



# Southern Acids (M) Berhad

[Registration No. 198001010791 (64577-K)]  
(Incorporated in Malaysia)



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# CORPORATE INFORMATION

## BOARD OF DIRECTORS

<b>Tan Sri Datuk Seri Panglima Sulong Matjeraie</b>	<i>Chairman / Independent Non-Executive Director</i>
<b>Dr. Nick Low (Dr. Low Kok Thye)</b>	<i>Managing Director</i>
<b>Lim Kim Long</b>	<i>Executive Director</i>
<b>Chung Kin Mun</b>	<i>Senior Independent Non-Executive Director</i>
<b>Leong So Seh</b>	<i>Independent Non-Executive Director</i>

## AUDIT COMMITTEE

**Chung Kin Mun** (Chairman)  
**Leong So Seh**  
**Tan Sri Datuk Seri Panglima Sulong Matjeraie**

## NOMINATION & REMUNERATION COMMITTEE

**Chung Kin Mun** (Chairman)  
**Leong So Seh**  
**Tan Sri Datuk Seri Panglima Sulong Matjeraie**

## SENIOR MANAGEMENT TEAM

### Key Day-To-Day Management : Corporate

*Managing Director* - **Dr. Nick Low**  
*Executive Director* - **Lim Kim Long**  
*Chief Financial Officer* - **Cheong Kee Yoong**

**Alex Chan Choon Hoong**  
*Chief Strategic Development Officer*

**Jennifer Low Swee Yim**  
*Strategic Integration Director*

**Edward Lai (Lai Fu Khate)**  
*Special Technology Affairs Director*

**Tiong Chuu Ling**  
*Chief Operating Officer - Oleochemical Segment*

**Lee Choo Chai**  
*General Manager - Milling & Estate Segment*

**Tan Suet Guan**  
*Hospital Director - Healthcare Segment*

## CORPORATE INFORMATION (cont'd)

### COMPANY SECRETARIES

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**Lim Kui Suang**  
SSM PC No. 202008001175  
MAICSA 0783327

**Paul Ignatius Stanislaus**  
SSM PC No. 202008001655  
MACS 01330

### REGISTERED OFFICE

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9, Jalan Bayu Tinggi 2A/KS6  
Taipan 2, Batu Unjur  
41200 Klang  
Selangor Darul Ehsan  
Malaysia

Tel : 03-3323 1916  
Fax : 03-3323 3584

### HEAD OFFICE / PRINCIPAL PLACE OF BUSINESS

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Level 29, Centro Tower  
No. 8, Jalan Batu Tiga Lama  
41300 Klang  
Selangor Darul Ehsan  
Malaysia

Tel : 03-3258 3333  
Fax : 03-3258 3300  
Website : www.southernacids.com

### COUNTRY OF INCORPORATION AND DOMICILE

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Malaysia

### SHARE REGISTRARS

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**Boardroom Share Registrars Sdn. Bhd.**  
Registration Number: 199601006647 (378993-D)  
11th Floor, Menara Symphony  
No. 5 Jalan Prof Khoo Kay Kim, Seksyen 13  
46200 Petaling Jaya,  
Selangor Darul Ehsan,  
Malaysia

Helpdesk : 03-7890 4700  
Fax : 03-7890 4670

### STOCK EXCHANGE LISTING

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Main Market of Bursa Malaysia Securities Berhad

### LEGAL STATUS

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Public listed company limited by shares

### AUDITORS

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**Deloitte PLT (LLP0010145-LCA)**  
Chartered Accountants (AF 0080)  
Level 16, Menara LGB  
1 Jalan Wan Kadir  
Taman Tun Dr. Ismail  
60000 Kuala Lumpur  
Malaysia

### PRINCIPAL BANKERS

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**AmFunds Management Berhad**  
**CIMB Bank Berhad**  
**Citibank Berhad**

# FINANCIAL HIGHLIGHTS



## FINANCIAL HIGHLIGHTS

Financial Year	2017	2018	2019	2020	2021
<b>Financial Performance (RM'000)</b>					
Revenue	740,091	763,104	598,645	660,286	<b>741,103</b>
Profit before tax	73,929	51,019 *	38,574	48,740	<b>60,345</b>
Profit for the year	57,442	37,039 *	25,468	39,229	<b>47,783</b>
<b>Financial Position (RM'000)</b>					
Total assets	705,106 *	717,050 *	731,557	727,388	<b>806,218</b>
Total liabilities	77,444 *	79,981 *	75,542	77,166	<b>96,869</b>
Net current assets	274,344 *	272,275 *	280,610	310,861	<b>359,164</b>
Equity attributable to shareholders of the Company	568,758 *	586,376 *	601,281	594,422	<b>637,662</b>
Share capital	171,255	171,255	171,255	171,255	<b>171,255</b>
Number of ordinary shares ('000)	136,934	136,934	136,934	136,934	<b>136,934</b>
<b>Key Figures</b>					
Earnings per share (sen)	35.58	23.78 *	15.69	23.37	<b>27.28</b>
Dividend per share (net) (sen)	5.00	5.00	5.00	5.00	<b>5.00</b>
Net assets per share attributable to shareholders of the Company (RM)	4.15	4.28 *	4.39	4.34	<b>4.66</b>

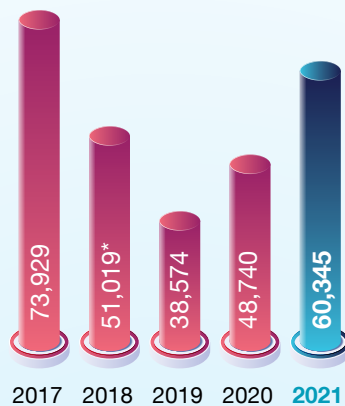
\* Restated

## FINANCIAL HIGHLIGHTS (cont'd)

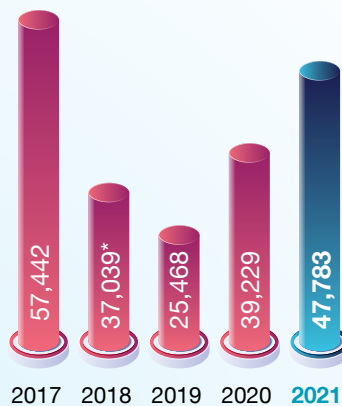
**REVENUE**  
(RM'000)



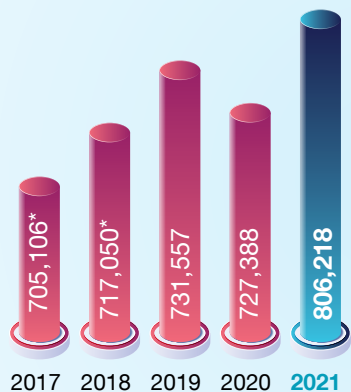
**PROFIT BEFORE TAX**  
(RM'000)



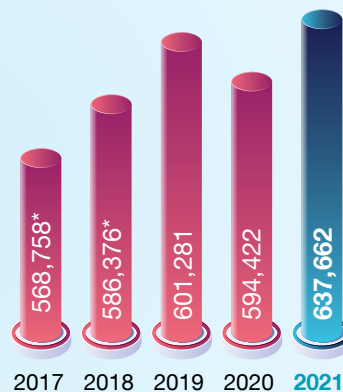
**PROFIT FOR THE YEAR**  
(RM'000)



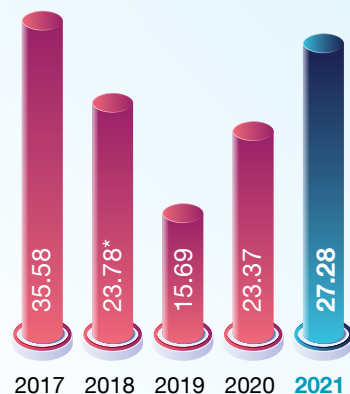
**TOTAL ASSETS**  
(RM'000)



**SHAREHOLDERS' EQUITY**  
(RM'000)



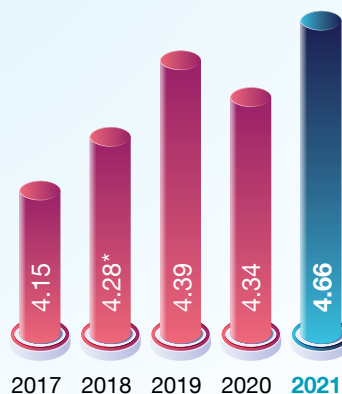
**EARNINGS PER SHARE**  
(Sen)



**DIVIDEND PER SHARE (NET)**  
(Sen)



**NET ASSETS PER SHARE**  
(RM)

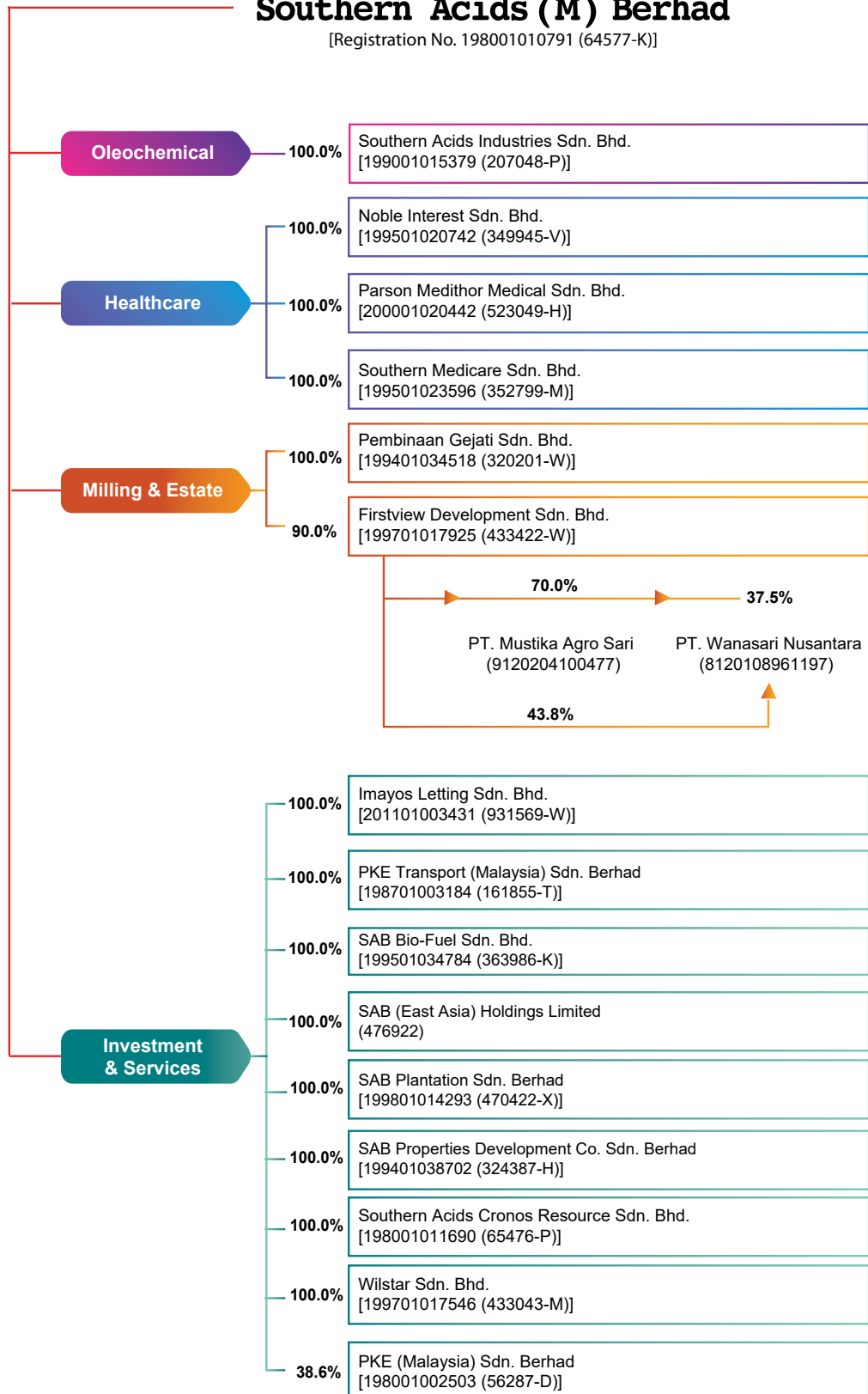


# CORPORATE STRUCTURE



## Southern Acids (M) Berhad

[Registration No. 198001010791 (64577-K)]





## Oleochemical Segment



**Milling & Estate  
Segment**



**Healthcare  
Segment**

# MANAGEMENT DISCUSSION AND ANALYSIS



# MANAGEMENT DISCUSSION AND ANALYSIS

## Dear Valued Shareholders,

On behalf of the Board of Directors (“the Board”) of Southern Acids (M) Berhad (“SAB” or “the Company”), it is my pleasure to present the Management Discussion and Analysis (“MDA”) of SAB and its subsidiaries (“the Group” or “SAB Group”) for the financial year ended 31 March 2021 (“FY2021”).

## BACKGROUND

SAB was founded in 1980 and commenced manufacturing of oleochemical products. The Group subsequently undertook a vertical integration exercise by venturing into the upstream oil palm segment. This strategic move was to capitalise on palm oil as an alternative feedstock to the oleochemical industry which was then still largely based on tallow and coconut oil.

SAB’s core activities have expanded and currently encompasses Oleochemical, Milling & Estate and Healthcare service. The Group currently employs 1,629 staff members and has operations in Malaysia and Indonesia.

## ECONOMIC REVIEW

Calendar year 2020 (“CY2020”) has proven to be the most challenging year for global economies in recent history due to the Coronavirus disease (“Covid-19”) pandemic. Malaysia was not spared as gross domestic product (“GDP”) contracted 5.6% during the year. This decline in economic output is second only to the 1988 Asian Financial Crisis (“AFC”), which saw our Malaysian GDP contract 7.4%.

In an effort to contain the spread of Covid-19, Malaysia implemented the Movement Control Order (“MCO”) on 18 March 2020, a lockdown aimed at preventing the spread of Covid-19 in the country. Initial efforts to contain the spread of Covid-19 proved successful. Towards the later part of the year, conditions improved and positive sentiment returned due to the decreasing rate of infection and a gradual return to normalcy as movement controls were loosened. This however, was short-lived as a second and third wave of infections swept through the country during the last quarter of CY2020 and first half of calendar year 2021 (“CY2021”). The Malaysian government’s efforts to contain this led to another round of movement controls that had a significant impact on the local economy as demand and supply of good and services were severely affected.

By all measures, CY2020 was a year to forget. All economic sectors were severely disrupted as efforts to contain the Covid-19 pandemic led to various stages of movement controls that effectively hampered domestic consumption of goods & services, agriculture, manufacturing and construction activities. No sector was immune as net exports fell sharply by 12.3%.

## FY2021 FINANCIAL REVIEW

During the year, SAB achieved a revenue of RM741.1 million and a profit before tax (“PBT”) of RM60.3 million. Revenue increased 12.2% from RM660.3 million reported in the preceding financial year ended 31 March 2020 (“FY2020”) while PBT grew 23.8% to RM60.3 million.

The Group’s top-line growth was largely brought about by the Oleochemical and Milling & Estate Segments. The Oleochemical Segment reported a 15.3% growth in revenue whilst the Milling & Estate Segment’s revenue grew by 16.0%. Driving the better top-line of both segments were a higher average selling price (“ASP”) of fatty acids, glycerine, crude palm oil (“CPO”) and palm kernel (“PK”) that was brought about by the increase in the price of commodities. These segments made up approximately 86.1% of total Group revenue.

Profitability was driven by the Milling & Estate Segment, delivering a 36.6% growth in PBT from FY2020 due to an increase in CPO prices during the year. Also contributing to an increase in profitability was the receipt of a special dividend from a quoted share in the first quarter (“1Q”) of FY2021 amounting to RM7.8 million.

## MANAGEMENT DISCUSSION AND ANALYSIS (cont'd)

During the year, the Group undertook capital expenditure amounting to approximately RM23.6million. In-line with our emphasis on continually improving our facilities, the Healthcare Segment deployed a total of RM8.5 million towards the purchase of equipment, machineries and general renovation works. The Oleochemical and Milling & Estate Segments deployed a total of RM2.6 million and RM10.8 million respectively for the purchase of equipment, machineries and motor vehicles. At the holding company level, a total of RM1.1 million was deployed for the general upkeep of the office premises and the purchase of motor vehicles. All capital expenditure except for motor vehicles was funded via internally generated funds.

### SAB GROUP FIVE YEAR FINANCIAL HIGHLIGHTS

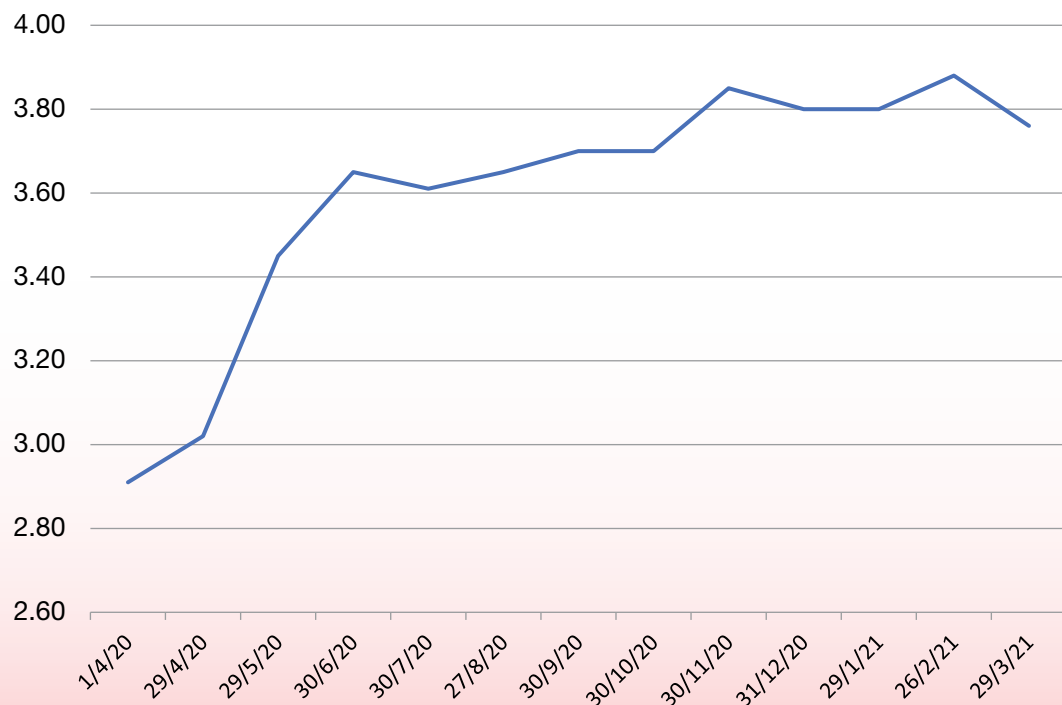
	FY2017 RM'000 (Restated)	FY2018 RM'000 (Restated)	FY2019 RM'000	FY2020 RM'000	FY2021 RM'000
Revenue	740,091	763,104	598,645	660,286	741,103
Profit before tax & interest	74,010	51,075 *	38,611	49,149	60,816
Finance costs	81	56	37	409	471
Net income	57,442	37,039 *	25,468	39,229	47,783
Shareholders' equity	568,758 *	586,376 *	601,281	594,422	637,662
Total assets	705,106 *	717,050 *	731,557	727,388	806,218
Borrowings	605	340	399	5,987	5,093
Earnings per share (sen)	35.58	23.78 *	15.69	23.37	27.28
Net assets per share (RM)	4.15	4.28 *	4.39	4.34	4.66
Dividend per share (sen)	5.00	5.00	5.00	5.00	5.00

\* Restated

## MANAGEMENT DISCUSSION AND ANALYSIS (cont'd)

### SAB SHARE PRICE PERFORMANCE

#### Southern Acids (M) Berhad Daily Closing Price



	FY2021	FY2020
1 High	RM3.99	RM3.96
2 Low	RM2.91	RM2.75
3 Close	RM3.76	RM2.80
4 Average Daily Trading Volume (shares)	13,199	6,548
5 Market Capitalisation At Year End (million)	RM514.9	RM383.4
6 Earnings Per Share (sen)	27.28	23.37
7 Price Earnings Ratio (times)	13.8	12.0

## MANAGEMENT DISCUSSION AND ANALYSIS (cont'd)

### Oleochemical Segment

The Oleochemical Segment is involved in the manufacturing and marketing of fatty acids and glycerine with a production mix ratio of approximately 90:10 between fatty acids and glycerine.

The manufacturing plant is located in Kapar, Klang and was commissioned in the 1980s. It has an annual manufacturing capacity of approximately 100,000 metric tons ("MT"). This plant has been awarded with the following accreditations and certifications: -

- ISO 22000 (Food Safety Management);
- ISO 9001 (Quality Management Systems);
- GMP - Good Manufacturing Practice;
- HACCP - Hazard Analysis Critical Control Point;
- RSPO - Roundtable on Sustainable Palm Oil;
- MSPO - Malaysian Sustainable Palm Oil;
- Kosher (Products); and
- Halal (Manufacturing).

This segment's product offerings are used in diverse end-use applications including personal care, cleaning agents and food products. Approximately 72.8% of segment revenue is derived from exports whilst the balance is from domestic sales.



The current plant has been in operation for more than thirty (30) years. Given the age of the plant, our long-term focus remains on upgrading and replacing the plant. This will enhance the plant's manufacturing and cost efficiency via modernization and process automation.

Oleochemical Segment	FY2021	FY2020	Changes
<b>Financial Highlights</b>			
Revenue (RM'000)	325,541	282,410	15.3%
Loss Before Tax (RM'000)	(548)	(3,219)	83.0%
Core Loss Before Tax (RM'000)	(2,138)	(5,210)	59.0%
<b>Non-Financial Highlights</b>			
Production Capacity (MT)	100,000	100,000	0.0%
Production (MT)	84,209	86,925	-3.1%
Production Utilisation (%)	84.2%	86.9%	-3.1%
Quantity Sold (MT)	82,213	87,946	-6.4%
Overseas Sales Quantity (MT)	58,537	66,966	-12.6%
Overseas Sales Quantity (%)	71.2%	76.1%	-6.4%
Overseas Sales (RM'000)	236,867	221,088	7.1%
Overseas Sales Revenue (%)	72.8%	78.3%	-7.0%

In FY2021, the Oleochemical Segment's revenue increased by 15.3% to RM325.5 million from RM282.4 million in FY2020. The growth in revenue was due to a 22.1% and 30.0% increase in ASPs for both fatty acids and glycerine which increased as a result of the increase in the prices of commodities. Despite the increase in revenue, sales volume declined 6.4% to 82,213 MT. Production volume declined in tandem with sales volume as production utilisation rate declined to 84.2% from 86.9% reported last year. The major decline in production volume and sales volume were seen during the 1QFY2021 which coincides with the period of the first MCO in CY2020.

## MANAGEMENT DISCUSSION AND ANALYSIS (cont'd)

The Oleochemical Segment reported a loss before tax (“LBT”) of RM0.5million in FY2021 despite the higher ASPs due to a decline in sales volumes and lower production capacity utilisation rate. That being said, this is a stark improvement from a LBT of RM3.2 million in FY2020. The segment’s core LBT amounted to RM2.1 million and non-core PBT stood at RM1.6 million. The non-core PBT was due to a combination of interest income and net gains from foreign exchange.

The Oleochemical Segment was operating for most part of the year with stringent standard operating procedures put in place and early screening for detection and prevention of Covid-19 outbreak at the workplace.

### Milling & Estate Segment

The Milling & Estate Segment is principally engaged in the processing of Fresh Fruit Bunches (“FFB”) into CPO and PK as well as oil palm cultivation.

The Group operates two palm oil mills (“POM”) located in Riau, Indonesia with a combined milling capacity of 100 MT per hour. The first POM was commissioned in June 2002 followed by the second POM that was commissioned in August 2015.

Milling & Estate Segment	FY2021	FY2020	Changes
<b>Financial Highlights</b>			
Revenue (RM'000)	312,545	269,453	16.0%
Profit Before Tax (RM'000)	38,285	28,037	36.6%
Core Profit Before Tax (RM'000)	23,522	19,413	21.2%
<b>Non-Financial Highlights</b>			
FFB Processed (MT)	529,463	535,950	-1.2%
CPO Production (MT)	108,218	111,829	-3.2%
PK Production (MT)	26,313	27,256	-3.5%
FFB Production (MT)	89,786	91,635	-2.0%
Average CPO Selling Price Per MT	2,493	2,138	16.6%
Average PK Selling Price Per MT	1,496	1,181	26.7%

Both the POMs produced a total of 108,218 MT of CPO in FY2021 as compared to 111,829 MT of CPO in FY2020. Total FFB processed in both the POMs were 529,463 MT of FFB in FY2021 as compared to 535,950 MT of FFB processed in FY2020.

The FFB required by our POMs are supplied by our internal estates as well as from third-party external estates. The FFB production from our 4,213.1 hectares (“ha”) of planted area in Riau yielded 89,786 MT, providing approximately 17.0% of the POMs current requirements. Out of the 4,213.1 ha of planted area, 3,177.0 ha are mature whilst the remaining 1,036.1 ha are immature. The age profile of our palms is equally spread between the young, prime and old and with a weighted average age of ten (10) years old.

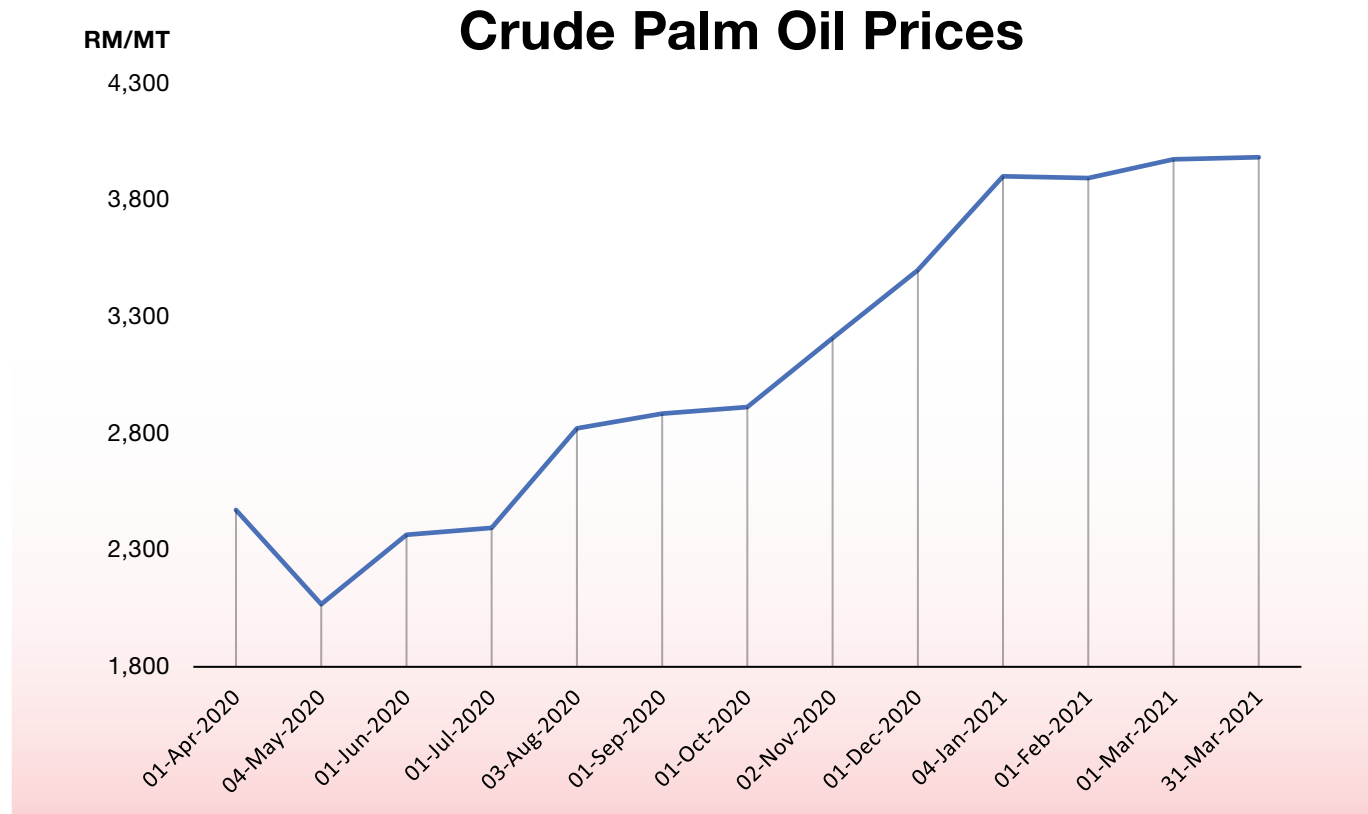


Both the Group’s PT Mustika Agro Sari (“PTMAS”) and PT Wanasari Nusantara (“PTWan”) estates in Riau are Indonesian Sustainable Palm Oil (“ISPO”) compliant, having been awarded the certification in November 2017 and August 2019. The certification is valid for five years until November 2022 and August 2024.

## MANAGEMENT DISCUSSION AND ANALYSIS (cont'd)

The Group's long-term strategy is to increase production efficiency which will in-turn positively affect our cost structure.

In FY2021, revenue in the Milling & Estate Segment grew 16.0% to RM312.5 million from RM269.5 million reported last year. The growth in revenue was due to an overall increase in the price of commodities. Sales volumes of CPO and PKs decreased marginally by 1.6% to 108,340 MT and 1.7% to 26,526 MT respectively. Processed FFB decreased in tandem with sales volumes by 1.2% to 529,463 MT.



FFB production from internal estates decreased 2.0% to 89,786 MT; this made up approximately 17.0% of FFB requirements for FY2021.

Despite the slight decrease in sales volumes, segment PBT rose 36.6% to RM38.3 million. This outperformance was largely driven by higher ASPs. CPO and PK prices increased by 16.6% and 26.7% respectively. Core PBT stood at RM23.5 million whilst non-core PBT amounted to RM14.8 million. Non-core PBT was mainly derived from interest income and proceeds from the disposal of PK shells and scraps.

The Milling & Estate Segment operates in Riau, Indonesia; this province implemented Pembatasan Sosial Berskala Besar ("PSBB") on the 17 April 2020. The restrictions prohibited mass gatherings and closed public places and public transport.





## MANAGEMENT DISCUSSION AND ANALYSIS (cont'd)

### Healthcare Segment

The Healthcare Segment operates Sri Kota Specialist Medical Centre (“Sri Kota”), an award winning 232-bedded private tertiary hospital located in Klang, Selangor. Sri Kota was commissioned in September 1999 and has maintained the status of Klang’s leading private tertiary hospital during the past two decades.

Throughout the years, Sri Kota’s notable achievements include the Facilities Improvement Initiative award from Health Asia and the Health and Wellness Brand award from Sin Chew Daily. These awards are endorsements of Sri Kota’s success during its twenty (20) years of operations.

The following major specialities and sub-specialities are available at our hospital:-

1. Anaesthesiology;
2. Surgical;
3. Medicine;
4. Oncology;
5. Obstetrics and Gynaecology;
6. Radiology; and
7. Paediatrics.

Sri Kota currently has thirty six (36) resident consultants and forty six (46) visiting consultants specialising in the above core disciplines. Sri Kota is accredited with the full 4-year prestigious Malaysian Society for Quality in Health (“MSQH”) 5th Edition (3rd Cycle) for period of 6 December 2018 to 5 December 2022.



The Group’s long-term strategy is to strategically expand our core disciplines whilst delivering healthcare services with a holistic approach to patient care.

Healthcare Segment	FY2021	FY2020	Changes
<b>Financial Highlights</b>			
Revenue (RM'000)	77,448	91,365	-15.2%
Profit Before Tax (RM'000)	16,685	25,410	-34.3%
Core Profit Before Tax (RM'000)	13,369	22,635	-40.9%
<b>Non-Financial Highlights</b>			
Number Of Patient			
- Outpatient	77,654	85,443	-9.1%
- Inpatient	7,273	12,868	-43.5%
Average Revenue Per Patient (“ARPP”)(RM)			
- Outpatient	234	184	27.2%
- Inpatient	7,800	5,611	39.0%
Number Of Licensed Beds	163	163	0.0%
Bed Occupancy Rate (%)	32.6%	56.9%	-42.7%
Number Of Resident Consultants	36	35	2.9%
Number Of Visiting Consultants	46	45	2.2%

## MANAGEMENT DISCUSSION AND ANALYSIS (cont'd)

In FY2021, revenue in the Healthcare Segment decreased 15.2% to RM77.4 million from the preceding year.

The decline in revenue was due to a reduction in outpatient and inpatient numbers as a result of the Covid-19 pandemic. The number of registered outpatients and inpatients declined 9.1% and 43.5% to 77,654 and 7,273 respectively. The significant increase in ARPP was indirectly due to Covid-19 as patients were less inclined to visit the hospital unless absolutely necessary.

In tandem with the decline in patient numbers, overall bed occupancy rate was lower at 32.6% from 56.9% previously.

As a result of the reasons mentioned above, segment PBT declined 34.3% to RM16.7 million. This comprised core PBT of RM13.4 million and non-core PBT of RM3.3 million.



The Healthcare Segment continued to operate throughout the various movement controls to serve the local community as an essential tertiary healthcare service during the year. Our hospital was involved in the government's vaccination programme including the phase 1 vaccination for frontliners and the current ongoing Program Imunisasi Covid-19 Kebangsaan. We hope to support the government to achieve herd immunity as early as possible.

### KEY RISKS AND MITIGATION

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The Group employs a proactive approach to risk identification and management for all the business segments. Our internal risk management framework outlines an internal control mechanism underpinned by an independent review and audit process by the Board.

#### Oleochemical Segment

The Oleochemical Segment faces competitive risk due to competition and forex risk from exports. The Group mitigates competition risk by maintaining close relationships with long term customers via a value-added approach that allows product customisation and differentiation.

#### Milling & Estate Segment

The Milling & Estate Segment is a net buyer of FFB for feedstock for our milling operations as our internal estates only supply 17.0% of the required volume. As CPO prices are a function of global supply and demand, the Group focuses on the processing cost of the mill and potential expansion of planted area located in Riau province.

#### Healthcare Segment

The Healthcare Segment operates in the private healthcare space, which is subject to competition from other healthcare providers and risk of professional misconduct and incompetence. The Group mitigates these risks by continually improving internal processes to ensure that our consultants and nurses discharge their duties in accordance with the highest standards of professional conduct. These measures give customers confidence in our abilities and encourages brand loyalty and retention.

### OUTLOOK AND PROSPECTS

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#### Oleochemical Segment

Our Oleochemical Segment operates in a difficult environment. The global industry remains highly competitive. Our current size of operation lacks the economies of scale in the global context. We are cautious on our prospects in this segment. Disruption to our plant activities in the current environment, higher raw material (PK oil and CPO) prices as well as currency volatility may also serve to undermine our performance this year.

Against this backdrop, we will further automate our processes and look to further rationalise costs to improve on our operational efficiencies. Emphasis on a value-add approach via product customisation has been fruitful, and we will continue with this approach to strengthen our relations with loyal customers.

## MANAGEMENT DISCUSSION AND ANALYSIS (cont'd)

### Milling & Estate Segment

CPO prices have been volatile. Prices have been lifted by a boom in commodity prices, especially the stronger performance in soybean oil for the late part of 2020 and the first half of 2021. This has augured well for our Milling & Estate Segment. Daily CPO prices as quoted by the Malaysian Palm Oil Board rose from RM3,788/MT at the end of 2020 to a high of RM4,774/MT in May 2021.

However, CPO prices should ease as palm oil production and inventory levels rise on the back of higher seasonal output as well as a more favourable weather condition. Meanwhile persisting pandemic could continue to disrupt both the supply and demand dynamics of the segment.

### Healthcare Segment

Our Healthcare Segment suffered as Malaysia battled the Covid-19 pandemic. The recent surge in cases in 2021 along with the new Covid-19 strains has lead to a near collapse in the government healthcare framework for the country in particular in the Klang Valley area. In line with this, we will supporting as much as we can to support the government healthcare framework. For the year, we do not expect great profit from this segment but as an organisation, we will be part of the framework to help the nation through this hard times. Longer term, prospects in private healthcare continue to be underscored by rising health awareness and an expanding middle income population. We will strive on delivering high quality healthcare services; upgrading our medical facilities to provide superior medical care and to build on our pool of medical professionals to improve on our patient care.

### Budgeted Capital Expenditure

For the financial year ending 31 March 2022 ("FY2022"), SAB has budgeted approximately RM49.5 million for capital expenditure ("capex") requirements. Topping the list is the Oleochemical Segment at RM20.3 million followed by the Healthcare Segment at RM17.3 million and the Milling & Estates Segment at RM11.9 million.

The Oleochemical Segment's capex will be put towards the purchase of new equipment and machineries as well as the general upgrading of the existing manufacturing plant. The Healthcare Segment will also benefit from purchase of new equipment and machineries as well as general renovation and upgrading of new information technology ("IT") infrastructure. Operating out of Riau, Indonesia, the Milling & Estate Segment's capex will largely be for the purchase of new equipment, general renovation, IT infrastructure and motor vehicles.

Additionally, the Milling & Estate Segment is slated to carry out a new planting exercise covering 905 ha of the estate in Riau, Indonesia. This exercise is estimated to cost approximately RM12.0 million.

### General

Global economic growth remains uncertain as the Covid-19 pandemic rolls into its second year. Following on from an estimated contraction of 3.3% in 2020, the International Monetary Fund is projecting the global economy to grow at 6.0% in 2021 (*World Economic Outlook, April 2021*). This improved outlook reflects the positive policy support from the larger economies as well as an anticipated re-opening of economies as vaccine coverage expands. Nonetheless, the pace of this recovery still depends on how effective we are in containing the pandemic; and the concerns over a Covid-19 resurgence even as the global vaccine rollout continues.

Domestically this fear of a resurgence has become a reality. New Covid-19 cases in Malaysia has spiked up to high 4-digit levels from April 2021. This has forced the government to impose a total lockdown or Full MCO from June 2021 to beat down this pandemic. Bank Negara had earlier expected Malaysia's GDP growth to rebound 6.5%-7.0% this year after reporting 5.6% decline in 2020 (*Bank Negara Malaysia 1Q2021 Bulletin, May 2021*). This current shutdown of economic sectors may risk negatively impacting our growth forecasts for the year. We however believe that with the vaccination and steps taken, the country will achieve herd immunity by the forth quarter and the number of cases will be on a downward trend thus allowing economics sectors to start the process of recovering.

The global economy is still clouded with uncertainty that hinges on the containment of this pandemic. Given the restrictions and disruptions we are facing, the operating environment of our respective core business segments continue to remain challenging. Near term we will adopt a more prudent approach; focusing on improving our core strengths and sustain a solid foundation to withstand the current economic headwinds.

## MANAGEMENT DISCUSSION AND ANALYSIS (cont'd)

### Dividends

With respect to our FY2020, the Board proposed a single-tier final dividend of 5 sen per ordinary share on 26 June 2020. This was duly tabled and approved at our 39th Annual General Meeting (“AGM”) held on 25 September 2020. The dividend was subsequently paid to shareholders on 23 October 2020.

With respect to our FY2021, the Board proposed to continue with a single-tier final dividend of 5 sen per ordinary share on 25 May 2021. The proposal will be tabled for shareholders’ approval during our forthcoming 40th AGM.

The Company has established a healthy consistent dividend track record over the years. It is our aim to grow the company for the long term benefit of all shareholders.

### Appreciation

The Board wishes to express our deepest appreciation to our medical workers and frontliners. The continuing efforts and sacrifice you made in battling this pandemic are truly extraordinary.

We thank our valued shareholders and stakeholders for your confidence and for your trust. Our gratitude to our management and staff for your commitment to the Company. It is only with your hard work, sweat and dedication that together we can strive towards achieving our goals.

**Dr. Nick Low**  
**Managing Director**

# **SUSTAINABILITY STATEMENT**



# SUSTAINABILITY STATEMENT

## 1. INTRODUCTION

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*Figure: UN Sustainability Development Goals 2030 Colour Wheel.*

At SAB, we believe that in order to grow our businesses in a sustainable manner, we must balance our commitments to our wide range of stakeholders – our investors, customers, governmental authorities and the communities where we operate, with the goal of our business which is creation of value based on the three key pillars of sustainability; Economic, Environmental and Social (“EES”).

We view sustainability as a routine practice essential to remain competitive and keep pace with environmental change and disruption. To future-proof our business and create inclusive economic growth for all stakeholders, we continuously refine our long-term strategic alignment to systematically capture value and drive positive returns.

We continue to integrate the principles of sustainability across three core segments of the business and operations of SAB Group; Oleochemical, Milling & Estate, and Healthcare, by delivering value through building resilient businesses focussing on our customers, innovation and operational excellence, being environmentally sensitive, retaining a strong commitment to employee welfare and development, and partnering with the communities we serve to make a positive impact.

We recognise that while corporate growth and continual positive financial performance are pivotal to our business, the pursuit of sustainability impacts in economic growth, environmental protection, and social living standards are fundamental to us as a responsible corporate citizen. We wish to reiterate that sustainability has always been and will be part and parcel of SAB’s culture as we continue **Embedding Sustainability Principles Into Corporate Thinking and Action**.

We acknowledge that the journey of sustainability is a long and arduous one. We are prepared and committed to undertake this endeavour by remaining steadfast to our corporate values.

