



Plantations

# PERSEVERANCE AMIDST CHALLENGES

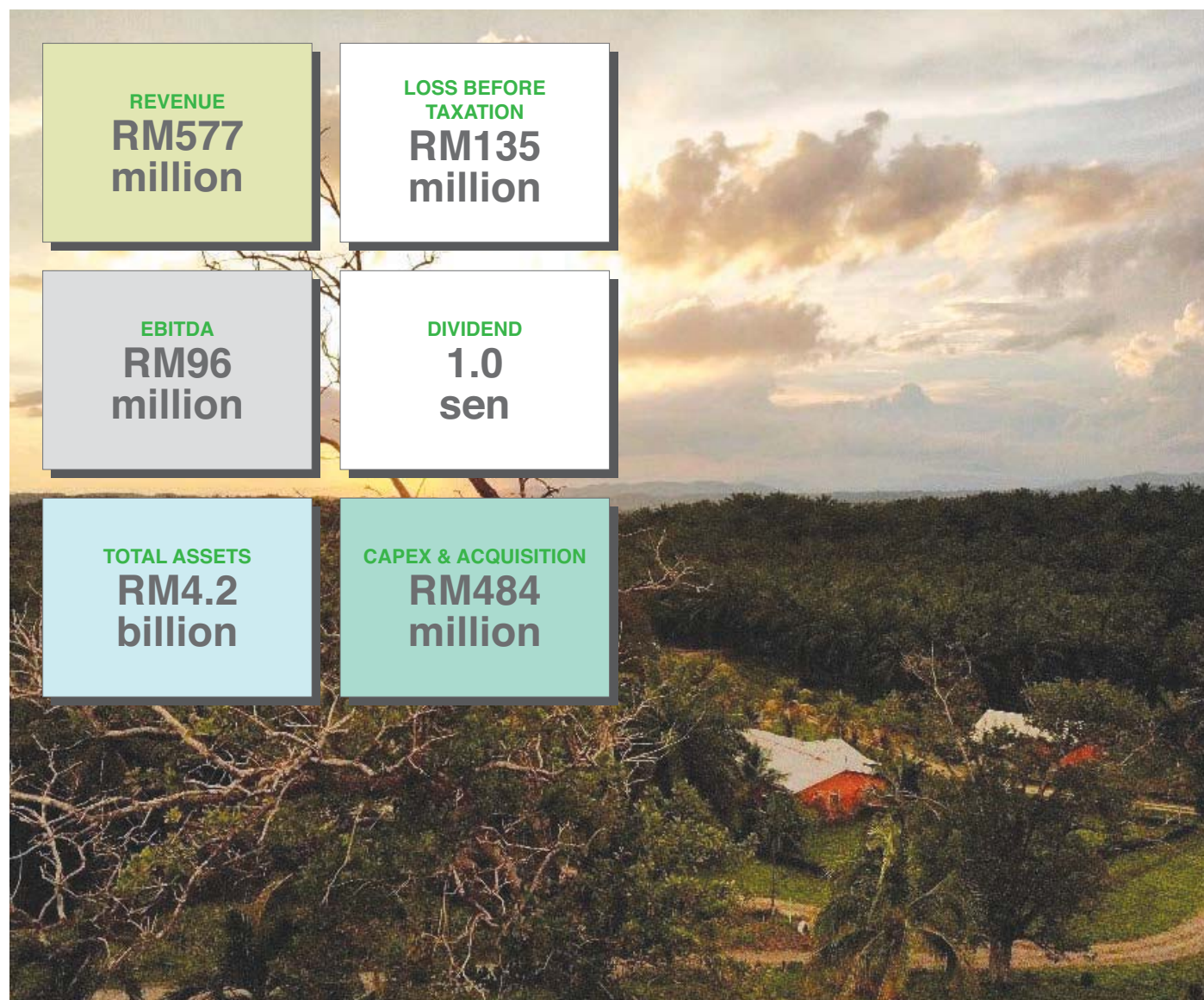
ANNUAL  
REPORT  
2019

## WHO WE ARE

Boustead Plantations Berhad (BPB) is a listed subsidiary of Boustead Holdings Berhad, one of Malaysia's largest diversified conglomerates. Given our substantial track record in plantation management and operations which spans decades, BPB is today an established upstream oil palm plantation company.

The Group manages a portfolio of 48 oil palm estates in Malaysia. Of these, 19 estates are located in Peninsular Malaysia, 20 in Sabah and nine in Sarawak. Additionally, our operations include 10 mills in Malaysia. BPB's land bank spans 98,200 hectares (ha) of which 79,400 ha is cultivated with oil palm.

## FACTS AT A GLANCE





Annual Report 2019



Sustainability Report 2019

# MANAGEMENT DISCUSSION AND ANALYSIS

- 22 Chairman's Statement
- 26 CEO's Review

## GOVERNANCE

- 32 Audit Committee Report
- 36 Corporate Governance Overview Statement
- 48 Statement on Risk Management and Internal Control
- 52 Risk Committee Report
- 54 Directors' Responsibility Statement

## FINANCIAL STATEMENTS

- 55 Financial Statements

## SHAREHOLDERS' INFORMATION

- 151 Additional Compliance Information
  - 152 Recurrent Related Party Transactions
  - 154 Properties of the Group
  - 156 Group Agricultural Statistics
  - 157 Plantation Area Statement
  - 158 Location of Group Plantations
  - 160 Shareholding Statistics
  - 162 Statement of Directors' and CEO's Interests
  - 163 Dividend Policy
  - 164 Notice of Annual General Meeting
  - 169 Administrative Notes for the One Hundred and Seventh Annual General Meeting of Boustead Plantations Berhad
- Proxy Form

### Cover Rationale

We remain steadfast and resilient as we face challenges in the current market landscape. With hard work, determination and the right mind-set, we will continue to strengthen and persevere in times of adversity to emerge stronger. By working hard on improving efficiencies, building on organic growth and unlocking opportunities for new investments, we will continue to stay the course and deliver sustainable results and value from our core business areas.

## WHAT'S INSIDE

### ABOUT BOUSTEAD PLANTATIONS BERHAD

- Who We Are
- Facts at a Glance
- 2 Five-Year Financial Highlights
- 4 Corporate Information
- 5 Financial Calendar

### LEADERSHIP

- 6 Profile of Directors
- 16 Profile of CEO
- 17 Senior Management Team
- 18 Profile of Senior Management Team



Scan to view or download our Annual Report 2019 here



Scan to view or download our Sustainability Report 2019 here



ONLINE VERSION

Find more information online at [www.bousteadplantations.com.my](http://www.bousteadplantations.com.my)

# FIVE-YEAR FINANCIAL HIGHLIGHTS

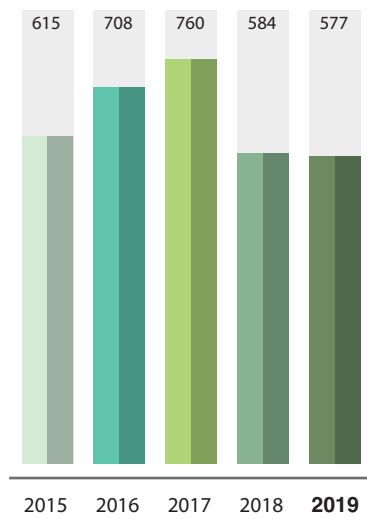
		2019	2018	2017	2016	2015
<b>FINANCIAL PERFORMANCE</b>						
Revenue		<b>577</b>	584	760	708	615
(Loss)/Profit before taxation		<b>(135)</b>	(51)	689	276	95
(Loss)/Profit after taxation		<b>(157)</b>	(64)	614	216	72
(Loss)/Profit attributable to shareholders		<b>(144)</b>	(52)	620	228	79
(Loss)/Earnings per share	sen	<b>(6.4)</b>	(2.3)	27.7	10.2	3.5
Return on equity	%	<b>(5.5)</b>	(1.8)	21.7	10.4	3.5
Return on assets	%	<b>(1.7)</b>	(0.4)	19.2	9.3	3.6
Return on revenue	%	<b>(3.8)</b>	(3.5)	19.2	20.2	9.8
<b>DIVIDENDS</b>						
Dividend for the year		<b>22</b>	157	312	232	208
Net dividend per share	sen	<b>1.0</b>	7.0	19.5	14.5	13.0
Dividend yield	%	<b>1.3</b>	9.3	11.8	8.7	8.7
Dividend cover	times	<b>(6.4)</b>	(0.3)	2.0	1.0	0.4
<b>GEARING</b>						
Borrowings		<b>1,377</b>	1,118	140	901	915
Gearing	times	<b>0.5</b>	0.4	0.1	0.4	0.4
Interest cover	times	<b>(1.1)</b>	(0.4)	25.3	7.2	3.1
<b>OTHER FINANCIAL STATISTICS</b>						
Net assets per share	sen	<b>114</b>	121	189	137	136
Share price – high	sen	<b>100</b>	137	175	166	150
Share price – low	sen	<b>57</b>	67	159	140	116
Earnings ratio	times	<b>(11.8)</b>	(32.4)	6.0	11.7	30.4
Paid up share capital		<b>1,422</b>	1,422	1,422	800	800
Number of issued share capital	million	<b>2,240</b>	2,240	1,600	1,600	1,600
Shareholders' equity		<b>2,552</b>	2,718	3,020	2,186	2,182
Total equity		<b>2,452</b>	2,631	2,945	2,215	2,228
Total assets		<b>4,200</b>	4,165	3,451	3,257	3,299

All figures are in RM million unless otherwise stated.



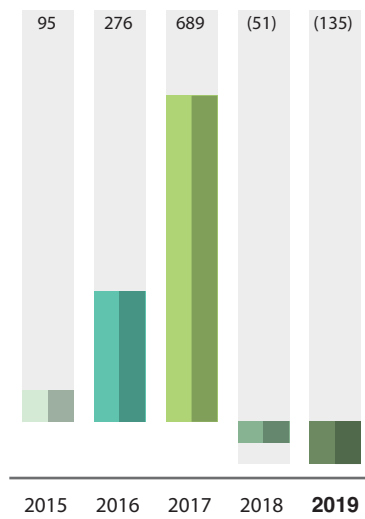
### REVENUE

(RM Million)



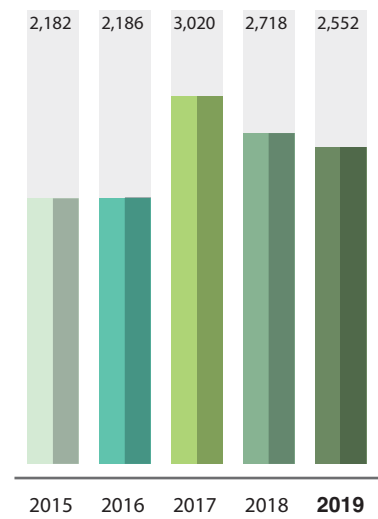
### (LOSS)/PROFIT BEFORE TAXATION

(RM Million)



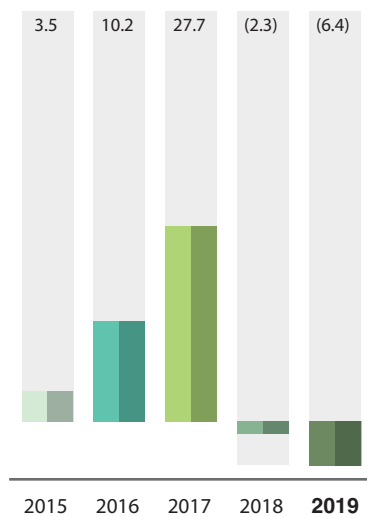
### SHAREHOLDERS' EQUITY

(RM Million)



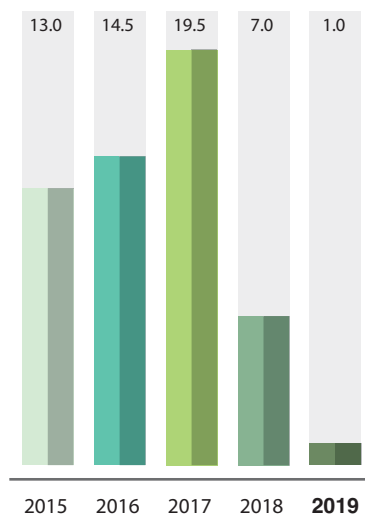
### (LOSS)/EARNINGS PER SHARE

(sen)



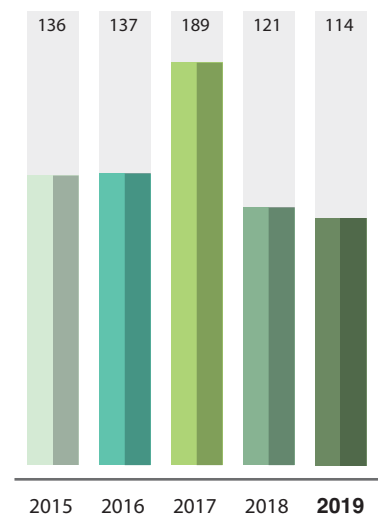
### NET DIVIDEND PER SHARE

(sen)



### NET ASSETS PER SHARE

(sen)



# CORPORATE INFORMATION



## DIRECTORS

### Datuk Syed Tamim Ansari Syed Mohamed\*

Chairman  
Independent Non-Executive Director

### Dato' Mohzani Abdul Wahab

Senior Independent Non-Executive Director

### Maj. Gen. Dato' Seri Hj. Khairuddin Abu Bakar (R) J.P.

Independent Non-Executive Director

### Tan Sri Dato' Wira Aziah Ali\*

Independent Non-Executive Director

### Dato' Ahmad Rizal Abdul Rahman\*

Independent Non-Executive Director

### Dato' Chan Kong Yew\*

Independent Non-Executive Director

### Dato' Sri Ghazali Mohd Ali\*

Non-Independent Non-Executive Director

### Gen. Tan Sri Dato' Seri Panglima Mohd Ghazali Hj. Che Mat (R)

Chairman  
Non-Independent Non-Executive Director  
(Resigned with effect from (w.e.f.)  
31 July 2019)

### Dr. Raja Abdul Malek Raja Jallaludin

Independent Non-Executive Director  
(Resigned w.e.f. 31 July 2019)

### Datuk Zakaria Sharif

Non-Independent Non-Executive Director  
(Resigned w.e.f. 11 December 2019)

\* Appointed w.e.f. 22 July 2019

## CHIEF EXECUTIVE OFFICER

### Ibrahim Abdul Majid

(Appointed w.e.f. 1 December 2019)



### REGISTERED OFFICE

28<sup>th</sup> Floor, Menara Boustead  
69 Jalan Raja Chulan  
50200 Kuala Lumpur, Malaysia  
Tel : (03) 2141 9044  
Fax : (03) 2141 9750  
www.bousteadplantations.com.my



### REGISTRAR

Tricor Investor & Issuing House  
Services Sdn Bhd  
Unit 32-01, Level 32, Tower A  
Vertical Business Suite  
Avenue 3, Bangsar South  
No. 8 Jalan Kerinchi  
59200 Kuala Lumpur, Malaysia  
Tel : (03) 2783 9299  
Fax : (03) 2783 9222



### SECRETARIES

Affendi Mohd Yob  
Juniza Azizan



### PRINCIPAL BANKERS

Affin Bank Berhad  
Affin Hwang Investment Bank Berhad  
Affin Islamic Bank Berhad  
Alliance Bank Malaysia Berhad  
Kuwait Finance House (Malaysia) Berhad  
OCBC Bank (Malaysia) Berhad  
United Overseas Bank Berhad



### AUDITORS

Ernst & Young PLT



### STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad  
Stock Name : BPLANT  
Stock Code : 5254



### HOLDING CORPORATION

Boustead Holdings Berhad



# FINANCIAL CALENDAR

## FINANCIAL YEAR

1 January 2019 to 31 December 2019

## RESULTS

### 1<sup>st</sup> quarter

Announced 23 May 2019

### 2<sup>nd</sup> quarter

Announced 22 August 2019

### 3<sup>rd</sup> quarter

Announced 21 November 2019

### 4<sup>th</sup> quarter

Announced 25 February 2020

## DIVIDEND

### First interim

Announced 23 May 2019  
Entitlement date 11 June 2019  
Payment date 28 June 2019

## ANNUAL REPORT

Issued  
22 May 2020

## ANNUAL GENERAL MEETING

To be held  
24 June 2020

# PROFILE OF DIRECTORS

## DATUK SYED TAMIM ANSARI SYED MOHAMED

Chairman  
Independent Non-Executive Director

Nationality	Gender	Age	Date of Appointment	Length of Service	Date of last Re-election
Malaysian	Male	72	22 July 2019	Less than 1 year	–



### Number of Board Meetings

**Attended: 4/4**

as Datuk Syed Tamim Ansari was appointed to the Board on 22 July 2019

### Committee Memberships:

- Chairman of Nominating and Remuneration Committee

### Working experience

- 1972 to 1981 – Administrative and Diplomatic Service
- 1982 to 1986 – Perbadanan Nasional Berhad
- 1987 to 2007 – Sime Darby Berhad (SDB)
- 2009 to 2011 – Director, Malayan Banking Berhad
- 2009 to 2016 – Deputy Chairman, Cycle & Carriage Bintang Berhad
- 2009 to 2016 – Group Country Chairman, Jardine Matherson Malaysia Sdn Bhd
- 2010 to 2012 – Director/Chairman, IntegreX Berhad
- 2010 to 2013 – Director, Minetech Resources Berhad
- 2019 – Ahli Majlis, Majlis Amanah Rakyat (MARA)
- Present – Advisor, Avows Technologies Sdn Bhd and International Water Grid Sdn Bhd
- Present – Principal Consultant, ST & H Consultancy Services Sdn Bhd
- 1 August 2019 – Redesignated as Chairman of Boustead Plantations Berhad (BPB)

### Qualification

- 1972 – Bachelor of Economics (Honours), Universiti Malaya
- 1977 – Master of Business Administration in Finance, University of Oregon, United States
- 1987 – Senior Management Program, Mount Eliza, Australia
- 1991 – Advanced Management Program, Harvard Business School, United States

### Details of any interest in the securities of Boustead Plantations Berhad

- Nil

### Directorship in other public listed companies

- Nil

### Directorship in public companies

- Nil

### Family relationship with any director and/or major shareholder of the Company

- No

### Conflict of interests with the Company

- No

### Other than traffic offences, any convictions for offences within the past 5 years and other particulars of any public sanction or penalty imposed by the relevant regulatory bodies during the financial year

- Nil





## DATO' MOHZANI ABDUL WAHAB

Senior Independent Non-Executive Director

Nationality	Gender	Age	Date of Appointment	Length of Service	Date of last Re-election
Malaysian	Male	66	25 October 2013	7 years	24 April 2019



**Number of Board Meetings  
Attended: 8/8**

### Committee Memberships:

- Chairman of Audit Committee
- Member of Risk Committee
- Member of Nominating and Remuneration Committee

### Working experience

- Dato' Mohzani has held various senior positions in Shell's downstream oil products sector including supply, distribution, marketing, brand management, sales and retail management  
Senior positions held:
  - ▶ 2001 to 2009 – Managing Director, Shell Trading Sdn Bhd
  - ▶ 2005 to 2009 – Managing Director, Shell Timur Sdn Bhd

### Qualification

- 1976 – Bachelor of Economics, Universiti Malaya

### Details of any interest in the securities of Boustead Plantations Berhad

- 282,800 Ordinary Shares

### Directorship in other public listed companies

- Pavilion REIT Management Sdn Bhd

### Directorship in public companies

- Hong Leong Investment Bank Berhad

### Family relationship with any director and/or major shareholder of the Company

- No

### Conflict of interests with the Company

- No

### Other than traffic offences, any convictions for offences within the past 5 years and other particulars of any public sanction or penalty imposed by the relevant regulatory bodies during the financial year

- Nil

## PROFILE OF DIRECTORS

### MAJ. GEN. DATO' SERI HJ. KHAIRUDDIN ABU BAKAR (R) J.P.

Independent Non-Executive Director

Nationality	Gender	Age	Date of Appointment	Length of Service	Date of last Re-election
Malaysian	Male	69	10 April 2014	6 years	12 April 2018



**Number of Board Meetings  
Attended: 8/8**

#### Committee Memberships:

- Member of Risk Committee
- Member of Sustainability Committee
- Member of Nominating and Remuneration Committee

#### Working experience

- 1971 to 2006 – Malaysian Armed Forces  
Senior positions held:
  - ▶ 1995 to 1996 – Senior Officer, Logistics Plan & Operations for United Nations' operations in Somalia
  - ▶ 1996 to 1997 – Deputy Commandant, Malaysian Armed Forces Staff College
  - ▶ 1998 to 2003 – Director of Defence, Logistics Policy
  - ▶ 2003 to 2004 – Assistant Chief of Staff, Logistics
  - ▶ 2004 to 2005 – Chief Logistics

#### Qualification

- 1978 – Member of Malaysian Institute of Management
- 1986 – Malaysian Armed Forces Staff College
- 1988 – Diploma in Industrial Management, Universiti Kebangsaan Malaysia
- 1996 – Malaysian Armed Forces Defence College
- 2004 – Master of Business Administration, Charles Sturt University, Australia

#### Details of any interest in the securities of Boustead Plantations Berhad

- Nil

#### Directorship in other public listed companies

- Nil

#### Directorship in public companies

- Nil

#### Family relationship with any director and/or major shareholder of the Company

- No

#### Conflict of interests with the Company

- No

#### Other than traffic offences, any convictions for offences within the past 5 years and other particulars of any public sanction or penalty imposed by the relevant regulatory bodies during the financial year

- Nil



## TAN SRI DATO' WIRA AZIAH ALI

Independent Non-Executive Director

Nationality	Gender	Age	Date of Appointment	Length of Service	Date of last Re-election
Malaysian	Female	67	22 July 2019	Less than 1 year	–



