
Economic Value Retained		3,958

SUSTAINABILITY STATEMENT (CONT'D)

ENVIRONMENT

Zero Burning and Waste Management Policies

In compliance with the MSPO and local regulations, SHC maintains a strict Zero Burning policy and appropriate Waste Management policy. SHC does not practice any open burning in compliance with the strict policies adopted by the organisation. This message is consistently communicated to all staff, especially to new inductees. Hazardous waste is kept in the chemical and scheduled waste store prior to disposal through appropriate means. Upgrades have also been done on the chemical and scheduled waste store in order to improve waste management capabilities, the upgraded chemical and scheduled waste store has been in use since 2019.

In terms of organic waste, the estate continues its practice of reusing Empty Fruit Bunches (EFB) as fertiliser. While not being engaged with any milling activities, our oil palm plantations segment receives EFBs from oil mills that receive our Fresh Fruit Bunches (FFB). SHC practices a circular cycle in its oil palm plantations segment wherever possible.

Energy and Carbon Efficiency

District cooling is a system ("DCS") used for air-conditioning, in which a central plant supplies chilled water through an underground network of pipes to multiple buildings within a local area. Inside the buildings, these transmission pipes can be connected to air handling units or fan coils that allow the water to chill air that is forced to pass through, hence creating an air-conditioning environment. The buildings may also have heat exchangers installed to transfer heat between the chilled water and the air-conditioning systems of that building. Once the thermal energy is extracted from the chilled water, the water is returned to the central plant to be chilled again and then re-circulated through the closed-loop piping system. Therefore, individual buildings do not need split air-conditioning systems or to have their chillers or cooling towers. As a result, district cooling systems have following distinct advantages compared to conventional HVAC systems:

SUSTAINABILITY STATEMENT (CONT'D)

ENVIRONMENT (CONT'D)

Energy and Carbon Efficiency (Cont'd)

Project Salient Terms – University of Pagoh District Cooling System

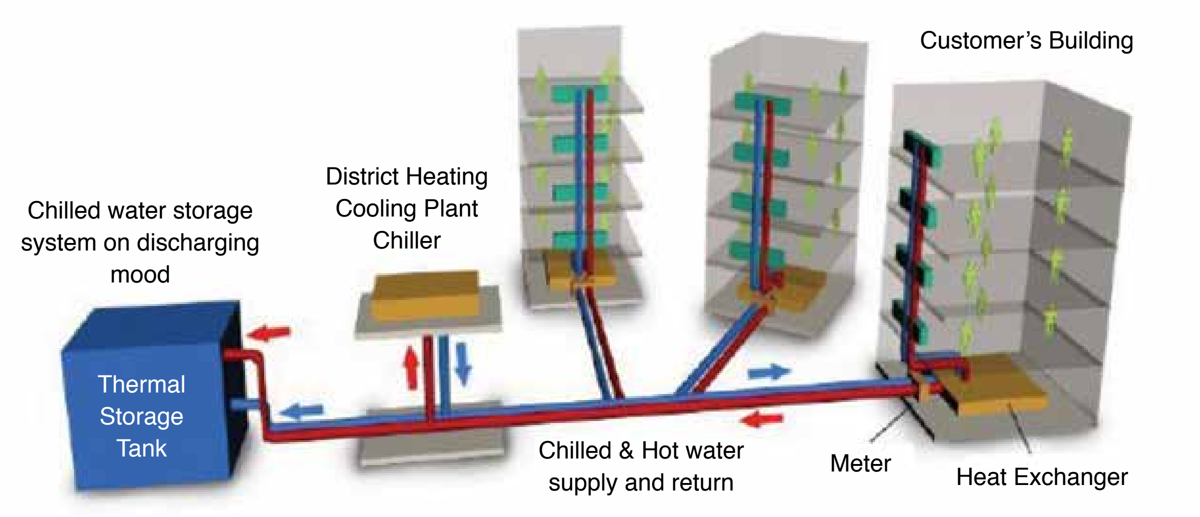
- Minimizes the degradation of the environment.
- Safe for use and promotes maintaining a sustainable environment for all forms of life.
- The District cooling system eliminates the need for an outdoor compressor unit as in conventinal split unit systems. Servicing an outdoor compressor can cause hazards if it is improperly located. With the elimination of the outdoor unit, the following disadvantages are being eliminated:
- Excessive noise from the compressor unit.
- Excessive heat production from the compressor unit.
- Condensation dripping from the outdoor unit.
- Excessive use of space for the outdoor unit.
- Use of environmentally hazardous refrigerant.
- Hazards from the maintenance of the outdoor unit.
- Consumables for the servicing of the outdoor unit.
- Promote the use of renewable resources.

Electricity and Water Reduction Effort

- Conserve the use of energy & natural resources.
- Able to reduce electricity use by up to 10-20% and reduce water consumption by up to 5-15%.

GOGreen

Reducing Environmental Impact



SUSTAINABILITY STATEMENT (CONT'D)

ENVIRONMENT (CONT'D)

Enery and Carbon Efficiency (Cont'd)

Besides, our DCS also incorporates the following green technologies:

i) High-efficiency series counterflow chillers – which lead to a reduction in energy consumption and improvement in plant performance.

ii) Chilled Water Thermal Energy Storage (TES) Systems – With the TES system, the DCS can charge and store cooling energy in the chilled water thermal storage tanks during off-peak tariff hours. This benefits the national electricity grid as a whole since this results in a shifting of the load from peak to off-peak hours. At the same time, the DCS capitalises on cheaper off-peak tariffs offered by the electric utility company.

During the day, when the energy demand for air-conditioning is high, the stored cooling energy is released by circulating chilled water through the storage system and onto the buildings. Only a limited amount of chiller capacity needs to operate during this period.

By adopting this concept, the plant consumes less electricity during the day, when electricity tariff is high. This leads to significant savings in operating costs as the electrical power demand for this plant is also low during the day. Further cost saving is achieved through a reduced maximum (MD) charge.

In terms of energy efficiency of the DCS, it is estimated that a significant amount of savings in terms of electrical and water consumption amounting to RM6.841 million per annum and 712m^3 respectively can be achieved. These savings will lead to a potential reduction of 1,904 t/CO_2 per year.

In summary, the DCS when compared with traditional cooling technologies, district cooling offers the following advantages to end-users:

1. Reduced CO_2 emissions.
2. Minimal space required and will mostly take up basement areas only.
3. Lower operating costs.
4. Higher efficiency – 20% savings in utility charges.
5. Green building index contributor.

This technological approach is more efficient and generates significant savings in capital expenditures, energy and operating costs compared to the conventional usage of de-centralised chiller plants.

SOCIAL

Community Involvement

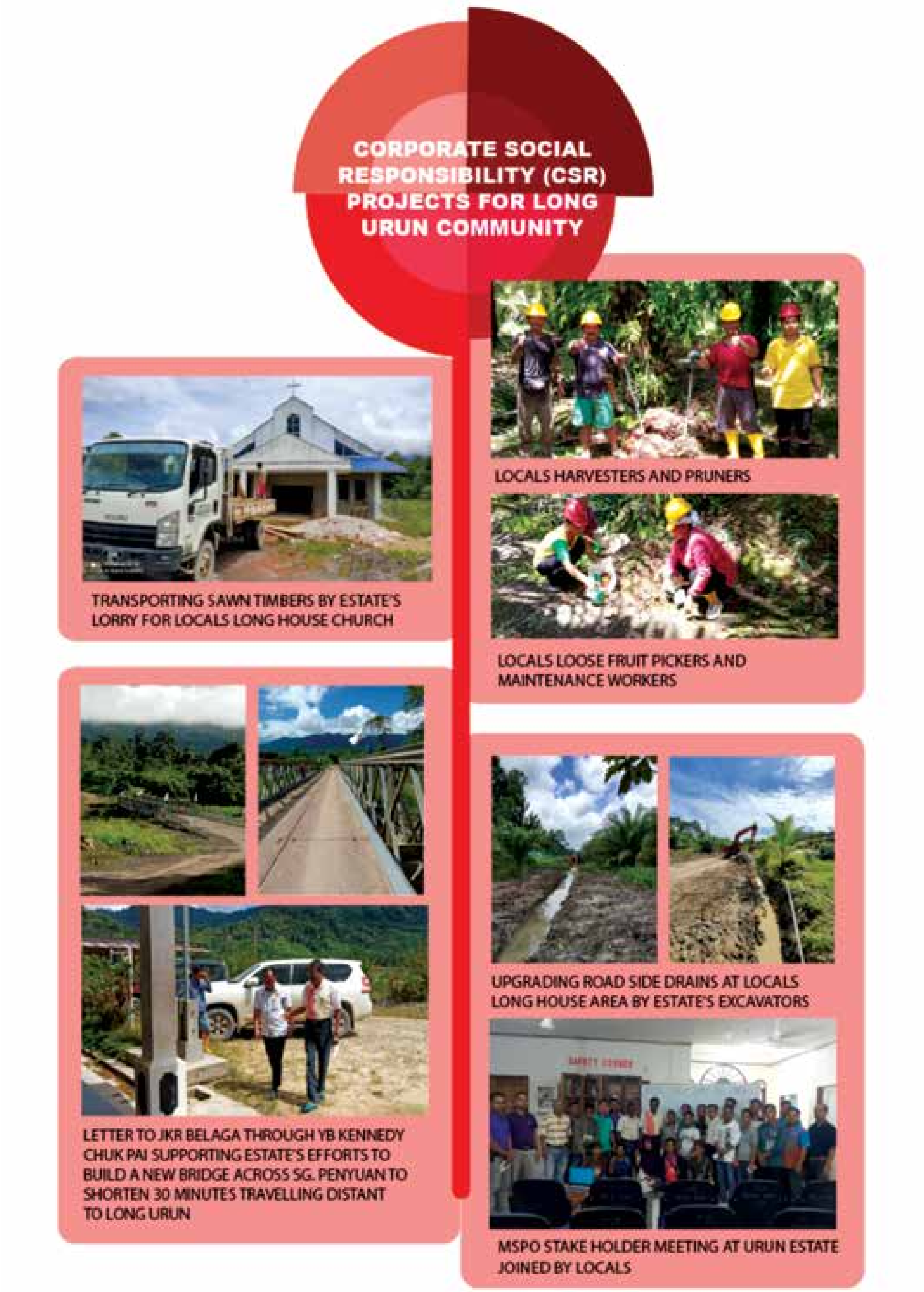
As part of our longstanding involvement with local communities, SHC continues to involve itself in Corporate Social Responsibility (CSR) activities which benefit the local communities within the area of operations of our oil palm plantations segment. Due to the location of our estate, our community involvement is primarily concerning the local people who we work together with closely in maintaining a mutually beneficial relationship.

SUSTAINABILITY STATEMENT (CONT'D)

SOCIAL (CONT'D)

Community Involvement (Cont'd)

SHC provides job opportunities, logistical help, and infrastructure improvement among others to the local communities in the vicinity of our estate. This includes prioritizing locals to fill labour needs, providing materials to improve local amenities, and building drains in flood prone housing areas. We remain committed in continuing this relationship with local communities as part of our social responsibility.



LOCALS HARVESTERS AND PRUNERS

TRANSPORTING SAWN TIMBERS BY ESTATE'S LORRY FOR LOCALS LONG HOUSE CHURCH

LOCALS LOOSE FRUIT PICKERS AND MAINTENANCE WORKERS

UPGRADING ROAD SIDE DRAINS AT LOCALS LONG HOUSE AREA BY ESTATE'S EXCAVATORS

LETTER TO JKR BELAGA THROUGH YB KENNEDY CHUK PAI SUPPORTING ESTATE'S EFFORTS TO BUILD A NEW BRIDGE ACROSS SG. PENYUAN TO SHORTEN 30 MINUTES TRAVELLING DISTANT TO LONG URUN

MSPO STAKE HOLDER MEETING AT URUN ESTATE JOINED BY LOCALS

SUSTAINABILITY STATEMENT (CONT'D)

SOCIAL (CONT'D)

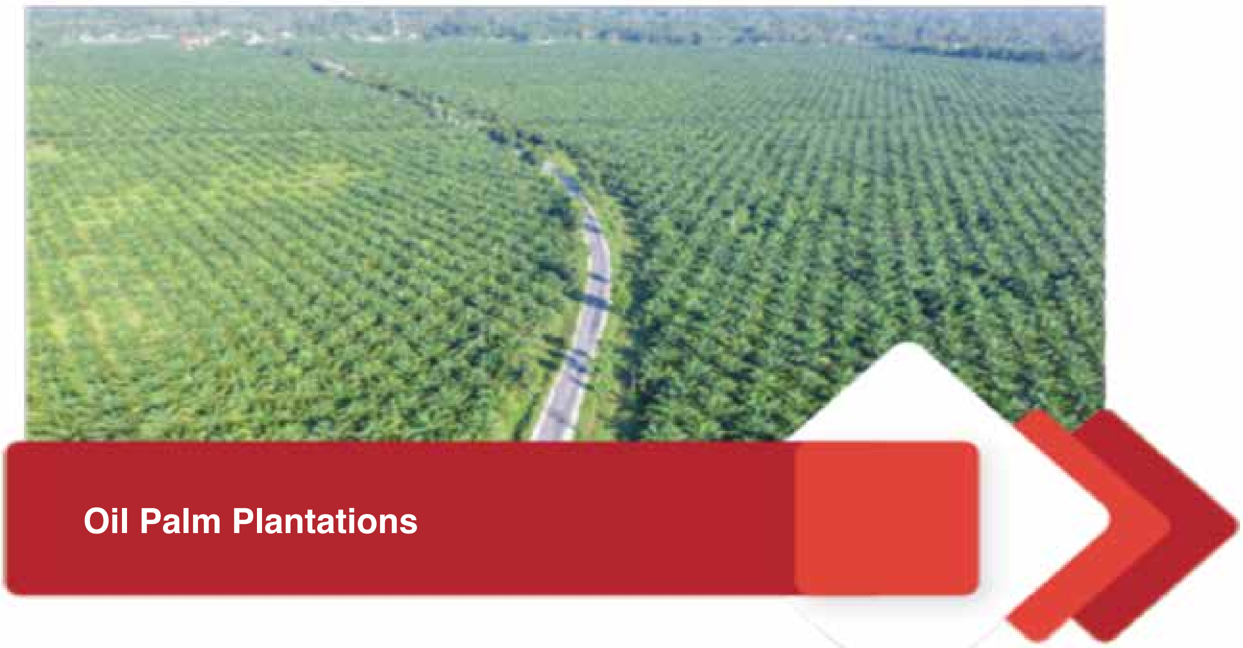
Human Rights and Fair Employment Practice

As part of our MSPO and Sustainable Practice for Human Rights and Fair Employment practice, SHC has adopted the following fair employment practices: equal employment opportunity, adherence to minimum wage, the prohibition of harassment, prevention of child labour, employee's compensation and benefits and training and development. Below are the SHC Policies on Fair Employment Practice.

Fair Employment Practices

In addition to developing a healthy and safe workplace, we strive to provide our employees with a diverse and inclusive working environment where their human rights are respected. In upholding the human rights of our employees and to prevent human rights violations, we have put in place policies and procedures to ensure a healthy, safe and secure workplace.

The following are key policies and measures enshrined in our Code of Ethics policy statement as well as our employee handbook.



SUSTAINABILITY STATEMENT (CONT'D)

SOCIAL (CONT'D)

Fair Employment Practices (Cont'd)

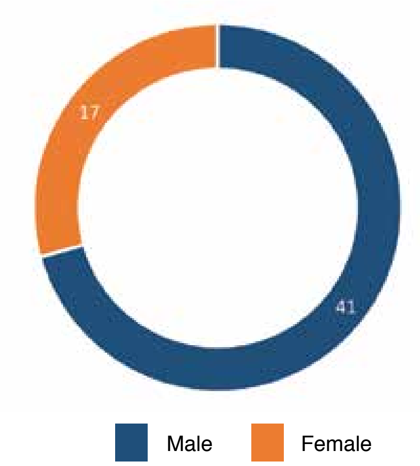
a. Equal Employment Opportunity

In the appointment and recruitment process of SHC, we pride ourselves in being an employer that provides equal opportunities and continuously seeks to promote it regardless of religious belief, age, creed, marital status, gender, family status or any disability. Our commitment to that belief applies to all areas of our work environment.

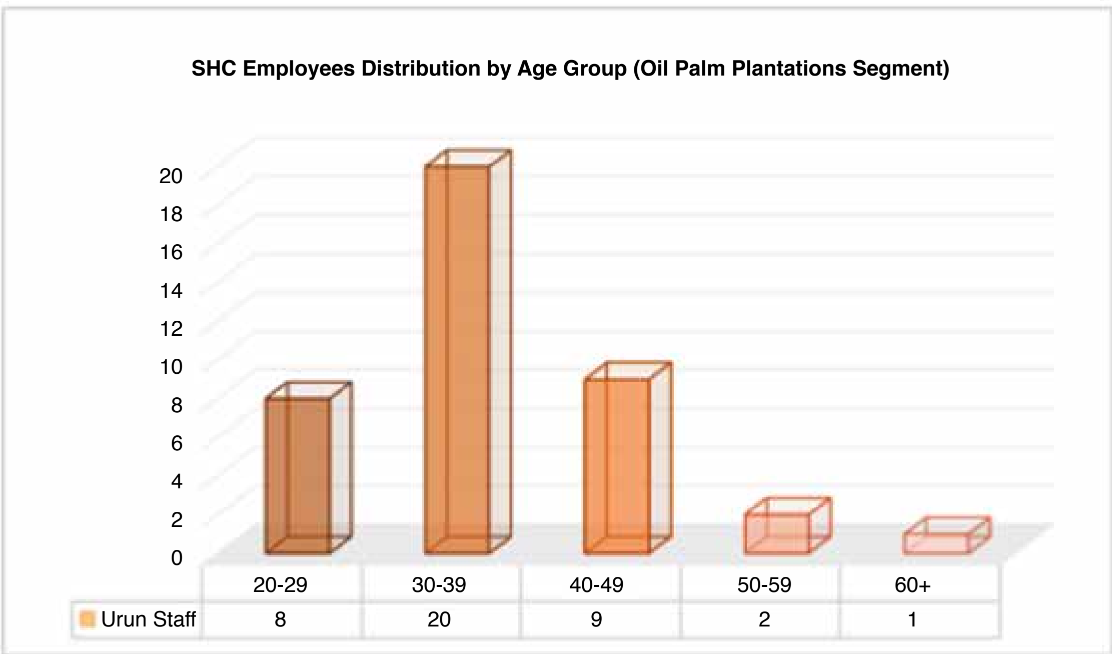
b. Workforce Diversity

We believe in keeping one of our key stakeholders, our employees, engaged with the aim to bring forth their full potential and enabling a satisfying career for each of them. At the same time, we are inclusive and are mindful to encourage the participation of female employees in our business. We continue to promote and attract talents from the local community or within the same state in which we operate. We are proud to contribute to the local economies by creating employment opportunities in the communities in which we operate, with a large proportion of our office staff coming from local communities.

SHC Employees Diversity by Gender



SHC employs 40 staffs in its palm oil plantations. Most of the workers fall within the age range of 20 to 39 representing more than 50% of the total workforce.



SUSTAINABILITY STATEMENT (CONT'D)

SOCIAL (CONT'D)

Fair Employment Practices (Cont'd)

c. Adherence to Minimum Wage

We observe the Minimum Wages Order 2012 and its subsequent amendments as and when announced by the government.

PERCENTAGE OF WORKERS ON MINIMUM WAGES

	Male	Female
Malaysian Workers	100%	100%
Foreign Workers	100%	100%

d. Prohibition of Harassment

We are committed to providing a work environment that is conducive, safe and free of any form of harassment and unlawful discrimination. The group views any form of harassment as a serious violation of our rules and regulations and work values. To prevent discrimination, we maintain a strong policy against harassment through a grievance reporting procedure available to all. We ensure that all employees are aware of this.

During the reporting period, there were no recorded instances of discrimination or harassment. Any employee found guilty of such misconduct will be subject to disciplinary actions that may include dismissal.

e. Prevention of Child Labour

We observe the Children and Young Persons (Employment) (Amendment) Act 2010.

We employ only those 18 years and above in our recruitment exercise. This is in line with the policies of the International Labour Organization.

f. Employees' Benefits and Compensation

We value the contributions of our diverse employees and continuously attract new talents to join us by providing a supportive working environment as well as career development opportunities. We provide an integrated welfare system and treat all employees equally on all our sites.

The Group complies with the various local statutory requirements and regulations on wages and benefits such as minimum wages order, employees provident fund ("EPF") and SOCSO.

Other employee welfare bonuses include travel allowances, subsidies for hospitalisation and surgical insurance coverage, group personnel accident insurance, uniform and personal protective appliances, application of residence permits for current employees, staff compensation leave, festive gifts and events. This is to express our group's commitment to providing an optimal work-life balance and improving the personal effectiveness of our employees.

g. Training and Development

In building a strong and capable workforce, we are committed to providing an environment for our employees to enhance their skills and knowledge within the industry. This will benefit the personal growth and development of employees and the sustainability of the business operations of SHC.