## SUSTAINABILITY STATEMENT (cont'd)

### 2. REPORTING PERIOD AND SCOPE

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As part of our sustainability agenda, we will continue to strengthen our performance by monitoring our specific targets and key performance indicators, fostering close relationships with our stakeholders, as well as harmonising sustainability principles across the Group.

A full year's data from 1 April 2020 to 31 March 2021 is included unless otherwise specified. The reporting period aligns with the Group's financial year.

The scope of this statement covers the business and operations of the Group's three core segments; Oleochemical, Milling & Estate, and Healthcare. Unless otherwise specified, all information provided refers to initiatives undertaken by all our business operations and employees in Malaysia and Indonesia which we have direct managerial control over.

This statement has been prepared in accordance with Bursa Malaysia Securities Berhad ("Bursa Malaysia") Main Market Listing Requirements ("MMLR") relating to Sustainability Statements in Annual Reports of Listed Issuers, and guided by the Sustainability Reporting Guide (2<sup>nd</sup> Edition) and Toolkits issued by Bursa Malaysia. We also mapped our sustainability initiatives to the United Nations Sustainability Development Goals ("UNSDG") to support Malaysia's commitment in implementing The 2030 Agenda for Sustainable Development.

We are putting in place the required systems and processes to progressively improve our ability to monitor, collect, analyse and report quantitative data, to enhance the integrity and accuracy of our statements over the years.

We have not sought any external assurance for the current statement. However, we recognise the added value of an independent assessment and will consider such assurance as our reporting matures.

## SUSTAINABILITY STATEMENT (cont'd)

### 3. SUSTAINABILITY GOVERNANCE

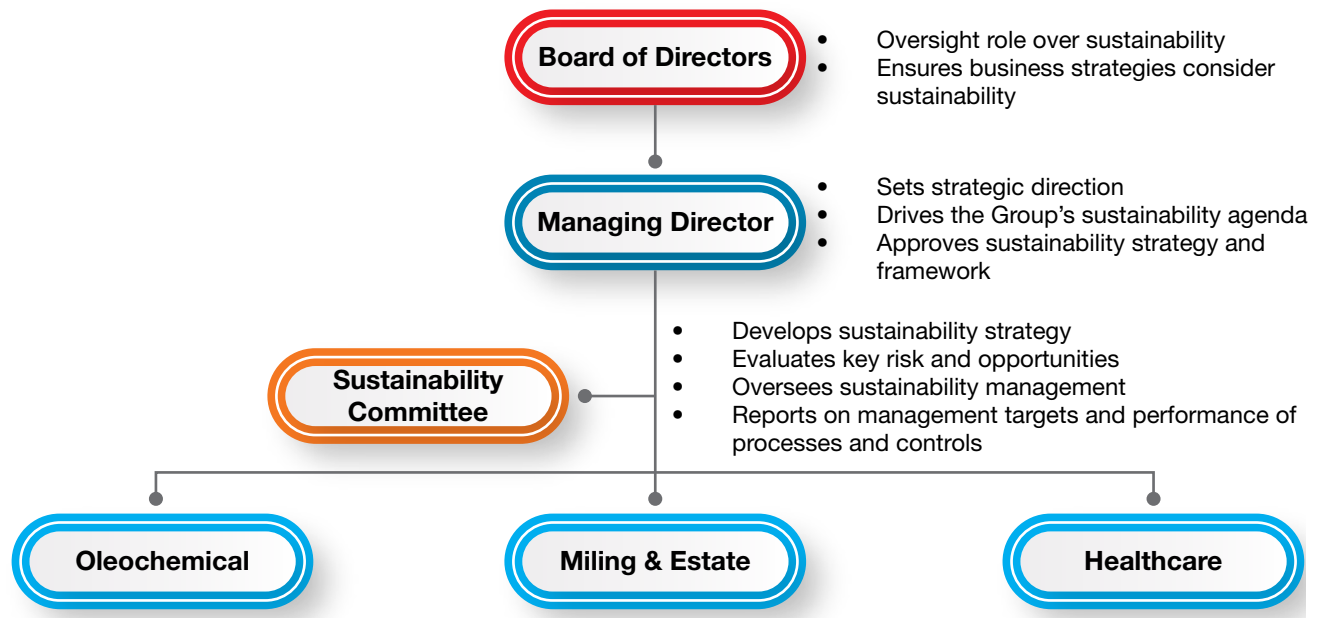


Figure: SAB's sustainability governance structure.

Good Governance, accountability and transparency play a fundamental role in the way we operate. Our statement on corporate governance can be found in the Corporate Governance Overview Statement section of this Annual Report 2021 ("AR 2021")

Our sustainability governance model provides a foundation and a formal structure that ensures our sustainability strategies are implemented and integrated into our business, delivering long-term value to our stakeholders.

The Board is ultimately responsible for the sustainability direction of the Group and ensures that our goals are met through actions taken at the management and operational levels. Our Managing Director ("MD"), mandated by the Board, drives our sustainability agenda and has the overall responsibility over our strategic direction. The Sustainability Committee is responsible for assisting the MD in the implementation of sustainability strategy by ensuring that processes and controls are in place, and reports on performance and management targets.

The Sustainability Committee, represented by heads of core business segments and Group function, is tasked to drive governance and delivery of the Group's sustainability agenda. Besides overseeing sustainability management, the Sustainability Committee will champion the incorporation of sustainability into long-term strategic planning and our core business processes. To ensure quality and accuracy of reporting, the Sustainability Committee will also ensure that data integrity is upheld, driving accountability among our teams.



## SUSTAINABILITY STATEMENT (cont'd)

### 4. STAKEHOLDER ENGAGEMENT

We have a wide range of stakeholders, whom we identify as groups that have a significant impact on, and keen interest in our operations. We seek to develop strong relationships based on trust with each group through engagement on different platforms. The aim is to understand our stakeholders' needs and expectations for us to communicate in a transparent manner.

Stakeholder Group	Engagement Methods	Frequency	Topics of concern and Interest	Material Matters
Customers	<ul style="list-style-type: none"> <li>Surveys</li> <li>Corporate website</li> <li>Electronic direct mail</li> <li>Phone calls</li> </ul>	<ul style="list-style-type: none"> <li>On-going</li> <li>On-going</li> <li>As needed</li> <li>As needed</li> </ul>	<ul style="list-style-type: none"> <li>Customer service</li> <li>Customer experience</li> <li>Product quality</li> </ul>	<ul style="list-style-type: none"> <li>Customer Satisfaction</li> <li>Accreditations and adherence to quality standards</li> <li>Biodiversity</li> </ul>
Employees	<ul style="list-style-type: none"> <li>Town hall meetings, workshops, Focus group discussion, Internal, Committee meetings, Surveys, Events, Internal circulars and newsletter</li> </ul>	<ul style="list-style-type: none"> <li>On-going</li> </ul>	<ul style="list-style-type: none"> <li>Company direction and performance</li> <li>Career development and training opportunities</li> <li>Workplace health and safety</li> <li>Well-being of employees</li> </ul>	<ul style="list-style-type: none"> <li>Innovation</li> <li>Employee Management</li> <li>Health and Safety</li> </ul>
Investors	<ul style="list-style-type: none"> <li>Annual general meeting</li> <li>Corporate website</li> </ul>	<ul style="list-style-type: none"> <li>Annually</li> <li>On-going</li> </ul>	<ul style="list-style-type: none"> <li>Operational and financial performance</li> <li>Shareholder returns</li> </ul>	<ul style="list-style-type: none"> <li>Innovation</li> <li>Governance</li> </ul>
Local Communities	<ul style="list-style-type: none"> <li>Community engagement programmes</li> </ul>	<ul style="list-style-type: none"> <li>On-going</li> </ul>	<ul style="list-style-type: none"> <li>Community development and support</li> <li>Quality, safety, health and environment</li> </ul>	<ul style="list-style-type: none"> <li>Community Development and Relations</li> <li>Health and Safety</li> <li>Effluents and Waste Management</li> <li>Emissions</li> <li>Health and Safety</li> </ul>
Government and Authorities	<ul style="list-style-type: none"> <li>Industry workshops</li> <li>Meeting and consultations</li> <li>Reporting</li> </ul>	<ul style="list-style-type: none"> <li>On-going</li> <li>On-going</li> <li>On-going</li> </ul>	<ul style="list-style-type: none"> <li>Regulatory Compliance</li> <li>Improving efficiency and productivity</li> </ul>	<ul style="list-style-type: none"> <li>Innovation</li> <li>Governance</li> <li>Energy Efficiency</li> <li>Effluents and Waste Management</li> <li>Emissions</li> <li>Water Management</li> <li>Health and Safety</li> </ul>
Suppliers	<ul style="list-style-type: none"> <li>Procurement system</li> <li>Supplier surveys</li> </ul>	<ul style="list-style-type: none"> <li>On-going</li> <li>On-going</li> </ul>	<ul style="list-style-type: none"> <li>Transparency in procurement process</li> <li>Knowledge sharing and capability building</li> </ul>	<ul style="list-style-type: none"> <li>Supply Chain Management</li> </ul>

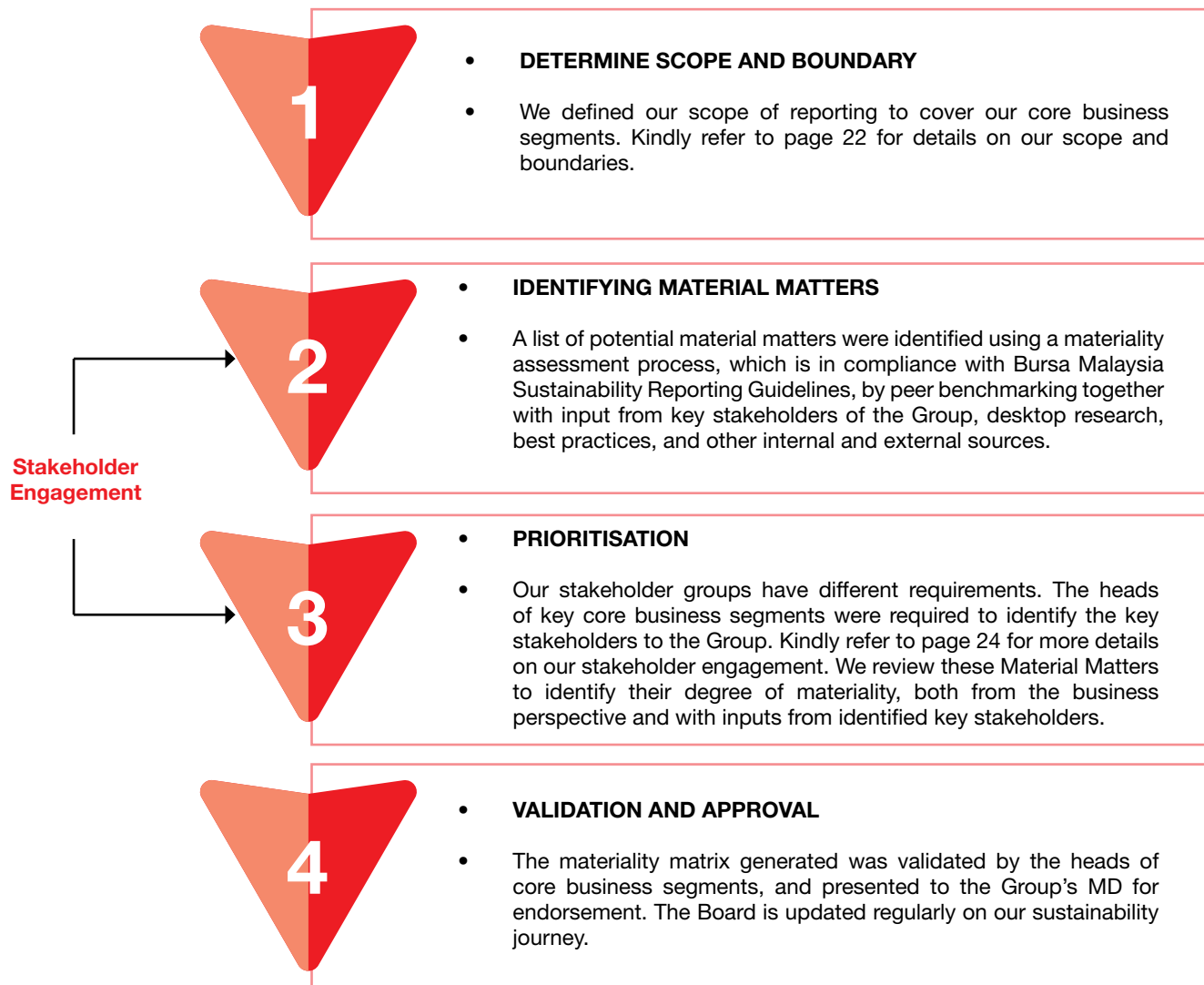
## SUSTAINABILITY STATEMENT (cont'd)

### 5. MATERIALITY ASSESSMENT

Materiality assessment provides the foundation of identifying and assessing a wide range of sustainability matters, determining matters that have significant EES impacts on the Group and those that are important to our stakeholders.

SAB identifies EES impact that has the greatest influence on stakeholder assessment and decisions. Aspects that are material to both SAB's operating environment and business context, as well as its stakeholders, provide the basis for the selection of indicators that we use to measure our performance.

The assessment is subject to an annual review by our Sustainability Committee to ensure that we report on material aspects and measure our performance against the right indicators. Our materiality assessment involved a structured process comprising the four steps below:



**SUSTAINABILITY STATEMENT**  
**(cont'd)**

**6. MATERIALITY MATRIX**

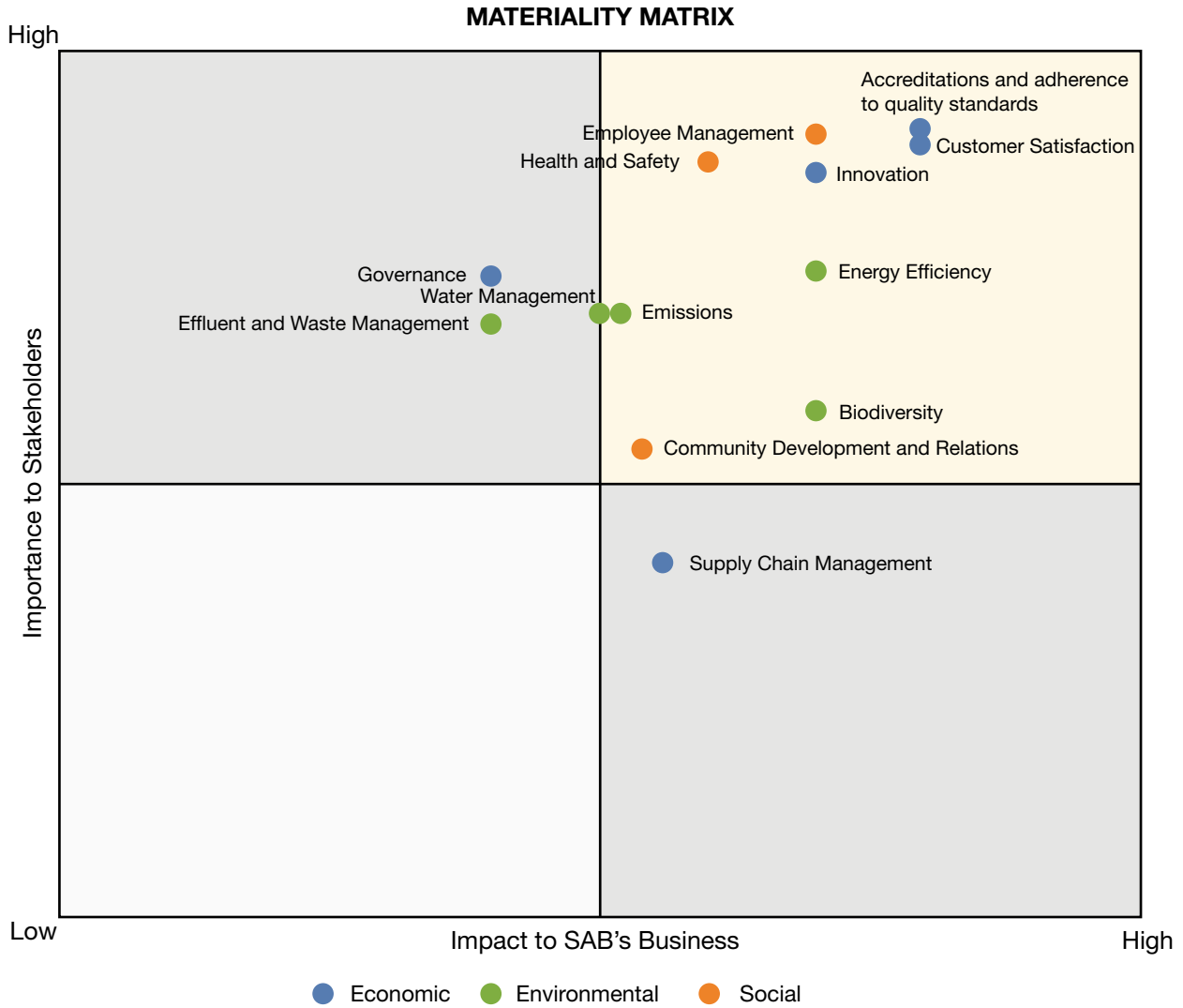


Chart: Materiality Matrix for SAB

In our FY2021 assessment, our thirteen (13) material matters remain unchanged.

The nine high priority material matters indicated in the matrix above (top right quadrant) are seen to be key to our sustainability and form the focus of this year's reporting.

It should be noted that the material issues outside the scope of coverage are no less important considerations to us and disclosure of our progress in addressing these concerns continue to be made through other appropriate channels.

Moving forward, we will enhance our sustainability reporting disclosures to address these material sustainability matters and thereby strengthen the corresponding three key EES pillars that SAB has embedded in the Group's processes and activities.

## SUSTAINABILITY STATEMENT (cont'd)



### 7. UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

Since FY2020, we have aligned our material matters to the global sustainable development agenda, the UNSDG. We identified nine SDGs where SAB can likely play a role in contributing to the national and global agenda through our business operations in the Oleochemical, Milling & Estate and Healthcare Segments.



Figure: SAB's contribution to the UNSDGs.

### 8. OUR MATERIAL MATTERS

Sustainability Pillars	Material Matters	Level of Priority	Definition
Economic  	Customer Satisfaction	High	Measures in place to deliver and meet customer's needs and expectations.
	Accreditations and adherence to quality standards	High	To ensure the operations are benchmarked to global standards and also serves to provide a reliable source of assurance to stakeholders that the Company's products are produced sustainably, responsibly and ethically, with the necessary safeguards put in place to mitigate risks.
	Innovation	High	New ideas or improvements to create value which includes new design, technology, services or processes.
	Governance	Medium	Board and management oversight, ethics and transparency, anti-corruption.
	Supply Chain Management	Medium	Creating value, efficiencies and competitiveness by developing a robust supply chain with responsible buying.

## SUSTAINABILITY STATEMENT (cont'd)

### 8. OUR MATERIAL MATTERS (CONT'D)









Sustainability Pillars	Material Matters	Level of Priority	Definition
Environmental   	Energy Efficiency	High	The efficient use and consumption of electricity as well as energy generated from renewable sources.
	Emissions	High	Discharge of environmentally hazardous substances (eg. dust, dark smoke), and greenhouse gas (eg. carbon dioxide, methane) to the atmosphere.
	Biodiversity	High	Identification and assessment of risk associated with biodiversity by reporting on the potential impact on land, fresh water and marine environments that lies within, contains, or is adjacent to areas with high biodiversity value
	Water Management	Medium	Efficient consumption of water resource.
	Effluent and Waste Management	Medium	Management of effluents, hazardous and non-hazardous waste.
Social     	Health and Safety	High	Anticipation, recognition, evaluation and control of hazards arising in or from the workplace that could impair the health and well-being of workers.
	Employee Management	High	Management of employees in terms of fair treatment, training, career development and diversity.
	Community Development and Relations	High	Contribution to local communities needs and mitigating impact on local communities.

Chart: Our list of Material Matters.

### 9. MONITORING AND MANAGING SUSTAINABILITY MATERIAL MATTERS FOR FY2021: ECONOMIC

SAB aims to enhance shareholder value by building sustainable, long-term profitability for its shareholders. Profitability is also a basic requirement for sustainable development as a responsible company, for customers to trust us, and for our employees to have a stable income.

#### 9.1. CUSTOMER SATISFACTION

Customer satisfaction is essential to uphold our reputation as a leader in delivering quality products and services, especially in the Healthcare Segment. We regularly seek patient feedback on our services rendered in Sri Kota, Klang in order to identify their expectations and areas where we fall short. The satisfaction levels of our patients are measured through the Customer Service Index, which is done by conducting surveys for both Outpatient and Inpatient customers. The results of which are reported to Head of Departments on a monthly basis. In circumstances where a downward performance trend is experienced or foreseen, robust action plans have been executed for continuous improvement and to maintain the performance of the indicators.

The overall Customer Service Index score for these surveys has been steadily improving. We are proud to achieve a Customer Service Index score of 3.38 (out of 4.00) in FY2021, which is the highest in four years. The below chart provides information on Sri Kota's performance with regards to customer satisfaction for the financial year ended 31 March 2018 ("FY2018") to FY2021.

**SUSTAINABILITY STATEMENT**  
**(cont'd)**

**9. MONITORING AND MANAGING SUSTAINABILITY MATERIAL MATTERS FOR FY2021: ECONOMIC (CONT'D)**

**9.1. CUSTOMER SATISFACTION (cont'd)**

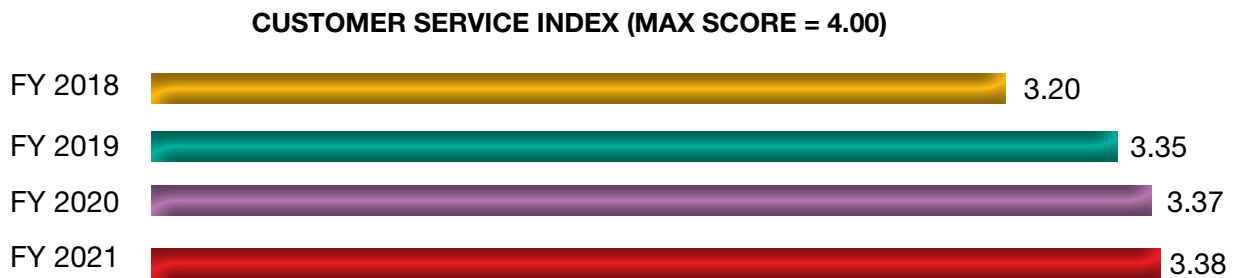


Chart: Customer Service Index for Sri Kota from FY2018 to FY2021.

The customer satisfaction survey also showed that the main reason for respondents returning to Sri Kota is due to their previous experience there. Almost all of the survey respondents (99%) in FY2021, (99%) in FY2020, and (98%) in the financial year ended 31 March 2019 (“FY2019”), replied that they will recommend Sri Kota to their family and friends.

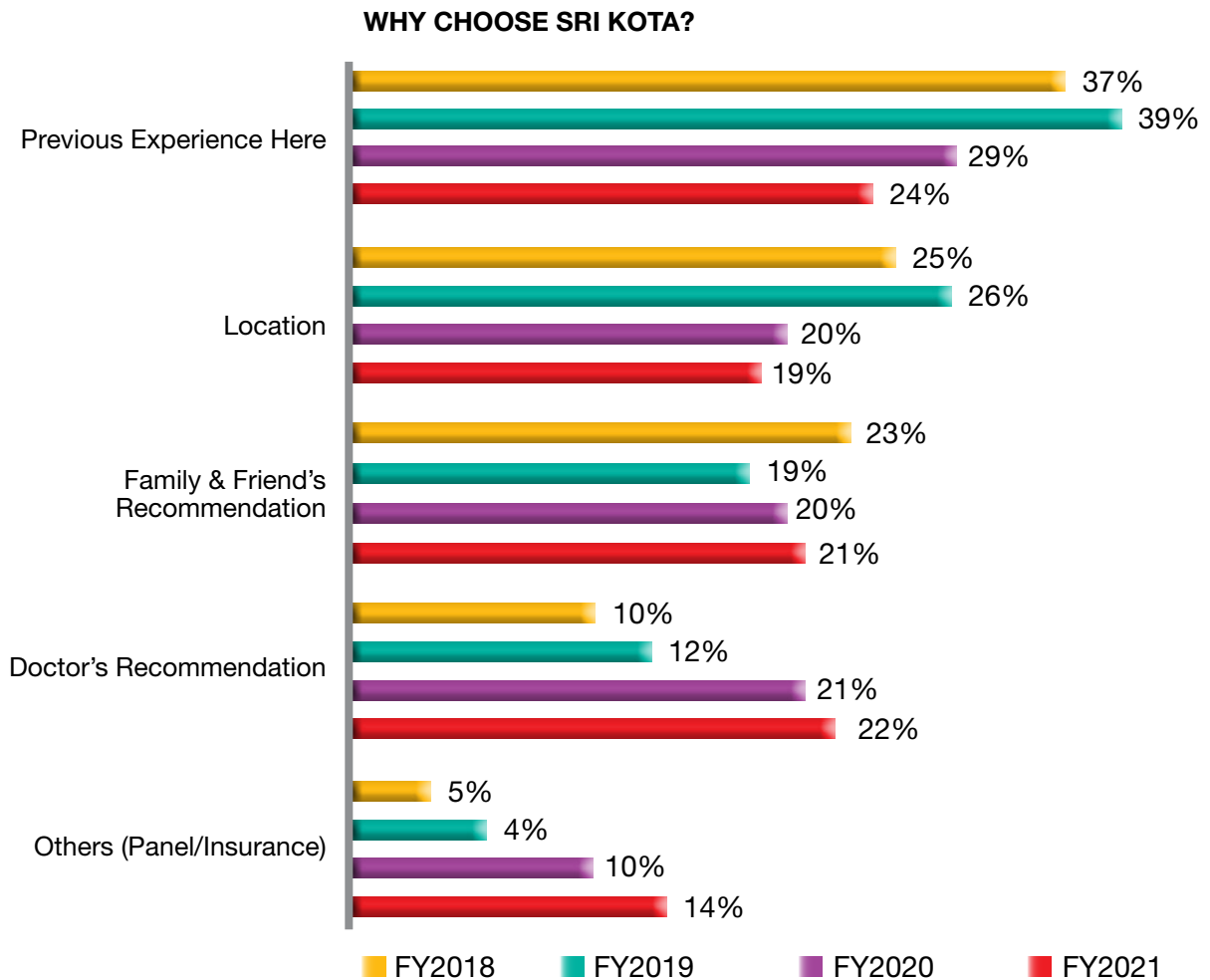


Chart: Reasons for patients returning to Sri Kota from FY2018 to FY2021.

## SUSTAINABILITY STATEMENT (cont'd)

### 9. MONITORING AND MANAGING SUSTAINABILITY MATERIAL MATTERS FOR FY2021: ECONOMIC (CONT'D)

#### 9.1. CUSTOMER SATISFACTION (cont'd)



*Figure: Delivering smiles at Sri Kota.*

SAB is committed to maintain and improve our customer satisfaction. Several policies are in place such as Patients & Family Right, and Grievance Mechanism. We have a Service Standard Manual which includes a standard communication script and telephone etiquette to guide our people to deliver a consistent and quality service experience. More than forty (40) customer satisfaction related trainings were conducted for our staff annually.

Structured programs are in place to reward patients who have invested their trust in us to nurture their health and wellbeing. The Senior Citizen Program is a loyalty program by Sri Kota to all our elderly patients who are at the age of sixty (60) and above. This program offers discounts on selected hospital services. As of FY2021, almost 7,800 patients have signed up for this program since its inception in the year 2015. A program for our junior patients, Sri Kota Kids Club are awarded to children born at Sri Kota. This program was launched in December 2018 and it offers discounts to the members who seek medical treatment in Sri Kota.

SEGMENT	KEY PERFORMANCE INDICATOR	FY2021 TARGET
Healthcare	• Customer Service Index	• Score of at least 3.00 out of 4.00

**SUSTAINABILITY STATEMENT**  
**(cont'd)**

**9. MONITORING AND MANAGING SUSTAINABILITY MATERIAL MATTERS FOR FY2021: ECONOMIC (CONT'D)**

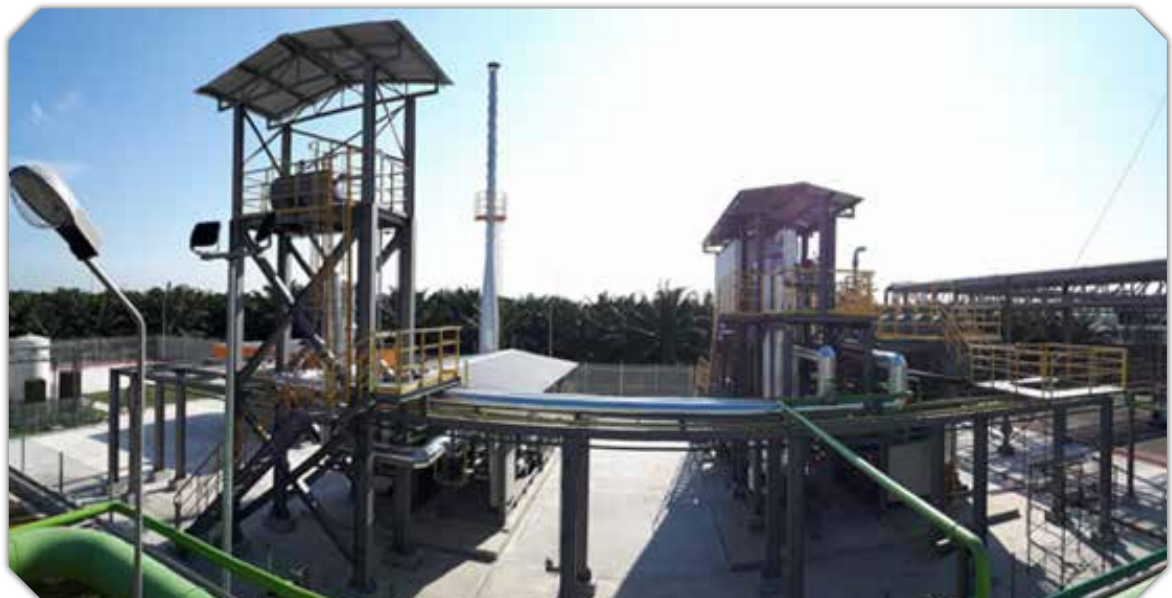
**9.2. ACCREDITATIONS AND ADHERENCE TO QUALITY STANDARDS**

**9.2.1. CERTIFICATIONS AND ACCREDITATIONS IN THE OLEOCHEMICAL SEGMENT**

MANAGEMENT & QUALITY STANDARDS	SUSTAINABLE SUPPLY CHAIN
<ul style="list-style-type: none"> <li>• ISO 9001:2015</li> <li>• ISO 22000:2018</li> <li>• FOOD GMP MS 1514:2009</li> </ul>	<ul style="list-style-type: none"> <li>• RSPO SCCS</li> <li>• MSPO SCCS</li> </ul>
PRODUCT QUALITY AND SAFETY STANDARD	
<ul style="list-style-type: none"> <li>• HACCP MS 1480:2019</li> <li>• HALAL MS1500:2009</li> <li>• KOSHER</li> </ul>	

A wide and diverse spectrum of oleochemicals and derivatives are available in RSPO-certified grades for customers, who further process these products along the value chain. A difference can be made by extending sustainability credibility to the next customer through sustainable products. SAB's Oleochemical Segment offers various RSPO-certified products. We offer RSPO-certified materials since the attainment of the RSPO Supply Chain Certification System ("SCCS") certification in 2014 for the plants in Kapar, Selangor. The products are offered as RSPO certified Mass Balance.

In line with our commitments to high standards in food grade product safety management, we have upgraded our existing ISO 22000 and HACCP certifications to the latest standard in September 2020.



SEGMENT	KEY PERFORMANCE INDICATOR	FY2021 TARGET
Oleochemical	<ul style="list-style-type: none"> <li>• Management and Quality Standards</li> </ul>	<ul style="list-style-type: none"> <li>• To retain renewal of all certifications</li> <li>• To update ISO 22000 and HACCP standards</li> </ul>



## SUSTAINABILITY STATEMENT (cont'd)

### 9. MONITORING AND MANAGING SUSTAINABILITY MATERIAL MATTERS FOR FY2021: ECONOMIC (CONT'D)

#### 9.2. ACCREDITATIONS AND ADHERENCE TO QUALITY STANDARDS (cont'd)

##### 9.2.2. CERTIFICATIONS AND ACCREDITATIONS IN THE MILLING & ESTATE SEGMENT

#### ISPO CERTIFICATION

- 2 MILLS CERTIFIED
- 2 ESTATES CERTIFIED

ISPO system is a policy adopted by the Ministry of Agriculture on behalf of the Indonesian Government. The aim is to improve the competitiveness of the Indonesian Palm Oil in the global market and to reduce greenhouse gases (“GHG”) emissions and draw attention to environmental issues.

In order to ensure that our Milling & Estate operations are benchmarked to sustainable standards, the Group has started its ISPO certification efforts for its mills and estates in Riau, Indonesia since year 2016. We are committed to fulfil and maintain the ISPO principles and criteria to ensure that the operations are environmentally and socially responsible. We are proud to announce that all our business units in Indonesia have achieved full ISPO certification since end of 2019.

SEGMENT	KEY PERFORMANCE INDICATOR	FY2021 TARGET
Milling & Estate	• Number of ISPO-certified estates	• 100% of estates under PTMAS and PTWan are certified
	• Number of ISPO-certified mills	• 100% of mills under PTMAS and PTWan are certified.

**SUSTAINABILITY STATEMENT  
(cont'd)**

**9. MONITORING AND MANAGING SUSTAINABILITY MATERIAL MATTERS FOR FY2021: ECONOMIC (CONT'D)**

**9.2. ACCREDITATIONS AND ADHERENCE TO QUALITY STANDARDS (cont'd)**

**9.2.3. CERTIFICATIONS AND ACCREDITATIONS IN THE HEALTHCARE SEGMENT**

MANAGEMENT & QUALITY STANDARDS	SAFETY STANDARD
<ul style="list-style-type: none"> <li>MSQH ACCREDITATION</li> <li>HOSPITAL LICENSING INSPECTION FROM MINISTRY OF HEALTH</li> </ul>	<ul style="list-style-type: none"> <li>BOMBA LICENSING INSPECTION</li> </ul>

**WINNING PRESTIGIOUS AWARDS**

- SIN CHEW BUSINESS EXCELLENCE AWARDS 2020



Figure: Sri Kota received the Sin Chew Business Excellence Awards 2020 in October 2020.

SEGMENT	KEY PERFORMANCE INDICATOR	FY2021 TARGET
Healthcare	<ul style="list-style-type: none"> <li>Accreditations and Certifications</li> </ul>	<ul style="list-style-type: none"> <li>To retain all Accreditations and Certifications</li> <li>To win at least one prestigious award</li> </ul>

## SUSTAINABILITY STATEMENT (cont'd)

### 9. MONITORING AND MANAGING SUSTAINABILITY MATERIAL MATTERS FOR FY2021: ECONOMIC (CONT'D)

#### 9.3. INNOVATION

The group is cognisant of the need to embrace innovation in light of current shifts in the business landscape. Our focus on innovation gives us a competitive advantage in delivering quality products and services. Innovation provides opportunities for our businesses to continuously differentiate ourselves and keep us ahead of the curve. It is this mind-set that drives our business to adopt new technologies and solutions.

##### 9.3.1. INFORMATION TECHNOLOGY AND MEDICAL FACILITY

In our efforts to strengthen our healthcare presence and to widen the scope of our business, we have invested considerably in developing information technology and upgrading of medical facilities to facilitate demand for specialised healthcare services in the years to come.

For FY2021, we have invested close to RM8.5 million in Sri Kota's upgrade and purchase of medical facilities and equipment. The most significant achievement of Sri Kota was the installation of the most advanced Magnetic Resonance Imaging ("MRI") system in Klang in March 2021, namely the Signa Voyager with 1.5 Tesla and a bore size of 70cm in diameter. The new system in the Radiology Department marked yet another milestone in Sri Kota's commitment to deliver high quality healthcare services to our patients.

The Laboratory Information System was implemented to speed up laboratory operation processes. We are in the midst of an on-going migration to the new Hospital Information System to further enhance our ability to provide the best coordinated care to our patients. Sri Kota has also renovated the medical ward at Level 5 to provide an increased level of comfort for our patients.

A further budget is earmarked to be invested in the upgrading of Sri Kota's other targeted medical equipment and facility upgrades in FY2022 as part of our commitment to continuously deliver high quality healthcare services to our patients.



Figure: View of Sri Kota from above.



Figure: The unveiling of Sri Kota's new Signa Voyager MRI machine in March 2021.

## SUSTAINABILITY STATEMENT (cont'd)

### 9. MONITORING AND MANAGING SUSTAINABILITY MATERIAL MATTERS FOR FY2021: ECONOMIC (CONT'D)

#### 9.3. INNOVATION (cont'd)

##### 9.3.2. ENGAGING HEALTHCARE EXPERTS

As a healthcare services provider, we regularly build networks with healthcare professionals to improve understanding of new data and healthcare experiences. We regularly organize forums for exchange of experience and knowledge between global specialists and professors with our in-house consultants. However, for FY2021, we did not hold any forums due to the Covid-19 pandemic which halted all travels into Malaysia.

SEGMENT	KEY PERFORMANCE INDICATOR	FY2021 TARGET
Healthcare	<ul style="list-style-type: none"> <li>Improvement of medical system and facility</li> </ul>	<ul style="list-style-type: none"> <li>To continuously invest in targeted medical equipment and facility upgrades</li> </ul>
	<ul style="list-style-type: none"> <li>Forum of exchange with healthcare experts</li> </ul>	<ul style="list-style-type: none"> <li>To have at least one forum of exchange</li> </ul>

### 10. MONITORING AND MANAGING SUSTAINABILITY MATERIAL MATTERS FOR FY2021: ENVIRONMENTAL

#### 10.1. ENERGY EFFICIENCY

At SAB, energy consumption is of high importance as it impacts the Group's environmental and carbon footprint. SAB places high emphasis on monitoring and managing energy consumption in order to reduce operational costs and minimize the negative impact to the environment. The major source of energy used at Sri Kota is electricity, which is essential for the hospital's daily operations.

Sri Kota implements various measures to save energy. Electricity-saving equipment such as LED lighting are used to increase the energy efficiency in the hospital. We have fully converted the high-energy consuming air-conditioning appliances to hybrid chiller system as a major energy efficiency initiative back in FY2019. The conversion started in calendar year 2017, and upon completion in calendar year 2018, the operation for air-conditioning has been more efficient and resulted in significant monthly electricity cost savings of up to 19%.

#### SRI KOTA'S AVERAGE MONTHLY YEAR-ON-YEAR ELECTRICITY COST REDUCTION % COMPARED TO YEAR 2016

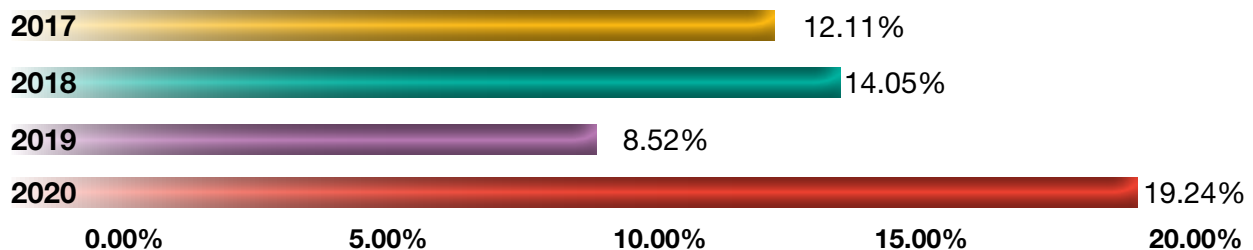


Chart: Average monthly year-on-year (calendar year basis based on July and August months) electricity cost savings compared to Year 2016 for Sri Kota.

SEGMENT	KEY PERFORMANCE INDICATOR	FY2021 TARGET
Healthcare	<ul style="list-style-type: none"> <li>Electricity Cost Reduction</li> </ul>	<ul style="list-style-type: none"> <li>To achieve 10% electricity cost reduction with the hybrid chiller system project</li> </ul>

## SUSTAINABILITY STATEMENT (cont'd)

### 10. MONITORING AND MANAGING SUSTAINABILITY MATERIAL MATTERS FOR FY2021: ENVIRONMENTAL (CONT'D)

#### 10.2. EMISSIONS

The Group has begun plans to monitor and track GHG emissions from our Oleochemical operations since the year 2014. Our biggest source of emissions come from burning of fuels to produce steam for both process and heating usages. We strive to reduce GHG emissions to lower the negative environmental impact. It is a delicate balance between increasing the efficiency of our industrial processes and attempting to reduce the use of non-renewable resources and fossil fuel.