### Number of Board Meetings

**Attended: 4/4**

as Tan Sri Dato' Wira Aziah was appointed to the Board on 22 July 2019

### Committee Memberships:

- Chairman of Sustainability Committee
- Member of Audit Committee
- Member of Risk Committee
- Member of Nominating and Remuneration Committee

### Working experience

- Tan Sri Dato' Wira Aziah has vast experience in law and served the Government of Malaysia for over 40 years in various positions in the judiciary including Legal Advisor, Judicial Commissioner, High Court Judge and Court of Appeal Judge. She was elevated as a Federal Court Judge on 21 March 2016 and retired on 22 November 2018

### Qualification

- 1976 – Bachelor of Law (Honours), Universiti Malaya

### Details of any interest in the securities of Boustead Plantations Berhad

- Nil

### Directorship in other public listed companies

- Boustead Heavy Industries Corporation Berhad

### Directorship in public companies

- Nil

### Family relationship with any director and/or major shareholder of the Company

- No

### Conflict of interests with the Company

- No

### Other than traffic offences, any convictions for offences within the past 5 years and other particulars of any public sanction or penalty imposed by the relevant regulatory bodies during the financial year

- Nil

## PROFILE OF DIRECTORS

### DATO' AHMAD RIZAL ABDUL RAHMAN

Independent Non-Executive Director

Nationality	Gender	Age	Date of Appointment	Length of Service	Date of last Re-election
Malaysian	Male	51	22 July 2019	Less than 1 year	–



#### Working experience

- 1992 to 1996 – Audit Assistant / Senior Auditor, KPMG Malaysia
- 1996 to 1998 – Corporate Finance Executive, Commerce International Merchant Bank
- 1998 to 2000 – Managing Consultant, KPMG Corporate Services Sdn Bhd
- 2000 to 2001 – Head of Corporate Affairs, MSC Trustgate.com Sdn Bhd
- 2002 to 2003 – Financial Advisor, Germanischer Lloyd
- 2003 to 2007 – Freelance Consultant for Corporate Finance
- 2008 to 2010 – Chief Operating Officer, VIDA Springboard Sdn Bhd
- 2010 to 2018 – Group Chief Executive Officer, Kumpulan Perbadanan Pembangunan Pertanian Negeri Perak

#### Qualification

- 1990 – Diploma in Accountancy, Institut Teknologi MARA
- 1992 – Advanced Diploma in Accountancy, Institut Teknologi MARA
- 2014 – Honorary Fellowship, International Institute of Plantation Management Malaysia
- 2001 – Chartered Accountant, Malaysian Institute of Accountants (MIA)
- 2017 – Certificate for Leaders in Development: Managing Change in a Dynamic World, John F. Kennedy School of Government at Harvard University Executive Education
- 2018 – Associate Member, Chartered Global Management Accountant, United Kingdom
- 2018 – Fellow, Chartered Institute of Management Accountants, United Kingdom

#### Details of any interest in the securities of Boustead Plantations Berhad

- Nil

#### Directorship in other public listed companies

- Nil

#### Directorship in public companies

- Nil

#### Family relationship with any director and/or major shareholder of the Company

- No

#### Conflict of interests with the Company

- No

#### Other than traffic offences, any convictions for offences within the past 5 years and other particulars of any public sanction or penalty imposed by the relevant regulatory bodies during the financial year

- Nil



#### Number of Board Meetings

**Attended: 4/4**

as Dato' Ahmad Rizal was appointed to the Board on 22 July 2019

#### Committee Memberships:

- Chairman of Risk Committee
- Member of Audit Committee



## DATO' CHAN KONG YEW

Independent Non-Executive Director

Nationality	Gender	Age	Date of Appointment	Length of Service	Date of last Re-election
Malaysian	Male	48	22 July 2019	Less than 1 year	–



### Number of Board Meetings

**Attended: 4/4**

as Dato' Chan was appointed to the Board on 22 July 2019

### Committee Memberships:

- Member of Sustainability Committee

### Working experience

- Present – Founder and Managing Director, Infinity Logistics & Transport Sdn Bhd

### Qualification

- 1996 – Degree in Social Science (Major in Political Science and Minor in Management), Universiti Sains Malaysia
- 2006 – Member, Chartered Institute of Logistics and Transport

### Details of any interest in the securities of Boustead Plantations Berhad

- Nil

### Directorship in other public listed companies

- Nil

### Directorship in public companies

- Nil

### Family relationship with any director and/or major shareholder of the Company

- No

### Conflict of interests with the Company

- No

### Other than traffic offences, any convictions for offences within the past 5 years and other particulars of any public sanction or penalty imposed by the relevant regulatory bodies during the financial year

- Nil

## PROFILE OF DIRECTORS

### DATO' SRI GHAZALI MOHD ALI

Non-Independent Non-Executive Director

Nationality	Gender	Age	Date of Appointment	Length of Service	Date of last Re-election
Malaysian	Male	72	22 July 2019	Less than 1 year	–



#### Number of Board Meetings

**Attended: 4/4**

as Dato' Sri Ghazali was appointed to the Board on 22 July 2019

#### Committee Memberships:

- None

#### Working experience

- Prior to joining Boustead Holdings Berhad (BHB), the holding company of BPB, Dato' Sri Ghazali held several positions in property industry for more than 30 years
- 1972 to 1984 – Deputy Director General, Urban Development Authority of Malaysia
- 1985 to 1986 – Director and Town Planner, Arkitek MAA Sdn Bhd
- 1987 – Property Director, Island & Peninsular Berhad
- 1987 to 1994 – Managing Director, Syarikat Perumahan Pegawai Kerajaan Sdn Bhd
- 1994 to present – Divisional Director, Property, BHB

#### Qualification

- 1970 – Graduated from the Western Australia Institute of Technology, Perth in Town and Regional Planning
- 2000 – Fellow, Malaysian Institute of Planners

#### Details of any interest in the securities of Boustead Plantations Berhad

- 1,727,600 Ordinary Shares

#### Directorship in other public listed companies

- Nil

#### Directorship in public companies

- UAC Berhad
- Iskandar Investment Berhad
- Perumahan Kinrara Berhad

#### Family relationship with any director and/or major shareholder of the Company

- No

#### Conflict of interests with the Company

- Dato' Sri Ghazali is a partner in Arkitek MAA which renders professional services to the Boustead Group in the ordinary course of business

#### Other than traffic offences, any convictions for offences within the past 5 years and other particulars of any public sanction or penalty imposed by the relevant regulatory bodies during the financial year

- Nil



## GEN. TAN SRI DATO' SERI PANGLIMA MOHD GHAZALI HJ. CHE MAT (R)

Chairman  
Non-Independent Non-Executive Director

Nationality	Gender	Age	Date of Appointment	Length of Service	Date of last Re-election
Malaysian	Male	89	18 January 1991	28 years	24 April 2019



### Number of Board Meetings

**Attended: 4/4**

as Tan Sri Mohd Ghazali resigned from the Board on 31 July 2019

### Committee Memberships:

- Chairman of Remuneration Committee
- Member of Nominating Committee

### Working experience

- Tan Sri Ghazali held various senior command and staff positions in the Malaysian Armed Forces, the last being Chief of the Armed Forces from 1985 to 1987
- 1988 to 2007 – Chairman of Lembaga Tabung Angkatan Tentera (LTAT)
- 1990 to 2019 – Chairman of BHB

### Qualification

- 1953 – Officer Cadet School Eaton Hall, United Kingdom
- 1955 – Royal Military Academy, Sandhurst, United Kingdom
- 1961 – Command and Staff College, Quetta, Pakistan

### Details of any interest in the securities of Boustead Plantations Berhad

- 2,184,000 Ordinary Shares

### Directorship in other public listed companies

- Nil

### Directorship in public companies

- Nil

### Family relationship with any director and/or major shareholder of the Company

- No

### Conflict of interests with the Company

- No

### Other than traffic offences, any convictions for offences within the past 5 years and other particulars of any public sanction or penalty imposed by the relevant regulatory bodies during the financial year

- Nil

## PROFILE OF DIRECTORS

### DR. RAJA ABDUL MALEK RAJA JALLALUDIN

Independent Non-Executive Director

Nationality	Gender	Age	Date of Appointment	Length of Service	Date of last Re-appointment
Malaysian	Male	74	23 December 2013	6 years	5 April 2017



#### Number of Board Meetings

**Attended: 4/4**

as Dr. Raja Abdul Malek resigned from the Board on 31 July 2019

#### Committee Memberships:

- Chairman of Sustainability Committee
- Member of Audit Committee
- Member of Remuneration Committee

#### Working experience

- 1972 to 1975 – General Hospital, Kuala Lumpur and Faculty of Medicine, Universiti Kebangsaan Malaysia
- 1975 to 2003 – Senior Partner, Drs. Catterall, Khoo, Raja Malek & Partners
- 1984 to 2000 – Medical Director (Malaysia-Singapore), Parke Davis-Warner Lambert (later Pfizer Malaysia when both companies merged in 2001)
- 2003 to 2015 – Director of Medical and Scientific Affairs, HOE Pharmaceuticals Sdn Bhd
- Dr. Raja Malek has served as a clinical tutor in the Faculty of Medicine, Universiti Malaya, a member of the Ethical Committee of the Malaysian Medical Council, Ministry of Health and Chairman of Council, Academy of Family Physicians, Malaysia

#### Qualification

- 1972 – Bachelor of Medicine and Bachelor of Surgery, Universiti Malaya

#### Details of any interest in the securities of Boustead Plantations Berhad

- 421,260 Ordinary Shares

#### Directorship in other public listed companies

- Nil

#### Directorship in public companies

- Stemlife Berhad

#### Family relationship with any director and/or major shareholder of the Company

- No

#### Conflict of interests with the Company

- No

#### Other than traffic offences, any convictions for offences within the past 5 years and other particulars of any public sanction or penalty imposed by the relevant regulatory bodies during the financial year

- Nil





**DATUK ZAKARIA SHARIF**  
Non-Independent Non-Executive Director

Nationality	Gender	Age	Date of Appointment	Length of Service	Date of last Re-election
Malaysian	Male	62	15 April 2014	5 years	12 April 2018



**Number of Board Meetings**

**Attended: 7/7**

as Datuk Zakaria resigned from the Board on 11 December 2019

**Committee Memberships:**

- Member of Audit Committee
- Member of Sustainability Committee

**Working experience**

- 1980 – Senior Auditor, Price Waterhouse & Co.
- 1984 to 1987 – Arab Malaysian Finance Berhad
- 1988 to 1991 – Investment Manager, LTAT
- 1992 – General Manager, Emastulin Automobile Sdn Bhd
- 2000 – General Manager, Boustead Trading Sdn Bhd
- 2000 to 2003 – General Manager, Perbadanan Hal Ehwal Bekas Angkatan Tentera
- 2003 to 2011 – General Manager, Perbadanan Perwira Harta Malaysia
- 2007 – General Manager, Investment, LTAT
- 2011 to 2019 – Deputy Chief Executive, LTAT

**Qualification**

- 1979 – Bachelor of Economics majoring in Accountancy, Monash University, Australia
- 1984 – Member, MIA
- 1989 – Associate, Malaysian Institute of Certified Public Accountant
- 2009 – Fellow, Australian Society of Certified Public Accountant

**Details of any interest in the securities of Boustead Plantations Berhad**

- 284,200 Ordinary Shares

**Directorship in other public listed companies**

- Nil

**Directorship in public companies**

- Nil

**Family relationship with any director and/or major shareholder of the Company**

- No

**Conflict of interests with the Company**

- No

**Other than traffic offences, any convictions for offences within the past 5 years and other particulars of any public sanction or penalty imposed by the relevant regulatory bodies during the financial year**

- Nil

# PROFILE OF CHIEF EXECUTIVE OFFICER

## IBRAHIM ABDUL MAJID

Chief Executive Officer

Nationality	Gender	Age	Date of Appointment
Malaysian	Male	60	1 December 2019



### Working experience

- 2007 to 2009 – Plantation Adviser, Sime Darby Plantation Berhad (SDP)
- 2009 to 2012 – Head, Plantation Operations, PT Minamas Gemilang (PTMGG), Indonesia, SDP
- 2013 to 2017 – Plantation Adviser, SDP
- 2017 to 2019 – Regional Chief Executive Officer, Southern Region, SDP
- December 2019 to present – Chief Executive Officer, BPB

### Qualification

- 1976 – Malaysia Certificate of Education

### Details of any interest in the securities of Boustead Plantations Berhad

- Nil

### Directorship in other public listed companies

- Nil

### Directorship in public companies

- Nil

### Family relationship with any director and/or major shareholder of the Company

- No

### Conflict of interests with the Company

- No

### Other than traffic offences, any convictions for offences within the past 5 years and other particulars of any public sanction or penalty imposed by the relevant regulatory bodies during the financial year

- Nil



# SENIOR MANAGEMENT TEAM

**Shafie  
Muhd Zain**  
Group  
Engineer

**Mohamad  
Azlan Jaafar**  
Deputy Chief  
Executive Officer

**Ibrahim  
Abdul Majid**  
Chief Executive  
Officer

**Mohamad  
Mahazir Mustaffa**  
Chief Financial  
Officer

**Mohd  
Nizam Zakaria**  
Senior General  
Manager, Marketing



# PROFILE OF SENIOR MANAGEMENT TEAM

## Mohamad Azlan Jaafar

Deputy Chief Executive Officer

Nationality	Gender	Age	Date of Appointment to Present Position
Malaysian	Male	46	1 September 2018

### Working experience

- 1996 to 1999 – Audit Senior, KPMG Perth, Australia
- 2000 to 2001 – Experienced Senior, Andersen, Kuala Lumpur
- 2001 to 2004 – Audit Manager, Malaysia Airlines System Berhad
- 2004 to 2007 – Assistant General Manager, Group Internal Audit, Telekom Malaysia Berhad
- 2008 to 2010 – Regional Head of Internal Audit, AirAsia Berhad
- 2010 to 2012 – Director Corporate Governance & Risk Management, Ekuiti Nasional Berhad
- 2012 to 2018 – Senior General Manager, Group Internal Audit & Risk Management, BHB
- September 2018 to present – Deputy Chief Executive Officer, BPB

### Qualification

- 1995 – Bachelor of Commerce (Accounting & Finance), University of New South Wales, Sydney, Australia
- 2000 – Member, Institute of Chartered Accountants in Australia
- 2002 – Member, MIA
- 2016 – Doctorate of Business Administration, Universiti Utara Malaysia

### Details of any interest in the securities of Boustead Plantations Berhad

- Nil

### Directorship in public listed companies

- Nil

### Directorship in public companies

- Nil

### Family relationship with any director and/or major shareholder of the Company

- No

### Conflict of interests with the Company

- No

### Other than traffic offences, any convictions for offences within the past 5 years and other particulars of any public sanction or penalty imposed by the relevant regulatory bodies during the financial year

- Nil

## Mohamad Mahazir Mustafa

Chief Financial Officer

Nationality	Gender	Age	Date of Appointment to Present Position
Malaysian	Male	45	23 September 2019

### Working experience

- 1997 to 2009 – Finance and Administration Manager, BHB
- 2012 to 2015 – Assistant Vice President, Finance Operation, PTMGG, Indonesia, SDP
- 2015 to 2019 – Financial Controller, BPB
- September 2019 to present – Chief Financial Officer, BPB

### Qualification

- 1994 – Diploma in Accounting, MARA Community College, Kuantan, Pahang
- 1997 – Bachelor of Science in Business Administration (Accounting), California State University, Sacramento, United States of America
- 2011 – Graduate, Association of Chartered Certified Accountants (ACCA), London College of Accountancy, United Kingdom
- 2018 – Fellow, ACCA
- 2019 – Member, MIA

### Details of any interest in the securities of Boustead Plantations Berhad

- Nil

### Directorship in public listed companies

- Nil

### Directorship in public companies

- Nil

### Family relationship with any director and/or major shareholder of the Company

- No

### Conflict of interests with the Company

- No

### Other than traffic offences, any convictions for offences within the past 5 years and other particulars of any public sanction or penalty imposed by the relevant regulatory bodies during the financial year

- Nil



**Mohd Nizam Zakaria**

Senior General Manager, Marketing

Nationality	Gender	Age	Date of Appointment to Present Position
Malaysian	Male	49	1 January 2019

**Working experience**

- 1995 to 1997 – Management Executive, SDB
- 1998 to 2003 – Research and Dealing, KL City Securities Sdn Bhd
- 2003 to 2006 – Market Analyst, Kumpulan Guthrie Berhad
- 2007 to 2008 – Senior Manager, Marketing, PTMGG, Indonesia, SDP
- 2008 to 2013 – General Manager, Marketing, PTMGG
- 2013 to 2014 – Head of Trading and Marketing, PTMGG
- 2015 to 2016 – Vice President, Global Bulk Business, Global Trading & Marketing, SDP
- 2016 to 2018 – General Manager, Marketing, Boustead Estates Agency Sdn Bhd (BEA)
- January 2019 to present – Senior General Manager, Marketing, BEA

**Qualification**

- 1993 – Graduate of ACCA, Emile Woolf College, London, United Kingdom
- 1995 – Master of Science in Accounting & Finance, De Montfort University, Leicester, United Kingdom

**Details of any interest in the securities of Boustead Plantations Berhad**

- 100,080 Ordinary Shares

**Directorship in public listed companies**

- Nil

**Directorship in public companies**

- Nil

**Family relationship with any director and/or major shareholder of the Company**

- No

**Conflict of interests with the Company**

- No

**Other than traffic offences, any convictions for offences within the past 5 years and other particulars of any public sanction or penalty imposed by the relevant regulatory bodies during the financial year**

- Nil

**Shafie Muhd Zain**

Group Engineer

Nationality	Gender	Age	Date of Appointment to Present Position
Malaysian	Male	59	1 June 2018

**Working experience**

- 1983 to 1988 – Assistant Mill Manager, Felda Palm Industries Sdn Bhd
- 1989 to 1997 – Mill Manager, Felda Palm Industries Sdn Bhd
- 1998 to 2002 – Mill Manager, Hap Seng Consolidated, Sabah
- 2003 to 2005 – Mill Manager, BEA
- 2007 – Visiting Engineer, BEA
- 2008 – Senior Visiting Engineer, BEA
- 2014 – Deputy Group Engineer, BEA
- June 2018 to present – Group Engineer, BEA

**Qualification**

- 1982 – Diploma in Mechanical Engineering, Universiti Teknologi Malaysia
- 1989 – Steam Engineer Certificate of Competency, Department of Occupational Safety and Health Malaysia
- 1990 – Diploma in Palm Oil Milling Technology, Malaysian Palm Oil Board

**Details of any interest in the securities of Boustead Plantations Berhad**

- 21,000 Ordinary Shares

**Directorship in public listed companies**

- Nil

**Directorship in public companies**

- Nil

**Family relationship with any director and/or major shareholder of the Company**

- No

**Conflict of interests with the Company**

- No

**Other than traffic offences, any convictions for offences within the past 5 years and other particulars of any public sanction or penalty imposed by the relevant regulatory bodies during the financial year**

- Nil



*Bebar Estate, Pahang*



# MANAGEMENT DISCUSSION AND ANALYSIS



pg. **22**  
**CHAIRMAN'S  
STATEMENT**

pg. **26**  
**CEO'S  
REVIEW**

# CHAIRMAN'S STATEMENT

**Datuk Syed Tamim Ansari**  
**Syed Mohamed**  
Chairman

**Dear  
Shareholders,**

It is my pleasure to present Boustead Plantations Berhad's Annual Report for the financial year ended 31 December 2019, my first since taking over as Chairman on 1 August 2019. Certainly, 2019 was not an easy year for the plantation industry as a whole and the Group in particular, as we remained beset by trying conditions. These included an impairment on plantation assets as well as low palm product prices for much of the year.

Despite these challenges and the prevailing uncertainty in world markets, we are ever-mindful that the plantation business is not a short-term one. Furthermore, it is an industry that undergoes cyclical price fluctuations and weather phenomena, both of which are beyond our control. Bearing these factors in mind, in October 2019, we embarked on a Transformation Programme to ensure the long-term viability and sustainability of the business.





## TRANSFORMATION PROGRAMME

The Transformation Programme involved the comprehensive review of all the Group's operations and resources and developing a plan of action that would spur growth, manage costs and create value for our shareholders.

The Group is currently undertaking the first phase of our Transformation Programme, with immediate priority given to revamping the organisational structure for optimal efficiency; appointing highly capable leaders in all strategic roles; and implementing operational and financial turnarounds. The operational turnaround entails yield improvement, enhancing efficiency and productivity, prudent cost management and rationalising underperforming assets. Other than improving operational performance to boost bottom line, the financial turnaround also involves securing more stable and competitive cost of borrowing. We hope to complete the first phase in 12 to 18 months, after which we will push aggressively into the second phase towards creating sustainable value for our shareholders. Once our operations have been streamlined, we will embark on the value creation phase, supported by net free cash flows, low gearing and strategies to expand our land bank through value accretive acquisitions only.

We laid the groundwork for the first phase with the appointment of our Chief Executive Officer, Ibrahim Abdul Majid, in December 2019.

The main objectives of the first phase of the Transformation Programme are:

- Reorganise and streamline our businesses to be more efficient.
  - ▶ In line with this, our 48 estates and 10 palm oil mills have been consolidated into 10 Strategic Business Units (SBUs), allowing us to integrate with profit and loss accountability.
  - ▶ We have established centralised specialist teams focusing on replanting, mechanisation, foreign workers and engineering that will support estate and mill operations.
  - ▶ To conserve cash flow and better manage capital expenditure, we have rationalised our underperforming estates.
  - ▶ Transform all mills into profit centres, effectively shifting emphasis from the current role of service provider to estates.
  - ▶ Improve mill utilisation by expanding crop intake from third parties. A dedicated Outside Crops Purchase team will be set up to support mill utilisation improvement.
  - ▶ Improve mill efficiency by regulating working shifts in accordance with crop supply, which will serve to reduce cost per metric tonne (MT) and ensure optimal deployment of valuable human resources.