In the oil palm plantations segment, continuous on-the-job training is carried out by senior management. Where possible, staff are encouraged to attend training seminars and courses to improve their personal development and skills.

SUSTAINABILITY STATEMENT (CONT'D)

SOCIAL (CONT'D)

Health and Safety Policy

The Group Safety guidelines under the Occupational Health and Safety Policy provide a safe and healthy environment for everyone who may be affected by our work operations. It is our objective to minimise the risk of injury and ill-health. For 2020, there have been zero fatalities in the Group's plantations.

Safety is a major pre-requisite in our operations and is an integral part of our business strategy. Employees at all levels are required to comply with all legal requirements and other applicable requirements applicable to our work practices. We constantly engage with our employees to make sure they understand the consequences of failing to understand. We will continue to maintain our safety risks as low as practicably possible and strive for continual improvement in safety performance.

In ensuring the safety of our employees, the company's internal auditor audits the Occupational Health and Safety Policy semi-annually. Based on the Occupational Health and Safety Guidelines, the Group has established a Safety Committee in the year 2019 ensuring the safety protocols are executed as mandated by the Malaysian Sustainable Palm Oil (MSPO) Certification.

SUSTAINABILITY STATEMENT (CONT'D)

SOCIAL (CONT'D)

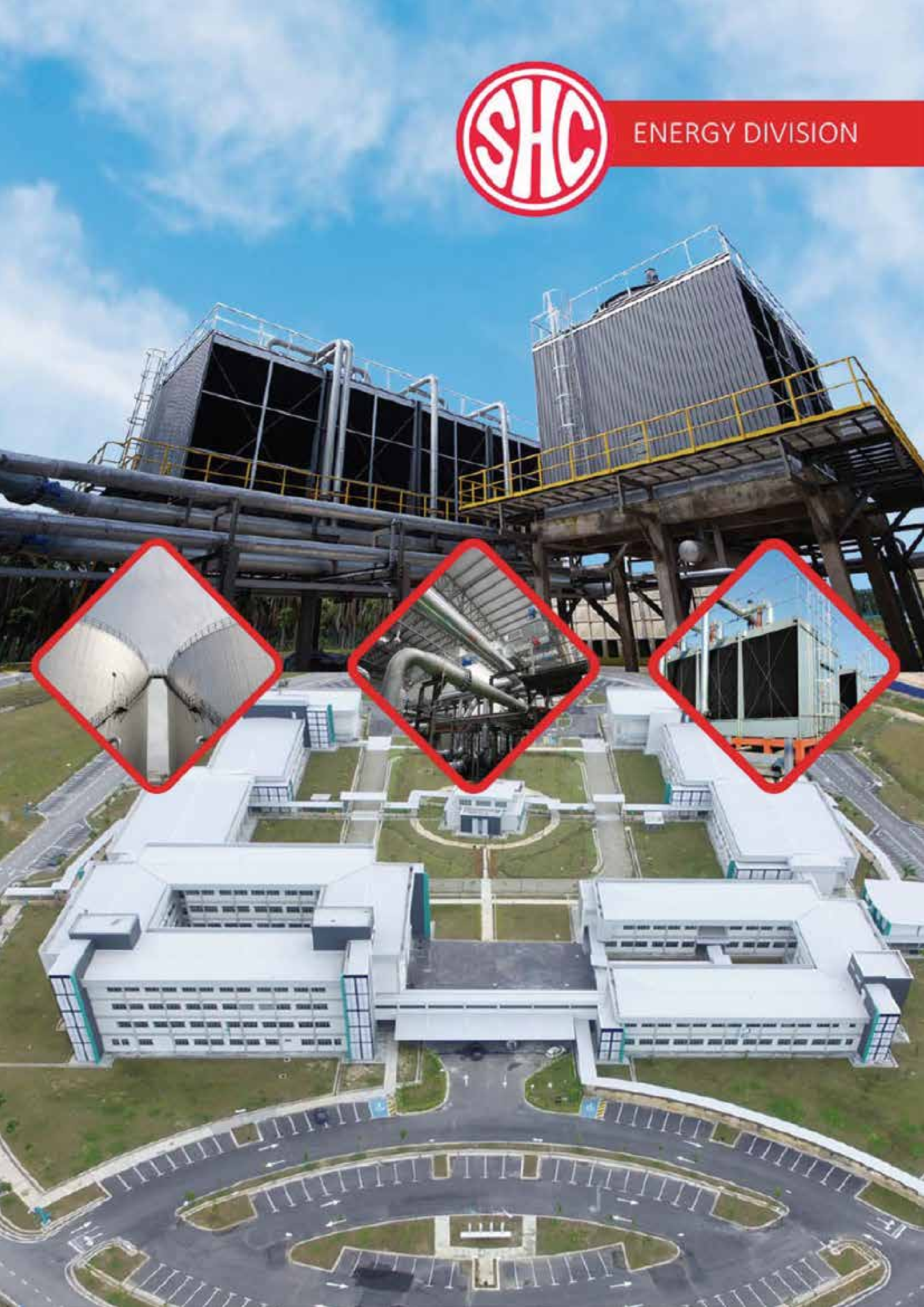
Work-Related Injuries and Ill-Health

During the financial reporting year, the Group has a total of zero incidences of work-related injuries.

Based on internal reporting, the Group reported a total number of 57 medical leave days taken during the financial reporting period, contributing to a total productivity loss of 57 days.

Safety Committee

The Safety Committee is responsible for ensuring that information about OSH risks, trends and policies are properly communicated across the business operations of the Group. Meetings of the Working Committee for Safety are held monthly with members of the Safety Committee derived from across the entire Group.


ENERGY DIVISION

ADDITIONAL COMPLIANCE STATEMENT

1. **UTILISATION OF PROCEEDS**

   a. **Private Placement**

   UOB Kay Hian Securities (M) Sdn Bhd, an investment bank, was appointed for the Private Placement exercise. The Company has 6 months from the date of Bursa Malaysia Securities Berhad's ("Bursa Malaysia") approval on 27 February 2020 to implement the Proposed Private Placement of up to 13,186,678 Shares (up to 10% of the total number of issued shares of the Company). Further on 11 August 2020, the Company submitted an application to Bursa Malaysia to seek its approval for an extension of time of 6 months up to 26 February 2021 to complete the implementation of the Private Placement.

   On 24 August 2020, Bursa Malaysia has resolved to grant the Company an extension of time up to 26 February 2021 to complete the implementation of the Private Placement.

   Subsequently, on 8 February 2021, the Company submitted an application to Bursa Malaysia to seek approval for a further extension of time of 6 months up to 26 August 2021 to complete the implementation of the Private Placement.

   On 17 February 2021, Bursa Malaysia resolved to grant the Company a further extension of time of 6 months until 26 August 2021 to complete the implementation of the Private Placement.

   The Private Placement is still pending of completion.

   b. **Proposed acquisition of the entire equity interest in Tunas Selatan Pagoh Sdn Bhd, a wholly-owned subsidiary of Tunas Selatan Construction Sdn Bhd ("Proposed Acquisition")**

   UOB Kay Hian Securities (M) Sdn Bhd, an investment bank, was appointed for the Proposed Acquisition exercise. On 7 August 2020, the Company entered into a Heads of Agreement ("HOA") with Tunas Selatan Construction Sdn Bhd ("TSC"), to explore and pursue a potential acquisition of the entire equity interest in Tunas Selatan Pagoh Sdn Bhd ("TSP"), a wholly-owned subsidiary of TSC, for a purchase consideration to be determined at a later date which will be satisfied via a combination of cash and issuance of ordinary shares of the Company at RM0.330.

   On 4 September 2020, the Company and TSC had mutually agreed to extend the exclusivity period in the HOA for a further 1 month ending 6 October 2020 ("Extension"). The Extension was made in order to grant the parties an additional time to negotiate on the terms and conditions of the definitive agreement(s) for the Proposed Acquisition to be entered into.

   On 30 September 2020, the Company entered into a conditional share sale agreement with TSC for the proposed acquisition by the Company of 4,000,002 ordinary shares in TSP, representing the entire equity interest in TSP, from TSC for a purchase consideration of RM145,900,000 to be satisfied via a combination of cash consideration of RM70,000,000, issuance and allotment of 110,000,000 new ordinary shares in the Company ("Consideration Shares") at an issue price of RM0.33 per consideration share and issuance and allotment of 120,000,000 new irredeemable convertible preference shares ("ICPS") at an issue price of RM0.33 per consideration ICPS

   On 6 November 2020, the listing application in relation to the Proposals has been submitted to Bursa Malaysia.

   On 9 December 2020, the Company announced that Bursa Malaysia had vide its letter dated 8 December 2020, resolved to approve the listing and quotation for the Consideration Shares and ICPS to be issued pursuant to the Proposed Acquisition subject to several conditions.

   On 22 March 2021, the Company announced that an Extraordinary General Meeting ("EGM") will be held on fully virtual and entirely via remote participation and voting at Broadcast venue at Board Room of SHC, Level 3, Wisma E&C, No. 2, Lorong Dungun Kiri, Damansara Heights, 50490 Kuala Lumpur on Friday, 16 April 2021 at 2.00 p.m.

   On 23 March 2021, the Company submitted the Circular to shareholders in relation to I. Proposed Acquisition; II. Proposed Amendment; and III. Proposed Exemption to Bursa Malaysia.

ADDITIONAL COMPLIANCE STATEMENT (CONT'D)

1. **UTILISATION OF PROCEEDS (CONT'D)**

b. **<u>Proposed acquisition of the entire equity interest in Tunas Selatan Pagoh Sdn Bhd, a wholly-owned subsidiary of Tunas Selatan Construction Sdn Bhd ("Proposed Acquisition") (Cont'd)</u>**

On 30 March 2021, the Company entered into a supplemental letter with TSC to extend the cut-off date to fulfil the conditions precedent of the SSA to 30 June 2021.

On 16 April 2021, the Company announced that at the EGM, all the resolutions as set out in the Notice of the EGM dated 23 March 2021 were duly passed and carried.

On 28 April 2021, the Company announced that all the conditions precedent set out in the SSA have been fulfilled. Hence, the SSA has become unconditional.

On 5 May 2021, the Company has allotted 110,000,000 new ordinary shares at an issue price of RM0.33 each and 120,000,000 non-listed Irredeemable Convertible Preference Shares ("ICPS") at an issue price of RM0.33 each.

Subsequently, the issued shares of the Company be hereby increased from:-

(i) 131,866,787 ordinary shares to 241,866,787 ordinary shares; and
(ii) 120,000,000 non-listed ICPS

On 7 May 2021, the Company announced that the Consideration Shares of 110,000,000 issued pursuant to the Acquisition were listed and quoted on the Main Market of Bursa at an issue price of RM0.33 each.

On 21 May 2021, the Company announced that the acquisition of the entire equity Interest in TSP was completed.

c. **<u>Issuance of Islamic Medium Term Note Programme ("IMTN") under the Shariah Principle of Wakalah Bi Al-Istithmar and Murabahah of up to RM200.0 million in nominal value by SHC Capital Sdn Bhd, an indirect wholly-owned subsidiary</u>**

On 23 December 2020, the Company announced that SHC Capital Sdn Bhd, an indirect wholly-owned subsidiary of the Company, has successfully issued Islamic medium term notes of RM80.0 million in nominal value ("Sukuk"), under an IMTN of RM200.0 million in nominal value ("Sukuk Programme")

d. **<u>Issuance of Unrated Islamic Medium Term Note ("Sukuk Wakalah") Programme of RM60.0 million in nominal value ("Sukuk Wakalah Programme") under the Shariah principle of Wakalah Bi Al-Istithmar</u>**

On 20 May 2021, the Company announced that it has successfully issued an Unrated Islamic Medium Term Note ("Sukuk Wakalah") Programme of RM60.0 million in nominal value ("Sukuk Wakalah Programme") under the Shariah principle of Wakalah Bi Al-Istithmar.

2. **MATERIAL CONTRACTS AND CONTRACTS RELATING TO LOANS**

There were no contracts relating to loan and material contracts of the Company and its subsidiaries involving the Directors and major shareholders interests during the financial year or since the end of the previous financial year.

ADDITIONAL COMPLIANCE STATEMENT (CONT'D)

3. AUDIT AND NON-AUDIT SERVICES

Details of statutory audit, audit-related and non-audit fees paid/payable in the financial year ended 31 December 2020 to the external auditors are set out below:

	Group RM	Company RM
Audit Fees	97,000.00	45,000.00
Non-audit Fees	35,000.00	35,000.00
Total	**132,000.00**	**80,000.00**

4. RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE AND TRADING NATURE ("RRPT")

(i) The Group has shareholders' mandate on RRPT at the last Annual General Meeting held in 26 June 2020. All RRPT under the financial year review is within the mandate threshold.

(ii) The Group will seek for Shareholders' renewal mandate on the RRPT at the forthcoming Annual General Meeting to be held on 21 June 2021.

FINANCIAL STATEMENTS

DIRECTORS' REPORT

The Directors hereby submit their report together with audited financial statements of the Group and the Company for the financial year ended 31 December 2020.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding activities. There have been no significant changes in nature of these activities during the financial year.

The principal activities of the subsidiaries are set out in Note 14 to the financial statements.

FINANCIAL RESULTS

	Group RM	Company RM
Net profit for the financial year	4,211,426	176,116

In the opinion of the Board of Directors, the results of the operations of the Group and the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature, other than the change in accounting framework as disclosed in Note 2.1 to the financial statements.

RESERVES AND PROVISIONS

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

DIVIDENDS

No dividend has been paid or declared by the Company since the end of the previous financial year. The Directors do not recommend any dividend in respect of the current financial year.

DIRECTORS

The Directors who served during the financial year up to the date of this report are:

Dato' Choo Keng Weng*
YBM Tunku Mahmood bin Tunku Mohammed D.K. PSI
Thomas Tuan Kit Kwong
Mak Hon Weng
Choo Kin Choong* *(Appointed on 01.03.2020)*
(Alternate Director to Dato' Choo Keng Weng)
YBM Tunku Azlan bin Tunku Aziz *(Appointed on 07.05.2021)*

** Directors of the Company and certain subsidiaries*

Other than as stated above, the names of the Directors or the subsidiaries of the Company in office during the financial year up to the date of this report are:

Sy Choon Yen
Ghazali bin Ismail
Dato' Dr Abu Talib bin Bachik
Chu Siew Fei
Freddie Yong
Hedzir bin Aminudin
Captain Panirchellvum A/L Velaitham
Tan Sri Dato' Sri Haji Esa bin Haji Mohamed
Dato' Haji Mohd Salleh bin Yeop Abdul Rahman

DIRECTORS' REPORT (CONT'D)

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of fees and emoluments received or due and receivable by the Directors from the Company and its related corporations, or the fixed salary of a full time employee of the Company and its related corporations as disclosed in Note 7(b) to the financial statements) by reason of a contract made by the Company or its related corporations with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, except as disclosed in Note 28(i) to the financial statements.

Neither at the end of the financial year, nor at any time during that financial year, did there subsist any arrangement to which the Company was a party, being arrangements with the object of enabling Directors of the Company to acquire benefits by means of the acquisitions of shares in, or debentures of the Company or any other body corporate.

DIRECTORS' INTEREST IN SHARES

According to the Register of Directors' Shareholdings required to be kept under Section 59 of the Companies Act 2016, the interests and deemed interests of Directors in office at the end of the financial year in the shares of the Company and of its related corporations during the financial year are as follows:

	Number of ordinary shares			
	At 01.01.2020	**Bought**	**Sold**	**At 31.12.2020**
Interest in the Company:				
Direct interest				
Dato' Choo Keng Weng	23,264,293 *	-	-	23,264,293
Deemed interest				
Dato' Choo Keng Weng	15,325,000 #	-	-	15,325,000
Choo Kin Choong *(Appointed on 01.03.2020)*	-	-	-	38,589,293 **

* *Includes shares held by nominees*

\# *Deemed interested by virtue of his substantial shareholdings in Macronet Sdn. Bhd., and Goldquest Properties Pty Limited*

** *Deemed interested by virtue of shares held through Dato' Choo Keng Weng, Macronet Sdn. Bhd., and Goldquest Properties Pty Limited.*

Other than the above, none of the other Directors in office at the end of the financial year has any interest in shares of the Company and of its related corporations during the financial year.

DIRECTORS' REMUNERATION

Details of Directors' remuneration are disclosed in Note 7(b) to the financial statements.

ISSUE OF SHARES AND DEBENTURES

There was no issuance of shares and debentures during the financial year.

Private Placement of Up To 10% of the Total Number of Issued Shares of SHC

On 27 February 2020, Bursa Malaysia Securities Berhad ("Bursa") has approved the Proposed Private Placement of up to 13,186,678 shares (up to 10% of the total number of issued shares of the Company). UOB Kay Hian Securities (M) Sdn Bhd was appointed as the investment bank for the Proposed Private Placement. The Private Placement is still pending completion and the approval will expire on 26 August 2021.

DIRECTORS' REPORT (CONT'D)

SHARE OPTION SCHEME

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

OTHER STATUTORY INFORMATION

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

(i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that there are no known bad debts and that adequate allowances had been made for doubtful debts; and

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

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

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

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

(iii) not otherwise dealt with in the report or the financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading; and

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

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

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

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

In the opinion of the Directors:

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

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

COMPANY'S SHAREHOLDING

The details of the Company's shareholding in its subsidiaries are disclosed in Notes 14 to the financial statements.

DIRECTORS' REPORT (CONT'D)

INDEMNIFYING DIRECTORS, OFFICERS OR AUDITORS

There was no indemnity given to or liability insurance effected for any Director or officer of the Group or the Company during the financial year.

SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Acquisition of the entire equity Interest in Tunas Selatan Pagoh Sdn Bhd, a wholly-owned subsidiary of Tunas Selatan Construction Sdn Bhd

On 7 August 2020, the Company entered into a Heads of Agreement ("HOA") with Tunas Selatan Construction Sdn Bhd ("TSC"), to explore and pursue a potential acquisition of the entire equity interest in Tunas Selatan Pagoh Sdn Bhd ("TSP"), a wholly-owned subsidiary of TSC, for a purchase consideration to be determined at a later date which will be satisfied via a combination of cash and issuance of ordinary shares of the Company at RM0.33.

On 4 September 2020, the Company and TSC had mutually agreed to extend the exclusivity period in the HOA for a further 1 month ending 6 October 2020 ("Extension"). The Extension was made in order to grant the parties an additional time to negotiate on the terms and conditions of the definitive agreement(s) for the Proposed Acquisition to be entered into.

On 30 September 2020, the Company entered into a conditional Share Sale Agreement ("SSA") with TSC for the proposed acquisition by the Company of 4,000,002 ordinary shares in TSP, representing the entire equity interest in TSP, from TSC for a purchase consideration of RM145,900,000.

On 6 November 2020, the listing application in relation to the Proposals has been submitted to Bursa Malaysia Securities Berhad.

On 9 December 2020, the Company announced that Bursa Malaysia Securities Berhad had, vide its letter dated 8 December 2020, resolved to approve the listing and quotation for 110,000,000 Ordinary Shares ("Consideration Shares") and 120,000,000 new SHC Shares to be issued pursuant to the conversion of the Consideration Irredeemable Convertible Preference Shares ("ICPS"), to be issued pursuant to the Proposed Acquisition subject to several conditions.

On 30 March 2021, the Company entered into a supplemental letter with TSC to extend the cut-off date to fulfil the conditions precedent of the SSA to 30 June 2021.

On 16 April 2021, the Company announced that all the resolutions as set out in the Notice of the Extraordinary General Meeting dated 23 March 2021 were duly passed and carried.

On 28 April 2021, the Company announced that all the conditions precedent set out in the SSA have been fulfilled. Hence, the SSA has become unconditional.

On 5 May 2021, the Company has allotted 110,000,000 new ordinary shares at an issue price of RM0.33 each and 120,000,000 non-listed Irredeemable Convertible Preference Shares ("ICPS") at an issue price of RM0.33 each.

Subsequently, the issued shares of the Company be hereby increased from:-

(i) 131,866,787 ordinary shares to 241,866,787 ordinary shares; and
(ii) 120,000,000 non-listed ICPS

On 7 May 2021, the Company announced that the Consideration Shares of 110,000,000 issued pursuant to the Acquisition were listed and quoted on the Main Market of Bursa at an issue price of RM0.33 each.

On 21 May 2021, the Company announced that the acquisition of the entire equity Interest in TSP was completed.

DIRECTORS' REPORT (CONT'D)

SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR (CONT'D)

Issuance of Unrated Islamic Medium Term Note ("Sukuk Wakalah") Programme of RM60.0 million in nominal value ("Sukuk Wakalah Programme") under the Shariah principle of Wakalah Bi Al-Istithmar

On 20 May 2021, the Company announced that it has successfully issued an Unrated Islamic Medium Term Note ("Sukuk Wakalah") Programme of RM60.0 million in nominal value ("Sukuk Wakalah Programme") under the Shariah principle of Wakalah Bi Al-Istithmar.

AUDITORS' REMUNERATION

Details of auditors' remuneration are disclosed in the Note 7 to the financial statements.