#### SAI ANNUAL CALCULATED GHG EMISSION FROM NON-RE FUELS & ELECTRICITY USAGE (MT CO<sup>2</sup> EQ)

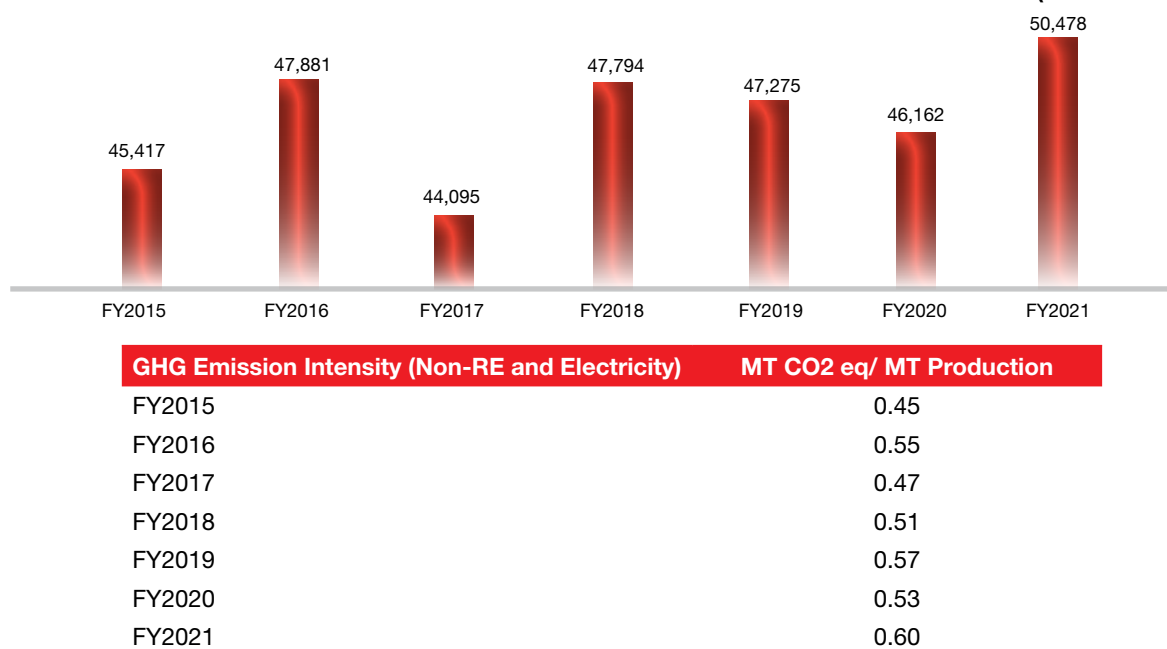


Figure: Southern Acids Industries Sdn. Bhd. ("SAI") calculated GHG emission and GHG emission intensity from electricity usage and non-renewable fuels ("Non-RE and Electricity").

About 60-70% of our energy usage currently comes from renewable biomass sources. We aim to continue optimizing the usage of biomass energy while addressing energy efficiency matters. We have noted the slight increase in GHG emissions from non-renewable fuels in FY2021. This is due to the deteriorating condition of the biomass boiler fuel feeding system, and downtimes due to Air Pollution Control Unit upgrade and Department of Occupational Safety and Health ("DOSH") inspection.

#### CALCULATED GHG EMISSION CONTRIBUTION PROPORTION (%) FROM BIOMASS VS NON-RENEWABLE FUELS & ELECTRICITY

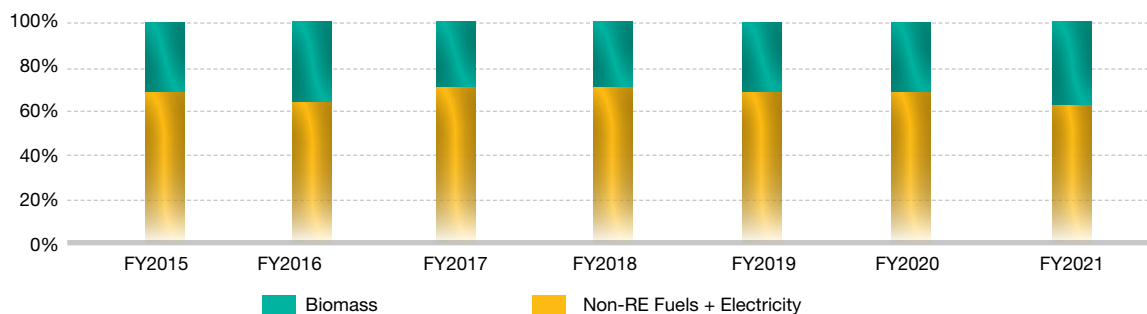


Chart: SAI's calculated GHG emission contribution proportion from biomass vs non-renewable fuels and electricity

## SUSTAINABILITY STATEMENT (cont'd)

### 10. MONITORING AND MANAGING SUSTAINABILITY MATERIAL MATTERS FOR FY2021: ENVIRONMENTAL (CONT'D)

#### 10.2. EMISSIONS (cont'd)

SAI has upgraded the biomass boiler's emission control in October 2020 with a Vorcep Air Pollution Control Unit to improve compliance with the latest air emission regulations, namely the Clean Air Regulations 2014 enforced by Department of Environment Malaysia. Air emission performance is reported through our Continuous Emissions Monitoring System.



*Figure: Installation of Vorcep Air Pollution Control System in SAI's oleochemical plant in Kapar, Selangor.*

SEGMENT	KEY PERFORMANCE INDICATOR	FY2021 TARGET
Oleochemical	<ul style="list-style-type: none"> <li>GHG Emission Intensity (Non-RE and Electricity)</li> <li>GHG Emission from Biomass</li> </ul>	<ul style="list-style-type: none"> <li>To achieve below 0.60 MT CO<sub>2</sub> eq/MT End Product</li> <li>To maintain CHG emission from biomass sources above 60%</li> <li>Upgrading of Air Pollution Control System</li> </ul>

#### 10.3. BIODIVERSITY

SAB applies the High Conservation Values ("HCV") approach. It manages five areas of land with high biodiversity value, located across Riau, Indonesia. Three areas are in PTMAS estate operation site (along Sungei Sako, Sungei Pohkahan and Anak Sungei Pohkahan), and another two are located in PTWan estate operation site (Sungei Kuning and Anak Sungei Jake). SAB has put in place several practices to mitigate our impact from our Milling & Estate operations on the surrounding environment's biodiversity.

A monitoring and management procedure was established in the previous year and this procedure has been evaluated by an external third-party assessment. HCV areas are mapped out to ensure proper management and monitoring plans. HCV assessment for every estate is reviewed and updated annually to track changes in requirement, law and regulations. These include annual wildlife population assessments, soil conservation treatments, growing beneficial plants and monitoring HCV areas. A virtual Surveillance Audit was done in June 2020 for PTWan estate and in October 2020 for PTMAS estate.

## SUSTAINABILITY STATEMENT (cont'd)

### 10. MONITORING AND MANAGING SUSTAINABILITY MATERIAL MATTERS FOR FY2021: ENVIRONMENTAL (CONT'D)

#### 10.3. BIODIVERSITY (cont'd)

To reduce pesticide and chemical use, we have implemented an integrated pest management (“IPM”) programme that uses biological control method like using Barn Owls to effectively control rat populations. Since FY2020, we have built sixty (60) Barn Owl Boxes at PTMAS and sixty (60) Barn Owl Boxes at PTWan estate operations. These boxes provide roosting and nesting places to attract and encourage Barn Owls to nest at our estates and serve as natural predators for the resident rodent activity. We observed a significant reduction in rodent population with an estimated effectiveness of 70% using this method. Since the financial year ended 31 March 2017 (“FY2017”), we have also implemented the usage of a biological control method using a fungus that grows naturally in soils for leaf eating pests at PTWan’s estate. Since then, we observed an estimated 80% effectiveness in controlling the said pest population. These IPM solutions are able to sustainably control pests and reduce the need for pesticide intervention at our estates.



Figure: Monitoring condition of conservation and buffer areas designated as HCV areas at PTMAS estate operations.



Figure: Monitoring condition of conservation and buffer areas designated as HCV areas at PTWan estate operations.

SEGMENT	KEY PERFORMANCE INDICATOR	FY2021 TARGET
Milling & Estate	<ul style="list-style-type: none"> <li>Monitor and Maintain HCV Area</li> <li>Integrated Pest Management</li> </ul>	<ul style="list-style-type: none"> <li>To conduct surveillance audit of HCV area</li> <li>Full implementation of Barn Owls as biological control agents for rodents at PTMAS and PTWan estate operations</li> </ul>

## SUSTAINABILITY STATEMENT (cont'd)

### 11. MONITORING AND MANAGING SUSTAINABILITY MATERIAL MATTERS FOR FY2021: SOCIAL

#### 11.1. COVID-19 PANDEMIC PREPAREDNESS

SAB adhered to all regulations and guidelines issued by the Malaysian government (and the Indonesian government for SAB's operations in Riau, Indonesia) in response to the Covid-19 outbreak to safeguard our employees and communities from the disease.

Malaysia entered a period of MCO from 18 March to 3 May 2020, when almost all businesses and economic activities were halted and people were ordered to stay at home under the Government's directive. This is followed by Conditional Movement Control Order ("CMCO") from 4 May to 9 June 2020 with more relaxed regulations following a decline in Covid-19 cases in the country. Most economic sectors and activities were allowed to operate during this time with strict adherence to standard operating procedure ("SOP") such as social distancing and contact tracing. Movement restrictions in Malaysia were further relaxed under the Recovery Movement Control Order ("RMCO") phase between 10 June 2020 to 12 January 2021. However, a second round of MCO (dubbed "MCO 2.0") was implemented in several states due to resurgence of Covid-19 cases from 13 January to 4 March 2021.

A special committee was set up to handle the pandemic, which is headed by the MD of SAB. The objective is to prevent spreading of the Covid-19 pandemic at our workplace, develop procedures and work instructions on Covid-19 preventive measures, and support government initiatives in fighting the Covid-19 pandemic.

SAB responded to the Government's directives with several key measures, mainly related to the establishment of a process related to testing and contact tracing to ensure that early detection of Covid-19 can be done to prevent further spread of the virus. Other preventive measures put in place include having our employees work from home at the beginning of movement restriction period, while facilitating social distancing at our premises. SAB's commitment in adhering to the SOP has helped our office and operation premises obtain approval from Ministry of International Trade and Industry.

Throughout this period, we have boosted internal communications through workplace and other platforms to keep our employees updated about the pandemic.

#### **SAB's Covid-19 Preventive Measures:**

Number of RT-PCR Conducted: 1,644 (as of 31 March 2021)

#### 11.2. HEALTH AND SAFETY

As a responsible employer, SAB aims to address and mitigate the variety of health and safety risks that employees are exposed to, wherever possible. Health and safety hazards can arise over the use of unsafe equipment, machinery, processes and practices. They can also arise with the use of dangerous substances, such as chemical, physical and biological agents. Therefore, we place health and safety as a top priority in our operations.

SAB constantly monitors the working conditions of its employees to ensure that they comply with national standards issued by government agencies or associations such as DOSH, and MSQH. The management of SAB is committed to comply with the local occupational safety and health and all other relevant regulations. SAB undertakes all measures and practices to ensure the safety, health and welfare of all its employees and people in the community who may be affected by its operations.

Process safety is top consideration for SAB's Oleochemical Segment. We are committed to maintain a safe and healthy workplace. Personal protection equipment and SOP are enforced on site. External and internal training are provided annually. We aim to take appropriate steps to reduce the number of accidents, workday lost and severity rate.



**SUSTAINABILITY STATEMENT**  
**(cont'd)**

**11. MONITORING AND MANAGING SUSTAINABILITY MATERIAL MATTERS FOR FY2021: SOCIAL (CONT'D)**

**11.2. HEALTH AND SAFETY (cont'd)**

**SAI SAFETY PERFORMANCE**

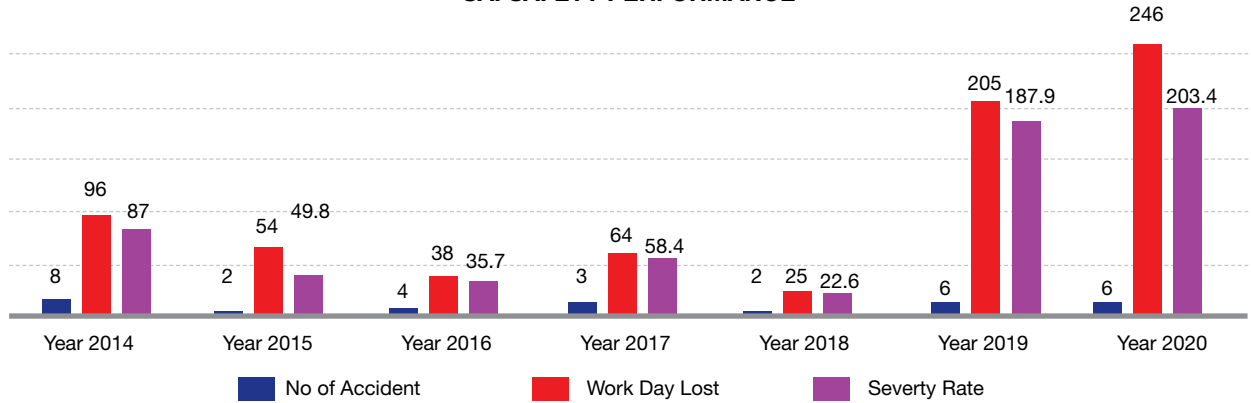


Figure: The Chart above shows SAI's safety performance from Calendar Year 2014 to 2020. The calculation for severity rate = (lost time injury in hours x 1,000,000)/(total man hours worked)

It is with regret that we experienced two incidents this year, whereby accidents at workplace caused workers to take long medical leave in excess of sixty (60) days. We have conducted internal investigations for these unfortunate incidents. As a result of these accidents, we were unable to meet our target to maintain the severity rate of below hundred (100). Moving forward, in order to accomplish the desired targets, regular compliance inspections accompanied by enhancement of safety and health management systems will be carried out.

Healthcare workers are exposed to various diseases, which may even be fatal. To protect staff, SAB aims to reduce exposure of its employees in the Healthcare Segment to these hazards through an Occupational Health and Safety system. Policies and procedures are in place and reviewed by management. All staff are required to undertake health screening before they commence employment at Sri Kota. An emergency response team is well trained to assist staff, visitors and patients during emergency situations. Fire and disaster drills are conducted annually to train staff on emergency procedures.

**CLINICAL AND NON-CLINICAL SAFETY INCIDENTS SRI KOTA SPECIALIST MEDICAL CENTRE**

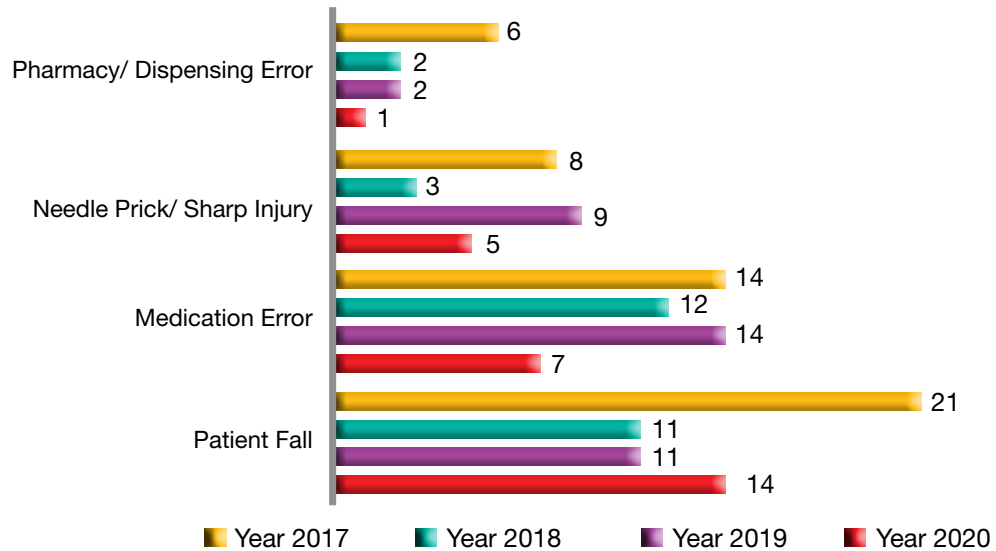


Chart: Clinical and Non-Clinical Safety Incidents reported in Sri Kota from Calendar Year 2017 to 2020.

## SUSTAINABILITY STATEMENT (cont'd)

### 11. MONITORING AND MANAGING SUSTAINABILITY MATERIAL MATTERS FOR FY2021: SOCIAL (CONT'D)

#### 11.2. HEALTH AND SAFETY (cont'd)

We have established a system to monitor clinical and non-clinical incident reporting. The aim is to identify activities of high risk and formulate mitigation methods to reduce the incidents. Percentage of staff who attended mandatory Environment, Safety and Health (“ESH”) training shown in the table below. We aim to achieve full attendance.

Calendar Year	Percentage of Staff who attended ESH training
2017	95%
2018	99%
2019	99%
2020	86%

Table: Percentage of Staff who attended the mandatory ESH training from Calendar Year 2017 to 2020.

SEGMENT	KEY PERFORMANCE INDICATOR	FY2021 TARGET
Healthcare	<ul style="list-style-type: none"> <li>Clinical and Non-Clinical Safety Incidents</li> </ul>	<ul style="list-style-type: none"> <li>To reduce incidents from the previous year</li> </ul>
	<ul style="list-style-type: none"> <li>Staff attendance for Environment, Safety and Health training</li> </ul>	<ul style="list-style-type: none"> <li>To achieve full 100% attendance</li> </ul>
Oleochemical	<ul style="list-style-type: none"> <li>Severity Rate</li> </ul>	<ul style="list-style-type: none"> <li>To maintain severity rate of below hundred (100)</li> </ul>

#### 11.3. EMPLOYEE MANAGEMENT

It is our strong belief that our people are our most important asset as their level of engagement and productivity are key to the Group’s overall performance in delivering quality work and innovative solutions. While charting steady growth across our business segments, the Group remains committed to not only attracting the right talent, but also nurturing and retaining them as we grow. All of our staff are exposed to learning and development opportunities, while the management team ensures that each individual is given the appropriate training to handle their daily tasks.

We ensure that our employees’ welfare, benefits and career development are taken care of and aim to continue to maintain competitive compensation and benefits framework based on market benchmark. At Sri Kota, we have a succession framework in place where we identify second liners for key positions to ensure business continuity. We support this framework by providing all the required training opportunities (On-The-Job, and various internal and external trainings). Sri Kota believes that it is vital to cultivate the employees’ skills and thus, we support and offer various activities and opportunities for employees to improve their skills and leadership development.

However, due to the temporary closure of various nursing institutions and restriction of mobility during the MCO / CMCO period, the sponsorship for Diploma in Nursing, Post Basic and Conversion from Trained Assistant Nurse to Registered Nurse programs were put on hold. Nevertheless, we are still committed to the spirit of developing Sri Kota’s employees. Therefore, RM300,000.00 was still budgeted for various Nursing development programs in FY2021.

## SUSTAINABILITY STATEMENT (cont'd)

### 11. MONITORING AND MANAGING SUSTAINABILITY MATERIAL MATTERS FOR FY2021: SOCIAL (CONT'D)

#### 11.3. EMPLOYEE MANAGEMENT (cont'd)

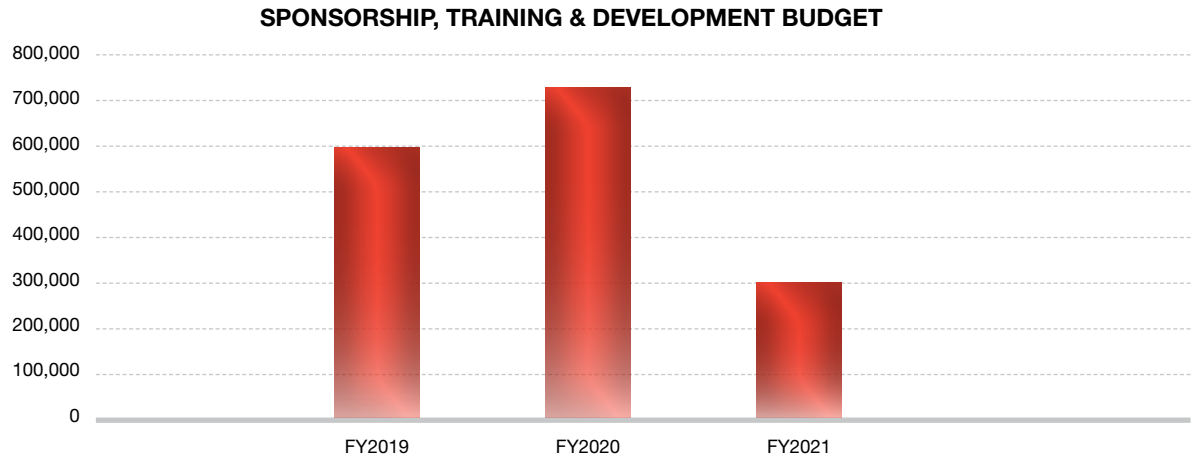


Chart: Amount budgeted by Sri Kota in the form of sponsorship, training and development expenses to support the career development of the employees.

#### STAFF ATTENDANCE (%) FOR MANDATORY ENVIRONMENT, SAFETY AND HEALTH TRAININGS

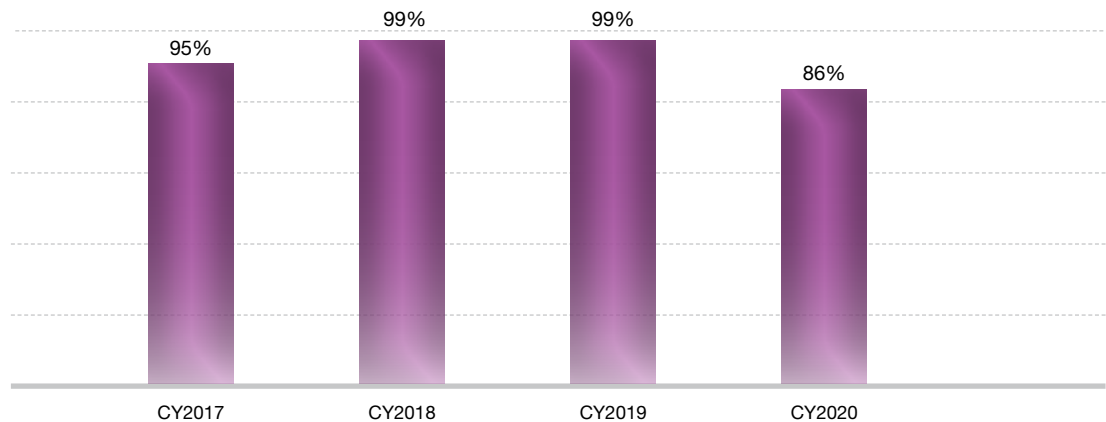


Figure: Percentage of staff who attended mandatory ESH trainings for Calendar Year 2017 to 2020

The attendance for mandatory ESH trainings for the calendar year 2020 has reduced significantly due to the limited number of participants per session as per MCO requirements.

SAB's employee engagement initiatives are aimed at strengthening our connection with our employees and collectively identifying mechanisms to set up the right working environment for them to work to the best of their ability each day.

These initiatives strengthen the commitment of our employees and their motivation to achieve their personal career development goals while meeting SAB's overall business goals and targets. They also create an avenue for employees to provide feedback and innovative ideas that are taken into consideration when making decisions for the Group.

Townhalls, Operational meetings, employee wellness programs, cultural celebration events and educational programs are some of the employee engagement activities undertaken across SAB's business segments.

**SUSTAINABILITY STATEMENT**  
**(cont'd)**

**11. MONITORING AND MANAGING SUSTAINABILITY MATERIAL MATTERS FOR FY2021: SOCIAL (CONT'D)**

**11.3. EMPLOYEE MANAGEMENT (cont'd)**



Figure: Employee development and engagement initiatives by Sri Kota for FY2020: Some of the winners for the Wellness Program – 100 days Weight Loss Challenge. This annual program is applicable to all employees whose Body Mass Index indicator is above twenty five (25), and the winners are chosen based on their weight loss progress within hundred (100) days in a year.



Figure: Sri Kota's annual town hall meeting held virtually in FY2021.

## SUSTAINABILITY STATEMENT (cont'd)

### 11. MONITORING AND MANAGING SUSTAINABILITY MATERIAL MATTERS FOR FY2021: SOCIAL (CONT'D)

#### 11.3. EMPLOYEE MANAGEMENT (cont'd)



Figure: Sri Kota's Best Employee Award for Year 2020.

SEGMENT	KEY PERFORMANCE INDICATOR	FY2021 TARGET
Healthcare	<ul style="list-style-type: none"> <li>Training hours for nursing and non-nursing staffs</li> <li>Total number of employee engagement activities</li> </ul>	<ul style="list-style-type: none"> <li>Minimum training hours of thirty two (32) hours per year for nursing staffs, and sixteen (16) hours per year for non-nursing staffs</li> <li>To maintain a similar amount of activities as the previous year</li> </ul>

#### 11.4. COMMUNITY DEVELOPMENT AND RELATIONS

SAB has a number of community development and engagement programmes to create a social impact in the communities where we operate. We want to enhance the community's living standards through developing infrastructure, and donations to places of worship. The Group also actively promotes and organizes initiatives such as health awareness campaigns, provide direct aid to the underprivileged and more.

Segment	Community Outreach and Development Programs
<b>Milling &amp; Estate</b>	<ul style="list-style-type: none"> <li>Assisting and managing Plasma Scheme development.</li> </ul>
<b>Healthcare</b>	<ul style="list-style-type: none"> <li>Distribution of 15,000 face masks with shield, posters and roll-up buntings on the proper method of wearing mask to primary and secondary schools at Klang.</li> <li>Sponsorship of 140 Goodie Bags to TR Zumba Club's 7th Anniversary</li> <li>Sponsorship of RM5,000 for Soroptimist International Damansara Education Assistance Programme.</li> <li>Donation of RM 1,000 to Pertubuhan Orang-Orang Bermasalah Pembelajaran Dayspring Selangor</li> <li>Collaboration with Hospital Tengku Ampuan Rahimah Klang ("HTAR") for blood donation drive at Sri Kota.</li> <li>Hari Raya Corporate Social Responsibility ("CSR") activities to HTAR, orphanages, and patients in the wards</li> <li>Donation of hospital beds to HTAR</li> <li>Deepavali CSR activities at orphanages and patients in the wards</li> <li>Donation of women's sanitary aid to orphanages and Sekolah Menengah Kebangsaan (P) Raja Zarinain Klang</li> <li>Puberty Talk at schools and contribution of sanitary pads to female students</li> <li>Hand Hygiene Lessons at Pre-Schools around Klang.</li> <li>Distribution of sanitizers and posters on proper hand cleaning methods to pre-schools, insurance branch offices and agencies, corporate clients, and GPs.</li> <li>Organizing more than twenty (20) health awareness campaigns and health talks for the community.</li> </ul>

## SUSTAINABILITY STATEMENT (cont'd)

### 11. MONITORING AND MANAGING SUSTAINABILITY MATERIAL MATTERS FOR FY2021: SOCIAL (CONT'D)

#### 11.4. COMMUNITY DEVELOPMENT AND RELATIONS (cont'd)



Figure: Sri Kota's distribution of 15,000 face masks with shield, posters and buntings on the proper method of wearing mask to primary and secondary schools in Klang.

## SUSTAINABILITY STATEMENT (cont'd)

### 11. MONITORING AND MANAGING SUSTAINABILITY MATERIAL MATTERS FOR FY2021: SOCIAL (CONT'D)

#### 11.4. COMMUNITY DEVELOPMENT AND RELATIONS (cont'd)



Figure: Sri Kota's Hari Raya CSR activities and donation of hospital beds to HTAR



Figure: Sri Kota's Virtual Health Awareness talks for the public.



Figure: Hand Hygiene lessons Hand Hygiene Lessons for pre-schoolers around Klang.



Figure: Donation of women's sanitary aid to orphanages and schools.

**SUSTAINABILITY STATEMENT**  
**(cont'd)**

**11. MONITORING AND MANAGING SUSTAINABILITY MATERIAL MATTERS FOR FY2021: SOCIAL (CONT'D)**

**11.4. COMMUNITY DEVELOPMENT AND RELATIONS (cont'd)**



Figure: Collaboration with HTAR for blood donation drive at Sri Kota.

**PLASMA SCHEME REPORT (FY2021) - PT MUSTIKA AGRO SARI**

<b>MEMBERS</b>	514
<b>TOTAL AREA (HA)</b>	500
<b>FFB PRODUCTION (MT/YEAR)</b>	11,241
<b>SUPPLY (%)</b>	4.6%

Chart: Plasma scheme report FY2021 for PTMAS. The plasma scheme is designed to develop small-time oil palm plantation owners or scheme smallholders among the local community in Indonesia. We assist the cooperative scheme smallholders through services and the management of their oil palm properties.



Figure: PTWan serving as Technical Advisors to plasma scheme replanting at Plasma Petai Baru.



Figure: PTWan serving as Technical Advisors to plasma scheme replanting at Plasma Simpang Raya.

SEGMENT	KEY PERFORMANCE INDICATOR	FY2021 TARGET
All	<ul style="list-style-type: none"> <li>Community engagement and development activities</li> </ul>	<ul style="list-style-type: none"> <li>To continue with community engagement efforts and activities</li> </ul>



## PROFILE OF DIRECTORS



**TAN SRI DATUK SERI  
PANGLIMA SULONG MATJERAIE**  
Independent Non-Executive Director  
Chairman of the Board of Directors  
Member of the Audit Committee  
Member of the Nomination & Remuneration Committee  
Aged 74, Male, Malaysian

Tan Sri Datuk Seri Panglima Sulong was appointed to the Board on 6 August 2014 and subsequently appointed as Independent Non-Executive Chairman on 15 July 2015. He was appointed as a member of the Nomination & Remuneration Committee and the Audit Committee on 27 February 2018 and 26 November 2020 respectively.

Other than SAB, he is also an Independent Non-Executive Chairman of Petra Energy Berhad and Ho Hup Construction Company Berhad, and an Independent Non-Executive Director of WTK Holdings Berhad. He is also the Chairman of the Board of Directors of University of Malaysia, Sarawak (“UNIMAS”).

Tan Sri Datuk Seri Panglima Sulong, who has more than thirty (30) years of legal and judicial experience, was a Federal Court Judge before his retirement in 2013.

He was one of the four eminent persons appointed by the Prime Minister of Malaysia to serve in the Judicial Appointments Commission for two terms. His first term began on 10 February 2013 to 9 February 2015 and his second term was from 10 February 2016 to 9 February 2017.

Tan Sri Datuk Seri Panglima Sulong is a Bencher of the prestigious Honorable Society of Inner Temple, London and his education background is as follow:-

- 1970; obtained his Bachelor of Arts (Honours) Degree from University of Malaya;
- 1971; read Law at the Inns of Court School of Law, London;
- 1974; called to the Bar of England and Wales by the Honorable Society of Inner Temple, London as well as admitted and enrolled as an Advocate to the High Court of Borneo in Kuching;
- 1975; further studied at the University of Southampton, England;
- 1977; conferred with a Master of Law Degree in Mercantile Law by University of Southampton, England; and
- 1978; awarded a Certificate in Advanced Management Programme by Banff School of Advanced Management, Canada.

Tan Sri Datuk Seri Panglima Sulong does not have any family relationship with any other director or major shareholder of SAB, nor any conflict of interest in any business arrangement involving the Company.

Tan Sri Datuk Seri Panglima Sulong has had no convictions for any offence within the past five years.

Tan Sri Datuk Seri Panglima Sulong attended all the seven Board meetings held in FY2021.

**PROFILE OF DIRECTORS**  
**(cont'd)**

**DR. NICK LOW**  
**Non-Independent Executive Director**  
Managing Director  
Aged 42, Male, Malaysian



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Dr. Nick Low was appointed to the Board on 15 July 2015.

He holds a Diploma in Medical Sciences from International Medical University, a MBA from Open University Malaysia and a Bachelor of Medicine & Bachelor of Surgery from The University of Auckland, New Zealand.

From 2012 to 2015, Dr. Nick Low was involved in the strategic management of an oil palm plantation development project with its grounds in the province of Kalimantan Timur, Indonesia. Dr. Nick Low is a director of the oleochemical making and tertiary healthcare hospital operating subsidiaries of SAB. He is also a board member of the two Indonesian incorporated estates and palm oil mill operating subsidiaries of SAB. Additionally, Dr. Nick Low is a director of Kumpulan Klinik Medijaya Sdn Bhd with its small chain of owned and managed primary health care (general practice) clinics.

Dr. Nick Low does not have any family relationship with any other director or major shareholder of SAB.

Dr. Nick Low has had no convictions for any offence within the past five years.

Dr. Nick Low attended all the seven Board meetings held in FY2021.

## PROFILE OF DIRECTORS (cont'd)



**LIM KIM LONG**  
**Non-Independent Executive Director**  
 Executive Director  
 Aged 61, Male, Malaysian

Mr. Lim was appointed to the Board on 10 August 2005.

He pursued his pre-university education at Kolej Tunku Abdul Rahman, Kuala Lumpur. He is actively involved in the corporate affairs and general management of SAB and its subsidiaries, especially in the area of oil palm plantation and employee relations.

Mr. Lim does not have any family relationship with any other director or major shareholder of SAB.

Mr. Lim has had no convictions for any offence within the past five years.

Mr. Lim attended all the seven Board meetings held in FY2021.

## CHUNG KIN MUN

**Senior Independent Non-Executive Director**

Chairman of the Audit Committee

Chairman of the Nomination & Remuneration Committee

Aged 54, Male, Malaysian



Mr. Chung was appointed to the Board on 20 March 2012 and subsequently appointed as the Senior Independent Non-Executive Director on 25 July 2013. He was also appointed as the Chairman of the Audit Committee and the Chairman of the Nomination & Remuneration Committee on 19 November 2013 and 26 November 2013 respectively.

He holds a Bachelor of Business (Accounting) from the Phillip Institute of Technology, Australia and is a member of CPA Australia. He has over twenty (20) years of experience in merchant banking, corporate finance, accounting and general management. Prior to the appointment to the Board, Mr Chung was the Group Chief Financial Officer of Zelan Berhad.

Mr. Chung does not have any family relationship with any other director or major shareholder of SAB, nor any conflict of interest in any business arrangement involving the Company.

Mr. Chung has had no convictions for any offence within the past five years.

Mr. Chung attended all the seven Board meetings held in FY2021.

## PROFILE OF DIRECTORS (cont'd)

### LEONG SO SEH

#### Independent Non-Executive Director

Member of the Audit Committee

Member of the Nomination & Remuneration Committee

Aged 69, Female, Malaysian



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Madam Leong was appointed to the Board on 8 April 2009 and subsequently appointed as the member of the Audit Committee on 1 May 2010. On 26 November 2013 she was also appointed as the member of the Nomination & Remuneration Committee.

She holds a Bachelor of Economics from University of Malaya and a Master Degree in Economics from Vanderbilt University, USA. Prior to her appointment to the Board, she has held senior positions in the Economic Planning Unit of the Prime Minister Department of Malaysia and the Securities Commission of Malaysia.

Madam Leong does not have any family relationship with any other director or major shareholder of SAB, nor any conflict of interest in any business arrangement involving the Company.

Madam Leong has had no convictions for any offence within the past five years.

Madam Leong attended all the seven Board meetings held in FY2021.

## PROFILE OF SENIOR MANAGEMENT



### CHEONG KEE YOONG

**Chief Financial Officer**

Aged 53, Male, Malaysian

Mr. Cheong was appointed as Chief Financial Officer of the Company on 1 October 2013. He is also a director of several subsidiaries of SAB and the Senior Independent Non-Executive Director of NCT Alliance Bhd.

He graduated from the Association of Chartered Certified Accountants (“ACCA”) and a member of the Malaysian Institute of Accountants (“MIA”). He has more than twenty (20) years of working experience particularly full spectrum of financial management, corporate planning, treasury management, risk management, tax planning and investors relation activities in various industries. He was mainly attached to the corporate office of public listed company in his career.

Mr. Cheong does not have any family relationship with any director or major shareholder of SAB, nor any conflict of interest in any business arrangement involving the Company.

Mr. Cheong has had no convictions for any offence within the past five years.



### ALEX CHAN CHOON HOONG

**Chief Strategic Development Officer**

Aged 49, Male, Malaysian

Mr. Alex Chan joined Southern Acids Cronos Resource Sdn. Bhd. a subsidiary of SAB on 15 December 2010.

He holds a Degree in Mechanical Engineering (B.Eng.) from King’s College, University of London. Mr. Alex Chan is currently involved in the strategic development of palm oil and related businesses. In addition, he also oversees the palm kernel expeller overhead conveyor loading services business and management services business. Prior to joining the Group, Mr. Alex Chan was the head of the business development team of an environmental packaging products company.

Mr. Alex Chan does not have any family relationship with any director or major shareholder of SAB, nor any conflict of interest in any business arrangement involving the Company.

Mr. Alex Chan has had no convictions for any offence within the past five years.

**PROFILE OF SENIOR MANAGEMENT  
(cont'd)****JENNIFER LOW SWEE YIM****Strategic Integration Director**

Aged 41, Female, Malaysian

Ms. Jennifer Low joined Southern Acids Cronos Resource Sdn Bhd, a subsidiary of SAB on 5 January 2009.

She holds a Degree in Information Technology (B.IT) from Charles Sturt University, Australia and a Master's Degree in Commerce (Majoring in Accounting and Information System) from University of Sydney, Australia. Since January 2015, Ms. Jennifer Low has been involved in supporting the strategic re-engineering of the Group's operating business management body for palm oil and related technical operation assets with specialisation on strategic integration. In March 2019, Ms. Jennifer Low was appointed as Integration Director of Southern Acids Industries Sdn. Bhd. and was shortly after promoted as Strategic Integration Director of SAB in March 2020.

Prior to joining the Group, Ms. Jennifer Low was a Manager in Business Assurance with PricewaterhouseCoopers Australia, specialising in systems and process reviews for large multinational companies globally.

Ms. Jennifer Low does not have any family relationship with any director or major shareholder of SAB, nor any conflict of interest in any business arrangement involving the Company.

Ms. Jennifer Low has had no convictions for any offence within the past five years.

**EDWARD LAI (LAI FU KHATE)****Special Technology Affairs Director**

Aged 33, Male, Malaysian

Mr. Edward Lai joined Southern Edible Oil Industries (M) Sdn. Bhd. ("SEOI"), a sister company of SAB on 16 July 2014 and subsequently transferred to Southern Acids Cronos Resource Sdn. Bhd., a subsidiary of SAB on 1 July 2021.

He holds a Master of Science in Chemical Engineering (MSc ChE) from National University of Singapore, Singapore.

Mr. Edward Lai has been involved in supporting the technical operations of palm oil refining and specialty fats making, as well as the commercial marketing and sales of palm oil products during his employment period with SEOI. Prior to joining SEOI, Mr. Edward Lai was a CZ Technology Engineer with Siltronic Samsung Wafer Pte. Ltd. Singapore, specialising in silicon crystal growing process technology to manufacture 300mm silicon wafers.

Mr. Edward Lai does not have any family relationship with any director or major shareholder of SAB, nor any conflict of interest in any business arrangement involving the Company.

Mr. Edward Lai has no convictions for any offence within the past five years.

## PROFILE OF SENIOR MANAGEMENT (cont'd)



### **TIONG CHUU LING**

**Chief Operating Officer, Oleochemical Segment**  
Aged 68, Male, Malaysian

Mr. Tiong joined Southern Acids Industries Sdn. Bhd., a subsidiary of SAB on 1 July 1982. He was promoted as the Chief Operating Officer on 18 January 2011.

Mr. Tiong holds a Bachelor of Science from University of Auckland. He has vast experience in oleochemical industry particularly in marketing aspects. He currently oversees the whole operation of SAB's Oleochemical Segment.

Mr. Tiong does not have any family relationship with any director or major shareholder of SAB, nor any conflict of interest in any business arrangement involving the Company.

Mr. Tiong has had no convictions for any offence within the past five years.



### **LEE CHOO CHAI**

**General Manager, Milling & Estate Segment**  
Aged 67, Male, Malaysian

Mr. Lee joined PT. Mustika Agro Sari, an indirect subsidiary of SAB on 15 December 2010.

Mr. Lee holds the Associate Diploma of Incorporated Society of Planters. He has more than forty (40) years of experience in the oil palm industry especially in oil palm cultivation and plantation management. He is currently in-charge of SAB's Milling & Estate Segment which is based in Riau, Indonesia. He started his career with Kluang Rubber Company (Malaysia) Berhad in 1978. His second job was with EPA Management Sdn. Bhd., a subsidiary of Kulim Malaysia Berhad which he joined in 1980 and left in 2007. During the period, he was seconded to Papua New Guinea (from 1996 to 1997) and Kalimantan Barat (from 2006 to 2007). His last position was Senior Plantation Manager. He then joined Kim Loong Resources Berhad in 2007 and subsequently PT. Khaleda Agroprima Malindo in 2010 before joining the Group.

Mr. Lee does not have any family relationship with any director or major shareholder of SAB, nor any conflict of interest in any business arrangement involving the Company.

Mr. Lee has had no convictions for any offence within the past five years.

**PROFILE OF SENIOR MANAGEMENT  
(cont'd)****TAN SUET GUAN****Hospital Director, Healthcare Segment**

Aged 63, Female, Malaysian

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Madam Tan was appointed as Hospital Director of Southern Medicare Sdn. Bhd., a subsidiary of SAB on 2 September 2014.

