

Towards Sustainable Living



LAM SOON (M) BERHAD
Registration No.: 198201004526 (84273-H)
ANNUAL REPORT 2021



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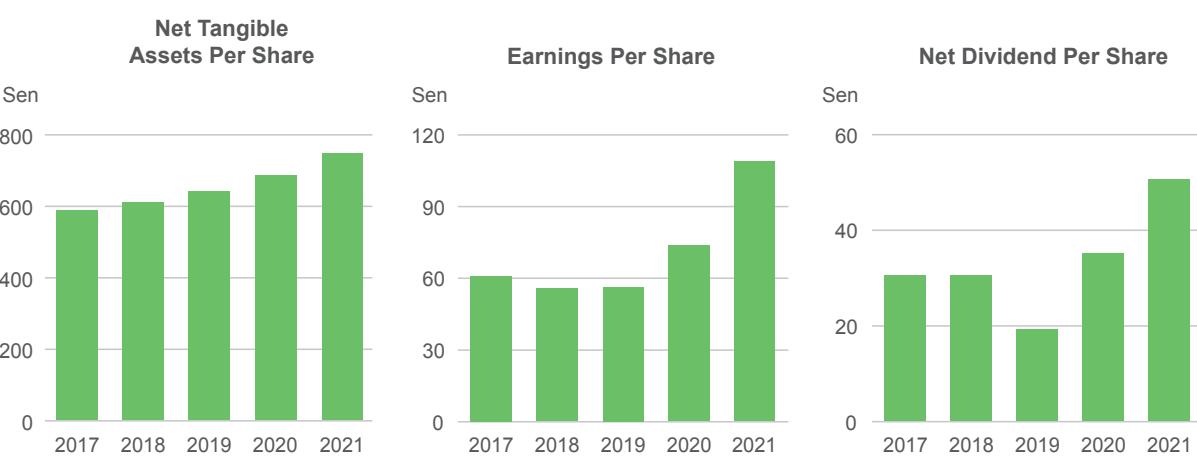
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CORPORATE INFORMATION

BOARD OF DIRECTORS	: Whang Shang Ying <i>Executive Chairman</i>
	Khoo Heng Suan <i>Deputy Executive Chairman</i>
	Datin Shelina binti Razaly Wahi
	Dato' Haji Abdul Mutualib bin Datuk Seri Mohamed Razak
	Mah Kim Loong Leslie
	Khong Cheong Foo
	Lo Wye Kan (Alternate to Khong Cheong Foo)
SECRETARY	: Thian Yew Fong <i>MAICSA 7011924</i> <i>SSM PC No. 202008001039</i>
AUDITORS	: Mazars PLT <i>Chartered Accountants</i>
SOLICITORS	: Adnan Sundra & Low
PRINCIPAL BANKERS	: CIMB Bank Berhad Malayan Banking Berhad RHB Bank Berhad
REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS	: Wisma DLS, No.6, Jalan Jurunilai U1/20, Hicom-Glenmarie Industrial Park, 40150 Shah Alam, Selangor Darul Ehsan.
SHARE REGISTRAR	: Boardroom Share Registrars Sdn. Bhd., 11 th Floor, Menara Symphony No. 5 Jalan Prof. Khoo Kay Kim Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan. Tel. No: 603-7890 4700

5 - YEAR GROUP FINANCIAL HIGHLIGHTS

	Financial Years Ended 31 st December (RM Million)				
	2017 (Restated)	2018 (Restated)	2019	2020	2021
Revenue	2,259	2,194	2,155	2,422	3,021
Profit Before Tax	173	156	157	214	334
Profit Attributable to Owners of the Company	130	118	119	157	232
Equity Attributable to Owners of the Company	1,254	1,308	1,363	1,466	1,591
Net Tangible Assets Per Share (Sen)	583	608	633	682	740
Earnings Per Share (Sen)	60.4	55.0	55.6	73.3	108.3
Net Dividend Per Share (Sen)	30.0	30.0	19.0	35.0	50.0



NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 40th Annual General Meeting of LAM SOON (M) BERHAD will be conducted entirely through live streaming from the broadcast venue at Symphony Square Auditorium, 3A Floor, No. 5 Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan on Monday, 20 June 2022 at 3.00 p.m. for the following purposes:

AGENDA

1. To receive the Audited Financial Statements for the financial year ended 31 December 2021 together with the Reports of the Directors and Auditors thereon.
(Please refer to Explanatory Note 1)
2. To approve the payment of a Special Single Tier Dividend of 20 sen per share in respect of the financial year ended 31 December 2021. **(Resolution 1)**
3. To approve the payment of Directors' fees for the financial year ended 31 December 2021. **(Resolution 2)**
4. To re-elect Mr. Khoo Heng Suan, who retires by rotation in accordance with Article 78 of the Constitution of the Company and being eligible, offers himself for re-election. **(Resolution 3)**
5. To re-elect the following Directors who retire by rotation in accordance with Article 85 of the Constitution of the Company and being eligible, offer themselves for re-election:
 - (i) Y. Bhg. Dato' Haji Abdul Mutalib bin Datuk Seri Mohamed Razak **(Resolution 4)**
 - (ii) Mr. Khong Cheong Foo **(Resolution 5)**
6. To re-appoint Mazars PLT as Auditors for the ensuing year and to authorise the Directors to fix their remuneration. **(Resolution 6)**
7. To transact any other business of which due notice shall have been given in accordance with the Companies Act 2016 and the Company's Constitution.

BY ORDER OF THE BOARD

THIAN YEW FONG
MAICSA 7011924
SSM PC No. 202008001039
Company Secretary

Shah Alam
25 May 2022

NOTICE OF ANNUAL GENERAL MEETING (cont'd)

NOTES:

i) *The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairperson of the Meeting to be present at the main venue of the meeting.*

*Shareholders **WILL NOT BE ALLOWED** to attend this 40th Annual General Meeting ("AGM") in person at the Broadcast Venue on the day of the meeting.*

Shareholders are to attend, (including posing questions to the Board via real time submission of typed texts) and vote (collectively, "participate") remotely at this AGM via the Remote Participation and Electronic Voting ("RPEV") facilities provided by Boardroom Share Registrars Sdn Bhd via the Boardroom Smart Investor Portal at <https://investor.boardroomlimited.com>

ii) *A member entitled to attend and vote at the annual general meeting is entitled to appoint a proxy instead of him. A proxy need not be a member of the Company. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorised.*

iii) *The instrument appointing the proxy must be deposited at the office of the Company's Share Registrar, Boardroom Share Registrars Sdn Bhd, at 11th Floor, Menara Symphony, No. 5 Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan; or by electronic submission via the Boardroom Smart Investor Portal at <https://investor.boardroomlimited.com> (eProxy); or email to bsr.helpdesk@boardroomlimited.com not less than 48 hours before the time for holding the meeting or adjourned meeting.*

EXPLANATORY NOTE:

1. Explanatory note on Audited Financial Statements:

The Audited Financial Statements laid at this meeting pursuant to Section 340 of the Companies Act, 2016 are meant for discussion only. It does not require shareholders' approval, and therefore, shall not be put forward for voting.

MESSAGE FROM THE EXECUTIVE CHAIRMAN

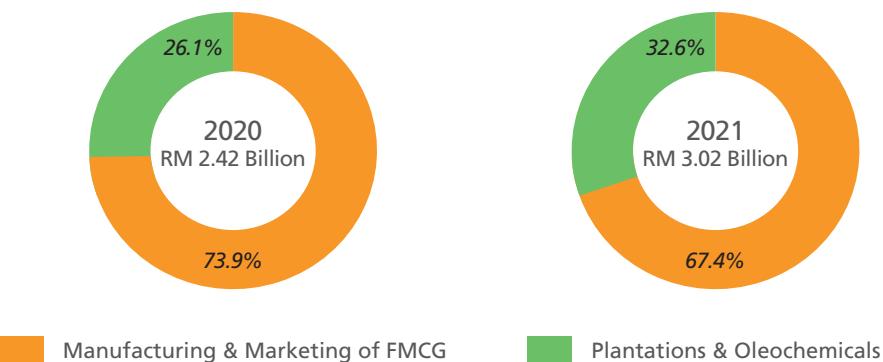
INTRODUCTION

On behalf of the Board of Directors, I am pleased to present the Annual Report of LAM SOON (M) BERHAD for the financial year ended 31 December 2021.

The global COVID-19 pandemic has generated unprecedented macroeconomic volatility as governments across the world enacted various containment measures to curtail its spread. This triggered a major decline in economic activities across the globe. Fortunately, it was followed by an equally strong rebound in demand, driven by implementation of massive fiscal stimuli by many governments and the gradual reopening of economies in 2021.

I am proud to announce that our Group has posted a record-breaking consolidated profit before tax of RM 334.06 million for 2021 (2020: RM 214.37 million). This quantum jump of 55.8%, compared to last year, was primarily due to the sterling performance of our Plantations & Oleochemicals segment (buoyed by high crude palm oil prices for plantations and good demand for oleochemicals from established global customers). At the same time, our FMCG segment maintained another year of double-digit growth. Group revenue grew by 24.8% to RM 3.02 billion in 2021 (2020: RM 2.42 billion). At Company level, dividends received from subsidiaries, associates, and other investments, increased to RM 127.55 million (2020: RM 93.11 million); this culminated in higher profit before tax for the year at RM 123.57 million (2020: RM 89.58 million).

REVENUE BY BUSINESS ACTIVITY



As the COVID-19 pandemic persisted in 2021, the management of the Group took greater steps to protect employees' health, safety, and well-being. Our Group set up a Business Continuity Plan committee and implemented stringent health and safety ("H&S") Standard Operating Procedures ("SOP"). H&S exercises include staff vaccination programme, clear segregation for COVID-19 positive and close contact staff, patient buddy system, care-kit (oximeter, etc), oxygen concentrators and others. As a result, the employees responded with full support and cooperation with 100% compliance to the COVID-19 SOP.

FAST MOVING CONSUMER GOODS ("FMCG")

Lam Soon Edible Oils Sdn Bhd ("LSEO")

Various Movement Control Orders ("MCO") were announced during 2021, which included a total nationwide lockdown in June. This had the effect of boosting domestic household demand for cooking oils, sauces and personal washes, which in turn drove up sales for the company. As a result, LSEO sales grew by 14.0% to reach RM 2.04 billion (2020: RM 1.79 billion).

Sharp rising Crude Palm Oil ("CPO") prices since July squeezed our margin. This was however mitigated by the Cooking Oil Price Control Subsidy Mechanism Program (MKHMM), which was rolled-out in August to stabilise the consumer prices of Bottled Refined Oil. Combined with favourable hedging of raw materials, LSEO was able to deliver profit before tax of RM 133.67 million, an increase of 16.5% (2020: RM 114.71 million).

MESSAGE FROM THE EXECUTIVE CHAIRMAN (cont'd)

In 2021, in spite of the challenges of COVID-19 disruptions to business overall, Agency business sales revenue recorded a 6.8% growth against 2020 to surpass the RM 1 billion mark for the first time.

Southern Lion, accounting for the largest part of our Agency business, outpaced Nielsen's 2021 Home and Personal Care category growth of 0.9%, driven by the newly launched TOP Silky Miracle detergent competing in softener alike category. Oral Care did relatively well whilst Beauty Care declined slightly in preparation for pipelining of revamped packaging.

Our Agency food brands, **Lee Kum Kee** and **Arla Foods**, excelled as consumers cooked and baked more at home. With better understanding of the dairy business by our team, especially in the Food Service channel, we had major wins by signing long term supply contracts with major HORECA chains like Secret Recipe, US Pizza, etc. LSEO has been commended for achieving global Top 6 in Lurpak Butter sales.

To address frequent supply chain disruption, LSEO rolled out a KAPE (Key Account Promotion Execution) system to ensure the availability of our products across the country. Having over the last decades expanded and enhanced the physical distribution network in Peninsular and East Malaysia, LSEO last year initiated a centralised supply chain planning to bridge the gaps between its multi-point supply and demand requirements by applying the latest software. We aim to build a fully integrated, system-driven and digitalised supply chain.

Southern Lion Sdn Bhd ("SLSB")

SLSB, your Company's 50% associate, registered a revenue of RM 652.94 million, a modest increase of 2.1% over the previous year. Capitalising on the new hygiene behaviour habits, SLSB introduced its '99.9% Antivirus' claim for TOP Stain Buster and TOP Super White fabric detergent products, supported by media and its trade campaigns. The higher cost of goods damped profit after tax for the year to RM 20.61 million (2020: RM 30.78 million); profit contribution to the Group was accordingly reduced to RM10.31 million (2020: RM 15.39 million).

Marketing Activities

Following the restriction imposed by the MCO, our brands pivoted to digital contents and digital media such as animation videos, live streaming, online consumer contest, etc to stay connected with our consumers.

By effectively tapping into the heightened in-home consumption, LSEO sustained market leadership in all core product categories such as cooking oil, chilled spread, fabric care and sauces. At the same time, it registered a significant brand growth in the anti-bacterial personal wash category under **Antabax**. Under **Antabax** "Bangkit Bersama" campaign, the brand supported the Malaysia National Vaccination Programme.

The Group believes in nurturing strong brand loyalty amongst its consumers, and the below brand accolades and awards added to the growing list:

<u>Brands</u>	<u>Awards</u>
Knife	2021 Reader's Digest Trusted Brand Award (Platinum)
	2021 Brand Laureate Award (Most Iconic Brand - Cooking Oil)
	2021 Baby Talk & Mama Papa Readers' Choice Awards (Best Soy Sauce)
Cap Buruh	2021 Reader's Digest Trusted Brand Award (Gold)
	2021 Reader's Digest Trusted Brand Award (Gold)
Naturel	2021 Brand Laureate Award (Best Choice Award in Consumer – Olive Oil)
	2021 Baby Talk & Mama Papa Readers' Choice Awards (Best Health Oil, Best Olive Oil and Best Organic Pasta)
	2021 Brand Laureate Award (Brand Influencer – Derma Protection Solutions)
Biohome	2021 Brand Laureate Award (Eco-Friendly Cleaning Products)

Manufacturing Activities

Product quality and food safety remain the top priorities of our manufacturing department. In 2021, the Teluk Panglima Garang ("TPG") factory was successfully re-certified with ISO14001 and RSPO supply chain certificates. We remain committed to producing products with strong elements of quality and food safety.

Among several improvements to the existing processing plant was the installation of an automatic tank gauging system for better inventory control in our tank farm. Maintenance work on machines and equipment is ongoing, including overhaul of the labelling machines, as well as filling machine. To enhance security, additional CCTVs were installed. TPG factory also implemented the Environmental Mainstreaming Directive and Guided Self-Regulation to ensure an effective environmental management system.

In the case of LSEO's Pasir Gudang ("PSG") factory, it has successfully upgraded the current integrated Food Safety Management System [FSSC 22000 (ISO/TS 22002-1)] ("FSMS") from version 5 to version 5.1 in August 2021. The upgraded FSMS version works by focussing on the actual practices instead of theoretical conversation through regular communication, training, food safety metrics monitoring, organisational teamwork and personal accountability. Developing a strong food safety mindset throughout each level of the organisation will help in early deviation detection and timely implementation of preventive measures throughout the supply chain process.

As part of our continuous enhancement initiative, PSG factory successfully optimised Cleaning-In-Place protocols through validation in ensuring consistent food safety of the products produced are met. In addition, we have enhanced and intensified existing microbial monitoring system by implementing "Microbial Analysis System" that works as early detection mechanism by identifying microbial hot spots in the plant, thereby avoiding further cross contamination that will compromise product food safety.

Food safety compliance is not only confined internally. Externally, we continue the Supplier Quality Management and Supplier Audit Programme (Raw & Packaging Materials) to uphold our products' food safety integrity. Furthermore, we have periodically performed inspection / audit at the sub-contracted third-party warehouse facility.

Notable achievements for 2021:

- Successfully modified the formulation of our top selling pastry margarine used to make roti paratha from PHOs (partially hydrogenated oils, which has been banned by US FDA) to NPHO (No partially hydrogenated oil) version;
- Re-formulated our premium cake margarine that originally contained fish oil & PHOs, and changed to without fish oil (fish allergen free) & NPHO;
- Evaluated and approved an alternative source of lactose crystal from Mullins Whey, USA, which can provide a more favourable price and the cumulative savings of RM 29,525; and
- Successfully upgraded our pilot plant facilities, thereby improving the work efficiency and safety.

PLANTATIONS & OLEOCHEMICALS

Lam Soon Plantations Sdn Bhd ("LSPB")

Rising palm oil prices helped propel LSPB's group revenue to RM 973.16 million in 2021 (2020: RM 618.50 million), a growth of 57.3%. This, in turn contributed towards LSPB group profit before tax of RM 183.38 million, an increase of 140.2% over previous year of RM 76.33 million.

At the company level, profit before tax was reported at RM 99.65 million (2020: RM 55.97 million). This was due to the timely sale of CPO, resulting in a much higher average selling price of RM 4,417/MT as compared to RM 2,830/MT in 2020.

Dara-Lam Soon Sdn Bhd ("DLSB")

DLSB's fresh fruit bunches ("FFB") production suffered a 19.6% decline against last year, mainly caused by shortage of labour (due to the Malaysian government's freeze on foreign workers intake). However, this was mitigated via implementation of mechanisation of infield FFB collection. Higher average CPO prices of RM 4,527/MT (2020: RM 2,899/MT) enabled DLSB to achieve a profit before tax at company level of RM 65.13 million (2020: RM 42.22 million), an increase of 54.3% over last year.

DLSB, being a 40%-owned associate, contributed a net profit of RM 19.35 million to the Group's results, an increase of 49.5% over previous year's RM 12.94 million.