AUDITORS

The auditors, Al Jafree Salihin Kuzaimi PLT, have expressed their willingness to continue in office.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 24 May 2021.

Dato' Choo Keng Weng
Director

Thomas Tuan Kit Kwong
Director

Kuala Lumpur, Malaysia

24 May 2021

STATEMENT BY DIRECTORS

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

We, **DATO' CHOO KENG WENG** and **THOMAS TUAN KIT KWONG**, being two of the Directors of **SIN HENG CHAN (MALAYA) BERHAD**, do hereby state that, in the opinion of the Directors, the accompanying financial statements are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and requirements of the Companies Act 2016 so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2020 and of the financial performance and the cash flows of the Group and of the Company for the financial year then ended.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 24 May 2021.

Dato' Choo Keng Weng
Director

Thomas Tuan Kit Kwong
Director

Kuala Lumpur, Malaysia
24 May 2021

STATUTORY DECLARATION

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

I, **LOH YUEN MEI** (MIA Membership No.: 32447) being the officer primarily responsible for the financial management of **SIN HENG CHAN (MALAYA) BERHAD**, do solemnly and sincerely declare that the accompanying financial statements are in my opinion, correct and make I this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared)
by the abovenamed at ***Kuala Lumpur***)
in the state of ***Federal Territory***)
on 24 May 2021)

Loh Yuen Mei

Before me,

Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF SIN HENG CHAN (MALAYA) BERHAD

OPINION

We have audited the financial statements of SIN HENG CHAN (MALAYA) BERHAD, which comprise the statements of financial position as at 31 December 2020, and the statements of comprehensive income, statements of changes in equity and statements of cash flows the Group and 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 74 to 137.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2020, and of its financial performance and its cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

BASIS FOR OPINION

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

INDEPENDENCE AND OTHER ETHICAL RESPONSIBILITIES

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("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 statement of the current year. These matters were addressed in the context of our audit of the financial statement as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITORS' REPORT (CONT'D)
TO THE MEMBERS OF SIN HENG CHAN (MALAYA) BERHAD

KEY AUDIT MATTERS (CONT'D)

Key Audit Matters	How our audit addressed the key audit matters
Recognition and measurement of borrowing During the current financial year, the Group issued Sukuk Wakalah ("Sukuk") with a nominal amount of RM80,000,000. The purpose of issuance of the Sukuk is to finance investment activities, capital expenditure, working capital requirement and other general corporate purposes, which include repayment of any financing activities, borrowings and advances. The Group recognised RM7,921,720 as transaction costs which directly attributed to the issuance of Sukuk. The period of repayment is 18 years commencing from December 2020 until June 2037 with effective interest rate of 6.38%. Pursuant to MFRS 9, Financial Instruments, at initial recognition, an entity shall recognise transaction costs that are directly attributable to the acquisition or issuance of the financial assets or liabilities except of financial liability at fair value through profit or loss. Furthermore, MFRS 9 also require the entity to recalculates the gross carrying amount of the amortised cost of a financial liability and revise the effective interest rate if there is a change of contractual cash flows in future. There is a risk of misstatement in the following measurement of the borrowing that involved: (1) Directly attributable cost (2) Computation of effective interest rate Refer to the disclosure of the borrowing in Notes 22 to the financial statements.	We have performed the following in ensuring the recognition and measurement of borrowing are accordance to MFRS 9, Financial Instruments: • We have reviewed the agreements and other supporting documents on the issuance of Sukuk, • We have reviewed and recomputed the computation of the effective interest rate. • We have reviewed the initial recognition of Sukuk in accordance to MFRS 9. • We have sent the confirmation to the banks. • We have reviewed the Sukuk covenant and the compliance to the covenant. • We have reviewed the completeness of disclosure.

INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITORS' REPORT THEREON

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

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

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

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

INDEPENDENT AUDITORS' REPORT (CONT'D)
TO THE MEMBERS OF SIN HENG CHAN (MALAYA) BERHAD

RESPONSIBILITIES OF THE DIRECTORS FOR THE FINANCIAL STATEMENTS

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

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the Group's and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group and 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 Group's and of the Company's internal control.

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

- 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 represent the underlying transactions and events in a manner that achieves fair presentation.

- 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.

INDEPENDENT AUDITORS' REPORT (CONT'D)
TO THE MEMBERS OF SIN HENG CHAN (MALAYA) BERHAD

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we also report that:

(a) in our opinion, the accounting and other records and the registers required by the Act to be kept by the Group and the Company have been properly kept in accordance with the provisions of the Act.

(b) We are satisfied that the accounts of the subsidiary company that have been consolidated with the financial statements of the Group, and we have received satisfactory information and explanations as required by us for those purpose; and

(c) The auditors' report on the account of the subsidiary company were not subject to any qualification and did not include any adverse commend made under Sub-section (3) of Section 266 of the Act.

OTHER MATTERS

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

AL JAFREE SALIHIN KUZAIMI PLT
(AF 1522)
CHARTERED ACCOUNTANTS

AHMAD ALJAFREE BIN MOHD RAZALLI
NO. 01768/05/2021 J
CHARTERED ACCOUNTANT

Dated: 24 May 2021

Selangor, Malaysia

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

		Group		Company	
	Note	2020 RM	2019 RM	2020 RM	2019 RM
Revenue	4	37,155,549	30,482,331	-	-
Cost of sales		(26,086,089)	(27,118,288)	-	-
Gross profit		11,069,460	3,364,043	-	-
Other operating income		4,648,364	13,052,457	2,888,463	14,109,170
Distribution costs		(1,473,267)	(1,413,486)	-	-
Administrative expenses		(4,129,728)	(4,392,200)	(2,282,207)	(2,877,593)
Other operating expenses		(1,614,829)	(2,174,043)	(672,834)	(1,817,652)
Profit/(Loss) from operations		8,500,000	8,436,771	(66,578)	9,413,925
Finance costs	6	(4,415,320)	(5,698,518)	(12,406)	(21,879)
Share of results of an associate		-	(98,429)	-	-
Profit/(Loss) before tax	7	4,084,680	2,639,824	(78,984)	9,392,046
Tax credit	8	126,746	415,204	255,100	111,048
Net profit for the financial year		4,211,426	3,055,028	176,116	9,503,094
Minority interest		-	-	-	-
Basic and diluted profit per ordinary share (sen)		3.19	2.32	-	-

The notes to the financial statements form an integral part of the financial statements.

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	Note	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
Non-current assets					
Property, plant and equipment	10	94,258,175	95,909,020	675,035	1,042,444
Investment properties	11	365,390	374,301	365,390	374,301
Intangible assets	12	23,442,988	24,042,988	-	-
Concession financial assets	13	50,270,419	52,197,018	-	-
Investment in subsidiaries	14	-	-	72,989,015	72,989,015
		168,336,972	172,523,327	74,029,440	74,405,760
Current assets					
Concession financial assets	13	1,926,598	1,812,957	-	-
Inventories	15	1,572,533	1,775,926	-	-
Biological assets	16	907,176	769,099	-	-
Trade receivables	17	4,835,232	7,996,293	-	-
Other receivables, deposits and prepayments	18	3,757,665	1,733,138	1,982,926	201,920
Amount owing by subsidiaries	19	-	-	28,569,264	32,072,343
Tax recoverable		-	1,200	-	-
Fixed deposits, cash and bank balances	20	21,855,924	4,419,641	4,314,678	2,539,660
		34,855,128	18,508,254	34,866,868	34,813,923
Total assets		203,192,100	191,031,581	108,896,308	109,219,683
Equity					
Share capital	21	123,991,787	123,991,787	123,991,787	123,991,787
Accumulated losses		(38,333,617)	(42,545,043)	(17,665,174)	(17,841,290)
		85,658,170	81,446,744	106,326,613	106,150,497

The notes to the financial statements form an integral part of the financial statements.

STATEMENTS OF FINANCIAL POSITION (CONT'D)
AS AT 31 DECEMBER 2020

	Note	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
Non-current liabilities					
Other payables	26	6,300	244,882	-	112,445
Borrowings	22	91,551,436	57,806,066	-	-
Finance lease liabilities	23	1,247,640	617,889	208,947	305,202
Deferred tax liabilities	24	7,231,396	7,136,086	-	-
		100,036,772	65,804,923	208,947	417,647
Current liabilities					
Trade payables	25	3,112,908	5,921,328	-	-
Other payables	26	9,413,744	13,840,236	2,249,417	2,544,655
Borrowings	22	4,464,302	21,485,919	-	-
Finance lease liabilities	23	481,261	363,411	111,331	106,884
Amount owing to related party	19	-	2,169,020	-	-
Income tax payable		24,943	-	-	-
		17,497,158	43,779,914	2,360,748	2,651,539
Total liabilities		117,533,930	109,584,837	2,569,695	3,069,186
Total equity and liabilities		203,192,100	191,031,581	108,896,308	109,219,683

The notes to the financial statements form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Share capital RM	Accumulated losses RM	Total RM
Group			
31 December 2020			
At 1 January 2020	123,991,787	(42,545,043)	81,446,744
Net profit for the financial year	-	4,211,426	4,211,426
At 31 December 2020	123,991,787	(38,333,617)	85,658,170
31 December 2019			
At 1 January 2019	123,991,787	(45,600,071)	78,391,716
Net profit for the financial year	-	3,055,028	3,055,028
At 31 December 2019	123,991,787	(42,545,043)	(81,446,744)
Company			
31 December 2020			
At 1 January 2020	123,991,787	(17,841,290)	106,150,497
Net profit for the financial year	-	176,116	176,116
At 31 December 2020	123,991,787	(17,665,174)	106,326,613
31 December 2019			
At 1 January 2019	123,991,787	(27,344,384)	96,647,403
Net profit for the financial year	-	9,503,094	9,503,094
At 31 December 2019	123,991,787	(17,841,290)	106,150,497

The notes to the financial statements form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit/(Loss) before tax	4,084,680	2,639,824	(78,984)	9,392,046
Adjustment for:				
Allowance for impairment loss	-	-	31,538	535,469
Amortisation of intangible assets	600,000	600,000	-	-
Amortisation of investment properties	8,911	40,026	8,911	40,026
Depreciation of property, plant and equipment	5,494,857	5,234,823	395,247	377,992
Written off of plantation development expenditure	8,897	-	-	-
Discount received	(500,000)	-	-	-
Fair value gain on biological assets	(138,077)	(283,549)	-	-
Finance costs	4,415,320	5,698,518	12,406	21,879
Financial income from concession financial asset	(3,385,508)	(3,492,446)	-	-
Share of result of an associate	-	98,429	-	-
Gain on disposal of property, plant and equipment	(69,155)	(123,338)	(2,813)	(68,339)
Gain on disposal of investment in associate	-	(132,215)	-	(2,475,000)
Gain on disposal of investment properties	-	(8,133,397)	-	(8,133,397)
Interest income	(170,634)	(160,493)	(423,667)	(532,298)
Operating (loss)/profit before changes in working capital	10,349,291	1,986,182	(57,362)	(841,622)
Changes in working capital:				
Inventories	203,393	(614,993)	-	-
Trade receivables	3,161,061	(3,024,513)	-	-
Other receivables, deposits and prepayments	(2,024,527)	2,131,271	(1,781,006)	238,781
Concession financial assets	5,198,465	5,198,465	-	-
Trade payables	(2,808,420)	1,085,513	-	-
Other payables and accruals	(4,165,071)	(4,684,796)	(407,684)	(3,379,711)
Cash generated from/(used in) operations	9,914,192	2,077,129	(2,246,052)	(3,982,552)
Income tax refunded	248,198	102,648	255,100	111,048
Net cash generated from/ (used in) operating activities	10,162,390	2,179,777	(1,990,952)	(3,871,504)

The notes to the financial statements form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from disposal of investment properties	-	17,638,312	-	17,638,312
Proceeds from disposal of investment in associate	-	10,500,000	-	10,500,000
Repayment from/ (advance to) subsidiaries	-	-	3,471,541	(14,971,829)
Repayment from related parties	-	258,513	-	-
Interest received	170,634	160,493	423,667	60,931
Purchase of property, plant and equipment	(3,874,016)	(3,063,848)	(29,425)	(302,700)
Proceeds from disposal of property plant and equipment	90,262	244,566	4,400	189,566
Addition of investment in subsidiaries	-	-	-	(7,000,000)
Net cash (used in)/generated from investing activities	(3,613,120)	25,738,036	3,870,183	6,114,280
CASH FLOWS FROM FINANCING ACTIVITIES				
(Repayment to)/advances from related party	(2,169,020)	500,000	-	-
Interest paid	(4,415,320)	(5,698,518)	(12,406)	(21,879)
Drawdown of borrowings	72,078,280	3,000,000	-	-
Repayment of borrowings	(42,333,657)	(11,758,504)	-	-
Proceed/(repayment) of lease liabilities	747,601	(76,776)	(91,807)	(101,649)
Net cash generated from/(used in) financing activities	23,907,884	(14,033,798)	(104,213)	(123,528)

The notes to the financial statements form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
NET INCREASE IN CASH AND CASH EQUIVALENTS	30,457,154	13,884,015	1,775,018	2,119,248
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	(8,675,670)	(22,559,685)	2,539,660	420,412
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	21,781,484	(8,675,670)	4,314,678	2,539,660
Cash and cash equivalents at end of year comprised:				
Fixed deposits with licensed	17,374,751	1,500,000	4,270,476	1,500,000
Cash and bank balances	4,481,173	2,919,641	44,202	1,039,660
Fixed deposits, cash and bank balances	21,855,924	4,419,641	4,314,678	2,539,660
Less: Bank overdraft	(74,440)	(13,095,311)	-	-
Cash and cash equivalents	21,781,484	(8,675,670)	4,314,678	2,539,660

The notes to the financial statements form an integral part of the financial statements.

NOTES TO THE FINANCIAL STAEMENT
31 DECEMBER 2020

1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad. The Company is principally an investment holding company. There have been no significant changes in nature of these activities during the financial year.

The principal activities of the subsidiaries are disclosed in Notes 14 to the financial statements.

The registered office of the Company is located at Suite 2.02, Level 2, Wisma E & C, No. 2, Lorong Dungun Kiri, Damansara Heights, 50490 Wilayah Persekutuan, Kuala Lumpur.

The principal place of business of the Company is located at Level 3, Wisma E & C, No. 2, Lorong Dungun Kiri, Damansara Heights, 50490 Wilayah Persekutuan, Kuala Lumpur.

The financial statements were authorised for issue by the Board of Directors, in accordance with a resolution of the Directors, on 24 May 2021.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

The financial statements of Group and the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act, 2016 in Malaysia. The financial statements have been prepared under the historical cost convention except otherwise stated in Note 2 to the financial statements.

The preparation of financial statements in conformity with MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. It also requires Directors to exercise their judgment in the process of applying the Group and Company's accounting policies. Although these estimates and judgment are based on the Directors' best knowledge of current events and actions, actual results may differ. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

(a) Standards, amendments to published standards and interpretations that are effective and adopted during the financial year

- The Conceptual Framework for the Financial Reporting (Revised 2018)
- Amendments to MFRS 3, "Definition of Business"
- Amendments to MFRS 9, MFRS 139 and MFRS 7 "Interest Rate Benchmark Reform"
- Amendments to MFRS 101 and MFRS 108 "Definition of Material"

(b) Standards and amendments that have been issued but not yet effective

Effective for financial year beginning on or after 1 January 2021

- Amendments to MFRS 9, MFRS 139, and MFRS 7 "Interest Rate Benchmark Reform – Phase 2"
- Amendments to MFRS 16, "Interest Rate Benchmark Reform – Phase 2"

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
31 DECEMBER 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.1 Basis of Preparation (Cont'd)

(b) Standards and amendments that have been issued but not yet effective (Cont'd)

Effective for financial year beginning on or after 1 January 2022

- Amendments to MFRS 3, "Reference to Conceptual Framework"
- Amendments to MFRS 116, "Proceeds Before Intended Use"
- Amendments to MFRS 137, "Onerous Contracts – Cost of Fulfilling a Contract"
- Amendments to MFRS 9, "Fees in the 10% Test for Derecognition of Financial Liabilities"

Effective for financial year beginning on or after 1 January 2023

- Amendments to MFRS 101, "Classification of Liabilities as Current or Non-Current"

The above procurements are either not relevant or do not have any impact on the financial statements of the Company.

2.2 Basis of Consolidation

The consolidated financial statements of the Group comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

The Company controls an investee if and only if the Company has all the following:

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

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

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

Subsidiaries are consolidated when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. All intra- group balances, income and expenses and unrealised gains and losses resulting from intragroup transactions are eliminated in full.

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
31 DECEMBER 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Basis of Consolidation (Cont'd)

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

When the Group loses control of a subsidiary, a gain or loss calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets and liabilities of the subsidiary and any non-controlling interest, is recognised in the profit or loss. The subsidiary's cumulative gain or loss which has been recognised in other comprehensive income and accumulated in equity are reclassified to the profit or loss or where applicable, transferred directly to retained earnings. The fair value of any investment retained in the former subsidiary at the date control is lost is regarded as the cost on initial recognition of the investment.

2.3 Business Combinations

Acquisitions of subsidiaries are accounted for using the acquisition method of accounting. Under the acquisition method, the identifiable assets acquired and liabilities assumed are measured at their fair values at the acquisition date.

Acquisition costs incurred are expensed and included in administrative expenses. The difference between these fair values and the fair value of the consideration (including the fair value of any pre-existing investment in the acquire) is goodwill or discount on acquisition. The accounting policy for goodwill is set out in Note 2.13.

If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

In business combinations achieved in stages, previously held equity interest in the acquiree is re-measured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

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

2.4 Subsidiaries

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses. Dividends received from subsidiaries are recorded as a component of revenue in the Company's separate income statement. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts are included in the profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
31 DECEMBER 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 Associates

An associate is an entity in which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. This is normally (though not necessarily) accomplished when the Group, directly or indirectly through subsidiaries, holds 20 per cent or more of the voting rights of the investee.

On acquisition of an associate, any excess of the cost of investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill and included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities of the investee over the cost of investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associate's profit or loss for the period in which the investment is acquired.

An associate is equity accounted for from the date on which the investee becomes an associate.

Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment individually.

The profit or loss reflects the Group's share of the results of the associate. Any change in other comprehensive income ("OCI") of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate. When the Group's share of losses exceeds its interest in associate, the Group does not recognise further losses except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associates.

Dividends received or receivable from an associate is recognised as a reduction in the carrying amount of the investment.

The aggregate of the Group's share of profit or loss of an associate is shown on the face of the profit or loss outside operating profit and represents the profit or loss after tax and non-controlling interests in the subsidiaries of the associate.

The financial statements of the associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value. Impairment loss is recognised in profit or loss.

In the Company's separate financial statements, investment in associate is stated at cost less impairment losses. On disposal of such investment, the difference between net disposal proceeds and the carrying amount is included in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
31 DECEMBER 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.6 Revenue from Contracts with Customers

Revenue from contracts with customers is recognised by reference to each distinct performance obligation promised in the contract with customer when or as the Group transfers control of the goods or services promised in a contract and the customer obtains control of the goods or services. Revenue from contracts with customers is measured at its transaction price, being the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, net of tax, returns, rebates and discounts. The transaction price is allocated to each distinct good or service promised in the contract. Depending on the terms of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time.

(i) Sale of Fresh Fruit Brunches ("FFB")

The Group's plantation produce revenue are derived from sales of FFB. Revenue from sale of FFB produce is recognised at the point in time when control of the goods is transferred to the customer.

There is no element of financing present as the Group's sale of plantation produce are on credit terms of up to 14 days.

(ii) Revenue from Concession Arrangement

Under the concession agreement, the Group is engaged to construct the facilities and infrastructure and supply chilled water, which are separate performance obligations.

The fair value of revenue, which is based on fixed price under the agreement has been allocated based on relative standalone selling price of the considerations for each of the separate performance obligations.

The Group recognises construction revenue over time as the project being constructed has no alternative use to the Group and the Group has an enforceable right to the payment for the performance completed to date.

Revenue from supply of chilled water is recognised when the chilled water supply is delivered to off-taker, based on the invoiced value of sale of chilled water supplied computed on a pre-determined formula. The revenue also includes an estimated value of the chilled water supplied from the date of their last meter reading at period end. Accrued unbilled revenues are reversed in the following month when actual billing occurs.

(iii) Dividend Income

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

(iv) Interest Income and Finance Income from Concession Arrangement

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Revenue related to finance income under a service concession arrangement represents the interest income on the long-term receivables recognised in respect of the service concession arrangements.

(v) Management Fee

Management fees are recognised at a point in time upon performances of services, calculated in accordance with terms stipulated in resident contracts.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
31 DECEMBER 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.7 Employee Benefits

(i) Short-term Employee Benefits

Wages, salaries and social security contributions are accrued and recognised as an expense in the financial period in which the associated services are rendered by employees of the Group.

Short-term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short-term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

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

(ii) Defined Contribution Plans

Defined contributions plans are post-employment benefits plans under which the Group pays fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. Such contributions are recognised as an expense in the profit or loss as incurred. As required by law, companies in Malaysia make such contributions to the Employees Provident Fund ("EPF").