She holds a Diploma in Management from University of Malaya. She has more than thirty (30) years of experience in the healthcare industry and involved in the areas of accounting, information technology and management. She is currently in-charge of SAB's Healthcare Segment. Madam Tan began her career with Pantai Hospital ("Pantai") as an Accounts Officer in 1982 and rose to the rank of Chief Executive Officer before she left and joined Sunway Medical Centre ("SMC") in 2013. During her stint with Pantai, Madam Tan introduced the new Paediatric Ward, Satellite Pharmacy, Hearing Centre, Endoscopy Services, Cancer Centre, Breast Care Centre and Spine & Joint Centre. In 2009, she guided Pantai Hospital Kuala Lumpur to achieve the prestigious Joint Commission International ("JCI") Accreditation. During her short tenure with SMC, she steered SMC to become the first hospital in Southeast Asia to achieve the Australia Council on Healthcare Standards ("ACHS") Award in 2014.

Madam Tan does not have any family relationship with any director or major shareholder of SAB, nor any conflict of interest in any business arrangement involving the Company.

Madam Tan has had no convictions for any offence within the past five years.



# **CORPORATE GOVERNANCE OVERVIEW STATEMENT**



# CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of the Company remains a committed advocate of good corporate governance and continuously strives to ensure that the highest standards are practiced across SAB Group. These practices are reviewed regularly and revised as appropriately in line with the changes in laws and developments in corporate governance.

This Corporate Governance Overview Statement (“Statement”) provides stakeholders with an overview of our application of the principles and practices set out in the Malaysia Code on Corporate Governance (“MCCG”) and Paragraph 15.25 of the Bursa Malaysia MMLR, and is to be read together with the Company Corporate Governance Report 2021 which is available on the Company’s website at [www.southernacids.com](http://www.southernacids.com).

The disclosures are premised upon the three principles of the MCCG, which are:

- I. Board Leadership and Effectiveness;
- II. Effective Audit and Risk Management; and
- III. Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders.

## Our Governance Model

Stakeholders	
<b>Board Of Directors</b>	<ul style="list-style-type: none"> <li>▶▶ Three Independent Non-Executive Directors</li> <li>▶▶ Two Executive Non-Independent Directors</li> </ul>
<b>Board Committees</b>	<ul style="list-style-type: none"> <li>▶▶ Audit Committee</li> <li>▶▶ Nomination &amp; Remuneration Committee</li> </ul>
<b>Senior Management</b>	<ul style="list-style-type: none"> <li>▶▶ Managing Director</li> </ul>

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

### Board Responsibilities

The Board collectively provides strategy leadership and is responsible for establishing strategies and policies to drive the affairs of the Group to build and deliver long-term shareholders’ value whilst meeting the interests of the shareholders and other stakeholders.

In discharging its fiduciary duties, the Board operates within its Board Charter which in line with MCCG, sets out the roles, responsibilities and authorities of the Board, Board Committees, Chairman and Managing Director.

The Board is also responsible to provide an effective oversight of the conduct of the Group’s businesses in ensuring appropriate risk management protocols, a sound internal control system and that anti-bribery and anti-corruption policies are in place. In alignment with the Guidelines on Adequate Procedures pursuant to Section 17A of the Malaysian Anti-Corruption Commission (“MACC”) Act 2009 (Amendment 2018), and the Board has made concerted efforts to revise these policies.

The roles of the Board are clear and distinct from that of the MD.

### Chairman and Managing Director

The Group practices a distinct and clear division of responsibilities and authority between the Independent Non-Executive Chairman and the MD to ensure good corporate governance as well as an effective balance of power and separation of authority.

The primary responsibilities of the Chairman are to lead and guide the Board whilst maintaining the highest standard of the overall governance systems and processes. In addition, the Chairman is also responsible in ensuring an effective communication with shareholders and stakeholders.

The MD, assisted by the senior management of the Company (“Senior Management”), is responsible for implementing the policies and strategies approved by the Board and to manage the Group’s businesses and the day-to-day operations.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

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

#### Access to Information & Independent Professional Advice

All Board members have unrestricted access to the advice and services of the company secretaries of the Company ("Company Secretary") who are suitably qualified and competent. The Company Secretaries attend all Board meetings and are accountable directly to the Board, through the Board Chairman, on the effectiveness of the overall functions of the Board, including compliance with the Company's Constitution, Companies Act 2016 ("CA 2016"), Bursa Malaysia MMLR and Securities Commission ("SC") Guidelines.

Where necessary and deemed appropriate, the Board collectively or individually is at liberty to seek independent professional advice at the Company's expense to facilitate informed decision-making.

In order for Board members to effectively discharge its duties and responsibilities, comprehensive meeting papers will be circulated at least five working days prior to the meetings. In addition, Independent Non-Executive Directors also have separate and independent access to the MD, Executive Director ("ED") and/or Senior Management for supplementary or explanatory information on subject matters under their purview.

#### Board Committees

In line with the MCGG, the Board has established two Board Committees, namely Audit Committee ("AC") and Nomination & Remuneration Committee ("NRC") to assist the Board in carrying their roles and responsibilities as sets out in their Terms of Reference ("TOR") respectively.

As guided by their respective TOR, the Board Committees assist the Board by fulfilling their role and responsibilities, focusing on their specific activities, reporting to the Board on decisions and actions, and making the necessary recommendations to the Board for approval in respect of the matters under their purview. The respective Chairman of the Board Committees will report to Board on the proceedings of the respective Board Committee meetings and the reporting of the said proceedings will be minuted accordingly.

The ultimate decision-making responsibility, however, lies with the Board collectively. The Board reviews the TOR of the Board Committees as and when necessary.

#### Audit Committee

The details are disclosed under Principle B: Effective Audit and Risk Management.

#### Nomination & Remuneration Committee

As at the date of this Statement, the NRC of the Company comprises three Independent Non-Executive Directors and is chaired by the Senior Independent Non-Executive Director. The NRC has been given the responsibilities to ensure that the Company recruits, retains, trains and develops the best available executive and non-executive directors including effectiveness of renewal and succession planning.

The primary role and responsibilities of the NRC are as follows: -

#### Nomination Function

- Establish a clear and appropriate criterion on the selection and recruitment as well as the annual assessment of the Board, Board Committees, individual directors of the Company ("Director"), Independent Directors evaluation and the Company Secretary;
- Assess and recommend on the re-election and re-appointment of Directors; and
- Review succession planning of the Senior Management.

#### Remuneration Function

- Review, develop and administrate a fair and transparent procedure for setting policy on remuneration for individual Directors and Senior Management, to ensure that remuneration packages are determined based on merit, qualification and competence, having regard to the Company's operating performance and comparable market statistics.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

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

#### Nomination & Remuneration Committee (cont'd)

The assessment criteria used in FY2021 are summarized as follows: -

Evaluation	Assessment Criteria
<b>Board Evaluation</b>	<ul style="list-style-type: none"> <li>» Board Structure</li> <li>» Board Operation and Interaction - Structures and Procedures</li> <li>» Board Roles and Responsibilities</li> </ul>
<b>Board Committees</b>	<ul style="list-style-type: none"> <li>» Contribution of interaction</li> <li>» Shares information or insights</li> <li>» Participates actively in Committee activities, works constructively with peers</li> <li>» Takes strong constructive stands at Committee meetings where necessary</li> <li>» Confronts conflicts and provides solutions</li> <li>» Provides logical honest opinions on issues presented</li> <li>» Provides unique insights to issues/matters presented – has valuable skills</li> <li>» Prioritizes context of issues to be in line with objectives and offers practical/realistic advice.</li> <li>» Applies analytical and conceptual skills to the decision-making process</li> <li>» Communicates persuasively in a clear and non-confrontational manner</li> <li>» Well prepared and adds value to Committee meetings</li> <li>» Takes initiative to request for more information</li> <li>» Ensures that individual contribution is relevant and up-to-date with developments</li> <li>» Focuses on accomplishing the objectives</li> <li>» Assess and link short-term issues to the long-term strategy</li> </ul>
<b>Individual Director's Peer Evaluation</b>	<ul style="list-style-type: none"> <li>» Contribution of interaction</li> <li>» Quality of input</li> <li>» Understanding of role</li> <li>» Mix of skill/expertise</li> <li>» Mindset</li> </ul>
<b>Independent Directors Assessment</b>	<ul style="list-style-type: none"> <li>» As per criteria set under paragraph 1.01 of the Bursa Malaysia MMLR</li> </ul>

During the FY2021, three NRC meetings were held, and the following are the key activities: -

Meeting Date	Activities
1 25 Jun 2020 (Thursday)	<ul style="list-style-type: none"> <li>» Quarterly briefing on the succession planning for the respective operating business chiefs of SAB subsidiaries</li> <li>» Reviewed and assessed proposed candidate as the Independent Non-Executive Director</li> <li>» Carried out annual review of the following, and recommending to the Board for approval: - <ul style="list-style-type: none"> <li>» Individual director</li> <li>» SAB Board</li> <li>» Audit Committee</li> <li>» Nomination &amp; Remuneration Committee</li> <li>» Director Independence</li> <li>» Company Secretary</li> </ul> </li> <li>» Reviewed and recommended on the retention of an independent non-executive director who has served for a cumulative term of more than nine years</li> <li>» Reviewed and recommended directors due for re-election at the forthcoming AGM</li> <li>» Reviewed and recommended the proposed new directors' fees for FY2020</li> <li>» Reviewed and recommended the payment of directors' benefits</li> </ul>
2 26 Nov 2020 (Thursday)	<ul style="list-style-type: none"> <li>» Quarterly briefing on the succession planning for the respective operating business chiefs of SAB subsidiaries</li> <li>» Reviewed and recommended the proposed appointment of Tan Sri Sulong as the member of AC</li> <li>» Reviewed recommended the proposed bonus for the MD, ED and Chief Financial Officer ("CFO")</li> </ul>
3 25 Feb 2021 (Thursday)	<ul style="list-style-type: none"> <li>» Quarterly briefing on the succession planning for the respective operating business chiefs of SAB subsidiaries</li> <li>» Reviewed and recommended on the proposed Contract of Service for MD and ED to the Board for approval</li> <li>» Reviewed the assessment and revaluation forms used by the NRC in line with the MCCG</li> </ul>

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

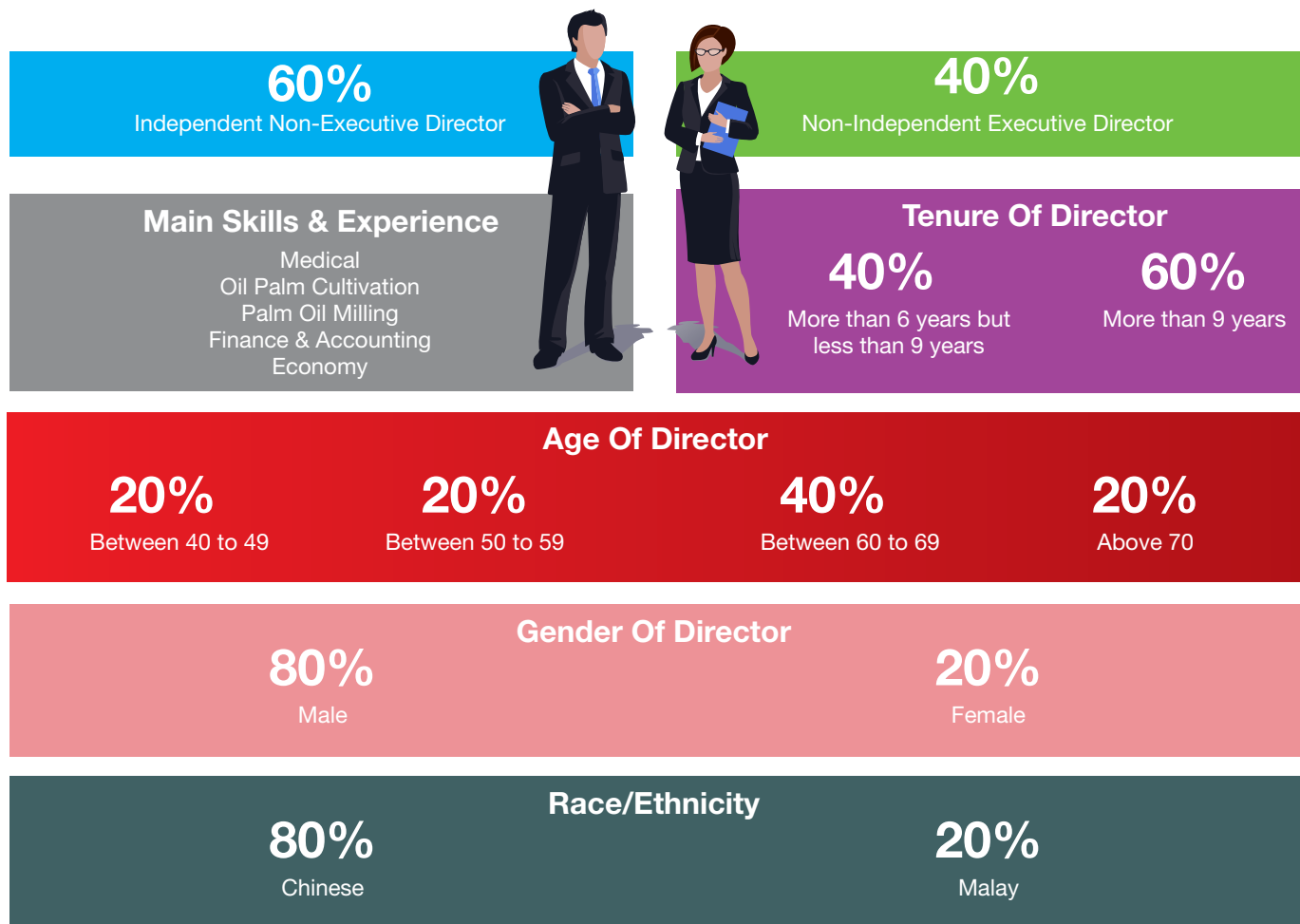
### PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

#### Board Composition

The Board comprises of five members; one Senior Independent Non-Executive Director, two Independent Non-Executive Directors and two Non-Independent Executive Directors as at 31 March 2021. The number of Board members had reduced from six members on 1 April 2020 to current five members when Mr. Teo Leng resigned on 25 September 2020. Mr. Teo had served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years.

Details of the Directors, which include their date of appointment, qualifications and experience, are set out in the Board of Directors' Profile section in this Annual Report.

Analysis of Board composition.



## CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

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

#### Board Meetings

In accordance with the Board Charter, the Board is required to meet at least four times in each financial year and additional meetings are convened, as and when necessary. The annual Board meeting calendar is planned ahead, and where possible dates are fixed prior to the commencement of each new financial year.

Details of the Board composition since the date of the last AR, and their attendance record of the meetings held during the current financial year are as follows:

Total Number of Meetings Held In FY2021	
<b>Tan Sri Datuk Seri Panglima Sulong</b> ** (Independent Non-Executive Chairman)	<ul style="list-style-type: none"> <li>» Board Of Directors (7/7)</li> <li>» Audit Committee (1/1)</li> <li>» Nomination &amp; Remuneration Committee (3/3)</li> </ul>
<b>Dr. Nick Low</b> Managing Director	<ul style="list-style-type: none"> <li>» Board Of Directors (7/7)</li> </ul>
<b>Lim Kim Long</b> Non-Independent Non-Executive Director	<ul style="list-style-type: none"> <li>» Board Of Directors (7/7)</li> </ul>
<b>Chung Kin Mun</b> Senior Independent Non-Executive Director	<ul style="list-style-type: none"> <li>» Board Of Directors (7/7)</li> <li>» Audit Committee (5/5)</li> <li>» Nomination &amp; Remuneration Committee (3/3)</li> </ul>
<b>Leong So Seh</b> Independent Non-Executive Director	<ul style="list-style-type: none"> <li>» Board Of Directors (7/7)</li> <li>» Audit Committee (5/5)</li> <li>» Nomination &amp; Remuneration Committee (3/3)</li> </ul>
<b>Teo Leong</b> ^^ Independent Non-Executive Director	<ul style="list-style-type: none"> <li>» Board Of Directors (4/4)</li> <li>» Audit Committee (3/3)</li> </ul>

\*\* Appointed as the AC member on 26 November 2020

^^ Resigned as Director on 25 September 2020

#### Directors Training

The Company's Directors continued to attend training programmes in FY2021. However, the number of trainings attended by Directors were lower than in FY2020. More time was spent on the managing the impact from the on-going Covid-19 pandemic on the Company's businesses in Malaysia and Indonesia as well as ensuring the overall well-being of the Company's employees at these challenging times which are of utmost importance to the Company. Several preventive measures against the pandemic were implemented.

The following are the various training programs and seminars attended by the Directors during the FY2021: -

<b>Lim Kim Long</b>	
14-15 October 2020	» Virtual POC 2020 - Palm and Lauric Oils Price Outlook Conference and Exhibition
<b>Chung Kin Mun</b>	
12 May 2020	» Audit Committee Institute Virtual Roundtable 2020
5 August 2020	» The Role Of Fintech In Modernizing Businesses
12 August 2020	<ul style="list-style-type: none"> <li>» Climate Change               <ul style="list-style-type: none"> <li>» What Accountants Need To Know</li> </ul> </li> </ul>
24 August 2020	<ul style="list-style-type: none"> <li>» The Future Of Ethics               <ul style="list-style-type: none"> <li>» Panel Discussion</li> </ul> </li> </ul>
22 September 2020	<ul style="list-style-type: none"> <li>» IFRS Reporting In 2020               <ul style="list-style-type: none"> <li>» Covid-19 And Other Challenges</li> </ul> </li> </ul>
1 October 2020	<ul style="list-style-type: none"> <li>» Data Analytics Insights               <ul style="list-style-type: none"> <li>» An Accountant's Treasure Trove</li> </ul> </li> </ul>
9 October 2020	<ul style="list-style-type: none"> <li>» CEO Webinar Series – Captain's Forum               <ul style="list-style-type: none"> <li>» Transformation Towards Recovery (Operational Resilience)</li> </ul> </li> </ul>

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

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

#### Senior Independent Non-Executive Director

The Company's Senior Independent Non-Executive Director Mr. Chung Kin Mun has been appointed to the position on 25 July 2013. Mr. Chung is the designated contact point for direct communication with shareholders, stakeholders and whistle-blower on any concerns or queries on the affairs of the Company. He also provides a sounding board for the Chairman and serves as an intermediary for the other Directors, if necessary.

#### Board Remuneration

The Board, with the assistance of the NRC, has established a formal and transparent process in determining the remuneration package for the Board.

Directors' Remuneration Policy	
Principles	<ul style="list-style-type: none"> <li>▶▶ Alignment with strategy to drive the long-term success of the Company</li> <li>▶▶ Alignment with shareholders' interest</li> <li>▶▶ Adequate to attract, motivate and retain quality non-executive directors</li> <li>▶▶ Comparable with market/industry practices</li> <li>▶▶ Consistent and transparency</li> </ul>
Fixed	▶▶ Yearly fixed remuneration
Allowance	▶▶ Benefits-in-kind

In line with best practices, the Directors concerned would abstain from deliberation and decision relating to their own remuneration. The annual directors' fees and benefits payable are reviewed each financial year and are subject to shareholders' approval at the AGM.

In view of the same, the Company is seeking shareholders' approval for the following proposed revision of payment of fees and meeting allowances for FY2021 at the coming 40th AGM.

Category	Type	Existing Directors' Remuneration for the FY2020 (RM)		Proposed Directors' Remuneration for the FY2021 (RM)	
		Chairman	Member	Chairman	Member
Fees (per annum)	Board	114,000	76,000	127,500	85,000
	AC	114,000	76,000	127,500	85,000
Meeting Allowance (per meeting)	Board	1,600	800	1,600	800
	Committee	1,600	800	1,600	800

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

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

The details of the remuneration of Directors of the Company comprising remuneration received and receivables from the Company and subsidiaries for FY2021 are as follows: -

	Company					Total (RM)	Subsidiaries	Group
	Fee (RM)	Salary (RM)	Bonus (RM)	MA ** (RM)	BIK ** (RM)		Fees (RM)	Total (RM)
<b>Executive Directors</b>								
Dr. Nick Low	85,000	420,600	175,250	11,000	35,200	727,050	40,264	767,314
Lim Kim Long	85,000	300,600	125,250	10,700	19,945	541,495	40,264	581,759
<b>Non-Executive Directors</b>								
Tan Sri Datuk Seri Panglima Sulong	127,500	-	-	16,000	-	143,500	-	143,500
Chung Kin Mun	127,500	-	-	17,600	-	145,100	-	145,100
Leong So Seh	85,000	-	-	11,800	-	96,800	-	96,800
Teo Leng^^	41,239	-	-	5,600	-	46,839	40,264	87,103

^^

Mr. Teo Leng resigned on 25 September 2020

\*\*

MA – Meeting Allowance

BIK – Benefits In Kind

### Senior Management Remuneration

For FY2021, the top five Senior Management (excluding EDs) of the Group in alphabetical order are as follows: -

- Alex Chan Choon Hoong
- Cheong Kee Yoong
- Lee Choo Chai
- Tan Suet Guan (Madam)
- Tiong Chuu Ling

Please refer to page 52 to page 55 of the AR for the profile of the Senior Management. The aggregate remuneration of top five senior management received in FY2021 was RM3.1 million.

The remuneration value above is computed on an aggregate basis, taking into account the relevant personnel's salary, allowances, bonus, benefit-in-kind and other emoluments.

### PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

#### Audit Committee

As at 31 March 2021, the AC comprises three Independent Non-Executive Directors, all of whom are Non-Executive Directors. The Chairman of the AC is not the Chairman of the Board and is chaired by the Senior Independent Non-Executive Director who is a member of Certified Practising Accountant ("CPA") Australia.

The AC supports the Board in fulfilling its fiduciary responsibilities with regards to the Group's financial reporting practices, accounting policies, internal control and risk management as well as assessing the suitability and independence of the Group's external auditors and the internal auditors.

In order to ensure the effectiveness, objectivity and the composition of the AC, all members are evaluated annually by the NRC. The NRC will also ensure that a Director who is financially literate and have sufficient understanding of the Group's businesses, be appointed as an AC member.

Further details of the AC's activities are set out in the AC Report on page 65 to page 68 of the AR.

#### Risk Management and Internal Control Framework

In order to safeguard the stakeholders' interest of the Company, the Board maintains a sound risk management framework and systems of internal control which includes financial controls, operational and compliance controls. The Board continues to review the adequacy and effectiveness of the Company's risk management and internal control on an ongoing basis.



## CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

### PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

#### Risk Management and Internal Control Framework (Cont'd)

Currently, the AC has been given the primary risk management and internal control oversight responsibilities. Pricewaterhouse Coopers Risk Assurance Services Sdn Bhd ("PwC RAS") has been appointed as the internal auditors to assist the AC in the areas of governance, risk and control.

The AC will identify, mitigate and monitor the critical risks highlighted by the Management via a control-self assessment ("CSA") environment. CSA is a technique that allows managers and work teams directly involved in their respective divisions, functions or processes to participate in assessing the organization's risk management and control processes.

In FY2021, the effects of the Covid-19 pandemic have been taken into consideration as part of the risk management and control processes.

Further details on the activities of the risk management and internal control are set out in the Statement on Risk Management and Internal Control ("SORMIC") on page 69 to page 72 of the AR.

### PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONS WITH STAKEHOLDERS

#### Communication with Stakeholders

The Board continues to place importance on the need to maintain timely as well as an open and constructive relationships with all its stakeholders. The Company's Corporate Disclosure Policy sets out the persons authorized and responsible to approve and disclose material information. It also serves as a guide to enhance awareness amongst the employees on the Company's disclosure obligations and procedures.

#### Group Communication Channels

i	Corporate Website
ii	Quarterly Financial Results and Announcements
iii	Annual Report
iv	General Meetings
v	Meetings, Conference Calls or Site Visits

#### Conduct of Annual General Meeting

AGM is held annually to consider the Company's ordinary businesses and any other special business. It is also the annual forum for shareholders' engagement where shareholders can have an open dialogue between the Board and the shareholders.

The Notice of 39th AGM dated 26 August 2020 was issued more than twenty eight (28) days prior to the AGM, which was held on 25 September 2020.

The CFO will present the highlights of the Group's financial performance, including its prospects and challenges. Ample time will be provided for a Questions and Answers session.

In addition, queries raised by the Minority Shareholder Watchdog Group on the Company's financial performance, strategic and corporate governance matters will be presented to the shareholders at the AGM together with the Company's responses. Valid suggestions and comments given by the shareholders will also be duly noted by the Board for due consideration.

In compliance with Bursa Malaysia MMLR, all resolutions tabled at the AGM will be voted by poll. The Company continues to leverage on technology to facilitate voting via e-polling, and e-polling was conducted in last year AGM. Poll results were announced almost immediately after the e-polling is conducted by the poll administrator and validated by the poll scrutineer.

This Statement was approved by the Board of SAB on 7 July 2021.

# AUDIT COMMITTEE REPORT



# AUDIT COMMITTEE REPORT

The Audit Committee was formed to assist the Board to carry out its oversight and fiduciary duties and responsibilities.

Key Functions	
i	Financial Reporting Process
ii	External Audit Function
iii	Internal Audit Function
iv	Risk Management & Internal Control Systems
v	Related Party Transactions

The AC's objectives, authorities and functions are guided by its TOR which is available on the Company's website at [www.southernacids.com](http://www.southernacids.com).

## Composition And Attendance

As of 31 March 2021, the AC composition and the attendance record of its members of the five meetings held during the FY2021 are set out below: -

<b>Chairman</b>	<b>Chung Kin Mun</b> Directorship: Senior Independent Non-Executive Director Attendance: 5/5
<b>Member</b>	<b>Leong So Seh</b> Directorship: Independent Non-Executive Director Attendance: 5/5
<b>Member</b>	<b>Tan Sri Datuk Seri Panglima Sulong ^^</b> Directorship: Independent Non-Executive Director Attendance: 1/1

^^ Appointed as the AC member on 26 November 2020

The AC Chairman is also a member of CPA Australia. Accordingly, the current AC composition complies with Paragraph 15.09 (a), (b) and (c) of the Bursa Malaysia MMLR as well as Practice 8.1 of the MCCG.

## Meetings

During the FY2021, five AC meetings were held. This satisfies the minimum number of meetings stipulated in the AC TOR which requires the AC to meet at least five times a financial year.

The meetings are normally attended by the MD, ED, CFO, and upon invitation, Deloitte PLT ("External Auditors") and the Internal Auditors.

After each meeting, the AC Chairman submits a report on matters deliberated together with recommendations to the Board for deliberation and decision. The minutes as recorded by the Company Secretary will be tabled for confirmation at the following AC meeting, and subsequently circulated to the Board for notation.

## Summary Of Activities

In the discharge of its functions and duties, the AC had carried out the following activities during the FY2021: -

### Financial Reporting

- Reviewed and deliberated the unaudited quarterly interim financial results including announcements to the Bursa Malaysia, and recommended to the Board for approval
- Reviewed and highlighted to the Board on significant matters raised by the External Auditors which include financial reporting issues, significant judgements made by management, significant events or transactions as well as received feedback from management on the subject matters
- Reviewed and deliberated on the accounting treatments in view of the latest new regulations, and recommended to the Board for approval

## AUDIT COMMITTEE REPORT (cont'd)

### External Audit

- Reviewed the briefing by the External Auditors on the audit progress of the financial year-end audit. Key highlights, amongst others, were as follows: -
  - New accounting policies
  - Key audit matters
  - Significant matters
  - Compliance with accounting standards and legal requirements
- Reviewed and deliberated on the proposed audit fees, and recommended to the Board for approval
- Reviewed the External Auditors Audit Planning which detailed the following: -
  - Engagement of statutory audit
  - Audit approach
  - Independence of the audit firm
  - Audit approach
  - Areas of emphasis
  - Risk assessment
  - Auditing timeline
  - Latest development in laws and regulations as well as Bursa Malaysia MMLR

### Internal Audit

- Presentation of three internal audit reports by the Internal Auditors, the reports were as follows: -
  - Milling & Estate Segment; Review on procurement and manpower
  - Oleochemical Segment; Review on credit control, finance and fixed asset
  - Healthcare Segment; Review on procurement and inventory management
- Reviewed and recommended the proposed appointment of PwC RAS as the outsourced Internal Auditors for FY2021 to the Board for approval. The proposed scope of review for FY2021 are as follows: -
  - Cycle 1 - Healthcare
  - Cycle 2 - Oleochemical
  - Cycle 3 - Thematic review on Business Continuity Management

### Risk Management & Internal Control Systems

- Reviewed and recommended the AC Reports and SORMIC to the Board for approval

### Related Party Transaction (“RPT”) & Recurrent Related Party Transaction (“RRPT”)

- Quarterly review of all RRPTs entered within SAB Group to ensure that the following are in order: -
  - Transactions with related parties were carried out within the ambit of the shareholders’ mandate obtained in the last AGM;
  - All RPTs are carried out at arm’s length basis and under normal commercial terms, the transactions were not prejudicial to the interests of the Company; and
  - In compliance with the Bursa Malaysia MMLR and other relevant rules and regulations.
- Reviewed and approved the Circular to Shareholders in relation to the Proposed Renewal of Existing Shareholders’ Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature and Proposed New Shareholders’ Mandate for Additional Related Party Transactions of a Revenue or Trading Nature as well as statements by the AC in respect of the proposed shareholders’ mandate for RRPTs.

### Annual Reporting

- Reviewed and deliberated the draft Audited Financial Statement and recommended to the Board for approval

## AUDIT COMMITTEE REPORT (cont'd)

### Internal Audit Function

The primary responsibility of the internal audit is to provide reasonable assurance to the AC on the effectiveness of the risk management and internal control processes within SAB Group. The Internal Auditors report directly to the AC on a functional basis and to the MD administratively. An annual risk-based internal audit plan is presented to the AC for approval after due evaluation on the adequacy of the scope, functions and resources of the Internal Auditors as well as the competency of the Internal Auditors.

The internal audit was performed in accordance with generally acceptable internal auditing practices.

The key work steps in carrying out the engagement were as follows:

- Planning discussions with management to understand the key issues in the organization
- Identify and test the key/ selected controls for the areas under review
- Where exceptions are noted, discuss the exceptions with the process owners and obtain their comments
- Provide recommendations to address the gaps identified
- Presentation to the Audit Committee on the audit observations

The total expenses incurred by the Internal Auditors in discharging its function and responsibilities amounted to RM133,430 for FY2021.

# **STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL**



# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Pursuant to Paragraph 15.26(b) of the Bursa Malaysia MMLR on the Statement of Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, the Board is pleased to present the SORMIC which outlines the nature of the risk management and internal control within the SAB Group for FY2021.

## Board Responsibility

The Board is overall responsible for SAB Group's system of risk management and internal control and affirms its commitment and responsibility towards an effective risk management framework and internal control systems. In order to safeguard shareholders' investments and assets of the Group, periodic evaluation will be carried out to ensure its adequacy and effectiveness.

The periodic evaluation to assess the adequacy and effectiveness of the risk management and internal control were reviewed by the AC in relation to the internal audits conducted by the Internal Auditors. Audit issues, if any, and actions taken by management to address the said issues identified during the course of internal audit were deliberated during the AC meeting, of which are recorded and presented to the Board.

## Risk Management and Risk Governance Structure

In view of the limitations inherent in any system of risk management and internal control, a system is meant to identify, evaluate and manage, rather than eliminate, the risk of failure in achieving the Group's business objectives. Hence, it can only provide reasonable and not absolute assurance against material misstatement of management and financial information, operational failures, financial losses or fraud.

The diagram below depicts the current overview of the governance structure:



Annually, the MD and the ED together with the Senior Management of SAB Group, via the Annual Statement on Continuous Commitment, reaffirm their strong dedication and commitment towards an effective enterprise risk management ("ERM"). This is in line with the best practices in corporate governance guided by the MCCG as an integral part of the Group's business, operations and financial performance. They also affirm that they are the primary risk owners responsible for overseeing the ERM activities of SAB Group.

Control-Self Assessment ("CSA"), a technique that allows managers and work teams directly involved in their respective divisions, functions or processes to participate in assessing the organization's risk management and control processes is being used as part of SAB Group's ERM framework.

Risks relating to the Group's strategic objectives are assessed at Group level.

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (cont'd)

### Internal Control System

Internal control system is designed to minimize risks and protect assets, ensure accuracy of records, promote operational efficiency, and encourage adherence to policies, rules, regulations, and laws. The following is the summary of the key elements of SAB Group's internal control systems, but not limiting to:

- **Organization Structure**  
The Company's organizational structure outlined the formal lines of responsibility and authorization procedures within which senior management operates and is accountable for.
- **Centralized Key Functions**  
As part of the effort to achieve greater efficiency, effective cost management and higher degree of responsiveness to the business environment, certain key functions such as finance, investment, treasury, corporate affairs, compliances, tender committee, purchasing committee and human resources have been centralized.
- **Operational Controls**  
The following operational controls are in place: -
  - level of authority for each level of management staff;
  - approval processes for capital expenditure and operational expenditure; and
  - business planning and annual budgeting process for the respective business units with periodical monitoring of performance.
- **Financial Reporting Controls**  
Financial reports are generated on a monthly basis and deliberated at appropriate management meeting respectively whereas the Group's financial statements will be reviewed and deliberated by the AC and Board on a quarterly basis.
- **Internal Audit**  
The Internal Auditors operates independently from the activities it audits. The internal audit function provides the AC with the assurance regarding the adequacy and effectiveness of the system of risk management and internal control. A systematic and disciplined approach is employed to draw up the annual audit plan for the AC's review and approval before the commencement of internal audit work. Assessment of internal controls in the key activities of the Group's businesses are carried out with the outcome reported directly to the AC.
- **External Audit**  
The External Auditors performs an evaluation of the design and implementation of the internal controls that are relevant to their annual audit and may report and make recommendation to the AC and management on any identified procedures, controls and other aspects that needs improvement which may come to their attention.
- **Anti-Bribery and Anti-Corruption Policy**  
The Group has in place this policy which sets out the Company's responsibilities, and providing information and guidelines to Board and employees and stakeholders to conduct our business with integrity and in accordance with all applicable laws, rules and regulations.
- **Whistleblower Policy**  
The Group's Whistleblower Policy outlined the Group's commitment towards enabling employees and stakeholders to raise concerns in a responsible manner in regards to any wrongdoings without being subject to victimization or discriminately treatment. All disclosures made under the policy will be dealt with in strict confidentiality.

The Anti-Bribery & Anti-Corruption Policy, the Whistleblower Policy and a summary of the Principles of Business Conduct are made available on the Company's website.

For the financial year under review, some weaknesses in internal controls were identified but were deemed immaterial to be mentioned in this SORMIC as none of the weaknesses had materially impacted the businesses or operations of the Group. Nevertheless, measures have been or are being taken to address these weaknesses.

Please refer to the AC Report on page 65 to page 68 of the AR on the risk management and internal control activities undertaken during FY2021.



## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (cont'd)

### Review of the Statement on SORMIC by External Auditors

The External Auditors have reviewed this SORMIC pursuant to the scope set out in Audit and Assurance Practice Guide (“AAPG”) 3, Guidance for Auditors on Engagements to Report on the SORMIC included in the Annual Report issued by the Malaysian Institute of Accountants for inclusion in the Annual Report of the Company for the FY2021, and reported to the Board that nothing has come to their attention that caused them to believe that the SORMIC intended to be included in the Annual Report of the Company, in all material respects:

- has not been prepared in accordance with the disclosures required by paragraphs 41 and 42 of the Guidelines; or
- is factually inaccurate.

AAPG 3 does not require Deloitte PLT to consider whether the SORMIC covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group’s risk management and internal control system, including the assessment and opinion by the Board and management thereon. The External Auditors are also not required to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the annual report will, in fact, remedy the problems.

### Conclusion

The Board has received assurance from the MD and the CFO that the Group’s risk management and internal control framework is operating adequately and effectively, in all material aspects. Where weaknesses were identified, rectification measures have been put in place.

The Board is of the view that the system of risk management and internal control system in place for the year under review and up to the date of approval of this SORMIC for inclusion into the annual report, is adequate and effective to safeguard the interest of stakeholders. No potential, present failure or weakness identified that would have material adverse effect on the Group’s financial statements.

This SORMIC has excluded its insignificant associate company’s state of risk management and internal control.

This SORMIC is made in accordance with a resolution of the Board dated 7 July 2021.

## ADDITIONAL COMPLIANCE INFORMATION

The information set out below is disclosed in compliance with the Bursa Malaysia MMLR.

### Audit and Non-Audit Fees

The amount of audit and non-audit fees incurred and payable to the External Auditors by the Company and the Group for FY2021 are as follows:

	Company (RM)	Group (RM)
Audit Fees	88,000	407,000
Non-audit Fees	7,000	7,000
Total	95,000	414,000

### Material Contracts

There were no material contracts other than in the ordinary course of business entered into by the Company and/or its subsidiaries involving Directors' and/or major shareholders interests either subsisting at the end of FY2021 or entered into since the previous financial year.

## STATEMENT OF DIRECTORS' RESPONSIBILITY FOR THE AUDITED FINANCIAL STATEMENTS

The CA 2016 required the Directors to prepare the financial statements for each financial year in accordance with the applicable Malaysian Financial Reporting Standards, the provision of the CA 2016 and Bursa Malaysia MMLR, and to lay there before the Company at its AGM.

The Directors are responsible to ensure that the financial statements give a true and fair view of the state of affairs of the Group and of the Company as at 31 March 2021, and of their financial performance and cash flows of the Group and of the Company for FY2021.

In preparing the financial statements, the Directors have:

- Adopted appropriate accounting policies and applied them consistently;
- Made judgements and estimates that are reasonable and prudent; and
- Prepared the financial statements on a going concern basis.

The Directors are responsible to ensure that the Group and the Company keep accounting records which disclose the financial position of the Group and of the Company with reasonable accuracy, enabling them to ensure that the financial statements comply with the CA 2016.

The Directors are responsible for taking such steps as are reasonably open to them to safeguard the assets of the Group and of the Company, and to detect and prevent fraud and other irregularities.

# FINANCIAL STATEMENTS



# FINANCIAL STATEMENTS

## OUR FINANCIAL PERFORMANCE

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# DIRECTORS' REPORT

The directors of **SOUTHERN ACIDS (M) BERHAD** have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 March 2021.

## PRINCIPAL ACTIVITIES

The principal activities of the Company are that of investment holding and the provision of management services to the subsidiary companies.

The information on the name, place of incorporation, principal activities and percentage of issued share capital held by the Company in the subsidiary companies are disclosed in Note 16 to the Financial Statements.

## RESULTS OF OPERATIONS

The results of operations of the Group and of the Company for the financial year are as follows:

	The Group RM'000	The Company RM'000
Profit before tax	60,345	14,181
Income tax expense	(12,562)	-
Profit for the year	47,783	14,181
Attributable to:		
Equity holders of the Company	37,357	14,181
Non-controlling interests	10,426	-
	47,783	14,181

In the opinion of the directors, the results of operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

## DIVIDENDS

Final dividend of 5 sen per share, single tier, amounting to RM6,846,707, proposed in the previous financial year and dealt with in the previous directors' report was paid on 23 October 2020.

In respect of the current financial year, the directors have proposed a final dividend of 5 sen per share, single tier, amounting to RM6,846,707.

The proposed dividend is subject to approval by the shareholders at the forthcoming Annual General Meeting of the Company and has not been included as liability in the financial statements. Upon approval by the shareholders, the dividend payment will be accounted for in equity as an appropriation of retained earnings during the financial year ending 31 March 2022.

## RESERVES AND PROVISIONS

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

## ISSUE OF SHARES AND DEBENTURES

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

## DIRECTORS' REPORT (cont'd)

### SHARE OPTIONS

No options have been granted by the Company to any party during the financial year to take up unissued shares of the Company.

No shares have been issued during the financial year by virtue of the exercise of any option to take up unissued shares of the Company. As at the end of the financial year, there were no unissued shares of the Company under options.

### OTHER STATUTORY INFORMATION

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

- (a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts, and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
- (b) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including the value 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:

- (a) which would render the amount written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
- (b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
- (c) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or
- (d) not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

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

- (a) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liability of any other person; or
- (b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

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

In the opinion of the directors, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of operations of the Group and of the Company in the financial year in which this report is made.

**DIRECTORS' REPORT**  
**(cont'd)****DIRECTORS**

The directors of the Company in office during the financial year and during the period from the end of the financial year to the date of this report are:

Tan Sri Datuk Seri Panglima Sulong Matjeraie  
Dr. Low Kok Thye  
Lim Kim Long  
Chung Kin Mun  
Leong So Seh  
Teo Leng (Resigned on 25.9.2020)

The directors who held office in the subsidiaries of the Company during the financial year and up to the date of this report are:

Dr. Low Kok Thye  
Lim Kim Long  
Teo Leng  
Chan Choon Hoong  
Cheong Kee Yoong  
Dr. Sadasivam A/L Kandiah  
Herry Amin  
Herry Mukiat  
Lou Ai Choo  
Tiong Chuu Ling  
Tan Sri Dato' Low Boon Eng (Removed on 29.1.2021)

**DIRECTORS' INTERESTS**

The shareholdings in the Company of those who were directors at the end of the financial year according to the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act, 2016, are as follows:

	As at 1.4.2020	Number of ordinary shares		As at 31.3.2021
		Bought	Sold	
<b>Shares in the Company</b>				
<b>Registered in name of directors</b>				
<b>Direct interest</b>				
Dr. Low Kok Thye	30,416	-	-	<b>30,416</b>
Lim Kim Long	49,276	-	-	<b>49,276</b>
<b>Deemed interest</b>				
Dr. Low Kok Thye*	65,692,824	-	-	<b>65,692,824</b>
Lim Kim Long**	69,032,267	-	-	<b>69,032,267</b>



## DIRECTORS' REPORT

### (cont'd)

Notes:

- \* By virtue of his interest in Southern Cocoa Products (M) Sdn. Berhad, Banting Hock Hin Estate Company Sdn. Bhd., Southern Realty (Malaya) Sdn. Berhad, Southern Hockjoo Plantation Sdn. Berhad, Naga Wira Sdn. Berhad, Bekalan Utama Sdn. Berhad, Southern Edible Oil Industries (M) Sdn. Berhad, Southern Palm Industries Sdn. Bhd., Eng Leong Holdings Sdn. Bhd. and family members.
- \*\* By virtue of his interest in Southern Cocoa Products (M) Sdn. Berhad, Banting Hock Hin Estate Company Sdn. Bhd., Southern Realty (Malaya) Sdn. Berhad, Southern Hockjoo Plantation Sdn. Berhad, Naga Wira Sdn. Berhad, Bekalan Utama Sdn. Berhad, Southern Edible Oil Industries (M) Sdn. Berhad, Southern Palm Industries Sdn. Bhd., Lim Thye Peng Realty Sdn. Bhd. and family members.