Pacific Oleochemicals Sdn Bhd ("POC")

During the pandemic, POC's plant was able to operate at full capacity even though it only had 70% of the workforce in attendance, in accordance with SOP.

Notwithstanding the very competitive market environment, POC was able to continue delivering prompt shipments to its global customers while achieving better sales. As CPO prices surged to unprecedented levels this year, prices of fatty acids and glycerol rose in tandem. The 59.7% increase in revenue in 2021 to RM 855.83 million (2020: RM 535.99 million) contributed to an unprecedented increase of 222.4% in POC's profit before tax of RM 111.22 million (2020: RM 34.50 million).

Today, POC is internationally recognised as the preferred reliable partner for on-time delivery and consistent high-quality, tailor-made fatty acid and refined glycerine. Its high-quality oleic acid is used by many reputable customers in the manufacturing sector for a wide range of oleic acid derivatives. RSPO certified products (MB models) accounted for 11.1% of POC total sales in 2021 (2020: 8.6%).

Being certified in accordance with applicable international standards, POC was also awarded a Silver EcoVadis Medal by our customer, Oxiteno, a leading multinational manufacturer of surfactants and chemicals in Latin America, via the EcoVadis platform, in recognition of sustainability achievement.

SUSTAINABILITY AND COMMUNITY INITIATIVES

Sustainability continues to be a fundamental aspect of our Group's agenda across all business units. Lam Soon will play its part to embrace policies which preserve biodiversity and conservation, promote the welfare and well-being of our employees, and foster ethical and responsible behaviour.

In our estates, we have worked towards providing adequate accommodation, proper education system and conducive living environment with construction of housing units, establishment of a school/day-care and installation of recreation activities for our workforce. We are also committed to maintaining various certifications (e.g. RSPO, MSPO and FSSC) to ensure the highest product quality; maintaining corporate responsibility.

Due to the high number of COVID-19 cases in 2021 and the spread of the highly contagious Omicron variant, LSPB palm oil mill in Sabah decided to postpone the Biogas Plant project to 2022 to minimise the risk of infection in the plantation. It is now expected to commence in first half of 2022. When fully operational, it can reduce the emission of carbon dioxide ("CO₂") by about 17,564 MT/year by replacing fossil fuel usage by at least 80%. This plant has the potential to produce 3,000,000 KWh of green energy per year.

Following the success of the solar photovoltaic system (reduction of 10MT/month of CO₂ emission), POC has commissioned a condensate recovery system at the Pekeliling factory in 2021. Condensate recovery is a process to reuse the water and sensible heat contained in the discharged condensate. Recovering condensate instead of throwing it away can lead to significant savings of energy, chemical treatment, and make-up water. This system allows POC to contribute to another reduction of 30MT/month of CO₂ emissions.

POC's on-going installation of 3.4MW Cogeneration Plant, a joint project with LSEO, underscores our commitment on renewable energy. We estimate our utility bill will be lower by RM 5 million/year and CO₂ emission will be reduced by further 250MT/month upon fully commissioned.

Moving forward, we will be establishing a formal policy to ensure proper record of our sustainability achievements and set the direction for future initiatives.

Our Group also actively assisted the underprivileged group affected during the pandemic. Through **Cap Buruh's** "Sepakat Menabur Bakti" campaign, the Group participated in many food bank programmes to care for the communities in need. In December, when many parts of the country experienced heavy flooding, our Group collaborated with NGOs such as Soroptimist International to help underprivileged households affected by the flood to recover their home through food relief.

PROSPECTS

Malaysia's economy, bolstered by labour market normalisation, grew at a faster-than-expected pace in the 1st quarter of 2022, thus vindicating Bank Negara Malaysia ("BNM")'s hawkish rate-hike announcement in early May. Gross domestic product expanded 5% vs. last year, mainly driven by recovery in domestic consumption. BNM also maintained its forecast for full-year growth at 5.3% - 6.3%.

Meanwhile, Malaysia's Q1 2022 wholesale and retail trade sales registered a 3.9% growth (retail segment contributing 5.1% growth). The data thus suggest a benign economic outlook for the year. Nevertheless, potential headwinds posed by a slowdown in other major economies could present tougher obstacles ahead.

CPO prices have started strongly for 2022 and are trading with extremely high volatility (both price and volume). This is mostly due to the ongoing Ukrainian-Russian conflict and the numerous U-turns by the Indonesian government in its CPO policy. Given the uncertainties, the management at Lam Soon Group will adopt a prudent approach with a view to achieving sustainable business continuity.

DIVIDENDS

During the year, your Company paid two (2) single tier interim dividends of 20.0 sen and 10.0 sen per share amounting to the total of RM 64.42 million for the financial year ended 31 December 2021 (2020: 15.0 sen per share, RM 32.21 million).

In view of the improved performance, your Board is proposing for shareholders' approval at the forthcoming Annual General Meeting, the payment of a Special single tier dividend of 20.0 sen per share, amounting to RM 42.94 million (2020: Final of 15.0 sen per share or RM 32.21 million and Special of 5.0 sen per share or RM 10.74 million)

The proposed Special single tier dividend will bring the total net dividend payments for the financial year ended 31 December 2021 to 50.0 sen per share or RM 107.36 million (2020: 35.0 sen per share or RM 75.15 million).

APPRECIATION

On behalf of my fellow Directors, I would like to take this opportunity to record our sincere thanks and appreciation to Mr. Kuek Bak Heng for his contributions during his tenure on the Board. In his 46 years' service with Lam Soon Group, he had progressed from the rank and file to emerge as a committed and outstanding leader. He had also mentored numerous managers, inculcating in them the Lam Soon ethos of hardworking, meritocracy, fairness and loyalty. Please join me in wishing Mr. Kuek a happy retirement. I would also like to extend a warm welcome to Mr. Allan Khong, who succeeded Mr. Kuek in March 2022, and Mr. Lo Wye Kan (alternate director of Mr. Allan Khong).

On behalf of the Board, we would also like to express our appreciation to Encik Mohd Fazli bin Zainal for his contributions to the Board. At the same time, it gives me much pleasure to welcome the appointment of Dato' Haji Abdul Mutalib bin Datuk Seri Mohamed Razak to the Board of Directors in place of Encik Mohd Fazli. Dato' Haji Abdul Mutalib is currently practising at Messrs. Mutalib, Wan & Co as the Senior Partner. He also is a board member of Lembaga Tabung Haji, a long-term institutional shareholder of your Company, and was the former Chairman of Media Prima Berhad.

On behalf of the Board, we wish to convey our appreciation to all shareholders for the confidence and trust accorded to us. The Board is confident of the management's capabilities as well as proven track record in propelling our Group to greater heights, and that our Group will continue to draw upon the strengths, talents, and commitment of our people in ensuring the success of future strategic prospects. With the commendable financial results this year despite the COVID-19 pandemic affecting all of us one way or another, I would like to acknowledge the Group's efforts in ensuring not only that our businesses remain competitive, but our loyal workforce stay safe.

I would also like to express my appreciation to my fellow Board members for their support and invaluable advice throughout the year.

Whang Shang Ying
Executive Chairman

11 May 2022

DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment and property holding.

The principal activities of the subsidiaries are indicated in Note 8 to the financial statements.

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

RESULTS

	Group RM'000	Company RM'000
Profit for the financial year	258,770	122,306
Attributable to:		
Owners of the Company	232,462	122,306
Non-controlling interests	26,308	-
	258,770	122,306

DIVIDENDS

The amounts of dividends paid and declared by the Company since the end of the previous financial year were as follows:

	RM'000
In respect of the financial year ended 31 December 2020:	
- Final and special single-tier dividend of 15 sen per share and 5 sen per share declared on 23 June 2021 and paid on 12 August 2021	42,944
In respect of the financial year ended 31 December 2021:	
- First interim single-tier dividend of 20 sen per share, declared on 6 October 2021 and paid on 18 November 2021	42,944
- Second interim single-tier dividend of 10 sen per share, declared on 14 December 2021 and paid on 27 January 2022	21,472
	107,360

The directors now recommend the payment of a special single-tier dividend of 20 sen per share amounting to RM42,944,002 for the financial year ended 31 December 2021, subject to approval of the shareholders at the forthcoming annual general meeting of the Company. The financial statements for the current financial year do not reflect the proposed dividend. Such dividend, if approved, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2022.

DIRECTORS' REPORT (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

ISSUE OF SHARES AND DEBENTURES

There were no issuance of shares or debentures during the financial year.

SHARE OPTIONS

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

RESERVES AND PROVISIONS

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

ULTIMATE HOLDING COMPANY

The directors regard Lam Soon Cannery Private Limited, a company incorporated in the Republic of Singapore, as the ultimate holding company.

SUBSIDIARIES

Details of the subsidiaries are set out in Note 8 to the financial statements. There is no qualified auditors' report on the financial statements of the subsidiaries for the financial year in which this report is made.

As at the end of the financial year, the subsidiaries did not hold any shares in the ultimate holding company or in other related corporations.

DIRECTORS

The directors in office during the period commencing from the beginning of the financial year to the date of this report are:

Mr. Whang Shang Ying	
Mr. Khoo Heng Suan	
Mr. Mah Kim Loong Leslie	
Y. Bhg. Datin Shelina binti Razaly Wahi	
Dato' Haji Abdul Mutualib bin Datuk Seri Mohamed Razak	(Appointed on 15 December 2021)
Mr. Khong Cheong Foo	(Appointed on 10 March 2022)
Mr. Lo Wye Kan	(Appointed as alternate director of Mr. Khong Cheong Foo on 10 March 2022)
Encik Mohd Fazli bin Zainal	(Resigned on 8 November 2021)
Mr. Quick Back Heng @ Kuek Bak Heng	(Resigned on 8 March 2022)

The names of the directors of the Company's subsidiaries who served on the respective board of the subsidiaries since the beginning of the financial year to the date of this report are disclosed in the Appendix to the financial statements.

DIRECTORS' REPORT (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

DIRECTORS' INTERESTS IN SHARES

According to the Register of Directors' Shareholdings, the interests of the directors in office at the end of the financial year in shares in the Company and its related corporations were as follows:

	Number of ordinary shares			
	At 1-1-2021	Bought	Sold	At 31-12-2021
The Company				
Mr. Whang Shang Ying				
- deemed interest	132,814,812	20,000	(3,357,185)	129,477,627
Mr. Khoo Heng Suan				
- direct interest	23,000	-	-	23,000
- deemed interest	165,000	3,357,185	-	3,522,185
Mr. Quick Back Heng @ Kuek Bak Heng				
- direct interest	110,000	-	-	110,000
Lam Soon Cannery Private Limited (Ultimate holding company)				
Mr. Whang Shang Ying				
- direct interest	71,387,108	-	-	71,387,108
Lam Soon Strategic Sdn. Bhd. (Immediate holding company)				
Mr. Whang Shang Ying				
- direct interest	96,538	2,376	-	98,914
- deemed interest	495,094	16,000	-	511,094
Mr. Khoo Heng Suan				
- deemed interest	34,000	-	(17,000)	17,000
Mr. Quick Back Heng @ Kuek Bak Heng				
- direct interest	13,800	-	-	13,800
Subsidiaries of the immediate holding company				
Alpha Management Services Sdn. Bhd.				
Mr. Whang Shang Ying				
- deemed interest	1,999,996	-	-	1,999,996
Mr. Khoo Heng Suan				
- direct interest	4	-	-	4

DIRECTORS' REPORT (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

DIRECTORS' INTERESTS IN SHARES (cont'd)

Number of ordinary shares				
	At	Bought	Sold	At
	1-1-2021			31-12-2021
Lam Soon Management Services Sdn. Bhd.				
Mr. Whang Shang Ying				
- deemed interest	79,999			79,999
Mr. Khoo Heng Suan				
- direct interest	1			1
Dara-Lam Soon Sdn. Bhd.				
Mr. Whang Shang Ying				
- deemed interest	51,000,000			51,000,000
DLS Properties Sdn. Bhd. (Subsidiary of Dara-Lam Soon Sdn. Bhd.)				
Mr. Whang Shang Ying				
- deemed interest	9,070,000			9,070,000
Mr. Khoo Heng Suan				
- deemed interest	60,000			60,000
Urbanspace Sdn. Bhd.				
Mr. Whang Shang Ying				
- deemed interest	29,109,737	5,289,634		34,399,371
Asas Awana Sdn. Bhd. (Subsidiary of Urbanspace Sdn. Bhd.)				
Mr. Whang Shang Ying				
- deemed interest	1,000,000			1,000,000
Subsidiaries of the Company				
Lam Soon Plantations Sdn. Bhd.				
Mr. Whang Shang Ying				
- direct interest	9,075,360	33		9,075,393
- deemed interest	224,273,313			224,273,313
Mr. Khoo Heng Suan				
- deemed interest	15,731,360			15,731,360

DIRECTORS' REPORT (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

DIRECTORS' INTERESTS IN SHARES (cont'd)

<----- Number of ordinary shares ----->				
	At			At
	1-1-2021	Bought	Sold	31-12-2021
Lam Soon Edible Oils Sdn. Bhd.				
Mr. Whang Shang Ying				
- deemed interest	111,694,294	8,000	-	111,702,294
Mr. Khoo Heng Suan				
- direct interest	2,000	-	-	2,000
Subsidiaries of Lam Soon Plantations Sdn. Bhd.				
Pacific Oleochemicals Sdn. Bhd.				
Mr. Whang Shang Ying				
- deemed interest	100,000,000	-	-	100,000,000
LS Cyber DC Sdn. Bhd.				
Mr. Whang Shang Ying				
- deemed interest	50,000,000	-	-	50,000,000
Pacoleo Pte. Ltd.				
Mr. Whang Shang Ying				
- deemed interest	2	-	-	2
Subsidiaries of Lam Soon Edible Oils Sdn. Bhd.				
LM Services Sdn. Bhd.				
Mr. Whang Shang Ying				
- deemed interest	10,000	-	-	10,000
Lam Soon Trading Sdn. Bhd.				
Mr. Whang Shang Ying				
- deemed interest	2,785,000	-	-	2,785,000

By virtue of their interests in shares in the Company, immediate and ultimate holding companies, Mr. Whang Shang Ying, Mr. Khoo Heng Suan and Mr. Quick Back Heng @ Kuek Bak Heng are deemed to have interests in shares of all subsidiaries to the extent the Company, immediate and ultimate holding companies have an interest.

None of the other directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

DIRECTORS' REPORT (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

DIRECTORS' BENEFITS

Neither during nor at the end of the financial year was the Company a party to any arrangements whose object is to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefits (other than included in the aggregate amount of emoluments received or due and receivable by the directors as shown in the financial statements or the fixed salary of a full time employee of the Company as shown in Note 29 to the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except for any benefits which may be deemed to have arisen from transactions with companies in which certain directors of the Company have financial interests as disclosed in Note 34 to the financial statements.

No other benefit or remuneration was paid or payable to the directors.

INDEMNITY AND INSURANCE COSTS

During the financial year, the total amount of indemnity coverage and insurance premium paid for the directors and officers of the Group are RM10,000,000 and RM33,547 respectively.

OTHER INFORMATION

- (a) Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps:
 - (i) to ascertain the action 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 adequate allowance had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to realise in the ordinary course of business their values as shown in the accounting records had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the directors are not aware of any circumstances:
 - (i) which would render the amount written off as 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
 - (ii) which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading; or
 - (iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (c) At the date of this report, there does not exist:
 - (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.

DIRECTORS' REPORT (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

OTHER INFORMATION (cont'd)

- (d) No contingent or other liability of the Group and of the Company 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 affect the ability of the Group or of the Company to meet their obligations as and when they fall due.
- (e) At the date of this report, the directors are not aware of any circumstances, not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the respective financial statements misleading.
- (f) In the opinion of the directors:
 - (i) the results of the operations of the Group and of the Company for the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
 - (ii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

SUBSEQUENT EVENT

Details of subsequent event after the financial year end is disclosed in Note 41 to the financial statements.

AUDITORS

Auditors' remuneration is set out in Note 29 to the financial statements.

The auditors, Mazars PLT, Chartered Accountants, have expressed their willingness to accept re-appointment.

To the extent permitted by laws, the Company has agreed to indemnify its auditors, as part of the terms of its audit engagement, against claims arising from the audit. No payment has been made to indemnify the auditors for the current financial year.

APPROVAL OF THE DIRECTORS' REPORT

This report is approved by the board of directors, and signed on behalf of the board of directors in accordance with a directors' resolution.

WHANG SHANG YING
Director

11 May 2022

KHOO HENG SUAN
Director

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LAM SOON (M) BERHAD (Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Lam Soon (M) Berhad, which comprise the statements of financial position as at 31 December 2021 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 22 to 91.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2021, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") 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 ("ISA"). 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.

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

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 MFRS, IFRS and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LAM SOON (M) BERHAD (cont'd)

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 ISA 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 ISA, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group'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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LAM SOON (M) BERHAD (cont'd)

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 8 to the financial statements.