- ▶ Improve oil quality by changing processes, from the evacuation of fresh fruit bunches (FFB) from estates, reducing the number of handlings and expediting delivery to mills.

- Prudent cost management.
  - ▶ We have instituted measures to improve work methods, optimising workforce productivity and continuously improving our estates and mills' cost structure. Additionally, the Group will redesign work processes to focus more on mechanisation, with the aim of achieving integration and improved cost efficiency.
- Commitment to good agricultural practices.
  - ▶ We have adopted our own '3R' concept – Remove noxious weeds, Replace with desirable vegetation and Retain the soil moisture.



*Before and after – Maintain palm circles to minimise debris and facilitate loose fruit collection at the palm base*

- Improve productivity by:
  - ▶ scaling up our mechanisation efforts in our estate operation.
  - ▶ Improving work processes and systems by introducing a division of duties within one harvesting system and avoiding duplication of resources. We have redeploying harvesters to the most productive blocks with optimum harvesting intervals and to reward our performing harvesters with incentives.

## CHAIRMAN'S STATEMENT

- Better worker recruitment processes and greater emphasis on worker welfare.
  - ▶ Centralise recruitment processes and undertaking the direct recruitment of foreign workers, with the aim to reduce reliance on multiple agents and hiring turnaround time.
  - ▶ Establish centralised Careline Unit which will take care of the needs of our workforce. Through this unit, we expect to reduce turnover and improve the retention of skilled workers and experienced harvesters.

Clearly if we are able to improve yield, utilisation and productivity, costs will consequently be reduced, resulting in improved prospects for growth.

The Group is confident in the ultimate success of our Transformation Programme and we are committed to implementing all four phases of our programme.

### ECONOMIC LANDSCAPE

Global growth was weaker in 2019, slipping to 2.4% due to slower growth in international trade and investment, and a marked increase in trade protectionism. In tandem, Malaysia recorded slower gross domestic product growth of 4.3%. Growth in the services and manufacturing sectors were negated by supply disruptions in the plantation sector.

We started off the year with crude palm oil (CPO) prices at a low not seen in recent years, as a result of increasing palm oil inventories in Malaysia and Indonesia. Malaysia registered record high palm oil stocks of 3.2 million tonnes at the end of December 2018, exerting pressure on CPO prices.

The Indian palm oil tax structure, which took effect in January 2019, provided Malaysia with an advantage over neighbouring Indonesia and contributed to strong Malaysian palm oil export growth. However, the trade dispute between China and the United States (US) continued to have a negative bearing on commodities, particularly agricultural products. Against this backdrop, CPO prices dipped to a record-low for most of the year.

Nonetheless, 2019 ended on a positive note as CPO prices increased in the final quarter, on the back of higher demand. Palm oil also benefited from lower soybean imports by China from the US. Further supporting this was a slowdown in production, resulting in the rapid decrease of palm oil stockpiles.

### FINANCIAL PERFORMANCE

The Group closed the year with a deficit of RM135 million, as a result of impairment of recently acquired plantation assets in Sabah, which were underperforming due to difficult conditions. Higher finance costs, depreciation charges and amortisation expenses, in addition to low CPO prices in 2019, further affected profitability.

Revenue for the year stood at RM577 million. Market capitalisation was RM1.7 billion as at 31 December 2019 while net assets per share was RM1.14.

### DIVIDEND

Despite a tough year financially, we were able to declare a dividend of 1 sen per share, amounting to a total pay-out of RM22 million.

With our Transformation Programme in place, we are committed to turning around the Group, which should impact our financials positively in the future.

### SUSTAINABILITY

As our operations are intrinsically tied to the land and therefore have a significant impact on the environment, we are mindful that responsible business practices must underpin our strategies and the way we operate, to achieve our growth objectives. Towards this end, we have embraced the principles of sustainable development, giving equal importance to People, Plant and Profit, as we set targets in place to drive our commitment to sustainable development.

Our efforts in 2019 are encapsulated in our standalone Sustainability Report.

We have also incorporated the United Nations Sustainable Development Goals (UNSDGs) into our strategies thus reassessing our sustainability initiatives in line with the quantitative and qualitative indicators established by the UNSDGs. In line with this, we intend to improve our sustainability reporting, benchmarked against global standards of transparency and materiality.

### HUMAN CAPITAL

As we strive to achieve the targets set in our Transformation Programme, we recognise the vital role of high calibre human capital will play to secure success. Thus, we are creating a talent pool equipped with the necessary skillsets and experience to realise our aspirations.



We are committed to inculcating an organisational culture, which affords all our people the opportunity to excel. This will be accomplished via robust talent development and training programmes.

## OUTLOOK

The recovery in CPO prices in the last quarter of 2019 was based on a number of factors including lower inventories and supplies of competing oils. From a full-year perspective, CPO prices were set to perform better on the back of lower inventories, tight palm oil supplies and robust demand from both food and non-food sectors. However, the bullish sentiment was short-lived after palm oil prices tumbled in late January 2020, as fears of a slowdown in demand grew following the spread of the COVID-19 virus coupled with tensions between Malaysia and India. In January 2020, Malaysia's palm shipments to India fell 85% year on year, to its lowest level since 2011. However, both countries are reported to be keen to improve bilateral ties.

Playing a pivotal role in the price movement of palm oil is the growth in demand in the biodiesel market, fuelled in particular by Indonesia's biodiesel policy. B30 or the blending of 30% palm biodiesel commenced in January 2020. This is projected to boost domestic palm oil consumption to around 15.7 million tonnes in 2020, compared with an estimated 14.5 million tonnes in 2019.

Nevertheless, fulfilling targets in the biodiesel market may prove challenging given the shortage of feedstock supplies and poor margins for discretionary blending. Meanwhile, global biodiesel production growth is expected to slow to 1.7 million tonnes in 2020, compared to 4.2 million tonnes in 2019.

Furthermore, palm oil use for biofuels in the European Union (EU) will also be capped at 2019 levels until 2023, after which, it will be phased out by 2030. This may see 2.5 million tonnes of palm oil-based biodiesel impacted, accounting for 33% of the EU's annual palm oil imports.

Other moderating factors in 2020, which could halt further recovery of CPO prices, include the COVID-19 pandemic, which has had a global impact and continues to cause supply chain disruptions. This has been particularly so in China, which recorded lower demand for vegetable oils since the start of the outbreak. As neither the pace nor scale of escalation of the virus is clear, this is expected to impact commodity prices throughout 2020.

In January and February 2020, before the pandemic took hold and spread beyond Chinese borders, we expected palm oil prices to be affected by the US-China trade war. While Phase 1 of the bilateral trade agreement between the two countries has been signed, there still remained uncertainty on what this meant for actual trade volumes. Uncertainty persists as the impacts of the COVID-19 virus are not yet measurable or predictable to any degree of accuracy.

Taking these factors into account, the Group is focused on pushing ahead with our Transformation Programme to realise our objectives and overcome these challenges, ready for a future of sustainable growth.

## ACKNOWLEDGMENT

Finally, I would like to express my deepest gratitude to our Board members for their expertise and dedication over the course of a volatile year. Thank you as well to the management team and employees of the Group for their commitment during a period of grave challenge and uncertainty.

On behalf of the Board, we would like to bid farewell to our former Chairman, Gen. Tan Sri Dato' Seri Panglima Mohd Ghazali Hj. Che Mat (R) and previous Chief Executive Officer, Chow Kok Choy, and to express our appreciation for their years of dedication to the Group. We also extend our sincere gratitude to Datuk Zakaria Sharif and Dr. Raja Abdul Malek Raja Jallaludin who stepped down in 2019 as Directors.

As we commence the next chapter in the Group's journey, we welcome our new Chief Executive Officer, Ibrahim Abdul Majid, and new Board members who were appointed during the year. They are, Tan Sri Dato' Wira Aziah Ali, Dato' Chan Kong Yew, Dato' Ahmad Rizal Abdul Rahman and Dato' Sri Ghazali Mohd Ali.

We would also like to put on record, our thanks to our valued shareholders, financiers, business associates, partners, consultants and the regulatory authorities, for their continued support.

**DATUK SYED TAMIM ANSARI SYED MOHAMED**

Chairman  
8 May 2020

# CEO's REVIEW

**Ibrahim Abdul Majid**  
Chief Executive Officer

**Dear  
Shareholders,**

Weathering the perfect storm of low crude palm oil (CPO) prices, trade wars and global economic uncertainty proved a challenge for your Group in 2019, especially since it coincided with the implementation of our groupwide Transformation Programme.

The oversupply of palm products in Malaysia and Indonesia resulted in record inventory levels, which consequently led to dismal CPO prices for most of 2019. Although the challenges we faced were daunting, we decided to take a long-term view of our strategic and operational plans, forging ahead to implement measures that will transform the business.

Towards this end, in 2019 we continued to ramp up our efforts to strengthen operational efficiencies and seek out new opportunities.



## FINANCIAL PERFORMANCE

Boustead Plantations Berhad recorded a loss before tax of RM135 million for the year ended 31 December 2019, against revenue of RM577 million. The Group was impacted by the impairment of recently acquired plantation assets, mainly in Sabah, amounting to RM176 million.

Excluding the impairment, the Group would have reported a profit before tax of RM41 million. Further weighing down profitability were the decline in palm product prices for the first three quarters of 2019, higher finance costs, and increased depreciation charges and amortisation expenses, which offset the gain from the disposal of plantation land in Seberang Perai Utara of RM120 million.

The Group's borrowings increased to RM1.4 billion, while our gearing ratio stood at 0.54 times.

Against this backdrop and new emerging challenges, we remain driven to deliver shareholder value. Reflecting this commitment, total dividend for the financial year was 1.0 sen per share, amounting to a total payout of RM22 million.

Loss per share closed at 6.4 sen and net assets per share was RM1.14. Market capitalisation stood at RM1.7 billion as at 31 December 2019.

## MARKET REVIEW

Average palm oil prices once again declined to multi-year lows, signalling another difficult year for the plantation sector. Conditions were exacerbated by the on-going United States (US)-China trade war, which continued to trigger market uncertainties. Moreover, agricultural trade between the two countries essentially ground to a halt, impacting global agricultural markets as a whole.

Despite a tumultuous year, CPO prices rallied from October 2019 to the end of 2019. This was underpinned by weaker output growth, which affected supply, and resulted in lower inventories. Other factors include, increased demand for palm oil as soybean-based animal feed markets were affected by the outbreak of African swine fever, and higher demand from China for edible oil alternatives, to offset lower soybean imports from the US as a consequence of the trade war. Yet another key driver was Indonesia's biodiesel programme.

During the year, CPO prices ranged between RM1,836 and RM3,025 per metric tonne (MT), with the Malaysian Palm Oil Board (MPOB) recording an average CPO price of RM2,078 per MT. Palm kernel price traded between RM1,050 and RM2,168 per MT, while MPOB's kernel price for the year averaged at RM1,214 per MT.

The Group's average CPO price realised was RM2,134 per MT, a decline of 6% from the previous year. Average palm kernel price declined by 30% to RM1,244 per MT.

## OPERATIONS REVIEW

In 2019, the Group's total land bank grew to 98,200 hectares (ha), marking an increase of 4,900 ha from 2018. The Group's operations span across 48 estates, comprising 19 estates in Peninsular Malaysia, 20 estates in Sabah and nine estates in Sarawak. The Group also owns 10 palm oil mills, including the Boustead Tawai Palm Oil Mill which was acquired during the year. Total area under cultivation stood at 79,400 ha, with mature and immature oil palm areas comprising 72,900 ha and 6,500 ha respectively.

During the year, we invested RM484 million in capital expenditure, which was primarily utilised for land acquisition. From this, RM41 million was invested for the replanting of over 1,980 ha with high oil-yielding planting materials.

Total fresh fruit bunches (FFB) production stood at 979,972 MT, up by 2% compared with the preceding year. Nevertheless, average yield declined to 13.9 MT per ha, primarily due to the acute shortage of harvesters and reduced yield patterns, particularly in the second quarter. Lower yields recorded by the Boustead Pertama estates and Boustead Tawai estates further contributed to the yield shortfall.

Leveraging on the combined processing capacity of 450 MT of FFB per hour of our palm oil mills, we processed a total of 1,070,639 MT FFB. This reflects a 7% increase from the previous year, mainly due to additional FFB processed at Boustead Tawai Palm Oil Mill, as well as more replanted areas coming into maturity. Approximately 82% of the FFB milled were from our own estates.

CPO production expanded by 9% to 231,298 MT as a result of higher FFB processed, while palm kernel production also increased by 8% to 47,113 MT. Average oil extraction rate (OER) increased to 21.6%, surpassing MPOB's national average of 20.2%. Average kernel extraction rate (KER) was consistent with the previous year, at 4.4%.

The cost of our estate operations was RM294 per MT compared with RM327 per MT in 2018. Milling costs on the other hand saw a slight increase to RM86 per MT of FFB. Cost of CPO production was lower at RM1,535 per MT, from RM1,664 per MT last year.

## CEO's REVIEW

Our on-going mechanisation initiatives remain essential to enhance the efficiency, productivity and sustainability of our field operations. We increased the use of various mechanised tools, equipment and machinery across our estates. This included our PalmPro Hybrid poles, which were utilised across 35,000 ha of our planted area, as well as our motorised cutters that were applied to over 12,800 ha of our estates.

Our collection system incorporates the bin system, which was applied across eight estates, totalling 15,800 ha. In addition, we utilised mini tractor grabbers on 33,200 ha, while mini tractors were employed for infield FFB collection for over 4,200 ha of our estates.

Reflecting our commitment to move towards implementing Agriculture 4.0 across our operations, we utilised the smart fertiliser spreader, which is equipped with the capability for the precise application of two types of fertiliser concurrently.

The machine autonomously collects data for tracking and management of fertiliser application in line with mapped out areas, to ensure palms receive optimal fertiliser levels. The smart fertiliser spreader is labour-efficient and reduces wastage of materials used, which translates into reduction in costs related to operations. This allows for greater efficiency of fertiliser use, which subsequently supports enhanced palm nutrition and reduces environmental impacts due to runoffs and leaching losses.

Coupled with this, our aerial drones facilitate mapping, planning and design of infrastructure, drainage and terrace for replanting, as well as automated palm counting and monitoring. Images acquired through drone mapping are processed via orthomosaic generation and Geographic Information System (GIS) analysis. We are also exploring the use of cloud computing services to facilitate advanced computer processing and analysis with minimal on-site hardware and software.

Biological pest control measures such as the use of barn owls enable us to effectively manage rat populations at our Sabah estates. While barn owls are not native to Sabah, we have successfully established a stable population at Segaria Estate in Tawau, Sabah. Building on this success, we are expanding this programme to our Segamaha Estate in Lahad Datu, Sabah. In addition, we are testing alternative



*Barn Owl*

rat bait that is safe for barn owls as an additional control measure. We are also exploring ways to detect resistance to chemicals in rat bait by utilising molecular studies.

In line with our commitment to good agricultural practices and the sustainable production of palm oil, we are focused on achieving the Roundtable on Sustainable Palm Oil (RSPO) and Malaysian Sustainable Palm Oil (MSPO) certification. As at 31 December 2019, five of our 10 palm oil mills have received RSPO certification.

In terms of MSPO certification, seven out of 10 palm oil mills alongside the supply estates have been MSPO-certified. The remaining three business units have undergone the first round of auditing and are expected to be certified by the second quarter of 2020.

### Peninsular Malaysia

Comprising an area of 24,000 ha, of which mature fields comprise 21,100 ha, FFB production for our Peninsular Malaysia operations stood at 373,930 tonnes, a 3% decrease compared with 2018's production. The dip in output was primarily the result of the shortage of harvesters and the lower yield patterns that impacted our estates in the fourth quarter of the year, in addition to unfavourable weather conditions.

Average yield per ha of 17.7 tonnes FFB represented a 3% reduction from the 18.2 tonnes FFB per ha produced for the same period last year.

While our northern region estates experienced yields averaging 16.6 MT per ha, the southern region estates fared better, generating an average yield of 18.9 MT per ha.





*Aerial view of LTT – Terengganu Estate, Terengganu*

Additionally, our east coast estates, which are largely young fields, registered average yields of 17.5 MT per ha. Leading in terms of performance, were Bebar Estate and Malaya Estate, which attained average yields of 24.6 MT per ha and 21.6 MT per ha respectively.

We are pleased to record a higher average OER of 21.8% compared with last year's average of 21.5%. Average OER for the year was higher than the Peninsular Malaysia MPOB average of 19.9%. Sungai Jernih Palm Oil Mill recorded the highest OER for the region at 23.5%.

### **Sabah**

Spanning 41,800 ha of land area under cultivation, consisting of 38,100 ha of mature oil palm areas, the Group's 20 estates in Sabah recorded FFB output totalling 494,343 MT in 2019. This represented a 9% increase compared with our 2018 production, primarily due to the full year contribution from our Boustead Pertama estates and the additional contribution from our newly acquired Boustead Tawai estates.

The region registered an average FFB yield of 13.9 MT per ha compared with 15.3 MT recorded in 2018. The lower crop yield was partially due to poor performance recorded

at our Boustead Pertama, Boustead Tawai and Sugut estates. We were also impacted by shortage of harvesters as well as high worker turnover at these estates.

For the region, our G&G Estate achieved a yield of 20.7 MT per ha, marking the highest yield for Sabah. The young mature areas also performed well, particularly at our Segaria, Sungai Segamaha, Bukit Segamaha and Resort estates.

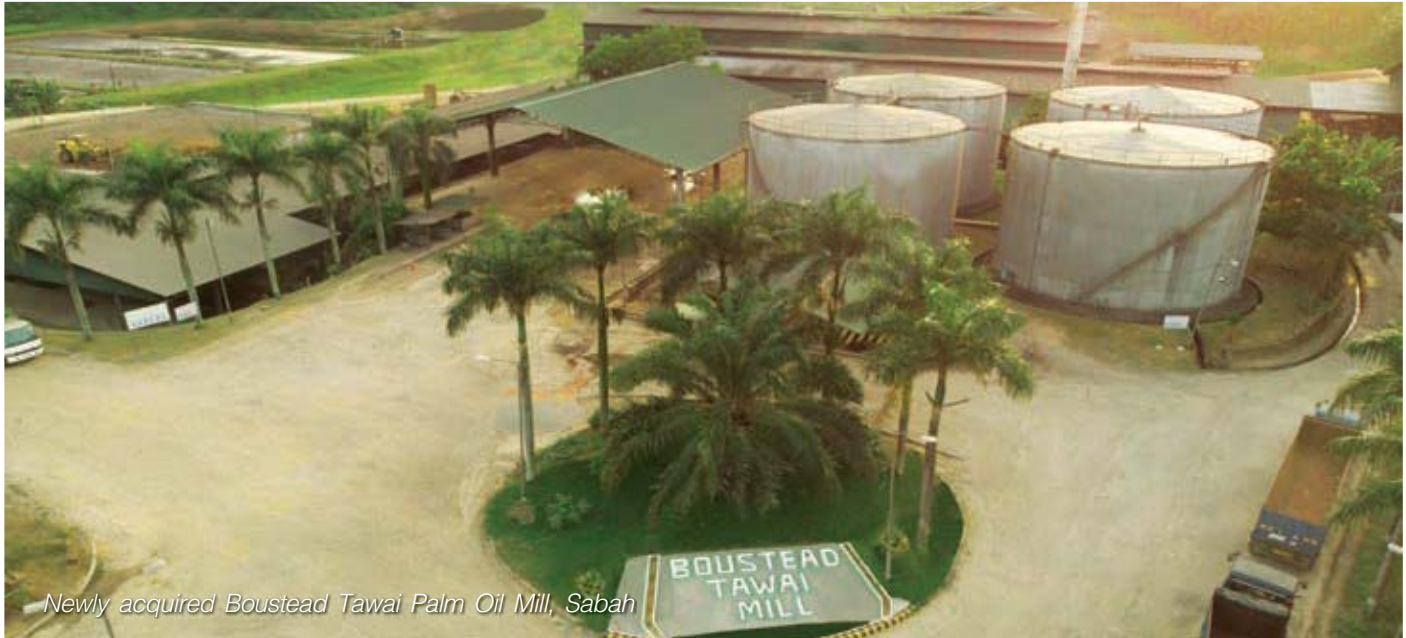
In terms of our mills, Sabah registered an average OER of 21.9%, compared with last year's 21.4%. Our Sabah mills also outperformed the MPOB average OER of 21.0%. Segaria Palm Oil Mill recorded the highest OER within the Group mills at 23.7%.

### **Sarawak**

Our operations in Sarawak comprised nine estates straddling a total mature area of 13,600 ha.

FFB output for our Sarawak estates totalled 111,700 MT, which was an 11% reduction compared with our 2018 production, while average FFB yield was lower at 8.2 MT per ha, compared to 9.3 MT per ha in 2018. The lower yield was primarily due to an acute shortage of harvesters,

## CEO's REVIEW



*Newly acquired Boustead Tawai Palm Oil Mill, Sabah*

challenging terrain and poor field infrastructure. Inclement weather, which at times hampered crop evacuation, also impacted our results for Sarawak.

Our highest yield for Sarawak was recorded by Bawan Estate at 13.2 MT per ha. Our Sarawak mills recorded an average OER of 20.2%, an improvement compared to the previous year's 19.8%.