By virtue of their interest in the shares of the Company, the directors above are also deemed to have an interest in the shares of the subsidiary companies to the extent that the Company has an interest.

Other than as disclosed above, none of the other directors in office at the end of the financial year held shares or had any beneficial interest in shares of the Company or its related companies during or at the beginning and end of the financial year.

### DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the directors of the Company has received or become entitled to receive a benefit (other than the benefit included in the aggregate amount of emoluments received or due and receivable by the directors as disclosed in Note 7 to the financial statements) by reason of a contract made by the Company or a related corporation with any 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 for any benefit which may be deemed to have arisen by virtue of the balances and transactions with companies in which certain directors of the Company are also directors and/or have substantial financial interests as disclosed in Note 26 to the financial statements.

During and at the end of the financial year, no arrangement subsisted to which the Company was a party whereby directors of the Company might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

### INDEMNITY AND INSURANCE FOR DIRECTORS, OFFICERS AND AUDITORS

The Company maintains directors' and officers' liability insurance for purposes of Section 289 of the Companies Act, 2016, throughout the year, which provides appropriate insurance cover for the directors and officers of the Company and its group of companies. The amount of insurance cover paid during the year amounted to RM11,224.

There were no indemnity given to or insurance effected for the auditors of the Company.

### AUDITORS' REMUNERATION

The amount paid or payable as remuneration of the auditors for the financial year ended 31 March 2021 is as disclosed in Note 8 to the financial statements.

## **DIRECTORS' REPORT (cont'd)**

### **AUDITORS**

The auditors, Deloitte PLT, have indicated their willingness to continue in office.

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

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**DR. LOW KOK THYE**

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**LIM KIM LONG**

Klang  
7 July 2021

# INDEPENDENT AUDITORS' REPORT

## TO THE MEMBERS OF SOUTHERN ACIDS (M) BERHAD

### (Incorporated in Malaysia)

#### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of **SOUTHERN ACIDS (M) BERHAD**, which comprise the statements of financial position of the Group and of the Company as at 31 March 2021, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 85 to 163.

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 March 2021, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

#### Basis for Opinion

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

#### Independence and Other Ethical Responsibilities

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

#### Key Audit Matters

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

Key Audit Matters	How the Scope of our Audit Responded to the Key Audit Matter
<p><u>Impairment Assessment of Property, Plant and Equipment</u></p> <p>At 31 March 2021, included in property, plant and equipment are factory building and oleochemical plant ("assets") of a subsidiary with carrying value of RM29,899,783. These assets are located on land owned by a major shareholder of the Company, Southern Realty (Malaya) Sdn. Berhad ("SRM").</p> <p>SRM has agreed to extend the lease agreement to 31 March 2023 which is significantly shorter than the remaining useful lives of the assets located on the land which range from 10 to 29 years. The subsidiary intends to apply for a renewal of the lease agreement with SRM prior to its expiry on 31 March 2023.</p> <p>Management judgement is involved in assessing the likelihood of renewal of the lease agreement for the near future. In the event that the lease agreement is not renewed, management may have to assess if the assets are impaired.</p> <p>The accounting policy for impairment of property, plant and equipment and the critical judgements involved in assessing the likelihood of renewal of the lease agreement which may have an impact on the carrying value of the property, plant and equipment are set out in Note 3 and Note 4(i)(a) to the Financial Statements respectively. The details of the property, plant and equipment have been disclosed in Note 13 to the Financial Statements.</p>	<p>We held discussions with the directors of the Company to gain an understanding of the future plans of the subsidiary and likelihood of renewal of the lease agreement.</p> <p>We examined the latest lease agreement and read all relevant correspondence between the subsidiary and SRM to identify matters, if any, that would adversely affect the future likelihood of renewal of the lease agreement.</p> <p>We evaluated management's assessment of the renewal which includes the historical trend of the lease agreement being renewed.</p> <p>We have also assessed the adequacy and appropriateness of the disclosures made in Note 3 and Note 4(i)(a) to the Financial Statements.</p>

We have determined that there are no key audit matters in the audit of the separate financial statements of the Company to communicate in our auditors' report.

## **INDEPENDENT AUDITORS' REPORT (cont'd) TO THE MEMBERS OF SOUTHERN ACIDS (M) BERHAD (Incorporated in Malaysia)**

### **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 of the Group 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 and will 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 identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

### **Responsibilities of the Directors for the Financial Statements**

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

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

### **Auditors' Responsibilities for the Audit of the Financial Statements**

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

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 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.

## **INDEPENDENT AUDITORS' REPORT (cont'd) TO THE MEMBERS OF SOUTHERN ACIDS (M) BERHAD (Incorporated in Malaysia)**

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

### **Report on Other Legal and Regulatory Requirements**

In accordance with the requirements of the Companies Act, 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 16 to the Financial Statements.

### **Other Matters**

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

**DELOITTE PLT (LLP0010145-LCA)  
Chartered Accountants (AF 0080)**

**MURALI A/L SAMY  
Partner - 03377/06/2022 J  
Chartered Accountant**

Kuala Lumpur  
7 July 2021

# STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

## FOR THE YEAR ENDED 31 MARCH 2021

	Note	The Group		The Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Revenue	5	741,103	660,286	20,980	13,563
Investment revenue	6	4,823	5,812	187	198
Other operating income		15,424	10,691	68	66
Changes in inventories of finished goods and work-in-progress		13,103	4,165	-	-
Raw materials and consumables used		(551,256)	(467,722)	-	-
Depreciation of property, plant and equipment	13	(20,558)	(18,570)	(343)	(430)
Depreciation of right-of-use assets	14	(1,364)	(1,297)	-	-
Directors' remuneration	7	(3,720)	(3,664)	(1,645)	(1,640)
Employee benefits expenses	8	(65,619)	(57,883)	(4,103)	(4,059)
Other operating expenses		(71,018)	(82,418)	(963)	(1,673)
Finance costs	9	(471)	(409)	-	-
Share of results of an associate company	17	(102)	(251)	-	-
<b>Profit before tax</b>	8	<b>60,345</b>	<b>48,740</b>	<b>14,181</b>	<b>6,025</b>
Income tax expense	10	(12,562)	(9,511)	-	-
<b>Profit for the year</b>		<b>47,783</b>	<b>39,229</b>	<b>14,181</b>	<b>6,025</b>
<b>Profit for the year attributable to:</b>					
Equity holders of the Company		37,357	31,998	14,181	6,025
Non-controlling interests	16	10,426	7,231	-	-
		<b>47,783</b>	<b>39,229</b>	<b>14,181</b>	<b>6,025</b>
<b>Earnings per share (sen) attributable to equity holders of the Company</b>					
Basic and diluted	11	<b>27.28</b>	23.37		

**STATEMENTS OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME (cont'd)  
FOR THE YEAR ENDED 31 MARCH 2021**

	The Group		The Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<b>Profit for the year</b>	<b>47,783</b>	39,229	<b>14,181</b>	6,025
<b>Other comprehensive income/(loss):</b>				
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	<b>10,709</b>	(13,327)	-	-
Item that will not be reclassified subsequently to profit or loss:				
Gain/(loss) arising from fair value changes in other investments	<b>5,642</b>	(22,263)	<b>5,642</b>	(22,263)
Remeasurement of defined benefit obligations, net of tax	<b>(264)</b>	(1,001)	-	(85)
	<b>16,087</b>	(36,591)	<b>5,642</b>	(22,348)
<b>Total comprehensive income/(loss) for the year, net of tax</b>	<b>63,870</b>	2,638	<b>19,823</b>	(16,323)
<b>Total comprehensive income/(loss) attributable to:</b>				
Equity holders of the Company	<b>50,087</b>	(12)	<b>19,823</b>	(16,323)
Non-controlling interests	<b>13,783</b>	2,650	-	-
	<b>63,870</b>	2,638	<b>19,823</b>	(16,323)

The accompanying Notes form an integral part of the financial statements.

# STATEMENTS OF FINANCIAL POSITION

## AS AT 31 MARCH 2021

	Note	The Group		The Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<b>ASSETS</b>					
<b>Non-Current Assets</b>					
Land held for property development	12	139,868	139,868	-	-
Property, plant and equipment	13	194,740	186,203	4,080	3,319
Right-of-use assets	14	4,041	4,982	-	-
Investment property	15	3,318	3,318	-	-
Investment in subsidiary companies	16	-	-	245,599	245,599
Investment in an associate company	17	2,259	2,361	917	917
Other investments	18	30,717	25,075	30,717	25,075
Advances for KKPA program	19	-	87	-	-
Deferred tax assets	20	2,774	3,059	-	-
<b>Total Non-Current Assets</b>		<b>377,717</b>	<b>364,953</b>	<b>281,313</b>	<b>274,910</b>
<b>Current Assets</b>					
Biological assets	21	1,972	1,339	-	-
Inventories	22	82,387	68,060	-	-
Derivative financial assets	23	247	234	-	-
Trade receivables	24 & 26	51,343	40,659	-	-
Other receivables, deposits and prepaid expenses	25 & 26	15,611	13,483	176	171
Amount owing by subsidiary companies	26	-	-	8,513	1,310
Amount owing by an associate company	27	819	803	-	126
Tax recoverable		33,959	28,919	-	-
Cash and cash equivalents	28	242,163	208,938	5,775	6,158
<b>Total Current Assets</b>		<b>428,501</b>	<b>362,435</b>	<b>14,464</b>	<b>7,765</b>
<b>TOTAL ASSETS</b>		<b>806,218</b>	<b>727,388</b>	<b>295,777</b>	<b>282,675</b>



## STATEMENTS OF FINANCIAL POSITION (cont'd)

### AS AT 31 MARCH 2021

	Note	The Group		The Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<b>EQUITY AND LIABILITIES</b>					
<b>Capital and Reserves</b>					
Share capital	29	171,255	171,255	171,255	171,255
Reserves	30	466,407	423,167	121,363	108,387
<hr/>					
Equity attributable to equity holders of the Company		637,662	594,422	292,618	279,642
Non-controlling interests	16	71,687	55,800	-	-
<hr/>					
<b>Total Equity</b>		<b>709,349</b>	<b>650,222</b>	<b>292,618</b>	<b>279,642</b>
<hr/>					
<b>Non-Current and Deferred Liabilities</b>					
Term loan	31	3,300	4,500	-	-
Hire purchase payables	32	359	130	-	-
Lease liabilities	33	2,956	4,032	-	-
Provision for retirement benefits	34	15,774	13,184	1,345	1,208
Payables for KKPA Program	19	785	-	-	-
Deferred tax liabilities	20	4,358	3,746	-	-
<hr/>					
<b>Total Non-Current and Deferred Liabilities</b>		<b>27,532</b>	<b>25,592</b>	<b>1,345</b>	<b>1,208</b>
<hr/>					
<b>Current Liabilities</b>					
Trade payables	26 & 35	33,070	21,142	-	-
Other payables and accrued expenses	26 & 35	30,670	23,845	1,521	1,591
Amount owing to a subsidiary company	26	-	-	102	113
Amount owing to an associate company	27	70	-	70	-
Contract liabilities	36	2,143	1,193	-	-
Derivative financial liabilities	23	393	1,655	-	-
Term loan	31	1,200	1,200	-	-
Hire purchase payables	32	234	157	-	-
Lease liabilities	33	1,436	1,174	-	-
Tax liabilities		-	1,087	-	-
Dividend payable		121	121	121	121
<hr/>					
<b>Total Current Liabilities</b>		<b>69,337</b>	<b>51,574</b>	<b>1,814</b>	<b>1,825</b>
<hr/>					
<b>Total Liabilities</b>		<b>96,869</b>	<b>77,166</b>	<b>3,159</b>	<b>3,033</b>
<hr/>					
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>806,218</b>	<b>727,388</b>	<b>295,777</b>	<b>282,675</b>

The accompanying Notes form an integral part of the financial statements.

# STATEMENTS OF CHANGES IN EQUITY

## FOR THE YEAR ENDED 31 MARCH 2021

The Group	Note	Attributable to equity holders of Company							Total equity RM'000
		Share capital RM'000	Foreign exchange reserve RM'000	Other reserve RM'000	Fair value reserve RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	
<b>As at 1 April 2019</b>		171,255	(12,758)	(322)	22,089	421,017	601,281	54,734	656,015
Profit for the year		-	-	-	-	31,998	31,998	7,231	39,229
Other comprehensive loss		-	(9,493)	-	(22,263)	(254)	(32,010)	(4,581)	(36,591)
Total comprehensive (loss)/income for the year		-	(9,493)	-	(22,263)	31,744	(12)	2,650	2,638
Dividends paid	38	-	-	-	-	(6,847)	(6,847)	-	(6,847)
Dividends paid to non-controlling interests		-	-	-	-	-	-	(1,584)	(1,584)
<b>As at 31 March 2020</b>		171,255	(22,251)	(322)	(174)	445,914	594,422	55,800	650,222
<b>As at 1 April 2020</b>		171,255	(22,251)	(322)	(174)	445,914	594,422	55,800	650,222
Profit for the year		-	-	-	-	37,357	37,357	10,426	47,783
Other comprehensive income/(loss)		-	7,246	-	5,642	(158)	12,730	3,357	16,087
Total comprehensive income for the year		-	7,246	-	5,642	37,199	50,087	13,783	63,870
Issuance of shares by a subsidiary company to non-controlling interests		-	-	-	-	-	-	3,814	3,814
Dividends paid	38	-	-	-	-	(6,847)	(6,847)	-	(6,847)
Dividends paid to non-controlling interests		-	-	-	-	-	-	(1,710)	(1,710)
<b>As at 31 March 2021</b>		171,255	(15,005)	(322)	5,468	476,266	637,662	71,687	709,349

## STATEMENTS OF CHANGES IN EQUITY (cont'd)

### FOR THE YEAR ENDED 31 MARCH 2021

		← Attributable to equity holders of Company →			
		← Non-distributable →		Distributable	
The Company	Note	Share capital RM'000	Fair value reserve RM'000	Retained earnings RM'000	Total equity RM'000
<b>As at 1 April 2019</b>		171,255	22,089	109,468	302,812
Profit for the year		-	-	6,025	6,025
Other comprehensive loss		-	(22,263)	(85)	(22,348)
Total comprehensive (loss)/income for the year		-	(22,263)	5,940	(16,323)
Dividends paid	38	-	-	(6,847)	(6,847)
<b>As at 31 March 2020</b>		171,255	(174)	108,561	279,642
<b>As at 1 April 2020</b>		171,255	(174)	108,561	279,642
Profit for the year		-	-	14,181	14,181
Other comprehensive loss		-	5,642	-	5,642
Total comprehensive income for the year		-	5,642	14,181	19,823
Dividends paid	38	-	-	(6,847)	(6,847)
<b>As at 31 March 2021</b>		<b>171,255</b>	<b>5,468</b>	<b>115,895</b>	<b>292,618</b>

The accompanying Notes form an integral part of the financial statements.

# STATEMENTS OF CASH FLOWS

## FOR THE YEAR ENDED 31 MARCH 2021

	The Group		The Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<b>CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES</b>				
Profit before tax	<b>60,345</b>	48,740	<b>14,181</b>	6,025
Adjustments for:				
Depreciation of property, plant and equipment	<b>20,558</b>	18,570	<b>343</b>	430
Depreciation of right-of-use assets	<b>1,364</b>	1,297	-	-
Unrealised (gain)/ loss on foreign exchange	<b>(868)</b>	105	-	-
Provision for retirement benefits	<b>2,208</b>	1,861	<b>137</b>	101
Net fair value change in biological assets	<b>(535)</b>	(431)	-	-
Gain on disposal of property, plant and equipment	<b>(237)</b>	(3)	<b>(21)</b>	-
Reversal of loss allowance for:				
- Trade receivables	<b>(250)</b>	(112)	-	-
- KKPA receivables	-	(400)	-	-
Impairment on investment in subsidiary companies	-	-	-	540
Inventories written off	<b>39</b>	48	-	-
Inventories written down	<b>816</b>	-	-	-
Finance costs	<b>471</b>	409	-	-
Property, plant and equipment written off	<b>49</b>	1,166	-	-
Share of results of an associate company	<b>102</b>	251	-	-
Changes in fair value of derivatives	<b>(1,275)</b>	1,678	-	-
Dividend income	<b>(9,269)</b>	(1,987)	<b>(16,199)</b>	(8,917)
Investment revenue	<b>(4,823)</b>	(5,812)	<b>(187)</b>	(198)
Operating Profit/(Loss) Before Working Capital Changes	<b>68,695</b>	65,380	<b>(1,746)</b>	(2,019)
(Increase)/Decrease in:				
Inventories	<b>(15,548)</b>	(2,540)	-	-
Trade receivables	<b>(10,340)</b>	(4,714)	-	-
Other receivables, deposits and prepaid expenses	<b>(8,851)</b>	(7,439)	<b>(5)</b>	(17)
Amount owing by subsidiary companies	-	-	<b>(273)</b>	(107)
Amount owing by an associate company	<b>(16)</b>	276	<b>126</b>	(15)
Increase/(Decrease) in:				
Trade payables	<b>11,224</b>	98	-	-
Other payables and accrued expenses	<b>7,315</b>	(13,316)	<b>(70)</b>	358
Amount owing to a subsidiary company	-	-	<b>(11)</b>	(9)
Amount owing to an associate company	<b>70</b>	-	<b>70</b>	-
Contract liabilities	<b>950</b>	192	-	-
Cash Generated From/(Used In) Operations	<b>53,499</b>	37,937	<b>(1,909)</b>	(1,809)
Retirement benefits paid	<b>(395)</b>	(197)	-	-
Income tax refunded	<b>64</b>	3,289	-	-
Income tax paid	<b>(5,337)</b>	(11,228)	-	-
Net Cash From/(Used In) Operating Activities	<b>47,831</b>	29,801	<b>(1,909)</b>	(1,809)

## STATEMENTS OF CASH FLOWS (cont'd) FOR THE YEAR ENDED 31 MARCH 2020

	The Group		The Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<b>CASH FLOWS FROM/(USED IN)</b>				
<b>INVESTING ACTIVITIES</b>				
Interest income received	4,823	5,812	187	198
Dividends received	9,269	1,987	9,269	8,917
Proceeds from disposal of property, plant and equipment	302	7	21	-
Additions to other investments	-	(186)	-	(186)
Additions to property, plant and equipment [Note (i)]	(22,960)	(15,840)	(1,104)	(50)
Addition to investment in subsidiary companies	-	-	-	(650)
Amount recovered for KKPA program	887	733	-	-
Net Cash (Used In)/From Investing Activities	(7,679)	(7,487)	8,373	8,229
<b>CASH FLOWS FROM/(USED IN)</b>				
<b>FINANCING ACTIVITIES</b>				
Drawdown of term loan	-	6,000	-	-
Repayment of term loan	(1,200)	(300)	-	-
Repayment of hire purchase payables	(428)	(80)	-	-
Repayment of lease liabilities	(1,238)	(1,073)	-	-
Dividend paid by:				
- Subsidiary companies to non-controlling interests	(1,710)	(1,584)	-	-
- The Company	(6,847)	(6,847)	(6,847)	(6,847)
Finance costs paid	(471)	(409)	-	-
Net Cash Used In Financing Activities	(11,894)	(4,293)	(6,847)	(6,847)
<b>NET INCREASE/(DECREASE)</b>				
<b>IN CASH AND CASH EQUIVALENTS</b>	28,258	18,021	(383)	(427)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR</b>	208,938	199,911	6,158	6,585
<b>EFFECT OF TRANSLATION DIFFERENCES</b>	4,967	(8,994)	-	-
<b>CASH AND CASH EQUIVALENTS AT END OF THE YEAR (NOTE 28)</b>	242,163	208,938	5,775	6,158

### Note (i) : Additions to property, plant and equipment

During the financial year, the Group acquired property, plant and equipment by the following means:

	The Group		The Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Hire purchase	714	-	-	-
Cash payments	22,960	15,840	1,104	50
	23,674	15,840	1,104	50

The accompanying Notes form an integral part of the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

## 1. GENERAL INFORMATION

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

The principal activities of the Company are that of investment holding and the provision of management services to the subsidiary companies.

The information on the name, place of incorporation, principal activities, and percentage of issued share capital held by the Company in the subsidiary companies are disclosed in Note 16.

The registered office of the Company is located at 9, Jalan Bayu Tinggi 2A/KS6, Taipan 2, Batu Unjur, 41200 Klang, Selangor Darul Ehsan, Malaysia.

The principal place of business of the Company is located at Level 29, Centro Tower, No. 8, Jalan Batu Tiga Lama, 41300 Klang, Selangor Darul Ehsan, Malaysia.

The financial statements of the Group and of the Company have been approved by the Board of Directors and were authorised for issuance on 7 July 2021.

## 2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

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

The financial statements are presented in Ringgit Malaysia ("RM") which represents the functional currency of the Group and of the Company and all financial information presented in RM are rounded to the nearest thousand ("RM'000"), unless otherwise stated.

### Adoption of Amendments to MFRSs

In the current financial year, the Group and the Company have adopted all the Amendments to MFRSs issued by the Malaysian Accounting Standards Board ("MASB") that are relevant to their operations and effective for annual periods beginning on or after 1 January 2020 as follows:

MFRSs	Amendments to References to the Conceptual Framework in MFRS Standards
Amendments to MFRS 3	Definition of a Business
Amendments to MFRS 101 and MFRS 108	Definition of Material
Amendments to MFRS 9, MFRS 139 and MFRS 7	Interest Rate Benchmark Reform

The adoption of these Amendments to MFRSs did not result in significant changes in the accounting policies of the Group and of the Company, and has no significant effect on the financial performance or position of the Group and of the Company.

### Standards and Amendments in Issue but Not Yet Effective

At the date of authorisation for issue of these financial statements, the relevant new Standards and Amendments which were in issue but not yet effective and not early adopted by the Group and the Company are as listed below:

MFRS 17	Insurance contracts <sup>5</sup>
Amendments to MFRS 3	Reference to the Conceptual Framework <sup>4</sup>
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>6</sup>
Amendments to MFRS 101	Classification of Liabilities as Current or Non-Current <sup>5</sup>
Amendments to MFRS 16	Covid-19 - Related Rent Concessions <sup>1</sup>
Amendments to MFRS 16	Covid-19 - Related Rent Concessions beyond 30 June 2021 <sup>3</sup>

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (CONT'D)

#### Standards and Amendments in Issue but Not Yet Effective (Cont'd)

At the date of authorisation for issue of these financial statements, the relevant new Standards and Amendments which were in issue but not yet effective and not early adopted by the Group and the Company are as listed below: (Cont'd)

Amendments to MFRS 9, MFRS 139 and MFRS 7, MFRS 4 and MFRS 16	Interest Rate Benchmark Reform - Phase 2 <sup>2</sup>
Amendments to MFRS 116	Property, Plant and Equipment - Proceeds before Intended Use <sup>4</sup>
Amendments to MFRS 137	Onerous Contracts - Cost of Fulfilling a Contract <sup>4</sup>
Amendments to MFRS 4	Extension of Temporary Exemption from Applying MFRS 9 <sup>5</sup>
Amendments to MFRS 101	Disclosure of Accounting Policies <sup>5</sup>
Amendments to MFRS 108	Definition of Accounting Estimates <sup>5</sup>
Amendments to MFRSs	Annual Improvements to MFRS 2018 - 2020 Cycle <sup>4</sup>
Amendments to MFRSs 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction <sup>5</sup>

- <sup>1</sup> Effective for annual periods beginning on or after 1 June 2020, with earlier application permitted.
- <sup>2</sup> Effective for annual periods beginning on or after 1 January 2021, with earlier application permitted.
- <sup>3</sup> Effective for annual periods beginning on or after 1 April 2021, with earlier application permitted.
- <sup>4</sup> Effective for annual periods beginning on or after 1 January 2022, with earlier application permitted.
- <sup>5</sup> Effective for annual periods beginning on or after 1 January 2023, with earlier application permitted.
- <sup>6</sup> Effective date deferred to a date to be announced by MASB.

The directors anticipate that the abovementioned Standards and Amendments will be adopted in the annual financial statements of the Group and of the Company when they become effective and that the adoption of these Standards and Amendments will have no material impact on the financial statements of the Group and of the Company in the period of initial application.

### 3. SIGNIFICANT ACCOUNTING POLICIES

#### Basis of Accounting

The financial statements of the Group and of the Company have been prepared under the historical cost convention unless otherwise indicated in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of MFRS 2 *Share-based Payment*, leasing transactions that are within the scope of MFRS 16 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in MFRS 102 *Inventories* or value in use in MFRS 136 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies adopted are set out below.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### Subsidiaries and Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved when the Company has the power over the investee; is exposed, or has rights, to variable returns from its involvement with the investee; and has the ability to use its power to affect its return.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control stated above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- 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.

Consolidation of a subsidiary company begins when the Company obtains control over the subsidiary company and ceases when the Company loses control of the subsidiary company. Specifically, income and expenses of a subsidiary company acquired or disposed of during the year are included in profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary company.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiary companies is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiary companies to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Changes in the Group's ownership interests in subsidiary companies that do not result in the Group losing control 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 subsidiary companies. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary company, a gain or loss is recognised in profit or loss and is 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 (including goodwill), and liabilities of the subsidiary and any non-controlling interests. When assets of the subsidiary company are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income are accounted for as if the Group had directly disposed of the relevant assets (i.e. reclassified to profit or loss or transferred directly to retained earnings as specified by applicable Standards). The fair value of any investment retained in the former subsidiary company at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 9 *Financial Instruments* or, when applicable, the cost on initial recognition of an investment in an associate or joint venture.

#### Investment in Subsidiary Companies

Investment in subsidiary companies, which is eliminated on consolidation, is stated at cost less any impairment losses in the Company's separate financial statements. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.



## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### Business Combinations

Acquisitions of subsidiary companies and businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

At acquisition date, the identifiable assets acquired and liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with MFRS 112 *Income Taxes* and MFRS 119 *Employee Benefits*, respectively;
- liabilities or equity instruments related to the share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with MFRS 2 *Share-based Payment* at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with MFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another MFRSs.

Where the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of contingent consideration that do not qualify as measured period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or liability is remeasured at subsequent reporting dates in accordance with MFRS 137 *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

Where a business combination is achieved in stages, the Group's previously held equity interests in the acquiree are remeasured to fair value at the acquisition date (i.e. the date when the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as at the acquisition date that, if known, would have affected the amounts recognised at that date.

#### Revenue

Revenue of the Company consists of dividend income and management fees through provision of group services.

Revenue of the Group consists mainly of sales less returns and discounts, medical charges for services rendered in connection with hospital operations, income from plantation, income from administrative services, provision of warehousing and port cargo handling services, dividend income and rental income.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### Revenue (Cont'd)

The Group determines whether it is acting as a principal or an agent, and concluded that it is acting as an agent in its revenue arrangement for consultation charges for services rendered in connection with hospital operations.

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

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

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

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

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

- (i) the customer simultaneously receives and consumes the benefits provided by the Group’s performance as the Group performs;
- (ii) the Group’s performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- (iii) the Group’s performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date.

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

Revenue is recognised on the following basis:

Gross invoiced value of sales less returns and discounts - upon delivery of products and customer acceptance and when the control over the goods have passed to the buyer.

Services rendered in connection with management fees through provision of group services, hospital operations, administrative services and port cargo handling services - when services are rendered.

Services rendered in provision of warehousing - on a time basis, based on the days of storage and applicable rate of rental.

Dividend income - when the shareholder’s right to receive payment is established.

Rental income - over the tenure of the rental period of properties.

Interest income - on an accrual basis, by reference to the principal outstanding and at the effective interest rate.

#### Contract Liabilities

Contract Liabilities is the obligation to transfer goods or services to customers for which the Group has received the consideration or has billed the customers. Contract liability is recognised as revenue when the Group performs its obligation under contract.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### Foreign Currencies

The individual financial statements of each entity in the Group are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in RM, which is the functional currency of the Company and the presentation currency for the financial statements of the Group.

In preparing the financial statements of the individual entities, transactions in currencies other than the functional currency (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in profit or loss for the period.

Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences (if any) arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in other comprehensive income.

For the purpose of presenting financial statements of the Group, the assets and liabilities of the Group's foreign operations are expressed in RM using exchange rates prevailing on that date. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are classified as equity and recognised in the Group's foreign currency translation reserve. Such translation differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

#### Employee Benefits

(i) Short-term employee benefits

Wages, salaries, bonuses, annual leave and non-monetary benefits are accrued in the period in which the associated services are rendered by the employees of the Group and of the Company.

(ii) Post-employment benefits

(a) Defined contribution plan

The Group and the Company contribute to Employees Provident Fund ("EPF"), the national defined contribution plan. The contributions are charged to profit or loss in the period to which they relate. Once the contributions have been paid, the Group and the Company have no further payment obligations. The contributions to EPF are included under employee benefits expenses in Note 8 to the financial statements.

(b) Defined benefit plans

(i) Malaysia

The Company and its subsidiary companies operate an unfunded defined retirement benefit scheme for its eligible employees. An actuarial valuation carried out by a qualified actuary using the "Projected Unit Credit" method was undertaken on 31 March 2019, and the valuation covers the financial years ended 31 March 2019 to 31 March 2022.

(ii) Indonesia

The Group's subsidiary companies in Indonesia provide for employee benefit liabilities in accordance with the Labour Law No. 13 Year 2003 ("Law No. 13/2003"), which was enacted on 25 March 2003. Provision for retirement benefits is made based on an actuarial valuation carried out by a qualified actuary using the "Projected Unit Credit" method. The latest actuarial valuation was undertaken on 31 March 2021.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### Employee Benefits (Cont'd)

(ii) Post-employment benefits (Cont'd)

(b) Defined benefit plans (Cont'd)

Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur.

Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified subsequently to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- (i) Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- (ii) Net interest expense or income; and
- (iii) Remeasurement

The Group and the Company present the first two components of defined benefit costs in profit or loss in employee benefits expenses.

The retirement benefit obligation recognised in the statements of financial position represents the actual deficit or surplus in the Group's and the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds and reductions in future contributions to the plan.

#### Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for recognition.

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

#### Income Tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

##### Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statements of profit or loss and other comprehensive income because items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's and the Company's liability for the current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

##### Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which those deductible temporary differences, unused tax losses and unused tax credits can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### Income Tax (Cont'd)

##### Deferred tax (Cont'd)

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group and the Company expect, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group and the Company intend to settle its current tax assets and liabilities on a net basis.

##### Current and deferred tax for the period

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items that are recognised outside profit or loss (whether in other comprehensive income or directly in equity), in which case the tax is recognised in other comprehensive income or directly in equity, respectively.

#### Land Held for Property Development

Land held for property development is classified as non-current asset and is stated at lower of cost and net realisable value. Land held for property development consists of land where no significant development activities have been undertaken or where development activities are not expected to be completed within the normal operating cycle.

Cost includes cost of land, professional fees and other direct development expenditure and related overheads. Land held for property development is reclassified as property development costs at the point when development works have been undertaken and where it can be demonstrated that the development activities are expected to be completed within the normal operating cycle.

#### Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any.

Depreciation of property, plant and equipment, other than freehold land and construction-in-progress which are not depreciated, is computed on the straight-line method at rates based on their estimated useful lives. The principal annual rates used are as follows:

Leasehold land	Over the lease period of 91 years
Freehold office	2%
Factory buildings	2%
Palm oil mills	3.33%
Hospital building	2%
Medical equipment	10%
Plant, machinery, equipment and electrical installation	7.5% - 25%
Motor vehicles	10% - 25%
Office equipment, furniture and fittings	5% - 25%
Staff quarters cum office block	5% - 10%
Land improvements	5%
Renovation	10%
Bearer plants	5%

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### Property, Plant and Equipment (Cont'd)

At the end of each reporting period, the residual values, useful lives and depreciation method of the property, plant and equipment are reviewed, and the effects of any change in estimates are recognised prospectively.

Gain or loss arising from the disposal of an asset is determined as the difference between the estimated net disposal proceeds and the carrying amount of the asset, and is recognised in the statements of profit or loss and other comprehensive income.

Bearer plants are living plants that are used in the production or supply of agricultural produce, which are expected to bear produce for more than one period and has a remote likelihood of being sold as agricultural produce, except for incidental scrap sales.

Bearer plants (oil palm trees) include mature plantations (fresh fruit bunches), immature plantations and nursery that are established or acquired by the Group.

Mature plantations are stated at cost, less accumulated depreciation and any impairment losses where the recoverable amount of the asset is estimated to be lower than its carrying amount. Depreciation is charged so as to write off the cost of mature plantations, using the straight-line method, over the estimated useful lives of 20 years.

Costs incurred in the preparation of the nursery, purchase of seedlings and their maintenance are stated at cost. The accumulated costs will be transferred to immature plantations account at the time of planting.

Immature plantations are stated at cost. The costs of immature plantations consist mainly of the accumulated cost of planting, fertilising and maintaining the plantation, including borrowing costs on such borrowings and other indirect overhead costs up to the time the trees are harvestable and to the extent appropriate. An oil palm plantation is considered mature when such plantation starts to produce at the beginning of the fourth year.

Bearer plants are derecognised upon disposal or when no future economic benefits are expected from its use or disposed. Any gains or losses on disposal of bearer plants are recognised in the statements of profit or loss and other comprehensive income in the year of disposal.

The residual values and useful lives of bearer plants are reviewed, and adjusted as appropriate, at the end of each reporting period.

#### Property, Plant and Equipment under Hire Purchase Arrangements

Property, plant and equipment acquired under hire purchase arrangements are capitalised in the financial statements and the corresponding obligations treated as liabilities. Finance charges are allocated to the statements of profit or loss and other comprehensive income to give a constant periodic rate of interest on the remaining hire purchase liabilities.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

#### Leases

##### The Group as lessor

The Group enters into lease agreements as a lessor that subleases out certain land and buildings.

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance lease or operating lease by reference to the classification from the head lease.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### Leases (Cont'd)

##### The Group as lessor (Cont'd)

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on straight-line basis over the lease term.

Amount due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

When a contract includes lease and non-lease components, the Group applied MFRS 15 *Revenue from Contracts with Customers* to allocate the consideration under the contract to each component.

##### The Group as lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract and recognises right-of-use assets and lease liabilities at commencement date.

The lease liability is initially measured at the present value of the lease payments, which comprise the fixed lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset at the commencement date and the Group applies MFRS 136 *Impairment of Assets* to determine whether a right-of-use asset is impaired.

Lease that is associated to short-term leases and leases of low-value assets is recognised as an operating expense in the profit or loss on a straight-line basis over the term of the lease. Short-term leases are leases with a lease term of 12 months or less. Low-value assets are assets with value less than RM25,000 each.

#### Investment Property

Investment property is a property which is held either to earn rental income or for capital appreciation or for both. Investment property, which consists of freehold land, is stated at cost less impairment losses, if any.

On disposal of an investment property, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal, it shall be derecognised. The difference between the net disposal proceeds and the carrying amount is recognised in profit or loss in the period of the retirement or disposal.

#### Biological Assets

Biological assets comprise of produce growing on bearer plants. Produce growing on bearer plants are accounted for as biological assets until the point of harvest. Biological assets are measured on initial recognition and at the end of each reporting period at its fair value less costs to sell.

Changes in fair value of growing produce on bearer plants are recognised in the statements of profit or loss and other comprehensive income. Fair value is determined based on the present value of expected net cash flows from the biological assets. The expected cash flows are estimated using the expected output method and the estimated market price of the biological assets.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### Biological Assets (Cont'd)

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

At the time of harvest, produces are measured at fair value less costs to sell and transferred to inventories.

#### Investment in an Associate

An associate is an entity over 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.

The results and assets and liabilities of an associate are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with MFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of MFRS 136 *Impairment of Assets* are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with MFRS 136 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with MFRS 136 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate, or when the investment is classified as held for sale. When the Group retains an interest in the former associate and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with MFRS 136.

The difference between the carrying amount of the associate at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

When the Group reduces its ownership interest in an associate but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognised in the consolidated financial statements only to the extent of the Group's interest in the associate or joint venture that is not related to the Group.



## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### Impairment of Non-Financial Assets

The carrying amounts of assets are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount.

Recoverable amount is the higher of fair value less costs to sell and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is written down to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

#### Advances for KKPA Program

Advances for Kredit Koperasi Primer untuk Anggotanya ("KKPA") program in respect of another subsidiary company in Indonesia, as further explained in Note 19, represent the accumulated costs to develop plasma plantations measuring 500 hectares out of total land required to be developed of 500 hectares of land which are self-financed by the said subsidiary company. Upon the Cooperative obtaining KKPA financing from the creditor bank, the said advances will be recovered from it.

An estimate is made at the end of each reporting period for losses on recovery of KKPA program based on a review of the recoverable development costs, and anticipated losses are provided for in full. In the event the planting development costs incurred exceeds the estimated agreed price during harvest time, an allowance for losses on conversion will be made on the advances extended and will be charged to profit or loss.

#### Inventories

Inventories are stated at the lower of cost (determined on the weighted average method) and net realisable value.

The costs of raw materials, medical and surgical supplies, spare parts and other supplies comprise the original purchase price plus the costs in bringing these inventories to their present location and condition. The costs of produce stocks, finished goods and work-in-progress include the cost of raw materials, direct labour and an appropriate allocation of direct manufacturing overheads.

The cost of fresh fruit bunches ("FFB") transferred from biological assets is its fair value less costs to sell at the date of harvest.

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

#### Provisions

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### Provisions (Cont'd)

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

#### Financial Instruments

Financial instruments are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instruments.

Where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, such financial assets are recognised and derecognised on trade date.

Financial instruments are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss ("FVTPL"), which are initially measured at fair value.

#### Financial Assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Financial assets are classified as subsequently measured at amortised cost, FVTPL or fair value through other comprehensive income ("FVTOCI"). The classification depends on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

A financial asset is any asset that is cash, a contractual right to receive cash or another financial asset from another enterprise, a contractual right to exchange financial instruments with another enterprise under conditions that are potentially favourable, or an equity instrument of another enterprise.

#### (i) *Financial assets at amortised cost*

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in the statements of profit or loss and other comprehensive income.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Income from financial assets is recognised on an effective interest method for debt instruments other than those financial assets classified as FVTPL.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### Financial Assets (Cont'd)

##### (ii) *Financial assets at FVTPL*

Financial assets that do not meet the amortised cost criteria or the FVTOCI criteria are measured at FVTPL. In addition, financial assets that meet either the amortised cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in the statements of profit or loss and other comprehensive income.

##### (iii) *Equity instruments designated as at FVTOCI*

On initial recognition, the Group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI.

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs.

Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the fair value reserve. The cumulative gain or loss is not to be reclassified subsequently to profit or loss on disposal of the equity investments, instead, it is transferred to retained earnings.

Dividends on these investments in equity instruments are recognised in profit or loss in accordance with MFRS 9, unless the dividends clearly represent a recovery of part of the cost of the investment.

#### Impairment of financial assets

The Group and the Company recognise a loss allowance for expected credit losses ("ECL") on all trade and other receivables. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group and the Company recognise lifetime ECL for trade receivables and lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group and the Company recognise lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group and the Company measure the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and includes forward-looking information.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### Impairment of financial assets (Cont'd)

##### Derecognition of financial Assets

Finance assets are derecognised when the contractual rights receive cash flows from the financial assets have expired or have been transferred and the Group and the Company have transferred substantially all the risks and rewards of ownership.

On derecognition of a financial assets in its entirety, the difference between the amount and the consideration received and receivable is recognised in profit or loss, except for the derecognition of an investment in equity instruments measured at FVTOCI, the cumulative gain or loss is transferred within equity, not recognised in profit or loss.

#### Financial Liabilities and Equity Instruments

##### Classification as debt or equity

Financial liabilities and equity instruments issued by the Group and the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

##### Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of direct attributable transactions costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

##### Financial liabilities

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

##### Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group and the Company manage together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the statements of profit or loss and other comprehensive income.

##### Other financial liabilities

Other financial liabilities are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest rate method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or a shorter period, to the net carrying amount on initial recognition.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### Financial Liabilities and Equity Instruments (Cont'd)

##### Derecognition of financial liabilities

The Group and the Company derecognise financial liabilities when, and only when, the Group's and Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid or payable is recognised in profit or loss.

##### Financial guarantee contracts

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

Financial guarantee contracts issued by a group entity are initially measured at their fair values and, if not designated as FVPTL, are subsequently measured at the higher of:

- The amount of the obligation under the contract, as determined in accordance to MFRS 9; and
- The amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies.

#### Derivative Financial Instruments

The Group and the Company enter into derivatives, namely foreign currency forward contracts and commodity future contracts, to manage foreign currency exposures and adverse price movements in commodities as a result of receipts in foreign currency and purchase of commodities.