Other Matter

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

MAZARS PLT
201706000496 (LLP0010622-LCA)
AF 001954
Chartered Accountants

CHONG FAH YOW
03004/07/2022 J
Chartered Accountant

Kuala Lumpur

Date : 11 May 2022

STATEMENTS OF FINANCIAL POSITION

31 DECEMBER 2021

Note	Group		Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
(Restated)				
NON-CURRENT ASSETS				
Property, plant and equipment	3	460,621	479,876	433 470
Investment properties	4	77,513	80,026	67,521 70,591
Land held for property development	5	62,266	62,266	- -
Right-of-use assets	6	18,909	20,640	262 349
Intangible assets	7	2,572	2,572	- -
Investments in subsidiaries	8	-	-	379,715 379,689
Investments in associates	9	143,571	138,215	11,135 11,135
Other investments	10	522	1,083	298 331
Deferred tax assets	11	5,185	5,959	- -
		771,159	790,637	459,364 462,565
CURRENT ASSETS				
Inventories	12	453,039	340,745	- -
Biological assets	13	3,765	2,239	- -
Trade and other receivables	14	363,070	311,470	329 328
Amounts owing by subsidiaries	8	-	-	273 262
Amount owing by immediate holding company	15	-	2	- -
Amount owing by an associate	9	10,456	14,970	- -
Amounts owing by related companies	16	5,866	5,052	- 1
Short term investments	17	632,310	585,914	433,350 425,329
Current tax assets		62	197	- -
Derivatives	18	1,759	2,796	- -
Short term deposits	19	58,321	26,279	150 -
Cash and bank balances	20	15,179	16,329	162 251
		1,543,827	1,305,993	434,264 426,171
TOTAL ASSETS		2,314,986	2,096,630	893,628 888,736
EQUITY				
Share capital	21	214,720	214,720	214,720 214,720
Reserves	22	1,376,078	1,251,524	650,647 635,731
Equity attributable to owners of the Company		1,590,798	1,466,244	865,367 850,451
Non-controlling interests		99,763	87,774	- -
TOTAL EQUITY		1,690,561	1,554,018	865,367 850,451

STATEMENTS OF FINANCIAL POSITION (cont'd)

31 DECEMBER 2021

Note	Group		Company	
	2021 RM'000	2020 RM'000 (Restated)	2021 RM'000	2020 RM'000 (Restated)
NON-CURRENT LIABILITIES				
Lease liabilities	6	12,549	14,925	185
Deferred tax liabilities	23	22,643	25,452	1,640
Bank borrowings	24	4,929	-	-
		40,121	40,377	1,825
				1,912
CURRENT LIABILITIES				
Trade and other payables	25	291,004	253,860	26,040
Amount owing to a subsidiary	8	-	-	5
Amount owing to immediate holding company	15	12	-	-
Amount owing to an associate	9	92,890	98,230	-
Amounts owing to related companies	16	14,435	16,222	2
Lease liabilities	6	7,029	6,260	87
Bank borrowings	24	153,734	110,453	-
Derivatives	18	397	213	-
Current tax liabilities		24,803	16,997	302
		584,304	502,235	26,436
				36,373
TOTAL LIABILITIES		624,425	542,612	28,261
TOTAL EQUITY AND LIABILITIES		2,314,986	2,096,630	893,628
				888,736

The accompanying notes form an integral part of the financial statements

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Note	Group		Company	
		2021 RM'000	2020 RM'000 (Restated)	2021 RM'000	2020 RM'000
Revenue	26	3,021,263	2,422,021	133,782	99,290
Cost of sales	27	(2,451,119)	(2,000,734)	(3,899)	(3,923)
Gross profit		570,144	421,287	129,883	95,367
Other income		14,288	13,236	1,084	956
Selling and distribution expenses		(132,976)	(122,780)	-	-
Administrative and general expenses		(144,483)	(120,440)	(7,383)	(6,731)
Finance costs	28	(3,861)	(5,202)	(12)	(15)
Share of results of associates (net of tax)		30,945	28,272	-	-
Profit before tax	29	334,057	214,373	123,572	89,577
Tax expense	30	(75,287)	(45,777)	(1,266)	(1,079)
Profit for the financial year		258,770	168,596	122,306	88,498
Other comprehensive loss, net of tax					
<i>Items that will not be reclassified subsequently to profit or loss</i>					
Fair value loss on equity investments at fair value through other comprehensive income ("FVTOCI")		(557)	(12)	(30)	(12)
<i>Items that may be reclassified subsequently to profit or loss</i>					
Exchange differences on translation of foreign operation		(1)	-	-	-
Total other comprehensive loss		(558)	(12)	(30)	(12)
Total comprehensive income for the financial year		258,212	168,584	122,276	88,486

STATEMENTS OF COMPREHENSIVE INCOME (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

Note	Group		Company	
	2021 RM'000	2020 RM'000 (Restated)	2021 RM'000	2020 RM'000
Profit for the financial year attributable to:				
Owners of the Company	232,462	157,336	122,306	88,498
Non-controlling interests	26,308	11,260	-	-
	258,770	168,596	122,306	88,498
Total comprehensive income attributable to:				
Owners of the Company	231,904	157,324	122,276	88,486
Non-controlling interests	26,308	11,260	-	-
	258,212	168,584	122,276	88,486
Earnings per ordinary share attributable to owners of the Company (sen)				
- Basic	31	108.26	73.27	
Net dividend per ordinary share (sen)				
- distribution during the financial year		50.00	25.00	
- proposed for the financial year		-	15.00	
- Final		20.00	5.00	
- Special				

The accompanying notes form an integral part of the financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

		Attributable to owners of the Company			Non-controlling interests RM'000			Total equity RM'000	
		Non-distributable			Distributable				
Group 2021	Note	Share capital RM'000	Capital reserve RM'000	Exchange translation reserve RM'000	Equity investment reserve RM'000	Retained profits RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
At 1 January 2021		214,720	196,909	2	(2,800)	1,057,413	1,466,244	87,774	1,554,018
Transfer of fair value gain upon disposal of equity instruments at FVTOCI		-	-	-	(1)	1	-	-	-
Fair value loss on equity investments at FVTOCI		-	-	(1)	(557)	-	(557)	(1)	(557)
Exchange differences on translation of foreign operation		-	-	(1)	(557)	-	(558)	-	(558)
Total other comprehensive loss for the financial year		-	-	-	-	232,462	232,462	26,308	258,770
Profit for the financial year		-	-	(1)	(557)	232,462	231,904	26,308	258,212
Total comprehensive (loss)/income for the financial year		32	8	-	-	(107,360)	(107,360)	(14,283)	(107,360)
Transactions with owners:		-	-	-	-	10	10	(36)	(14,283)
- Dividends of the Company		-	-	-	-	-	-	-	(26)
- Dividends of subsidiaries		-	-	-	-	-	-	-	-
Acquisition of additional equity interest in a subsidiary		-	-	-	-	(107,350)	(107,350)	(14,319)	(121,669)
At 31 December 2021		214,720	196,909	1	(3,358)	1,182,526	1,590,798	99,763	1,690,561
2020									
At 1 January 2020		214,720	196,909	2	(2,788)	953,757	1,362,600	83,935	1,446,535
Fair value loss on equity investments at FVTOCI		-	-	-	(12)	-	(12)	-	(12)
Total other comprehensive loss for the financial year		-	-	-	(12)	-	(12)	-	(12)
Profit for the financial year		-	-	-	-	157,336	157,336	11,260	168,596
Total comprehensive (loss)/income for the financial year		-	-	-	(12)	157,336	157,324	11,260	168,584
Transactions with owners:		32	-	-	-	(53,680)	(53,680)	(7,421)	(53,680)
- Dividends of the Company		-	-	-	-	-	-	-	(7,421)
- Dividends of subsidiaries		-	-	-	-	(53,680)	(53,680)	(7,421)	(61,101)
At 31 December 2020		214,720	196,909	2	(2,800)	1,057,413	1,466,244	87,774	1,554,018

The accompanying notes form an integral part of the financial statements

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

Company	<---- Non-distributable--->		Distributable		Total equity RM'000
	Share capital RM'000	Equity investment reserve RM'000	Retained profits RM'000		
At 1 January 2020	214,720	210	600,715	815,645	
Other comprehensive loss for the financial year	-	(12)	-	(12)	
Profit for the financial year	-	-	88,498	88,498	
Dividends (Note 32)	-	-	(53,680)	(53,680)	
At 31 December 2020	214,720	198	635,533	850,451	
Transfer of fair value gain upon disposal of equity instruments at FVTOCI	-	(1)	1	-	
Other comprehensive loss for the financial year	-	(30)	-	(30)	
Profit for the financial year	-	-	122,306	122,306	
Dividends (Note 32)	-	-	(107,360)	(107,360)	
At 31 December 2021	214,720	167	650,480	865,367	

The accompanying notes form an integral part of the financial statements

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Group		Company	
	2021 RM'000	2020 RM'000 (Restated)	2021 RM'000	2020 RM'000 (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax	334,057	214,373	123,572	89,577
Adjustments for:				
Bad debts written off	156	314	-	-
Depreciation of property, plant and equipment	38,289	40,596	84	88
Depreciation of investment properties	2,513	2,516	3,070	3,071
Depreciation of right-of-use assets	7,099	6,710	87	87
Deficit on liquidation of a subsidiary	11	-	-	-
Gain from change in fair value of biological assets	(1,526)	(555)	-	-
Gratuity and retirement benefits	3,683	2,211	-	88
Impairment loss on trade receivables	3	396	-	-
Inventories written down/(back)	14,548	(5,500)	-	-
Inventories written off	1,881	2,587	-	-
Net gain on disposal of property, plant and equipment	(84)	(276)	-	-
Net loss on redemption of short term investments	1,554	-	1,255	-
Net fair value (gain)/loss on short term investments	(256)	1,705	(305)	1,579
Net fair value loss/(gain) on derivatives	1,221	(787)	-	-
Net unrealised (gain)/loss on foreign exchange	(468)	180	-	-
(Reversal)/Provision of COVID-19 expenses	(498)	498	-	-
Property, plant and equipment written off	250	757	-	1
Share of results of associates	(30,945)	(28,272)	-	-
Write back of impairment loss on trade receivables	(329)	-	-	-
Dividend income	(6)	(6)	(119,715)	(82,641)
Dividend income from short term investments	(11,652)	(15,508)	(7,838)	(10,465)
Interest income	(764)	(890)	(15)	(10)
Interest expenses	3,861	5,202	12	15
Operating profit before working capital changes	362,598	226,251	207	1,390
Changes in inventories	(127,435)	(50,244)	-	-
Changes in receivables	(47,505)	514	-	38
Changes in payables	37,649	50,963	654	(521)
Cash generated from operations	225,307	227,484	861	907
Interest paid	(838)	(984)	(12)	(15)
Net tax paid	(69,381)	(35,089)	(1,125)	(983)
Net cash generated from/(used in) operating activities	155,088	191,411	(276)	(91)

STATEMENTS OF CASH FLOWS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Group		Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
(Restated)				
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition of additional shares in a subsidiary	(26)	-	(26)	-
Purchase of property, plant and equipment	(19,693)	(27,665)	(47)	(50)
Purchase of investment properties	-	(51)	-	-
Purchase of short term and other investments	(47,694)	(99,829)	(8,971)	(71,531)
Proceeds from disposal of property, plant and equipment	493	693	-	-
Proceeds from capital repayment by an investee company	3	-	3	-
Distribution received upon liquidation of a subsidiary	166	-	-	-
(Advance to)/Repayment from subsidiaries	-	-	(11)	6
Interest received	764	890	15	10
Dividends received from subsidiaries	-	-	108,159	71,890
Dividends received from associates	24,300	21,965	11,550	10,745
Dividends received from short-term and other investments	11,658	15,514	7,844	10,471
Net cash (used in)/generated from investing activities	(30,029)	(88,483)	118,516	21,541
CASH FLOWS FROM FINANCING ACTIVITIES				
Net drawdown/(repayment) of bank borrowings (Note a)	48,210	(53,869)	-	-
Lease payment	(6,975)	(6,401)	(83)	(81)
Dividends paid to shareholders of the Company	(118,096)	(21,472)	(118,096)	(21,472)
Dividends of subsidiaries paid to non-controlling interests	(14,283)	(7,421)	-	-
Interest paid	(3,023)	(4,218)	-	-
Net cash used in financing activities	(94,167)	(93,381)	(118,179)	(21,553)
NET CHANGES IN CASH AND CASH EQUIVALENTS	30,892	9,547	61	(103)
CASH AND CASH EQUIVALENTS BROUGHT FORWARD	42,608	33,061	251	354
CASH AND CASH EQUIVALENTS CARRIED FORWARD	73,500	42,608	312	251

STATEMENTS OF CASH FLOWS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Group		Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
	(Restated)		(Restated)	
Represented by:				
SHORT TERM DEPOSITS	58,321	26,279	150	-
CASH AND BANK BALANCES	15,179	16,329	162	251
	73,500	42,608	312	251

Note (a):

Reconciliation of liabilities arising from financing activities

	Group	
	2021	2020
	RM'000	RM'000
At beginning of financial year	110,453	164,322
<i>Cash flows:</i>		
Drawdown of bank borrowings	556,169	452,416
Repayment of bank borrowings	(507,959)	(506,285)
Interest paid	(3,023)	(4,218)
<i>Non-cash changes:</i>		
Interest expenses	3,023	4,218
At end of financial year	158,663	110,453

The accompanying notes form an integral part of the financial statements

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

1. GENERAL INFORMATION

Lam Soon (M) Berhad (the "Company") is a public limited company incorporated and domiciled in Malaysia. The address of the registered office and principal place of business of the Company is disclosed on page 2.

The ultimate holding company is Lam Soon Cannery Private Limited, a company incorporated in the Republic of Singapore.

The immediate holding company is Lam Soon Strategic Sdn. Bhd., a company incorporated in Malaysia which holds 60.2% (2020: 61.7%) of the issued and paid-up share capital of the Company.

The Company is principally engaged in investment and property holding. The principal activities of the subsidiaries are disclosed in Note 8.

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

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

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

The measurement bases applied in the preparation of the financial statements include historical cost, recoverable value, realisable value and fair value.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market condition (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

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

The fair value measurement of the Group's and of the Company's financial instruments at the reporting date is disclosed in Note 37.

The financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency. Unless otherwise indicated, the amounts in these financial statements have been rounded to the nearest thousand (RM'000).

(b) Application of new or amended standards

In current financial year, the Group and the Company have applied a number of Amendments to MFRSs ("Amendments") that become effective mandatorily for the financial periods beginning on or after 1 January 2021.

The adoption of the Amendments does not have significant impact on the financial statements of the Group and of the Company.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(c) Standards issued that are not yet effective

The Group and the Company have not applied the following Amendments which are relevant to the Group and the Company that have been issued by the MASB but are not yet effective:

		<u>Effective Date</u>
Amendments to MFRS 16	Covid 19 – Related Rent Concessions beyond 30 June 2021	1 April 2021
Amendments to MFRS 1, MFRS 9 and MFRS 141	Annual Improvements to MFRS Standards 2018 – 2020	1 January 2022
Amendments to MFRS 3	Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 116	Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137	Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to MFRS 101	Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108	Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

The adoption of the above Amendments are not expected to have significant impact on the financial statements of the Group and of the Company.

(d) Significant accounting judgements and estimates

The preparation of financial statements requires management to exercise judgement in the process of applying the accounting policies. It also requires the use of accounting estimates and assumptions that affect the reported amounts of assets, liabilities and disclosures of contingent assets and liabilities at the end of the reporting period, and reported amounts of income and expenses during the financial year.

Although these estimates are based on management's best knowledge of current events and actions, historical experiences and various other factors, including expectations for future events that are believed to be reasonable under the circumstances, actual results may ultimately differ from these estimates.

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

There are no critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

The key assumptions concerning the future and other key sources associated with estimation uncertainty at the reporting date that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities are as follows:

(i) Depreciation and useful lives of property, plant and equipment and investment properties

The cost of plant and machinery for the manufacturing of the Group's palm oil related products and other consumer products is depreciated on a straight-line basis over the assets' useful lives. The management estimated the useful lives of these plant and machinery to be between 10 and 33 years. These are common life expectancies applied in the industry. The management estimates the useful lives of investment properties to be 5 to 92 years.

Any changes in the expected level of usage, physical wear and tear and technological development could impact the economic useful lives and the residual values of these assets, and therefore, future depreciation charges may be revised.

(ii) Bearer plants

Bearer plants comprise pre-cropping expenditure incurred from land clearing to the point of maturity. Such expenditure is capitalised and is depreciated on a straight-line basis at maturity of the crop over the economic useful lives of the crop. Depreciation of mature bearer plants was computed based on the straight-line basis over the remaining useful lives of 22 years.

(iii) Biological assets

The Group carries their biological assets at fair value with changes in fair value being recognised in profit or loss. The determination of the fair value of the biological assets requires the use of estimates on the projected harvest quantities and market price of fresh fruit bunches ("FFB") as at the reporting date. The carrying amount and key assumptions used to determine the fair value of the biological assets are further disclosed in Note 13.

(iv) Impairment of investments in subsidiaries and associates

Investment in subsidiaries and associates are assessed at each reporting date to determine whether there is any indication of impairment. If such an indication exists, an estimation of their recoverable amount is required.

Estimating the recoverable amount requires management to make an estimate of the expected future cash flows from the subsidiaries and associates and also choose a suitable discount rate in order to calculate the present value of those cash flows.

(v) Impairment of inventories

Inventories are stated at the lower of cost and net realisable value. The Group estimates the net realisable value of inventories based on an assessment of expected selling prices.

Inventories are reviewed on a regular basis and the Group will make an impairment loss for excess or obsolete inventories based primarily on historical trends and management estimates of expected and future product demand and related pricing.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

(v) Impairment of inventories (cont'd)

Demand levels, technological advances and pricing competition could change from time to time. If such factors result in an adverse effect on the Group's products, the Group might be required to reduce the value of its inventories and additional impairment losses for slow-moving inventories may be required.

(vi) Determining the loss allowance for trade receivables

Management assesses the expected credit losses ("ECL") for trade receivables at each reporting date. Credit losses are the difference between the contractual cash flows that are due to the entity and the cash flows that it actually expects to receive. Management applies simplified approach of MFRS 9 *Financial Instruments* in assessing the impairment of trade receivables.

In determining the ECL, management uses historical credit loss experience for trade receivables to estimate the ECL. Management is not only required to consider historical information that is adjusted to reflect the effects of current conditions and information that provides objective evidence that trade receivables are impaired in relation to incurred losses, but management is also considering, when applicable, reasonable and supportable information that may include forecasts of future economic conditions when estimating the ECL, on an individual and collective basis.