### RESEARCH & DEVELOPMENT

Research and development (R&D) is an important asset for the Group, enabling us to improve productivity and yields in a sustainable manner.

Spearheaded by our associated company, Applied Agricultural Resources Sdn Bhd (AAR), our R&D efforts are focused on developing optimum planting materials and applying good agricultural practices across our operations. We are also committed to utilising R&D to address prevalent issues in the plantation industry, such as pest and diseases, low productivity of labour, nutrient uptake and utilisation inefficiency, low efficacy of agrochemical usage and adverse soil conditions.

We have identified a superior tenera clone with a high oil-to-bunch ratio and carotenoid levels twice as high as normal varieties. This new discovery is well suited to fulfil market demand for value-added oils and fats products. We are

currently in the process of re-cloning this ramet, with the first batch projected to be planted in 2021.

As for our tissue culture clones, our biotechnology laboratory is presently running tests for early detection of ramets with high risk of mantling, which will enable us to ensure future clones utilised for planting have a low risk of mantling.

Apart from this, our tissue culture laboratory has successfully induced embryoids from OxG palms and is on track to produce rooted plantlets in 2020.

Plans are underway to commercialise a new variety of AAR's planting materials, namely, the AA Hybrida LS. This DxP planting material has a better fruit set and a long stalk, which will make harvesting of fruit bunches easier.

In addition, our nutrition R&D programme explores the use of beneficial microbes to meet the nutrient needs of oil palms. Beneficial microorganisms are commonly used particularly for high-value crops and we intend to apply this for our oil palms at the nursery stage and beyond. Thus far, we have identified several superior beneficial microbes with the potential for commercialisation, including several nitrogen-fixing bacteria and *Trichoderma* species.

We are currently assessing the compatibility of these microbes in oil palm ecosystems. Our aim is to utilise microbes to improve soil health, increase nutrient availability to the palms as well as to protect palms against pathogens.





Harnessing the benefits of these microbes will ultimately support oil palm cultivation and be a sustainable method to improve agro-management practices.

Concurrently, two other novel beneficial microbes, which we have been working on, have both proven to possess bio-control potentials to inhibit Ganoderma disease in oil palm and promote plant growth.

## SUSTAINABILITY COMMITMENT

The Group is focused on operating in an economically, socially, and environmentally safe and responsible manner, to safeguard the interests of our diverse stakeholders.

This year has seen us publishing our second standalone Sustainability Report on our focus and approach in relation to sustainability efforts undertaken Group-wide.

## OUTLOOK

We were faced with a challenging year in 2019 but as CPO prices picked up in the fourth quarter, it appeared that 2020 would present us with a more favourable set of circumstances. However, this early optimism has suffered a stillbirth as the global palm oil sector suffers the effects of the COVID-19 pandemic, caused by the SARS-CoV-2 coronavirus.

In the first quarter of 2020, as demand fizzles across the world, trade is disrupted and production hampered in both Indonesia and Malaysia. In recent weeks, the rapid spread of COVID-19 and the collapse of the crude oil market have both combined to crush palm oil prospects, despite a number of support factors, including Indonesia's high biodiesel mandate (B30) and weak overall palm oil output growth.

The heavy slump in overall consumer demand and spending, has also impacted the palm oil industry as a growing number of countries impose lockdowns to contain the spread of the virus. This situation is expected to continue for several months, perhaps easing tentatively, in the second half of 2020. The widespread lockdowns have resulted in a plunge in demand in top importers, India and China, and for discretionary biodiesel blending in the European Union. This situation is further exacerbated by the closures of most restaurants and limited social activity.

At the time of writing, predictions of a looming recession abound, which will increase downward pressure on all major commodities. Palm oil will not be exempted. Similarly, the energy markets covering crude oil are expected to

remain under pressure until supply-demand fundamentals improve.

Although the short-term prospects of the sector are weak, it is still too early to determine whether the viral epidemic will further hurt outlook for the palm oil market in the medium-to-longer term.

The recent decline in Indian imports of palm oil from Malaysia will likely result in higher imports of palm oil from Indonesia and edible oils, mainly soybean oil and sunflower oil, from other markets. With sharply lower Indian purchases, Malaysian palm oil prices may weaken relative to Indonesia. This could correspondingly stimulate purchases by other importing countries from Malaysia, thus potentially mitigating the bearish impacts from India.

In order to capitalise on the prospects ahead for 2020, the Group remains committed to our Transformation Programme, which will be supported by the new management structure of Strategic Business Units. The new structure will allow us to achieve better profitability through focus on yield improvement, more effective mechanisation, reduced dependence on manual labour, prudent cost management and improved operational efficiency, both at our estates and mills.

During the year under review, we acquired 4,415 ha of brown fields in the Sit Seng Estate as well as a mill in Sandakan, Sabah, which is located adjacent to our Boustead Pertama estates. A total of 500 ha remains to be acquired and we expect this to be completed by the second quarter of 2020, once conditions precedent are fulfilled. At the same time, we completed the disposal of 139 ha of our Malakoff Estate during the year.

The Group will continue to place emphasis on R&D, to ensure that we are well placed to spearhead technological advances in the sector.

We will be allocating a total of RM59 million in capital expenditure for 2020, to be utilised mainly for the installation of dust particulate reduction systems in our mills, in compliance with environmental regulations. This allocation will also cover the construction of new workers' quarters, specifically at our Sabah estates. In addition, RM47 million will be invested in replanting efforts for around 2,000 ha, and the upkeep of our immature areas.

**IBRAHIM ABDUL MAJID**  
Chief Executive Officer  
8 May 2020

# AUDIT COMMITTEE REPORT

## MEMBERS AND MEETINGS

A total of four meetings were held during the financial year. Details of the composition of the Committee and the attendance by each member at the Committee meetings are set as follows:

### Dato' Mohzani Abdul Wahab<sup>1</sup>

Senior Independent  
Non-Executive Director  
(Chairman of the Committee)

Attendance of Meetings  
4/4

### Tan Sri Dato' Wira Aziah Ali (Appointed w.e.f. 15 August 2019)

Independent  
Non-Executive Director

Attendance of Meetings  
2/2

### Dato' Ahmad Rizal Abdul Rahman (Appointed w.e.f. 15 August 2019)

Independent  
Non-Executive Director

Attendance of Meetings  
2/2

### Dr. Raja Abdul Malek Raja Jallaludin (Resigned w.e.f. 31 July 2019)

Independent  
Non-Executive Director

Attendance of Meetings  
2/2

### Datuk Zakaria Sharif (Resigned w.e.f. 11 December 2019)

Non-Independent  
Non-Executive Director

Attendance of Meetings  
4/4

**Note:** <sup>1</sup>The Audit Committee Chairman's profile can be viewed on page 7 of this Annual Report.

The Audit Committee membership is in line with Paragraph 15.09 & 15.10 of the Main Market Listing Requirements (MMLR) of Bursa Malaysia Securities Berhad and Malaysian Code on Corporate Governance (MCCG) Practice 8.1 & 8.2, in which;

All members are Non-Executive Directors and majority of the members are Independent Directors;

No alternate director is appointed as a member;

Dato' Ahmad Rizal Abdul Rahman is a member of the Malaysian Institute of Accountants;

The Chairman of the Audit Committee is not the Chairman of the Board; and

None of the Committee members is a former key audit partner of the Company's external auditor.

The Audit Committee meetings were also attended by the Chief Executive Officer, Deputy Chief Executive Officer, Chief Financial Officer and Head of Group Internal Audit at the Audit Committee's invitation as and when appropriate. The Audit Committee also met with the external auditors during the year on two separate sessions, without the presence of management. The meetings have been appropriately structured with Audit Committee members receiving notices, agendas and papers sufficiently in advance of the meetings.

The Audit Committee Chairman reports to the Board on principal matters deliberated at Audit Committee meetings.

Minutes of each Audit Committee meeting are recorded and tabled for confirmation at the following meeting and subsequently presented to the Board for notation. The Audit Committee Chairman also conveys to the Board matters of significant concern as and when raised by the external auditors or internal auditors.

All members of the Audit Committee have and will continue to undertake professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules. Details of the Audit Committee members' training can be viewed on pages 44 to 46 of this Annual Report.

The Audit Committee Terms of Reference (TOR) is accessible for viewing on the Company's official website at [www.bousteadplantations.com.my](http://www.bousteadplantations.com.my).



## SUMMARY OF ACTIVITIES DURING THE FINANCIAL YEAR

During the year, the Audit Committee carried out its duties as set out in its Terms of Reference. The main activities undertaken were as follows:

### Financial Reporting

1. Reviewed the quarterly unaudited financial results and audited annual financial statements of the Group to ensure compliance with the MMLR, applicable approved accounting standards and other statutory and regulatory requirements prior to recommending for approval by the Board of Directors.
2. Reviewed the impact of any changes to the accounting policies and adoption of new accounting standards as well as accounting treatments used in the financial statements.
3. Obtained assurance from the Chief Financial Officer that:
  - appropriate accounting policies had been adopted and applied consistently;
  - the going concern basis applied in the annual financial statements and quarterly financial statements was appropriate;
  - prudent judgements and reasonable estimates had been made in accordance with Malaysian Financial Reporting Standards (MFRS);
  - adequate processes and controls were in place for effective and efficient financial reporting and disclosures under the MFRS and MMLR; and
  - the annual financial statements and the quarterly financial statements did not contain material misstatements and gave a true and fair view of the financial position of the Group and the respective companies within the Group for 2019.

### External Audit

During the year, the Audit Committee together with the external auditors:

1. Reviewed 2019 audit plan and scope of work for the Group.
2. Reviewed the audit fees, the number and experience of audit staff assigned to the audit engagement, resources and effectiveness of the external auditors.
3. Reviewed the performance of external auditors, their independence and objectivity.
4. Discussed on audit reports and evaluation of the systems of the internal controls.
5. Reviewed major audit findings and reservations arising from the interim and final audits, significant accounting issues and any matter the external auditors may wish to discuss.
6. Discussed the external auditors' review of the Statement on Risk Management and Internal Control for 2019.
7. Reviewed the external auditors' management letter(s) and management response(s).

The Audit Committee met with the external auditors twice during the year in the absence of Management to discuss amongst others, audit issues and reservations arising from the interim and final audits.

The external auditors have assured the Audit Committee that in accordance with the terms of all relevant professional and regulatory requirements, they had been independent throughout the audit engagement for 2019.

The external auditor's non-audit service fees and the statutory audit fees are available on page 101 of this Annual Report.

## AUDIT COMMITTEE REPORT

### Internal Audit

During the year, the Audit Committee:

1. Reviewed with the internal auditors their annual audit plan which is risk-based and focused on significant risk areas to ensure adequate scope and comprehensive coverage over the activities of the Group.
2. Reviewed and deliberated internal audit reports and to monitor/follow-up on remedial action.
3. Reviewed the corrective actions taken by the Management in addressing and resolving issues as well as ensuring that all key issues were adequately addressed on a timely basis.
4. Reviewed the adequacy of resource requirements and competencies of staff within Group Internal Audit (GIA) to execute the annual audit plan and the results of the work.
5. Reviewed the effectiveness of internal audit processes and the resources allocated to GIA.
6. Reviewed the Audit Committee Report and Corporate Governance Overview Statement and recommended to the Board for approval prior to their inclusion in the Company's annual report.

### Related Party Transactions

1. Reviewed the Circular to Shareholders relating to shareholders' mandate for recurrent related party transactions of revenue or trading nature prior to recommending it for Board's approval.
2. Monitored the recurrent related party transactions entered by the Company and the Group pursuant to the shareholders' mandate obtained at the Annual General Meeting held on 24 April 2019.
3. Reviewed the related party transactions entered by the Company and the Group as well as the disclosure and the procedures relating to related party transactions.
4. Reviewed the Framework and Procedures on related party transactions/recurrent related party transactions in order for the said framework to be abreast of the provisions of the MMLR.

### INTERNAL AUDIT FUNCTION

The Audit Committee is assisted by GIA of Boustead Holdings Berhad (the Immediate Holding Company of Boustead Plantations Berhad). GIA's principal responsibility is to evaluate and improve the effectiveness of risk management, control and governance processes of Boustead Plantations Berhad and its Subsidiaries and recommend improvements to the processes where required. This is accomplished through a systematic and disciplined approach of regular reviews and appraisals of the management, control and governance processes based on the review plan that is approved by the Audit Committee annually.

GIA adopts a risk-based methodology in planning and conducting audits by focusing on key risks areas and activities that are aligned with the Group's strategic plans. GIA has also adopted internal audit standards and best practices based on the International Professional Practices Framework (IPPF) promulgated by The Institute of Internal Auditors.

The terms of reference of GIA are clearly spelt out in the Internal Audit Charter. GIA has operated and performed in accordance to the principles of the Charter that provides for its independence. GIA reports directly to the Audit Committee, and is independent of the activities it audits. GIA has an adequately resourced internal audit function to assist the Audit Committee and the Board in maintaining an effective system of internal control and overall governance practices within the Company and the Group.

Eleven (11) internal auditors from GIA have been assigned to perform the audit of plantations, palm oil mills, research unit and the support functions during the year. The audit teams have completed and issued internal audit reports for 70 assignments based on the approved annual audit plan. The audits conducted in 2019 covered a wide range of operational areas within the Company which include review of harvesting and maintenance processes, procurement and contract management, accounting and financial controls, resource management and administration, palm mill operations and plantation research unit. The corresponding audit reports were presented to the Management Audit Committee and Audit Committee for attention, deliberation and corrective actions.



During the financial year, GIA had undertaken the following activities:

Prepared the annual audit plan for approval by the Audit Committee.

Performed risk-based audits based on the annual audit plan, including follow-up of matters from previous internal audit reports.

Issued internal audit reports to the Management on risk management, control and governance issues identified from the risk-based audits together with recommendations for improvements for these processes.

Undertook ad-hoc reviews and investigations on matters arising from the audits and/or requested by the Management and/or Audit Committee and issued reports accordingly to the Management.

Reported on a quarterly basis to the Management Audit Committee and Audit Committee on significant risk management, control and governance issues from the internal audit reports issued, the results of investigations and special reviews undertaken and the results of follow-up of matters reported.

Reported on a quarterly basis to the Audit Committee the achievement of the audit plan and status of resources of GIA.

Conducted regular follow-up and monitoring on the implementation of recommendations made by GIA to ensure that appropriate corrective actions are taken on a timely basis or within agreed timelines.

Liaised with the external auditors to maximise the use of resources and for effective coverage of the audit risks.

Reviewed the procedures relating to related party transactions/recurrent related party transactions entered into by the Group to ensure that the related party transactions/recurrent related party transactions have been conducted on the Group's normal commercial terms and are not to the detriment of the Group's minority shareholders.

Conducted workshops and communication sessions with the Management and operational staff on internal controls, internal audit observations and proposed action plans on the areas covered during the audit processes.

All audit work for the internal audit function during the year was conducted in-house. There were no areas of the internal audit programmes which were outsourced.

The total cost incurred for GIA in respect of the financial year ended 31 December 2019 was RM1.6 million (2018: RM1.2 million).

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

This Corporate Governance Overview Statement sets out the principal features of Boustead Plantations Berhad (BPB or the Company) and its subsidiaries' (collectively referred to as the Group) corporate governance approach, summary of corporate governance practices during the financial year as well as key focus areas and future priorities in relation to corporate governance. The Corporate Governance Overview Statement is made pursuant to Paragraph 15.25(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (MMLR) and guidance was drawn from Practice Note 9 of the MMLR and the Corporate Governance Guide (3rd edition) issued by Bursa Malaysia Securities Berhad (Bursa Malaysia).

The Corporate Governance Overview Statement is augmented with a Corporate Governance Report, based on a prescribed format as enumerated in Paragraph 15.25(2) of the MMLR so as to provide a detailed articulation on the application of the Group's corporate governance practices vis-à-vis the Malaysian Code on Corporate Governance (MCCG). The Corporate Governance Report is available on the Group's website, [www.bousteadplantations.com.my](http://www.bousteadplantations.com.my) as well as via an announcement on the website of Bursa Malaysia.

This Corporate Governance Overview Statement should also be read in tandem with the other statements in the Annual Report namely Statement on Risk Management and Internal Control, Audit Committee Report, Risk Committee Report and Sustainability Report.



## CORPORATE GOVERNANCE APPROACH

The Board of Directors (Board) of BPB is committed towards reinforcing its market position in the plantation industry, whilst remaining true to the Group's well-established corporate governance philosophies which are ingrained in the Group's core values, namely, **Respect, Integrity, Teamwork** and **Excellence**. The Board believes that a robust and dynamic corporate governance framework is essential to form the bedrock of responsible and responsive decision making in the Group.

### The Group's overall approach to corporate governance is to:

- promote heightened accountability at the leadership level (Board and Senior Management);
- adopt the substance behind corporate governance enumerations and not merely in form;
- conduct a thorough debate and rigorous enquiry process before establishing corporate governance systems, policies and procedures;
- identify opportunities to drive the synergistic implementation of corporate governance systems, policies and procedures for improved strategic and operational decision making; and
- find a fine balance in meeting the expectations of the different groups of stakeholders of the Group.

Given that the Board forms the pivot of good corporate governance, the Board steers efforts to promote meaningful and thoughtful application of good corporate governance practices. The Group regularly reviews its corporate governance arrangements and practices to ascertain if they reflect prevailing norms, market dynamics, emerging trends, developments in the regulatory tapestry and evolving stakeholder expectations.

## SUMMARY OF CORPORATE GOVERNANCE PRACTICES

In manifesting the Group's commitment towards sound corporate governance, the Group has benchmarked its practices against the relevant promulgations as well as other best practices.

BPB has applied all the Practices encapsulated in MCCG for the financial year ended 31 December 2019 except:

Practice 4.5 Policy on Gender Diversity;

Practice 6.1 Remuneration Policy for Directors and Senior Management;

Practice 7.2 Disclosure of the top five Senior Management personnel's remuneration on a named basis in bands of RM50,000;

Practice 11.2 Adoption of integrated reporting; and

Practice 12.3 Remote shareholders' participation.

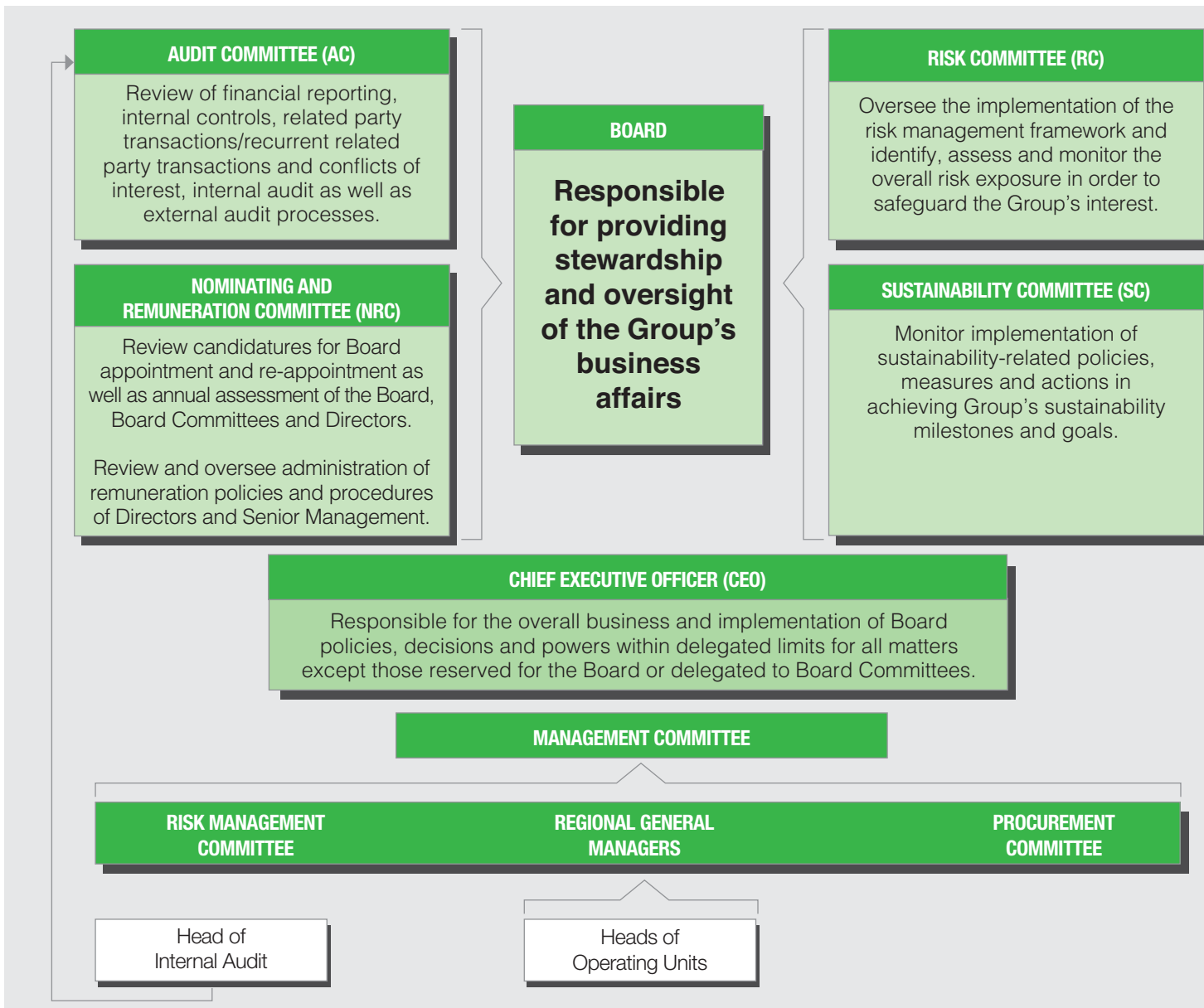
In line with the latitude accorded in the application mechanism of MCCG, the Company has provided explanations for the departures from the said practices supplemented with a description on the alternative measures that seek to achieve the Intended Outcome of the departed Practices, measures that the Company has taken or intends to take to adopt the departed Practices as well as the time frame for adoption of the departed Practices. Further details on the application of each individual Practice of MCCG are available in the Corporate Governance Report.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

A summary of the Group's corporate governance practices with reference to the MCCG is described below.