2.8 Borrowing Costs

Borrowing costs consist of interest and other costs that the Group incurred in connection with the borrowing of funds. Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset.

Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditure and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale, and in the case of bearer plants, when the oil palms reach maturity.

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

2.9 Taxation

(i) Current Tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes is recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
31 DECEMBER 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.9 Taxation (Cont'd)

(ii) Deferred Tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

(a) where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

(b) in respect of taxable temporary differences associated with investment in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused lax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

(a) where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

(b) in respect of deductible temporary differences associated with investment in subsidiaries, associates and interest in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reserve in the foreseeable future and taxable profit will be available against which that temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
31 DECEMBER 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.10 Property, Plant and Equipment

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

Capital work-in-progress items are not available for use and thus not depreciated.

Oil palms are classified as bearer plants. Expenditure that are directly related to the planting and upkeep of oil palms are capitalised until the palms reach maturity. Upon maturity. maintenance and upkeep of oil palms are expensed to profit or loss. Depreciation for bearer plants commence when oil palms reach maturity.

All other property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Depreciation is calculated on a straight-line basis to write off the cost of the assets to their residual values. over the term of their estimated useful lives as follows:

Bearer plants – oil palm	30 years
Leasehold buildings	1.64% – 2%
Plant and machinery	20%
Planting infrastructure	30 years
Renovation, furniture, fixtures and equipment	10% – 50%
Motor vehicles	20%

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

The residual values, useful life and depreciation method are reviewed at each reporting date to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits arc expected from its use or disposal. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in profit or loss.

2.11 Prepaid Lease Payments

Prepaid lease rentals represent payments for right to use land over a predetermined period that is accounted for as an operating lease and is stated at cost less accumulated amortisation and accumulated impairment losses.

The prepaid lease rentals are amortised on a straight-line basis over the lease period of 61 years (2019: 61 years).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
31 DECEMBER 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.12 Investment Properties

Investment properties are land and building held for rental income and/or for capital appreciation which are not substantially occupied or intended to be occupied for use by, or in the operations of the Group.

Investment properties are stated at cost less accumulated depreciation and accumulated impairment losses. Freehold land are not depreciated. Other investment properties are depreciated on a straight-line basis to write down the cost of each asset to its residual values over its estimated useful life.

The principal annual depreciation rates are:

Leasehold land over the lease period ranging from 44 to 97 years.

The residual values and useful lives are reviewed, and adjusted if appropriate, annually. Investment properties are tested for impairment whenever indication of impairment exists, see Note 2.15 on impairment of non-financial assets.

2.13 Goodwill

Goodwill arising on the acquisition of a subsidiary represents the excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets. liabilities and contingent liabilities of the subsidiary recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

For the purpose of impairment testing. goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated arc tested for impairment annually, or more frequently when there is an indication that the unit may be impaired.

If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the gain or loss on disposal.

2.14 Service Concession Arrangements

A substantial portion of the Group's assets are used within the framework of concession contracts granted by a grantor.

In order to fall within the scope of concession arrangement a contract must satisfy the following two criteria:

- the grantor controls or regulates what services the operator must provide with the infrastructure, to whom it must provide them, and at what price; and

- the grantor controls the significant residual interest in the infrastructure at the end of the term of the arrangement.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
31 DECEMBER 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.14 Service Concession Arrangements (Cont'd)

Such infrastructure are not recognised in assets of the Group as plant and equipment but in financial assets ("financial asset model") and/or intangible assets ("intangible asset model") depending on the remuneration commitments given by the grantor.

(a) Concession Intangible Assets

Concession intangible assets comprising concession rights under intangible asset model, are stated as cost less accumulated amortisation and impairment losses, if any. Concession intangible assets acquired separately are measured on initial recognition cost, which is the fair value as at the date of acquisition.

The amortisation begins when the concession asset is completed and ready for it to be capable of operating in the manner intended by management. The management adopts the chilled water supplied volume-based amortisation policy during concession period, which is in line with the pattern in which the asset's economic benefits are consumed.

At end of each reporting period, the Group assesses whether there is any indication of impairment. If such indication exists, the carrying amount is assessed and written down immediately to its recoverable amount.

The concession intangible assets apply to service concession arrangements where the grant or has not provided a contractual guarantee in respect of the amount receivable for constructing and operating the asset. During construction or upgrade phase or upon acquisition, the Group records a concession intangible asset representing the right to charge users and recognised profits from the construction or upgrade or acquisition of the infrastructure.

(b) Concession Financial Assets

The financial asset model applies when the operator has an unconditional right to receive cash or another financial asset from the grantor.

In the case of concession services, the operator has such an unconditional right if the grantor contractually guarantees the payment of:

- amounts specified or determined in the contracts; or
- the shortfall, if any, between amounts received from users and amounts specified or determined in the contract.

Concession financial assets are recognised at amortised cost.

The portion falling due within less than one year is presented in 'Current concession financial assets'. while the portion falling due more than one year is presented in the non-current heading.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
31 DECEMBER 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.15 Impairment of Non-financial Assets

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

For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows from continuing use ("CGU"),

An asset's recoverable amount is the higher of its fair value less costs to sell and its value-in-use. Where the carrying amount of an asset or its related CGU exceeds its estimated recoverable amount, the asset is written down to its recoverable amount.

In assessing value-in-use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

Impairment losses are recognised in profit or loss in the period in which it arises. Impairment losses recognised in respect of CGU are allocated first to reduce the carrying amount of any goodwill allocated to the CGU and then to reduce the carrying amounts of the other assets in the CGU on a pro-rated basis.

An impairment loss in respect of goodwill is not reversed. In respect of assets other than goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. 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 previously. Such reversal is credited to profit or loss in the financial year in which the reversal is recognised.

2.16 Biological Assets

The biological assets of the Group comprise of the produce growing on oil palms. Biological assets are measured at fair value less cost to sell. Changes in fair value less cost to sell are recognised in profit or loss. Fair value is determined based on the present value of expected net cash flows to be generated from the sale of biological assets.

The management considered the oil content of the unripe biological assets and derived the assumption that the net cash flow to be generated from biological assets prior to more than 2 weeks to harvest to be negligible, therefore quantity of unripe biological assets on bearer plants of up to 2 weeks prior to harvest from the reporting date was used for valuation purpose.

2.17 Inventories

Inventories are stated at the lower of cost and net realisable value, cost being determined on the weighted average basis. Cost includes all incidentals incurred in bringing the inventories into store. Net realisable value represents the estimated selling price less all estimated costs.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
31 DECEMBER 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.18 Cash and Cash Equivalents

Cash and cash equivalents comprise cash and bank balances, deposits and other short term, high liquid investments with originally maturities of three months or less that are readily convertible to known amounts of cash and subject to an insignificant risk of changes in value, net of bank overdrafts and other restricted balances, if any.

2.19 Assets Classified as Held for Sale

Assets that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. Upon classification as held for sale, non-current assets or components of a disposal group are not depreciated and are measured at the lower or their carrying amount and fair value less cost to sell. Any differences are recognised in profit or loss.

2.20 Financial Assets

(a) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income ('OCI') or through profit or loss), and
- those to be measured at amortised cost

(b) Recognition and Derecognition

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

(c) Measurement

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

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

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. The Group reclassifies debt investments when and only when its business model for managing those assets changes.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
31 DECEMBER 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.20 Financial Assets (Cont'd)

(c) Measurement (Cont'd)

Debt instruments (Cont'd)

There are three measurement categories into which the Group classifies its debt instruments:

(i) Amortised Cost

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

(ii) Fair Value through Other Comprehensive Income ('FVOCI')

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

(iii) Fair Value through Profit or Loss ('FVTPL')

Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. The Group may also irrevocably designate financial assets at FVTPL if doing so significantly reduces or eliminates a mismatch created by assets and liabilities being measured on different bases. Fair value changes is recognised in profit or loss and presented net within other gains/(losses) on revaluation in the period which it arises.

Equity instruments

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

Changes in the fair value of financial assets at FVTPL are recognised in other gains/(losses) in change of fair value in the statement of comprehensive income or statement of profit or loss and statement of comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
31 DECEMBER 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.20 Financial Assets (Cont'd)

(d) Subsequent Measurement – Impairment

Impairment for debt instruments

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

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

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

The measurement of ECL reflects:

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

General 3-stage approach for receivables and amount due from intercompany

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

<u>Significant increase in credit risk</u>

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

The following indicators are incorporated:

- internal credit rating
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations
- actual or expected significant changes in the operating results of the debtor

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
31 DECEMBER 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.20 Financial Assets (Cont'd)

(d) Subsequent Measurement – Impairment (Cont'd)

Significant increase in credit risk (Cont'd)

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

Quantitative criteria:

The Group defines a financial instrument as default, when the counterparty fails to make contractual payment within 90 days of when they fall due.

Qualitative criteria:

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

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

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

Write-off

(i) Trade Receivables and Contract Assets

Trade receivables and contract assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period of greater than 90 days past due.

Impairment losses on trade receivables and contract assets are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

(ii) Other Receivables

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
31 DECEMBER 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.21 Offsetting Financial Instruments

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

2.22 Share Capital and Dividends

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

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity.

Dividends on ordinary shares are recognised in equity in the period in which they are declared.

2.23 Leases

Accounting by Lessee

Leases are recognised as right-of-use ('ROU') asset and a corresponding liability at the date on which the leased asset is available for use by the Group (i.e. the commencement date).

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of properties for which the Group is a lessee, it has elected the practical expedient provided in MFRS 16 not to separate lease and non-lease components. Both components are accounted for as a single lease component and payments for both components are included in the measurement of lease liability.

<u>Lease term</u>

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

The Group reassess the lease term upon the occurrence of a significant event or change in circumstances that is within the control of the Group and affects whether the Group is reasonably certain to exercise an option not previously included in the determination of lease term, or not to exercise an option previously included in the determination of lease term. A revision in lease term results in remeasurement of the lease liabilities. See accounting policy below on reassessment of lease liabilities.

<u>ROU assets</u>

ROU assets are initially measured at cost comprising the following:

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.23 Leases (Cont'd)

Accounting by Lessee (Cont'd)

ROU assets (Cont'd)

ROU assets that are not investment properties are subsequently measured at cost, less accumulated depreciation and impairment loss (if any). The ROU assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the ROU asset is depreciated over the underlying asset's useful life. In addition, the ROU assets are adjusted for certain remeasurement of the lease liabilities.

While the Group revalues land and building (presented as part of property, plant and equipment) that it owns, it has chosen not to revalue the ROU building held by the Group.

The Group applies the fair value model to ROU assets that meet the definition of investment property of MFRS 140 consistent with those investment property owned by the Group. Refer to accounting policy Note 2.12 on investment property.

The Group presents ROU assets that meet the definition of investment property in the statement of financial position as investment property. ROU assets that are not investment properties are presented as a separate line item in the statement of financial position.

Lease liabilities

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

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

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

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

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

Reassessment of lease liabilities

The Group is also exposed to potential future increases in variable lease payments that depend on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is remeasured and adjusted against the ROU assets.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
31 DECEMBER 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.23 Leases (Cont'd)

Accounting by Lessee (Cont'd)

Lease liabilities (Cont'd)

Short term leases and leases of low value assets

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

2.24 Provisions

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

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

2.25 Related Parties

A related party is a person or an entity that is related to the Group and the Company under the following conditions:

(i) A person or a close member of that person's family:

(a) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity;
(b) has control or joint control over the reporting entity; or
(c) has significant influence over the reporting entity.

(ii) Any one of the following conditions applies:

(a) the entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
(b) either entity is an associate or joint venture of the other entity (or of a member of a group of which the other entity is a member).
(c) both entities are joint ventures of a third entity.
(d) either entity is a joint venture of a third entity and the other entity is an associate of the third entity.
(e) the entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the plan.
(f) the entity is controlled or jointly controlled by a person identified in (i)
(g) a person identified in (i)(b) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
(h) the entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.25 Related Parties (Cont'd)

(iii) Directly, or indirectly through one or more intermediaries, the party:

(a) controls, is controlled by, or is under common control with, the Company (this includes parents, subsidiaries, fellow subsidiaries and fellow associates and joint ventures);
(b) has an interest in the entity that gives it significant influence over the entity; or
(c) has joint control over the entity.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any Director (whether executive or otherwise) of that entity.

Close members of the family of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with entity and include:

(i) that person's children and spouse or domestic partner;
(ii) children of that person's spouse or domestic partner; and
(iii) dependents of that person or that person's spouse or domestic partner.

2.26 Current Versus Non-current Classification

Assets and liabilities in statement of financial position are presented based on current/non-current classification. An asset is current when it is:

(i) Expected to be realised or intended to sold or consumed in normal operating cycle;
(ii) Held primarily for the purpose of trading;
(iii) Expected to be realised within twelve months after the reporting period; or
(iv) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

(i) It is expected to be settled in normal operating cycle;
(ii) It is held primarily for the purpose of trading;
(iii) It is due to be settled within twelve months after the reporting period; or
(iv) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
31 DECEMBER 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.27 Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The 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 values are categorised into different level 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 1 level that are observable for the asset or liability, either directly or indirectly.
Level 3: unobservable inputs for the asset or liability.

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

2.28 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker ("CODM"). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that make strategic decisions.

3. CRITICAL JUDGEMENTS AND ESTIMATION UNCERTAINTY

3.1 Critical judgements made in applying accounting policies

The following are judgements made by the management in the process of applying the accounting policies of the Group that have the most significant effect on the amounts recognised in the financial statements:

(i) Classification of Non-Current Bank Borrowings

Term loan agreements entered into by the Group include repayment on demand clauses at the discretion of financial institutions. The Group believes that in the absence of a default being committed by the Group, these financial institutions are not entitled to exercise their right to demand for repayment. Accordingly, the carrying amount of the term loans have been classified between current and non-current liabilities based on their repayment period.

3. CRITICAL JUDGEMENTS AND ESTIMATION UNCERTAINTY (CONT'D)

3.1 Critical Judgements Made in Applying Accounting Policies (Cont'd)

The following are judgements made by the management in the process of applying the accounting policies of the Group that have the most significant effect on the amounts recognised in the financial statements: (cont'd)

(ii) Classification of Concession Assets between an Intangible Asset and/or a Financial Asset in a Concession Service Arrangement

The Group recognises the consideration received or receivable in exchange for the construction services as a financial asset and/or an intangible asset under service concession arrangement. The Group entered into concession service agreement for the installation and maintenance of a district cooling system. The Group has evaluated based on the terms and conditions of each arrangement whether the concession service arrangement is accounted for using intangible asset model and/or financial asset model.

The management judge that if, based on the terms and conditions of the arrangement, the Group has an unconditional contractual right to receive cash from the grantor and the grantor contractually guarantee to pay specific or determinable amounts for the services provided, then the concession service arrangements will be accounted under the financial asset model.

For concession service arrangement which given the Group a right to charge the users for the services provided, but not an unconditional right to receive cash, the Group will recognise the concession asset under the intangible asset model.

3.2 Estimation Uncertainty

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

(i) Impairment Assessment on Cash Generating Unit Relating to Oil Palm Plantation ("Plantation CGU")

The Group is required to assess at the end of each reporting period whether there is any indication that the carrying amount of a CGU may be impaired in accordance to the requirements of MFRS 136 Impairment of Assets. If any of such indication exists, the Management shall estimate the recoverable amount of the CGU. The recoverable amount of the CGU was determined based on the higher of fair value less cost to sell ("FVLCS") and value-in-use ("VIU").

The Plantation CGU includes goodwill allocated to the CGU as disclosed in Note 12(b) and other assets incurred in the oil palm plantation business.

The Plantation CGU's impairment test was based on FVLCS estimated using the income approach, by reference to the valuation carried out in March 2019 by an independent external valuer. The same method has been used in the previous financial year. The fair value measurement was categorised as a Level 3 fair value based on inputs in the valuation techniques used.

The key assumptions used by the Group in arriving the recoverable amount of Plantation CGU includes, among others: the selling price of fresh fruits brunches ("FFB") of RM503.59/metric ton ("mt") (2019: RM503.59/mt), FFB yields per hectare ("ha") of 8-18 mt/ha (2019: 8-18 mt/ha) and discount rates of 8% and 10 % (2019: 8% and 10%).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
31 DECEMBER 2020

3. CRITICAL JUDGEMENTS AND ESTIMATION UNCERTAINTY (CONT'D)

3.2 Estimation Uncertainty (Cont'd)

(i) Impairment Assessment on Cash Generating Unit Relating to Oil Palm Plantation ("Plantation CGU") (Cont'd)

Sensitivity to changes in assumptions

Management believes that no reasonably possible change in any of the key assumptions used would cause the carrying value of the CGU to materially exceed its recoverable amount.

(ii) Impairment Assessment on Cash Generating Unit Relating to Supply of Cooling Energy Through District Cooling System ("District Cooling System CGU")

The District cooling system CGU includes concession financial assets, concession intangible asset and goodwill allocated to the CGU as disclosed in Note 12(b).

The recoverable amount of this CGU is based on VIU calculations which is detemined by discounting the future cash flows expected to be generated from the use of the unit based on the following key assumptions:

	2020	2019
Projection period	9 to 19-year cash flows projection, based on the remaining period of the concession arrangement	9 to 19-year cash flows projection, based on the remaining period of the concession arrangement
Projected usage	6,377,693/rth per annum; and 15,300,000/rth per annum	6,377,693/rth per annum; and 15,300,000/rth per annum
Discount rates	9% per annum	9% per annum

The key assumptions are used in the assessment is based on the Group's historical trends and actual past performances.

Management believes that no reasonably possible change in any of the key assumptions used would cause the carrying value of the CGU to materially exceed its recoverable amount.

(iii) Impairment Assessment of Investment in a Subsidiary – Urun Plantations Sdn. Bhd. ("Urun")

The Company is required to assess at the end of each reporting period whether there is any indication that the carrying amount of its investment in subsidiaries may be impaired in accordance to the requirements of MFRS 136 impairment of Assets.

If indicators are present these investments are subjected to impairment review. The impairment review comprises a comparison of the carrying amount and estimated recoverable amount of the investment.

During the financial year, Management has assessed that the investment in Urun has indicators of impairment due to its deteriorate financial performance. Management has applied the FVLCS method to estimate the recoverable amount of this investment. This method has been applied the same when assessing the Plantation CGU. Further details of the key assumptions applied in the impairment assessment of investment in Urun and sensitivity analysis lo changes in the assumptions are disclosed in Note 3.2(i).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
31 DECEMBER 2020

3. CRITICAL JUDGEMENTS AND ESTIMATION UNCERTAINTY (CONT'D)

3.2 Estimation Uncertainty (Cont'd)

(iv) Amortisation of Concession Intangible Assets

The carrying amount of the concession intangible asset is amortised by applying the formula "actual chilled water supplied over the estimated total chilled water to be supplied". The denominator of the formula includes estimated total chilled water supply for subsequent years. Changes in the expected total chilled water supply volume could impact future amortisation charges.

(v) Useful Lives of Property, Plant and Equipment

The cost of an item of property. plant and equipment is depreciated on the straight-line method or another systematic method that reflects the consumption of the economic benefits of the asset over its useful life. Estimates are applied in the selection of the depreciation method, the useful lives and the residual values. The actual consumption of the economic benefits of the property, plant and equipment may differ from the estimates applied and this may lead to a gain or loss on an eventual disposal of an item of property, plant and equipment.

(vi) Measurement of Income Taxes

Significant judgement is required in determining the Group's provision for current and deferred taxes because the ultimate tax liability for the group as a whole is uncertain. When the final outcome of the taxes payable is determined with the tax authorities, the amounts might be different from the initial estimates of the taxes payable. Such differences may impact the current and deferred taxes in the period when such determination is made. The Group will adjust for the differences as over- or under-provision of current or def erred taxes in the current period in which those differences arise.

(vii) Deferred Tax Assets

Deferred tax assets are recognised for all unused tax losses, unabsorbed capital allowances and deductible temporary differences to the extent that it is probable that taxable profit will be available against which the losses, allowances and deductible temporary differences can be utilised. The recognition of deferred tax assets is based upon the likely timing and level of future taxable profits. Deferred tax assets not recognised on unused tax losses. capital allowances and other deductible temporary differences of the Group and of the Company amounted RM122,459,362 (2019: RM125,035,529) and RM33,620,799 (2019: RM34,139,179) respectively at the reporting date as disclosed in Note 24.

(viii) Fair Value of Biological Assets

Biological assets represent the produce growing on oil palms. Fresh fruit brunches ("FFB") are harvested from the oil palms. The growing produce are essentially FFB prior to harvesting.

An oil palm fruit typically starts to develop oil from about 14 to 15 weeks after pollination. The oil content in the fruit increases exponentially over the next 5 weeks and reaches its maximum at about 22 weeks.

Management considered the maturity stages of FFB and concluded that FFB that are expected to be harvested for more than 2 weeks are excluded from fair valuation as their fair values are considered to be negligible.

The fair value of the growing produce is determined on the basis of present value of expected future cash flows.