The need to consider forward-looking information means that management exercises considerable judgement as to how changes in macroeconomic factors will affect the ECL on trade receivables.

The ECL on trade receivables as at current reporting date is primarily based upon the historical credit loss experience.

(vii) Determining the loss allowance for non-trade receivables

Management assesses the ECL for receivables (other than trade receivables) at each reporting date. Credit losses are the difference between the contractual cash flows that are due to the entity and the cash flows that it actually expects to receive.

In determining the ECL, management assesses whether there has been any significant increase in credit risk since initial recognition of a receivable. Where there has not been a significant increase in credit risk since initial recognition, management determines the loss allowance by estimating an amount equal to 12-month ECL of that receivable. For those credit exposures for which there has been a significant increase in the likelihood or risk of a default occurring since initial recognition (instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring), management measures a loss allowance for credit losses expected over the remaining life of that receivable. Management exercise considerable judgement in these estimations, using historical credit loss experience as well as reasonable and supportable information that may include forecasts of future economic conditions when estimating the ECL.

(viii) Income taxes

Significant estimation is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

(ix) Recognition of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences and unutilised tax losses to the extent that it is probable that taxable profits will be available in future against which the deductible temporary differences and tax losses can be utilised.

Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the likely timing and level of future taxable profits together with future tax planning strategies.

(x) Fair value of financial instruments

Where fair values of financial instruments recorded on the statements of financial position cannot be derived from active markets, they are determined using valuation techniques, including the discounted cash flow model. The inputs to these models are derived from observable market data where possible, but where this is not feasible, a degree of judgement is required in establishing the fair values.

The judgements include considerations of liquidity and model inputs regarding the future financial performance of the investee, the risk profile and economic assumptions regarding the industry and geographical jurisdiction in which the investee operates. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

(xi) Lease liabilities

Management estimates the lease term as the non-cancellable period of a lease together with both periods covered by an option to extend the lease and an option to terminate the lease. In assessing whether it is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, management exercises judgement by considering all relevant facts and circumstances that create an economic incentive to exercise the option to extend the lease, or not to exercise the option to terminate the lease.

Management measures the lease liability as the present value of the lease payments that are not paid at commencement date. The lease payments are discounted using the incremental borrowing rate.

The lease terms and discount rate are determined using certain assumptions and they represents management's best estimation. The assumptions on which it is based relate to the future. Actual outcome may be different from the estimation and the variation could be material.

(e) Investments in subsidiaries

In the Company's separate financial statements, investment in subsidiaries is measured at cost less impairment losses, if any. Impairment losses are charged to profit or loss.

On disposal, the difference between the net disposal proceeds and the carrying amount of the subsidiary disposed of is recognised in profit or loss.

(f) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries controlled by the Company made up to the end of the financial year.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(f) Basis of consolidation (cont'd)

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

- (i) power over the entity;
- (ii) exposure, or rights, to variable returns from its involvement with the entity; and
- (iii) the ability to use its power over the entity to affect the amount of the investor's returns.

Potential voting rights are considered when assessing control only if the rights are substantive.

The Company reassesses whether it controls an entity if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Consolidation of an investee shall begin from the date the Company obtains control of the entity and cease when the Company loses control of the investee.

The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

All intra-group balances, transactions, income and expenses are eliminated in full on consolidation and the consolidated financial statements reflect external transactions only.

The Company attributes the profit or loss and each component of other comprehensive income to the owners of the Company and to the non-controlling interests. The Company also attributes total comprehensive income 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.

Changes of interests in subsidiaries

The changes of interest in subsidiaries that do not result in a loss of control are treated as equity transactions between the Group and non-controlling interest holders. Any gain or loss arising from equity transactions is recognised directly in equity.

Loss of control

When the Company loses control of subsidiaries:

- (i) It derecognises the assets and liabilities, non-controlling interests, and other amounts previously recognised in other comprehensive income relating to the former subsidiaries.
- (ii) It recognises any gain or loss in profit or loss attributable to the Group, which is calculated as the difference between (i) the aggregate of the fair value of the consideration received, if any, from the transaction, event or circumstances that resulted in the loss of control; plus any investment retained in the former subsidiaries at its fair value at the date when control is lost; and (ii) the net carrying amount of assets, liabilities, goodwill and any non-controlling interests attributable to the former subsidiaries at the date when control is lost.
- (iii) It recognises any investment retained in the former subsidiaries at its fair value when control is lost and subsequently accounts for it and for any amounts owed by or to the former subsidiaries in accordance with relevant MFRS. That fair value shall be regarded as the fair value on initial recognition of a financial asset in accordance with MFRS 9 or, when appropriate, the cost on initial recognition of an investment in an associate or joint venture.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(g) Business combination

The Group accounts for each business combination by applying the acquisition method.

The consideration transferred in a business combination shall be measured at fair value, which shall be calculated as the sum of the acquisition date fair values of the assets transferred by the acquirer, the liabilities incurred by the acquirer to former owners of the acquiree and the equity interests issued by the acquirer.

The Group accounts for acquisition related costs as expenses in the periods in which the costs are incurred and the services are received.

The Group measures at the acquisition date, components of non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation of either: (i) fair value; or (ii) the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets.

On the date of acquisition, goodwill is measured as the excess of (a) over (b) below:

- (a) The aggregate of: (i) the fair value of consideration transferred; (ii) the amount of any non-controlling interest in the acquiree; and (iii) in a business combination achieved in stages, the fair value of the Group's previously held equity interest in the entity.
- (b) The net fair value of the identifiable assets acquired and the liabilities assumed.

A business combination in which the amount in (b) above exceeds the aggregate of the amounts in (a) above, the Group recognises the resulting gain ("negative goodwill") directly in profit or loss on the acquisition date.

(h) Investments in associates

An associate is an entity in which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the entity, but is not control or joint control over those policies. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has significant influence.

Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting. Under the equity method, investments in associates are initially recognised at cost and adjusted thereafter for post-acquisition changes in the Group's share of net assets of the associates.

The Group's share of net profit or loss and changes recognised directly in the other comprehensive income of the associates are recognised in the consolidated profit or loss and consolidated statement of comprehensive income, respectively.

An investment in an associate is accounted for using the equity method from the date on which the Group obtains significant influence until the date the Group ceases to have a significant influence over the associate.

Goodwill relating to an associate is included in the carrying value of the investment and it is not tested for impairment separately. Instead, the entire carrying amount of the investment is tested for impairment.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(h) Investments in associates (cont'd)

Discount on acquisition is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associate's profit or loss in the period in which the investment is acquired.

Unrealised gains or losses on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates.

Equity accounting is discontinued when the carrying amount of the investment in an associate diminishes by virtue of losses to zero, unless the Group has legal or constructive obligations or made payments on behalf of the associate.

The results and reserves of associates are accounted for in the consolidated financial statements based on audited financial statements made up to the end of the financial year and prepared using accounting policies that conform to those used by the Group for like transactions in similar circumstances.

When the Group ceases to have significant influence over an associate, any retained interest in the former associate is recognised at fair value on the date when significant influence is lost. Any gain or loss arising from the loss of significant influence over an associate is recognised in profit or loss.

When changes in the Group's interest in an associate do not result in a loss of significant influence, the retained interests in the associate are not remeasured. Any gain or loss arising from the changes in the Group's interests in the associate is recognised in profit or loss.

Where the Group or its subsidiaries transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

In the Company's separate financial statements, investments in associates are measured at cost less impairment losses, if any. Impairment losses are recognised in profit or loss.

On disposal, the difference between the net disposal proceeds and the carrying amount of the associate disposed of is recognised in profit or loss.

(i) Property, plant and equipment

(i) Measurement basis

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

The cost of property, plant and equipment includes expenditure that is directly attributable to the acquisition of the assets.

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

(i) Measurement basis (cont'd)

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from their use or disposal. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

Bearer plants (which include mature and immature oil palm plantations) are living plants that are used in the production or supply of agriculture produce for more than one period and have remote likelihood of being sold as agriculture produce, except for incidental scrap sales. Bearer plants have an average life cycle of 25 years with the first 3 years as immature bearer plants and the remaining years as mature bearer plants. The immature bearer plants are measured at cost whilst mature bearer plants are measured at cost less accumulated depreciation and any accumulated impairment losses. Cost includes plantation expenditure, which represents the total cost incurred from land clearing to the point of harvesting.

Bearer plants are derecognised upon disposal or when no future economic benefits are expected to flow to the entity. Any gain or loss arising on derecognition of the bearer plants is recognised in profit or loss.

(ii) Depreciation

Freehold land and capital work-in-progress are not depreciated. Leasehold land is depreciated over the period of the respective leases which ranged between 27 and 92 years.

Depreciation is calculated to write off the depreciable amount of other property, plant and equipment on a straight-line basis over their estimated useful lives. Depreciable amount is determined after deducting the residual value from the cost.

The principal annual rates used for this purpose are:

Buildings	3%
Plant, machinery and tanks	3% -10%
Roads and culverts	10%
Motor vehicles	20%
Furniture, fittings and equipment	5% - 20%
Renovation	3%

Immature bearer plants are not depreciated until it is classified as mature bearer plants upon commencement of commercial production. The mature bearer plants are depreciated over its remaining useful lives of 22 years on a straight-line basis.

The residual values, useful lives and depreciation method are reviewed, and adjusted if appropriate, at each reporting date.

Fully depreciated property, plant and equipment are retained in the financial statements until they are no longer in use.

(j) Investment properties

Investment properties are properties held to earn rental income or for capital appreciation or both rather than for use in the production or supply of goods or services or for administrative purposes, or sale in the ordinary course of business.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(j) Investment properties (cont'd)

(i) Measurement basis

Investment properties are stated at cost less accumulated depreciation and impairment losses, if any.

The cost of investment properties includes expenditure that is directly attributable to the acquisition of the asset.

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

Investment properties are derecognised upon disposal or when the investment properties are permanently withdrawn from use and no future economic benefits are expected from their disposal. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

(ii) Depreciation

Freehold land is not depreciated. Leasehold land are depreciated over the period of the respective leases which ranged between 56 and 92 years.

Depreciation is calculated to write off the depreciable amount of buildings on a straight-line basis to their residual values over their expected useful lives.

The principal annual rates used for this purpose are:

Buildings	3%
Warehouse equipment	10% - 20%

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

(k) Land held for property development

Land held for property development consists of land where no development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle. Such land is classified under non-current assets and is stated at cost less any accumulated impairment losses. The policy for the recognition and measurement of impairment loss is in accordance with Note 2(q).

Land held for property development is reclassified as property development costs at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(l) Leases

The Group as Lessee

Right-of-use assets and corresponding lease liabilities are recognised with respect to all lease agreements, except for short-term leases and leases of low value assets.

For short-term leases (i.e. leases with a lease term of 12 months or less) and leases of low value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.

The lease liability is initially measured at the present value of the lease payments that are not paid at the lease commencement date, discounted using the rate implicit in the lease or incremental borrowing rate, where applicable. Lease payments included in the measurement of the lease liability comprise: (i) fixed lease payments, less lease incentives; (ii) variable lease payments based upon an index or a rate; and (iii) payments of penalties for terminating the lease.

The right-of-use assets comprise the corresponding lease liability, lease payments made at or before the lease commencement date and initial direct costs. Whenever there is an obligation to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the agreed condition, a provision is recognised. These costs are included in the related right-of-use assets.

Right-of-use assets are measured at cost less accumulated depreciation and impairment losses. They are depreciated over the shorter period of lease term and useful life of the underlying assets. The depreciation starts on the lease commencement date. The depreciation periods and depreciation method are reviewed, and adjusted if appropriate, at each reporting date.

Variable lease payment (not based upon an index or a rate) are recognised as an expense in the period in which it is incurred.

The Group as Lessor

Leases are classified as finance leases or operating leases. Whenever the lease transfers 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.

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

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

(m) Intangible assets

Goodwill

Goodwill represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree.

After initial recognition, goodwill is measured at cost less accumulated impairment losses, if any.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(m) Intangible assets (cont'd)

Trademark and Licence

Trademark and licence are recognised as intangible assets if it is possible that the future economic benefits that are attributable to such assets will flow to the enterprise and can be measured reliably.

The useful life of the licence is estimated to be indefinite because once registered, the Group is able to sell its product to the European countries indefinitely.

Intangible assets with indefinite useful lives are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level.

Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

(n) Biological assets

Biological assets comprises oil palms.

Biological assets are measured at fair value less costs to sell. Costs to sell include all incremental costs that would be necessary to sell the biological assets. Changes in fair value are recognised in profit or loss.

Oil palm trees are bearer plants, while produce that grows on mature plantations (FFB) is biological assets until the point of harvest. Harvested FFB is transferred to inventory at fair value less costs to sell when harvested.

(o) Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is determined on the first-in-first-out basis or the weighted average basis, depending on the nature of the inventories.

In the case of finished goods and work-in-progress, cost comprises materials, direct labour, other direct charges and an appropriate proportion of factory overheads based on the normal production capacity.

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

(p) Financial instruments

A financial instrument is any contract that gives rise to both a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets and financial liabilities are recognised when an entity becomes a party to the contractual provisions of an instrument.

Financial assets and financial liabilities are initially recognised at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities on initial recognition.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(p) Financial instruments (cont'd)

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.

Subsequent Measurement

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

- at amortised cost (debt instruments); or
- at fair value through other comprehensive income ("FVTOCI"), with recycling of cumulative gains and losses (debt instruments); or
- designated at FVTOCI, without recycling of cumulative gains and losses (equity instruments); or
- at fair value through profit or loss ("FVTPL").

Financial Assets at Amortised Cost

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

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

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when an asset is derecognised, modified or impaired.

Equity Instruments designated at FVTOCI

Upon initial recognition, management may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term;
- on initial recognition it is part of a portfolio of identified financial instruments that the entity manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative instrument (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

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 a reserve in equity. Equity instruments designated at FVTOCI are not subject to impairment assessment.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(p) Financial instruments (cont'd)

Financial Assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL, including but not limited to:

- Debt instruments that are designated at FVTPL, if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.
- Derivative instruments.

Financial assets at FVTPL are measured at fair value, with fair value gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial assets.

Impairment of Financial Assets

Loss allowance is recognised for ECL for all debt instruments not held at FVTPL, i.e. financial assets at amortised cost or FVTOCI and receivables, lease receivables, contract assets, loan commitments and financial guarantee contracts.

ECL is based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that are expected to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial asset.

Management measures the loss allowance of trade receivables and lease receivables at an amount equal to their lifetime ECL (i.e. simplified approach). The ECL on these financial assets are estimated based on historical credit loss experience, and where appropriate, adjusted for forward-looking factors specific to the debtors and the economic environment.

For all other financial assets at amortised cost, where credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECL is provided for credit losses that result from default events that are possible within 12 months after the reporting date. For those credit exposures for which there has been a significant increase in the likelihood or risk of a default occurring since initial recognition (instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring), a loss allowance is required for credit losses expected over the remaining life of the financial assets.

Derecognition of Financial Assets

A financial asset is derecognised only when the contractual rights to the cash flows from the financial asset expire; or when the financial asset is transferred and substantially all the risks and rewards of ownership of the financial asset are transferred to another party.

If the entity neither transfers nor retains substantially all the risks and rewards of ownership and continues to control a transferred financial asset, the entity recognises its retained interest in the financial asset and an associated liability for amounts it may have to pay. If the entity retains substantially all the risks and rewards of ownership of a transferred financial asset, the entity continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(p) Financial instruments (cont'd)

Derecognition of Financial Assets (cont'd)

On derecognition of a financial asset measured at amortised cost, the difference between the financial asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. On derecognition of an investment in a debt instrument classified at FVTOCI, the cumulative gain or loss previously accumulated in the reserve is reclassified to profit or loss. On derecognition of an investment in equity instrument classified at FVTOCI, the cumulative gain or loss previously accumulated in the reserve is transferred to retained earnings.

Financial Liabilities and Equity Instruments

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity Instrument

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 issued are recognised at the proceeds received. Costs incurred directly attributable to the issuance of the equity instruments are accounted for as a deduction from equity.

Repurchase of own equity instruments is deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of own equity instruments.

Equity dividends are recognised as a liability when they become legally payable. Interim dividends are recorded in the financial year in which they are declared payable. Final dividends are recorded in the financial year in which dividends are approved by shareholders. A corresponding amount is recognised in equity.

Financial Liabilities

All financial liabilities are subsequently measured at FVTPL or at amortised cost.

Financial Liabilities at Amortised Cost

Financial liabilities that are not:

- contingent consideration of an acquirer in a business combination;
- held-for-trading; or
- designated as at FVTPL

are subsequently measured at amortised cost using the effective interest method.

Effective Interest Method

The effective interest method is a method of calculating the amortised cost of a debt instrument or a financial liability by allocating interest income/expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts/payments (including all fees and points paid that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of a debt instrument or a financial liability, to the amortised cost of the debt instrument or the financial liability.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(p) Financial instruments (cont'd)

Derecognition of Financial Liabilities

Financial liabilities are derecognised when, and only when, the obligations under the liabilities are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

When an existing financial liability is replaced by another financial liability from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as derecognition of the original liability and the recognition of a new liability.

Derivative Financial Instruments

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently measured at fair value. The resulting gain or loss is recognised in profit or loss, unless the derivative is designated and effective as a hedging instrument.

Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statements of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

(q) Impairment of non-financial assets

(i) Intangible assets

Intangible assets are tested for impairment annually, or more frequently if events or changes in circumstances indicate that the intangible assets may be impaired.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units that are expected to benefit from synergies of the business combination.