### BOARD'S ROLES AND RESPONSIBILITIES

The Board is responsible for the corporate governance practices of the Group. Being at the helm of the Group, the Board governs the affairs of the Group on behalf of the shareholders and retains full and effective control over the Group.



As depicted in the above illustration, Board Committees have been established to assist the Board in its oversight function with reference to specific responsibility areas. However, it should be noted that the Board retains collective oversight over the Board Committees at all times. These Board Committees have been constituted with clear terms of reference and they are actively engaged to ensure that the Group is in adherence with good corporate governance.





The Board has formalised a Board Charter which sets out the ethos of the Group, structure and authority of the Board. The Board Charter is the primary document that elucidates on the governance of the Board, Board Committees and individual Directors. The Board Charter is available on the Group's website, [www.bousteadplantations.com.my](http://www.bousteadplantations.com.my) and was last reviewed on 22 August 2019.

The Directors allocate sufficient time to discharge their responsibilities effectively and attend Board and Board Committee meetings with sufficient regularity to deliberate

on matters under their purview. Board meetings are held at quarterly intervals with additional meetings convened for particular matters, when necessary. During the year, the Board has deliberated on business strategies and critical issues concerning the Group, including business plan, annual budget, significant acquisitions and disposals, financial results as well as key performance indicators. The attendance of individual Directors at Board and Board Committees meetings during the financial year 2019 is outlined below:



Director	Board	Audit Committee	Nominating Committee <sup>2</sup>	Remuneration Committee <sup>2</sup>	Risk Committee <sup>3</sup>	Nominating and Remuneration Committee	Sustainability Committee
<b>Independent Non-Executive Directors</b>							
Datuk Syed Tamim Ansari Syed Mohamed <sup>1</sup>	4/4					2/2	
Dato' Mohzani Abdul Wahab	8/8	4/4	2/2		2/2	2/2	1/1 <sup>4</sup>
Maj. Gen. Dato' Seri Hj. Khairuddin Abu Bakar (R) J.P.	8/8		2/2		2/2	1/2	1/1
Tan Sri Dato' Wira Aziah Ali <sup>1</sup>	4/4	2/2			2/2	2/2	1/1
Dato' Ahmad Rizal Abdul Rahman <sup>1</sup>	4/4	2/2			2/2		
Dato' Chan Kong Yew <sup>1</sup>	4/4						1/1
Dr. Raja Abdul Malek Raja Jallaludin (Resigned w.e.f. 31 July 2019)	4/4	2/2		Nil			1/1
<b>Non-Independent Non-Executive Directors</b>							
Dato' Sri Ghazali Mohd Ali <sup>1</sup>	4/4						
Gen. Tan Sri Dato' Seri Panglima Mohd Ghazali Hj. Che Mat (R) (Resigned w.e.f. 31 July 2019)	4/4		2/2	Nil			
Datuk Zakaria Sharif (Resigned w.e.f. 11 December 2019)	7/7	4/4					1/1

<sup>1</sup> Appointed w.e.f. 22 July 2019.

<sup>2</sup> Nominating Committee was merged with Remuneration Committee on 16 July 2019 and is now known as Nominating and Remuneration Committee.

<sup>3</sup> Risk Committee was established on 16 July 2019.

<sup>4</sup> Member of Sustainability Committee until 15 August 2019.

 Board/Board Committee Chairman  
 Member

There is clear delineation of roles of the Board and Management. The CEO is the conduit between the Board and the Management in driving the success of the Group's governance and management function. The CEO manages and implements the Board's policies and decisions through the Management Committee.

In performing their duties, all Directors have access to advice and services of a suitably qualified Company Secretary. The Company Secretary acts as a corporate governance counsel and ensures good information flow within Board, Board

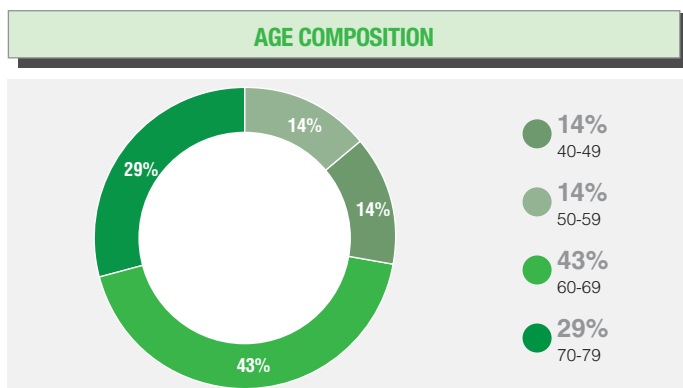
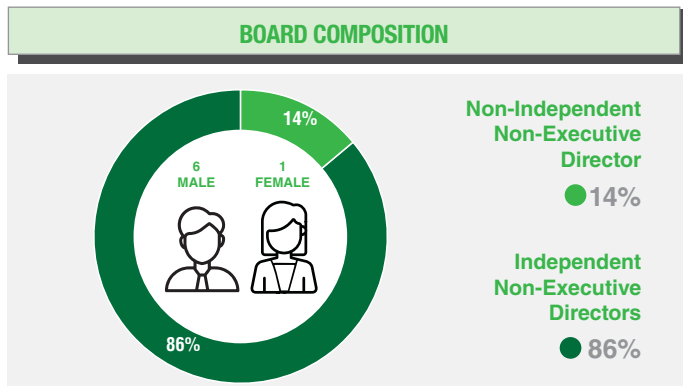
Committees and Senior Management. The Company Secretary attends all meetings of the Board and Board Committees and advises the Directors on the requirements encapsulated in the Company's Constitution and legislative promulgations such as the Companies Act 2016, Capital Markets and Services Act 2007 (Amendment 2012) and MMLR. Management provides Directors with complete, adequate and timely information prior to meetings and on an ongoing basis to enable them to make informed decisions.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

As Integrity is a core value of the Group, the Board is cognisant of its responsibility to set the ethical tone for the Group. The Code of Ethics and Conduct and Whistleblowing Policy have been put in place to foster an ethical culture and allow legitimate ethical concerns to be escalated in confidence without risk of reprisal. The Code of Ethics and Conduct and Whistleblowing Policy are reviewed periodically by the Board. The Code of Ethics and Conduct is published on the Group’s website, [www.bousteadplantations.com.my](http://www.bousteadplantations.com.my).

## BOARD COMPOSITION

The Board of the Company comprises seven members, six of whom are Independent Non-Executive Directors. The composition of the Independent Directors on the Board is in excess of the MMLR one third. The Board strives to ensure that it has an appropriate mix of skills, qualifications and experience to discharge its role and responsibilities effectively based on the Group’s nature of business. The Board, from time to time undertakes a review of its composition to determine areas of strengths and improvement opportunities.



## Board Skills and Experience



Appointments to the Board are made via a formal, rigorous and transparent process, premised on meritocracy and taking into account objective criteria such as qualification, skills, experience, professionalism, integrity and diversity needed on the Board in the context of the Group’s strategic direction. In the case of Independent Directors, the NRC assesses the candidate’s ability to bring the element of detached impartiality and objective judgement to boardroom deliberations.

During the year under review, the Company welcomed a new female Director. The Board endeavours to increase the proportion of female representation in the near future.

The Board, with the assistance of the NRC, regularly assesses the skills, experience, independence and diversity required collectively for the Board to effectively fulfil its role. The Board was satisfied that there was mutual respect among Directors which contributed to a democratic environment so as to constructively deliberate and undertake a robust decision-making process.

The Board reviews its performance, and that of Board Committees and individual Directors on an annual basis based on a set of predetermined criteria in a process that is facilitated by the NRC. During the year under review, the NRC’s key activity was to assess the overall Board and Board Committees’ performance and effectiveness as a whole. The Board was satisfied with level of commitment of its Directors in fulfilling the Board’s fundamental roles and responsibilities.



The Board and Board Committees' composition had fulfilled the criteria required, possess a right blend of knowledge, experience and mix of skills. In addition, the NRC also recommended for the Board to endorse the re-election of the relevant Directors at the forthcoming Annual General Meeting (AGM).

In reviewing the independence of Independent Directors, the NRC and Board adopt a qualitative approach in assessing if Independent Directors possess the intellectual honesty and moral courage to advocate professional views without fear or favour.

## REMUNERATION

BPB aims to set remuneration at levels which are sufficient to attract and retain high calibre Directors and Senior Management needed to run the business successfully, taking into consideration all relevant factors including the function, workload and responsibilities involved.

The NRC which comprises a majority of Non-Executive Directors is also responsible on remuneration matters. The NRC implements policies and procedures on remuneration including reviewing and recommending matters relating to the remuneration of Board and Senior Management.

A review on the quantum and composition of Non-Executive Directors' remuneration is undertaken once every four years.

Remuneration details of the Directors for the financial year ended 31 December 2019 for BPB are as follows:

Directors	Fees		Meeting Allowance RM'000
	Company RM'000	Group RM'000	
Datuk Syed Tamim Ansari Syed Mohamed	50	50	9
Dato' Mohzani Abdul Wahab	127	127	22
Maj. Gen. Dato' Seri Hj. Khairuddin Abu Bakar (R) J.P.	95	95	14
Tan Sri Dato' Wira Aziah Ali	50	50	12
Dato' Ahmad Rizal Abdul Rahman	48	48	9
Dato' Chan Kong Yew	41	41	5
Dato' Sri Ghazali Mohd Ali	40	40	4
Gen. Tan Sri Dato' Seri Panglima Mohd Ghazali Hj. Che Mat (R) (Resigned w.e.f. 31 July 2019)	69	73	8
Dr. Raja Abdul Malek Raja Jallaludin (Resigned w.e.f. 31 July 2019)	66	66	8
Datuk Zakaria Sharif (Resigned w.e.f. 11 December 2019)	102	102	12
<b>Total</b>	<b>688</b>	<b>692</b>	<b>103</b>

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### AUDIT COMMITTEE (AC)

The AC is relied upon by the Board to, amongst others, provide advice in the areas of financial reporting, external audit, internal control environment and internal audit process, review of related party transactions as well as conflict of interest situations.

The AC is chaired by an Independent Director who is distinct from the Chairman of the Board. All members of the AC are financially literate. One of the AC members is a member of the Malaysian Institute of Accountants. The AC has full access to both the internal and external auditors who, in turn, have access at all times to the Chairman of the AC. The role of the AC and the number of meetings held during the financial year as well as the attendance record of each member are set out in the AC Report in the Annual Report.

### RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

The Board is cognisant that a robust risk management and internal control framework helps the Group to achieve its value-creation targets by providing risk information to enable better formulation of the Group's strategies and decision making. The Group has established policies and framework for the oversight and management of material business risks and has adopted a formal Risk Management Policy. The Group, through the Risk Management Committee (a Management-level Committee), maintains detailed risk registers which are reviewed and updated on quarterly basis. Key focus areas of risks are reported and deliberated at the Risk Committee meetings. The Risk Committee was established by the Board on 16 July 2019. In line with the MCCG Step Up Practice 9.3, the Risk Committee comprises a majority of Independent Directors.

The internal audit function is carried out by the in-house Group Internal Audit (GIA) of Boustead Holdings Berhad (the immediate Holding Company of BPB).

The GIA function reports directly to the AC, and is independent of the activities it audits. GIA's authority, scope and responsibilities are governed by an Internal Audit Charter, approved by the AC. Further information on the Group's risk management and internal control framework is available in the Statement on Risk Management and Internal Control in the Annual Report.

### COMMUNICATION WITH STAKEHOLDERS

The Group is fully committed to maintain a high standard for the dissemination of relevant and material information on the development of the Group. The Group also places strong emphasis on the importance of timely and equitable dissemination of information to shareholders and stakeholders. Key shareholder and stakeholder communication modes include Annual Report, quarterly results analyst briefings, announcement to Bursa Malaysia, Sustainability Report, corporate website and investor relations activities.

The Group's investor relations activities are aimed at developing and maintaining a positive relationship with all the stakeholders through active two-way communication.

Contact for enquiries regarding investor relations matters of the Group: [corporate.office@bplant.com.my](mailto:corporate.office@bplant.com.my).

### CONDUCT OF GENERAL MEETINGS

The Group is of the view that General Meetings are important platforms to engage with its shareholders as well as to address their concerns. During the immediate preceding three years, all Directors were present at the AGMs to answer questions raised by shareholders. The Chairman, CEO and Chairmen of Board Committees will provide written answers to any significant question that cannot be readily answered. The Group encourage shareholders to attend and participate in the AGM by providing adequate advance notice and holding the AGM at a readily accessible location.



In light of the current Coronavirus Disease (COVID-19) pandemic, BPB has accelerated its initiative to implement remote shareholders' participation and online remote voting at the 107<sup>th</sup> AGM by leveraging on technology in accordance with Section 327(1) and (2) of the Companies Act 2016. Shareholders who attend the 107<sup>th</sup> AGM via remote participation will also be able to submit any questions during the AGM for the Company to respond. Shareholders are encouraged to take advantage of the said technology to participate in the AGM.

#### NOTICE OF AGM

**Date:** 24 June 2020

**Venue:** Royale Chulan Damansara, Petaling Jaya

#### CORPORATE GOVERNANCE FOCUS AND INITIATIVES

The Board is committed towards continuous enhancement of governance practices throughout the Group. In 2019, the Group has undertaken the following activities:

##### Independence of the Board

It is recognised that having objectivity in the boardroom extends beyond quantitative measures such as number of independent directors and their respective tenures. In order to harness the collective wisdom from greater participation of Independent Directors, Independent Directors have access to key gatekeepers of the Group such as external and internal auditors to discuss or share concerns about the Group and exchange views on potential improvements in governance.

#### Boardroom Diversity

The Board recognises the importance of diversity in averting “groupthink” and “blindspots” in the deliberation and decision making process. Recognising gender as a key facet of the various diversity dimensions, the Board is committed to developing a corporate culture that also embraces the aspect of gender diversity.

On 22 July 2019, the Board welcomed its first female Director, Tan Sri Dato' Wira Aziah Ali. Her appointment is expected to pave the way for more women to join the Board in the future in providing a fresh and diverse perspective to the Board.

#### Professional Development of Directors

During the year under review, Directors were accorded with a host of opportunities to develop and maintain their skills and knowledge. Directors attended various training programmes to keep themselves abreast of changes in legislative promulgations and industry practices. The Board, through the NRC was satisfied with the type of programmes attended by each Director during the year to enhance their knowledge and performance.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

The list of training programmes that were attended by the Board members are outlined below:

Name	Programme title and Organiser	Date(s)
<b>Independent Non-Executive Directors</b>		
<b>Datuk Syed Tamim Ansari Syed Mohamed</b>	• Corporate Induction [Boustead Holdings Berhad (BHB)]	15 August 2019
	• International Palm Oil Congress 2019 [Malaysian Palm Oil Board (MPOB)]	19 – 21 November 2019
<b>Dato' Mohzani Abdul Wahab</b>	• Palm Oil Economic Review & Outlook Seminar 2019 (MPOB)	17 January 2019
	• Briefing and Field Trip: Kacip Fatimah Production Lab and OP Tissue Culture Lab [Boustead Estates Agency Sdn Bhd (BEA)]	9 April 2019
	• Bursa 2019 Cyber Security Workshop – Shifting Towards Cyber Hygiene (Deloitte and Bursa Malaysia Berhad)	6 August 2019
	• Group-Wide Training Programme for Board Members and Senior Management Team [Lembaga Tabung Angkatan Tentera (LTAT) and BHB]	29 October 2019
	• An Executive Talk on Integrity and Governance (Malaysian Institute of Integrity)	7 November 2019
	• Audit Oversight Board Conversation with Audit Committees [Securities Commission Malaysia (SC)]	8 November 2019
	• Palm Oil Economic Review & Outlook Seminar 2019 (MPOB)	17 January 2019
<b>Maj. Gen. Dato' Seri Hj. Khairuddin Abu Bakar (R) J.P.</b>	• Briefing and Field Trip: Kacip Fatimah Production Lab and OP Tissue Culture Lab (BEA)	9 April 2019
	• Corporate Governance (CG) Advocacy Programme – Cyber Security in the Boardroom (Deloitte)	27 June 2019
	• Anti-Corruption and Integrity Forum 2019 [ARAM Global Sdn Bhd (ARAM)]	17 September 2019
	• Group-Wide Training Programme for Board Members and Senior Management Team (LTAT and BHB)	29 October 2019



Name	Programme title and Organiser	Date(s)
<b>Independent Non-Executive Directors</b>		
<b>Tan Sri Dato' Wira Aziah Ali</b>	• Corporate Induction (BHB)	15 August 2019
	• Sustainability by Design: Practical Steps for Malaysian Businesses (Digi)	17 September 2019
	• Mandatory Accreditation Programme [The ICLIF Leadership and Governance Centre (ICLIF)]	23 – 24 September 2019
	• Group-Wide Training Programme for Board Members and Senior Management Team (LTAT and BHB)	29 October 2019
	• Session on Corporate Governance and Anti-Corruption (SC)	31 October 2019
<b>Dato' Ahmad Rizal Abdul Rahman</b>	• Corporate Induction (BHB)	15 August 2019
	• Group-Wide Training Programme for Board Members and Senior Management Team (LTAT and BHB)	29 October 2019
	• Mandatory Accreditation Programme (ICLIF)	30 – 31 October 2019
<b>Dato' Chan Kong Yew</b>	• Corporate Induction (BHB)	15 August 2019
	• Group-Wide Training Programme for Board Members and Senior Management Team (LTAT and BHB)	29 October 2019
	• Forum on Corporate Governance in the Capital Market [Malaysian Institute of Corporate Governance (MICG)]	5 November 2019
	• Mandatory Accreditation Programme (ICLIF)	11 – 12 November 2019
<b>Dr. Raja Abdul Malek Raja Jallaludin</b> <i>(Resigned w.e.f. 31 July 2019)</i>	• Palm Oil Economic Review and Outlook Seminar 2019 (MPOB)	17 January 2019

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

Name	Programme title and Organiser	Date(s)
<b>Non-Independent Non-Executive Directors</b>		
<b>Dato' Sri Ghazali Mohd Ali</b>	• Seminar Integrating Town Planning & Land Law in Malaysia (Kelab Sukan dan Kebajikan Perancang Bandar Malaysia)	28 March 2019
	• Khazanah Megatrends Forum 2019 (Khazanah National)	7 – 8 October 2019
	• Property Division Business Planning and Leadership Workshop (Mutiarra Rini Sdn Bhd)	17 – 20 October 2019
	• Group-Wide Training Programme for Board Members and Senior Management Team (LTAT and BHB)	29 October 2019
<b>Gen. Tan Sri Dato' Seri Panglima Mohd Ghazali Hj. Che Mat (R)</b> <i>(Resigned w.e.f. 31 July 2019)</i>	Nil	–
<b>Datuk Zakaria Sharif</b> <i>(Resigned w.e.f. 11 December 2019)</i>	• Lembaga Tabung Angkatan Tentera's (LTAT) Board Retreat 2019 (LTAT)	25 – 27 January 2019
	• Langkawi International Maritime and Aerospace Exhibition (Ministry of Defence)	25 – 27 March 2019
	• Briefing and Field Trip: Kacip Fatimah Production Lab and OP Tissue Culture Lab (BEA)	9 April 2019
	• Seminar on Enterprise Risk Management – the Essential Building Blocks for a Holistic and Robust ERM Framework (MICG)	27 May 2019
	• CG Advocacy Programme – Cyber Security in the Boardroom (Deloitte)	27 June 2019
	• Related Party Transactions & Conflicts of Interest – Their Implications to the Board of Directors, Audit Committee and Management (ARAM)	9 July 2019
	• Cyber Security Awareness (Affin Bank Group)	3 October 2019
	• Group-Wide Training Programme for Board Members and Senior Management Team (LTAT and BHB)	29 October 2019
	• Permodalan Nasional Berhad (PNB) Corporate Summit 2019 “Rebooting Corporate Malaysia” (PNB Research Institute)	29 October 2019





## CORPORATE GOVERNANCE PRIORITIES (2020 AND BEYOND)

The Board recognises that there are always opportunities for improvement in its corporate governance activities in order for the Group to continue to engender trust and confidence amongst stakeholders. The Board has identified the following set pieces on its horizon that will help it to achieve its corporate governance objectives.

### BOARD DIVERSITY

In fostering gender diversity, the Board endeavours to establish and formalise a diversity policy, set targets, measures and annually assess both the targets and the progress in achieving them.

The Board endeavours to appoint one additional female Director (i.e. 25% women representation on the Board) and to meet the 30% target by 2022.

YEAR 2021-2022

### SUSTAINABILITY REPORTING

BPB aims to leverage on its existing qualitative sustainability indices and adopt a more mature form of sustainability reporting. The Board will set the direction for Management to establish necessary systems and controls with the presence of quality non-financial data that will support the development of such forms of reporting. BPB will also actively engage stakeholders to formalise a better understanding of what is expected and desired from its sustainability reporting.

LONG-TERM PLAN

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Pursuant to Paragraph 15.26 (b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (MMLR), the Board is pleased to provide the Statement on Risk Management and Internal Control for financial year ended 31 December 2019 which was prepared in accordance with Practice 9.1 & 9.2 of Malaysian Code on Corporate Governance (MCCG) and the “Statement on Risk Management and Internal Control – Guidelines for Directors of Listed Issuers”.