Derivatives are initially recognised at their fair values at the date the derivative contract is entered into and are subsequently re-measured to their fair values at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of recognition in profit or loss depends on nature of the hedge relationship.

Derivatives with a positive fair value are recognised as a financial asset; and derivatives with a negative fair value are recognised as a financial liability.

#### Segment Reporting

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

#### Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future events not wholly within the control of the Group. Contingent liabilities and assets are not recognised in the statements of financial position of the Group and of the Company.

#### Statements of Cash Flows

The Group and the Company adopt the indirect method in the preparation of the statements of cash flows. Cash and cash equivalents are short-term, highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

#### (i) Critical judgements in applying the Group's accounting policies

In the process of applying the Group's accounting policies, which are described in Note 3 above, management is of the opinion that there are no instances of application of judgement which are expected to have a significant effect on the amounts recognised in the financial statements except as disclosed below:

#### Impairment of property, plant and equipment

As referred to in Note 13:

- (a) The lease agreement for rental by a subsidiary company, Southern Acids Industries Sdn. Bhd. ("SAI"), of a parcel of land belonging to Southern Realty (Malaya) Sdn. Berhad ("SRM") where the factory building and oleochemical plant of SAI are located is expiring on 31 March 2023, which is significantly shorter than the useful lives of the property, plant and equipment on the land. Pursuant to the said lease agreement, SAI intends to apply for a renewal of the lease agreement with SRM upon its expiry. Based on past experience of successful renewal of the lease agreement and since SRM is a major shareholder of the Company, the directors of the subsidiary company are confident that the said lease agreement will be successfully renewed upon its expiry on 31 March 2023 and accordingly, no impairment loss needs to be considered for the factory building and oleochemical plant with net book value of RM29,899,783 (2020: RM31,983,032).
- (b) On 31 October 1995, Noble Interest Sdn. Bhd. ("NISB"), a subsidiary company, entered into a Sale and Purchase Agreement with SRM to purchase several parcels of freehold land at a total purchase consideration of RM4,950,000 where the hospital building is constructed. The said purchase consideration has been fully settled since 4 November 2000. In view of the delay in transferring the land title by SRM, NISB had in year 2010, lodged a caveat to protect its interest on the land. The directors of NISB are confident that the land title will eventually be transferred as NISB has fully satisfied all the conditions as stipulated in the said agreement. Accordingly, the directors of NISB believe that no impairment loss needs to be considered for the private hospital building with net book value of RM17,960,318 (2020: RM18,547,704), which is constructed on the said land.

#### (ii) Key sources of estimation uncertainty

Management believes that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year except as disclosed below:

#### (a) Calculation for loss allowance

The Group measures the loss allowance for trade receivables at an amount equal to lifetime expected credit loss ("ECLs"). The ECLs on trade receivables are estimated by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

The Group writes off a trade receivables when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over two years past due, whichever occurs earlier.

As at the end of the reporting period, loss allowance on trade receivables provided by the Group is as follows:

	<b>The Group</b>	
	<b>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>
Trade receivables	<b>608</b>	<b>959</b>

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)

#### (ii) Key sources of estimation uncertainty (Cont'd)

##### (b) Deferred tax assets

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unabsorbed capital allowances to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unabsorbed capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon likely timing and level of future taxable profits together with future tax planning strategies.

As at the end of the reporting period, the total carrying amount of deferred tax assets recognised by the Group is as follows:

	The Group	
	2021 RM'000	2020 RM'000
Deferred tax assets	2,774	3,059

##### (c) Impairment loss on investment in subsidiary companies

Determining whether the investment in subsidiary companies are impaired requires an estimation of the recoverable amount of the investment. Management exercises its judgement in estimating the recoverable amounts of these investment. As at 31 March 2021, the Company has recognised impairment loss as follows:

	The Company	
	2021 RM'000	2020 RM'000
Impairment loss on investment in subsidiary companies	7,742	7,742

##### (d) Provision for retirement benefits

The Group makes contribution to a defined benefit plan that provides pension for eligible employees of the Group. The amount is determined based on the years of service and salaries of the employees at the time of pension. Due to the long term nature of the defined benefit plan, such estimates are subject to significant uncertainty. The amount of defined benefit asset recognised in the statements of financial position is limited to the present value of economic benefits in the form of refunds or reductions in future contributions to the fund. The levels of future contributions to the plan which are used to assess this limit is subject to some uncertainty due to other assumptions which requires the director's best estimate.

The carrying amount of provision for retirement benefits is disclosed in Note 34.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 5. REVENUE

An analysis of revenue is as follows:

	The Group		The Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<b>Revenue from contracts with customers:</b>				
Sale of plantation products and produces	638,086	551,863	-	-
Healthcare services	77,448	91,365	-	-
Warehousing and bulk conveyor operations	8,824	7,843	-	-
Administrative services fees	7,260	6,832	-	-
Management fees	216	396	4,781	4,646
	<b>731,834</b>	658,299	<b>4,781</b>	4,646
<b>Revenue from other sources:</b>				
Dividend income	9,269	1,987	16,199	8,917
	<b>741,103</b>	660,286	<b>20,980</b>	13,563

The timing of revenue from contracts with customers is at a point in time.

### 6. INVESTMENT REVENUE

	The Group		The Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Interest income on fixed deposits and short-term placements	4,823	5,812	187	198

### 7. DIRECTORS' REMUNERATION

	The Group		The Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<b>Directors of the Company</b>				
Executive directors:				
Fees	170	152	170	152
Other emoluments	1,043	1,028	1,043	1,028
	<b>1,213</b>	1,180	<b>1,213</b>	1,180
Non-executive directors:				
Fees	381	412	381	412
Other emoluments	51	48	51	48
	<b>432</b>	460	<b>432</b>	460
	<b>1,645</b>	1,640	<b>1,645</b>	1,640
<b>Directors of the subsidiary companies</b>				
Fees	282	268	-	-
Other emoluments	1,793	1,756	-	-
	<b>2,075</b>	2,024	-	-
Total	<b>3,720</b>	3,664	<b>1,645</b>	1,640



## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 7. DIRECTORS' REMUNERATION (CONT'D)

Contributions to EPF for the directors of the Group and of the Company during the current financial year amounted to RM261,680 and RM122,762 (2020: RM255,096 and RM120,888) respectively.

The estimated monetary value of benefits-in-kind received by the directors otherwise than in cash from the Group and the Company amounted to RM108,657 and RM55,948 (2020: RM97,532 and RM55,145) respectively.

### 8. PROFIT BEFORE TAX

Profit before tax is arrived at after crediting/(charging) the following:

	The Group		The Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Changes in fair value of derivatives	1,275	(1,678)	-	-
Rental income	1,043	1,059	54	-
Gain/(Loss) on foreign exchange (net):				
Unrealised	868	(105)	-	-
Realised	(1,046)	944	(6)	12
Fees paid/payable to external auditors:				
Statutory audit:				
Auditors of the Company	(305)	(285)	(88)	(81)
Other auditors	(102)	(104)	-	-
Non-audit services:				
Auditors of the Company:				
Current year	(7)	(62)	(7)	(12)
Underprovision in prior year	-	(9)	-	(9)
Other auditors	(128)	(91)	(45)	(45)
Gain on disposal of property, plant and equipment	237	3	21	-
Employee benefits expenses	(65,619)	(57,883)	(4,103)	(4,059)
Reversal of loss allowance for:				
- Trade receivables (Note 24)	250	112	-	-
- KKPA receivables (Note 19)	-	400	-	-
Net fair value change in biological assets (Note 21)	535	431	-	-
Inventories written off (Note 22)	(39)	(48)	-	-
Inventories written down (Note 22)	(816)	-	-	-
Property, plant and equipment written off	(49)	(1,166)	-	-
Impairment on investment in subsidiary companies	-	-	-	(540)

Included in the employee benefits expenses are as follows:

	The Group		The Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Contributions to EPF	5,350	4,992	483	477
Provision for retirement benefits	2,208	1,861	137	145

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 9. FINANCE COSTS

	The Group	
	2021 RM'000	2020 RM'000
Interest expense on:		
Hire purchase payables	39	56
Lease liabilities	233	280
Term loan	199	73
	471	409

### 10. INCOME TAX EXPENSE

	The Group		The Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Estimated tax payable:				
Current year	11,480	12,627	-	-
Overprovision in prior years	(122)	(957)	-	-
	11,358	11,670	-	-
Deferred tax (Note 20):				
Current year	2,069	(225)	-	-
Overprovision in prior years	(865)	(1,934)	-	-
	1,204	(2,159)	-	-
	12,562	9,511	-	-

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2020: 24%) of the estimated taxable profit for the year. Taxation of other jurisdictions is calculated at the rate prevailing in the respective jurisdictions.

A reconciliation of income tax expense at the applicable statutory income tax rate to income tax expense at the effective income tax rate is as follows:

	The Group		The Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Profit before tax	60,345	48,740	14,181	6,025
Tax at the Malaysian statutory income tax rate of 24%	14,483	11,698	3,403	1,446
Different tax rate in other jurisdiction	697	265	-	-
Tax effects of:				
Non-deductible expenses	939	482	157	284
Non-taxable income	(3,433)	(1,885)	(3,933)	(2,188)
Realisation of deferred tax assets previously not recognised	-	(57)	-	-
Deferred tax assets not recognised	863	1,899	373	458
Overprovision in prior years:				
Current	(122)	(957)	-	-
Deferred tax	(865)	(1,934)	-	-
Income tax expense	12,562	9,511	-	-

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 10. INCOME TAX EXPENSE (CONT'D)

The Company has tax-exempt income accounts arising from tax-exempt dividend income received and tax-exempt income under Paragraph 28, Schedule 6 of the Income Tax Act, 1967 totalling RM7,640,000 (2020: RM7,628,000) which, subject to agreement of the Inland Revenue Board, is available for distribution of its retained earnings as tax-exempt dividends.

A subsidiary company has tax-exempt accounts amounting to approximately RM171,823,000 (2020: RM171,823,000) arising from tax-exempt income earned during the pioneer period under the Promotion of Investments Act, 1986. The exempt income accounts are available for distribution of its retained earnings as tax-exempt dividends to the shareholder of the said subsidiary company and is subject to approval by the tax authorities.

A subsidiary company has tax-exempt income under the Income Tax (Amendment) Act, 1999 amounting to approximately RM715,000 (2020: RM715,000). This amount, which arose from tax waiver on the chargeable income earned in 1999, is available for distribution of its retained earnings as tax-exempt dividends.

As mentioned in Note 3, the tax effects of deductible temporary differences, unused tax losses and unabsorbed capital allowances which would give rise to deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences unused tax losses and unabsorbed capital allowances can be utilised. As of 31 March 2021, the estimated amount of deductible temporary difference, unused tax losses and unabsorbed capital allowances for which no deferred tax asset has been recognised in the financial statements due to uncertainty of realisation, is as follows:

	The Group		The Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Deductible temporary differences arising from:				
Provision for retirement benefits	1,574	2,612	1,345	1,208
Other payables and accrued expenses	817	872	1,321	1,305
Lease liabilities	195	120	-	-
Right-of-use assets	226	-	-	-
Unabsorbed capital allowances	4,754	3,012	1,650	1,568
Unused tax losses	23,816	21,170	14,341	13,284
	<b>31,382</b>	<b>27,786</b>	<b>18,657</b>	<b>17,102</b>

The comparative figures of the Group and of the Company have been revised to reflect the previous year's tax submission.

Under the Malaysia Finance Act 2018 which was gazetted on 27 December 2018, any accumulated tax losses brought forward from year of assessment 2018 can be carried forward for another 7 consecutive years of assessment. The unused tax losses will be disregarded upon expiry of the 7 years as below:

Business loss incurred in year of assessment	RM'000	Carried forward up to YA	Unutilised amount will be disregarded in YA
2020	3,339	2027	2028
2019	6,525	2026	2027
2018	13,952	2025	2026
	<b>23,816</b>		

The unabsorbed capital allowances do not expire under the current tax legislation and is available for offset against future taxable profits indefinitely.

**NOTES TO THE FINANCIAL STATEMENTS**  
**(cont'd)****11. EARNINGS PER SHARE**

Basic earnings per share is calculated by dividing the profit for the year attributable to equity holders of the Company by the number of ordinary shares in issue during the financial year.

	<b>2021</b>	<b>The Group 2020</b>
Profit for the year attributable to ordinary equity holders of the Company (RM'000)	<b>37,357</b>	31,998
Number of ordinary shares in issue ('000)	<b>136,934</b>	136,934
Basic earnings per share (sen)	<b>27.28</b>	23.37

The basic and diluted earnings per share are the same as the Company has no dilutive potential ordinary shares.

**12. LAND HELD FOR PROPERTY DEVELOPMENT**

	<b>2021 RM'000</b>	<b>The Group 2020 RM'000</b>
Freehold land at cost	<b>134,285</b>	134,285
Development costs	<b>5,583</b>	5,583
	<b>139,868</b>	139,868

Land held for property development comprises a land bank which is being held for future development.

## NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

### 13. PROPERTY, PLANT AND EQUIPMENT

The Group Cost	As of 1 April 2020 RM'000	Additions RM'000	Disposals RM'000	Write offs RM'000	Reclassifications RM'000	Effects of foreign exchange translation RM'000	As of 31 March 2021 RM'000
Leasehold land	2,218	-	-	-	-	153	2,371
Freehold land	5,105	-	-	-	-	12	5,117
Freehold office	8,545	-	-	-	-	-	8,545
Factory buildings	12,731	42	-	-	-	135	12,908
Palm oil mills	61,400	308	-	-	-	4,882	66,590
Hospital building	29,369	-	-	-	-	-	29,369
Medical equipment	52,674	6,399	(6,912)	(737)	-	-	51,424
Plant, machinery, equipment and electrical installation	176,856	2,347	(4,598)	(16)	833	1,116	176,538
Motor vehicles	7,412	2,290	(550)	-	23	234	9,409
Office equipment, furniture and fittings	32,425	1,628	(27)	(51)	-	45	34,020
Staff quarters cum office block	5,906	1	-	-	-	457	6,364
Land improvements	7,080	-	-	-	-	562	7,642
Construction-in-progress:							
Plant and machinery	-	1,278	-	-	(856)	-	422
Building	184	-	-	-	-	8	192
Medical equipment	-	-	-	-	-	-	-
Renovation	1,065	1,453	-	-	-	-	2,518
Bearer plants	31,096	7,928	-	-	-	2,251	41,275
Total	434,066	23,674	(12,087)	(804)	-	9,855	454,704

NOTES TO THE FINANCIAL STATEMENTS  
(cont'd)

## 13. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The Group Cost	As of 1 April 2019 RM'000	Additions RM'000	Disposals RM'000	Write offs RM'000	Reclassifications RM'000	Effects of foreign exchange translation RM'000	As of 31 March 2020 RM'000
Leasehold land	2,386	-	-	-	-	(168)	2,218
Freehold land	5,118	-	-	-	-	(13)	5,105
Freehold office	8,545	-	-	-	-	-	8,545
Factory buildings	12,878	-	-	-	-	(147)	12,731
Palm oil mills	66,824	457	-	(525)	-	(5,356)	61,400
Hospital building	29,369	-	-	-	-	-	29,369
Medical equipment	43,516	3,962	-	(6,464)	11,660	-	52,674
Plant, machinery, equipment and electrical installation	160,890	4,545	(250)	(2,442)	15,328	(1,215)	176,856
Motor vehicles	7,735	187	-	(227)	-	(283)	7,412
Office equipment, furniture and fittings	29,548	3,769	(10)	(829)	-	(53)	32,425
Staff quarters cum office block	6,382	56	-	(34)	-	(498)	5,906
Land improvements	7,294	369	-	-	-	(583)	7,080
Construction-in-progress:							
Plant and machinery	14,881	447	-	-	(15,328)	-	-
Building	193	-	-	-	-	(9)	184
Medical equipment	11,660	-	-	-	(11,660)	-	-
Renovation	1,065	-	-	-	-	-	1,065
Bearer plants	32,588	2,048	-	(1,081)	-	(2,459)	31,096
Total	440,872	15,840	(260)	(11,602)	-	(10,784)	434,066

## NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

### 13. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The Group	As of 1 April 2020 RM'000	Charge for the year RM'000	Disposals RM'000	Write offs RM'000	Reclassifications RM'000	Effects of foreign exchange translation RM'000	As of 31 March 2021 RM'000
<b>Accumulated Depreciation</b>							
Leasehold land	1,398	38	-	-	-	99	1,535
Freehold land	-	-	-	-	-	-	-
Freehold office	988	171	-	-	-	-	1,159
Factory buildings	4,383	308	-	-	-	27	4,718
Palm oil mills	28,532	4,151	-	-	-	2,248	34,931
Hospital building	10,821	587	-	-	-	-	11,408
Medical equipment	29,064	3,281	(6,912)	(712)	-	-	24,721
Plant, machinery, equipment and electrical installation	131,557	7,008	(4,536)	(16)	-	617	134,630
Motor vehicles	5,440	790	(550)	-	-	155	5,835
Office equipment, furniture and fittings	19,397	1,972	(24)	(27)	-	36	21,354
Staff quarters cum office block	3,917	436	-	-	-	299	4,652
Land improvements	4,066	233	-	-	-	321	4,620
Construction-in-progress:							
Plant and machinery	-	-	-	-	-	-	-
Building	-	-	-	-	-	-	-
Medical equipment	-	-	-	-	-	-	-
Renovation	1,008	63	-	-	-	-	1,071
Bearer plants	7,292	1,520	-	-	-	518	9,330
<b>Total</b>	<b>247,863</b>	<b>20,558</b>	<b>(12,022)</b>	<b>(755)</b>	<b>-</b>	<b>4,320</b>	<b>259,964</b>

NOTES TO THE FINANCIAL STATEMENTS  
(cont'd)

## 13. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The Group Accumulated Depreciation	As of 1 April 2019 RM'000	Charge for the year RM'000	Disposals RM'000	Write offs RM'000	Reclassifications RM'000	Effects of foreign exchange translation RM'000	As of 31 March 2020 RM'000
Leasehold land	1,468	39	-	-	-	(109)	1,398
Freehold land	-	-	-	-	-	-	-
Freehold office	817	171	-	-	-	-	988
Factory buildings	4,097	317	-	-	-	(31)	4,383
Palm oil mills	27,255	4,245	-	(337)	-	(2,631)	28,532
Hospital building	10,234	587	-	-	-	-	10,821
Medical equipment	33,117	2,402	-	(6,455)	-	-	29,064
Plant, machinery, equipment and electrical installation	129,349	5,743	(250)	(2,438)	-	(847)	131,557
Motor vehicles	5,189	679	-	(227)	-	(201)	5,440
Office equipment, furniture and fittings	18,443	1,826	(6)	(817)	-	(49)	19,397
Staff quarters cum office block	3,823	474	-	(34)	-	(346)	3,917
Land improvements	4,003	426	-	-	-	(363)	4,066
Construction-in-progress:							
Plant and machinery	-	-	-	-	-	-	-
Building	-	-	-	-	-	-	-
Medical equipment	-	-	-	-	-	-	-
Renovation	901	107	-	-	-	-	1,008
Bearer plants	6,494	1,554	-	(128)	-	(628)	7,292
Total	245,190	18,570	(256)	(10,436)	-	(5,205)	247,863



## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 13. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The Group	Net Book Value	
	2021 RM'000	2020 RM'000
Leasehold land	836	820
Freehold land	5,117	5,105
Freehold office	7,386	7,557
Factory buildings	8,190	8,348
Palm oil mills	31,659	32,868
Hospital building	17,961	18,548
Medical equipment	26,703	23,610
Plant, machinery, equipment and electrical installation	41,908	45,299
Motor vehicles	3,574	1,972
Office equipment, furniture and fittings	12,666	13,028
Staff quarters cum office block	1,712	1,989
Land improvements	3,022	3,014
Construction-in-progress:		
Plant and machinery	422	-
Building	192	184
Medical equipment	-	-
Renovation	1,447	57
Bearer plants	31,945	23,804
Total	194,740	186,203

The Company	Freehold office RM'000	Motor vehicles RM'000	Office equipment, furniture and fittings RM'000	Renovation RM'000	Total RM'000
<b>Cost</b>					
As at 1 April 2019	3,593	1,522	1,404	1,065	7,584
Additions	-	-	50	-	50
Write offs	-	-	(24)	-	(24)
As at 31 March 2020/1 April 2020	3,593	1,522	1,430	1,065	7,610
Additions	-	671	36	397	1,104
Disposals	-	(113)	(10)	-	(123)
As at 31 March 2021	3,593	2,080	1,456	1,462	8,591
<b>Accumulated Depreciation</b>					
As at 1 April 2019	635	1,153	1,196	901	3,885
Charge for the year	72	134	118	106	430
Write offs	-	-	(24)	-	(24)
As at 31 March 2020/1 April 2020	707	1,287	1,290	1,007	4,291
Charge for the year	71	179	58	35	343
Disposals	-	(113)	(10)	-	(123)
As at 31 March 2021	778	1,353	1,338	1,042	4,511
<b>Net Book Value</b>					
As at 31 March 2021	2,815	727	118	420	4,080
As at 31 March 2020	2,886	235	140	58	3,319

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 13. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

- (i) On 31 October 1995, NISB, a subsidiary company, entered into a Sale and Purchase Agreement (“SPA”) with SRM, a major shareholder of the Company, to purchase several parcels of freehold land, where the hospital building is constructed, at a total purchase consideration of RM4,950,000. The said purchase consideration had been fully settled since 4 November 2000. In view of the delay in transferring the land title by SRM, NISB had in year 2010, lodged a caveat to protect its interest on the land. The directors of NISB are confident that the land title will eventually be transferred as NISB had fully satisfied all the conditions as stipulated in the said agreement. Accordingly, the directors of NISB believe that no impairment loss needs to be considered on the private hospital building with net book value of RM17,960,318 (2020: RM18,547,704), which is constructed on the said land.
- (ii) As at 31 March 2021, the strata titles in respect of freehold office with net book value of RM7,386,172 (2020: RM7,557,056) and RM2,814,133 (2020: RM2,886,000) belonging to the Group and the Company respectively have not yet been issued.
- (iii) A factory building and oleochemical plant of a subsidiary company, SAI was constructed on a parcel of land belonging to SRM. Accordingly, SRM charged SAI rental for the use of the said land. The existing rental agreement between SRM and SAI is expiring on 31 March 2023, which is significantly shorter than the remaining useful life of the property, plant and equipment on the land. SAI intends to apply for a renewal of the lease agreement with SRM upon its expiry on 31 March 2023 and accordingly, no impairment loss needs to be considered for the factory building and oleochemical plant with net book value of RM29,899,783 (2020: RM31,983,032).
- (iv) Included in property, plant and equipment of the Group are fully depreciated assets with cost amounting to RM149,807,242 (2020: RM151,501,531), which are still in use.
- (v) At the end of the reporting period, the carrying amount of property, plant and equipment of the Group acquired under hire purchase amounted to RM1,177,144 (2020: RM371,861).

### 14. RIGHT-OF-USE ASSETS

The Group	Land RM'000	Building RM'000	Total RM'000
<b>Cost</b>			
As at 1 April 2019/ 31 March 2020	6,020	259	6,279
Addition	-	423	423
As at 31 March 2021	<b>6,020</b>	<b>682</b>	<b>6,702</b>
<b>Accumulated Depreciation</b>			
As at 1 April 2019	-	-	-
Charge for the year	(1,198)	(99)	(1,297)
As at 31 March 2020	(1,198)	(99)	(1,297)
Charge for the year	(1,198)	(166)	(1,364)
As at 31 March 2021	<b>(2,396)</b>	<b>(265)</b>	<b>(2,661)</b>
<b>Net Book Value</b>			
As at 31 March 2021	<b>3,624</b>	<b>417</b>	<b>4,041</b>
As at 31 March 2020	4,822	160	4,982

The leases have contractual terms ranging from 2 to 10 years (2020: 3 to 10 years). The maturity analysis of lease liabilities is presented in Note 33.

The total cash outflow for leases amount to RM1,471,000 (2020: RM1,353,000).

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 14. RIGHT-OF-USE ASSETS (CONT'D)

#### Amounts recognised in profit or loss

	The Group	
	2021 RM'000	2020 RM'000
Depreciation expense on right-of-use assets	1,364	1,297
Finance costs on lease liabilities (Note 33)	233	280
Expense relating to short-term leases	178	185
Expense relating to leases of low-value assets	45	5

### 15. INVESTMENT PROPERTY

	The Group	
	2021 RM'000	2020 RM'000
<b>Cost</b>		
At beginning of year/end of year	3,318	3,318
Fair value	14,200	14,200

Investment property consists of a piece of vacant freehold land in Klang. A valuation was carried out by an independent firm of professional valuers in May 2019, using the comparison method, involving comparison to other similar properties in the same location to arrive at a fair value of RM14,200,000 of the freehold land.

No rental income earned from the investment property since prior years.

Direct operating expenses arising from the investment property during the year amounted to RM73,000 (2020: RM29,000).

Details of the Group's investment property and information about the fair value hierarchy are as follows:

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Fair value RM'000
As at 31 March 2021	-	-	14,200	14,200
As at 31 March 2020	-	-	14,200	14,200

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 16. INVESTMENT IN SUBSIDIARY COMPANIES

	The Company	
	2021 RM'000	2020 RM'000
Unquoted shares at cost		
At beginning of the year	253,341	252,691
Additions during the year	-	650
At end of the year	253,341	253,341
Accumulated impairment losses:		
At beginning of the year	(7,742)	(7,202)
Impairment loss for the year	-	(540)
At end of the year	(7,742)	(7,742)
Total	245,599	245,599

The directors have reviewed the Company's investments in subsidiary companies for indications of impairment and concluded that the allowance for impairment loss amounting to RM7,742,000 (2020: RM7,742,000) as at the end of the reporting period is deemed adequate in respect of investment in the subsidiary companies.

The details of subsidiary companies are as follows:

Direct subsidiary companies	Country of incorporation	Proportion of ownership interest		Principal activities
		2021	2020	
Southern Acids Cronos Resource Sdn. Bhd.	Malaysia	100%	100%	Provision of administrative and accounting services
Southern Acids Industries Sdn. Bhd.	Malaysia	100%	100%	Manufacturing and marketing of oleochemical products for commercial use
PKE Transport (Malaysia) Sdn. Bhd.	Malaysia	100%	100%	Provision of overhead conveyor goods loading services
Pembinaan Gejati Sdn. Bhd.	Malaysia	100%	100%	Property development and oil palm plantation operations
SAB Properties Development Co. Sdn. Bhd.	Malaysia	100%	100%	Investment holding and lease of property
Noble Interest Sdn. Bhd.	Malaysia	100%	100%	Property holding and lease of a hospital building
Southern Medicare Sdn. Bhd.	Malaysia	100%	100%	Private hospital and healthcare services
Wilstar Sdn. Bhd.	Malaysia	100%	100%	Dormant
SAB Plantation Sdn. Bhd.	Malaysia	100%	100%	Pre-operating
Firstview Development Sdn. Bhd.	Malaysia	90%	90%	Investment holding

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 16. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

Direct subsidiary companies	Country of incorporation	Proportion of ownership interest		Principal activities
		2021	2020	
Parson Medithor Medical Sdn. Bhd.	Malaysia	100%	100%	Dormant
SAB Bio-Fuel Sdn. Bhd.	Malaysia	100%	100%	Pre-operating
Imayos Letting Sdn. Bhd.	Malaysia	100%	100%	Pre-operating
SAB (East Asia) Holdings Ltd.*	Hong Kong	100%	100%	Dormant
<b>Indirect subsidiary companies</b>				
PT Mustika Agro Sari* (Held through Firstview Development Sdn. Bhd.)	Indonesia	63%	63%	Oil palm plantation operations and commercial milling
PT Wanasari Nusantara** (Held through Firstview Development Sdn. Bhd. and PT Mustika Agro Sari)	Indonesia	63%	63%	Oil palm plantation operations and commercial milling

\* The subsidiary companies are audited by firms of auditors other than Deloitte PLT.

# On 4 January 2021, the subsidiary company, Firstview Development Sdn. Bhd. increased its investment in PT Wanasari Nusantara by subscription of 30,800 new ordinary shares at Indonesian Rupiah ("IDR") 1,000,000 each, with a cash consideration of IDR 30,800,000,000 (equivalent to RM8,780,000). Upon the subscription of these new ordinary shares, the effective interest of Firstview Development Sdn. Bhd. in PT Wanasari Nusantara remains unchanged at 63% (2020: 63%).

Information about the composition of the Group at the end of the reporting period is as follows:

Principal activity	Place of incorporation and operation	Number of wholly-owned subsidiary companies	
		2021	2020
Manufacturing and marketing of oleochemical products	Malaysia	1	1
Managing and operating of private hospital	Malaysia	1	1
Sale of oil palm fruit	Malaysia	1	1
Bulk conveyor operations	Malaysia	1	1
Others	Malaysia	8	8
Others	Hong Kong	1	1
		<b>13</b>	<b>13</b>
Principal activity	Place of incorporation and operation	Number of non-wholly-owned subsidiary companies	
		2021	2020
Sales of oil palm fruit and crude palm oil	Indonesia	2	2
Others	Malaysia	1	1
		<b>3</b>	<b>3</b>

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 16. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

The table below shows details of non-wholly-owned subsidiary companies of the Group that have material non-controlling interests:

Subsidiary companies	Place of incorporation and principal place of business	Proportion of ownership interest and voting rights held by non-controlling interests	Profit allocated to non-controlling interest RM'000	Total comprehensive income allocated to non-controlling interests RM'000	Carrying amount of non-controlling interests interests RM'000
<b>2021</b>					
Firstview Development Sdn. Bhd.	Malaysia	10.0%	416	416	13,119
PT Mustika Agro Sari (Held through Firstview Development Sdn. Bhd.)	Indonesia	37.0%	6,472	8,972	45,183
PT Wanasari Nusantara (Held through Firstview Development Sdn. Bhd. and PT Mustika Agro Sari)	Indonesia	37.0%	3,538	4,395	13,385
Total			10,426	13,783	71,687
<b>2020</b>					
Firstview Development Sdn. Bhd.	Malaysia	10.0%	235	235	12,703
PT Mustika Agro Sari (Held through Firstview Development Sdn. Bhd.)	Indonesia	37.0%	4,266	422	37,920
PT Wanasari Nusantara (Held through Firstview Development Sdn. Bhd. and PT Mustika Agro Sari)	Indonesia	37.0%	2,730	1,993	5,177
Total			7,231	2,650	55,800

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 16. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

Summarised financial information in respect of each of the Company's subsidiary company that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

	Firstview Development Sdn. Bhd.		PT Mustika Agro Sari		PT Wanasari Nusantara	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<u>Statement of financial position</u>						
Current assets	27,516	32,143	147,616	118,837	59,864	35,140
Non-current assets	17,941	9,041	18,553	17,559	68,657	61,482
Current liabilities	385	276	15,613	9,222	76,763	69,634
Non-current liabilities	-	-	4,968	2,838	3,984	3,134
Equity attributable to owners of the Company	31,953	28,205	100,405	86,416	34,389	18,677
Non-controlling interests	13,119	12,703	45,183	37,920	13,385	5,177
<u>Statement of profit or loss and other comprehensive income</u>						
Revenue	4,028	3,996	140,843	125,592	168,910	141,670
Other income/(Expenses)	599	(1,165)	(118,437)	(110,634)	(155,986)	(132,352)
Profit before tax	4,627	2,831	22,406	14,958	12,924	9,318
Income tax expense	(463)	(482)	(4,913)	(3,427)	(3,363)	(1,940)
Profit for the year	4,164	2,349	17,493	11,531	9,561	7,378
Profit attributable to owners of the Company	3,748	2,114	11,021	7,265	6,023	4,648
Profit attributable to non-controlling interests	416	235	6,472	4,266	3,538	2,730
Profit for the year	4,164	2,349	17,493	11,531	9,561	7,378
Other comprehensive (loss)/income for the year	-	-	6,756	(136)	2,317	(213)
Total comprehensive income attributable to owners of the Company	3,748	2,114	15,277	7,179	7,483	4,514
Total comprehensive income attributable to non-controlling interests	416	235	8,972	4,216	4,395	2,651
Total comprehensive income for the year	4,164	2,349	24,249	11,395	11,878	7,165
<u>Statement of cash flows</u>						
Net cash (used in)/ from operating activities	(1,714)	(1,651)	26,860	10,136	23,729	14,459
Net cash (used in)/ from investing activities	(4,124)	5,088	(2,891)	2,815	(8,050)	(5,399)
Net cash generated from/(used in) financing activities	90	25	(5,373)	(5,344)	2,824	(1,124)
Net cash (outflow)/inflow	(5,748)	3,462	18,596	7,607	18,503	7,936
Dividend paid to non-controlling interest	(1,710)	(1,584)	(1,710)	(1,584)	-	-

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 17. INVESTMENT IN AN ASSOCIATE COMPANY

	The Group		The Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Unquoted shares, at cost				
At beginning of the year	2,977	2,977	917	917
Share of post acquisition reserve				
At beginning of the year	(616)	(365)	-	-
Share of results of associate company	(102)	(251)	-	-
At end of the year	(718)	(616)	-	-
At end of the year	<b>2,259</b>	2,361	<b>917</b>	917

Associate company	Country of incorporation	Proportion of ownership interest		Principal activities
		2021	2020	
PKE (Malaysia) Sdn. Berhad	Malaysia	38.6%	38.6%	Provision of warehousing and overhead conveyor goods loading services

Summarised financial information in respect of the Group's material associate company is set out below. The summarised financial information below represents amounts shown in associate company's financial statements prepared in accordance with MFRSs.

	2021 RM'000	2020 RM'000
<b>PKE (Malaysia) Sdn. Berhad</b>		
<u>Statement of financial position</u>		
Current assets	3,302	3,145
Non-current assets	12,527	13,973
Current liabilities	(3,067)	(3,011)
Non-current liabilities	(6,746)	(7,826)
Net assets	<b>6,016</b>	6,281
<u>Statement of profit or loss and other comprehensive income</u>		
Revenue	12,000	11,372
Expenses	(12,265)	(12,023)
Loss for the year/Total comprehensive loss for the year	<b>(265)</b>	(651)
Group's share of net assets	<b>2,322</b>	2,424
Group's share of results in associates	<b>(102)</b>	(251)



## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 18. OTHER INVESTMENTS

	The Group and The Company	
	2021 RM'000	2020 RM'000
<b>Shares in Malaysia:</b>		
Quoted shares - at fair value	30,717	25,075

Movement in the quoted shares in Malaysia during the reporting period is as follows:

	The Group and The Company	
	2021 RM'000	2020 RM'000
At beginning of the year	25,075	47,152
Additions during the year	-	186
Changes in fair value	5,642	(22,263)
At end of the year	30,717	25,075

### 19. ADVANCES/(PAYABLES) FOR KREDIT KOPERASI PRIMER UNTUK ANGGOTANYA ("KKPA") PROGRAM

	The Group	
	2021 RM'000	2020 RM'000
<b>Cost</b>		
At beginning of the year	87	891
Additions	2,224	2,796
Amount recovered during the year	(3,111)	(3,529)
Effects of foreign exchange translation	15	(71)
At end of the year	(785)	87
<b>Accumulated allowance for loss on conversion of KKPA Program</b>		
At beginning of the year	-	400
Reversal of loss allowance	-	(400)
At end of the year	-	-
<b>Net (payables)/ advances</b>	(785)	87

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 19. ADVANCES/(PAYABLES) FOR KREDIT KOPERASI PRIMER UNTUK ANGGOTANYA (“KKPA”) PROGRAM (CONT'D)

Under an existing government policy in Indonesia, oil palm plantation owners/operators are required to assist in the development of plantations for small holders (herein referred to as the “Plasma Farmers”) through a program called “Kredit Koperasi Primer untuk Anggotanya” or “KKPA”. Under the KKPA programs, all participating Plasma Farmers are under the coordination of a cooperative, and any investment credit availed during the development of the plantations (land preparation up to the end of the immature stage) shall also be rendered to the cooperative. The oil palm plantation owners/operators, on the other hand, served as the contractors for developing the plantations, train and develop the skills of the plasma farmers, and purchase the fresh fruit bunches (“FFB”) harvested by plasma farmers at prevailing prices determined by the Indonesian Government.

The advances made by the Group in the form of plasma plantation development costs are recoverable from the plasma farmers upon the completion of the plasma plantation projects, either through direct repayments from the plasma farmers or netted-off with the FFB purchased from the plasma farmers.

Advances for KKPA program represent the accumulated costs to maintain plasma plantations, totalling 500 hectares, which are currently being self-financed by a subsidiary company. The allowance for loss on conversion of KKPA program is based on a periodic review of the recoverability of the development costs.

### 20. DEFERRED TAX ASSETS/(LIABILITIES)

Deferred tax assets/(liabilities) pertaining to the Company and the subsidiary companies are as follows:

	The Group		The Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
At beginning of the year	(687)	(2,654)	-	-
Credited/(Charged) to profit or loss (Note 10):				
Property, plant and equipment	3,416	(2,101)	-	-
Right-of-use assets	734	(1,081)	-	-
Biological assets	(57)	(41)	-	-
Trade receivables	(1,462)	1,448	-	-
Other payables and accrued expenses	(48)	(644)	-	-
Lease liabilities	(702)	1,209	-	-
Provision for retirement benefits	(1,215)	461	-	-
Derivatives	55	(137)	-	-
Unabsorbed capital allowances	(904)	1,996	-	-
Unused tax losses	(1,021)	1,049	-	-
	<b>(1,204)</b>	<b>2,159</b>	<b>-</b>	<b>-</b>
Credited/(Charged) to other comprehensive income:				
Provision for retirement benefits	67	(119)	-	-
Translation of foreign operations	240	(73)	-	-
At end of the year	<b>(1,584)</b>	<b>(687)</b>	<b>-</b>	<b>-</b>

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 20. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D)

Certain deferred tax assets and liabilities have been offset in accordance with the Group's and the Company's accounting policy. The following is an analysis of the deferred tax balances (after offset) for statements of financial position purposes:

	The Group		The Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Deferred tax assets	2,774	3,059	-	-
Deferred tax liabilities	(4,358)	(3,746)	-	-
	<b>(1,584)</b>	<b>(687)</b>	-	-

Deferred tax assets/(liabilities) provided in the financial statements are in respect of the tax effects of the following:

	The Group		The Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<b>Deferred tax assets (before offsetting)</b>				
Temporary differences arising from:				
Trade receivables	84	1,473	-	-
Other payables and accrued expenses	1,390	1,443	-	-
Provision for retirement benefits	1,663	2,696	-	-
Lease liabilities	507	1,209	-	-
Unabsorbed capital allowances	731	1,635	-	-
Unused tax losses	28	1,049	-	-
	<b>4,403</b>	<b>9,505</b>	-	-
Offsetting	<b>(1,629)</b>	<b>(6,446)</b>	-	-
<b>Deferred tax assets (after offsetting)</b>	<b>2,774</b>	<b>3,059</b>	-	-
<b>Deferred tax liabilities</b>				
Temporary differences arising from:				
Property, plant and equipment	(5,239)	(8,737)	-	-
Biological assets	(401)	(319)	-	-
Right-of-use assets	(347)	(1,081)	-	-
Derivatives	-	(55)	-	-
	<b>(5,987)</b>	<b>(10,192)</b>	-	-
Offsetting	<b>1,629</b>	<b>6,446</b>	-	-
<b>Deferred tax liabilities (after offsetting)</b>	<b>(4,358)</b>	<b>(3,746)</b>	-	-

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 21. BIOLOGICAL ASSETS

	The Group	
	2021 RM'000	2020 RM'000
At beginning of the year	1,339	1,143
Net fair value changes	535	431
Effects of foreign exchange translation	98	(235)
At end of the year	1,972	1,339

The biological assets of the Group comprise fresh fruit bunches (“FFB”) prior to harvest. The fair value measurement of the biological assets is determined by using the present value of net cash flows expected to be generated from the sale of FFB, adjusted for estimated oil content of unharvested FFB, less harvesting, transport and other costs to sell and is categorised within Level 3 of the fair value hierarchy. Changes to the estimated oil content of unharvested FFB included in the valuation will have a direct effect on the reported valuation.

If the Group’s FFB tonnage changes by 10% (2020: 10%), the impact of the fair value of FFB would be as follows:

	The Group	
	2021 RM'000	2020 RM'000
FFB tonnage increase by 10% (2020: 10%)	230	178
FFB tonnage decrease by 10% (2020: 10%)	(230)	(178)

During the financial year, the Group harvested approximately 94,437 tonnes of FFB (2020: 96,772 tonnes). The quantity of unharvested FFB of the Group as at 31 March 2021 included in the fair valuation of FFB was 4,195 tonnes (2020: 4,368 tonnes).

### 22. INVENTORIES

	The Group	
	2021 RM'000	2020 RM'000
<b>At cost:</b>		
Raw materials	11,953	12,823
Work-in-progress	26,477	22,333
Finished goods	26,042	15,686
Medical and surgical supplies	2,346	2,884
Consumables	11,498	9,684
	78,316	63,410
<b>At net realisable value:</b>		
Work-in-progress	1,130	1,937
Finished goods	2,941	2,713
	4,071	4,650
Total	82,387	68,060

For the year ended 31 March 2021, cost of inventories recognised as an expense of the Group amounted to RM538,153,000 (2020: RM463,557,000).

The cost of inventories recognised is after taking into consideration a write down of inventories of RM816,000 (2020: RM Nil) to net realisable value and inventories written off of RM39,000 (2020: RM48,000).