An impairment loss is recognised when the carrying amount of the cash-generating unit, including the goodwill, exceeds the recoverable amount of the cash-generating unit. Recoverable amount of the cash-generating unit is the higher of the cash-generating unit's fair value less cost to sell and its value in use.

The total impairment loss is allocated first to reduce the carrying amount of goodwill allocated to the cash-generating unit and then to the other assets of the cash-generating unit proportionately on the basis of the carrying amount of each asset in the cash-generating unit.

Impairment loss recognised on goodwill is not reversed in the event of an increase in recoverable amount in subsequent periods.

(ii) Non-financial assets

Property, plant and equipment, investment properties, land held for property development, right-of-use assets, investments in subsidiaries and associates are assessed at each reporting date to determine whether there is any indication of impairment.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(q) Impairment of non-financial assets (cont'd)

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

If such an indication exists, the asset's recoverable amount is estimated. The recoverable amount is the higher of an asset's fair value less cost to sell and its value in use. Value in use is the present value of the future cash flows expected to be derived from the asset.

Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the asset belongs.

An impairment loss is recognised whenever the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount.

Impairment losses are recognised in profit or loss, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

Any reversal of an impairment loss as a result of a subsequent increase in recoverable amount should not exceed the carrying amount that would have been determined (net of amortisation or depreciation, if applicable) had no impairment loss been previously recognised for the asset.

(r) Revenue and other income recognition

Revenue from a contract with a customer is recognised when control of the goods or services are transferred to the customer. Revenue is measured based on the consideration specified in the contract to which the entity expects to be entitled in exchange for transferring the goods or services to the customer, excluding amounts collected on behalf of third parties.

If a contract with a 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 Group accepts return of goods from customers arising from customary business practices that give rise to variable consideration. In estimating the variable consideration, the Group uses the expected value method to predict the sales returns. Management relies on historical purchasing patterns and product returns of customers, including seasonal trends, to develop its expectation.

- (i) Revenue from sale of goods is recognised at the point in time when control of the goods is transferred to the customers, generally upon delivery of goods. A corresponding receivable is recognised for the consideration that is unconditional when only the passage of time is required before the payment is due. There is no element of significant financing component on the Group's revenue transactions as customers are required to pay within a credit term of 7 to 90 days.
- (ii) Interest income is recognised using the effective interest method.
- (iii) Rental income is recognised on a straight-line basis over the lease terms.
- (iv) Dividend income from investments is recognised in profit or loss as and when the right to receive is established.
- (v) Management income and commission income are recognised when the services have been rendered.
- (vi) Royalty income is recognised on an accrual basis in accordance with the licensing agreements.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(s) Taxation

The income tax expense represents the aggregate amount of current tax and deferred tax.

Current tax and deferred tax are recognised in profit or loss. Current tax and deferred tax are recognised in other comprehensive income or directly in equity, if the tax relates to items that are recognised in other comprehensive income or directly in equity. Where deferred tax arises from a business combination, the tax effect is included in the accounting for the business combination.

Current Tax

Current tax is the expected income tax payable on the taxable profit for the financial year, estimated using the tax rates enacted or substantially enacted by the end of the reporting period.

A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future payment to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable.

Deferred Tax

Deferred tax is the tax expected to be payable or recoverable on 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, which is accounted for using the liability method.

A deferred tax liability is recognised for taxable temporary differences. A deferred tax asset is only recognised for deductible temporary differences and unutilised tax credit to the extent that it is probable that taxable profit will be available in future against which the deductible temporary differences and unutilised tax credit can be utilised.

No deferred tax is recognised for temporary differences arising from the initial recognition of: (i) goodwill, or (ii) an asset or liability (which is not in a business combination) at the time of the transaction that affects neither accounting profit nor taxable profit.

Deferred taxes are measured based on tax consequences that would follow from the manner in which the asset or liability is expected to be recovered or settled, and based on the tax rates enacted or substantively enacted at the reporting date that are expected to apply to the period when the asset is realised or when the liability is settled.

(t) Borrowing costs

Borrowing costs incurred on assets under development that take a substantial period of time for completion are capitalised into the carrying value of the assets. Capitalisation of borrowing costs commence when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred and ceases when the asset is completed or during extended periods when active development is interrupted.

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(u) Employee benefits

(i) Short term employee benefits

Wages, salaries, paid annual leave, paid sick leave, maternity leave, bonuses and non-monetary benefits are recognised as an expense in the period in which the associated services are rendered by employees.

(ii) Defined contribution plans

The Company and its Malaysian subsidiaries pay monthly contributions to the Employees Provident Fund ("EPF") which is a defined contribution plan.

The legal or constructive obligation of the Company and its Malaysian subsidiaries is limited to the amount that they agree to contribute to the EPF. The contributions to the EPF are charged to profit or loss in the period to which they relate.

(iii) Retirement benefits

A provision is recognised in respect of the probable future long service payments expected to be made. The provision is based on the best estimate of the probable future payments which have been earned by the employees from their service to the Group at the end of the reporting period.

(v) Foreign currencies

(i) Functional currency

Functional currency is the currency of the primary economic environment in which an entity operates.

The financial statements of each entity within the Group are measured using their respective functional currency.

(ii) Transactions and balances in foreign currencies

Transactions in currencies other than the functional currency ("foreign currencies") are translated to the functional currency at the rate of exchange ruling at the date of the transaction.

Monetary items denominated in foreign currencies at the reporting date are translated at foreign exchange rates ruling at that date.

Non-monetary items which are measured in terms of historical costs denominated in foreign currencies are translated at foreign exchange rates ruling at the date of the transaction.

Non-monetary items which are measured at fair values denominated in foreign currencies are translated at the foreign exchange rates ruling at the date when the fair values were determined.

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(v) Foreign currencies (cont'd)

(ii) Transactions and balances in foreign currencies (cont'd)

When a gain or loss on a non-monetary item is recognised directly in other comprehensive income, any corresponding exchange gain or loss is recognised directly in other comprehensive income. When a gain or loss on a non-monetary item is recognised in profit or loss, any corresponding exchange gain or loss is recognised in profit or loss.

(iii) Translation of foreign operations

For consolidation purposes, all assets and liabilities of foreign operations that have a functional currency other than RM (including goodwill and fair value adjustments arising from the acquisition of the foreign operations) are translated at the exchange rates ruling at the reporting date.

Income and expense items are translated at exchange rates approximating those ruling on transaction dates.

All exchange differences arising from the translation of the financial statements of foreign operations are taken directly to other comprehensive income. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income and accumulated in equity under foreign currency translation reserve relating to that particular foreign operation is recognised in profit or loss.

(w) Provisions

Provisions are recognised when the entity has a present obligation (legal or constructive) as a result of a past event, when it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, a provision represents the present value of those estimated future cash flows.

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

(x) Cash and cash equivalents

Cash and cash equivalents consist of cash and bank balances and deposits which are short term, highly liquid investments that are readily convertible to known amounts of cash and subject to an insignificant risk of changes in value.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

3. PROPERTY, PLANT AND EQUIPMENT

Group 2021	Freehold land and buildings RM'000	Leasehold land and buildings RM'000	Plant, machinery and tanks RM'000	Roads and culverts RM'000	Motor vehicles RM'000	Furniture, fittings and equipment RM'000	Renovation RM'000	Capital work-in- progress RM'000	Bearer plants RM'000	Total RM'000
Cost										
At 1 January	247	427,174	501,806	14,405	57,334	81,418	7,658	3,457	71,802	1,165,301
Additions	-	1,013	3,897	-	2,664	3,304	6	3,346	5,463	19,693
Disposals	-	-	-	-	(2,334)	-	-	-	-	(2,334)
Write-offs	-	(207)	(2,113)	-	(223)	(660)	-	(143)	-	(3,346)
Reclassification	26	8	1,011	-	-	57	-	(1,102)	-	-
At 31 December	273	427,988	504,601	14,405	57,441	84,119	7,664	5,558	77,265	1,179,314
Accumulated depreciation										
At 1 January	246	111,069	441,300	10,087	43,553	59,318	2,110	-	17,617	685,300
Charge for the financial year	1	11,068	14,441	977	3,466	5,505	211	-	2,620	38,289
Disposals	-	-	-	-	(1,925)	-	-	-	-	(1,925)
Write-offs	-	(207)	(2,018)	-	(222)	(649)	-	-	-	(3,096)
Reclassification	2	(2)	-	-	-	-	-	-	-	-
At 31 December	249	121,928	453,723	11,064	44,872	64,174	2,321	-	20,237	718,568
Accumulated impairment losses										
At 1 January/31 December	-	-	125	-	-	-	-	-	-	125
Net carrying amount										
At 31 December	24	306,060	50,753	3,341	12,569	19,945	5,343	5,558	57,028	460,621

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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

	Group 2020 (Restated)	Freehold land and buildings RM'000	Leasehold land and buildings RM'000	Plant, machinery and tanks RM'000	Roads and culverts RM'000	Motor vehicles RM'000	Furniture, fittings and equipment RM'000	Renovation RM'000	Capital work-in- progress RM'000	Bearer plants RM'000	Total RM'000
Cost											
At 1 January (Previously stated)	247	395,146	508,839	14,405	56,625	78,313	7,511	20,701	67,497	1,149,284	
Reclassified from prepaid lease payment			4,275								4,275
At 1 January (Restated)	247	399,421	508,839	14,405	56,625	78,313	7,511	20,701	67,497	1,153,559	
Additions	-	751	4,210	-	2,577	2,481	147	13,194	4,305	27,665	
Disposals	-	-	(9,076)	-	(1,499)	(13)	-	-	-	(10,588)	
Write-offs	-	-	(3,118)	-	(369)	(1,587)	-	(261)	-	(5,335)	
Reclassification	-	27,002	951	-	-	2,224	-	(30,177)	-	-	
At 31 December	247	427,174	501,806	14,405	57,334	81,418	7,658	3,457	71,802	1,165,301	
Accumulated depreciation											
At 1 January (Previously stated)	246	99,311	436,771	9,102	41,096	54,921	1,902	-	14,923	658,272	
Reclassified from prepaid lease payment			1,181								1,181
At 1 January (Restated)	246	100,492	436,771	9,102	41,096	54,921	1,902	-	14,923	658,272	
Charge for the financial year	-	10,577	16,478	985	4,132	5,522	208	-	2,694	40,596	
Disposals	-	-	(8,840)	-	(1,320)	(11)	-	-	-	(10,171)	
Write-offs	-	-	(3,109)	-	(355)	(1,114)	-	-	-	(4,578)	
At 31 December	246	111,069	441,300	10,087	43,553	59,318	2,110	-	17,617	685,300	
Accumulated impairment losses											
At 1 January/31 December			-	125		-	-		-	-	125
Net carrying amount											
At 31 December	1	316,105	60,381	4,318	13,781	22,100	5,548	3,457	54,185	479,876	

Property, plant and equipment includes right-of-use assets of RM306,060,000 (2020: RM316,105,000) which are presented together with the owned assets of the same class as the underlying assets.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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

Company 2021	Motor vehicles RM'000	Furniture, fittings and equipment RM'000	Renovation RM'000	Total RM'000
Cost				
At 1 January	236	297	288	821
Additions	-	47	-	47
At 31 December	236	344	288	868
Accumulated depreciation				
At 1 January	200	117	34	351
Charge for the financial year	35	41	8	84
At 31 December	235	158	42	435
Net carrying amount				
At 31 December	1	186	246	433
2020				
Cost				
At 1 January	236	249	288	773
Additions	-	50	-	50
Write-offs	-	(2)	-	(2)
At 31 December	236	297	288	821
Accumulated depreciation				
At 1 January	153	86	25	264
Charge for the financial year	47	32	9	88
Write-offs	-	(1)	-	(1)
At 31 December	200	117	34	351
Net carrying amount				
At 31 December	36	180	254	470

4. INVESTMENT PROPERTIES

Group 2021	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Warehouse equipment RM'000	Total RM'000
Cost					
At 1 January/31 December	7,854	35,088	54,502	3,085	100,529
Accumulated depreciation					
At 1 January	-	7,625	10,769	2,109	20,503
Charge for the financial year	-	634	1,565	314	2,513
At 31 December	-	8,259	12,334	2,423	23,016
Net carrying amount					
At 31 December	7,854	26,829	42,168	662	77,513

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

4. INVESTMENT PROPERTIES (cont'd)

Group 2020	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Warehouse equipment RM'000	Total RM'000
Cost					
At 1 January	7,854	35,088	54,502	3,034	100,478
Additions	-	-	-	51	51
At 31 December	7,854	35,088	54,502	3,085	100,529
Accumulated depreciation					
At 1 January	-	6,991	9,203	1,793	17,987
Charge for the financial year	-	634	1,566	316	2,516
At 31 December	-	7,625	10,769	2,109	20,503
Net carrying amount					
At 31 December	7,854	27,463	43,733	976	80,026

Company 2021	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Total RM'000
Cost				
At 1 January/31 December	1,672	18,870	92,593	113,135
Accumulated depreciation				
At 1 January	-	4,869	37,675	42,544
Charge for the financial year	-	292	2,778	3,070
At 31 December	-	5,161	40,453	45,614
Net carrying amount				
At 31 December	1,672	13,709	52,140	67,521

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

4. INVESTMENT PROPERTIES (cont'd)

Company 2020 (Restated)	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Total RM'000
Cost				
At 1 January (Previously stated)	1,672	14,595	92,593	108,860
Reclassified from prepaid lease payment	-	4,275	-	4,275
At 1 January (Restated)/31 December	1,672	18,870	92,593	113,135
Accumulated depreciation				
At 1 January (Previously stated)	-	3,395	34,897	38,292
Reclassified from prepaid lease payment	-	1,181	-	1,181
At 1 January (Restated)	-	4,576	34,897	39,473
Charge for the financial year	-	293	2,778	3,071
At 31 December	-	4,869	37,675	42,544
Net carrying amount				
At 31 December	1,672	14,001	54,918	70,591

The fair value of the freehold and leasehold land and buildings of the Group and of the Company as at 31 December 2021 were RM135,084,000 (2020: RM132,260,000) and RM138,261,000 (2020: RM138,261,000) respectively.

The fair value was based on a valuation carried out by a registered valuer of professional valuer firm to reflect the market value by "comparison method" of valuation. This method estimates the value of a property by comparing it to the prices of similar properties sold in similar locations within a recent period of time.

The directors are of the opinion that the fair value did not fluctuate significantly at the reporting date based on the following key assumptions:

- Comparison of the Group's investment properties with similar properties that were listed for sale within the same locality or other comparable localities; and
- Enquiries from relevant property valuers and real estate agents on market conditions and changing market trends.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

4. INVESTMENT PROPERTIES (cont'd)

The direct operating expenses of investment properties represent quit rent and assessment, depreciation, insurance, upkeep of premises, and security expenses as follows:

Group	2021 RM'000	2020 RM'000 (Restated)
- revenue generating	3,323	3,408
- non-revenue generating	205	177
	3,528	3,585
Company		
- revenue generating	3,694	3,746
- non-revenue generating	205	177
	3,899	3,923

5. LAND HELD FOR PROPERTY DEVELOPMENT

Group	2021 RM'000	2020 RM'000
Freehold/Leasehold land and buildings		
At 1 January/31 December	62,266	62,266

6. LEASES

As a lessee	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Right-of-use assets				
Properties	16,986	18,508	262	349
Equipment	1,923	2,132	-	-
	18,909	20,640	262	349
Lease liabilities				
- Current	7,029	6,260	87	84
- Non-current	12,549	14,925	185	271
	19,578	21,185	272	355

The leases of properties are typically made for periods of 1 to 5 years with an option to renew the lease after that date. The leases do not impose any covenants.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

6. LEASES (cont'd)

The changes in lease liabilities (fixed lease payment) is as follows:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Balance as at 1 January	21,185	11,626	355	-
Cash flows:				
Lease principal payment	(6,975)	(6,401)	(83)	(81)
Lease interest payment	(838)	(984)	(12)	(15)
Non cash:				
Additions	5,368	16,000	-	436
Interest on lease liabilities (Note 28)	838	984	12	15
Loss on derecognition	-	(40)	-	-
Balance as at 31 December	19,578	21,185	272	355

The lease payments associated to short-term leases or leases of low-value assets are recognised as an expense on a straight-line basis over the lease term. No right-of-use assets and lease liabilities are recognised for these leases.

Total cash outflows for leases during the current financial period (including fixed, variable, short-term and low-value assets lease payments) of the Group and of the Company amounted to RM8,726,000 and RM95,000 (2020: RM8,288,000 and RM96,000) respectively.

7. INTANGIBLE ASSETS

Group 2021	Trademark		Total RM'000
	Goodwill RM'000	and licence RM'000	
At cost and net carrying amount			
At 1 January/31 December	1,972	600	2,572
2020			
At cost and net carrying amount			
At 1 January/31 December	1,972	600	2,572

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

7. INTANGIBLE ASSETS (cont'd)

(a) Impairment test for cash-generating unit ("CGU") containing goodwill

For the purpose of impairment testing, goodwill acquired in business combination has been allocated to the Group's CGU identified according to business segments as follows:

Group	2021 RM'000	2020 RM'000
Oil palm plantations	1,496	1,496
Manufacturing and trading	476	476
	1,972	1,972

(b) Key assumptions used in value-in-use calculations

The recoverable amount of the CGUs are determined based on value-in-use calculations using cash flow projections based on latest financial budgets approved by the management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the growth rate stated below. The key assumptions used for value-in-use calculations are as follows:

Gross margins	- 18.08% to 58.72%
Growth rates	- 6.25% to 6.53%
Discount rates	- 5.73% and 5.84%
Risk free rate	- 3.90%

The following describes each key assumption on which the management has based its cash flow projections to undertake impairment testing of goodwill:

(i) Budgeted gross margins

The budgeted gross margins are based on the margin achieved in the year immediately before the budgeted year and are increased by growth rate to cater for expected improvements in efficiency.