## BOARD RESPONSIBILITY

The Board acknowledges its responsibility for maintaining a sound system of internal control to safeguard shareholders' investments and the Group's assets and for reviewing the adequacy and integrity of the system; including for joint venture and associate companies.

The Group's system of internal control covers risk management and financial, operational and compliance controls. Notwithstanding these, due to the limitations that are inherent in any system of internal control, the Group's internal control system is designed to manage, rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable but not absolute assurance against material misstatement or loss.

Except for insurable risks where insurance covers are purchased, other significant risks faced by the Group are reported to Board, and managed by the respective Boards within the Group. The internal control system of the Group is supported by an appropriate organisational structure with clear reporting lines, defined lines of responsibilities and authorities from respective operating units up to the Board level.

## RISK MANAGEMENT

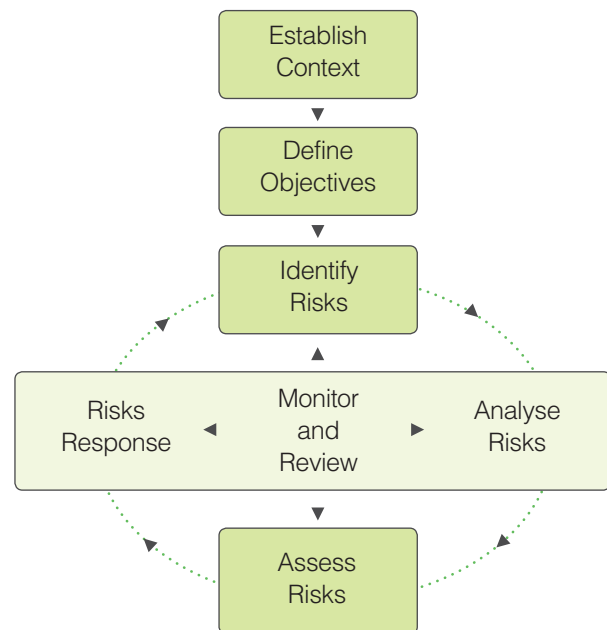
Risk management is regarded by the Board as an important aspect of the Group's operations with the objective of maintaining a sound internal control system and to ensure proper management of the risks that may impede the achievement of the Group's goals and objectives.

The Group has established an appropriate risk management infrastructure which is tailored to the specific circumstances of the Group and guided by Boustead Holdings Berhad's Risk Management Framework (the Immediate Holding Company of Boustead Plantations Berhad (BPB)) to ensure that the Group's assets are well-protected and shareholders' value enhanced.

In addition, the Group's risk management practices are generally aligned with the principles of ISO 31000 which is an internationally recognised standard for risk management.

The Group's risk management process includes understanding the context of internal and external factors that may have an impact towards the business, identifying principal business risks in critical areas, assessing the likelihood and impact of material exposures, determining its corresponding risk mitigation and treatment measures, and ongoing monitoring and reviewing of risk profiles. These ongoing processes are co-ordinated by the Risk Management Team of BPB in conjunction with the business heads of the Group.

The Group's Risk Management Process is highlighted in the illustration below:



Risk Management Committee (RMC) is entrusted with the responsibility of implementing and maintaining the enterprise risk management framework to achieve the following objectives:

- ▶ communicate the vision, role, direction and priorities to all employees and key stakeholders;
- ▶ identify, assess, treat, report and monitor significant risks in an effective manner;
- ▶ enable systematic risk review and reporting on key risks, existing control measures and any proposed action plan; and
- ▶ create a risk-aware culture and building the necessary knowledge for risk management at every level of Management.

The enterprise risk management framework encompasses the following key elements:

- ▶ adoption of a structured and systematic risk assessment, monitoring and reporting framework as well as clearly defining the risk responsibilities and the escalation process;
- ▶ heightened risk awareness culture in the business processes through risk owners' accountability and sign-off for action plans and continuous monitoring;
- ▶ fostering a culture of continuous improvement in risk management through risk review meetings; and
- ▶ providing a system to manage the central accumulation of risk profiles data with risk significance rating for the profiles as a tool for prioritising risk action plans.

## THE GROUP'S KEY RISKS

The Group has put in place a robust risk management framework to identify, assess, treat, report and monitor significant risks which may hinder the Group from achieving its objectives.

For the financial year ended 31 December 2019, the Group's key risks are highlighted as below, amongst others:

### 1. Fluctuation in Commodity Prices

The Group's profitability is dependent on the price direction of crude palm oil (CPO) and palm kernel (PK), which are subject to market volatility. Any upward or downward movement will have a material effect on the Group's financial performance.

Factors such as extreme weather conditions, changes in regulatory requirements, trade barriers and competition from other edible oils i.e. soybean, could influence the CPO and PK price movement.

In mitigating the risk, the Group has put in place various controls to reduce the impact, especially during the decline of CPO and PK prices such as constant monitoring of CPO and PK prices, close monitoring of other edible oil prices for market analysis and hedging through a mix of spot and forward sales.

Furthermore, the Group is committed to progressively certify all of its business units with Roundtable on Sustainable Palm Oil and Malaysian Sustainable Palm Oil certifications as to improve market opportunities and trade.

### 2. Low Yield per Hectare in Sarawak Region

The Group's operations in Sarawak region have experienced low yield per hectare as the region was hampered by native land disputes and the associated field blockades. Erratic weather conditions and labour shortage coupled with difficult ground conditions in Sarawak have also played a role in dampening crop production.

Notwithstanding the above, the Group is committed to engage with the local committees in order to achieve an amicable solution.

In addition, the Group is focused on improving productivity and increasing effectiveness with key initiatives such as mechanisation of operations, expediting foreign labour recruitment and improving labour retention as well as cost optimisation.

### 3. Long Gestation Period of Newly Acquired Properties

The Group has acquired new properties in Sabah Region i.e. Boustead Pertama estates and Boustead Tawai estates in May 2018 and May 2019 respectively. These estates are facing low crop production due to low stand per hectare and undulating to hilly terrain condition. In addition, the age profile of the trees with the majority being above 20 years will contribute to the yield downward trend and require progressive replanting in the coming years. Inadequate harvesters and general workers have also contributed to lower crop production and disrupted field maintenance programmes.

To address the risk, the Group has planned for a replanting programme which will commence in the coming years.

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

In addition, the Group is dedicated to improve the welfare of its workers by providing good living quarters with adequate amenities to retain existing workers and to attract new workers. Furthermore, the introduction of mechanisation in operations particularly in the harvesting and collection of the crops will increase the workers productivity thus contributing to higher yield in the future.

The rapid spread of ongoing COVID-19 pandemic throughout the country and the world has had a great impact on the overall economy including the palm oil sector. The movement control order (MCO) imposed by the government has affected labour and input availability and supply chains and has disrupted operations of plantations and mills despite the permission granted to the plantation industry to resume operations during the MCO period.

In March 2020, as part of COVID-19 containment efforts, the Sabah State Government decided to shutdown palm oil operations in six districts in Sabah from 25 March 2020 to 14 April 2020. Among the estates and mills that have been operating in the affected areas are Segaria Estate, Segaria Palm Oil Mill, Sungai Segamaha Estate, Bukit Segamaha Estate, G&G Estate, Ladang Tabung Tentera Sabah, Segamaha Palm Oil Mill, Boustead Sungai Lokan Estate and Boustead Lokan Baru Estate which are located in Semporna, Lahad Datu and Kinabatangan respectively in Sabah. It is expected that the COVID-19 pandemic and movement control measures put in place will result in decline in palm oil consumption and have a negative impact on economic growth. From the Group's preliminary assessment, palm oil prices will decrease slightly from current level over the coming months due to the decline in palm oil demand and global consumption.

Nonetheless, in anticipation of uncertainty and a challenging period ahead, the Group has taken proactive steps to manage the risks. One of the main focus to mitigating the risk of lower production output is to continue managing the costs. The Group is currently reviewing key expenditure items such as rationalisation of replanting programme and other capital expenditures to manage the spending and maximising utilisation of existing resources. In addition, the Group is also re-strategizing the plantation operations and continuing to operate efficiently by improving yield and generating higher profits under this challenging business environment.

### ESTABLISHMENT OF RISK COMMITTEE

The Group has established Risk Committee on 16 July 2019 to assist the Board in fulfilling the oversight responsibilities with respect to the Group's risk management processes and internal control systems. In line with the MCCG Step Up Practice 9.3, the Risk Committee comprises a majority of independent directors.

The Group's key risks are presented to the Risk Committee on a quarterly basis for notification and deliberation. Since its establishment, a total of two (2) meetings were held during the financial year.

Amidst delivering growth for its stakeholders, the Group will continue its focus on sound risk assessment practices and internal controls to ensure that the Group is well equipped to manage the various challenges arising from the dynamic business and competitive environment.

### KEY ELEMENTS OF INTERNAL CONTROL

Internal controls are embedded in the Group's operations as follows:

- ▶ Clear organisation structure with defined reporting lines of responsibility and accountability to support the maintenance of a strong control environment and control activities.
- ▶ Defined level of authorities and lines of responsibilities from operating units up to the Board level to ensure accountabilities for risk management and control activities.
- ▶ Group Risk Management function assists in reviewing and recommending the risk management policies, strategies, major risks review and risk mitigation actions for the Group as well as reporting to the Risk Committee and Board on a periodic basis.
- ▶ Training and development programmes are established to ensure that staff are kept up to date with the necessary competencies to carry out their responsibilities towards achieving the Group's objectives.
- ▶ Code of Ethics for the Board and all employees to ensure high standards of conduct and ethical values in all business practices.
- ▶ Whistle blowing policy to provide an avenue for employees to report any breach or suspected breach of any law or regulation, including business principles and the Group's policies and guidelines in a safe and confidential manner.
- ▶ Regular Board and Management meetings to assess the Group's performance and controls.



- ▶ The Board is supported by a qualified and competent Company Secretary. The Company Secretary plays an advisory role to the Board particularly on issues relating to compliance with MMLR, Companies Act 2016 and other relevant laws and regulations.
- ▶ Group Internal Audit (GIA) assists in providing assurance on the effectiveness of the internal control system. GIA performs regular visits to review the effectiveness of the control procedures and ensure accurate and timely financial management reporting. Internal audit efforts are directed towards areas with significant risks including the risk management process to provide assurance on the management of the risks.
- ▶ Management Audit Committee reviews the internal audit reports and follow-up on findings highlighted by GIA. The internal audit reports are deliberated by the Audit Committee, and are subsequently presented to the Board on a quarterly basis or earlier, as appropriate.
- ▶ Formation of a centralised purchasing unit to undertake key purchases centrally. Review and award of major purchases/contracts are deliberated through the Procurement Committee as to enhance transparency in the procurement process and award of contracts.
- ▶ Clearly documented standard operating procedures (SOP) set out the policies and procedures for day to day operations. Regular reviews are performed to ensure that the SOP remains current and relevant.
- ▶ Consolidated monthly management accounts and quarterly forecast performance which allows Management to focus on areas of concern.
- ▶ Regular visits to operating units by members of Senior Management, Planting Advisors, Visiting Engineers and Estates Agents, with emphasis on the monitoring and control of expenditure, agronomic practices and ad-hoc investigations.
- ▶ Strategic planning, target setting and detailed budgeting process for each operating unit which are approved both at the operating level and by the Board.
- ▶ Monthly monitoring of results against budget, with major variances being followed up and management action taken, where necessary.

### **MONITORING AND REVIEW OF THE ADEQUACY AND INTEGRITY OF THE SYSTEM OF INTERNAL CONTROL**

The processes adopted to monitor and review the adequacy and integrity of the system of internal control include:

- ▶ Periodic confirmation by the Chief Executive Officer, Deputy Chief Executive Officer, Chief Financial Officer and/or Risk Officer on the effectiveness of the system of internal control, highlighting any weaknesses and changes in risk profile.
- ▶ Periodic examination of the business processes and the state of internal control by the Internal Audit function. Reports on the reviews carried out by the Internal Audit function are submitted on a regular basis to Management, Management Audit Committee and Audit Committee.
- ▶ The monitoring, review and reporting arrangements provide reasonable assurance that the structure of controls and its operations are appropriate to the Group's operations and that risks are at an acceptable level throughout the Group's businesses. Such arrangements, however, do not eliminate the possibility of human error, deliberate circumvention of control procedures by employees and others, or the occurrence of unforeseeable circumstances.
- ▶ The Board believes that the development of the system of internal control is an on-going process and has taken proactive steps throughout the year to improve its internal control system and will continue to undertake such steps. The Board is of the view that the system of internal control in place for the year under review is sound and sufficient to safeguard shareholders' investments, stakeholders' interests and the Group's assets.

### **WEAKNESSES IN INTERNAL CONTROL THAT RESULT IN MATERIAL LOSSES**

There were no material losses for the financial year under review as a result of weaknesses in internal control. Management continues to take measures to strengthen the control environment.

### **REVIEW OF THE STATEMENT BY EXTERNAL AUDITOR**

As required by Paragraph 15.23 of Bursa Securities' MMLR, the external auditors have reviewed this Statement on Risk Management and Internal Control. The review was performed in accordance with Recommended Practice Guide (RPG) 5 (Revised 2015) issued by the Malaysian Institute of Accountants.

This statement is made in accordance with a resolution of the Board of Directors dated 8 May 2020.

# RISK COMMITTEE REPORT

The Risk Committee was established by the Board on 16 July 2019. The purpose of the formation of the Risk Committee is to assist the Board in fulfilling the oversight responsibilities with respect to the Group's risk management processes and internal control systems.

## Members and Meetings

As the Risk Committee was established in July 2019, a total of two (2) meetings were held during the financial year. Details of the composition of the Committee and the attendance of each member at the Committee meetings are set out below:

Name of Director	Status of Directorship	Independent	Date of Appointment	Attendance of Meetings
Dato' Ahmad Rizal Abdul Rahman <sup>1</sup>	Independent Non-Executive Director (Chairman of the Committee)	Yes	15 August 2019	2/2
Dato' Mohzani Abdul Wahab	Independent Non-Executive Director	Yes	15 August 2019	2/2
Maj. Gen. Dato' Seri Hj. Khairuddin Abu Bakar (R) J.P.	Independent Non-Executive Director	Yes	15 August 2019	2/2
Tan Sri Dato' Wira Aziah Ali	Independent Non-Executive Director	Yes	15 August 2019	2/2

Note: <sup>1</sup>The Risk Committee Chairman's profile can be viewed on page 10 of this Annual Report.

The Risk Committee membership is in line with the recommendation set out in the Malaysian Code on Corporate Governance Step Up 9.3 where the Risk Committee shall comprise a majority of independent directors.

The Risk Committee meetings were also attended by the Chief Executive Officer and Deputy Chief Executive Officer of Boustead Plantations Berhad by invitation and as and when appropriate. The meetings were appropriately structured with Risk Committee members receiving notices, agendas, and papers sufficiently in advance of the meetings.

The Risk Committee Chairman reports to the Board on principal matters deliberated at Risk Committee meetings.



## Roles and Responsibilities

The role of the Risk Committee is to provide holistic oversight on Risk and Risk Management of the Group, which will include but will not be limited to the following responsibilities:

- i) Oversee Enterprise Risk Management and Corruption Risk Management by:
  - a. Reviewing and recommending the overall risk management strategies, framework and policies for the Board's approval;
  - b. Monitoring and reviewing the Risk Management Committee's periodic report on key risk profiles and risk management activities; and
  - c. Obtaining assurance from the Senior Management of the Group that the risk management and internal control system is operating adequately and effectively.
- ii) Oversee Business Continuity Management by:
  - a. Ensuring the Group adopts sound and effective Business Continuity Management framework in order to safeguard the Group's interests; and
  - b. Ensuring that the Business Continuity Management framework is periodically reviewed and updated to reflect changes in the operating environment.
- iii) Reviewing all major investments and project business cases in accordance with established thresholds in the approved Limits of Authority, focusing on the following:
  - a. Evaluate the potential risks and mitigating action plans associated with the investment or project;
  - b. Monitor and review the implementation and effectiveness of mitigating action plans post approval and highlight key risks to the Board; and
  - c. Evaluate the potential risks associated with funding options and costs, and investment returns and making its recommendation to the Board for approval of the investment or project.
- iv) The detailed Risk Committee's Terms of Reference (TOR) is accessible for viewing on the Company's official website at [www.bousteadplantations.com.my](http://www.bousteadplantations.com.my).

## Activities During the Financial Year

During the year, the Risk Committee carried out its duties as set out in its Terms of Reference. The main activities undertaken were as follows:

1. Reviewed the Risk Management Committee's report on key risks and risk management activities. Recommended additional controls to mitigate key risks either existing or emerging risks.
2. Placed the necessary risk infrastructure encompassing the risk assessment process, organisational oversight and reporting function to instill the appropriate discipline and control around continuously improving risk management capabilities.
3. Reviewed and deliberated the Terms of Reference of Risk Committee for adoption.
4. Reviewed the Corporate Governance Overview Statement and Statement on Risk Management and Internal Control and recommend to the Board for approval prior to their inclusion in the Company's annual report.

For any recommendations made by the Risk Committee, the Company Secretary will issue an action item sheet to the Management for their action.

## Risk Management Function

The risk management function, through the Risk Management Committee, is entrusted with the responsibility of implementing and maintaining the Enterprise Risk Management framework to achieve the following objectives:

- ▶ Communicate the Board's vision, role, direction and priorities to all employees;
- ▶ Identify, assess, treat, report and monitor significant risks in an effective manner;
- ▶ Enable systematic risk review and reporting on key risks, existing control measures and any proposed action plan; and
- ▶ Create a risk-aware culture and building the necessary knowledge for risk management at every level of management.

The Enterprise Risk Management framework is generally aligned with the principles of ISO 31000 which is an internationally recognised standard for risk management.

Significant risk issues evaluated by the Risk Management Committee and/or major changes proposed by this committee will be discussed at the Risk Committee and Board of Directors' meetings.

# DIRECTORS' RESPONSIBILITY STATEMENT

The Directors reaffirm that they are collectively responsible for ensuring that the annual financial statements of the Group and the Company are drawn up in accordance with the applicable approved accounting standards in Malaysia, the provisions of the Companies Act 2016 and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad; and that these financial statements give a true and fair view of the financial position, financial performance and cash flows of the Group and of the Company for the financial year ended 31 December 2019.

To ensure that financial statements are properly drawn up, the Directors have taken the following measures:

- applied the appropriate and relevant accounting policies on a consistent basis;
- made judgements and estimates that are prudent and reasonable; and
- prepared the financial statements on a going concern basis.

The Directors are responsible for ensuring that the Group and the Company keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and the Company and which enable them to ensure that the financial statements comply with the Companies Act 2016. The Directors have overall responsibility for taking such steps that are reasonably open to them to safeguard the assets of the Group and the Company as well as to prevent and detect fraud and other irregularities.

**This statement is made in accordance with a resolution of the Board of Directors dated 8 May 2020.**







## FINANCIAL STATEMENTS

56	Directors' Report
61	Statement by Directors
61	Statutory Declaration
62	Independent Auditors' Report
67	Income Statements
68	Statements of Comprehensive Income
69	Statements of Financial Position
71	Statements of Changes in Equity
73	Statements of Cash Flows
75	Accounting Policies
95	Notes to the Financial Statements

# DIRECTORS' REPORT

The Directors present their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2019.

## PRINCIPAL ACTIVITIES

The Company is an Investment Holding Company and is also involved in oil palm plantation operations. The principal activities of the subsidiaries and associates are disclosed in Note 40 to the financial statements. There have been no significant changes in the nature of the principal activities of the Group and the Company during the financial year under review.

## RESULTS

	Group RM'000	Company RM'000
(Loss)/Profit for the year attributable to:		
Shareholders of the Company	(144,008)	137,800
Non-controlling interests	(13,272)	–
	(157,280)	137,800

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

In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature other than the gain on disposal of plantation land and impairment losses as disclosed in Notes 6 and 7 to the financial statements respectively.

## DIVIDENDS

During the financial year under review, the Company paid a third interim dividend of 2.0 sen per share totaling RM44,800,000 in respect of the financial year ended 31 December 2018 as declared in the Directors' report of that year.

The Directors have declared the following single tier dividend in respect of the financial year ended 31 December 2019:

	Dividend		Date declared	Date of payment
	Sen per share	RM'000		
First interim dividend	1.0	22,400	23 May 2019	28 June 2019

The Directors do not recommend the payment of any final dividend for the current financial year.



## DIRECTORS

The names of the Directors of the Company in office since the beginning of the financial year to the date of this report are:

Datuk Syed Tamim Ansari Syed Mohamed	(Appointed as Director on 22 July 2019 and Redesignated as Chairman on 1 August 2019)
Dato' Mohzani Abdul Wahab	
Maj. Gen. Dato' Seri Hj. Khairuddin Abu Bakar (R) J.P.	
Tan Sri Dato' Wira Aziah Ali	(Appointed on 22 July 2019)
Dato' Ahmad Rizal Abdul Rahman	(Appointed on 22 July 2019)
Dato' Chan Kong Yew	(Appointed on 22 July 2019)
Dato' Sri Ghazali Mohd Ali	(Appointed on 22 July 2019)
Gen. Tan Sri Dato' Seri Panglima Mohd Ghazali Hj. Che Mat (R)*	(Resigned on 31 July 2019)
Dr. Raja Abdul Malek Raja Jallaludin	(Resigned on 31 July 2019)
Datuk Zakaria Sharif	(Resigned on 11 December 2019)

\* He was also a director of certain subsidiaries of the Company.