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 23. DERIVATIVE FINANCIAL ASSETS/(LIABILITIES)

	The Group	
	2021 RM'000	2020 RM'000
<b>Derivative financial assets</b>		
Commodity future contracts	247	234
<b>Derivative financial liabilities</b>		
Commodity future contracts	-	4
Foreign currency forward contracts	393	1,651
	<b>393</b>	<b>1,655</b>

For the year ended 31 March 2021, the fair value gain of the foreign currency forward contracts amounting to RM1,258,000 (2020: fair value loss of RM1,907,000) and fair value gain of the commodity future contracts amounting to RM17,000 (2020: RM229,000) has been recognised in statement of profit or loss. The details of the derivatives are disclosed in Note 42 to the financial statements.

### 24. TRADE RECEIVABLES

	The Group	
	2021 RM'000	2020 RM'000
Trade receivables	51,951	41,618
Less: Loss allowance	(608)	(959)
	<b>51,343</b>	<b>40,659</b>

Trade receivables comprise amounts receivable for the sale of goods and services rendered. The credit period granted on sale of goods and services rendered ranges from 7 to 90 days (2020: 7 to 90 days).

An allowance of RM608,000 (2020: RM959,000) for the Group has been made for estimated irrecoverable amounts from the sale of goods and services rendered. This allowance has been determined based on estimates of possible losses which may arise from non-collection of certain receivable accounts.

Included in the Group's trade receivables balance are debtors with a carrying amount of RM12,666,000 (2020: RM12,769,000), which are past due at the end of reporting period for which no allowance has been provided for by the Group as there has not been a significant change in credit quality and the Group believes that the amounts are fully recoverable. The Group does not hold any collateral over these balances. The past due aging for these receivables ranges from 30 days and below to 150 days (2020: 30 days and below to 150 days).

The Group always measures the loss allowance for trade receivables at an amount equal to lifetime expected credit loss ("ECLs"). The ECLs on trade receivables are estimated by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over two years past due, whichever occurs earlier.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 24. TRADE RECEIVABLES (CONT'D)

The table below is an analysis of trade receivables as at the end of the reporting period:

	The Group	
	2021 RM'000	2020 RM'000
Neither past due nor impaired	38,677	27,890
Past due but not impaired:		
30 days and below	7,043	6,653
31 - 60 days	4,240	3,130
61 - 90 days	1,239	2,411
91 - 120 days	60	575
121-150 days	84	-
	12,666	12,769
Past due and impaired:		
More than 120 days	608	959
Total trade receivables	51,951	41,618

The Group's current credit risk grading framework comprises the following categories:

Category	Description	Basis for recognising expected credit losses ("ECL")
Performing	The counterparty has a low risk of default and does not have any past-due amounts.	12-month ECL
Doubtful	Amount is > 30 days past due or there has been a significant increase in credit risk since initial recognition.	Lifetime ECL - not credit impaired
In default	Amount is > 90 days past due or there is evidence indicating the asset is credit impaired.	Lifetime ECL - credit impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery.	Amount is written off

Movement in the loss allowance for trade receivables during the reporting period is as follows:

	The Group	
	2021 RM'000	2020 RM'000
AA at beginning of the year	959	1,074
Bad debts written off	(101)	(3)
Reversal of loss allowance	(250)	(112)
At end of the year	608	959

In determining the recoverability of trade receivables, the Group considers any changes in the credit quality of the trade receivables from the date credit was initially granted up to the end of the reporting period.

The Group has no significant concentration of credit risk except for amounts due from 1 (2020: 1) major customer, which constitutes approximately 11% (2020: 9%) of the total trade receivables.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 24. TRADE RECEIVABLES (CONT'D)

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

Analysis of currency profile of trade receivables is as follows:

	The Group	
	2021 RM'000	2020 RM'000
United States Dollar	27,156	19,954
Ringgit Malaysia	22,300	20,455
Pound Sterling	704	132
Euro	1,791	733
Chinese Renminbi	-	344
	<b>51,951</b>	<b>41,618</b>

### 25. OTHER RECEIVABLES, DEPOSITS AND PREPAID EXPENSES

	The Group		The Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Other receivables	7,436	3,380	-	-
Less: Loss allowance	(142)	(142)	-	-
Net	7,294	3,238	-	-
Refundable deposits	1,485	4,046	90	45
Prepaid expenses	6,832	6,199	86	126
	<b>15,611</b>	<b>13,483</b>	<b>176</b>	<b>171</b>

The movement in the loss allowance for other receivables during the reporting period is as follows:

	The Group	
	2021 RM'000	2020 RM'000
At beginning/end of the year	142	142

Analysis of currency profile of other receivables is as follows:

	The Group	
	2021 RM'000	2020 RM'000
Ringgit Malaysia	7,280	3,273
Hong Kong Dollar	82	86
Indonesian Rupiah	61	21
United States Dollar	13	-
	<b>7,436</b>	<b>3,380</b>

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 26. RELATED COMPANIES AND RELATED PARTY TRANSACTIONS

#### (a) Amount owing by subsidiary companies

Amount owing by subsidiary companies represent mainly unsecured advances, dividend and management fees receivable and payments made on behalf, net of administrative charges. These amounts are unsecured, interest-free and repayable on demand.

#### (b) Amount owing to a subsidiary company

Amount owing to a subsidiary company represents mainly unsecured advances and payments made on behalf, net of management fees receivable. The amount is unsecured, interest-free and repayable on demand.

The amount owing to a subsidiary company is denominated in Hong Kong Dollar.

#### (c) Related party transactions with group companies

The significant related party credits arising from related party transactions, which were determined based on negotiations agreed between the parties, are as follows:

	The Company			
	2021 RM'000	2020 RM'000		
<b>Subsidiary companies</b>				
Management fees received/ receivable				
Southern Acids Industries Sdn. Bhd.	1,817	1,722		
PKE Transport (Malaysia) Sdn. Berhad	440	389		
Southern Medicare Sdn. Bhd.	1,104	1,061		
Southern Acids Cronos Resource Sdn. Bhd.	41	-		
Noble Interest Sdn. Bhd.	7	-		
Pembinaan Gejati Sdn. Bhd.	69	57		
Firstview Development Sdn. Bhd.	1,087	1,021		
Dividend receivable				
Southern Medicare Sdn. Bhd.	6,930	-		
	The Group		The Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<b>Associate company</b>				
PKE (Malaysia) Sdn. Bhd.				
Management fee received/ receivable	216	396	216	396
Rental of overhead conveyor system received/ receivable	8,824	7,843	-	-
Administrative charge received/ receivable	694	751	-	-
Administrative charge paid/ payable	(238)	(249)	-	-



## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 26. RELATED COMPANIES AND RELATED PARTY TRANSACTIONS (CONT'D)

#### (d) Related Parties

The related parties in which the Group has transacted with and their relationships with the Group are as follows:

Name of related parties	Relationship
Banting Hock Hin Estate Company Sdn. Bhd., Southern Edible Oil Industries (M) Sdn. Berhad, Southern Realty (Malaya) Sdn. Berhad, Torita Rubber Works Sdn. Bhd., Torita Trading (M) Sdn. Bhd., SKP Borneo Sdn. Bhd., Southern Keratong Plantations Sdn. Berhad, Bukit Rotan Palm Oil Sdn. Bhd., Southern Products Marketing Sdn. Bhd., Southern Hockjoo Plantation Sdn. Bhd., Southern Realty Plantations Sdn. Bhd., Kumsobina Development Sdn. Bhd., Perindustrian Sawit Karak Sdn. Bhd., Guan Hing Edible Oil Industries Sdn. Bhd., Southern Realty Resource Sdn. Bhd., Naga Wira Sdn. Bhd., Bekalan Utama Sdn. Bhd., Victory Investment Land (J) Sdn. Bhd., Victory Enghoe Plantations Sdn. Bhd., Victory Investment Company Sdn. Bhd., Kee Hup Oil & Cake Sdn. Bhd. and Maxcentury Oil Palm (Sabah) Sdn. Bhd.	Companies in which Dr. Low Kok Thye and Mr Lim Kim Long, who are directors of the Company, are also directors and/or have substantial financial interests.

#### (e) Related party transactions with related parties

The significant related party credits/(charges) arising from related party transactions, which were determined based on negotiations agreed between the parties, are as follows:

	The Group	
	2021 RM'000	2020 RM'000
<b>Related parties</b>		
Southern Realty (Malaya) Sdn. Berhad		
Administrative charges	3,038	2,515
Sale of goods	-	436
Share of property, plant and equipment charges	71	44
Purchases of goods	(245)	(944)
Plantation advisory paid/ payable	(96)	(96)
Leases paid/payable for:		
Factory land	(882)	(882)
Short-term leases	(111)	(119)
Bukit Rotan Palm Oil Sdn. Bhd.		
Administrative charges	27	13
Southern Edible Oil Industries (M) Sdn. Berhad		
Sale of goods	230	158
Purchases of goods	(11,426)	(3,640)
Administrative charges	772	482
Share of property, plant and equipment charges	71	44
Southern Keratong Plantations Sdn. Berhad		
Administrative charges	1,100	1,046

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 26. RELATED COMPANIES AND RELATED PARTY TRANSACTIONS (CONT'D)

#### (e) Related party transactions with related parties (Cont'd)

The significant related party credits/(charges) arising from related party transactions, which were determined based on negotiations agreed between the parties, are as follows: (Cont'd)

	The Group	
	2021 RM'000	2020 RM'000
Torita Rubber Works Sdn. Bhd. Administrative charges	55	31
Southern Hockjoo Plantation Sdn. Bhd. Administrative charges	142	186
Banting Hock Hin Estate Company Sdn. Bhd. Administrative charges	171	153
Southern Products Marketing Sdn. Bhd. Administrative charges	69	74
Kumsobina Development Sdn. Bhd. Administrative charges	67	68
Southern Realty Plantations Sdn. Bhd. Administrative charges	39	28
Kee Hup Oil & Cake Sdn. Bhd. Rental paid/ payable for staff quarters	(46)	(46)
Administrative charges	55	50
Torita Trading (M) Sdn. Bhd. Administrative charges	7	31
Victory Investment Company Sdn. Bhd. Administrative charges	23	9
Victory Enghoe Plantations Sdn. Bhd. Administrative charges	793	540
Bekalan Utama Sdn. Bhd. Administrative charges	26	24
Naga Wira Sdn. Bhd. Administrative charges	19	18

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 26. RELATED COMPANIES AND RELATED PARTY TRANSACTIONS (CONT'D)

#### (e) Related party transactions with related parties (Cont'd)

The significant related party credits/(charges) arising from related party transactions, which were determined based on negotiations agreed between the parties, are as follows: (Cont'd)

	The Group	
	2021 RM'000	2020 RM'000
Perindustrian Sawit Karak Sdn. Bhd. Administrative charges	22	20
Guan Hing Edible Oil Industries Sdn. Bhd. Administrative charges	23	17
Maxcentury Oil Palm (Sabah) Sdn. Bhd. Administrative charges	49	20
Southern Realty Resource Sdn. Bhd. Administrative charges	24	22
Victory Investment Land (J) Sdn. Bhd. Administrative charges	2	-

#### (f) Related party balances

Included under the following accounts of the Group are significant outstanding balances arising from trade and non-trade transactions which were determined based on negotiations, as agreed with the above related parties:

	The Group	
	2021 RM'000	2020 RM'000
<b>Trade receivables</b>		
Southern Realty (Malaya) Sdn. Berhad	331	536
Southern Edible Oil Industries (M) Sdn. Berhad	135	184
Southern Keratong Plantations Sdn. Berhad	332	153
Victory Enghoe Plantations Sdn. Bhd.	124	47
Southern Hockjoo Plantations Sdn. Bhd.	10	20
Banting Hock Hin Estate Company Sdn. Bhd.	19	10
Southern Products Marketing Sdn. Bhd.	11	30
Kumsobina Development Sdn. Bhd.	5	9
Bekalan Utama Sdn. Bhd.	2	4
Kee Hup Oil & Cake Sdn. Bhd.	3	7
Torita Rubber Works Sdn. Bhd.	8	8
Bukit Rotan Palm Oil Sdn. Bhd.	6	3
Southern Realty Plantation Co. Sdn. Bhd.	1	6
Victory Investment Company Sdn. Bhd.	3	2
Guan Hing Edible Oil Industries Sdn. Bhd.	1	3
Naga Wira Sdn. Bhd.	1	3
Southern Realty Resource Sdn. Bhd.	5	3
Perindustrian Sawit Karak Sdn. Bhd.	2	3
Torita Trading (M) Sdn. Bhd.	1	1
	<b>1,000</b>	<b>1,032</b>

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 26. RELATED COMPANIES AND RELATED PARTY TRANSACTIONS (CONT'D)

#### (f) Related party balances (Cont'd)

Included under the following accounts of the Group are significant outstanding balances arising from trade and non-trade transactions which were determined based on negotiations, as agreed with the above related parties:

	The Group	
	2021 RM'000	2020 RM'000
<b>Other receivables, deposits and prepaid expenses</b>		
Southern Edible Oil Industries (M) Sdn. Berhad	193	160
<b>Trade payables</b>		
Southern Realty (Malaya) Sdn. Berhad	26	24
Bukit Rotan Palm Oil Sdn. Bhd.	5	5
Southern Edible Oil Industries (M) Sdn. Berhad	3,122	-
	3,153	29

#### Compensation of Key Management Personnel

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company either directly and indirectly. The key management personnel of the Group and of the Company includes Executive Directors and Non-Executive Directors of the Company and certain members of senior management of the Company and heads of major subsidiary companies of the Group.

The remuneration of directors and other members of key management during the year are as follows:

	The Group		The Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Short-term employment benefits	8,282	8,214	2,894	2,781
Post-employment benefits	775	748	280	259
	9,057	8,962	3,174	3,040

Included in the total compensation of key management personnel are:

	The Group		The Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Directors' remuneration (Note 7)	3,720	3,664	1,645	1,640

The estimated monetary value of benefit-in-kind received by the key management personnel otherwise than in cash from the Group and the Company amounted to RM313,100 and RM69,692 (2020: RM311,557 and RM67,746) respectively.

### 27. AMOUNT OWING BY/(TO) AN ASSOCIATE COMPANY

The amount owing by/(to) an associate company, which arose from trade and non-trade transactions, are unsecured, interest free and repayable on demand.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 28. CASH AND CASH EQUIVALENTS

	The Group		The Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Cash and bank balances	102,391	96,130	1,591	610
Fixed deposits with licensed banks	40,436	71,571	-	-
Short-term placements	99,336	41,237	4,184	5,548
	<b>242,163</b>	208,938	<b>5,775</b>	6,158

Included in short-term placements of the Group and of the Company is an amount of RM99,336,000 and RM4,184,000 (2020: RM41,237,000 and RM5,548,000) respectively, represents investment in trust funds managed by licensed investment management companies, which is tax exempt, fixed-deposit-linked and allows prompt redemption at any time.

The effective interest rates for fixed deposits of the Group range from 1.00% to 5.60% (2020: 2.54% to 9.50%) per annum and have maturity periods ranging from 1 day to 1 year (2020: 1 day to 1 year).

Short-term placements of the Group and of the Company earned interest at prevailing market rates and have no fixed maturity period and allow prompt redemption on demand.

Analysis of cash and cash equivalents by currency is as follows:

	The Group		The Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Ringgit Malaysia	113,595	121,872	5,775	6,158
Indonesian Rupiah	101,700	65,209	-	-
United States Dollar	26,868	21,857	-	-
	<b>242,163</b>	208,938	<b>5,775</b>	6,158

### 29. SHARE CAPITAL

	The Group and the Company			
	2021		2020	
	No. of shares (‘000)	Amount RM'000	No. of shares (‘000)	Amount RM'000
<b>Issued and fully paid:</b>				
Ordinary shares:				
At beginning/ end of the year	136,934	171,255	136,934	171,255

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 30. RESERVES

	The Group		The Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<b><i>Non-distributable:</i></b>				
Foreign exchange reserve	(15,005)	(22,251)	-	-
Other reserve	(322)	(322)	-	-
Fair value reserve	5,468	(174)	5,468	(174)
	<b>(9,859)</b>	<b>(22,747)</b>	<b>5,468</b>	<b>(174)</b>
<b><i>Distributable:</i></b>				
Retained earnings	476,266	445,914	115,895	108,561
	<b>466,407</b>	<b>423,167</b>	<b>121,363</b>	<b>108,387</b>

#### Foreign exchange reserve

Exchange differences arising on the translation of the financial statements of the foreign controlled entities are taken to the foreign exchange reserve, as described in the accounting policies.

#### Other reserve

Other reserve comprises excess of consideration paid for the acquisition of additional carrying amount of non-controlling interests in a subsidiary company.

#### Fair value reserve

Fair value reserve comprises fair value changes of other investments.

#### Retained earnings

Distributable reserves are those available for distribution as dividends. The entire retained earnings of the Company are available for distribution of dividends under the single tier tax system.

### 31. TERM LOAN

	The Group	
	2021 RM'000	2020 RM'000
Unsecured:		
Non-current	3,300	4,500
Current	1,200	1,200
	<b>4,500</b>	<b>5,700</b>

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 31. TERM LOAN (CONT'D)

The non-current portion is payable as follows:

	The Group	
	2021 RM'000	2020 RM'000
Between 1 - 2 years	1,200	1,200
Between 2 - 5 years	2,100	3,300
	3,300	4,500

The unsecured term loan of the Group bears an effective interest rate at 3.81% (2020: 4.91%) per annum.

### 32. HIRE PURCHASE PAYABLES

	The Group	
	2021 RM'000	2020 RM'000
Total outstanding	707	336
Less: Interest-in-suspense	(114)	(49)
	593	287
Principal outstanding		
Less: Amount due within 12 months (shown under current liabilities)	(234)	(157)
	359	130

The non-current portion is payable as follows:

	The Group	
	2021 RM'000	2020 RM'000
Between 1 - 2 years	210	79
Between 2 - 5 years	149	51
	359	130

The average term of hire purchase is approximately 3 years (2020: 3 years). For the financial year ended 31 March 2021, the effective borrowing rate ranged from 9% to 14% (2020: 9% to 15%) per annum. Interest rates are fixed at the inception of the hire purchase arrangements. The Group's hire purchase payables are denominated in Indonesian Rupiah and are secured by the financial institutions' charge over the assets under hire purchase.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 33. LEASE LIABILITIES

	The Group	
	2021 RM'000	2020 RM'000
At beginning of the year	5,206	6,279
Additions	424	-
Finance costs (Note 9)	233	280
Payment of lease rental	(1,471)	(1,353)
	4,392	5,206
At end of the year	4,392	5,206
Payable within 1 year	1,436	1,174
Payable more than 1 year but less than 5 years	2,722	3,798
Payable more than 5 years	234	234
	4,392	5,206
	4,392	5,206

The minimum lease payments for the lease liabilities are payable as follows:

The Group	Future minimum lease payments RM'000	Interest RM'000	Present value of minimum payments RM'000
<b>31 March 2021</b>			
Outstanding contracts			
Less than 1 year	1,614	(178)	1,436
Between 1 - 5 years	2,962	(240)	2,722
More than 5 years	236	(2)	234
	4,812	(420)	4,392
	4,812	(420)	4,392
<b>31 March 2020</b>			
Outstanding contracts			
Less than 1 year	1,400	(226)	1,174
Between 1 to 5 years	4,199	(401)	3,798
More than 5 years	236	(2)	234
	5,835	(629)	5,206
	5,835	(629)	5,206



## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 34. PROVISION FOR RETIREMENT BENEFITS

The Group and the Company operate unfunded defined Retirement Benefit Gratuity Scheme for the eligible employees. A lump sum benefit is payable to the eligible employees on attaining the mandatory retirement age of 60 (2020: 60) calculated with reference to their length of service and last drawn salary. The eligible employees are those who have served a minimum of 10 years with the Group and the Company.

Movements in net liability during the financial year are as follows:

	Malaysia RM'000	The Group Indonesia RM'000	Total RM'000
As at 1 April 2019	6,017	4,835	10,852
Additions in current year (Note 8)	750	1,111	1,861
Actuarial loss arising from changes in financial assumptions	639	362	1,001
Benefits paid	(69)	(128)	(197)
Effects of foreign exchange translation	-	(333)	(333)
As at 31 March 2020/1 April 2020	7,337	5,847	13,184
Additions in current year (Note 8)	785	1,423	2,208
Actuarial loss arising from changes in financial assumptions	-	331	331
Benefits paid	(155)	(240)	(395)
Effects of foreign exchange translation	-	446	446
As at 31 March 2021	<b>7,967</b>	<b>7,807</b>	<b>15,774</b>

	The Company	
	2021 RM'000	2020 RM'000
At beginning of the year	1,208	1,022
Additions in current year (Note 8)	137	145
Actuarial gain arising from changes in financial assumptions	-	85
Transfer to subsidiary company	-	(44)
At end of the year	<b>1,345</b>	1,208

The amount recognised in the statements of financial position are analysed as follows:

	Malaysia RM'000	The Group Indonesia RM'000	Total RM'000
<b>2021</b>			
Present value of defined benefit obligations	<b>7,967</b>	<b>7,807</b>	<b>15,774</b>
<b>2020</b>			
Present value of defined benefit obligations	7,337	5,847	13,184

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 34. PROVISION FOR RETIREMENT BENEFITS (CONT'D)

	<b>The Company</b>	
	<b>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>
Present value of defined benefit obligations	<b>1,345</b>	1,208

Movements in present value of defined benefit obligations during the financial year are as follows:

	<b>Malaysia</b>	<b>The Group</b>	<b>Total</b>
	<b>RM'000</b>	<b>Indonesia</b>	<b>RM'000</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>2021</b>			
At beginning of the year	7,337	5,847	13,184
Current service cost	430	929	1,359
Interest cost on obligation	355	494	849
Actuarial loss arising from changes in financial assumptions	-	331	331
Benefits paid	(155)	(240)	(395)
Effects of foreign exchange translation	-	446	446
At end of the year	<b>7,967</b>	<b>7,807</b>	<b>15,774</b>
<b>2020</b>			
At beginning of the year	6,017	4,835	10,852
Current service cost	418	735	1,153
Interest cost on obligation	332	376	708
Actuarial loss arising from changes in financial assumptions	639	362	1,001
Benefits paid	(69)	(128)	(197)
Effects of foreign exchange translation	-	(333)	(333)
At end of the year	7,337	5,847	13,184

The amounts recognised in the statements of profit or loss are as follows:

	<b>Malaysia</b>	<b>The Group</b>	<b>Total</b>
	<b>RM'000</b>	<b>Indonesia</b>	<b>RM'000</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>2021</b>			
Current service cost	430	929	1,359
Interest cost on obligation	355	494	849
	<b>785</b>	<b>1,423</b>	<b>2,208</b>
<b>2020</b>			
Current service cost	418	735	1,153
Interest cost on obligation	332	376	708
	750	1,111	1,861

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 34. PROVISION FOR RETIREMENT BENEFITS (CONT'D)

	The Company	
	2021 RM'000	2020 RM'000
Current service cost	89	92
Interest cost on obligation	48	53
	137	145

The principal actuarial assumptions used as at the end of the reporting period are as follows:

	2021	2020
<b>Malaysia</b>		
Discount rate (%)	5.00	5.00
Future salary increments (%)	6.00	6.00
Normal retirement age:		
Male	60	60
Female	60	60
<b>Indonesia</b>		
Discount rate (%)	7.30	8.07
Future salary increments (%)	10.00	10.00
Normal retirement age:		
Male	55	55
Female	55	55

#### Sensitivity analysis on defined benefit plan

Significant actuarial assumptions for the determination of the defined obligation are discount rate and expected salary increase and mortality. The sensitivity analysis below has been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

If the discount rate reduce (increase) by 1%, the defined benefit obligation would increase by 9% (decrease by 9%).

If the expected salary growth rate increase (decrease) by 1%, the defined benefit obligation would increase by 9% (decrease by 9%).

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the statements of financial position.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 35. TRADE PAYABLES, OTHER PAYABLES AND ACCRUED EXPENSES

#### (a) Trade Payables

Trade payables comprise amounts outstanding for trade purchases. The credit period granted to the Group for trade purchases ranges from 7 to 60 (2020: 7 to 60) days.

Analysis of currency profile of trade payables is as follows:

	The Group	
	2021 RM'000	2020 RM'000
Ringgit Malaysia	21,830	11,239
Indonesian Rupiah	11,240	9,804
United States Dollar	-	99
	<b>33,070</b>	<b>21,142</b>

#### (b) Other Payables and Accrued Expenses

	The Group		The Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Other payables	4,497	2,864	-	1
Advances from customers	6,348	1,510	-	-
Accrued expenses	19,825	19,471	1,521	1,590
	<b>30,670</b>	<b>23,845</b>	<b>1,521</b>	<b>1,591</b>

Other payables arose mainly in respect of indirect costs and administrative expenditures. These amounts are unsecured, interest-free and are repayable within 60 days (2020: 60 days) from the transaction dates.

Analysis of currency profile of other payables and advances from customers is as follows:

	The Group		The Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Ringgit Malaysia	3,269	1,472	-	1
Indonesian Rupiah	7,370	2,689	-	-
Hong Kong Dollar	177	178	-	-
Euro	2	35	-	-
United States Dollar	27	-	-	-
	<b>10,845</b>	<b>4,374</b>	<b>-</b>	<b>1</b>

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 36. CONTRACT LIABILITIES

The contract liabilities represent advance consideration received from customer for trade purchases.

Analysis of currency profile of contract liabilities is as follows:

	The Group	
	2021	2020
	RM'000	RM'000
Ringgit Malaysia	325	1,193
United States Dollar	1,659	-
Chinese Renminbi	159	-
	2,143	1,193

### 37. BANKING FACILITIES

The Group and the Company have bank guarantee and other credit facilities amounting to RM47,000,000 and RM6,000,000 (2020: RM50,000,000 and RM6,000,000) respectively, out of which RM35,000,000 (2020: RM38,000,000) of the Group's credit facilities are secured by the corporate guarantee from the Company.

These facilities bear interest at rate of 3.81% - 6.60% (2020: 4.91% - 7.35%) per annum.

As at 31 March 2021, the Group and the Company have utilised RM11,125,000 and RM770,000 (2020: RM11,804,000 and RM778,000) respectively, of the bank guarantee and other credit facilities.

### 38. DIVIDENDS

	The Group and the Company	
	2021	2020
	RM'000	RM'000
Final dividend of 5 sen, single tier, in respect of financial year ended:		
- 31 March 2020	6,847	-
- 31 March 2019	-	6,847

### 39. SEGMENTAL INFORMATION

For the Group's chief operating decision maker ("CODM") purposes, the Group is organised into business units based on their products and services, and has four reportable operating segments as follows:

- (i) Oleochemical
- (ii) Healthcare
- (iii) Milling & Estate
- (iv) Investments & services

Segment revenue, expenses and results include transactions between business segments and are eliminated on consolidation.

The inter-segment transactions, terms, conditions, and prices are determined based on negotiations agreed between the parties.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 39. SEGMENTAL INFORMATION (CONT'D)

The Group 2021	Oleochemical RM'000	Healthcare RM'000	Milling & Estate RM'000	Investments & Services RM'000	Eliminations RM'000	Consolidated RM'000
<b>Revenue</b>						
External sales	325,541	77,448	312,545	16,300	-	731,834
External dividend income	-	-	-	9,269	-	9,269
Inter-segment sales	-	-	-	6,141	(6,141)	-
Total revenue	325,541	77,448	312,545	31,710	(6,141)	741,103
<b>Financial Results</b>						
Segment results	(440)	16,895	38,324	6,139	-	60,918
Profit from operations						60,918
Finance costs						(471)
Share of results of an associate company						(102)
Profit before tax						60,345
Income tax expense						(12,562)
Profit for the year						47,783
<b>Other Information:</b>						
Capital expenditure	2,566	8,539	10,817	1,752	-	23,674
<b>Non-cash expenses/(income):</b>						
Depreciation of property, plant and equipment	3,835	5,627	8,829	2,267	-	20,558
Depreciation of right-of-use assets	847	147	-	370	-	1,364
Provision for retirement benefits	463	-	1,424	321	-	2,208
Property, plant and equipment written off	-	49	-	-	-	49
Inventories written off	-	39	-	-	-	39
Inventories written down	816	-	-	-	-	816
Reversal of loss allowance for trade receivables	(15)	(235)	-	-	-	(250)
Unrealised loss/(gain) on foreign exchange - net	252	-	(1,120)	-	-	(868)
(Gain)/Loss on disposal of property, plant and equipment	(48)	(216)	49	(22)	-	(237)
Gain arising from fair value change in derivatives	(1,275)	-	-	-	-	(1,275)
Gain arising from fair value change in biological assets	-	-	(535)	-	-	(535)

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 39. SEGMENTAL INFORMATION (CONT'D)

The Group 2021	Oleochemical RM'000	Healthcare RM'000	Milling & Estate RM'000	Investments & Services RM'000	Eliminations RM'000	Consolidated RM'000
<b>Statement of Financial Position</b>						
<b>Assets</b>						
Segment assets	182,229	145,001	362,124	80,131	-	769,485
Deferred tax assets	-	-	2,774	-	-	2,774
Tax recoverable	4,471	253	27,935	1,300	-	33,959
Consolidated assets						806,218
<b>Liabilities</b>						
Segment liabilities	35,072	17,357	32,585	7,497	-	92,511
Deferred tax liabilities	-	3,145	-	1,213	-	4,358
Consolidated liabilities						96,869
<b>The Group 2020</b>						
	Oleochemical RM'000	Healthcare RM'000	Milling & Estate RM'000	Investments & Services RM'000	Eliminations RM'000	Consolidated RM'000
<b>Revenue</b>						
External sales	282,410	91,365	269,453	15,071	-	658,299
External dividend income	-	-	-	1,987	-	1,987
Inter-segment sales	-	-	-	5,730	(5,730)	-
Total revenue	282,410	91,365	269,453	22,788	(5,730)	660,286
<b>Financial Results</b>						
Segment results	(3,074)	25,494	27,070	(90)	-	49,400
Profit from operations						49,400
Finance costs						(409)
Share of results of an associate company						(251)
Profit before tax						48,740
Income tax expense						(9,511)
Profit for the year						39,229
<b>Other Information:</b>						
Capital expenditure	2,558	7,489	4,626	1,167	-	15,840
Additions of other investments	-	-	-	186	-	186

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 39. SEGMENTAL INFORMATION (CONT'D)

The Group 2020	Oleochemical RM'000	Healthcare RM'000	Milling & Estate RM'000	Investments & Services RM'000	Eliminations RM'000	Consolidated RM'000
<b>Non-cash expenses/(income):</b>						
Depreciation of property, plant and equipment	3,915	4,531	8,867	1,257	-	18,570
Depreciation of right-of-use assets	847	99	-	351	-	1,297
Provision for retirement benefits	433	-	1,113	315	-	1,861
Property, plant and equipment written off	-	20	1,146	-	-	1,166
Inventories written off	-	48	-	-	-	48
Reversal of loss allowance for:						
- Trade receivables	-	(112)	-	-	-	(112)
- KKPA receivables	-	-	(400)	-	-	(400)
Unrealised (gain)/loss on foreign exchange - net	(987)	-	1,092	-	-	105
(Gain)/Loss on disposal of property, plant and equipment	(1)	3	-	(5)	-	(3)
Loss arising from fair value change in derivatives	1,678	-	-	-	-	1,678
Gain arising from fair value change in biological assets	-	-	(431)	-	-	(431)
<hr/>						
<b>Statement of Financial Position</b>						
<b>Assets</b>						
Segment assets	172,286	135,614	316,103	71,407	-	695,410
Deferred tax assets	-	-	3,059	-	-	3,059
Tax recoverable	4,471	-	23,403	1,045	-	28,919
Consolidated assets						<hr/> 727,388 <hr/>
<b>Liabilities</b>						
Segment liabilities	23,071	20,213	23,368	5,681	-	72,333
Deferred tax liabilities	-	2,913	-	833	-	3,746
Tax liabilities	-	1,022	-	65	-	1,087
Consolidated liabilities						<hr/> 77,166 <hr/>



## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 39. SEGMENTAL INFORMATION (CONT'D)

#### Geographical Segments

The Group's operations are located in Malaysia and Indonesia.

The following is an analysis of the Group's revenue by geographical market:

	Sales revenue by geographical market	
	2021 RM'000	2020 RM'000
Asia:		
Malaysia	195,984	110,614
Indonesia	309,752	267,263
Others	144,391	195,089
Europe	31,791	23,070
America	41,949	39,250
Others	17,236	25,000
	<b>741,103</b>	<b>660,286</b>

The following is an analysis of the carrying amount of total assets and capital expenditure by the geographical area in which the assets are located:

	Carrying amount of total assets		Capital expenditure	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Asia:				
Malaysia	553,634	541,351	12,860	11,283
Indonesia	223,390	164,973	10,814	4,557
Others	13,445	15,983	-	-
Europe	5,306	2,252	-	-
America	8,129	2,173	-	-
Others	2,314	656	-	-
	<b>806,218</b>	<b>727,388</b>	<b>23,674</b>	<b>15,840</b>

The Group's operations are diverse in terms of the range of products and services it offers and the geographical coverage. There is no single customer that contributed 10% or more to the Group's revenue.

### 40. CAPITAL COMMITMENTS

As at 31 March 2021, the Group has approved and contracted for capital commitments in respect of purchase of property, plant and equipment amounting to RM4,640,000 (2020: RM6,163,000).

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 41. CORPORATE GUARANTEES

As at 31 March 2021, the Company has provided corporate guarantees to licensed financial institutions pertaining to the credit facilities granted to its subsidiary company.

The Company has issued corporate guarantees without security to licensed financial institutions for credit facilities totalling RM35,000,000 (2020: RM38,000,000) granted to a Malaysian subsidiary company. The financial guarantees have not been recognised since their fair values on initial recognition was not material as the financial guarantees provided by the Company did not contribute towards credit enhancement of the subsidiary company's borrowings and it is not probable that the counterparties to the financial guarantee contracts will claim under the contracts.

### 42. FINANCIAL INSTRUMENTS

#### Capital risk management

The objective of the Group's and of the Company's capital risk management is to safeguard the Group's and the Company's ability to continue as a going-concern while maximising the return to shareholders through the optimisation of equity balance.

The capital structure of the Group and of the Company comprises only issued share capital and reserves. The Group and the Company review their capital structure at least annually to ensure that the Group and the Company will be able to continue as a going-concern.

The Group and the Company are not subject to any externally imposed capital requirements.

#### Categories of financial instruments

	The Group		The Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<b>Financial assets</b>				
FVTOCI:				
Other investments	30,717	25,075	30,717	25,075
FVTPL:				
Derivative financial assets	247	234	-	-
Amortised cost:				
Trade receivables	51,343	40,659	-	-
Other receivables and refundable deposits	8,779	7,284	90	46
Amount owing by subsidiary companies	-	-	8,513	1,310
Amount owing by an associate company	819	803	-	126
Cash and cash equivalents	242,163	208,938	5,775	6,158

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 42. FINANCIAL INSTRUMENTS (CONT'D)

#### Categories of financial instruments (Cont'd)

	The Group		The Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<b>Financial liabilities</b>				
FVTPL:				
Derivative financial liabilities	393	1,655	-	-
Amortised cost:				
Trade payables	33,070	21,142	-	-
Other payables and accrued expenses	24,322	22,335	1,521	1,591
Amount owing to a subsidiary company	-	-	102	113
Amount owing to an associate company	70	-	70	-
Contract liabilities	2,143	1,193	-	-
Term loan	4,500	5,700	-	-
Hire purchase payables	593	287	-	-
Lease liabilities	4,392	5,206	-	-
Dividend payable	121	121	121	121

#### Significant accounting policies

Details of the significant accounting policies and methods adopted (including the criteria for recognition, the bases of measurement, and the bases for recognition of income and expenses) for each class of financial assets, financial liabilities and equity instrument are disclosed in Note 3 to the financial statements.

#### Financial risk management objectives

The operations of the Group and of the Company are subject to a variety of financial risks, including foreign currency risk, price fluctuation risk, credit risk and liquidity risk. The Group and the Company have taken measures to minimise their exposure to risks and/or costs associated with the financing, investing and operating activities of the Group and of the Company.

#### Foreign currency risk management

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group and the Company undertake trade transactions in foreign currencies, which are mainly denominated in United States Dollar, Euro, Pound Sterling, Chinese Renminbi and Indonesian Rupiah, with their trade debtors and trade creditors where the amounts outstanding are exposed to currency fluctuation risks.

The Group also holds cash and bank balances denominated in United States Dollar and Indonesian Rupiah for working capital purpose.

The Group and the Company enter into foreign currency forward contracts in the normal course of business to manage their exposure against foreign currency fluctuations on sales and purchase transactions denominated in foreign currencies.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 42. FINANCIAL INSTRUMENTS (CONT'D)

#### Foreign currency risk management (Cont'd)

The Group's and the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	Assets		Liabilities	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<b>The Group</b>				
United States Dollar	53,952	41,811	1,686	99
Indonesian Rupiah	101,761	65,230	24,660	12,493
Euro	1,791	733	2	35
Pound Sterling	704	132	-	-
Chinese Renminbi	-	344	159	-
Hong Kong Dollar	82	86	186	178
<b>The Company</b>				
Hong Kong Dollar	-	-	102	113

#### Sensitivity analysis on translation of foreign currency denominated assets and liabilities

The Group and the Company conduct business transactions in foreign currency and hence are subject to risks associated with fluctuations in rates of exchange of foreign currencies. The following table details the Group's and the Company's sensitivity to a 10% increase and decrease in the Ringgit Malaysia against the relevant foreign currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 10% change in foreign currency rates.

If the relevant foreign currency strengthens/weakens by 10% against the functional currency of each group entity, profit or loss will increase/(decrease) by:

	USD RM	HKD RM	GBP RM	EUR RM	RMB RM	IDR RM
<b>The Group</b>						
<b>2021</b>						
Strengthened 10%	5,227	(10)	70	179	(16)	7,710
Weakened 10%	(5,227)	10	(70)	(179)	16	(7,710)
<b>2020</b>						
Strengthened 10%	4,171	(9)	13	70	34	5,274
Weakened 10%	(4,171)	9	(13)	(70)	(34)	(5,274)
<b>The Company</b>						
<b>2021</b>						
Strengthened 10%	-	(10)	-	-	-	-
Weakened 10%	-	10	-	-	-	-
<b>2020</b>						
Strengthened 10%	-	(11)	-	-	-	-
Weakened 10%	-	11	-	-	-	-

The above sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the year end exposure does not reflect the exposure during the year.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 42. FINANCIAL INSTRUMENTS (CONT'D)

#### Forward foreign exchange contracts

At the end of the reporting period, the Group has foreign currency forward contracts, with maturities within the next twelve months, for the following notional amounts:

Outstanding contracts	Average exchange rate	Foreign currency USD'000	Notional value RM'000	Fair value RM'000
<b>31 March 2021</b>				
<b>Sell USD</b>				
- Less than 3 months	4.1180	12,580	51,804	52,157
- 3 to 6 months	4.1264	2,000	8,253	8,292
- More than 6 months	4.1448	780	3,233	3,234
		<b>15,360</b>	<b>63,290</b>	<b>63,683</b>
<b>31 March 2020</b>				
<b>Sell USD</b>				
- Less than 3 months	4.1718	9,130	37,971	39,378
- 3 to 6 months	4.2545	3,990	16,992	17,209
- More than 6 months	4.2787	780	3,337	3,364
		<b>13,900</b>	<b>58,300</b>	<b>59,951</b>

#### Price fluctuation risk management

The Group is exposed to the price fluctuation of raw materials used in the operations in particular commodities such as crude palm oil and refined palm oils. The Company mitigates its risk to the price fluctuation on these key raw materials by entering into commodity future contracts to minimise exposure to adverse price movements of these key raw materials.

#### Commodity future contracts

During the reporting period, the Group entered into commodity future contracts, with maturities within the next twelve months.

The following table details the commodity future contracts outstanding as at the end of the reporting period:

Outstanding contracts	Quantity (metric tonne) MT	Notional value/ Contract value RM'000	Fair value RM'000
<b>Buy Crude Palm Oil</b>			
<b>31 March 2021</b>			
Contract period for 9 months	4,475	15,581	15,767
<b>31 March 2020</b>			
Contract period for 4 months	2,400	5,511	5,745

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 42. FINANCIAL INSTRUMENTS (CONT'D)

#### Commodity future contracts (Cont'd)

The following table details the commodity future contracts outstanding as at the end of the reporting period: (Cont'd)

#### Outstanding contracts

Outstanding contracts	Quantity (metric tonne) MT	Notional value/ Contract value RM'000	Fair value RM'000
<b>Sell Crude Palm Oil</b>			
<b>31 March 2021</b>			
Contract period for 9 months	1,150	4,069	4,008
<b>31 March 2020</b>			
Contract period for 2 months	400	984	988

#### Credit risk management

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations.

The Group's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including other investments, cash and cash equivalents and derivatives), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Company's exposure to credit risk arises primarily from amount owing by subsidiary companies. The Company monitors on an ongoing basis the results of the subsidiary companies, and repayments made by the subsidiary companies.

Credit risk is controlled by careful selection of customers, setting credit limit and the period of credit.

The Group has no significant concentration of credit risk except for amounts due from 1 (2020: 1) major customer, which constitutes approximately 11% (2020: 9%) of the total trade receivables as disclosed in Note 24.

The Group's objective is to seek continual growth while minimising losses incurred due to credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers are subject to credit verification procedures. Receivables are monitored on an ongoing basis.