(ii) Growth rates

The growth rates used are consistent with the long-term average growth rate for the respective industries.

(iii) Discount rates

The discount rates used are pre-tax and reflect specific risks relating to the relevant sectors.

(iv) Risk free rate

The risk free rate is based on the yield on a 5-year Malaysian government bond rate at the beginning of the budgeted year.

Sensitivity to changes in assumptions

With regard to the assessment of value-in-use, the directors believes that no reasonable possible changes in any of the above key assumptions would cause the carrying values of respective CGUs to materially exceed their recoverable amounts.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

8. INVESTMENTS IN SUBSIDIARIES

Company	2021 RM'000	2020 RM'000
Unquoted shares, at cost	380,241	380,215
Accumulated impairment losses	(526)	(526)
	379,715	379,689
Amounts owing by subsidiaries	273	262
Amount owing to a subsidiary	5	2

The amounts owing by subsidiaries represent unsecured advances which are interest-free and repayable on demand.

The amount owing to a subsidiary represents expenses paid on behalf which are repayable on demand.

The subsidiaries, all of which are incorporated in Malaysia with principal place of business in Malaysia, except where indicated are as follows:

Subsidiaries of the Company	Effective equity interest		Principal activities
	2021 %	2020 %	
Lam Soon Edible Oils Sdn. Bhd.	99.8	99.7	Processing and refining of palm oil, manufacturing, marketing, sales, trading and distribution of refined palm oil products, cooking oil, soap and detergents, fats, margarine and other consumer products
*Lam Soon Plantations Sdn. Bhd.	81.7	81.7	Cultivation of oil palms, processing and sale of crude palm oil and oil palm kernel
Rennes Properties Sdn. Bhd.	100.0	100.0	Letting out of properties
Lam Soon Commodities Sdn. Bhd.	100.0	100.0	Dormant
Lam Soon Food Industries Sdn. Bhd.	100.0	100.0	Dormant
Lam Soon Distribution Sdn. Bhd.	100.0	100.0	Dormant
Subsidiaries of Lam Soon Edible Oils Sdn. Bhd.			
Lam Soon Trading Sdn. Bhd.	99.8	99.8	Letting out of properties
LM Services Sdn. Bhd.	100.0	100.0	Provision of management services

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

8. INVESTMENTS IN SUBSIDIARIES (cont'd)

Subsidiaries of Lam Soon Plantations Sdn. Bhd.	Effective equity interest		Principal activities
	2021 %	2020 %	
* Pacific Oleochemicals Sdn. Bhd.	100.0	100.0	Manufacturing of distilled fatty acid, stearic acid, fractionated fatty acid and refined glycerine
* Pacoleo Pte. Ltd. (incorporated in the Republic of Singapore)	100.0	100.0	Dormant
* LS Cyber DC Sdn. Bhd.	100.0	100.0	Letting out of properties
* Subsidiaries not audited by Mazars PLT.			

On 24 September 2021, the Company acquired additional 8,000 ordinary shares in Lam Soon Edible Oils Sdn. Bhd. ("LSEO") with cash consideration of RM26,000. The acquisition did not result in any material change to the Company's entity interest held in LSEO.

Transaction with non-controlling interests

The impact of the purchase of further interest in LSEO is as follows:

	Group RM'000
Consideration paid to non-controlling interests	26
Carrying amount of non-controlling interests acquired	(36)
 Difference recognised in equity	 (10)
 <i>Subsidiary that has material non-controlling interests</i>	 <hr/>

Details of the Group's subsidiary that has material non-controlling interests at the end of the reporting period are as follows:

Name of subsidiary	Proportion of ownership				Carrying amount of non-controlling interests	
	interests held by non-controlling interests		Profit allocated to non-controlling interests **		2021	2020
	2021	2020	RM'000	RM'000	RM'000	RM'000
Lam Soon Plantations Sdn. Bhd.	18.25%	18.25%	26,060	11,044	98,592	86,706
Others			*	*	1,171	1,068
					99,763	87,774

* Amounts are negligible.

** Amounts before intra-group elimination.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

8. INVESTMENTS IN SUBSIDIARIES (cont'd)

Summarised financial information of the Group's subsidiary that has material non-controlling interests (amounts before intra-group elimination) is as follows:

	2021 RM'000	2020 RM'000
<u>Lam Soon Plantations Sdn. Bhd.</u>		
Current assets	424,498	305,521
Non-current assets	282,350	285,530
Current liabilities	109,414	61,322
Non-current liabilities	27,385	24,820
	<hr/>	<hr/>
Revenue	973,160	618,500
Total income	28,432	20,660
Total expenses	(858,798)	(578,643)
	<hr/>	<hr/>
Profit for the financial year	142,794	60,517
Other comprehensive loss	(1)	-
	<hr/>	<hr/>
Total comprehensive income for the financial year	142,793	60,517
	<hr/>	<hr/>
Profit attributable to:		
- Owners of the Company	116,734	49,473
- Non-controlling interests	26,060	11,044
	<hr/>	<hr/>
Profit for the financial year	142,794	60,517
	<hr/>	<hr/>
Total comprehensive income attributable to:		
- Owners of the Company	116,733	49,473
- Non-controlling interests	26,060	11,044
	<hr/>	<hr/>
Total comprehensive income for the financial year	142,793	60,517
	<hr/>	<hr/>
Dividends paid to non-controlling interests	14,174	7,323
Net cash generated from operating activities	109,735	38,775
Net cash used in investing activities	(11,680)	(69)
Net cash used in financing activities	(67,081)	(36,741)
Net cash inflow	30,974	1,965

9. INVESTMENTS IN ASSOCIATES

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Unquoted shares, at cost	62,605	62,605	11,135	11,135
Group's share of results	80,966	75,610	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	143,571	138,215	11,135	11,135

The amount owing by/(to) an associate represents trade receivables/payables which are subject to normal trade terms.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

9. INVESTMENTS IN ASSOCIATES (cont'd)

The associates, all of which are incorporated in Malaysia with principal place of business in Malaysia, are as follows:

Associate of the Company	Effective equity interest		Principal activities
	2021 %	2020 %	
* Southern Lion Sdn. Bhd.	50.0	50.0	Manufacturing of detergents and personal care products and the trading of oral and personal care products
Associate of Lam Soon Plantations Sdn. Bhd.			
Dara-Lam Soon Sdn. Bhd.	40.0	40.0	Cultivation of oil palms, processing and sale of crude palm oil and oil palm kernel

* Associate not audited by Mazars PLT.

The associates are accounted for using equity method in the consolidated financial statements.

The Group does not have any share of the associates' contingent liabilities incurred jointly with other investor or any share of contingent liabilities that arise whereby the Group is severally liable for all or part of the liabilities of the associates.

The financial year of the associates end on 31 December.

Summarised financial information of the Group's material associates are set out below:

	2021 RM'000	2020 RM'000
Southern Lion Sdn. Bhd.		
Current assets	243,344	257,165
Non-current assets	72,264	71,030
Current liabilities	127,820	137,915
Revenue	652,945	639,761
Profit/Total comprehensive income for the financial year	20,610	30,784
Dividends paid	23,100	21,490

Reconciliation of summarised financial information of the associate to the carrying amount of interest in the associate:

	2021 RM'000	2020 RM'000
Net assets	187,788	190,280
Proportion of ownership interest held by the Group	50%	50%
Goodwill	93,894	95,140
Carrying amount of the Group's interest in the associate	135	135
	94,029	95,275

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

9. INVESTMENTS IN ASSOCIATES (cont'd)

	2021 RM'000	2020 RM'000
Dara-Lam Soon Sdn. Bhd.		
Current assets	61,236	40,949
Non-current assets	58,353	56,222
Current liabilities	18,205	13,938
Non-current liabilities	5,676	4,044
 Revenue	 114,933	 94,900
Profit/Total comprehensive income for the financial year	48,380	32,348
 Dividends paid	 31,875	 28,050

Reconciliation of summarised financial information of the associate to the carrying amount of interest in the associate:

	2021 RM'000	2020 RM'000
Adjusted net assets *	99,070	82,565
Proportion of ownership interest held by the Group	40%	40%
 Goodwill	 39,628	 33,026
	9,914	9,914
 Carrying amount of the Group's interest in the associate	 49,542	 42,940

* Including net assets sharing at 20% up to year 2004.

10. OTHER INVESTMENTS

	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
<i>Equity instruments designated at FVTOCI</i>				
Quoted shares	274	308	274	308
Unquoted shares	248	775	24	23
	522	1,083	298	331

11. DEFERRED TAX ASSETS

	Group 2021 RM'000	Group 2020 RM'000
At 1 January	5,959	4,046
Recognised in profit or loss	(774)	1,913
 At 31 December	 5,185	 5,959

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

11. DEFERRED TAX ASSETS (cont'd)

The temporary differences on which deferred tax assets have been recognised are as follows:

	Group	
	2021 RM'000	2020 RM'000
(Taxable)/Deductible temporary differences		
- Between net carrying amount and tax written down value of property, plant and equipment	(5,193)	(3,760)
- Other deductible temporary differences	10,378	9,719
At 31 December	<hr/> 5,185	<hr/> 5,959

The following deferred tax assets have not been recognised:

	Group	
	2021 RM'000	2020 RM'000
Unutilised tax losses	1,976	4,602
Unabsorbed capital allowances	6,089	4,534
At 31 December	<hr/> 8,065	<hr/> 9,136

Deferred tax assets have not been recognised in respect of the above items as it is not probable that future taxable profits will be available against which they may be utilised.

The unabsorbed capital allowances do not expire under the current tax legislation. The unutilised tax losses can be carried forward and will expire in the following years of assessment :

Year of assessment	Group	
	2021 RM'000	2020 RM'000
2025	-	4,602
2028	1,976	-
	<hr/> 1,976	<hr/> 4,602

In prior financial year, unutilised tax losses up to the year of assessment 2018 shall be deductible against statutory income until year of assessment 2025 and unutilised tax losses from year of assessment 2019 onwards shall only be allowed to be carried forward for a maximum period of seven (7) consecutive years of assessment. Any amount which is not utilised at the end of 2025 and the period of seven (7) years of assessment respectively shall be disregarded. However, based on the Finance Act 2021 which was gazetted on 31 December 2021, effective from the year of assessment 2019, the period to carry forward the unutilised tax losses from year of assessment 2019 onwards have been extended to 2028 and a maximum period of ten (10) consecutive years of assessment respectively.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

12. INVENTORIES

	Group	
	2021 RM'000	2020 RM'000
Raw materials	63,681	38,807
Work-in-progress	7,913	6,293
Finished goods	357,224	277,727
Consumables	23,525	17,340
Nursery stocks	696	578
	<hr/>	<hr/>
	453,039	340,745
	<hr/>	<hr/>

The cost of inventories recognised as an expense in cost of sales by the Group amounted to approximately RM2,390,447,000 (2020: RM1,970,594,000).

13. BIOLOGICAL ASSETS

	Group	
	2021 RM'000	2020 RM'000
At fair value		
At 1 January	2,239	1,684
Fair value changes	1,526	555
	<hr/>	<hr/>
At 31 December	3,765	2,239
	<hr/>	<hr/>
Physical quantity (Metric tonnes)	3,721	3,404
Total output per annum (Metric tonnes)	98,392	109,106
	<hr/>	<hr/>

The biological assets of the Group comprise oil palm fresh fruit bunches ("FFB") prior to harvest. The valuation model adopted by the Group considers the present value of the net cash flows expected to be generated from the sale of FFB.

To arrive at the fair value of FFB prior to harvest, the management considered the oil content of the unripe FFB and derived the assumption that the net cash flow to be generated from FFB prior to more than 15 days to harvest to be negligible, therefore quantity of unripe FFB on bearer plants of up to 15 days prior to harvest was used for valuation purpose. The net present value of cash flows is then determined with reference to the market value of crude palm oil at the date of harvest, adjusted for cost to sell at the point of harvest. Costs to sell, which include harvesting and transport cost, are deducted in arriving at the net cash flow to be generated.

The change in fair value of the biological assets in each accounting period is recognised in profit or loss. The Group's biological assets were fair valued within Level 3 of the fair value hierarchy. Fair value assessments have been completed consistently using the same valuation techniques.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

14. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Gross trade receivables	319,220	285,027	-	5
Less:				
Impairment losses	(142)	(473)	-	(5)
	319,078	284,554	-	-
Other receivables	32,234	20,630	196	176
Deposits	3,933	3,852	106	138
Prepayments	7,825	2,434	27	14
	363,070	311,470	329	328
The currency exposure profile of trade receivables is as follows:				
RM	247,877	224,352	-	5
United States Dollar ("USD")	65,921	57,830	-	-
Chinese Renminbi ("RMB")	726	621	-	-
Euro ("EUR")	4,464	2,223	-	-
Pound Sterling ("GBP")	231	-	-	-
Singapore Dollar ("SGD")	1	1	-	-
	319,220	285,027	-	5

Trade receivables comprise amounts receivable from the sale of goods to customers and outstanding rentals receivable from tenants. All trade receivables are granted credit periods between 7 and 90 (2020: 7 and 90) days.

Other receivables and deposits which are unsecured and non-interest bearing together with prepayments arise from the normal business transactions of the Group. Other receivables are due to be received within twelve months while the deposits are refundable upon demand.

15. AMOUNT OWING BY/(TO) IMMEDIATE HOLDING COMPANY

The amount owing by/(to) immediate holding company represents expenses paid on behalf which are receivable/repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

16. AMOUNTS OWING BY/(TO) RELATED COMPANIES

Related companies in the financial statements refer to companies within the Lam Soon Cannery Private Limited group of companies.

(a) Amounts owing by related companies

The amounts owing by related companies comprise:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Trade balances	4,207	3,375	-	-
Non-trade balances	1,659	1,677	-	1
	5,866	5,052	-	1

Trade balances are subject to normal trade terms while the non-trade balances mainly comprise expenses paid on behalf which are unsecured, interest-free and receivable on demand.

(b) Amounts owing to related companies

The amounts owing to related companies comprise:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Trade balances	(13,857)	(15,704)	-	-
Non-trade balances	(578)	(518)	(2)	(2)
	(14,435)	(16,222)	(2)	(2)

Trade balances are subject to normal trade terms while the non-trade balances mainly comprise advertising expenses, insurance premium, management fee charges and rental expenses which are unsecured, interest-free and payable on demand.

17. SHORT TERM INVESTMENTS

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<i>Designated at FVTPL</i>				
- Managed fund	632,310	585,914	433,350	425,329

Short term investments represent investments in a highly liquid money market.

The fund is mainly designed to manage free cash flows and to optimise working capital so as to provide a steady stream of income returns.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

18. DERIVATIVES

Derivatives outstanding at reporting date are as follows:

Group	Contract amount RM'000	Assets RM'000	Liabilities RM'000
2021			
Non-hedging derivatives:			
Forward currency contracts	351,236	1,759	397
2020			
Non-hedging derivatives:			
Forward currency contracts	182,652	2,796	213

Derivatives at financial year end are presented at gross for management monitoring purposes.

Forward currency contracts

Forward currency contracts are used to manage the Group's anticipated transactions in USD, SGD, GBP, EUR, Brunei Dollar ("BND") and RMB. These contracts are not designated as cash flow or fair value hedges and are entered into for periods consistent with the anticipated currency transaction.

19. SHORT TERM DEPOSITS

The short term deposits are placed with licensed banks and have maturity periods of less than one year. The effective interest rates of these deposits ranged between 1.20% and 1.75% (2020: 1.35% and 2.95%) per annum.

These deposits are readily convertible to cash and have insignificant risk of change in value.

20. CASH AND BANK BALANCES

The currency exposure profile of cash and bank balances is as follows:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
RM	14,857	16,044	156	245
USD	11	277	6	6
EUR	307	5	-	-
Others	4	3	-	-
	15,179	16,329	162	251

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

21. SHARE CAPITAL

	Group/Company	
	2021	2020
	RM'000	RM'000
Issued share capital of 214,720,012 ordinary shares		
At 1 January/31 December	214,720	214,720

22. RESERVES

	Group		Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Non-distributable:				
Capital reserve	196,909	196,909	-	-
Exchange translation reserve	1	2	-	-
Equity investment reserve	(3,358)	(2,800)	167	198
Distributable:				
Retained profits	1,182,526	1,057,413	650,480	635,533
	1,376,078	1,251,524	650,647	635,731

Capital reserve

The capital reserve relates to the Group's portion of bonus shares issued by its subsidiaries through the capitalisation of the subsidiaries retained profits.

23. DEFERRED TAX LIABILITIES

	Group		Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
At 1 January				
Recognised in profit or loss	25,452	23,640	1,641	1,642
	(2,809)	1,812	(1)	(1)
At 31 December	22,643	25,452	1,640	1,641

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

23. DEFERRED TAX LIABILITIES (cont'd)

The deferred tax liabilities comprise:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Taxable/(Deductible) temporary differences:				
- between net carrying amount and tax written down value of property, plant and equipment	24,131	23,652	-	-
- between net carrying amount and tax written down value of investment properties	1,640	1,642	1,640	1,642
- other temporary differences	(3,128)	158	-	(1)
	22,643	25,452	1,640	1,641

24. BANK BORROWINGS

	Group	
	2021 RM'000	2020 RM'000
<u>Current</u>		
Unsecured:		
- Bankers' acceptance bearing effective interest rate		
between 2.25% and 3.69% (2020: 2.21% and 3.75%) per annum		153,734
		110,453
<u>Non-Current</u>		
Unsecured		
- Term loan bearing effective interest rate at 2.95%		
(2020: Nil) per annum		4,929
		-

25. TRADE AND OTHER PAYABLES

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Trade payables	103,391	90,663	-	-
Other payables	17,545	15,506	61	12
Dividend payable	21,472	32,208	21,472	32,208
Deposits	1,887	1,945	2,037	2,037
Accruals	137,616	113,538	2,470	1,868
Contract liabilities	9,093	-	-	-
	291,004	253,860	26,040	36,125

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

25. TRADE AND OTHER PAYABLES (cont'd)

The currency exposure profile of trade payables is as follows:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
RM	93,944	84,455	-	-
USD	6,141	3,490	-	-
EUR	3,275	2,685	-	-
Others	31	33	-	-
	103,391	90,663	-	-

The currency exposure profile of other payables, dividend payable, deposits and accruals are as follows:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
RM	177,605	162,730	26,040	36,125
USD	655	299	-	-
Others	260	168	-	-
	178,520	163,197	26,040	36,125

Trade payables represent amounts outstanding from trade purchases. The normal credit periods granted by the trade payables ranged between 30 and 90 (2020: 30 and 90) days.