If the selling price of unharvested FFB vary by 10%. the fair value of the Group's biological assets would increase or decrease by RM90,718 (2019: RM76,910).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
31 DECEMBER 2020

4. REVENUE

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Sales of fresh fruit bunches ("FFB")	24,268,472	16,488,169	-	-
Revenue from energy and facilities management services	12,887,077	13,994,162	-	-
	37,155,549	30,482,331	-	-
Timing of revenue recognition				
Goods transferred at a point in time	24,268,472	16,488,169	-	-
Services rendered over time	12,887,077	13,994,162	-	-
	37,155,549	30,482,331	-	-

5. SEGMENT REPORTING

The Board of Directors' is the Group's chief operating decision maker.

The Board assesses the performance of the operating segments based on profit before tax.

For management reporting purposes, the Group is organised into the following operating divisions according to the internal reporting structure:

- Plantations
- Energy and facilities management
- Investment holding
- Others (consist of subsidiaries which are dormant and pre-operating)

Other segment activities comprise mainly expenses incurred by certain subsidiaries which are not directly attributable to any significant segment.

Segmental information by geographical location has not been disclosed as the Group operates only within Malaysia.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
31 DECEMBER 2020

5. SEGMENT REPORTING (CONT'D)

Segment information provided to the Board for reportable segments for the financial year:

Group	**Revenue** *External sales*		**Results** *Segment results before interest, tax and share of results of aassociates*	
	2020	**2019**	**2020**	**2019**
	RM	**RM**	**RM**	**RM**
Plantations	24,268,472	16,488,169	4,043,116	(2,972,408)
Energy and facilities management	12,887,077	13,994,162	6,205,959	5,566,648
Investment holding	-	-	(66,578)	9,413,925
Others	-	-	(53,623)	(25,397)
Eliminations	-	-	(1,628,874)	(3,545,997)
Consolidated	37,155,549	30,482,331	8,500,000	8,436,771

Consolidated	**2020**	**2019**
	RM	**RM**
Profit from operations	8,500,000	8,436,771
Share of results of associate	-	(98,429)
Finance costs	(4,415,320)	(5,698,518)
Profit before tax	4,084,680	2,639,824
Tax credit	126,746	415,204
Net profit for the financial year	4,211,426	3,055,028

Group	**Other information** *Additional to property plant and equipment*	
	2020	**2019**
	RM	**RM**
Plantations	3,843,331	2,496,807
Energy and facilities management	1,260	149,492
Investment holding	29,425	242,032
Consolidated	3,874,016	2,888,331

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
31 DECEMBER 2020

5. SEGMENT REPORTING (CONT'D)

Group	Other information *Depreciation and amortisation* 2020 RM	2019 RM
Plantations	5,024,161	4,790,284
Energy and facilities management	675,449	666,547
Investment holding	404,158	418,018
Consolidated	6,103,768	5,874,849

Group Statement of Financial Position	Assets *Segment assets*		Liabilities *Segment liabilities*	
	2020 RM	2019 RM	2020 RM	2019 RM
Plantations	117,232,490	115,346,649	31,050,574	47,066,597
Energy and facilities management	78,608,111	71,510,682	83,896,161	59,435,054
Investment holding	7,338,029	4,160,711	2,569,695	3,069,186
Others	13,470	13,539	17,500	14,000
Consolidated	203,192,100	191,031,581	117,533,930	109,584,837

6. FINANCE COSTS

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Term loans	3,459,742	4,281,286	-	-
Bank overdrafts	899,915	1,350,440	-	-
Finance lease interest	55,663	60,566	12,406	21,879
Other interest	-	6,226	-	-
	4,415,320	5,698,518	12,406	21,879

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
31 DECEMBER 2020

7. PROFIT/(LOSS) BEFORE TAX

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Profit/(Loss) before tax arrived after charging/(crediting):				
Interest income:				
Fixed deposits with licensed banks	(170,634)	(160,493)	(133,403)	(60,931)
Subsidiaries	-	-	(290,264)	(471,367)
Gain on disposal of property, plant and equipment	(69,155)	(123,338)	(2,813)	(68,339)
Fair value changes in biological assets	(138,077)	(283,549)	-	-
Gain on disposal of investment properties	-	(8,133,397)	-	(8,133,397)
Gain on disposal of investment in associate	-	(132,215)	-	(2,475,000)
Financial income on concession financial assets	(3,385,508)	(3,492,446)	-	-
Management services fees from subsidiaries and associate	-	(624,265)	(2,232,000)	(2,856,265)
Rental income	(117,259)	(1,000)	(36,271)	(1,000)
Discount received from related party	(500,000)	-	-	-
Allowance for impairment loss from subsidiaries	-	-	31,538	535,469
Auditors' remuneration	97,000	90,000	45,000	40,000
Amortisation of:				
Intangible assets	600,000	600,000	-	-
Investment properties	8,911	40,026	8,911	40,026
Depreciation of property, plant and equipment	5,494,857	5,234,823	395,247	377,992

(a) The following are the operating costs included in cost of sales:

	Group	
	2020 RM	2019 RM
Consumables inventories	5,498,475	4,058,676
Amortisation of intangible assets	600,000	600,000
Depreciation of property, plant and equipment	3,884,361	4,321,552

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
31 DECEMBER 2020

7. PROFIT/(LOSS) BEFORE TAX (CONT'D)

(b) Directors' remuneration:

	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
Executive Directors:				
Fees	46,000	6,000	6,000	6,000
Salaries and other emoluments	1,063,043	1,155,857	551,250	867,462
Defined contribution plan	143,168	154,260	82,688	119,700
Non-executive Directors:				
Fees	38,000	38,000	18,000	18,000
Other emoluments	62,000	48,000	62,000	48,000
	1,352,211	1,402,117	719,938	1,059,16

(c) Staff costs:

	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
Salaries, allowances and others	5,562,452	5,671,503	1,069,613	1,346,678
Defined contribution plan	155,837	461,027	124,497	152,664
	5,718,289	6,132,530	1,194,110	1,499,342

Staff costs of the Group are remunerations included in cost of sales amounting to RM4,524,179 (2019: RM4,633,188).

8. TAX CREDIT

	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
Taxation comprises				
(Over)/under provision on real property gain tax in prior year	(255,100)	465,618	(255,100)	465,618
Current income tax expenses	33,043	-	-	-
Over provision in prior year	-	(576,666)	-	(576,666)
Deferred tax:				
Origination and reversal of temporary differences	95,311	(304,156)	-	-
Total tax credit	(126,746)	(415,204)	(255,100)	(111,048)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
31 DECEMBER 2020

8. TAX CREDIT (CONT'D)

The reconciliation of tax expense applicable to profit or (loss) before tax at the statutory tax rate to tax expense at the effective income tax rate of the Group and the Company is as follows:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Profit/(loss) before tax	4,084,680	2,639,824	(78,984)	9,392,046
Tax expense at income tax rate of 24% (2019: 24%)	980,323	633,558	(18,956)	2,254,091
Income subject to different tax	-	(2,745,835)	-	(2,745,835)
Income not subject to tax	(66,181)	-	-	-
Non-deductible expenses	844,921	873,346	160,075	243,573
Deferred tax assets not recognised during the financial year	-	1,238,931	-	248,171
Utilisation of previously unrecognised deferred tax assets	(1,759,063)	(304,156)	(141,119)	-
Deferred tax liabilities recognised during the year	95,311	-	-	-
(Over)/under provision in prior year	33,043	(576,666)	-	(576,666)
(Over)/under provision on real property gain tax in prior year	(255,100)	465,618	(255,100)	465,618
Total tax credit	(126,746)	(415,204)	(255,100)	(111,048)

9. PROFIT PER SHARE

Basic profit per share

Basic profit per ordinary share is calculated by dividing the consolidated net profit for the financial year by the weighted average number of ordinary shares in issue during the financial year as follows:

	Group	
	2020 RM	2019 RM
Net profit attributable to Owners of the Company	4,211,426	3,055,028
	Units	Units
Weighted average number of shares in issue	131,866,787	131,866,787
Basic profit per share (sen)	3.19	2.32

Diluted Profit per Share

There is no dilution in profit per share as there is no potential diluted ordinary shares.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
31 DECEMBER 2020

10. PROPERTY, PLANT AND EQUIPMENT

Group	Bearer plants RM	Plant and machinery RM	Renovations, furnitures, fixtures and equipment RM	Motor vehicles RM	Planting infrastructure RM	Construction work in progress RM	Right to use RM	Total RM
2020								
Cost								
As at 1 January 2020	87,147,552	3,273,997	1,791,613	5,902,190	17,132,231	300,367	32,996,781	148,544,731
Addition	1,043,658	96,197	63,960	1,345,500	1,063,475	244,426	16,800	3,874,016
Transferred	-	92,006	-	-	235,455	(404,744)	77,283	-
Disposal	-	(6,800)	(3,400)	(106,470)	-	-	-	(116,670)
Written off	(8,897)	-	-	-	-	-	-	(8,897)
As at 31 December 2020	88,182,313	3,455,400	1,852,173	7,141,220	18,431,161	140,049	33,090,864	152,293,180
Accumulated depreciation								
As at 1 January 2020	28,475,067	3,024,296	1,346,430	4,785,600	6,720,192	-	8,284,126	52,635,711
Charge for the year	2,906,143	109,989	162,077	496,224	978,218	-	842,206	5,494,857
Disposal	-	(6,799)	(1,813)	(86,951)	-	-	-	(95,563)
As at 31 December 2020	31,381,210	3,127,486	1,506,694	5,194,873	7,698,410	-	9,126,332	58,035,005
Net book value as at 31 December 2020	56,801,103	327,914	345,479	1,946,347	10,732,751	140,049	23,964,532	94,258,175

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
31 DECEMBER 2020

10. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group	Bearer plants RM	Plant and machinery RM	Renovations, furnitures, fixtures and equipment RM	Motor vehicles RM	Planting infrastructure RM	Construction work in progress RM	Right to use RM	Total RM
2019								
Cost								
As at 1 January 2019	87,040,037	3,236,800	1,957,475	5,943,940	15,605,272	-	32,191,177	145,974,701
Impact of MFRS 16	-	-	-	-	-	-	175,515	175,515
As restated	87,040,037	3,236,800	1,957,475	5,943,940	15,605,272	-	32,366,692	146,150,216
Addition	107,515	37,197	23,704	262,500	1,526,959	300,367	630,089	2,888,331
Disposal	-	-	(189,566)	(304,250)	-	-	-	(493,816)
As at 31 December 2019	87,147,552	3,273,997	1,791,613	5,902,190	17,132,231	300,367	32,996,781	148,544,731
Accumulated depreciation								
As at 1 January 2019	25,568,824	2,893,840	1,195,312	4,704,700	5,894,624	-	7,516,177	47,773,477
Charge for the year	2,906,243	130,456	219,457	385,150	825,568	-	767,949	5,234,823
Disposal	-	-	(68,339)	(304,250)	-	-	-	(372,589)
As at 31 December 2019	28,475,067	3,024,296	1,346,430	4,785,600	6,720,192	-	8,284,126	52,635,711
Net book value as at 31 December 2019	58,672,485	249,701	445,183	1,116,590	10,412,039	300,367	24,712,655	95,909,020

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
31 DECEMBER 2020

10. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Company	Renovation, furniture, fittings and equipment RM	Motor vehicles RM	* Right to use RM	Total RM
2020				
Cost				
As at 1 January 2020	736,599	943,058	285,557	1,965,214
Addition	29,425	-	-	29,425
Disposal	(3,400)	-	-	(3,400)
As at 31 December 2020	762,624	943,058	285,557	1,991,239
Accumulated depreciation				
As at 1 January 2020	357,361	504,742	60,667	922,770
Charge for the year	123,340	159,462	112,445	395,247
Disposal	(1,813)	-	-	(1,813)
As at 31 December 2020	478,888	664,204	173,112	1,316,204
Net book value as at 31 December 2020	283,736	278,854	112,445	675,035

Company	Renovation, furniture, fittings and equipment RM	Motor vehicles RM	* Right to use RM	Total RM
2019				
Cost				
As at 1 January 2019	909,023	943,058	-	1,852,081
Impact of MFRS 16	-	-	60,667	60,667
As restated	909,023	943,058	60,667	1,912,748
Addition	17,142	-	224,890	242,032
Disposal	(189,566)	-	-	(189,566)
As at 31 December 2019	736,599	943,058	285,557	1,965,214
Accumulated depreciation				
As at 1 January 2019	267,838	345,279	-	613,117
Charge for the year	157,862	159,463	60,667	377,992
Disposal	(68,339)	-	-	(68,339)
As at 31 December 2019	357,361	504,742	60,667	922,770
Net book value as at 31 December 2019	379,238	438,316	224,890	1,042,444

* *Right of use of the Company is consists of lease of office space.*

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
31 DECEMBER 2020

10. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(a) Assets Held Under Finance Lease

The carrying amount of the Group's and the Company's motor vehicles held under finance lease at the reporting date was RM1,744,711 (2019: RM929,324) and RM276,597 (2019: RM438,316) respectively.

(b) Assets held Under Trust

The motor vehicle of the Group and the Company with net carrying amount of RM157,729 (2019: RM236,593) are held under trust by a person connected to a Director of the Company.

(c) Movement of Bearer Plants

Group	Mature RM	Immature RM	Total RM
2020			
Cost			
As at 1 January 2020	83,685,632	3,461,920	87,147,552
Addition	-	1,043,658	1,043,658
Written off	(8,897)	-	(8,897)
As at 31 December 2020	83,676,735	4,505,578	88,182,313
Accumulated depreciation			
As at 1 January 2020	28,475,067	-	28,475,067
Charge for the year	2,906,143	-	2,906,143
As at 31 December 2020	31,381,210	-	31,381,210
Net book value as at 31 December 2020	52,295,525	4,505,578	56,801,103

Group	Mature RM	Immature RM	Total RM
2019			
Cost			
As at 1 January 2019	83,685,632	3,354,405	87,040,037
Addition	-	107,515	107,515
As at 31 December 2019	83,685,632	3,461,920	87,147,552
Accumulated depreciation			
As at 1 January 2019	25,568,824	-	25,568,824
Charge for the year	2,906,243	-	2,906,243
As at 31 December 2019	28,475,067	-	28,475,067
Net book value as at 31 December 2019	55,210,565	3,461,920	58,672,485

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
31 DECEMBER 2020

10. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(d) Assets Pledged as Security

Bearer plants and planting infrastructure have been charged as security for borrowings as disclosed in Note 22.

(e) Right of Use

	Leasehold Building RM	Prepaid Lease Payments RM	Office Space RM	Total RM
Group				
2020				
Cost				
As at 1 January 2020	7,664,290	24,667,212	665,279	32,996,781
Addition	-	-	16,800	16,800
Transferred	77,283	-	-	77,283
As at 31 December 2020	7,741,573	24,667,212	682,079	33,090,864
Accumulated depreciation				
As at 1 January 2020	784,579	7,324,032	175,515	8,284,126
Charge for the year	126,489	468,735	246,982	842,206
As at 31 December 2020	911,068	7,792,767	422,497	9,126,332
Net book value as at 31 December 2020	6,830,505	16,874,445	259,582	23,964,532
2019				
Cost				
As at 1 January 2019	7,523,965	24,667,212	-	32,191,177
Impact of MFRS 16	-	-	175,515	175,515
As restated	7,523,965	24,667,212	175,515	32,366,692
Addition	140,325	-	489,764	630,089
As at 31 December 2019	7,664,290	24,667,212	665,279	32,996,781
Accumulated depreciation				
As at 1 January 2019	660,878	6,855,299	-	7,516,177
Charge for the year	123,701	468,733	175,515	767,949
As at 31 December 2019	784,579	7,324,032	175,515	8,284,126
Net book value as at 31 December 2019	6,879,711	17,343,180	489,764	24,712,655

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
31 DECEMBER 2020

10. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(e) Right of Use (Cont'd)

The remaining unexpired lease period of leasehold land the Group is 37 years (2019: 38 years).

The leasehold land is pledged to a licensed bank for credit facilities granted to the Group as disclosed in Note 22 to the financial statements.

The prepaid lease payments are identified as part of the oil palm plantation cash-generating unit of the Group. Details of its impairment assessment are disclosed in Note 3.2(i) to the financial statements.

11. INVESTMENT PROPERTIES

Group and Company	2020 RM	2019 RM
Cost		
At 1 January	418,129	9,565,729
Disposal	-	(9,147,600)
At 31 December	418,129	418,129
Accumulated amortisation		
At 1 January	43,828	190,487
Amortisation for the year	8,911	40,026
Disposal	-	(186,685)
At 31 December	52,739	43,828
Net carrying amount	365,390	374,301

The fair value of the investment properties as at 31 December 2020 is estimated at RM801,380 (2019: RM500,000) has been arrived at by the Directors based on reference to market evidence of transaction prices for similar properties. As at 31 December 2020, the Directors assessed the fair value of its investment properties based on the current prices in the market of properties of similar conditions and locations.

The fair value disclosure of investment properties is categorised in Level 3 of the fair value hierarchy. Level 3 fair values of land and buildings have been generally derived using the estimated selling price of comparable properties in close proximity that are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot of comparable properties.

Investment properties of the Group and of the Company did not generate rental income during the financial year. Direct operating expenses incurred by the Group and the Company for investment properties during the financial year amounted to RM182 (2019: RM33,478).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
31 DECEMBER 2020

12. INTANGIBLE ASSETS

Group	As at 1.1.2020 RM	Addition RM	As at 31.12.2020 RM
Cost			
Goodwill	19,192,988	-	19,192,988
Concession intangible asset	6,000,000	-	6,000,000
	25,192,988	-	25,192,988

	As at 1.1.2020 RM	Addition RM	As at 31.12.2020 RM
Accumulated amortisation			
Goodwill	-	-	-
Concession intangible assets	1,150,000	600,000	1,750,000
	1,150,000	600,000	1,750,000

	2020 RM	2019 RM
Net carrying amount		
Goodwill	19,192,988	19,192,988
Concession intangible assets	4,250,000	4,850,000
	23,442,988	24,042,988

(a) Concession Intangible Assets

In 2018, the Group has entered into an agreement with Lianbang Ventures Sdn. Bhd. ("the grantor") for the construction. operation and maintenance of a district cooling plant located at Dataran Pahlawan Megamall. The Group is entitled to charge the grantor a minimum consumption of chilled water supply for a period of 10 years or if the minimum consumption is not achieved, the Company has the right to extend for another 2 years. The grantor does not guarantee the payment of the minimum consumption if it is not achieved during the period agreed.

Cost incurred in connection with the concession was classified as "Concession intangible assets" while the amortisation of concession intangible asset is included in the "cost of sales" line item in the statements of comprehensive income.

The concession intangible asset has been charged as security for the borrowings as disclosed in Note 22 to the financial statements.

(b) Goodwill on Consolidation

The goodwill in the Group's consolidated statements of financial position arose from the acquisition of two subsidiaries, namely Urun Plantations Sdn. Bhd. and Tunas Cool Energy Sdn. Bhd., represents two cash generating units ("CGU") involved in oil palm plantation ("Plantation CGU") and supply of cooling energy ("District cooling system CGU") respectively.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
31 DECEMBER 2020

12. INTANGIBLE ASSETS (CONT'D)

(b) Goodwill on Consolidation (Cont'd)

The Group carries out its impairment assessment on the goodwill on consolidation annually. The carrying amounts of goodwill allocated to each unit are as follows:

	2020 RM
CGU	
Plantation	16,329,389
District cooling system	2,863,599
	19,192,988

The recoverable amounts of these two CG Us are determined based on the higher of fair value less cost to sell ("FVLCS") and value-in-use ("VIU")

The recoverable amount of Plantation CGU is determined based on FVLCS. By reference to the valuation carried out in March 2019 by an independent external valuer. The recoverable amount of District cooling system CGU is determined based on VIU calculations.

The relevant key assumptions used and sensitivity to changes in assumptions for Plantation CGU and District cooling system CGU are disclosed in Notes 3.2(i) and 3.2(ii) respectively.

The Directors believes that no impairment on goodwill on consolidation is required as the recoverable amount of these CGUs exceeded their carrying amounts.

13. CONCESSION FINANCIAL ASSETS

	Group	
	2020 RM	2019 RM
Current	1,926,598	1,812,957
Non-current	50,270,419	52,197,018
	52,197,017	54,009,975

The movements in the net carrying amounts of non-current and current concession financial assets are as follows:

	Group	
	2020 RM	2019 RM
At 1 January	54,009,975	55,715,993
Concession revenue recognised	9,824,604	9,824,606
Finance income recognised	3,385,508	3,492,446
Receipts	(15,023,070)	(15,023,070)
At 31 December	52,197,017	54,009,975

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
31 DECEMBER 2020

13. CONCESSION FINANCIAL ASSETS (CONT'D)

The Group entered into an agreement with Sime Darby Property Selatan Satu Sdn. Bhd. ("the grantor") for the construction and operation of a district cooling system and thereafter supply of cooling energy from this district cooling system to designated university buildings for a period of 22 years. The grantor guaranteed a minimum usage over 22 years. The Group recognised the estimated consideration receivable under the concession service agreement as a financial asset.

The concession financial asset has been charged as security for borrowings as disclosed in Note 22 to the financial statements.