At the end of the reporting period, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position, including derivatives with positive fair values.

#### Liquidity risk management

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arise primarily from mismatches of the maturities of financial assets and liabilities.

The Group and the Company practise prudent liquidity risk management to minimise the mismatch of financial assets and financial liabilities and to maintain sufficient credit facilities for contingent funding requirement of working capital.

The financial liabilities of the Group and of the Company, categorised as financial liabilities measured at amortised cost and FVTPL are non-interest bearing and maturities within the next twelve months except for term loan, hire purchase payables, and lease liabilities.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 42. FINANCIAL INSTRUMENTS (CONT'D)

#### Liquidity risk management (Cont'd)

The amounts for financial guarantee contracts are the maximum amounts that the Group and the Company could be forced to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparties to the guarantee. Based on expectations at the end of the reporting period, the Group and the Company consider that it is more likely than not that no amount will be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparties claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparties which are guaranteed suffer credit losses.

The maximum amount the Group and the Company could be forced to settle under the financial guarantee contracts if the fully guaranteed amount is claimed by the counterparties to the guarantee are RM5,125,000 and RM770,000 (2020: RM5,804,000 and RM778,000) respectively.

The table below summarises the maturity profile of the Group's and of the Company's financial liabilities at the reporting date based on contractual undiscounted repayment of obligations.

	Weighted average effective interest rate per annum %	Less than 1 year RM	1 to 5 years RM	Over 5 years RM	Total contractual amount RM	Total carrying amount RM
<b>The Group</b>						
<b>31 March 2021</b>						
<b>Financial liabilities</b>						
<u>Non-interest bearing:</u>						
Derivative financial liabilities	-	393	-	-	393	393
Trade payables	-	33,070	-	-	33,070	33,070
Other payables and accrued expenses	-	24,322	-	-	24,322	24,322
Amount owing to an associate company	-	70	-	-	70	70
Contract liabilities	-	2,143	-	-	2,143	2,143
Dividend payable	-	121	-	-	121	121
		<b>60,119</b>	<b>-</b>	<b>-</b>	<b>60,119</b>	<b>60,119</b>
<u>Interest bearing:</u>						
Term loan	3.81	1,225	3,630	-	4,855	4,500
Hire purchase payables	9.00 - 14.00	249	426	-	675	593
Lease liabilities	4.95 - 5.35	1,614	2,962	236	4,812	4,392
		<b>3,088</b>	<b>7,018</b>	<b>236</b>	<b>10,342</b>	<b>9,485</b>
		<b>63,207</b>	<b>7,018</b>	<b>236</b>	<b>70,461</b>	<b>69,604</b>

NOTES TO THE FINANCIAL STATEMENTS  
(cont'd)

## 42. FINANCIAL INSTRUMENTS (CONT'D)

## Liquidity risk management (Cont'd)

	Weighted average effective interest rate per annum %	Less than 1 year RM	1 to 5 years RM	Over 5 years RM	Total contractual amount RM	Total carrying amount RM
<b>The Group</b>						
<b>31 March 2020</b>						
<b>Financial liabilities</b>						
<u>Non-interest bearing:</u>						
Derivative financial liabilities	-	1,655	-	-	1,655	1,655
Trade payables	-	21,142	-	-	21,142	21,142
Other payables and accrued expenses	-	22,335	-	-	22,335	22,335
Contract liabilities	-	1,193	-	-	1,193	1,193
Dividend payable	-	121	-	-	121	121
		46,446	-	-	46,446	46,446
<u>Interest bearing:</u>						
Term loan	4.91	1,276	5,084	-	6,360	5,700
Hire purchase payables	9.00 - 15.00	167	173	-	340	287
Lease liabilities	4.95 - 5.15	1,400	4,199	236	5,835	5,206
		2,843	9,456	236	12,535	11,193
		49,289	9,456	236	58,981	57,639

	Weighted average effective interest rate per annum %	Less than 1 year RM	1 to 5 years RM	Over 5 years RM	Total contractual amount RM	Total carrying amount RM
<b>The Company</b>						
<b>31 March 2021</b>						
<b>Financial liabilities</b>						
<u>Non-interest bearing:</u>						
Other payables and accrued expenses	-	1,521	-	-	1,521	1,521
Amount owing to a subsidiary company	-	102	-	-	102	102
Amount owing to an associate company	-	70	-	-	70	70
Dividend payables	-	121	-	-	121	121
		1,814	-	-	1,814	1,814

## 31 March 2020

## Financial liabilities

Non-interest bearing:

Other payables and accrued expenses	-	1,591	-	-	1,591	1,591
Amount owing to a subsidiary company	-	113	-	-	113	113
Dividend payables	-	121	-	-	121	121
		1,825	-	-	1,825	1,825



## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 42. FINANCIAL INSTRUMENTS (CONT'D)

#### Fair values of financial instruments

(a) Financial instruments carried at amortised cost

The directors consider that the carrying amounts of financial assets and financial liabilities carried at amortised cost in the financial statements approximate their fair values due to their relatively short maturity periods except for non-current portion of term loan, hire purchase payables, and lease liabilities for which the fair value changes are determined to be immaterial. The fair value are estimated based on discounted cash flow using current interest rate for similar instruments at the end of the reporting period.

(b) Other financial instruments at fair value

(i) Other investments

The fair value of other investments in quoted shares is estimated based on the market value as at the end of the reporting period.

(ii) Derivative financial assets/liabilities

The fair values of derivatives are calculated using quoted prices. Foreign currency forward contracts and commodity future contracts are measured using quoted forward exchange rates, future rates and yield curves derived from independent and reputable sources matching maturities of the contracts.

#### Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

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

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
<b>31 March 2021</b>				
<b>Financial Assets/(Liabilities)</b>				
<b>The Group</b>				
Other investments - quoted shares	30,717	-	-	30,717
Commodities future contracts	-	247	-	247
Foreign currency forward contracts	-	(393)	-	(393)
	<hr/>			
<b>The Company</b>				
Other investments	30,717	-	-	30,717
	<hr/>			

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 42. FINANCIAL INSTRUMENTS (CONT'D)

#### Fair value hierarchy (Cont'd)

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
<b>31 March 2020</b>				
<b>Financial Assets/(Liabilities)</b>				
<b>The Group</b>				
Other investments - quoted shares	25,075	-	-	25,075
Commodities future contracts	-	230	-	230
Foreign currency forward contracts	-	(1,651)	-	(1,651)
<hr/>				
<b>The Company</b>				
Other investments	25,075	-	-	25,075
<hr/>				

### 43. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing are those for which cash flows were, or future cash flows will be, classified in the Group's statement of cash flow from/(used in) financing activities.

	2021 RM'000	2020 RM'000
<b>Term Loan (Note 31)</b>		
At beginning of year	5,700	-
Drawdown	-	6,000
Repayment	(1,200)	(300)
Finance costs paid	(199)	(73)
Accretion of interest	199	73
	<hr/>	
At end of year	4,500	5,700
<hr/>		
<b>Hire Purchase Payables (Note 32)</b>		
At beginning of year	287	399
Acquisition of property, plant and equipment by hire purchase	714	-
Repayment	(428)	(80)
Finance costs paid	(39)	(56)
Accretion of interest	39	56
Effect of foreign exchange translation	20	(32)
	<hr/>	
At end of year	593	287
<hr/>		
<b>Lease Liabilities (Note 33)</b>		
At beginning of year	5,206	-
Arising from adoption of MFRS 16	-	6,279
Additions	424	-
Repayment	(1,238)	(1,073)
Finance costs paid	(233)	(280)
Accretion of interest	233	280
	<hr/>	
At end of year	4,392	5,206
<hr/>		

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

### 44. SIGNIFICANT EVENT AND SUBSEQUENT EVENTS

- (a) The emergence of the COVID-19 outbreak since prior year has brought significant economic uncertainties in Malaysia and Indonesia where the Group operates.
- (i) In response to the COVID-19 outbreak, the Malaysian government implemented Movement Control Order (“MCO”) effective from prior year, 18 March 2020 to 3 May 2020, followed by a Conditional Movement Control Order (“CMCO”) until 9 June 2020 and the Recovery Movement Control Order (“RMCO”) from 10 June 2020 to 12 January 2021. From 13 January 2021, MCO was reinstated to certain states, including Selangor until 4 March 2021, and entered into CMCO from 5 March 2021 until 28 April 2021. In response to a resurgence of COVID-19 cases, MCO was reinstated from 6 May 2021 and a Full MCO (“FMCO”) from 1 June 2021 to curb the spread of the Covid-19 outbreak in Malaysia.

As the Group’s manufacturing business is categorised as essential service by the Ministry of International Trade & Industry (“MITI”), the manufacturing plant is allowed to operate after obtaining permit from MITI. However, other supporting departments such as finance, human resources and others are required to work in office on rotational basis throughout the MCO period. From 1 April 2020, the manufacturing plant were operating at 50% capacity upon obtaining permit from MITI, and resumed to 100% capacity on 4 May 2020 after announcement of CMCO by the Prime Minister on 1 May 2020.

Upon the reinstatement of MCO in January 2021, only 30% of employees in the management level were allowed to work in the office. However, the manufacturing plant’s operation is not affected as the business is categorised as essential services by MITI, and operating at 100% capacity. From 1 June 2021 onwards, on the implementation of FMCO, there is a slight disruption in the production due to the limitation of 60% workforce capacity. Subsequently on 3 July 2021 an Enhanced MCO (“EMCO”) was implemented in several districts in Selangor. As the situation is still evolving, it is not practicable to estimate the short-term and long-term impact to the Group’s manufacturing operations.

The medical service sector is classified as “essential service” by the Ministry of Health (“MOH”) in Malaysia, where hospitals are allowed to continue its normal business operation while adhering to certain standard operating procedures (“SOP”) set by the MOH during the MCO. The Group’s healthcare operation in Sri Kota Specialist Medical Centre, located in Klang was allowed to operate throughout the MCO.

- (ii) On 12 April 2020, the Ministry of Health in Indonesia imposed large-scale social restrictions (“PSBB” - *Pembatasan Sosial Berskala Besar*) in the city of Pekanbaru, Riau Province including measures such as closing public places, restricting public transport, and limiting travel to and from restricted regions to curb the spread of the COVID-19 outbreak. Subsequently on 6 May 2021, the restriction on public activities in micro scale (“PPKM Mikro” - *Pemberlakuan Pembatasan Kegiatan Masyarakat Berbasis Skala Mikro*) was implemented in the Riau Province in response to the resurgence of COVID-19 cases.

The management assessed that the disruption in the Group’s operations in Indonesia was minimal as the Group’s mills and estates operation in Riau Province were not affected by the PSBB and PPKM Mikro as the plantation business is classified as essential sector and the mills and estates were located outside the city of Pekanbaru. The mills and estates were allowed to continue its normal business operation during the PSBB and PPKM Mikro.

As of 31 March 2021, the Group is in a net asset position of RM709,349,000 with an amount of RM242,163,000 in cash and cash equivalents.

**NOTES TO THE FINANCIAL STATEMENTS  
(cont'd)****44. SIGNIFICANT EVENT AND SUBSEQUENT EVENTS (CONT'D)**

- (a) The emergence of the COVID-19 outbreak since prior year has brought significant economic uncertainties in Malaysia, Indonesia and markets in which the Group operates. (Cont'd)

The Group performed an assessment on the overall impact of the situation on the Group's operations and financial implications, including the recoverability of the carrying amount of assets and subsequent measurement of assets and liabilities, and concluded that there is no material adverse effect on the financial statements for the financial year ended 31 March 2021, after considering key source of estimation uncertainties as disclosed in Note 4(ii).

As the COVID-19 situation is evolving, the Group will monitor the situation closely and take the necessary actions to minimise the impact of the COVID-19 on the Group's operations and financial performances. The Group is of the view that the impact of COVID-19 is temporary and expects that the business operations will return to normal when the COVID-19 vaccination program is being rolled out progressively nationwide and lockdowns are fully relaxed.

- (b) On 28 June 2021, the subsidiary company Pembinaan Gejati Sdn. Bhd., has agreed at the request of Bandar Rimbayu Sdn Bhd ("BRSB"), a member of IJM Corporation Berhad group for an early surrender to the relevant authorities of a portion of land where the 960m of the 2.2km multi-connectivity access road is situated on a small portion (of approximately 20.83 acres) of an estate land (of approximately 644 acres operationally known as "Thangamallay Estate") held under Pembinaan Gejati Sdn. Bhd., in consideration for the payment by BRSB of an early surrender incentive of RM10.0 million. The surrender of the portion of land is conditional on the approval of the state government, the relevant land registry and the Estate Land Board.

The maintenance and repair costs of the multi-connectivity access road are to be borne by BRSB and BRSB has agreed to indemnify Pembinaan Gejati Sdn. Bhd. against any claim, liability, duty and/or obligation arising in respect of the construction and use of the road.

## STATEMENT BY DIRECTORS

The directors of **SOUTHERN ACIDS (M) BERHAD** state that, in their opinion, the accompanying financial statements of the Group and of the Company are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2021 and of the financial performance and the cash flows of the Group and of the Company for the year ended on that date.

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

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**DR. LOW KOK THYE**

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**LIM KIM LONG**

Klang  
7 July 2021

## DECLARATION BY THE OFFICER PRIMARILY RESPONSIBLE FOR THE FINANCIAL MANAGEMENT OF THE COMPANY

I, **CHEONG KEE YOONG**, the officer primarily responsible for the financial management of **SOUTHERN ACIDS (M) BERHAD**, do solemnly and sincerely declare that the accompanying financial statements of the Group and of the Company are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

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**CHEONG KEE YOONG**  
(MIA Membership No. 12292)

Subscribed and solemnly declared by the  
abovenamed **CHEONG KEE YOONG** at  
**KLANG** in the state of **SELANGOR** this  
7th day of July, 2021.

Before me,

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**P. DEV ANAND PILLAI (B253)**  
**COMMISSIONER FOR OATHS**

## LIST OF PROPERTIES

No	Company and Location of Property	Type of Property	Area	Existing Use/ Purpose	Tenure	Age of Building	Net Book Value 31 March 2021 (RM'000)
1	<b>Southern Acids (M) Berhad</b> Level 29 Centro Tower No 8 Jalan Batu Tiga Lama 41300 Klang, Selangor	Office Lot	12,178 sq ft	Corporate Office	Freehold	14 years	2,814
2	<b>Southern Acids Industries Sdn Bhd</b> Golconda Estate, Persiaran Hamzah Alang, 10th Mile, Jalan Kapar, 42200 Kapar, Klang, Selangor	Industrial Building	27.90 acres	Oleochemical Factory	N/A	Ranging from 26 to 40 years	8,282
3	<b>SAB Properties Development Co. Sdn Berhad</b> G.M. 2172 Lot 2824, Mukim Klang, Daerah Klang, Selangor	Industrial Land	3.25 acres	Vacant	Freehold	N/A	3,318
4	<b>Pembinaan Gejati Sdn Bhd</b> Thangamallay Estate, Lot 14480, 14481, 14482, 14483 & Lot 1095, Batu 7, Jalan Kebun Kampung Jawa 42450 Klang Selangor	Land	644.49 acres	Oil Palm Cultivation	Freehold	N/A	139,868
5	<b>Noble Interest Sdn Bhd</b> P.T. 1288, Seksyen 14, Mukim Klang, Daerah Klang, Selangor	Land & Building	1.62 acres & 262,000 sq ft	Hospital Building	Freehold	N/A  22 years	4,950  17,960
6	<b>Imayos Letting Sdn Bhd</b> Level 30 Centro Tower No 8 Jalan Batu Tiga Lama 41300 Klang, Selangor	Office Lot	12,178 sq ft	Office	Freehold	14 years	4,572
7	<b>P.T. Mustika Agro Sari</b> Kebun Tanjung Pauh & Kebun Petai, Province of Riau, Sumatera Indonesia	Land & Buildings	7,181 acres	Oil Palm Cultivation, Palm Oil Mill & Workers Quarters	Leasehold expiring on 20-3-2036 and 9-4- 2036	19 years	3,217
8	<b>P.T. Mustika Agro Sari</b> Desa Simpang Tiga Province of Riau, Pekanbaru Indonesia	Land	0.822 acres	Office & Workers Quarters	Leasehold expiring 2044	N/A	1,983
9	<b>P.T. Wanasari Nusantara</b> Kebun Sei Jake Province of Riau, Sumatera Indonesia	Land & Building	13,136 acres	Oil Palm Cultivation, Palm Oil Mill & Workers Quarters	Leasehold expiring on 31-12- 2029 and 29-1-2032	Ranging from 6 to 32 years	33,267

# STATISTICS OF SHAREHOLDINGS

## AS AT 30 JUNE 2021

### DISTRIBUTION SCHEDULE OF SHARE AS AT 30 JUNE 2021

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Shares Held
less than 100	243	10.99	6,870	0.01
100 to 1,000	582	26.32	395,638	0.29
1,001 to 10,000	1,040	47.04	4,055,652	2.96
10,001 to 100,000	285	12.89	8,463,063	6.18
100,001 - 6,846,705 ( less than 5% of issued shares )	57	2.58	44,458,554	32.46
6,846,706 ( 5% of issued shares) and above	4	0.18	79,554,355	58.10
<b>TOTAL</b>	<b>2,211</b>	<b>100.00</b>	<b>136,934,132</b>	<b>100.00</b>

### LIST OF SUBSTANTIAL SHAREHOLDERS AS AT 30 JUNE 2021

No.	Names	Shareholding	%
1.	Southern Palm Industries Sdn. Bhd.	42,840,270	31.29
2.	Lembaga Tabung Haji	17,794,000	12.99
3.	Southern Realty (Malaya) Sdn. Bhd.	11,527,419	8.42
4.	Rasional Sdn. Berhad	7,392,666	5.40

### INFORMATION ON DIRECTORS SHAREHOLDINGS AS AT 30 JUNE 2021

No.	Name of Directors	Direct Holdings		Deemed Holdings	
		No of Shares	%	No of Shares	%
1.	Tan Sri Datuk Seri Panglima Sulong Matjeraie	0	0.00	0	0.00
2.	Dr. Low Kok Thye	30,416	0.02	65,692,824	47.97
3.	Lim Kim Long	49,276	0.04	69,032,267	50.41
4.	Chung Kin Mun	0	0.00	0	0.00
5.	Leong So Seh	0	0.00	0	0.00

**STATISTICS OF SHAREHOLDINGS****AS AT 30 JUNE 2021****LIST OF TOP 30 HOLDERS**

<b>No.</b>	<b>Name</b>	<b>No. of Shares Held</b>	<b>% of Shares Held</b>
1.	Southern Palm Industries Sdn. Bhd.	42,840,270	31.29
2.	Lembaga Tabung Haji	17,794,000	12.99
3.	Southern Realty (Malaya) Sdn. Bhd.	11,216,419	8.19
4.	Rasional Sdn. Berhad	7,392,666	5.40
5.	Southern Edible Oil Industries (M) Sdn. Berhad	4,958,332	3.62
6.	Glamour Partnership Sdn. Bhd.	3,221,940	2.35
7.	Lim Thye Peng Realty Sdn. Bhd.	3,101,159	2.26
8.	Ng Kin Lan	2,801,941	2.05
9.	Angsana Sutera Sdn. Bhd.	2,714,942	1.98
10.	Southern Cocoa Products (M) Sdn. Berhad	2,102,632	1.54
11.	Olive Lim Swee Lian	2,047,300	1.50
12.	Leong Kok Tai	1,665,100	1.22
13.	Banting Hock Hin Estate Company Sdn. Bhd.	1,487,500	1.09
14.	Wong Lok Jee @ Ong Lok Jee	1,403,000	1.02
15.	Low Mun Chong	1,248,398	0.91
16.	Lou Ai Choo	1,213,973	0.89
17.	Southern Hockjoo Plantation Sdn. Bhd.	991,666	0.72
18.	Maybank Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Low Ai Fuah	951,148	0.69
19.	Low Ai Hong	914,104	0.67
20.	Low Ai Fuen	914,038	0.67
21.	Low Kok Bo	913,104	0.67
22.	Teo Kwee Hock	773,000	0.56
23.	Sai Yee @ Sia Say Yee	728,000	0.53
24.	Naga Wira Sdn. Berhad	720,938	0.53
25.	Ng Phaik Lean	712,000	0.52
26.	Bekalan Utama Sdn. Berhad	694,166	0.51
27.	Neong Kok Hooi	611,600	0.45
28.	Low Mong Hua Sdn. Bhd.	585,000	0.43
29.	Mong Teck Sdn. Berhad	559,972	0.41
30.	CGS-CIMB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Oh Boon Hong (TM RAYA - CL)	406,932	0.30
<b>TOTAL</b>		<b>117,685,240</b>	<b>85.94</b>



# NOTICE OF THE FORTIETH ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Fortieth (“40<sup>th</sup>”) Annual General Meeting (“AGM”) of Southern Acids (M) Berhad (“the Company”) will be conducted fully virtual through live streaming and online meeting platform provided by Tricor Investor & Issuing House Services Sdn Bhd in Malaysia via its TIIH Online website at <https://tiih.online> on Friday, 27 August 2021 at 11.00 a.m. for the following purposes:

## AGENDA

### ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 March 2021 together with the Reports of the Directors and Auditors thereon. (Note 8)
2. To approve the payment of Single Tier Final Dividend of 5 sen per ordinary share in respect of the financial year ended 31 March 2021. **Ordinary Resolution 1**
3. To approve the payment of Directors’ fees amounting to RM551,239 for the financial year ended 31 March 2021. (Note 9) **Ordinary Resolution 2**
4. To approve the payment of Directors’ Benefits payable up to an amount of RM125,000 for the period from 28 August 2021 until the next AGM of the Company to be held in 2022. (Note 10) **Ordinary Resolution 3**
5. To re-elect the following Directors who are retiring under Clause 113 of the Company’s Constitution, and being eligible, have offered themselves for re-election: -
  - a) Dr Low Kok Thye **Ordinary Resolution 4**
  - b) Leong So Seh **Ordinary Resolution 5**
6. To re-appoint M/s Deloitte PLT as Auditors to hold office until the conclusion of the next AGM at a remuneration to be fixed by the Directors. **Ordinary Resolution 6**

### SPECIAL BUSINESS

To consider and, if thought fit, adopt the following resolutions, with or without modification, as Ordinary Resolutions:

7. **Proposed retention of Madam Leong So Seh who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than twelve (12) years, to continue to act as an Independent Non-Executive Director of the Company.** (Note 11) **Ordinary Resolution 7**

“THAT Madam Leong So Seh who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than twelve (12) years be and is hereby retained as an Independent Non-Executive Director until the conclusion of the next AGM in accordance with the Malaysian Code on Corporate Governance.”
8. **Proposed retention of Mr Chung Kin Mun who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to act as an Independent Non-Executive Director of the Company.** (Note 12) **Ordinary Resolution 8**

“THAT Mr Chung Kin Mun who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than Nine (9) years be and is hereby retained as a Senior Independent Non-Executive Director until the conclusion of the next AGM in accordance with the Malaysian Code on Corporate Governance.”

**NOTICE OF THE FORTIETH ANNUAL GENERAL MEETING  
(cont'd)****9. Authority to Issue Shares Pursuant to Sections 75 and 76 of the Companies Act, 2016** **Ordinary Resolution 9**  
(Note 13)

“That subject always to the Companies Act 2016, and the approvals of the relevant governmental and/or regulatory authorities, if applicable, the Directors be and are hereby authorised, pursuant to Sections 75 and 76 of the Companies Act, 2016, to allot and issue shares in the Company from time to time at such price and upon such terms and conditions and for such purposes as the Directors may in absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the total number of issued shares of the Company as at the date of this AGM and that the Directors be and are also empowered to obtain approval for the listing of and quotation for additional shares so issued on Bursa Malaysia Securities Berhad and that such authority shall continue to be in force until the conclusion of the next AGM of the Company.”

**10. Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature** **Ordinary Resolution 10**  
(Note 14)

“That subject always to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given for the renewal of shareholders' mandate for the Company and/or its subsidiaries to enter into the categories of recurrent related party transactions of a revenue or trading nature and with those Related Parties (“Proposed Renewal of Shareholders' Mandate”) as specified in the Circular to Shareholders dated 29 July 2021 subject further to the following:

- i. that the transactions are in the ordinary course of business and are on terms that are not more favourable to the Related Parties than those generally available to the public and are not detrimental to the minority shareholders of the Company;
- ii. that the transactions are made on an arm's length basis and on normal commercial terms; and
- iii. that disclosure shall be made in the Annual Report of a breakdown of the aggregate value of all transactions conducted pursuant to the Proposed Shareholders' Mandate during the financial year, based on the following information: -
  - the type of the Recurrent Related Party Transactions made; and
  - the names of the Related Parties involved in each type of the Recurrent Related Party Transactions entered into and their relationships with the Company.
- iv. that such approvals shall only continue to be in force until: -
  - the conclusion of the next AGM of the Company following this AGM at which such mandate is passed, at which time it will lapse, unless by a resolution passed at such AGM whereby the authority is renewed;
  - the expiration of the period within which the next AGM of the Company after that date is required to be held pursuant to Section 340(2) of the Companies Act, 2016 (“CA”) (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of CA); or
  - revoked or varied by resolution passed by the shareholders in General Meeting,

whichever is the earlier.

AND FURTHER THAT the Directors of the Company/ or any of them be and are/is (as the case may be) hereby authorised to complete and to do all acts and things (including executing such documents under the common seal in accordance with the provisions of the Constitution of the Company, as may be required) as they may consider expedient or necessary to give effect to the Proposed Renewal of Shareholders' Mandate.

## NOTICE OF THE FORTIETH ANNUAL GENERAL MEETING (cont'd)

**FURTHER NOTICE IS HEREBY GIVEN THAT** for the purpose of determining a member who shall be entitled to attend the 40th AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd in accordance with Clause 78 of the Company's Constitution and Section 34(1) of the Securities Industry (Central Depositories) Act 1991, to issue a General Meeting Record of Depositors as at 20 August 2021. Only a depositor whose name appears on the Record of Depositors as at 20 August 2021 shall be entitled to attend the said meeting or appoint proxies to attend and vote on his/her behalf.

### NOTICE OF DIVIDEND ENTITLEMENT

**NOTICE IS ALSO HEREBY GIVEN THAT** subject to the shareholders' approval for the payment of Single Tier Final Dividend of 5 sen per ordinary share in respect of the financial year ended 31 March 2021 ("Dividend") under Ordinary Resolution 1 at the 40th AGM of the Company on 27 August 2021, the Dividend will be paid to the shareholders on 24 September 2021. The entitlement date for the Dividend shall be 3 September 2021

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

- a) shares deposited into the Depositor's Securities Account before 12:30 p.m. on 1 September 2021 (in respect of shares which are exempted from Mandatory Deposit);
- b) shares transferred into the Depositor's Securities Account before 4:30 p.m. on 3 September 2021 (in respect of ordinary transfer); and
- c) shares bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

### By Order of the Board of Directors

#### Lim Kui Suang

SSM PC No. 202008001175

MAICSA 0783327

#### Paul Ignatius Stanislaus

SSM PC No. 202008001655

MACS 01330

Secretaries

#### Klang, Selangor Darul Ehsan

Date: 29 July 2021

#### Notes:

1. In view of the Covid-19 pandemic and as part of the Company's precautionary measures, the 40th AGM of the Company will be held fully virtual through live streaming and online remote voting via the Remote Participation and Voting ("RPV") Facilities provided by Tricor Investor & Issuing House Services Sdn. Bhd. ("Tricor") which are available on its TIIH Online website at <https://tiih.online>. Please follow the procedures provided in the Administrative Guide for the 40th AGM in order to register, participate and vote remotely via the RPV Facilities.
2. According to the Revised Guidance Note and FAQs on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia on 1 June 2021, an online meeting platform located in Malaysia is recognised as the meeting venue and all meeting participants of a fully virtual general meeting are required to participate in the meeting online.
3. A member of the Company entitled to Participate at the meeting may appoint any person to be his/her proxy to Participate in his/her stead. A proxy may but need not be a member of the Company and there shall be no restriction as to the qualification of the proxy. A proxy shall have the same rights as the member to Participate at the meeting. A member who has appointed a proxy to Participate at the meeting must request his/her proxy to register himself/herself for the RPV at Tricor's TIIH Online website at <https://tiih.online>.

## NOTICE OF THE FORTIETH ANNUAL GENERAL MEETING (cont'd)

4. Where a member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
5. When a member appoints more than one proxy the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding to be represented by each proxy.
6. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his/her attorney duly authorised in writing or, if the appointor is a corporation, either under the corporation's seal or under the hand of two (2) authorised officers of his attorney duly authorised.
7. The instrument appointing a proxy may be made via hardcopy or by electronic means in the following manner and must be received by the Company's Poll Administrator, Tricor, not less than forty-eight (48) hours before the time appointed for holding the meeting or at any adjournment thereof:
  - (a) Lodgement of Form of Proxy in hardcopy - To be deposited at Tricor's office at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia, or alternatively, at Tricor's Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia; OR
  - (b) Electronic lodgement of Form of Proxy - The Form of Proxy can be lodged electronically via TIIH Online website at <https://tiih.online>. Please refer to the Administrative Guide for further information on electronic submission.

### 8. Directors' Report, Audited Financial Statements and Auditors' Report

Agenda No 1 is meant for discussion only as under the provision of Section 340(1)(a) of the Companies Act 2016, formal approval by members is not required to be obtained. Hence, the matter will not be put forward for voting.

### 9. Directors' Fees

The Board of Directors proposed the increase in Directors' Fees for the financial year ended 31 March 2021, subject to approval from the shareholders at the 40th AGM, as follows:

- a) Chairman of the Board – from RM114,000 to RM127,500
- b) Chairman of the Audit Committee – from RM114,000 to RM127,500
- c) Board Member – from RM76,000 to RM85,000

### 10. Directors' Benefits Payable

The Directors' Benefits comprised the following:

Description of Benefits			
Meeting Allowance per Meeting based on Attendance	(i)	Board Chairman	- RM1,600
	(ii)	Board Committee Chairman	- RM1,600
	(iii)	Board member	- RM800 each
	(vi)	Board Committee member	- RM800 each
Other benefits	Directors and Officers Liability Insurance, travelling allowance, medical and other claimable benefits		

The Ordinary Resolution 3, if approved, will authorise the payment of Directors' benefits of an amount up to RM125,000 to the Directors by the Company from 28 August 2021 up to the next AGM of the Company to be held in 2022. The estimated amount of RM125,000 is calculated based on the expected number of meetings for the Board and Board Committees and benefits for the period from 28 August 2021 up to the next AGM of the Company to be held in 2022.

## NOTICE OF THE FORTIETH ANNUAL GENERAL MEETING (cont'd)

### 11. Proposed Retention of Madam Leong So Seh as Independent Director

The Ordinary Resolution 7, if approved, will enable the retention of Madam Leong So Seh as an Independent Non-Executive Director of the Company. Madam Leong So Seh is currently an Independent Non-Executive Director of Company. She had completed the 12-years tenure on 8 April 2021.

The Board of Directors via the Nomination & Remuneration Committee, after having assessed the collective skills, experience and independence of Madam Leong So Seh through the conduct of annual performance evaluation and assessment, regarded her to be independent based on among others, the following justifications and strongly recommends that Madam Leong So Seh be retained as an Independent Non-Executive Director of the Company, subject to the approval from the shareholders of the Company through a two-tier voting process as described in the Guidance to Practice 4.2 of the Malaysian Code on Corporate Governance:-

- (a) She has demonstrated and continues to be able to exercise independent judgement and to act in the best interest of the Company;
- (b) She has also the necessary knowledge of the business and has proven commitment, experience and competency;
- (c) She has participated and contributed actively during deliberations or discussions at Board meetings; and
- (d) She has met the criteria for independence under the definition of an independent Director in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

### 12. Proposed Retention of Mr Chung Kin Mun as Independent Director

The Ordinary Resolution 8, if approved, will enable the retention of Mr Chung Kin Mun as a Senior Independent Non-Executive Director of the Company. Mr Chung Kin Mun is currently Senior Independent Non-Executive Director of Company. He had completed the 9 years tenure on 20 March 2021.

The Board of Directors via the Nomination & Remuneration Committee, after having assessed the collective skills, experience and independence of Mr Chung Kin Mun through the conduct of annual performance evaluation and assessment, regarded him to be independent based on among others, the following justifications and strongly recommends that Mr Chung Kin Mun be retained as a Senior Independent Non-Executive Director of the Company, subject to the approval from the shareholders of the Company as described in the Guidance to Practice 4.2 of the Malaysian Code on Corporate Governance:-

- (a) He has demonstrated and continues to be able to exercise independent judgement and to act in the best interest of the Company;
- (b) He has also the necessary knowledge of the business and has proven commitment, experience and competency;
- (c) He has participated and contributed actively during deliberations or discussions at Board meetings; and
- (d) He has met the criteria for independence under the definition of an independent Director in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

### 13. Authority to issue Shares pursuant to Sections 75 and 76 of the Companies Act, 2016.

The proposed Ordinary Resolution 9, if approved, will give the Directors authority to issue and allot new ordinary shares up to an amount not exceeding 10% of the total number of issued shares of the Company for such purposes as the Directors consider would be in the best interest of the Company. This authority will commence from the date of this AGM and unless revoked or varied by the Company at a general meeting, expire at the conclusion of the next AGM of the Company.

The approval is a renewed general mandate and is sought to provide flexibility to the Company for any possible fund raising activities, including but not limited to placing of shares, for purposes of funding future investment project(s), working capital, acquisitions or such other applications as the Directors deem fit. This would avoid any delay and cost involved in convening a general meeting to approve such issue of shares.

As at the date of this Notice, no new shares in the Company were issued pursuant to the authority granted to the Directors at the last AGM of the Company held on 25 September 2020 and which lapse at the conclusion of the 40th AGM.

## NOTICE OF THE FORTIETH ANNUAL GENERAL MEETING (cont'd)

14. Proposed Renewal of Shareholders' Mandate for Existing Recurrent Related Party Transactions of a Revenue or Trading Nature

The proposed Ordinary Resolution 10, if passed, will authorise the Company and/or its subsidiary companies to enter into recurrent related party transactions of a revenue or trading nature. This authority will, unless revoked or varied by the Company in General Meeting, expire at the next AGM of Company. Please refer to the Circular to Shareholders dated 29 July 2021, which is despatched together with the Company's Annual Report 2021, for more information.

15. Voting by poll

In compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in this Notice will be voted by poll.

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.

# STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

**Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of the Bursa Malaysia Securities Berhad**

1. The following are the Directors who are seeking re-election at the 40th Annual General Meeting:-
  - (i) Dr Low Kok Thye, pursuant to Clause 113 of the Company's Constitution.
  - (ii) Madam Leong So Seh, pursuant to Clause 113 of the Company's Constitution.
2. The details of the two (2) Directors seeking re-election are set out in the Directors' Profile on pages 49 and 51 and the Directors' Shareholdings in the Company on page 166 of the Annual Report.

**SOUTHERN ACIDS (M) BERHAD [198001010791 (64577-K)]**

**FORTIETH ANNUAL GENERAL MEETING**

**PROXY FORM**

I/We (FULL NAME IN CAPITAL LETTERS) \_\_\_\_\_

NRIC No./Passport No./Company No. \_\_\_\_\_

of (FULL ADDRESS) \_\_\_\_\_

Telephone No. \_\_\_\_\_

being a member/member(s) of Southern Acids (M) Berhad hereby appoint

First Proxy

Full Name of Proxy in capital letters	NRIC No. / Passport No.	Proportion of shareholdings	
		Number of shares	Percentage (%)
<b>Address</b>			

and

Second Proxy

Full Name of Proxy in capital letters	NRIC No. / Passport No.	Proportion of shareholdings	
		Number of shares	Percentage (%)
<b>Address</b>			

or failing him/her, the Chairman of the meeting, as my/our proxy to vote for me/us on my/our behalf at the Fortieth Annual General Meeting (“AGM”) of Southern Acids (M) Berhad (“the Company”) to be conducted fully virtual through live streaming and online meeting platform provided by Tricor Investor & Issuing House Services Sdn Bhd in Malaysia via its TIIH Online website at <https://tiih.online> on Friday, 27 August 2021 at 11.00 a.m., and at any adjournment thereof in respect of my/our holdings of shares in the manner indicated below: -

No.	Resolutions	For	Against
1	<b>Ordinary Resolution 1</b> To approve the payment of Single Tier Final Dividend of 5 sen per ordinary share in respect of the financial year ended 31 March 2021.		
2	<b>Ordinary Resolution 2</b> To approve the payment of Directors’ fees amounting to RM551,239 for the financial year ended 31 March 2021.		
3	<b>Ordinary Resolution 3</b> To approve the payment of Directors’ benefits up to an amount of RM125,000 for the period from 28 August 2021 until the next AGM of the Company to be held in 2022.		
4	<b>Ordinary Resolution 4</b> To re-elect Dr Low Kok Thye as Director of the Company in accordance with Clause 113 of the Company’s Constitution.		
5	<b>Ordinary Resolution 5</b> To re-elect Madam Leong So Seh as Director of the Company in accordance with Clause 113 of the Company’s Constitution.		
6	<b>Ordinary Resolution 6</b> To re-appoint Deloitte PLT as Auditors to hold office until the conclusion of the next AGM at a remuneration to be fixed by the Directors.		
7	<b>Ordinary Resolution 7</b> To retain Madam Leong So Seh as an Independent Non-Executive Director.		
8	<b>Ordinary Resolution 8</b> To retain Mr Chung Kin Mun as a Senior Independent Non-Executive Director.		
9	<b>Ordinary Resolution 9</b> To approve the Authority to issue Shares pursuant to Sections 75 and 76 of the Companies Act, 2016.		
10	<b>Ordinary Resolution 10</b> To approve the Proposed Renewal of Shareholders’ Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature.		

*(Please indicate with (X) in the appropriate box whether you wish your vote to be cast for or against the resolution. In the absence of specific direction, your proxy will vote or abstain as he/she thinks fits.)*

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2021

\_\_\_\_\_  
Signature/Common Seal of Shareholder(s)

Number of Shares held

CDS Account No.

**MEMBERS ENTITLED TO ATTEND**

For purpose of determining a member who shall be entitled to attend the AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd, in accordance with Clause 78 of the Company’s Constitution and Section 34(1) of the Securities Industry (Central Depositories) Act 1991, to issue a General Meeting Record of Depositors as at 20 August 2021. Only a depositor whose name appears on the General Record of Depositors as at 20 August 2021 shall be entitled to attend the said meeting or appoint a proxy to attend and vote on such depositor’s behalf.



**NOTES:**

1. In view of the Covid-19 pandemic and as part of the Company's precautionary measures, the 40th AGM of the Company will be held fully virtual through live streaming and online remote voting via the Remote Participation and Voting ("RPV") Facilities provided by Tricor Investor & Issuing House Services Sdn. Bhd. ("Tricor") which are available on its TIIH Online website at <https://tiih.online>. Please follow the procedures provided in the Administrative Guide for the 40th AGM in order to register, participate and vote remotely via the RPV Facilities.
2. According to the Revised Guidance Note and FAQs on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia on 1 June 2021, an online meeting platform located in Malaysia is recognised as the meeting venue and all meeting participants of a fully virtual general meeting are required to participate in the meeting online.
3. A member of the Company entitled to Participate at the meeting may appoint any person to be his/her proxy to Participate in his/her stead. A proxy may but need not be a member of the Company and there shall be no restriction as to the qualification of the proxy. A proxy shall have the same rights as the member to Participate at the meeting. A member who has appointed a proxy to Participate at the meeting must request his/her proxy to register himself/herself for the RPV at Tricor's TIIH Online website at <https://tiih.online>.
4. Where a member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
5. When a member appoints more than one proxy the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding to be represented by each proxy.
6. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his/her attorney duly authorised in writing or, if the appointor is a corporation, either under the corporation's seal or under the hand of two (2) authorised officers of his attorney duly authorised.
7. The instrument appointing a proxy may be made via hardcopy or by electronic means in the following manner and must be received by the Company's Poll Administrator, Tricor, not less than forty-eight (48) hours before the time appointed for holding the meeting or at any adjournment thereof:
  - (a) Lodgement of Form of Proxy in hardcopy - To be deposited at Tricor's office at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia, or alternatively, at Tricor's Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia; OR
  - (b) Electronic lodgement of Form of Proxy - The Form of Proxy can be lodged electronically via TIIH Online website at <https://tiih.online>. Please refer to the Administrative Guide for further information on electronic submission.
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Agenda No 1 is meant for discussion only as under the provision of Section 340(1)(a) of the Companies Act 2016, formal approval by members is not required to be obtained. Hence, the matter will not be put forward for voting.
9. Voting by poll  
In compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in this Notice will be voted by poll.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and /or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 29 July 2021.

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**STAMP**

**The Poll Administrator**

**SOUTHERN ACIDS (M) BERHAD** [198001010791 (64577-K)]  
c/o Tricor Investor & Issuing House Services Sdn Bhd  
Unit 32-01, Level 32, Tower A,  
Vertical Business Suite, Avenue 3, Bangsar South,  
No. 8, Jalan Kerinchi,  
59200 Kuala Lumpur,  
Malaysia

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**Southern Acids (M) Berhad**

[Registration No. 198001010791 (64577-K)]  
(Incorporated in Malaysia)

Level 29, Centro Tower, No. 8, Jalan Batu Tiga Lama, 41300 Klang, Selangor Darul Ehsan, Malaysia.  
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**[www.southernacids.com](http://www.southernacids.com)**