Contract liabilities include advances received from customers relating to sales of goods.

26. REVENUE

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<i>Revenue from contracts with customers</i>				
Sales of goods	3,005,617	2,404,652	-	-
<i>Other revenue</i>				
Rental income	7,787	6,888	6,214	6,174
Dividend income	7,844	10,471	127,553	93,106
Interest income	15	10	15	10
	3,021,263	2,422,021	133,782	99,290
<i>Timing of transfer of revenue recognition</i>				
- At a point in time	3,005,617	2,404,652	-	-

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

26. REVENUE (cont'd)

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<i>Disaggregation of revenue from contracts with customers</i>				
- Local sales	2,179,467	1,860,919	-	-
- Export sales	826,150	543,733	-	-
	3,005,617	2,404,652	-	-

27. COST OF SALES

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
	(Restated)	(Restated)	(Restated)	(Restated)
Cost of goods sold	2,443,278	1,992,964	-	-
Direct operating expenses	7,841	7,770	3,899	3,923
	2,451,119	2,000,734	3,899	3,923

28. FINANCE COSTS

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
	(Restated)	(Restated)	(Restated)	(Restated)
Interest expenses on:				
- Bankers' acceptance	3,023	3,248	-	-
- Revolving credits	-	970	-	-
- Lease liabilities	838	984	12	15
	3,861	5,202	12	15

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

29. PROFIT BEFORE TAX

Profit before tax is stated after charging:

	Group		Company	
	2021 RM'000	2020 RM'000 (Restated)	2021 RM'000	2020 RM'000 (Restated)
Auditors' remuneration				
- current financial year	336	329	83	83
- underprovision in prior financial year	-	5	-	3
Bad debts written off	156	314	-	-
Depreciation of property, plant and equipment	38,289	40,596	84	88
Depreciation of investment properties	2,513	2,516	3,070	3,071
Depreciation of right-of-use assets	7,099	6,710	87	87
Directors' fees				
- Directors of the Company				
- current financial year	1,885	1,166	265	316
- underprovision in prior financial year	645	-	-	-
- Directors of the subsidiaries				
- current financial year	410	485	-	-
- underprovision in prior financial year	50	40	-	-
Directors' remuneration				
- current financial year	26,358	16,295	-	-
- underprovision in prior financial year	25	-	-	-
Directors' post-employment benefits				
- defined contribution plan	2,242	1,290	-	-
Deficit on liquidation of a subsidiary	11	-	-	-
Fair value loss on short term investments	103	1,707	-	1,579
Gratuity and retirement benefits	3,683	2,211	-	88
Impairment loss on trade receivables	3	396	-	-
Inventories written down	14,548	-	-	-
Inventories written off	1,881	2,587	-	-
Lease expenses for short-term leases and low-value assets	913	903	-	-
Loss on disposal of property, plant and equipment	5	-	-	-
Loss on redemption of short term investments	1,554	-	1,255	-
Loss on foreign exchange				
- unrealised	-	254	-	-
Property, plant and equipment written off	250	757	-	1
Net fair value loss on derivatives	1,221	-	-	-
(Reversal)/Provision for COVID-19 expenses	(498)	498	-	-

and crediting:

Bad debts recovered	22	25	-	-
Dividend income from short-term investments	11,652	15,508	7,838	10,465
Fair value gain on short term investments	359	2	305	-
Gross dividend income from				
- subsidiaries	-	-	108,159	71,890
- associates	-	-	11,550	10,745
- other investments	6	6	6	6

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

29. PROFIT BEFORE TAX (cont'd)

	Group		Company	
	2021 RM'000	2020 RM'000 (Restated)	2021 RM'000	2020 RM'000 (Restated)
and crediting (cont'd):				
Gain from change in fair value of biological assets	1,526	555	-	-
Gain on disposal of property, plant and equipment	89	276	-	-
Gain on foreign exchange				
- realised	2,164	1,702	-	-
- unrealised	468	74	-	-
Interest income from				
- fixed and short term deposits	764	890	15	10
Inventories written back	-	5,500	-	-
Net fair value gain on derivatives	-	787	-	-
Operating lease income				
- rental of properties	3,565	2,853	6,214	6,174
Royalty income	1,317	1,430	-	-
Write back of impairment loss on trade receivables	329	-	-	-

30. TAX EXPENSE

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Malaysian tax based on the results for the financial year:				
- current	78,334	45,543	1,193	1,065
- (over)/under provision in prior financial year	(1,012)	335	74	15
	77,322	45,878	1,267	1,080
Deferred tax:				
- relating to (reversal)/origination of temporary differences	(2,752)	1,211	(1)	(1)
- under/(over) provision in prior financial year	717	(1,312)	-	-
	(2,035)	(101)	(1)	(1)
	75,287	45,777	1,266	1,079

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

30. TAX EXPENSE (cont'd)

The numerical reconciliations between the tax expense and the product of accounting profit multiplied by the applicable tax rate are as follows:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Accounting profit (excluding share of results in associates)	303,112	186,101	123,572	89,577
Tax at the applicable tax rate of 24% (2020: 24%)	72,747	44,664	29,657	21,498
Add/(Less):				
Tax effect of expenses not deductible in determining taxable profit	5,730	6,103	2,266	1,960
Tax effect of income not subject to tax	(2,638)	(3,838)	(30,731)	(22,394)
Utilisation of deferred tax assets not recognised previously	(257)	(175)	-	-
	75,582	46,754	1,192	1,064
Less:				
(Over)/Under provision in prior financial year				
- current tax	(1,012)	335	74	15
- deferred tax	717	(1,312)	-	-
	75,287	45,777	1,266	1,079

31. EARNINGS PER ORDINARY SHARE

Basic earnings per ordinary share is calculated based on consolidated profit for the financial year attributable to owners of the Company of RM232,462,000 (2020: RM157,336,000) and on 214,720,012 (2020: 214,720,012) number of ordinary shares in issue during the financial year. As there are no potential ordinary shares, the dilutive earnings per ordinary share is the same as basic earnings per ordinary share.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

32. DIVIDENDS

	Company	
	2021 RM'000	2020 RM'000
Recognised as distribution to owners of the Company during the financial year in respect of the financial year ended:		
31 December 2021		
- First interim single-tier dividend of 20 sen per share	42,944	-
- Second interim single-tier dividend of 10 sen per share	21,472	-
31 December 2020		
- Interim single-tier dividend of 15 sen per share	-	32,208
- Final and special single-tier dividend of 15 sen per share and 5 sen per share	42,944	-
31 December 2019		
- Final single-tier dividend of 10 sen per share	-	21,472
	<hr/> 107,360	<hr/> 53,680
Net dividend per ordinary share (sen)	<hr/> 50.00	<hr/> 25.00

The directors now recommend the payment of a special single-tier dividend of 20 sen per share amounting to RM42,944,002 for the financial year ended 31 December 2021, subject to approval of the shareholders at the forthcoming Company's annual general meeting.

33. EMPLOYEE BENEFITS EXPENSE

	Group	Company	
	2021 RM'000	2020 RM'000	2021 RM'000
	RM'000	RM'000	RM'000
Salaries, wages, allowances and bonuses			
- Executive directors	26,383	16,295	-
- Other employees	141,296	138,398	4,132
Gratuity and retirement benefits	3,683	2,211	-
Defined contribution plan - EPF contributions			
- Executive directors	2,242	1,290	-
- Other employees	16,782	15,197	497
Social security costs - SOCSO contributions	1,352	1,281	11
Other staff related benefits	4,543	2,202	72
	<hr/> 196,281	<hr/> 176,874	<hr/> 4,712
			3,696

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

34. RELATED PARTY DISCLOSURES

- (a) The Company has a controlling related party relationship with its subsidiaries referred to in Note 8.
- (b) The Company also has related party relationship with the following related parties:
 - (i) Associates as referred to in Note 9.
 - (ii) Immediate holding and related companies referred to in Notes 15 and 16.
 - (iii) Companies in which certain directors of the Company have financial interests.
- (c) In addition to information disclosed elsewhere in the financial statements, the Group and the Company have the following significant transactions with the related parties during the financial year:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Sales to				
- an associate	5,362	4,207	-	-
- related companies	22,259	19,319	-	-
Lease rental income from				
- a subsidiary	-	-	5,895	5,895
- related companies	2,912	2,410	229	189
Commission income from a related company	376	290	-	-
Royalty income from an associate	1,317	1,430	-	-
Management fees from				
- immediate holding company	288	288	288	288
- subsidiaries	-	-	206	373
- related companies	90	90	90	90
Purchases from				
- an associate	508,000	533,268	-	-
- related companies	115,494	88,960	-	-
- companies in which certain directors of the Company have financial interests	85	162	-	-
Rentals charged by				
- a related company	1,644	1,843	95	103
- immediate holding company	995	1,171	-	-
Management fees charged by				
- a subsidiary	-	-	13	13
- a related company	332	303	-	-
Advertising expenses paid to a related company	837	1,191	-	-

Information regarding outstanding balances with the subsidiaries, associates, immediate holding company and related companies at financial year end arising from related party transactions are disclosed in Notes 8, 9, 15 and 16 respectively.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

34. RELATED PARTY DISCLOSURES (cont'd)

(d) Compensation of key management personnel

The key management personnel are the directors of the Company.

The remuneration of directors of the Company and the Group during the financial year comprises:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Fees				
- current financial year	2,295	1,651	265	316
- prior financial year	695	40	-	-
Remuneration				
- current financial year	26,358	16,295	-	-
- prior financial year	25	-	-	-
	29,373	17,986	265	316
Post-employment benefits				
- defined contribution plan	2,242	1,290	-	-
Total compensation	31,615	19,276	265	316

35. CAPITAL COMMITMENTS

	Group	
	2021 RM'000	2020 RM'000
Approved capital expenditure in respect of property, plant and equipment not provided for in financial statements		
- contracted	32,375	1,579
- not contracted	127,626	98,014
	160,001	99,593

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

36. OPERATING LEASE ARRANGEMENTS

The Group as lessor

The Group entered into commercial property leases to earn rental income from its investment properties and property, plant and equipment.

These leases have remaining non-cancellable lease terms of average 3 years with an option to renew for a further 2 years. The lease includes a clause to enable a revision of the rental charge after the expiry dates, based on prevailing market conditions. The Group does not have any contingent rental arrangements.

The maturity analysis of rentals receivable under these non-cancellable leases are as follows:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
In the first year	7,924	4,515	6,216	6,231
In the second year	1,260	3,346	1,730	4,487
In the third year	600	-	-	-
	9,784	7,861	7,946	10,718

37. FINANCIAL INSTRUMENTS

(a) Classification of financial instruments

2021 Group	At amortised cost RM'000	At FVTPL RM'000	At FVTOCI RM'000	Total RM'000
<u>Financial assets</u>				
Other investments	-	-	522	522
Trade and other receivables	355,245	-	-	355,245
Amount owing by an associate	10,456	-	-	10,456
Amounts owing by related companies	5,866	-	-	5,866
Short term investments	-	632,310	-	632,310
Derivatives	-	1,759	-	1,759
Deposits, cash and bank balances	73,500	-	-	73,500
Total financial assets	445,067	634,069	522	1,079,658
 <u>Company</u>				
<u>Financial assets</u>				
Other investments	-	-	298	298
Trade and other receivables	302	-	-	302
Amounts owing by subsidiaries	273	-	-	273
Short term investments	-	433,350	-	433,350
Deposits, cash and bank balances	312	-	-	312
Total financial assets	887	433,350	298	434,535

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

37. FINANCIAL INSTRUMENTS (cont'd)

(a) Classification of financial instruments (cont'd)

2021 Group	At amortised cost RM'000	At FVTPL RM'000	Total RM'000	
<u>Financial liabilities</u>				
Trade and other payables	281,911	-	281,911	
Amount owing to immediate holding company	12	-	12	
Amount owing to an associate	92,890	-	92,890	
Amounts owing to related companies	14,435	-	14,435	
Bank borrowings	158,663	-	158,663	
Derivatives	-	397	397	
Total financial liabilities	547,911	397	548,308	
Company				
<u>Financial liabilities</u>				
Trade and other payables	26,040	-	26,040	
Amount owing to a subsidiary	5	-	5	
Amount owing to a related company	2	-	2	
Total financial liabilities	26,047	-	26,047	
2020 Group	At amortised cost RM'000	At FVTPL RM'000	At FVTOCI RM'000	Total RM'000
<u>Financial assets</u>				
Other investments	-	-	1,083	1,083
Trade and other receivables	309,036	-	-	309,036
Amount owing by immediate holding company	2	-	-	2
Amount owing by an associate	14,970	-	-	14,970
Amounts owing by related companies	5,052	-	-	5,052
Short term investments	-	585,914	-	585,914
Derivatives	-	2,796	-	2,796
Deposits, cash and bank balances	42,608	-	-	42,608
Total financial assets	371,668	588,710	1,083	961,461

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

37. FINANCIAL INSTRUMENTS (cont'd)

(a) Classification of financial instruments (cont'd)

2020 Company	At amortised cost RM'000	At FVTPL RM'000	At FVTOCI RM'000	Total RM'000
<u>Financial assets</u>				
Other investments	-	-	331	331
Trade and other receivables	314	-	-	314
Amounts owing by subsidiaries	262	-	-	262
Amounts owing by related companies	1	-	-	1
Short term investments	-	425,329	-	425,329
Cash and bank balances	251	-	-	251
Total financial assets	828	425,329	331	426,488
 <u>2020 Group</u>				
<u>Financial liabilities</u>				
Trade and other payables	253,860	-	253,860	
Amount owing to an associate	98,230	-	98,230	
Amounts owing to related companies	16,222	-	16,222	
Bank borrowings	110,453	-	110,453	
Derivatives	-	213	213	
Total financial liabilities	478,765	213	478,978	
 <u>Company</u>				
<u>Financial liabilities</u>				
Trade and other payables	36,125	-	36,125	
Amount owing to a subsidiary	2	-	2	
Amount owing to a related company	2	-	2	
Total financial liabilities	36,129	-	36,129	

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

37. FINANCIAL INSTRUMENTS (cont'd)

(b) Fair value of financial instruments

The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction, other than in a forced or liquidation sale.

The carrying amounts of the financial instruments of the Group and of the Company at the reporting date approximated or were at their fair values.

The carrying amounts of bank borrowings of the Group at the end of the reporting period approximated or were at their fair values.

The following summarises the methods used in determining the fair value of the financial instruments:

Financial assets and financial liabilities (non-derivative)

The fair value of financial assets and financial liabilities is determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

Other investments

Fair value of quoted investments has been determined by reference to their quoted closing bid price at the reporting date. The fair value of unquoted investments has been estimated based on recoverable amount of the investment.

Short term investments

Fair value of short term investments has been determined by reference to the net assets value of the managed funds at the end of the reporting period as quoted by the fund managers.

Derivatives

Fair value of forward currency contracts has been determined by reference to current forward exchange rates for contracts with similar maturity profiles. Where the quoted market price are not available, fair values are based on management's best estimate and are arrived by reference to the market prices of another contract that is substantially similar.

The Group's financial instruments carried at fair value by level of fair value hierarchy in which the different levels have been defined are 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).

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

37. FINANCIAL INSTRUMENTS (cont'd)

(b) Fair value of financial instruments (cont'd)

2021 Group	Level 1 RM'000	Level 2 RM'000	Total RM'000
<u>Financial assets</u>			
Other investments	274	248	522
Short term investments	-	632,310	632,310
Derivatives	-	1,759	1,759
	274	634,317	634,591
<u>Financial liabilities</u>			
Derivatives	-	397	397
 <u>Company</u>			
<u>Financial assets</u>			
Other investments	274	24	298
Short term investments	-	433,350	433,350
	274	433,374	433,648
 <u>2020</u>			
<u>Group</u>			
<u>Financial assets</u>			
Other investments	308	775	1,083
Short term investments	-	585,914	585,914
Derivatives	-	2,796	2,796
	308	589,485	589,793
<u>Financial liabilities</u>			
Derivatives	-	213	213
 <u>Company</u>			
<u>Financial assets</u>			
Other investments	308	23	331
Short term investments	-	425,329	425,329
	308	425,352	425,660

There were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 throughout the financial year.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's overall financial risk management objectives and policies are to ensure that the Group creates value and maximises returns to its shareholders.

Financial risk management is carried out through risk review, internal control systems, benchmarking the industry's best practices and adherence to the Group's financial risk management policies.

The Group has been financing its operations mainly through internally generated funds as well as borrowings from licensed financial institutions. Other than foreign currency forward contracts, the Group does not find it necessary to enter into derivative transactions based on its current level of operations.

The management of the Group monitors its financial position closely with an objective to minimise potential adverse effects on the performance of the Group. The management reviews and agrees on policies for managing each of these risks and they are summarised below. These policies have remained unchanged during the financial year.