The names of the directors of the Company's subsidiaries in office since the beginning of the financial year to the date of this report (not including those directors listed above) are:

Ahmad Azhar Shah Ibrahim	
Ahmad Rahman Mat Akat	
Chow Kok Choy	(Resigned on 1 August 2019)
Dato' Shoib Abdullah	(Resigned on 30 September 2019)
Datu Sajeli Kipli	(Resigned on 31 December 2019)
Datuk Ago Anak Dagang	
Fahmy Ismail	
Ibrahim Abdul Majid	(Appointed on 2 March 2020)
Idris Ibrahim	(Appointed on 15 February 2020)
Mohamad Azlan Jaafar	
Mohamad Mahazir Mustaffa	(Appointed on 1 October 2019)
Monaliza Zaidel	(Appointed on 1 January 2020)
Razali Zainudin	(Resigned on 1 June 2019)
Sebastian Anak Baya	
Shafie Mohd Zain	
Sharudin Jaffar	(Resigned on 1 January 2020)
Wan Abu Bakar Wan Hamid	(Appointed on 1 June 2019 and Resigned on 15 February 2020)

## DIRECTORS' REPORT

### DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the Directors might 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 has received or become entitled to receive any benefits (other than benefits included in the aggregate amount of emoluments received or due and receivable by the Directors, or the fixed salary of a full-time employee of the Company or its related corporations as shown in Note 5 to the financial statements) by reason of a contract made by the Company or a related corporation with any Director or with a firm of which the Director is a member or with a Company in which the Director has a substantial interest, except as disclosed in Note 33 to the financial statements.

Pursuant to Section 289 of the Companies Act 2016, the Company maintained a Directors' and Officers' Liability Insurance to provide appropriate insurance cover for the Directors and Officers of the Company. The amount of insurance premium for Directors' and Officers' Liability Insurance for the financial year was RM32,000. The Directors and Officers shall not be indemnified by such insurance for any deliberate negligence, fraud, intentional breach of law or breach of trust proven against them.

### DIRECTORS' INTERESTS

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

	<----- Number of ordinary shares ----->			
	At 1.1.2019	Acquired	Sold	At 31.12.2019
<b>Boustead Plantations Berhad</b>				
Dato' Mohzani Abdul Wahab	282,800	-	-	282,800
Dato' Sri Ghazali Mohd Ali	1,727,600	-	-	1,727,600
<b>Boustead Holdings Berhad</b>				
Dato' Mohzani Abdul Wahab	2,800	-	-	2,800
<b>Pharmaniaga Berhad</b>				
Dato' Sri Ghazali Mohd Ali	143,000	-	-	143,000
<b>Boustead Heavy Industries Corporation Berhad</b>				
Dato' Sri Ghazali Mohd Ali	75,000	-	-	75,000

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



## HOLDING COMPANIES

The Immediate Holding Company is Boustead Holdings Berhad (BHB), a public limited liability company. BHB is incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The Ultimate Holding Corporation is Lembaga Tabung Angkatan Tentera (LTAT), a local statutory body established by the Tabung Angkatan Tentera Act, 1973.

## OTHER STATUTORY INFORMATION

- (a) Before the income statements and statements of financial position of the Group and of the Company were made out, the Directors took reasonable steps:
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that there were no known bad debts and adequate provision had been made for doubtful debts; and
  - (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business 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 which would render:
- (i) it necessary to write off any bad debts or the amount of the provision for doubtful debts in the Group and in the Company inadequate to any substantial extent; and
  - (ii) the values attributed to current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the Directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and the Company misleading or inappropriate.
- (d) At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (e) 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 that secures the liabilities of any other person; or
  - (ii) any contingent liability in respect of the Group or of the Company which has arisen.

## DIRECTORS' REPORT

### OTHER STATUTORY INFORMATION (CONT'D.)

(f) In the opinion of the Directors:

- (i) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and
- (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

### SIGNIFICANT EVENTS

In addition to the significant events disclosed elsewhere in this report, other significant events are disclosed in Note 35 to the financial statements.

### SUBSEQUENT EVENT

Details of subsequent events are disclosed in Note 36 to the financial statements.

### AUDITORS

The auditors, Ernst & Young PLT, have expressed their willingness to continue in office.

Auditors' remuneration of the Group and the Company are RM893,000 and RM315,000 respectively, as disclosed in Note 5 to the financial statements.

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young PLT, as part of the terms of its audit engagement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young PLT during or since the end of the financial year.

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

**DATUK SYED TAMIM ANSARI SYED MOHAMED**

**DATO' MOHZANI ABDUL WAHAB**

Kuala Lumpur  
8 May 2020



# STATEMENT BY DIRECTORS

## STATEMENT BY DIRECTORS PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, Datuk Syed Tamim Ansari Syed Mohamed and Dato' Mohzani Abdul Wahab, being two of the Directors of Boustead Plantations Berhad, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 67 to 150 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2019 and of their financial performance and cash flows for the year then ended.

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

**DATUK SYED TAMIM ANSARI SYED MOHAMED**

**DATO' MOHZANI ABDUL WAHAB**

Kuala Lumpur  
8 May 2020

# STATUTORY DECLARATION

## STATUTORY DECLARATION PURSUANT TO SECTION 251(1)(b) OF THE COMPANIES ACT 2016

I, Mohamad Mahazir Mustaffa (CA 45704), being the officer primarily responsible for the financial management of Boustead Plantations Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 67 to 150 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed in Kuala Lumpur on 8 May 2020.

Before me

**SHI'ARATUL AKMAR BINTI SAHARI**

Commissioner for Oaths  
Kuala Lumpur

**MOHAMAD MAHAZIR MUSTAFFA**

# INDEPENDENT AUDITORS' REPORT

to the Members of Boustead Plantations Berhad (Incorporated in Malaysia)

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### *Opinion*

We have audited the financial statements of Boustead Plantations Berhad, which comprise the statements of financial position as at 31 December 2019 of the Group and of the Company, and income statements, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 67 to 150.

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 2019, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

### *Basis for opinion*

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit 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 Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

### *Key audit matters*

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

We have fulfilled the responsibilities described in the Auditors' responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis of our audit opinion on the accompanying financial statements.





#### Impairment assessment of property, plant and equipment and right-of-use assets

As at 31 December 2019, the carrying amount of property, plant and equipment and right-of-use assets of the Group are RM2,057.6 million and RM1,959.9 million respectively and the carrying amount of property, plant and equipment and right-of-use assets of the Company are RM1,340.9 million and RM186.6 million respectively. These are disclosed in Notes 13 and 14 to the financial statements respectively.

The Group and the Company are required to perform an impairment test of the cash generating unit (“CGU”) or group of CGUs when there is an indication that a CGU or group of CGUs may be impaired by comparing the carrying amount with its recoverable amount.

During the financial year, management had identified external and internal indicators of impairment in respect of the property, plant and equipment and right-of-use assets. Certain oil palm estates and mills of the Group and of the Company were also incurring losses. Management had then undertaken an assessment of the recoverable amount, which is defined as the higher of fair value less costs of disposal or value-in-use.

The aforementioned impairment review gave rise to impairment losses of property, plant and equipment and right-of-use assets of the Group of RM160.6 million and RM15.4 million respectively and impairment losses of property, plant and equipment of the Company of RM9.9 million as disclosed in Notes 7, 13 and 14 to the financial statements respectively.

We have identified this as an important area of our audit given the significance of property, plant and equipment and right-of-use assets to the Group and the Company and the judgements and estimates involved in the assessment of the recoverable amount.

Our procedures in reviewing the assessment of value-in-use and fair value less costs of disposal of the CGUs, include inter alia the following:

- We assessed the assumptions used relating to the forecasted and projected Crude Palm Oil (“CPO”) and Fresh Fruit Bunches (“FFB”) prices, FFB yield of the oil palm estates and the estimated remaining useful lives of the bearer plants. We assessed the CPO and FFB price assumptions through comparisons with long-term price forecasts.
- We also assessed the discount factor used to determine the present value of the cash flows and whether the rate used reflect the return that investors would require if they were to choose an investment that would generate cash flows of amounts, timing and risk profile equivalent to those that the entity expects to derive from the asset.
- To the extent that management relied on valuation reports provided by independent professional valuers, we have considered the competence, capabilities and objectivity of professional valuers. We have also assessed the key assumptions and methodology used by independent professional valuers. This would include comparisons with recent transactions involving other similar vacant agricultural land in the vicinity, size, tenure of title and the related valuation adjustments made by independent professional valuers.

## INDEPENDENT AUDITORS' REPORT

to the Members of Boustead Plantations Berhad (Incorporated in Malaysia)

### *Information other than the financial statements and auditors' report thereon*

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, 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 Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

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

### *Auditors' responsibilities for the audit of the financial statements*

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



*Auditors' responsibilities for the audit of the financial statements (cont'd.)*

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

## INDEPENDENT AUDITORS' REPORT

to the Members of Boustead Plantations Berhad (Incorporated in Malaysia)

*Auditors' responsibilities for the audit of the financial statements (cont'd.)*

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

### Other matters

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

### ERNST & YOUNG PLT

202006000003 (LLP0022760-LCA) & AF 0039  
Chartered Accountants

### AHMAD ZAHIRUDIN BIN ABDUL RAHIM

02607/12/2020 J  
Chartered Accountant

Kuala Lumpur, Malaysia  
8 May 2020



# INCOME STATEMENTS

for the year ended 31 December 2019

	Note	Group		Company	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
<b>Revenue</b>	4	<b>577,203</b>	584,009	<b>164,839</b>	186,102
Operating costs	5	<b>(598,974)</b>	(604,550)	<b>(139,777)</b>	(169,494)
Results from operations		<b>(21,771)</b>	(20,541)	<b>25,062</b>	16,608
Gain on disposal of plantation land	6	<b>119,454</b>	–	<b>119,454</b>	–
Impairment losses	7	<b>(175,962)</b>	–	<b>(9,936)</b>	–
Interest income	8	<b>1,115</b>	1,312	<b>95,303</b>	63,974
Finance costs	9	<b>(64,826)</b>	(36,784)	<b>(67,631)</b>	(38,984)
Share of results of associates		<b>6,620</b>	5,040	–	–
(Loss)/Profit before taxation		<b>(135,370)</b>	(50,973)	<b>162,252</b>	41,598
Taxation	10	<b>(21,910)</b>	(12,936)	<b>(24,452)</b>	(10,087)
<b>(Loss)/Profit for the year</b>		<b>(157,280)</b>	(63,909)	<b>137,800</b>	31,511
Attributable to:					
Shareholders of the Company		<b>(144,008)</b>	(51,781)	<b>137,800</b>	31,511
Non-controlling interests		<b>(13,272)</b>	(12,128)	–	–
<b>(Loss)/Profit for the year</b>		<b>(157,280)</b>	(63,909)	<b>137,800</b>	31,511
<b>Loss per share</b>					
Basic (sen)	11	<b>(6.4)</b>	(2.3)		

The accompanying accounting policies and explanatory notes form an integral part of these financial statements.

# STATEMENTS OF COMPREHENSIVE INCOME

for the year ended 31 December 2019

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
<b>(Loss)/Profit for the year</b>	<b>(157,280)</b>	(63,909)	<b>137,800</b>	31,511
<b>Other comprehensive (loss)/income</b>				
<i>Other comprehensive loss that may be reclassified to profit or loss in subsequent periods (net of tax):</i>				
Exchange differences on translation of associates	<b>(103)</b>	(384)	–	–
<i>Other comprehensive income that will not be reclassified to profit or loss in subsequent periods (net of tax):</i>				
Remeasurement gain on defined benefit obligations	<b>883</b>	–	<b>782</b>	–
Total other comprehensive income/(loss) for the year, net of tax	<b>780</b>	(384)	<b>782</b>	–
<b>Total comprehensive (loss)/income for the year, net of tax</b>	<b>(156,500)</b>	(64,293)	<b>138,582</b>	31,511
Attributable to:				
Shareholders of the Company	<b>(143,228)</b>	(52,165)	<b>138,582</b>	31,511
Non-controlling interests	<b>(13,272)</b>	(12,128)	–	–
<b>Total comprehensive (loss)/income for the year, net of tax</b>	<b>(156,500)</b>	(64,293)	<b>138,582</b>	31,511

The accompanying accounting policies and explanatory notes form an integral part of these financial statements.



# STATEMENTS OF FINANCIAL POSITION

as at 31 December 2019

	Note	Group		Company	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
<b>Assets</b>					
<b>Non-current assets</b>					
Property, plant and equipment	13	2,057,601	3,609,300	1,340,924	1,327,102
Right-of-use assets	14	1,959,890	–	186,601	–
Prepaid land lease payments	15	–	45,838	–	–
Investment in subsidiaries	16	–	–	210,409	210,409
Investment in associates	17	27,536	29,019	3,330	3,330
Goodwill on consolidation	18	2,281	2,281	–	–
Deferred tax assets	19	–	2,557	–	–
Receivables	20	–	–	1,745,148	1,292,999
		<b>4,047,308</b>	3,688,995	<b>3,486,412</b>	2,833,840
<b>Current assets</b>					
Inventories	21	28,612	36,034	6,750	11,214
Biological assets	22	22,230	15,662	6,390	4,990
Receivables	20	80,585	125,241	110,145	152,721
Tax recoverable		393	4,186	–	733
Cash and bank balances	23	20,468	57,799	18,422	54,755
		<b>152,288</b>	238,922	<b>141,707</b>	224,413
Assets held for sale	24	–	237,419	–	237,419
		<b>152,288</b>	476,341	<b>141,707</b>	461,832
<b>Total assets</b>		<b>4,199,596</b>	4,165,336	<b>3,628,119</b>	3,295,672

The accompanying accounting policies and explanatory notes form an integral part of these financial statements.

## STATEMENTS OF FINANCIAL POSITION

as at 31 December 2019

	Note	Group		Company	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
<b>Equity and liabilities</b>					
<b>Equity</b>					
Share capital	25	1,422,344	1,422,344	1,422,344	1,422,344
Non-distributable reserves	26	(265)	(162)	–	–
Retained profits	27	1,130,191	1,295,716	644,032	527,850
<b>Equity attributable to equity holders of the parent</b>					
		2,552,270	2,717,898	2,066,376	1,950,194
Non-controlling interests		(100,084)	(86,812)	–	–
<b>Total equity</b>		<b>2,452,186</b>	<b>2,631,086</b>	<b>2,066,376</b>	<b>1,950,194</b>
<b>Non-current liabilities</b>					
Borrowings	28	655,134	373,085	655,134	373,085
Deferred tax liabilities	19	274,780	281,201	77,421	72,519
Payables	29	6,197	6,330	4,661	4,948
		936,111	660,616	737,216	450,552
<b>Current liabilities</b>					
Borrowings	28	722,246	744,600	722,246	744,600
Payables	29	83,669	83,866	98,710	105,526
Dividend payable		–	44,800	–	44,800
Taxation		5,384	368	3,571	–
		811,299	873,634	824,527	894,926
<b>Total liabilities</b>		<b>1,747,410</b>	<b>1,534,250</b>	<b>1,561,743</b>	<b>1,345,478</b>
<b>Total equity and liabilities</b>		<b>4,199,596</b>	<b>4,165,336</b>	<b>3,628,119</b>	<b>3,295,672</b>

The accompanying accounting policies and explanatory notes form an integral part of these financial statements.





# STATEMENTS OF CHANGES IN EQUITY

for the year ended 31 December 2019

	Share capital RM'000	Non-distributable reserves RM'000	Distributable retained profits RM'000	Total equity attributable to equity holders of the parent RM'000	Non-controlling interests RM'000	Total equity RM'000
<b>Group</b>						
At 1 January 2018	1,422,344	222	1,597,316	3,019,882	(74,572)	2,945,310
Loss for the year	–	–	(51,781)	(51,781)	(12,128)	(63,909)
Other comprehensive loss	–	(384)	–	(384)	–	(384)
Total comprehensive loss for the year	–	(384)	(51,781)	(52,165)	(12,128)	(64,293)
Remeasurement of deferred tax liability on fair value surplus of freehold land due to increase in tax rate (Note 19)	–	–	(29,019)	(29,019)	–	(29,019)
Transactions with owners:						
Dividends (Note 12)	–	–	(220,800)	(220,800)	–	(220,800)
Dividends paid to non-controlling interests	–	–	–	–	(112)	(112)
At 31 December 2018	1,422,344	(162)	1,295,716	2,717,898	(86,812)	2,631,086
At 1 January 2019	<b>1,422,344</b>	<b>(162)</b>	<b>1,295,716</b>	<b>2,717,898</b>	<b>(86,812)</b>	<b>2,631,086</b>
Loss for the year	–	–	(144,008)	(144,008)	(13,272)	(157,280)
Other comprehensive (loss)/income	–	(103)	883	780	–	780
Total comprehensive loss for the year	–	(103)	(143,125)	(143,228)	(13,272)	(156,500)
Transaction with owners:						
Dividends (Note 12)	–	–	(22,400)	(22,400)	–	(22,400)
At 31 December 2019	<b>1,422,344</b>	<b>(265)</b>	<b>1,130,191</b>	<b>2,552,270</b>	<b>(100,084)</b>	<b>2,452,186</b>

The accompanying accounting policies and explanatory notes form an integral part of these financial statements.

## STATEMENTS OF CHANGES IN EQUITY

for the year ended 31 December 2019

	Share capital RM'000	Distributable retained profits RM'000	Total equity RM'000
<b>Company</b>			
At 1 January 2018	1,422,344	741,546	2,163,890
Profit for the year, representing total comprehensive income	–	31,511	31,511
Remeasurement of deferred tax liability on fair value surplus of freehold land due to increase in tax rate (Note 19)	–	(24,407)	(24,407)
Transactions with owners:			
Dividends (Note 12)	–	(220,800)	(220,800)
At 31 December 2018	1,422,344	527,850	1,950,194
At 1 January 2019	<b>1,422,344</b>	<b>527,850</b>	<b>1,950,194</b>
Profit for the year	–	<b>137,800</b>	<b>137,800</b>
Other comprehensive income	–	<b>782</b>	<b>782</b>
Total comprehensive income for the year	–	<b>138,582</b>	<b>138,582</b>
Transaction with owners:			
Dividends (Note 12)	–	<b>(22,400)</b>	<b>(22,400)</b>
At 31 December 2019	<b>1,422,344</b>	<b>644,032</b>	<b>2,066,376</b>

The accompanying accounting policies and explanatory notes form an integral part of these financial statements.



# STATEMENTS OF CASH FLOWS

for the year ended 31 December 2019

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
<b>Cash flows from operating activities</b>				
Cash receipts from customers	<b>576,001</b>	603,426	<b>152,939</b>	180,623
Cash paid to suppliers and employees	<b>(413,697)</b>	(488,223)	<b>(96,701)</b>	(153,551)
Cash generated from operations	<b>162,304</b>	115,203	<b>56,238</b>	27,072
Defined benefit obligations paid	<b>(339)</b>	(211)	<b>(317)</b>	(169)
Tax paid	<b>(12,884)</b>	(38,982)	<b>(11,165)</b>	(26,820)
Net cash generated from operating activities	<b>149,081</b>	76,010	<b>44,756</b>	83
<b>Cash flows from investing activities</b>				
Purchase of property, plant and equipment	<b>(70,911)</b>	(82,652)	<b>(18,425)</b>	(23,492)
Acquisition of plantation assets	<b>(376,031)</b>	(699,121)	–	–
Deposits received on proposed disposal of land	–	13,604	–	13,604
Proceeds from disposal of property, plant and equipment and compulsory land acquisition	<b>121,256</b>	6,860	<b>121,003</b>	6,463
Deposit for purchase of plantation assets	–	(39,700)	–	–
Dividends received	<b>8,000</b>	4,000	<b>20,070</b>	57,142
Interest received	<b>1,127</b>	1,300	<b>102,881</b>	57,090
Acquisition of a subsidiary	–	–	–	(250)
Net cash (used in)/generated from investing activities	<b>(316,559)</b>	(795,709)	<b>225,529</b>	110,557

The accompanying accounting policies and explanatory notes form an integral part of these financial statements.

## STATEMENTS OF CASH FLOWS

for the year ended 31 December 2019

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
<b>Cash flows from financing activities</b>				
Dividends paid	(67,200)	(176,000)	(67,200)	(176,000)
Dividends paid to non-controlling interests	(112)	(462)	–	–
Drawdown of term loans	315,000	400,000	315,000	400,000
(Decrease)/Increase in revolving credits	(25,000)	576,000	(25,000)	576,000
Repayment of term loans	(24,000)	–	(24,000)	–
Movement in subsidiaries balances, net	–	–	(433,235)	(833,549)
Interest paid	(61,533)	(39,185)	(65,175)	(35,275)
Transaction costs on borrowings	(1,890)	(3,800)	(1,890)	(3,800)
Net cash generated from/(used in) financing activities	135,265	756,553	(301,500)	(72,624)
Net (decrease)/increase in cash and cash equivalents	(32,213)	36,854	(31,215)	38,016
Cash and cash equivalents at beginning of year	52,656	15,802	49,612	11,596
Cash and cash equivalents at end of year	20,443	52,656	18,397	49,612
<b>Cash and cash equivalents at end of year</b>				
Cash and bank balances (Note 23)	20,468	57,799	18,422	54,755
Bank overdrafts (Note 28)	(25)	(5,143)	(25)	(5,143)
	20,443	52,656	18,397	49,612

The accompanying accounting policies and explanatory notes form an integral part of these financial statements.



# 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 (MFRSs), International Financial Reporting Standards (IFRSs) and the requirements of the Companies Act 2016 in Malaysia.

The financial statements of the Group and the Company are prepared under the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Ringgit Malaysia (RM) and all values are rounded to the nearest thousand RM except when otherwise indicated.

## **(B) BASIS OF CONSOLIDATION**

The consolidated financial statements of the Group comprise the Company and its subsidiaries.