14. INVESTMENT IN SUBSIDIARIES

	Company	
	2020 RM	2019 RM
Unquoted shares, at cost	72,989,017	65,989,017
Additions	-	7,000,000
	72,989,017	72,989,017
Less: Accumulated impairment losses	(2)	(2)
At 31 December	72,989,015	72,989,015

The subsidiaries, all incorporated in Malaysia, are as follows:

Name of subsidiaries	Effective equity interest 2020	Effective equity interest 2019	Principal activities
Goldkist (Malaysia) Sdn. Bhd. #	100%	100%	Dormant
Goldkist (NS) Sdn. Bhd. #	100%	100%	Dormant
SHC Technopalm Plantation Services Sdn. Bhd. #	100%	100%	Dormant
SHC Realty Sdn. Bhd. #	100%	100%	Dormant
Sin Heng Chan Feed Sdn. Bhd. #	100%	100%	Dormant
Urun Plantations Sdn. Bhd. #	100%	100%	Cultivation of oil palm
Tunas Cool Energy Sdn. Bhd.	100%	100%	Supply of cooling energy
Subsidiary of Tunas Cool Energy Sdn. Bhd.			
SHC Capital Sdn. Bhd. #	100%	-	Special purpose vehicle and investment holding

The subsidiaries, all incorporated in Malaysia, are as follows:

The audited reports of these subsidiaries contain a material uncertainty relating to the appropriateness of the going concern basis used in the preparation of their financial statements. The Company has confirmed to provide continued financial support to these subsidiaries to continue their business without any significant curtailment of their operations.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
31 DECEMBER 2020

14. INVESTMENT IN SUBSIDIARIES (CONT'D)

Impairment on investment in subsidiaries

The Company is required to assess at the end of each reporting period whether there is any indication that the carrying amount of its investment in subsidiaries may be impaired in accordance to the requirements of MFRS 136 Impairment of Assets.

A subsidiary, Urun Plantations Sdn. Bhd. ("Urun") is in the position of net tangible liabilities of RM4,933,438 (2019: RM6,345,396) indicating that the carrying amount of the investment which amounted to RM65,489,008 (2019: RM65,489,008) may be impaired.

The Management had assessed the recoverable amount of the goodwill and based on the recoverable amount, there is no indication of impairment since the recoverable amount is higher than the carrying amount. The recoverable amount computed for Urun is RM90,658,263.

As a result of the impairment test, Management believes that no impairment to be recognised for the current financial year. Further details of the key assumptions applied in the impairment assessment of investment in Urun and sensitivity analysis to changes in the assumptions are disclosed in Note 3.2(i) to the financial statements.

15. INVENTORIES

	Group	
	2020 RM	2019 RM
At cost:		
Consumables	1,572,533	1,775,926

16. BIOLOGICAL ASSETS

	Group	
	2020 RM	2019 RM
At 1 January	769,099	485,550
Fair value changes	138,077	283,549
At 31 December	907,176	769,099

The biological assets of the Group comprise of oil palm represents the fresh fruit bunches ("FFB") of up to 2 weeks prior to harvesting.

The quantity of unharvested FFB of the Group as at 31 December 2020 included in the fair valuation of FFB was 1,188 metric tonnes (2019: 1,285 metric tonnes).

The Group's biological assets were fair valued within Level 3 of the fair value hierarchy.

The Group and the Company attribute a fair value on the FFB prior to harvest at each statement of financial position date as required under MFRS 141 "Agriculture". FFB are produce of oil palm trees and are harvested continuously throughout the financial year. Each FFB takes approximately 22 weeks from pollination to reach maximum oil content to be ready for harvesting.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
31 DECEMBER 2020

16. BIOLOGICAL ASSETS (CONT'D)

In determining the fair values of FFB, management has considered the oil content of all unripe FFB from the week after pollination to the week prior to harvest. As the oil content accrues exponentially in the 2 weeks prior to harvest, the FFB prior to 2 weeks before harvesting are excluded in the valuation as the fair values are considered negligible.

The valuation model adopted by the Group is income approach which considers the expected net cash inflows with reference to the market value of FFB at the date of harvest adjusted for transportation and other cost to sell at the point of harvest. Changes to the assumed prices of the FFB and tonnage included in the valuation will have a direct effect on the reported valuation.

Sensitivity analysis

A 10% increase/decrease in the average oil palm FFB selling price (RM/MT) would result in the following to the fair value of the biological assets:

	Group	
	2020 RM	2019 RM
10% increase	90,718	76,910
10% decrease	(90,718)	(76,910)

17. TRADE RECEIVABLES

	Group	
	2020 RM	2019 RM
Trade receivables		
Related party	-	308,365
Third parties	4,835,232	5,734,172
Accrued billings	-	1,953,756
	4,835,232	7,996,293

Trade receivables of the Group comprise amounts receivable for sale of goods and income receivable from energy and facilities management services. The credit period granted on sale of goods and income receivable from energy and facilities management services ranges from 14 to 60 days (2019: 14 to 60 days).

A related party included in trade receivables is amount owing by a company in which a Directors of the Company has interest. This amount is non-interest bearing and the credit term granted is 60 days (2019: 60 days)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
31 DECEMBER 2020

18. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Other receivables	1,808,260	1,707,295	140,487	146,366
Less: allowance for impairment losses	(1,658,954)	(1,658,954)	(140,487)	(140,487)
	149,306	48,341	-	5,879
Refundable deposits	2,541,524	1,131,030	1,449,423	75,768
Prepayments	1,066,835	553,767	533,503	120,273
	3,757,665	1,733,138	1,982,926	201,920

Included in other receivables, deposits and prepayments of the Group and of the Company are rental deposits and advance rental of RM73,684 (2019: RM109,829) and RM34,732 (2019: RM56,177) respectively paid to Desa Samudra Sdn. Bhd., a company in which a Director of the Company has interest. Transactions with related parties are disclosed in Note 28 to the financial statements.

19. AMOUNT OWING BY SUBSIDIARIES AND RELATED PARTY

Amount owing by subsidiaries

	Company	
	2020 RM	2019 RM
Amount owing by subsidiaries		
– Net of allowance for impairment losses of RM13,815,499 (2019: RM13,783,961)	28,569,264	32,072,343

Amount includes loan to wholly owned subsidiaries amounting to RM15,890,376 (2019: RM19,890,376) bear interest at 2% (2019: 3.5%) per annum. The remaining balances arose mainly from non-trade transactions. which are unsecured, interest free and are repayable on demand.

Movement of the Company's allowance for impairment losses on advance to subsidiaries is as follows:

	Company	
	2020 RM	2019 RM
1 January	13,783,961	13,248,492
Addition	31,538	535,469
31 December	13,815,499	13,783,961

	Group	
	2020 RM	2019 RM
Amount owing to related party	-	2,169,020

Advance from related party is unsecured, interest free and are repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
31 DECEMBER 2020

20. FIXED DEPOSITS, CASH AND BANK BALANCES

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Fixed deposits with licensed banks	17,374,751	1,500,000	4,270,476	1,500,000
Cash and bank balances	4,481,173	2,919,641	44,202	1,039,660
Fixed deposits, cash and bank balances	21,855,924	4,419,641	4,314,678	2,539,660

The maturity periods of the deposits as at the end of the financial year are as follows:

	Group		Company	
	2020 Days	2019 Days	2020 Days	2019 Days
Fixed deposits with licensed bank	1 – 33	1 – 7	1 – 33	1 – 7

The interest rates per annum of fixed deposits as at the end of the financial year are as follows:

	Group		Company	
	2020 Rates (%)	2019 Rates (%)	2020 Rates (%)	2019 Rates (%)
Fixed deposits with licensed bank	1.35 – 1.80	2.40	1.35 – 1.80	2.40

21. SHARE CAPITAL

Group and Company

	2020 Number of shares	2019 Number of shares	2020 RM	2019 RM
Ordinary shares Issued and fully paid				
At 1 January and 31 December	131,866,787	131,866,787	123,991,787	123,991,787

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regards to the Company's residual assets.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
31 DECEMBER 2020

22. BORROWINGS

	Group 2020 RM	Group 2019 RM
Current:		
Bank overdraft	74,440	13,095,311
Term loan I	3,000,000	3,000,000
Term loan II	257,010	241,807
Term loan III	-	3,654,922
Term loan IV	-	534,093
Term loan V	624,840	595,796
Term loan VI	508,012	363,990
	4,464,302	21,485,919
Non-current:		
Term loan I	13,105,420	15,000,000
Term loan II	1,240,379	1,502,026
Term loan III	-	30,649,709
Term loan IV	-	4,626,135
Term loan V	3,163,886	3,392,186
Term loan VI	1,963,471	2,636,010
Islamic medium-term note	72,078,280	-
	91,551,436	57,806,066
Total borrowings		
Bank overdraft	74,440	13,095,311
Term loan I	16,105,420	18,000,000
Term loan II	1,497,389	1,743,833
Term loan III	-	34,304,631
Term loan IV	-	5,160,228
Term loan V	3,788,726	3,987,982
Term loan VI	2,471,483	3,000,000
Islamic medium-term note	72,078,280	-
	96,015,738	79,291,985
Less: Repayable after one year	(91,551,436)	(57,806,066)
	4,464,302	21,485,919

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
31 DECEMBER 2020

22. BORROWINGS (CONT'D)

The maturity profile of borrowings is as follows:

	Group	
	2020 RM	2019 RM
Less than one year	4,464,302	21,485,919
More than one year but less than three years	9,479,776	14,363,673
More than three year but less than five years	23,544,015	23,771,651
More than five years	58,527,645	19,670,742
	96,015,738	79,291,985

All borrowings are denominated in Ringgit Malaysia.

Bank Overdraft, Term Loan I and II

Bank overdraft bore effective interest rate of 5.42% (2019: 5.67%) per annum.

Term loan I and II amounted to RM60,000,000 with a drawdown of RM32,360,400, bear interest at 6.42% (2019: 6.67%) per annum.

Bank overdraft, term loan I and II are secured by:

a. First party first legal charge over 2 adjoining pieces of oil palm land held by the Company as prepaid lease payments;
b. A specific debenture over the oil palm plantation of a subsidiary Company; and
c. Corporate guarantee of the Company for RM85,000,000

Term loan III and IV

Term loan III and IV amounted to RM48,700,000. bear interest at 2.50% above the lender's cost of fund per annum, and are repayable by monthly installments of RM473,259 and RM69,861 respectively.

Term loan III and IV are secured by:

a. Fresh asset sale agreement of RM80,005,703, held by a subsidiary of the Company;
b. Fresh open all monies master Commodity Murabahah facility agreement held by a subsidiary of the Company;
c. Third party deed of assignment of the contract proceeds of a subsidiary of the Company;
d. Letter of undertaking from the Company during the tenure of financing;
e. Corporate guarantee given by the Company;
f. Fresh debenture over the post and all future fixed and floating aspects of the subsidiary of the Company; and
g. Fresh guarantee for RM29,220,000 by Credit Guarantee Corporation Malaysia Berhad.

On 28th December 2020, term loan III and IV were fully redeemed and Maybank Islamic Berhad issued the Letter of Settlement of Banking Facility for term loan III and IV.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
31 DECEMBER 2020

22. BORROWINGS (CONT'D)

Term Loan V

The term loan V amounted to RM4,500,000. bear interest at 2.50% above the lender's cost of fund per annum, and are repayable by monthly installments of RM66,323.

Term loan V are secured by:

a. Fresh asset sale agreement of RM6,302,686;
b. Deed of assignment of contract proceeds;
c. Fresh debenture over the post and all future fixed and floating aspects of a subsidiary of the Company; and
d. Corporate guarantee given by Company.

Term Loan VI

The term loan VI amounted to RM5,000,000. bear interest at 6.67% per annum, and are repayable by monthly installments of RM57,208. As at year ended, a subsidiary had drawdown amounting to RM3,000,000 from the total limit.

Term loan VI are secured by:

a. First party first legal charge over 2 adjoining pieces of oil palm land held by the Company as prepaid lease payments; and
b. Corporate guarantee given by Company.

Islamic medium-term notes ("Sukuk Wakalah")

On 23 December 2020, a wholly owned subsidiary of the Company, SHC Capital Sdn Bhd ("SHCC") issued Sukuk Wakalah of RM80,000,000 in nominal value. The proceeds from the issuance of the Sukuk Wakalah is expected to be utilised for finance investment activities, capital expenditure, working capital requirement and other general corporate purposes, which include repayment of any financing activities, borrowings or advances

The period of repayment is 18 years commencing from December 2020 until June 2037 with effective interest rate of 6.38%.

The major covenants that are required to be complied by the subsidiaries are as follows:

(i) SHCC shall maintain a Finance Service Cover Ratio for so long as any Sukuk Wakalah remains outstanding; and
(ii) SHCC shall maintain a Finance Service Reserve Account Minimum Required Balance.

The Sukuk Wakalah is secured by the followings:

(i) An assignment by TCE over its rights, title, interest and benefits under the cooling energy supply agreement entered between the Sime Darby Property Selatan Satu Sdn Bhd ("SDPS") and TCE dated 13 November 2015 ("CESA") in respect of certain payments payable by SDPS to TCE;
(ii) An assignment by TCE over its rights, title, interest and benefit under the cooling energy agreement entered between TCE and KJ Technical Services Sdn Bhd ("KJTS") dated 24 January 2017 ("CEA")
(iii) An assignment by TCE over its rights, title, interest and benefits in all the Takaful contracts/Insurance policies taken by TCE in relation to its district cooling system business in Pagoh Education Hub, Johor ("Takaful/Insurances");
(iv) A first ranking charge by the SHCC over the Designated Accounts (as defined under Details of designated account (s)) and the credit balances therein;
(v) An assignment by the SHCC over its rights, interest and benefits in relation to the inter-co financing agreement entered or to be entered into between the SHCC and TCE in respect of the advance by the SHCC to TCE;
(vi) A debenture by the SHCC incorporating a first ranking fixed and/or floating charge over and on its assets, both present and future; and
(vii) Any other security deemed appropriate and mutually agreed between the SHCC and the PA/LA.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
31 DECEMBER 2020

23. FINANCE LEASE LIABILITIES

	Group		Company	
	2020	**2019**	**2020**	**2019**
	RM	**RM**	**RM**	**RM**
Future lease payment payable:				
Not later than one year	571,540	408,336	123,528	123,528
Later than one year and not later than five years	1,356,975	621,911	204,030	288,931
Later than five years	22,490	41,804	22,490	41,804
Total future minimum lease payments	1,951,005	1,072,051	350,048	454,263
Less: Future finance charges	(222,104)	(90,751)	(29,770)	(42,177)
	1,728,901	981,300	320,278	412,086
Present value of minimum lease payments:				
With one year	481,261	363,411	111,331	106,884
Later than one year and not later than two years	441,038	290,481	80,932	112,120
Later than two year and not later than five years	784,419	286,601	105,832	152,275
Later than five years	22,183	40,807	22,183	40,807
	1,728,901	981,300	320,278	412,086
Analysed as:				
Repayable within twelve months	481,261	363,411	111,331	106,884
Repayable after twelve months	1,247,640	617,889	208,947	305,202

The finance lease of the Group and of the Company as at end of the financial year are subject to fixed interest rate ranging from 2.24% to 4.91% (2019: 2.43% to 3.75%) per annum.

Certain property, plant and equipment finance through finance lease are secured by corporate guarantee given by the Company as disclosed in Note 27 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
31 DECEMBER 2020

24. DEFERRED TAX LIABILITIES

	Group	
	2020 RM	2019 RM
Deferred tax liabities		
Temporary differences arising from:		
Revaluation of property, plant and equipment, and prepaid lease payments	(6,831,930)	(7,440,240)
Property, plant and equipment	(6,689,948)	(9,714,680)
	(13,521,878)	(17,154,920)
Deferred tax assets		
Unabsorbed capital allowances	760,529	10,018,834
Unused tax losses	5,529,953	-
	6,290,482	10,018,834
	(7,231,396)	(7,136,086)

Deferred tax assets are recognised for all deductible temporary differences, unutilised tax losses and unused tax credits are available for offsetting against probable future taxable profit. As at 31 December 2020, the amount of unabsorbed capital allowances and unutilised tax losses for which no deferred tax asset have been recognised in the financial statements because there is uncertainty as to when the companies that have recent history of losses will be profitable, are as follows:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Unabsorbed capital allowances	27,861,728	29,973,137	-	-
Unused tax losses	94,597,634	95,062,392	33,620,799	34,139,179
	122,459,362	125,035,529	33,620,799	34,139,179

25. TRADE PAYABLES

	Group	
	2020 RM	2019 RM
Third parties	3,112,908	5,147,676
Accrued billings	-	773,652
	3,112,908	5,921,328

Trade payables are non-interest bearing. The credit period granted to the from 15 to 90 days (2019: 15 to 90 days).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
31 DECEMBER 2020

26. OTHER PAYABLES

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Non current				
Other payables	6,300	244,882	-	112,445
Current				
Other payables	8,499,384	12,886,303	2,192,767	2,453,987
Accruals	914,360	953,933	56,650	90,668
	9,413,744	13,840,236	2,249,417	2,544,655

Included in other payables of the Group is an amount of RM5,898,110 (2019: RM9,020,000) owing to a formal substantial corporate shareholder in which a Director of the Company has interest and. The amounts are unsecured, interest-free and repayable on demand.

27. FINANCIAL GUARANTEES

As at 31 December 2020, the Company gave financial guarantees to licensed banks and financial institutions in respect of facilities granted to certain subsidiaries amounting to RM94,500,000 (2019: RM143,200,000).

The Directors are of the opinion that the financial guarantee need not be recognised as a liability as the probability of default by the relevant subsidiaries is remote.

28. SIGNIFICANT RELATED PARTY DISCLOSURES

(i) Significant Related Party Transactions

For the purposes of these financial statements, parties are considered to be related to the Group and the Company if the party has the ability, directly or indirectly, to control the Group and the Company or exercise significant influence over the Group and the Company in making financial and operating decisions, or vice versa. or where the Group or the Company and the party arc 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 and the Company directly, or indirectly. The key management personnel include all the Directors of the Company, and certain members of senior management of the Group or the Company.

The Group and the Company have related party relationship with its subsidiaries and key management personnel.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
31 DECEMBER 2020

28. SIGNIFICANT RELATED PARTY DISCLOSURES (CONT'D)

(i) Significant Related Party Transactions (Cont'd)

The related party and their relationship with the Group and the Company are as follows:

Name of Related Party	Relationship
Desa Samudra Sdn. Bhd.	A Director of the Company has interest
Tunas Selatan Property Sdn. Bhd.	A Director of the Company has interest
Tunas Selatan Constructions Sdn. Bhd.	A Director of the Company has interest
Stock N Options Sdn. Bhd.	A Director of the Company has interest
Spyder Industries (M) Sdn. Bhd.	A Director of the Company has interest
Java Berhad	A Director of the Company has interest

During the financial year, significant related party transactions are as follows:

Group	2020 RM	2019 RM
Tunas Selatan Constructions Sdn. Bhd.		
– Repayment by the Group	(3,121,890)	(500,000)
Tunas Selatan Property Sdn. Bhd.		
– (Repayment by)/Advances to the Group	(2,169,020)	(500,000)
Spyder Industries (M) Sdn. Bhd.		
– Repayment by the Group	-	(1,200,000)
Stock N Options Sdn. Bhd.		
– Repayment by the Group	(392,027)	(3,613,513)
Desa Samudra Sdn. Bhd.		
– Rental of premises charged to the Group	(244,882)	(290,012)

Company	2020 RM	2019 RM
Urun Plantations Sdn. Bhd.		
– Management services fee	(852,000)	(852,000)
– Repayment to/(Advances by) the Company	4,000,000	(11,930,000)
– Interest charged by the Company	(290,263)	(471,367)
Tunas Cool Energy Sdn. Bhd.		
– Management services fee	(1,380,000)	(1,380,000)
– Repayment to/(Advances by) the Company	260,145	(2,200,000)
Desa Samudra Sdn. Bhd.		
– Rental of premises charged to the Company	(112,445)	(84,108)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
31 DECEMBER 2020

28. SIGNIFICANT RELATED PARTY DISCLOSURES (CONT'D)

(ii) Remuneration of Key Management Personnel

The remuneration of key management personnel (inclusive of Directors' remuneration as disclosed in Note 7 to the financial statements) during the year are as follows:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Salaries, allowance and bonus	2,008,100	1,996,050	959,377	1,148,450
Defined contribution plan	249,227	249,642	124,244	147,930
Social security contribution	3,440	3,440	1,924	1,924
Benefit-in-kind	-	1,800	-	1,800
Fees	84,000	44,000	24,000	24,000
	2,344,767	2,294,932	1,109,545	1,324,104

29. FINANCIAL INSTRUMENTS

(a) Financial Instruments by Category

	Group	
	2020 RM	2019 RM
Financial assets at amortised cost		
Concession financial assets	52,197,017	54,009,975
Trade receivables	4,835,232	7,996,293
Other receivables and deposits	2,690,830	1,179,371
Fixed deposits, cash and bank balances	21,855,924	4,419,641
	81,579,003	67,605,280
Financial liabilities at amortised cost		
Trade payables	3,112,908	5,921,328
Other payables	9,420,044	14,085,118
Amount owing to related party	-	2,169,020
Borrowings	96,015,738	79,291,985
Finance lease liabilities	1,728,901	981,300
	110,277,591	102,448,751

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
31 DECEMBER 2020

29. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Instruments by Category (Cont'd)

	Company 2020 RM	Company 2019 RM
Financial assets at amortised cost		
Other receivables and deposits	1,449,423	81,647
Amount owing by subsidiaries	28,569,264	32,072,343
Fixed deposits, cash and bank balances	4,314,678	2,539,660
	34,333,365	34,693,650
Financial liabilities at amortised cost		
Other payables	2,249,417	2,657,100
Finance lease liabilities	320,278	412,086
	2,569,695	3,069,186

(b) Financial Risk Management, Objectives and Policies

The activities of the Group and the Company are subject to a variety of financial risks, including interest rate risk, credit risk and liquidity risk. The Company financial risk management objective is to ensure that the Company creates value for its shareholder.