(a) Credit risk

Credit risk arises when sales are made to receivables on deferred credit terms.

The Group's exposure to credit risk is monitored on an ongoing basis through Group's management reporting procedures. The Group has its credit approvals and monitoring procedures in place to manage the credit risk exposure. The risk is managed through the application of the Group's extensive credit management procedures which include the application of credit approvals whereby credit evaluations are performed on all customers requiring credit over a certain amount and period, adherence to credit limit, regular monitoring and follow up procedures by senior management.

The Group does not require collateral in respect of financial assets and considers the risk of material loss from the non-performance on the part of a financial counter-party to be negligible.

Loss allowance is measured at an amount equal to lifetime ECL. The ECL are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current 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 financial year.

The ageing analysis of receivables at reporting date which are trade in nature is as follows:

Group 2021	Loss		
	Gross RM'000	allowance RM'000	Net RM'000
Not past due	256,423	-	256,423
1 to 30 days past due	53,955	-	53,955
31 and 60 days past due	19,362	-	19,362
More than 61 days past due	4,001	-	4,001
<i>Credit impaired</i>			
Individually impaired	142	(142)	-
	333,883	(142)	333,741

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(a) Credit risk (cont'd)

Group 2021	Gross RM'000	Loss allowance RM'000	Net RM'000
<u>Included under receivables</u>			
Trade receivables	319,220	(142)	319,078
Amount owing by an associate	10,456	-	10,456
Amounts owing by related companies	4,207	-	4,207
	333,883	(142)	333,741
 2020			
Not past due	247,158	-	247,158
1 to 30 days past due	33,710	-	33,710
31 and 60 days past due	17,803	-	17,803
More than 61 days past due	4,228	-	4,228
<i>Credit impaired</i>			
Individually impaired	473	(473)	-
	303,372	(473)	302,899
 <u>Included under receivables</u>			
Trade receivables	285,027	(473)	284,554
Amount owing by an associate	14,970	-	14,970
Amounts owing by related companies	3,375	-	3,375
	303,372	(473)	302,899
 Company			
2020			
<i>Credit impaired</i>			
Individually impaired	5	(5)	-
 <u>Included under receivables</u>			
Trade receivables	5	(5)	-

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(a) Credit risk (cont'd)

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM77,318,000 (2020: RM55,741,000) that are past due at the reporting date but not impaired. These balances relate to a large number of diversified customers that have good track record with the Group and the directors are of the view that these receivables are recoverable.

The movements in the credit loss allowances of trade receivables are as follows:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
At 1 January	473	3,034	5	5
Impairment loss recognised	3	396	-	-
Write back of impairment loss	(329)	-	-	-
Write off of impairment loss	(5)	(2,957)	(5)	-
At 31 December	142	473	-	5

The Group invests its surplus cash safely and profitably by depositing them with reputable and creditworthy licensed financial institutions.

Cash and cash equivalents, other receivables, amounts owing by immediate holding company and related companies and short-term investments are subject to insignificant credit loss as management does not expect any losses arising from non-performance by these counterparties.

(b) Foreign currency exchange risk

The Group is exposed to foreign currency exchange risk as a result of transactions denominated in currencies other than the functional currency of the Group. The Group's exposure to foreign currency exchange risk is monitored on an ongoing basis.

Certain subsidiaries entered into foreign currency forward contracts in the normal course of business in order to limit their exposure and to manage exposure to fluctuations in foreign currency exchange rates. These contracts are entered into with reputable licensed banks.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(b) Foreign currency exchange risk (cont'd)

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit after tax on the outstanding foreign currency denominated monetary items to a reasonably possible change in the USD, RMB and EUR exchange rates against the functional currency of the Group at reporting date, with all other variables held constant:

		Group	
		2021	2020
		RM'000	RM'000
		Increase/ (Decrease)	Increase/ (Decrease)
USD/RM	- strengthened 5% (2020: 5%) - weakened 5% (2020: 5%)	2,247 (2,247)	2,054 (2,054)
RMB/RM	- strengthened 5% (2020: 5%) - weakened 5% (2020: 5%)	28 (28)	24 (24)
EUR/RM	- strengthened 5% (2020: 5%) - weakened 5% (2020: 5%)	45 (45)	(18) 18

(c) Interest rate risk

Interest rate risk is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates.

The Group is exposed to interest rate risk in respect of its fixed and short term deposits placed with licensed banks and bank borrowings.

Interest rate risk arising from fixed and short term deposits placed, which are all short term in nature, is managed by sourcing for the highest interest rate in the market amongst reputable licensed banks after taking into account the duration and availability of funds for the operational financial requirements of the Group.

Interest rate risk arising from bank borrowings is subject to fixed interest rates spread above the banks' base lending rate before the facilities are accepted.

At the reporting date, if interest rates had been 50 basis points lower/higher, with all other variables held constant, the Group's profit net of tax would have been RM381,302 (2020: RM319,858) higher/lower, arising mainly as a result of lower/higher interest expense/income from floating rate borrowings and fixed and short term deposits placed. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(d) Price risk

The Group is exposed to market risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market prices.

The Group is exposed to price risk arising from changes in value caused by movements in market price of its investments in quoted shares. The risk of loss is minimised via thorough analysis before investing and continuous monitoring of the performance of the investments. The Group optimises returns by disposing of investments only after thorough analysis.

(e) Cash flow and liquidity risks

Cash flow and liquidity risks are the risk that the Group will not be able to meet its financial obligations when they fall due. The Group's exposure to liquidity risk arises principally from its various payables and borrowings.

The Group seeks to ensure all business units maintain optimum levels of liquidity at all times, sufficient for their operating, investing and financing activities.

Therefore, the policy seeks to ensure that each business unit, through efficient working capital management (ie. inventory, accounts receivable and accounts payable management), must be able to convert its current assets into cash to meet all demands for payment as and when they fall due.

The Group manages its working capital through preparation of cash flow forecast, assessment of customers' creditworthiness, prompt follow ups on overdue and slow paying customers, reviews of inventory holding, maintaining cordial relationships with suppliers, as well as obtaining short term credit facilities from the banks.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's financial liabilities at the reporting date based on contractual undiscounted repayment obligations.

Group 2021	On demand or within 1 year RM'000	1 to 5 years RM'000	More than 5 years RM'000	Total RM'000
Financial liabilities				
Trade and other payables	281,911	-	-	281,911
Amount owing to immediate holding company	12	-	-	12
Amount owing to an associate	92,890	-	-	92,890
Amounts owing to related companies	14,435	-	-	14,435
Bank borrowings	153,734	4,929	-	158,663
Derivatives	397	-	-	397
Lease liabilities	543,379 7,632	4,929 11,774	- 1,471	548,308 20,877
	551,011	16,703	1,471	569,185

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(e) Cash flow and liquidity risks (cont'd)

Group 2020	On demand or within 1 year RM'000	1 to 5 years RM'000	More than 5 years RM'000	Total RM'000
<u>Financial liabilities</u>				
Trade and other payables	253,860	-	-	253,860
Amount owing to an associate	98,230	-	-	98,230
Amounts owing to related companies	16,222	-	-	16,222
Bank borrowings	110,453	-	-	110,453
Derivatives	213	-	-	213
	478,978	-	-	478,978
Lease liabilities	7,010	15,389	463	22,862
	485,988	15,389	463	501,840
 Company 2021				
<u>Financial liabilities</u>				
Trade and other payables	26,040	-	-	26,040
Amount owing to a subsidiary	5	-	-	5
Amount owing to a related company	2	-	-	2
	26,047	-	-	26,047
Lease liabilities	96	192	-	288
	26,143	192	-	26,335
 2020				
<u>Financial liabilities</u>				
Trade and other payables	36,125	-	-	36,125
Amount owing to a subsidiary	2	-	-	2
Amount owing to a related company	2	-	-	2
	36,129	-	-	36,129
Lease liabilities	96	287	-	383
	36,225	287	-	36,512

(f) Business risk

The Group is exposed to risk arising from fluctuations in the market prices of crude palm oil which are determined by constantly changing market forces of supply and demand, and other factors. The other factors include government policy, environmental regulations, weather conditions and diseases. The Group has little or no control over these conditions and factors.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

39. CAPITAL MANAGEMENT

The Group's primary objectives when managing its capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to sustain the future development of the business.

The capital structure of the Group consists of equity attributable to the shareholders of the Company, comprising share capital, reserves, retained profits and total debts, which consist of bank borrowings and lease liabilities.

The Group actively and regularly reviews and manages its capital structure. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid or issue new shares to shareholders. No changes were made in the objectives, policies or processes during the financial year.

The Company provides financial support to certain subsidiaries to enable these subsidiaries to operate as going concern and to meet their liabilities as and when they fall due.

Total borrowings to capital ratios at the reporting date are as follows:

Group	2021 RM'000	2020 RM'000
Share capital	214,720	214,720
Reserves	1,376,078	1,251,524
	1,590,798	1,466,244
Non-controlling interests	99,763	87,774
	1,690,561	1,554,018
Bank borrowings	158,663	110,453
Lease liabilities	19,578	21,185
	178,241	131,638
Total borrowings to total equity (%)	10.54	8.47

40. COMPARATIVES

The following comparative figures have been reclassified to conform with current year's presentation.

2020	As previously reported RM'000	Reclassification RM'000	As restated RM'000
Statements of Financial Position:			
Group			
Property, plant and equipment	476,866	3,010	479,876
Prepaid lease payment	3,010	(3,010)	-

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

40. COMPARATIVES (cont'd)

2020	As previously reported RM'000	Reclassification RM'000	As restated RM'000
Company			
Investment properties	67,581	3,010	70,591
Prepaid lease payment	3,010	(3,010)	-
Statements of Comprehensive Income:			
Group			
Cost of sales	2,002,717	(1,983)	2,000,734
Selling and distribution expenses	120,797	1,983	122,780
Statements of Cash Flows:			
Group			
Depreciation of property, plant and equipment	40,512	84	40,596
Amortisation of prepaid lease payment	84	(84)	-
Company			
Depreciation of investment properties	2,987	84	3,071
Amortisation of prepaid lease payment	84	(84)	-

41. SUBSEQUENT EVENT

On 3 January 2022, LSEO, a subsidiary of the Company, entered into a Sale and Purchase Agreement with Lam Soon Cannery Private Limited and Lam Soon Strategic Sdn. Bhd., for the acquisition of 6,971,059 ordinary shares in Silk Holdings Pte. Ltd. ("Silk"), a company incorporated in Singapore, representing the entire issued and paid-up ordinary shares of Silk, for a total consideration of SGD5,600,000.

The acquisition was completed on 20 January 2022 after the condition precedent was fulfilled and consequently, Silk became a wholly owned subsidiary of LSEO.

42. AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

These financial statements were authorised for issue by the board of directors on 11 May 2022.

STATEMENT BY DIRECTORS

Pursuant to Section 251 (2) of the Companies Act 2016

We, Whang Shang Ying and Khoo Heng Suan, being two of the directors of Lam Soon (M) Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 22 to 91 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2021 and financial performance and cash flows of the Group and of the Company for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Signed on behalf of the board of directors in accordance with a directors' resolution.

WHANG SHANG YING

Director

11 May 2022

KHOO HENG SUAN

Director

STATUTORY DECLARATION

Pursuant to Section 251 (1)(b) of the Companies Act 2016

I, Khoo Heng Suan (I/C: 470109-04-5509) being the director primarily responsible for the financial management of Lam Soon (M) Berhad, do solemnly and sincerely declare that, to the best of my knowledge and belief, the accompanying financial statements of the Group and of the Company for the financial year ended 31 December 2021 as set out on pages 22 to 91, are correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly
declared by the above named
Khoo Heng Suan
at Petaling Jaya
in the State of Selangor
this 11 May 2022

KHOO HENG SUAN

Before me,

Commissioner of Oaths

Wong Choy Yin (No: B508)
Pesuruhjaya Sumpah
Petaling Jaya

APPENDIX

DIRECTORS OF SUBSIDIARIES OF THE COMPANY

The following is the list of directors who served on the boards of the subsidiaries since the beginning of the current financial year to the date of the Directors' Report:

<u>Name of Subsidiary</u>	<u>Name of Director</u>
1. Lam Soon Edible Oils Sdn. Bhd.	Mr. Whang Shang Ying Mr. Khoo Heng Suan Mr. Chua K Hong Mr. Lim Paw Serng (Alternate director to Mr. Whang Shang Ying) Mr. Khong Cheong Foo (Appointed on 10 March 2022) Mr. Lo Wye Kan (Appointed as alternate director to Mr. Khong Cheong Foo on 10 March 2022) Mr. Quick Back Heng @ Kuek Bak Heng (Resigned on 8 March 2022) Mr. Khew Chai Loong (Ceased as alternate director to Mr. Quick Back Heng @ Kuek Bak Heng on 8 March 2022)
2. Lam Soon Plantations Sdn. Bhd.	Mr. Whang Shang Ying Mr. Khoo Heng Suan Datuk Dr. Richard Sakian Gunting
3. LM Services Sdn. Bhd.	Mr. Andrew Kok Kuan Ming Mr. Long See Boon
4. Rennes Properties Sdn. Bhd.	Mr. Whang Shang Ying Mr. Khoo Heng Suan Mr. Yong Chee Hoong (Appointed on 1 February 2021) Ms. Tan Guat Sim (Resigned on 1 February 2021)
5. Lam Soon Commodities Sdn. Bhd.	Mr. Khoo Heng Suan Mr. Chua K Hong
6. Lam Soon Food Industries Sdn. Bhd.	Mr. Chua K Hong Ms. Chau Sau Wei (Appointed on 1 February 2021) Ms. Tan Guat Sim (Resigned on 1 February 2021)
7. Lam Soon Distribution Sdn. Bhd.	Mr. Whang Shang Ying Mr. Khoo Heng Suan Mr. Chua K Hong Ms. Tan Guat Sim (Resigned on 31 January 2021)
8. Lam Soon Trading Sdn. Bhd.	Mr. Chua K Hong Mr. Yee Chai Kin (Appointed on 1 February 2021) Ms. Tan Guat Sim (Resigned on 1 February 2021)
9. Pacific Oleochemicals Sdn. Bhd.	Mr. Whang Shang Ying Mr. Khoo Heng Suan Datuk Dr. Richard Sakian Gunting Mr. Low Yin Peng

DIRECTORS OF SUBSIDIARIES OF THE COMPANY (cont'd)

<u>Name of Subsidiary</u>	<u>Name of Director</u>
10. Pacoleo Pte. Ltd.	Mr. Whang Shang Ying Mr. Khoo Heng Suan Ms. Chan Chia Lin (Appointed on 8 February 2021) Mr. Whang Tar Liang (Resigned on 10 February 2021)
11. LS Cyber DC Sdn. Bhd.	Mr. Whang Shang Ying Mr. Khoo Heng Suan Mr. Ong Chong Lai

FORM OF PROXY

I/We,.....I.C./Passport/Company No:.....

of.....

being a member/members of LAM SOON (M) BERHAD, hereby appoint

.....
of

OR failing him/her.....

of

OR failing him/her the Chairperson of the Meeting as my/our proxy to vote for me/us and on my/our behalf at the 40th Annual General Meeting of the Company to be conducted entirely through live streaming from the broadcast venue at Symphony Square Auditorium, 3A Floor, No. 5 Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan on **Monday, 20 June 2022 at 3.00 p.m.** and at any adjournment thereof.

My/Our proxy is to vote as indicated below:

No.	Resolutions	For	Against
1.	To approve the payment of a special single tier dividend of 20 sen per share in respect of the financial year ended 31 December 2021.		
2.	To approve the payment of Directors' fees for the financial year ended 31 December 2021.		
3.	To re-elect Mr. Khoo Heng Suan as a Director of the Company.		
4.	To re-elect Y. Bhg. Dato' Haji Abdul Mutalib bin Datuk Seri Mohamed Razak as a Director of the Company.		
5.	To re-elect Mr. Khong Cheong Foo as a Director of the Company.		
6.	To re-appoint Mazars PLT as Auditors of the Company and to authorise the Directors to fix their remuneration.		

Please indicate with a "✓" in the appropriate space how you wish your vote to be cast. If you do not indicate how you wish your proxy to vote on any Resolution, the proxy will vote as he thinks fit, or, at his discretion, abstain from voting.

Signed this day of 2022.

.....
Signature/Common Seal of Shareholder(s)

Email address	
Contact number	

NOTES:

i) The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairperson of the Meeting to be present at the main venue of the meeting.

Shareholders **WILL NOT BE ALLOWED** to attend this 40th Annual General Meeting ("AGM") in person at the Broadcast Venue on the day of the meeting.

Shareholders are to attend, (including posing questions to the Board via real time submission of typed texts) and vote (collectively, "participate") remotely at this AGM via the Remote Participation and Electronic Voting ("RPEV") facilities provided by Boardroom Share Registrars Sdn Bhd via the Boardroom Smart Investor Portal at <https://investor.boardroomlimited.com>

ii) A member entitled to attend and vote at the annual general meeting is entitled to appoint a proxy instead of him. A proxy need not be a member of the Company. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorised.

iii) The instrument appointing the proxy must be deposited at the office of the Company's Share Registrar, Boardroom Share Registrars Sdn Bhd, at 11th Floor, Menara Symphony, No. 5 Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan; or by electronic submission via the Boardroom Smart Investor Portal at <https://investor.boardroomlimited.com> (eProxy); or email to bsr.helpdesk@boardroomlimited.com not less than 48 hours before the time for holding the meeting or adjourned meeting.



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STAMP

The Share Registrar of
LAM SOON (M) BERHAD
[198201004526(84273-H)]

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

antabax



Kills 99.9%
Germs

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