(i) Commodity Price Risk

The Group is exposed to commodity price risk since the price of oil palm fresh fruit bunches ("FFB") is subject to fluctuations due to unpredictable factors such as weather, government policies, changes in global demand resulting from population growth, and global production of similar and competitive crops.

Revenue of the Group is therefore subject to price fluctuations in the commodity market.

As at 31 December 2020, a sensitivity analysis has been performed based on the Group's exposure to commodity prices. A 10% increase or decrease in FFB prices with all other variables being held constant, would decrease or increase the Group's profit before tax, by approximately RM2,426,847 (2019: RM1,648,817)

(ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group and the Company is exposed to interest rate risk mainly through the impact of rate charges on bank borrowings. The interest rates for the said bank borrowings are disclosed in Note 22.

The Group's and the Company's exposures to interest rates on financial liabilities are detailed below. The sensitivity analysis below has been determined based on the exposure to interest rates for financial liabilities at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of the liabilities at the end of the reporting period will remain unchanged for the whole year.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
31 DECEMBER 2020

29. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial Risk Management, Objectives and Policies (Cont'd)

(ii) Interest Rate Risk (Cont'd)

If interest rates had been 50 basis points higher or lower and all other variables were held constant, the Group's and the Company's profit before tax for the financial year would be increased or decreased as follows:

	2020 RM	2021 RM
Floating rate liability:		
Borrowings	480,079	396,460

Other financial assets and financial liabilities are either fixed interest rate or non- interest bearing and therefore are not affected by changes in interest rates.

(iii) Credit Risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group and the Company. The Group and the Company has adopted a policy of only dealing with creditworthy counterparties and assigns credit limits to these counterparties by using its own trading records.

Credit risk arises from credit exposures to customers, including outstanding receivables, as well as deposits, cash and bank balances.

Under MFRS 9, cash and cash equivalents are also subject to the impairment. However, the identified impairment loss was immaterial as the counterparties are reputable financial institutions with high credit ratings and no history of default.

(a) Trade Receivables

Credit risk concentration profile

As at the end of the reporting period, the Group has significant concentration of credit risk that arise from exposure to 4 major customers (2019: 4) which constitutes approximately 100% (2019: 100%) of the Group's trade receivables.

Exposure to credit risk credit quality and collateral

Receivable balances are monitored on an ongoing basis. As the Group and the Company does not hold any collateral, the maximum exposure to credit risk represented by the carrying amount of trade receivables as at the end of reporting period.

29. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial Risk Management, Objectives and Policies (Cont'd)

(iii) Credit Risk (Cont'd)

(a) Trade Receivables (Cont'd)

Ageing analysis of trade receivables

The ageing analysis of trade receivables as al the end of the reporting period is as follows:

	2020 RM	**2019 RM**
Trade receivables		
Neither past due nor impaired	3,015,062	3,945,481
Past due but not impaired:		
Less than 30 days	1,405,712	626,252
31 to 60 days	295,761	609,648
More than 60 days	118,697	2,814,912
	1,820,170	4,050,812
	4,835,232	7,996,293

Trade receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired is creditworthy debtors with good payment records with the Group. None of the trade and other receivables that are neither past due nor impaired have been renegotiated during the financial year.

Trade receivables that are past due but not impaired

As at 31 December 2020, RM1,820,170 (2019: RM4,050,812) of trade receivables of the Group were past due but not impaired. The Group believe that no impairment is necessary in respect of these trade receivables as they are active customers with good collection track record and no recent history of default, but with slower repayment records.

(iv) Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulties in meeting obligations due to shortage of funds. The Group exposure to liquidity risk arises primarily from mismatches of financial assets and liabilities. The Group's objective is to maintain a balance between continuity of funding and flexibility of cash flows.

The Group manages liquidity risk by maintaining adequate reserves and banking facilities by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
31 DECEMBER 2020

29. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial Risk Management, Objectives and Policies (Cont'd)

(iv) Liquidity Risk (Cont'd)

The tables below summaries the maturity profile of the Group's and the Company's financial liabilities at the end of the reporting period based on undiscounted contractual payments:

Group	Carrying amount RM'000	Contractual undiscounted cash flows RM'000	On demand or within one years RM'000	One to five years RM'000	Over five years RM'000
2020					
Financial liabilities at amortised cost					
Non-interest bearing:					
Trade payables	3,113	3,113	3,113	-	-
Other payables and accruals	9,420	9,420	9,414	6	-
Interest bearing:					
Finance lease liabilities	1,729	1,951	572	1,357	22
Borrowing	96,016	169,780	8,632	65,789	95,359
	110,278	184,264	21,731	67,152	95,381
2019					
Financial liabilities at amortised cost					
Non-interest bearing:					
Trade payables	5,921	5,921	5,921	-	-
Other payables and accruals	14,085	14,085	13,840	245	-
Advance from related company	2,169	2,169	2,169	-	-
Interest bearing:					
Finance lease liabilities	981	1,062	428	591	43
Borrowing	79,292	110,391	12,391	98,000	-
	102,448	133,628	34,749	98,836	43

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
31 DECEMBER 2020

29. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial Risk Management, Objectives and Policies (Cont'd)

(iv) Liquidity Risk (Cont'd)

Company	**Carrying amount RM'000**	**Contractual undiscounted cash flows RM'000**	**On demand or within one years RM'000**	**One to five years RM'000**	**Over five years RM'000**
2020					
Financial liabilities at amortised cost					
Non-interest bearing:					
Other payables and accruals	2,249	2,249	2,249	-	-
Interest bearing:					
Finance lease liabilities	320	350	124	204	22
	2,569	2,599	2,373	204	22
2019					
Financial liabilities at amortised cost					
Non-interest bearing:					
Other payables and accruals	2,657	2,657	2,657	-	-
Interest bearing:					
Finance lease liabilities	412	454	131	280	43
	3,069	3,111	2,788	280	43

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
31 DECEMBER 2020

29. FINANCIAL INSTRUMENTS (CONT'D)

(c) Fair Value of Financial Instruments

	2020		2019	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
Group				
Finance lease liabilities	1,729	1,729	981	981
Company				
Finance lease liabilities	320	320	412	412

The fair value of borrowings are approximately their carrying amounts, as they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

The carrying amount of the other financial assets and liabilities of the Group and the Company at the reporting date approximated their fair values either due to the relatively short-term nature or are repayable on demand.

(d) Fair Value Hierarchy

As at the end of the reporting period, there were no financial instruments carried at fair value.

30. CAPITAL MANAGEMENT

The primary objective of the Group's and the Company's capital management is to ensure that the Group's and the Company's ability to continue as a going concern and maximise shareholder value.

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

The Group and the Company monitors capital using a gearing ratio, which is net debts divided by total capital plus net debt. The Group and the Company includes within net debts, payables and accruals, amount owing to related parties, borrowings less cash and cash equivalent.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
31 DECEMBER 2020

30. CAPITAL MANAGEMENT (CONT'D)

The gearing ratio analysis at end of the reporting year is disclosed as follows:

	2020 RM	2019 RM
Debt	110,277,591	102,448,751
Less: Cash and bank balances	(21,855,924)	(4,419,641)
Net debt	88,421,667	98,029,110
Capital		
Equity attributable to owners of the Company	85,658,170	81,446,744
Capital and net debt	174,079,837	179,475,854
Gearing ratio	51%	55%

LIST OF PROPERTIES HELD

AS AT 31 DECEMBER 2020

Landed properties in the Group consist of:

	Location	Description	Area	Tenure (Year Expiring)	Age of Building	Net Book Value (RM)
A.	**Leasehold**					
1	Lot 228, Melaka Tengah Jalan Tun Mutahir 75300 Melaka	Vacant Land	9,440 sq. ft.	2061	N/A	365,390
2	Provisional Lease Lot 4, Punan Land District, Sarawak	Oil Palm Plantation with Office/Store/ Worker Quarters	10,730 hectares	2057	20 years	16,874,445
	Lease of State Land Block 67 Lot 1 Dulit Land District, Sarawak	Oil Palm Plantation	210.5 hectares	2057	N/A	
	Grand Total					**17,239,835**

ANALYSIS OF SHAREHOLDINGS
AS AT 18 MAY 2021

Number of Shares Issued	:	241,866,787
Class of Shares	:	Ordinary shares
Voting Rights	:	One vote per ordinary share
No. of shareholders	:	2,804

ANALYSIS OF SHAREHOLDINGS AS AT 18 MAY 2021

Size of Holdings	No. of Holders	%	No. of Shares	%
Less than 100	127	4.529	3,447	0.001
100 – 1,000	907	32.347	796,338	0.329
1,001 – 10,000	1,318	47.004	5,854,694	2.421
10,001 – 100,000	369	13.160	10,971,210	4.536
100,001 – less than 5% of issued shares	79	2.817	93,658,973	38.723
5% and above of issued shares	4	0.143	130,582,125	53.989
Total	**2,804**	**100**	**241,866,787**	**100**

LIST OF SUBSTANTIAL SHAREHOLDINGS AS AT 18 MAY 2021

		Direct		Indirect	
No.	Name	No. of Shares	%	No. of Shares	%
1.	Tunas Selatan Sdn Bhd	77,000,000	31.84	-	-
2.	Wan Jin Resources Sdn Bhd	19,182,125	7.93	-	-
3.	Dato' Choo Keng Weng	23,264,293 [1]	9.62	37,325,000 [2, 3 & 4]	15.43
4.	Goldquest Properties Pty Limited	12,400,000	5.13	-	-
5.	Tan Sri Dato' Sri Haji Esa Bin Haji Mohamed	4,338,989	1.79	89,400,000 [3 & 6]	36.96
6.	Seng Hoe & Choong Corporation Sdn Bhd	22,000,000	9.10	-	-
7.	Dato' Haji Mohd Salleh Bin Yeop Abdul Rahman	1,560,000	0.65	11,000,000 [5]	4.55
8.	Choo Kin Choong *(Alternate Director to Dato' Choo Keng Weng)*	-	-	60,589,293 [7]	25.05

Notes:

1. *Includes shares held by nominees*
2. *Deemed interest in shares held by Macronet Sdn Bhd by virtue of Section 8 of the Companies Act 2016*
3. *Deemed interest in shares held by Goldquest Properties Pty Limited by virtue of Section 8 of the Companies Act 2016*
4. *Deemed interest in shares held by Seng Hoe & Choong Corporation Sdn Bhd by virtue of Section 8 of the Companies Act 2016*
5. *Deemed interest in shares held by Kuala Lumpur Medical Centre Sdn Bhd by virtue of Section 8 of the Companies Act 2016*
6. *Deemed interest in shares held by Tunas Selatan Sdn Bhd by virtue of Section 8 of the Companies Act 2016*
7. *Deemed interest (held through Dato' Choo Keng Weng, Macronet Sdn Bhd, Goldquest Properties Pty Limited and Seng Hoe & Choong Corporation Sdn Bhd) by virtue of Section 8 and Section 59(11)(c) of the Companies Act 2016*

ANALYSIS OF SHAREHOLDINGS (CONT'D)
AS AT 18 MAY 2021

LIST OF TOP 30 SHAREHOLDERS/DEPOSITORS AS AT 18 MAY 2021

No.	Shareholders	Holdings	%
1.	Maybank Securities Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Tunas Selatan Sdn Bhd*	77,000,000	31.836
2.	Seng Hoe & Choong Corporation Sdn. Bhd.	22,000,000	9.096
3.	Sabah Development Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Wan Jin Resources Sdn Bhd*	19,182,125	7.931
4.	Goldquest Properties Pty Limited	12,400,000	5.127
5.	Maybank Securities Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Kuala Lumpur Medical Centre Sdn Bhd*	11,000,000	4.548
6.	Affin Hwang Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Choo Keng Weng (M09)*	9,970,000	4.122
7.	Sabah Development Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Samudera Sentosa Sdn Bhd*	8,000,000	3.308
8.	HSBC Nominees (Tempatan) Sdn Bhd *Exempt An for Credit Suisse (SG BR-TST-TEMP)*	7,478,500	3.092
9.	Choo Keng Weng	5,113,793	2.114
10.	Niaga Serimas Sdn Bhd	5,001,000	2.068
11.	Stocks N Options Sdn Bhd	5,000,000	2.067
12.	RHB Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for J.V. Avenue Sdn Bhd*	4,828,162	1.996
13.	Affin Hwang Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Esa Bin Mohamed*	4,338,989	1.794
14.	Tee Tiam Lee	3,900,000	1.612
15.	Macronet Sdn Bhd	2,925,000	1.209
16.	Lim Chin Lee	2,146,900	0.888
17.	RHB Capital Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Su Ming Ming*	2,052,000	0.848
18.	RHB Capital Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Wong Swee Yee*	2,024,200	0.837
19.	Kenanga Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Mohd Salleh Bin Yeop Abd Rahman*	1,560,000	0.645
20.	Maybank Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Sy Choon Yen*	1,560,000	0.645

ANALYSIS OF SHAREHOLDINGS (CONT'D)
AS AT 18 MAY 2021

LIST OF TOP 30 SHAREHOLDERS/DEPOSITORS AS AT 18 MAY 2021 (CONT'D)

No.	Shareholders	Holdings	%
21.	Asraman Sdn Bhd	1,283,900	0.531
22.	Maybank Securities Nominees (Tempatan) Sdn Bhd *Maybank Kim Eng Securities Pte Ltd for Eng Holdings Sdn Bhd*	838,553	0.347
23.	Citigroup Nominees (Asing) Sdn Bhd *Exempt An for OCBC Securities Private Limited (Client A/C-NR)*	780,571	0.323
24.	Lee Lai Leng	695,600	0.288
25.	Bayu Varia Sdn. Bhd.	600,000	0.248
26.	Syed Omar Bin Syed Abdullah	600,000	0.248
27.	TA Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Choo Keng Weng*	600,000	0.248
28.	Law Chee Guan	465,000	0.192
29.	TA Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Cheng Teck Loong*	420,000	0.174
30.	RHB Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Lee Kok Choon*	418,000	0.173
	TOTAL	**214,182,293**	**88.554**

DIRECTORS' INTEREST IN SHARES AS AT 18 MAY 2021

		Direct		Indirect	
No.	Name	No. of Shares	%	No. of Shares	%
1.	Dato' Choo Keng Weng	23,264,293 [1]	9.62	37,325,000 [2, 3 & 4]	15.43
2.	YBM Tunku Mahmood Bin Tunku Mohammed D.K. PSI	-	-	600,000 [5]	0.25
3.	Mak Hon Weng	-	-	-	-
4.	Thomas Tuan Kit Kwong	-	-	-	-
5.	YBM Tunku Azlan Bin Tunku Aziz	-	-	-	-
6.	Choo Kin Choong *(Alternate Director to Dato' Choo Keng Weng)*	-	-	60,589,293 [6]	25.05

Notes:

1 *Includes shares held by nominees*

2 *Deemed interest in shares held by Macronet Sdn Bhd by virtue of Section 8 of the Companies Act 2016*

3 *Deemed interest in shares held by Goldquest Properties Pty Limited by virtue of Section 8 of the Companies Act 2016*

4 *Deemed interest in shares held by Seng Hoe & Choong Corporation Sdn Bhd by virtue of Section 8 of the Companies Act 2016*

5 *Deemed interest in shares held by Bayu Varia Sdn Bhd by virtue of Section 8 of the Companies Act 2016*

6 *Deemed interest (held through Dato' Choo Keng Weng, Macronet Sdn Bhd, Goldquest Properties Pty Limited and Seng Hoe & Choong Corporation Sdn Bhd) by virtue of Section 8 and Section 59(11)(c) of the Companies Act 2016*

NOTICE OF FIFTY-NINTH (59TH) ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Fifty-Ninth (59th) Annual General Meeting ("AGM") of Sin Heng Chan (Malaya) Berhad ("SHCB" or the "Company") will be held on fully virtual and entirely via remote participation and voting at the Broadcast Venue: Board Room of SHC, Level 3, Wisma E & C, No. 2, Lorong Dungun Kiri, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan on Monday, 21 June 2021 at 10.00 am for the following purposes:-

AGENDA

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 December 2020 together with the Directors' and Auditors' Reports thereon. **Please refer to Note 2.**

2. To approve the payment of Directors' fees and benefits totalling RM106,000.00 for the financial year ended 31 December 2020. **Ordinary Resolution 1**

3. To approve the payment of Directors' fees and benefits payable up to RM300,000.00 for the period from 1 January 2021 until the conclusion of the next Annual General Meeting. **Ordinary Resolution 2**

4. To re-elect YBM Tunku Mahmood Bin Tunku Mohammed D.K. PSI who retires in accordance with Article 94 of the Constitution of the Company and being eligible, has offered himself for re-election. **Ordinary Resolution 3**

5. To re-elect Mak Hon Weng who retires in accordance with Article 94 of the Constitution of the Company and being eligible, has offered himself for re-election. **Ordinary Resolution 4**

6. To re-elect YBM Tunku Azlan Bin Tunku Aziz who retires in accordance with Article 100 of the Constitution of the Company and being eligible, has offered himself for re-election. **Ordinary Resolution 5**

7. To re-appoint Messrs Al Jafree Salihin Kuzaimi PLT as Auditors of the Company and to authorise the Directors to fix their remuneration. **Ordinary Resolution 6**

AS SPECIAL BUSINESS

To consider, and if thought fit, to pass the following Resolutions:

8. **RETENTION OF INDEPENDENT DIRECTORS**

   8.1 To retain Thomas Tuan Kit Kwong who has served the Board for more than nine (9) years as Independent Non-Executive Director of the Company. **Ordinary Resolution 7**

   8.2 Subject to the passing of ordinary resolution no. 3, YBM Tunku Mahmood Bin Tunku Mohammed D.K. PSI who has served the Board for more than twelve (12) years be retained as Independent Non-Executive Director of the Company. **Ordinary Resolution 8**

NOTICE OF FIFTY-NINTH (59TH) ANNUAL GENERAL MEETING (CONT'D)

9. **AUTHORITY TO ISSUE SHARES BY THE COMPANY PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT, 2016** **Ordinary Resolution 9**

"THAT subject always to the Companies Act, 2016 ("the Act"), the Constitution of the Company and approval from Bursa Malaysia Securities Berhad ("Bursa Securities") and any other governmental/regulatory authorities, the Directors of the Company be and are hereby empowered, pursuant to Sections 75 and 76 of the Act, to issue shares in the Company at any time and upon such terms and conditions and for such purposes as the Directors of the Company may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed 20% of the total number of issued shares of the Company at the time of submission to the authority AND THAT the Directors of the Company be and are hereby empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Securities AND FURTHER RESOLVED THAT such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company."

10. **PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE** **Ordinary Resolution 10**

"THAT the Company and/or its subsidiaries ('the Group') be and is/are hereby authorised to enter into all arrangements and/or transactions involving the interests of Directors, major shareholders or persons connected with Directors and/or major shareholders of the Group ('Related Parties') as specified in Sections 2.2.1 of the Circular to Shareholders dated 28 May 2021 ('Circular'), provided that such arrangements and/or transactions are:

(i) recurrent transactions of a revenue or trading nature;
(ii) necessary for the Group's day-to-day operations;
(iii) carried out in the ordinary course of business on normal commercial terms not more favourable to the Related Parties than those generally available to the public; and
(iv) not detrimental to the minority shareholders.

('Recurrent Related Party Transaction ("RRPT") Mandate');

AND THAT the RRPT Mandate, unless revoked or varied by the Company in general meeting, shall continue in force until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier;

AND FURTHER RESOLVED THAT the Directors be and are hereby authorised to complete and do all such acts and things as they may consider expedient or necessary or in the interest of the Company to give effect to the RRPT Mandate."

11. **PROPOSED AMENDMENT TO THE CONSTITUTION ("PROPOSED AMENDMENT")** **Special Resolution**

"THAT the proposed amendments to the Constitution of the Company be and are hereby approved and adopted by deleting the existing Clause 57 and the replacement thereof with the following new Clause 57 to be numbered the same:

57. Notwithstanding Clause 56 above, the Company may apply to the Exchange to waive the convening of a general meeting to obtain Members' approval for further issuance of shares (other than bonus or right issue) where in accordance with the provisions of Section 75 and Section 76 of the Companies Act, there is still in effect, a resolution approving the issuance of shares by the Company.

AND THAT the Directors of the Company be and are hereby authorised to do all such acts, deeds, and things as are necessary and/or expedient in order to give full effect to the Proposed Amendment with full powers to assent to any conditions, modifications and/or amendment as may be required by any relevant authorities."

NOTICE OF FIFTY-NINTH (59TH) ANNUAL GENERAL MEETING (CONT'D)

12. To transact any other business which may properly be transacted at an AGM for which due notice shall have been given.

By Order of the Board,

LIM SECK WAH (MAICSA 0799845) (SSM PC No. 202008000054)
KONG MEI KEE (MAICSA 7039391) (SSM PC No. 202008002882)
Company Secretaries

Kuala Lumpur
Dated this: 28 May 2021

Notes:

1. In light of the COVID-19 outbreak and as part of our safety measures, this Annual General Meeting ("AGM") will be conducted fully virtual through live streaming via a remote participation and voting facilities at the Broadcast Venue. The Broadcast Venue is strictly to comply with Section 327(2) of the Companies Act 2016 which requires the Chairman of the Meeting to be present at the main venue of the Meeting. No shareholders/proxy(ies) should be physically present at the Broadcast Venue on the day of this AGM.

2. This Agenda is meant for discussion only as under the provisions of Section 340(1)(a) of the Companies Act 2016, the Audited Financial Statements do not require formal approval of the shareholders. As such this item on the Agenda is not put forward for voting.

3. For the purpose of determining a member who shall be entitled to attend, speak and vote at the AGM, the Company shall be requesting the Record of Depositors as at 15 June 2021. Only a depositor whose name appears on the Record of Depositors as at 15 June 2021 shall be entitled to attend the said meeting or appoint proxies to attend, speak and vote on his/her behalf.

4. A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote in his/her stead. A member may appoint up to two (2) proxies to attend the same meeting provided that he/she specifies the proportion of his/her shareholding to be represented by each proxy. A proxy may but need not be a member of the Company.

5. Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one (1) proxy but not more than two (2) proxies in respect of each Securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

6. Where a member is an exempt authorised nominee, it may appoint multiple proxies for each omnibus account it holds.

7. The instrument appointing a proxy shall be in writing under the hand of the appointer or his/her attorney duly authorized in writing or, if the appointer is a corporation, either under the Corporation's Common Seal or under the hand of an officer or attorney so authorized.

8. The Proxy Form must be deposited at the office of the Poll Administrator, Mega Corporate Services Sdn. Bhd. situated at Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur, Wilayah Persekutuan or submitted via email to agm-support.SHC@megacorp.com.my, not less than 48 hours before the time set for holding the meeting or any adjournment thereof.

9. All resolutions set out in this Notice of AGM will be put to vote by way of poll pursuant to Bursa Malaysia Securities Berhad's Main Market Listing Requirements.

10. The 59th AGM will be conducted on fully virtual at the Broadcast Venue, the members are advised to refer to the Administrative Notes on the registration and voting process for the Meeting.

NOTICE OF FIFTY-NINTH (59TH) ANNUAL GENERAL MEETING (CONT'D)

Notes: (Cont'd)

11. **Explanatory Notes:**

Ordinary Resolutions 1 and 2 on Directors' Fees and Benefits

Section 230(1) of the Companies Act 2016 provides that the fees of the Directors and any benefits payable shall be approved at a general meeting. In this respect, shareholders' approval shall be sought at the 59th Annual General Meeting on the Directors' fees and benefits under resolutions 1 and 2.

The Directors' benefits comprise of travelling, meeting allowance and benefits in-kind.

In the event that the Directors' Fees and Benefits payable during the above period exceed the estimated amount sought at the forthcoming 59th Annual General Meeting of the Company, shareholders' approval will be sought at the next Annual General Meeting for the additional amount to meet the shortfall.

Ordinary Resolutions 7 and 8 on Retention of Independent Directors

The Board of Directors has vide the Nomination Committee conducted an assessment of independence of the following directors who have served as Independent Non-Executive Directors for a cumulative term of more than nine (9) years and twelve (12) years respectively and recommended them to continue to act as Independent Non-Executive Directors based on the following justifications:

(i) Thomas Tuan Kit Kwong
(ii) YBM Tunku Mahmood Bin Tunku Mohammed D.K. PSI

Justifications:-

(a) They fulfilled the criteria under the definition of an Independent Director, as stipulated in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and thus, they would be able to function as check and balance, provide a broader view and brings an element of objectivity to the Board;
(b) Their years of experience as businessmen enabled them to provide the Board with a diverse set of experience, expertise and independent judgment; and
(c) They have performed their duty diligently and in the best interest of the Company and provides a broader view, independent and balanced assessment of proposal from the Management.

Pursuant to the Malaysian Code on Corporate Governance, the Company would apply the two-tier voting process in seeking shareholders' approval to retain Independent Directors.

Ordinary Resolution 9 on Authority to issue shares by the company pursuant to Sections 75 and 76 of the Companies Act, 2016

The proposed Ordinary Resolution 9 seeks the shareholders' approval of a general mandate for issuance of shares by the Company under Section 76 of the Act. Bursa Securities had vide its letter dated 16 April 2020, allowed a listed corporation to seek higher general mandate under Rule 6.03 of the Main Market Listing Requirements of Bursa Securities from the existing 10% to not more than 20% of the total number of issued shares (excluding treasury shares, if any) ("20% General Mandate") subject to compliance with applicable legal requirements and the Company's Constitution.

This 20% General Mandate may be utilised by a listed corporation to issue new securities until 31 December 2021 and thereafter, the 10% general mandate will be reinstated. The Board of Directors of the Company ("Board"), having considered the current economic climate and future financial needs of the Company, is of the opinion that the 20% General Mandate is in the best interests of the Company and its shareholders.

This 20% General Mandate, if passed, will provide flexibility for the Company and empower the Board to allot and issue new shares speedily in the Company up to an amount not exceeding in total 20% of the total number of issued shares of the Company to meets its funding requirements for working capital, operational expenditure and for the purpose of the strategic development of the Company. This would eliminate any delay arising from and cost involved in convening a general meeting to obtain approval of the shareholders for such issuance of shares. This authority, unless revoked or varied at a general meeting, will expire on 31 December 2021 and thereafter, the 10% general mandate will be reinstate and will expire at the conclusion of the next Annual General Meeting of the Company.

NOTICE OF FIFTY-NINTH (59TH) ANNUAL GENERAL MEETING (CONT'D)

Notes: (Cont'd)

11. **Explanatory Notes: (Cont'd)**

Ordinary Resolution 9 on Authority to issue shares by the company pursuant to Sections 75 and 76 of the Companies Act, 2016 (Cont'd)

On 27 February 2020, Bursa Malaysia Securities Berhad had approved the Proposed Private Placement of up to 13,186,678 shares (up to 10% of the total number of issued shares of the Company) pursuant to the mandate from shareholding passed in AGM for the year 2019. UOB Kay Hian Securities (M) Sdn Bhd was appointed as the investment bank for the Proposed Private Placement. Accordingly, the last day to implement the Private Placement will be 26 August 2021.

The Private Placement is still pending of completion.

The Company did not issue any shares during the financial year ended 2020.

Ordinary Resolution 10 on Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of A Revenue or Trading Nature

This resolution is primarily to give flexibility to the Board of Directors to enter into recurrent related party transactions of revenue or trading nature with the Directors/Major Shareholders or persons connected with the Directors/Major Shareholders ("Renewal RRPT Mandate").

Further information of Renewal RRPT Mandate is contained in the Circular to Shareholders dated 28 May 2021.

Special Resolution on Proposed Amendment

The current clause 57 has the limit of issuance of shares up to 10% of the issued share capital of the Company. The Proposed Amendment is to be in line with the temporary relief measures granted by Bursa Securities vide its letter dated 16 April 2020, allowed a listed corporation to seek higher general mandate under Rule 6.03 of the Main Market Listing Requirements of Bursa Securities from the existing 10% to not more than 20% of the total number of issued shares (excluding treasury shares, if any).

Hence, the Company seeks shareholders' mandate on the Proposed Amendment to remove the limit of 10%.

STATEMENT ACCOMPANYING THE NOTICE OF ANNUAL GENERAL MEETING

Details of the Directors who are standing for re-election at this Annual General Meeting can be found on pages 4 and 5 – Profile of the Board of Directors in the Company's Annual Report 2020.

YBM Tunku Mahmood Bin Tunku Mohammed D.K. PSI and Mak Hon Weng, the Directors are retiring in accordance with Article 94 of the Constitution of the Company and being eligible for re-election at the forthcoming 59th AGM.

YBM Tunku Azlan Bin Tunku Aziz was appointed to the Board on 7 May 2021. YBM Tunku Azlan Bin Tunku Aziz is retiring in accordance with Article 100 of the Constitution of the Company and being eligible for re-election at the forthcoming 59th AGM.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

ADMINISTRATIVE NOTES
FOR THE FULLY VIRTUAL FIFTY-NINTH (59TH) ANNUAL GENERAL MEETING

Day/Date	:	Monday, 21 June 2021
Time	:	10.00 a.m.
Broadcast Venue	:	Board Room of SHC, Level 3, Wisma E&C No. 2, Lorong Dungun Kiri Damansara Heights, 50490 Kuala Lumpur.

MODE OF MEETING

In light of the COVID-19 outbreak and as part of our safety measures, the 59th AGM of Sin Heng Chan (Malaya) Berhad ("Company") will be conducted on a fully virtual basis via live streaming and online voting from the Broadcast Venue. This is in line with the Guidance and FAQs on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia on 18 April 2020 (subsequently revised on 5 March 2021).

The Broadcast Venue is strictly to comply with Section 327(2) of the Companies Act 2016 which requires the Chairman of the Meeting to be present at the main venue of the Meeting. No shareholders/proxies should be physically present at the Broadcast Venue on the day of the 59th AGM.

Kindly ensure that you are connected to the internet at all times to participate and vote when our virtual 59th 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 webcast is dependent on the bandwidth and stability of the internet connection of the participants.

You may email your questions in relate to matters of discussion in the 59th AGM in advance to the Company.

REGISTRATION AND DIGITAL BALLOT FORM ("DBF") VOTING PROCEDURES

As no shareholders/proxies should be physically present at the Broadcast Venue, shareholders/proxies who wish to participate in the 59th AGM will have to register online and participate remotely. Kindly follow the steps below to ensure that you can obtain your DBF and details to log in to the Webinar session to participate at the 59th AGM online:

1. Open this link https://vps.megacorp.com.my/7iqtj2 or scan the QR code above and submit all the details requested at least twenty-four (24) hours before the time of the 59th AGM.

2. Only shareholders are allowed to register their details online. Shareholders can also appoint proxy/Chairman via online, as in Step 1 above. Please ensure that your details are accurate as any non- compliance may result in you not being able to receive your DBF.

3. Alternatively, you may deposit your Form of Proxy at the office of Poll Administrator, Mega Corporate Services Sdn. Bhd. ("MegaCorp") at Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur or email to agm-support.SHC@megacorp.com.my not less than forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the instrument proposed to vote or, and in default the instrument of proxy shall not be treated as valid.

4. For corporate shareholders / Nominee Accounts, please follow Step 3 above.

5. The Poll Administrator will e-mail a copy of your DBF to you to participate and vote at the meeting once they have verified your details.

6. Registered shareholders/proxies would receive two (2) emails:

   i. Webinar session link (to join the virtual meeting); and
   ii. DBF (for remote voting purposes).

ADMINISTRATIVE NOTES FOR THE FULLY VIRTUAL FIFTY-NINTH (59TH) ANNUAL GENERAL MEETING (CONT'D)

POLL VOTING

The voting will be conducted by a poll in accordance with Paragraph 8.29A(1) of Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The Company has appointed MegaCorp as Poll Administrator to conduct the poll by way of electronic voting and Cygnus Technology Solutions Sdn Bhd as Scrutineers to verify the poll results.

For the purpose of the 59th AGM, e-voting will be carried out via your digital devices (e.g., Computer/Mobile Phone/Tablets). The DBF itself is self-explanatory. Please carefully read the instructions on the e-mail from Webinar Master to familiarise yourself with the steps needed to exercise your rights at the 59th AGM.

Shareholders/proxies can proceed to vote on the resolutions and submit your votes during the voting period as stipulated on the DBF. Upon completion of the voting session at the 59th AGM, the Scrutineers will verify the poll results after which the Chairman of the 59th AGM will announce the results of the resolutions.

RECORD OF DEPOSITORS FOR THE 59TH AGM

The date of Record of Depositors for the 59th AGM is 15 June 2021. As such, only members whose names appear in the Record of Depositors as at 15 June 2021 shall be eligible to participate, speak and vote at the 59th AGM.

NO REFRESHMENTS AND NO DOOR GIFTS

There will be no distribution of refreshments and door gifts for the 59th AGM of the Company.

ENQUIRY

If you have any enquiries prior to the 59th AGM, please contact the following persons during office hours (Monday to Friday):

Poll Administrator
Mega Corporate Services Sdn. Bhd.
Mr Alfred John or Encik Norhisham Abdul Hamid
Telephone No. : (03) 2692 4271 / 26948984
Facsimile No. : (03) 2732 5388
E-mail : agm-support.SHC@megacorp.com.my

SIN HENG CHAN (MALAYA) BERHAD

Telephone No. : (03) 2094 7992
Facsimile No. : (03) 2094 7996
E-mail : info@shcm.com.my

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SIN HENG CHAN (MALAYA) BERHAD
(Reg. No. 196201000185 (4690-V))

PROXY FORM

(Before completing this form please refer to the notes below)

CDS ACCOUNT NO.	NO. OF SHARES HELD

I/We*, (Full name in block) ____

____________________________ NRIC/Passport/Registration No.* ____________________

of (Address) ____

with email address: ____________________________ mobile phone no.: ____________________

being a member/members* of **SIN HENG CHAN (MALAYA) BERHAD** ("the Company"), hereby appoint(s):-

Full Name (in Block)	**NRIC/Passport No.**	**Proportion of Shareholdings %**
Address		
Email Address		
Mobile Phone No.		

*and / or **

Full Name (in Block)	**NRIC/Passport No.**	**Proportion of Shareholdings %**
Address		
Email Address		
Mobile Phone No.		

or failing him/her, the Chairman of the Meeting as *my/our proxy to attend, speak and vote for *my/our behalf at the Fifty-Ninth Annual General Meeting of the Company to be held fully virtual through live streaming via a remote participation and voting facilities at the Broadcast Venue, Level 3, Wisma E & C, No. 2, Lorong Dungun Kiri, Damansara Heights, 50490 Kuala Lumpur on Monday, 21 June 2021 at 10.00 a.m. or any adjournment thereof in the manner as indicated below:-

	First Proxy		Second Proxy	
Resolutions Relating to:	**For**	**Against**	**For**	**Against**
1. Ordinary Resolution: Approval of payment of Directors' fees and benefits totalling RM106,000.00 for the financial year ended 31 December 2020.				
2. Ordinary Resolution: Approval of payment of Directors' fees and benefits payable up to RM300,000.00 for the period from 1 January 2021 until the conclusion of the next Annual General Meeting.				
3. Ordinary Resolution: Re-election of YBM Tunku Mahmood Bin Tunku Mohammed D.K. PSI as a Director retiring under the Constitution of the Company.				
4. Ordinary Resolution: Re-election of Mak Hon Weng as a Director retiring under the Constitution of the Company.				
5. Ordinary Resolution: Re-election of YBM Tunku Azlan Bin Tunku Aziz as a Director retiring under the Constitution of the Company.				
6. Ordinary Resolution: Re-appointment of Messrs Al Jafree Salihin Kuzaimi PLT as Auditors of the Company and to authorise the Directors to fix their remuneration.				
SPECIAL BUSINESS				
7. Ordinary Resolution: Retention of Thomas Tuan Kit Kwong as an Independent Non-Executive Director.				
8. Ordinary Resolution: Retention of YBM Tunku Mahmood Bin Tunku Mohammed D.K. PSI as an Independent Non-Executive Director.				
9. Ordinary Resolution: Authority to issue shares pursuant to Sections 75 and 76 of the Companies Act, 2016.				
10. Ordinary Resolution: Proposed renewal of shareholders' mandate for recurrent related party transactions of a revenue or trading nature.				
11. Special Resolution: Proposed Amendment				

Please indicate with a "√" or "X" in the space provided how you wish your vote to be cast. If no instruction as to voting is given, the proxy will vote or abstain from voting at his/her discretion. The first named proxy shall be entitled to vote on a show of hands on my/our behalf.

Dated this__________ day of ____________ 2021

____
Signature of Member / Common Seal

AFFIX
STAMP

The Poll Administrator
SIN HENG CHAN (MALAYA) BERHAD
(Reg. No. 196201000185 (4690-V))
C/O MEGA CORPORATE SERVICES SDN. BHD.

Level 15-2, Bangunan Faber Imperial Court
Jalan Sultan Ismail
50250 Kuala Lumpur
Wilayah Persekutuan

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Notes:

1. In light of the COVID-19 outbreak and as part of our safety measures, this Annual General Meeting ("AGM") will be conducted fully virtual through live streaming via a remote participation and voting facilities at the Broadcast Venue. The Broadcast Venue is strictly to comply with Section 327(2) of the Companies Act 2016 which requires the Chairman of the Meeting to be present at the main venue of the Meeting. No shareholders/proxy(ies) should be physically present at the Broadcast Venue on the day of this AGM.

2. For the purpose of determining a member who shall be entitled to attend, speak and vote at the AGM, the Company shall be requesting the Record of Depositors as at 15 June 2021. Only a depositor whose name appears on the Record of Depositors as at 15 June 2021 shall be entitled to attend the said meeting or appoint proxies to attend, speak and vote on his/her behalf.

3. A member entitle to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote in his/her stead. A member may appoint up to two (2) proxies to attend the same meeting provided that he/she specifies the proportion of his/her shareholding to be represented by each proxy. A proxy may but need not be a member of the Company.

4. Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one (1) proxy but not more than two (2) proxies in respect of each Securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

5. Where a member is an exempt authorised nominee, it may appoint multiple proxies for each omnibus account it holds.

6. The instrument appointing a proxy shall be in writing under the hand of the appointer or his/her attorney duly authorized in writing or, if the appointer is a corporation, either under the Corporation's Common Seal or under the hand of an officer or attorney so authorized.

7. The Proxy Form must be deposited at the office of the Poll Administrator, Mega Corporate Services Sdn. Bhd. situated at Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur, Wilayah Persekutuan or submitted via email to [agm-support.SHC@megacorp.com.my] not less than forty-eight (48) hours before the time for holding the meeting or any adjournment thereof. You also have the option to register directly at [agm-support.SHC@megacorp.com.my] to submit the proxy appointment electronically not later than Saturday, 19 June 2021 at 10:00 a.m. For further information on the electronic submission of proxy form, kindly refer to the Administrative Guide.

8. All resolutions set out in this Notice of AGM will be put to vote by way of poll pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirement of Bursa Malaysia Securities Berhad.

9. By submitting the duly executed form of proxy, a member and his/her proxy consent to the Company (and/or its agents/service providers) collecting, using and disclosing the personal data therein in accordance with the Personal Data Protection Act 2010 for this meeting and any adjournment thereof.

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SIN HENG CHAN (MALAYA) BERHAD

(Reg. No. 196201000185 (4690-V))

ANNUAL REPORT REQUISITION FORM

Dear Shareholder,

Thank you for your continued support for **Sin Heng Chan (Malaya) Berhad**. You may obtain a copy of our Annual Report from our website at www.shcm.com.my.

We are pleased to inform you that the printed copy of Annual Report 2020 is also available on request. If you wish to receive a printed copy, please complete this form and return it to us. Our contact details are as follows:

Address	: Sin Heng Chan (Malaya) Berhad Level 3, Wisma E&C No. 2, Lorong Dungun Kiri Damansara Heights, 50490 Kuala Lumpur
Fax No.	: (603) 2094 7996
Email Address	: info@shcm.com.my
Full Name	: ______________________________
NRIC No./ Company No.	: ______________________________
CDS Account No.	: ______________________________
Mailing Address	: ______________________________ ______________________________
Telephone	: ______________________________
Signature of Shareholder	: ______________________________
Date	: ______________________________

We shall forward a printed copy of the Annual Report within four (4) market days from the date of receipt of this form. Should you require further information, kindly contact Ms. Shahira/ Ms. Mee Ling at (603)-2094 7992.

AFFIX
STAMP

SIN HENG CHAN (MALAYA) BERHAD
(Reg. No. 196201000185 (4690-V))

Level 3, Wisma E&C
No. 2, Lorong Dungun Kiri
Damansara Heights, 50490 Kuala Lumpur

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Glue and seal along this edge

SIN HENG CHAN (MALAYA) BERHAD

SIN HENG CHAN (MALAYA) BERHAD
(Reg. No. 196201000185 (4690-V))

Level 3, Wisma E & C,
No. 2, Lorong Dungun Kiri, Damansara Heights
50490 Kuala Lumpur, Malaysia
Tel : 603 - 2094 7992 Fax : 603 - 2094 7996

www.shcm.com.my