The financial statements of the subsidiaries used for preparing the consolidated financial statements, are prepared for the same reporting period as the Company using consistent accounting policies.

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

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

## ACCOUNTING POLICIES

### (B) BASIS OF CONSOLIDATION (CONT'D.)

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

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

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

#### **Business combinations**

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

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

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

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

#### **Non-controlling interests**

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



## **(B) BASIS OF CONSOLIDATION (CONT'D.)**

### **Non-controlling interests (cont'd.)**

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to the owners of the Company, and are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from shareholders' equity. Losses of a subsidiary are attributed to the non-controlling interests even if that results in a deficit balance.

### **Change in ownership interest of subsidiaries**

Changes in the Group's equity interest in a subsidiary that do not result in the Group losing control over the subsidiary is accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their respective interests in the subsidiary. Any difference between the amount by which the non-controlling interests is adjusted and the fair value of the consideration paid or received is recognised directly in shareholders' equity.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

### **Business combinations under common control**

Business combinations involving entities under common control are accounted for by applying the pooling of interest method which involves the following:

- The assets and liabilities of the combining entities are reflected at their carrying amounts reported in the consolidated financial statements of the controlling holding company.
- No adjustments are made to reflect the fair values at the date of combination, or recognise any new assets or liabilities.
- No additional goodwill is recognised as a result of the combination.
- Any differences between the consideration paid/transferred and the equity 'acquired' is reflected within the equity as merger reserve.

The Group has elected no restatement of financial information in the consolidated financial statements for the periods prior to the combination of entities under common control.

### **Investment in subsidiaries – separate financial statements**

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less any impairment losses. Dividends received from subsidiaries are recorded as a component of revenue in the Company's separate income statement.

## ACCOUNTING POLICIES

### (C) ASSOCIATES

An associate is defined as a company, not being a subsidiary or an interest in a joint venture, in which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not in control or joint control over those policies. Details of the associate are as disclosed in Note 17.

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

The Group's interest in associate is equity accounted. Under the equity method, investment in associate is carried in the consolidated statement of financial position at cost plus post acquisition changes in the Group's share of net assets of the associate, less distribution received and any impairment in value of individual investment. Any change in other comprehensive income (OCI) of these investees is presented as part of the Group's OCI.

The consolidated statement of comprehensive income reflects the share of the associate's results after tax. Where there has been a change recognised directly in the equity of associate, the Group recognises its share of such change. Unrealised gains or losses on transactions between the Group and its associate are eliminated to the extent of the Group's interest in the associate. When the Group's share of losses exceeds its interest in associate, the Group does not recognise further losses except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Where the financial year end of the associate is not coterminous with that of the Group, the share of results is arrived at using the last audited financial statements available and management financial statements to the end of the accounting period. Where necessary, adjustments are made to the financial statements of the associate to ensure consistency of the accounting policies used with those of the Group. The most recent available financial statements of the associate are used by the Group in applying the equity method.

The Group determines at each reporting date whether there is any objective evidence that the investment in associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value. Impairment loss is recognised in profit or loss.

An associate is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence. Upon loss of significant influence over the associate, the Group measures and recognises any retaining investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

#### **Investment in associate – separate financial statements**

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





## **(D) INVESTMENT IN JOINT OPERATION**

A joint operation is a joint arrangement whereby the parties that have the joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement.

The Group and the Company as a joint operator recognises in relation to its interest in a joint operation:

- Its share of any assets held jointly;
- Its share of any liabilities incurred jointly;
- Its share of the revenue from the sale of the output by the joint operation; and
- Its share of any expenses incurred jointly.

The Group and the Company account for the assets, liabilities, revenue and expenses relating to its interest in a joint operation in accordance with the MFRS applicable to the assets, liabilities, revenue and expenses.

Profits and losses resulting from transactions between the Group and/or the Company and its joint operation are recognised in the Group's and the Company's financial statements only to the extent of the unrelated investors' interest in the joint operation.

## **(E) PROPERTY, PLANT AND EQUIPMENT AND DEPRECIATION**

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

Freehold land is not amortised. Capital work-in-progress items are not available for use and thus not depreciated. Oil palms are classified as bearer plants. Expenditure that are directly related to the planting and upkeep of oil palms are capitalised until the palms reach maturity. Upon maturity, maintenance and upkeep of oil palms are expensed to profit or loss. Depreciation for bearer plants commence when oil palms reach maturity.

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

Bearer plants	22 years
Buildings	5 – 30 years
Plant and machinery	5 – 30 years
Motor vehicles	3 – 7 years
Furniture and equipment	2 – 15 years

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

## ACCOUNTING POLICIES

### (E) PROPERTY, PLANT AND EQUIPMENT AND DEPRECIATION (CONT'D.)

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

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

### (F) INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost incurred in bringing each product to its present location and condition are accounted for, as follows:

- (i) Product stocks: deemed cost of consumable biological assets, cost of direct materials and labour, and a proportion of manufacturing overheads; and
- (ii) Consumable and nursery stocks: purchase cost on a weighted average basis and all incidental costs incurred in bringing the stocks into stores.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

### (G) BIOLOGICAL ASSETS

Biological assets comprise the produce growing on oil palms. Biological assets are measured at fair value less costs to sell. Changes in fair value less costs to sell are recognised in profit or loss. Fair value is determined based on the present value of expected net cash flows from the biological assets. The expected net cash flows are estimated using the expected fresh fruit bunches (FFB) harvest and the market price at reporting date of crude palm oil (CPO) and palm kernel (PK) adjusted for extraction rates less processing, harvesting and transportation costs.

### (H) CURRENCY CONVERSION

The Group's consolidated financial statements are presented in Ringgit Malaysia (RM), which is also the functional currency of the Company. All transactions are recorded in RM. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and recorded on initial recognition at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period.



## **(H) CURRENCY CONVERSION (CONT'D.)**

Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates at the dates of the initial transactions. Non-monetary items denominated in foreign currencies that are measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss. Exchange differences arising on monetary items that form part of the Group's net investment in foreign operations are recognised initially in other comprehensive income and accumulated under foreign exchange currency reserve in equity. The foreign exchange currency reserve is reclassified from equity to profit or loss of the Group on disposal of the investment in foreign operations.

## **(I) CASH AND CASH EQUIVALENTS**

For purposes of the statements of cash flows, cash and cash equivalents comprise cash and bank balances, short-term deposits net of overdrafts which are subject to an insignificant risk of changes in value.

## **(J) RESEARCH AND DEVELOPMENT**

The Group's research and development is undertaken through an associate, whereby contribution towards such activity is recognised as an expense as and when incurred.

## **(K) REVENUE**

### **(i) Revenue from contracts with customers**

The Group and the Company are principally involved in selling plantation produce and providing plantation agency services. Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group and the Company expect to be entitled in exchange for those goods or services. The Group and the Company have generally concluded that it is the principal in its revenue arrangements, except for the plantation agency services below, because it typically controls the goods or services before transferring them to the customer.

#### **Sale of plantations produce**

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

There is no element of financing present as the Group's and the Company's sale of plantation produce are either on cash terms (immediate payment or advance payment not exceeding 30 days); or on credit terms of up to 30 days.

## ACCOUNTING POLICIES

### (K) REVENUE (CONT'D.)

#### (i) Revenue from contracts with customers (cont'd.)

##### Plantation agency services

The Group's plantation agency services involve the provision of management and consultancy services to estates and mills.

The Group recognises revenue from plantation agency services over time, using an input method to measure the progress towards complete satisfaction of the service, because the customer simultaneously receives and consumes the benefits provided by the Group. Normal credit term is 30 days upon invoice being issued.

#### (ii) Revenue from other sources

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

- Dividend income – recognised when the right to receive payment is established.

### (L) CURRENT VERSUS NON-CURRENT CLASSIFICATION

The Group and the Company present assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold and consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within 12 months after the reporting period or
- Cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.



## **(M) PROVISIONS**

Provisions are recognised when the Group and the Company have present obligations as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations and a reliable estimate can be made of the amount of the obligations.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as finance costs.

## **(N) SHARE CAPITAL AND SHARE ISSUANCE EXPENSES**

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

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

## **(O) BORROWING COSTS**

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

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

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

## **(P) TAXATION**

### **Malaysian taxes**

Taxation on the profit or loss for the year comprises current and deferred tax, and is recognised in the profit or loss. Current tax is the expected amount of taxes payable in respect of the taxable profit for the year including real property gains tax payable on disposal of properties and is measured using the tax rates that have been enacted or substantively enacted at the reporting date. Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

## ACCOUNTING POLICIES

### (P) TAXATION (CONT'D.)

#### Deferred tax

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

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

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements. Deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

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



## **(P) TAXATION (CONT'D.)**

### **Deferred tax (cont'd.)**

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

## **(Q) EMPLOYEE BENEFITS**

### **(i) Short-term benefits**

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

### **(ii) Defined contribution plans**

As required by law, the Group and the Company make contributions to the Employees Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

### **(iii) Defined benefit plans**

The Group and the Company also pay defined benefits to the workers and staff of estates and mills in Peninsular Malaysia in accordance with agreement between the Malayan Agricultural Producers Association (MAPA) and the National Union of Plantation Workers (NUPW) as well as between MAPA and All Malayan Estates Staff Union (AMESU). These gratuity benefits are calculated based on the specified rates for each completed year of service.

The defined benefit liability is the aggregate of the present value of the defined benefit obligations (derived using a discount rate based on market yield at the valuation date of high quality corporate bonds for a duration of 3 to 15 years) adjusted for actuarial gains or losses and past service costs. There are no assets which qualify as plan assets as these are unfunded arrangements.

The cost of providing benefits under the defined benefit plans is determined separately for each plan using the projected unit credit method taking into account various factors which includes mortality and disability rates, turnover rates, future salary increases and estimated future cash outflows.

Defined benefit costs comprise service costs, net interest on the net defined benefit liability and remeasurements of net defined benefit liability or asset.

## ACCOUNTING POLICIES

### (Q) EMPLOYEE BENEFITS (CONT'D.)

#### (iii) Defined benefit plans (cont'd.)

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognised as an expense in profit or loss. Past service costs are recognised in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Group and the Company recognise related restructuring costs.

Net interest on the defined benefit liability is the change during the period in the defined benefit liability that arises from the passage of time which is determined by applying the discount rate based on high quality corporate bonds to the defined benefit liability. Net interest on the defined benefit liability is recognised as expense or income in profit or loss. Remeasurements comprising actuarial gains and losses are recognised immediately in other comprehensive income in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

### (R) IMPAIRMENT OF NON-FINANCIAL ASSETS

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

An asset's recoverable amount is the higher of an asset's fair value less costs of disposal and its value-in-use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units (CGU)).

In assessing value-in-use, the estimated future cash flows expected to be generated by the asset are discounted to present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss. Impairment loss on goodwill is not reversed in a subsequent period.





## (S) LEASES

### Accounting policies applied from 1 January 2019

The Group and the Company assess at contract inception whether a contract is, or contains, a lease, i.e. if the contract conveys the right to control the use of an identified asset for a period of time in exchange for a consideration.

#### As a lessee

The Group and the Company apply a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group and the Company recognise lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

#### i) Right-of-use assets

The Group and the Company recognise right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Land are depreciated over the lease terms ranging from 15 to 999 years.

If ownership of the leased asset transfers to the Group and the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment as disclosed in Note (R).

#### ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs. In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (i.e., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

## ACCOUNTING POLICIES

### (S) LEASES (CONT'D.)

#### Accounting policies applied from 1 January 2019 (cont'd.)

##### iii) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

##### As a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the income statement due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

#### Accounting policies applied up to 31 December 2018

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset (or assets) and the arrangement conveys a right to use the asset (or assets), even if that asset is (or those assets are) not explicitly specified in an arrangement.

##### As a lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit or loss.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term. Leasehold land classified as finance leases are amortised over the period of the leases ranging from 60 to 999 years.

An operating lease is a lease other than a finance lease. Operating lease payments are recognised as an operating cost in the statement of profit or loss on a straight-line basis over the lease term.



## **(S) LEASES (CONT'D.)**

### **Accounting policies applied up to 31 December 2018 (cont'd.)**

#### As a lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the income statement due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

## **(T) GOODWILL**

After initial recognition, goodwill is stated at cost less any accumulated impairment losses. Goodwill is not amortised, but instead, reviewed for impairment annually and whenever events or changes in circumstances indicate that the carrying amount may be impaired.

For the purpose of impairment testing, goodwill allocated to the related CGU is monitored by management, usually at business segment level or statutory company level as the case may be. Where the recoverable amount of the CGU is less than its carrying amount, including goodwill, an impairment loss is recognised in profit or loss. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Gains and losses on the disposal of an entity include the carrying amount of the goodwill relating to the entity sold.

## **(U) FINANCIAL INSTRUMENTS**

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

### **(i) Financial assets**

#### **Initial recognition and measurement**

Financial assets are classified, at initial recognition and measured either at amortised cost, fair value through OCI, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient, the Group and the Company initially measure a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

## ACCOUNTING POLICIES

### (U) FINANCIAL INSTRUMENTS (CONT'D.)

#### (i) Financial assets (cont'd.)

##### Initial recognition and measurement (cont'd.)

Trade receivables of the Group and the Company do not contain a significant financing component and therefore are measured at the transaction price determined under MFRS 15 Revenue from Contracts with Customers (MFRS 15).

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's and the Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group and the Company commit to purchase or sell the asset.

##### Subsequent measurement

For purposes of subsequent measurement, financial assets are classified as financial assets at amortised costs (debt instruments).

##### Financial assets at amortised cost (debt instruments)

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

The Group's and the Company's financial assets at amortised cost includes trade receivables, other receivables (excluding prepayments and GST receivables), loans to Group companies and cash and bank balances.

##### Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised when:

- The rights to receive cash flows from the asset have expired, or



## **(U) FINANCIAL INSTRUMENTS (CONT'D.)**

### **(i) Financial assets (cont'd.)**

#### **Derecognition (cont'd.)**

- The Group and the Company have transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either the Group and the Company have transferred substantially all the risks and rewards of the asset, or the Group and the Company have neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group and the Company have transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group and the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group and the Company also recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group and the Company have retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group and the Company could be required to repay.

#### **Impairment of financial assets**

The Group and the Company recognise an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group and the Company expect to receive, discounted at an approximation of the original EIR. 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.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, the Group and the Company apply a simplified approach in calculating ECLs. Therefore, the Group and the Company do not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group and the Company have established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

## ACCOUNTING POLICIES

### (U) FINANCIAL INSTRUMENTS (CONT'D.)

#### (i) Financial assets (cont'd.)

##### Impairment of financial assets (cont'd.)

The Group and the Company consider a financial asset in default when factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments that indicate that the Group and the Company are unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group and the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

#### (ii) Financial liabilities

##### Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as loans and borrowings and payables as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's and the Company's financial liabilities include trade and other payables (excluding defined benefit obligations and dividend payable), and loans and borrowings including bank overdrafts.

##### Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

##### Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

##### Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another 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 the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.



## **(U) FINANCIAL INSTRUMENTS (CONT'D.)**

### **(iii) Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement 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.

## **(V) SEGMENT REPORTING**

The principal activities of the Group are the cultivation of oil palms, production and sale of fresh fruit bunches, crude palm oil and palm kernel in Malaysia. The Group's plantation business are segregated into three geographical segments. The performance of each segment is monitored by the respective segment's management team. Additional disclosures on the segment reporting is disclosed in Note 32, including the factors used to identify the reportable segments and the measurement basis of segment information.

## **(W) CONTINGENCIES**

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group and the Company.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group and the Company.

## **(X) NON-CURRENT ASSETS HELD FOR SALE**

The Group and the Company classify non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Property, plant and equipment are not depreciated once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

## ACCOUNTING POLICIES

### (Y) FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group and the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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 Group and the Company use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.





# NOTES TO THE FINANCIAL STATEMENTS

## 1. CORPORATE INFORMATION

The Company is an investment holding company and is also involved in oil palm plantation operations. The principal activities of the subsidiaries and associates are disclosed in Note 40.

The Company is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office of the Company is 28th Floor, Menara Boustead, 69 Jalan Raja Chulan, 50200 Kuala Lumpur.

The Immediate Holding Company is Boustead Holdings Berhad (BHB), a public limited liability company. BHB is incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The Ultimate Holding Corporation is Lembaga Tabung Angkatan Tentera (LTAT), a local statutory body established by the Tabung Angkatan Tentera Act, 1973. The Company is a Government-related entity by virtue of its relationship with LTAT.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 8 May 2020.

## 2. CHANGES IN ACCOUNTING POLICIES

The accounting policies adopted are consistent with those of the previous financial year, except in the current period, the Group and the Company adopted the following new and amended Malaysian Financial Reporting Standards (MFRSs) mandatory for annual financial periods beginning on or after 1 January 2019:

### 2.1 Adoption of new standards effective 1 January 2019

Description	Effective for annual periods beginning on or after
MFRS 16 Leases	1 January 2019
MFRS 9 Prepayment Features with Negative Compensation (Amendments to MFRS 9)	1 January 2019
MFRS 128 Long-term Interests in Associates and Joint Ventures (Amendments to MFRS 128)	1 January 2019
MFRS 119 Plan Amendments, Curtailment or Settlement (Amendments to MFRS 119)	1 January 2019
IC Interpretation 23 Uncertainty over Income Tax Treatments	1 January 2019
Annual Improvements to MFRS Standards 2015 – 2017 Cycle	1 January 2019

## NOTES TO THE FINANCIAL STATEMENTS

### 2. CHANGES IN ACCOUNTING POLICIES (CONT'D.)

#### 2.1 Adoption of new standards effective 1 January 2019 (cont'd.)

The adoption of the above new and amended MFRSs did not have any significant financial impact to the Group and the Company, except for the following:

##### **MFRS 16 Leases**

MFRS 16 Leases supersedes MFRS 17 Leases, IC Interpretation 4 Determining whether an Arrangement contains a Lease, IC Interpretation 115 Operating Leases-Incentives and IC Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the statement of financial position.

Lessor accounting under MFRS 16 is substantially unchanged from MFRS 117. Lessors will continue to classify leases as either operating or finance leases using similar principles as in MFRS 117. Therefore, MFRS 16 did not have an impact for leases where the Group and the Company are the lessor.

The Group and the Company adopted MFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. The Group and the Company elected to use the transition practical expedient to not reassess whether a contract is, or contains a lease at 1 January 2019. Instead, the Group and the Company applied the standard only to contracts that were previously identified as leases applying MFRS 17 and IC Interpretation 4 at the date of initial application.

Before the adoption of MFRS 16, the Group and the Company classified each of its leases (as lessee) at the inception date as a finance lease or an operating lease. Upon adoption of MFRS 16, the Group and the Company applied a single recognition and measurement approach for all leases except for short-term leases and leases of low-value assets. The standard provides specific transition requirements and practical expedients, which have been applied by the Group and the Company. Refer to Note (S) Leases for the accounting policy beginning 1 January 2019.

##### (i) Leases previously classified as finance leases

The Group and the Company did not change the initial carrying amounts of recognised assets and liabilities at the date of initial application for leases previously classified as finance leases (i.e., the right-of-use assets equal the lease assets recognised under MFRS 117). The requirements of MFRS 16 were applied to these leases from 1 January 2019.



## 2. CHANGES IN ACCOUNTING POLICIES (CONT'D.)

### 2.1 Adoption of new standards effective 1 January 2019 (cont'd.)

#### (ii) Leases previously accounted for as operating leases

The Group and the Company recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets for most leases were recognised based on the carrying amount as if the standard had always been applied, apart from the use of incremental borrowing rate at the date of initial application.

The right-of-use assets were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The Group and the Company also applied the available practical expedients wherein it:

- (a) used a single discount rate to a portfolio of leases with reasonably similar characteristics;
- (b) relied on its assessment of whether leases are onerous immediately before the date of initial application;
- (c) applied the short-term leases exemptions to leases with lease term that ends within 12 months of the date of initial application;
- (d) excluded the initial direct costs from the measurement of the right-of-use assets at the date of initial application; and
- (e) used hindsight in determining the lease term where the contract contained options to extend or terminate the lease.

As at 1 January 2019, the property, plant and equipment and the prepaid land lease payments of the Group decreased by RM1,664,440,000 and RM45,838,000 respectively and the property, plant and equipment of the Company decreased by RM187,947,000. Right-of-use assets of RM1,710,278,000 and RM187,947,000 are recognised by the Group and the Company respectively.

The lease liabilities as at 1 January 2019 can be reconciled to the operating lease commitments as of 31 December 2018, as follows:

	<b>Group RM'000</b>
Operating lease commitments as at 31 December 2018	1,419
Less: Commitments relating to short-term leases	(1,419)
Lease liabilities as at 1 January 2019	–

## NOTES TO THE FINANCIAL STATEMENTS

### 2. CHANGES IN ACCOUNTING POLICIES (CONT'D.)

#### 2.2 Standards and interpretations issued but not yet effective

The standards and interpretations that are issued but not yet effective up to the date of issuance of the Group's and the Company's financial statements are disclosed below. The Group and the Company intend to adopt these standards, if applicable, when they become effective.

Description	Effective for annual periods beginning on or after
Amendments to MFRS 9, MFRS 139 and MFRS 7: Interest Rate Benchmark Reform	1 January 2020
Amendments to MFRS 101: Definition of Material	1 January 2020
Amendments to MFRS 108: Definition of Material	1 January 2020
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020
MFRS 17 Insurance Contracts	1 January 2021
Amendments to MFRS 101 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current	1 January 2022
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

The directors expect that the adoption of the above standards and interpretations will have no material impact on the financial statements in the period of application.

### 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. The estimates, assumptions and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed as follows:

#### (a) Impairment of property, plant and equipment and right-of-use assets

The Group and the Company review the carrying amounts of the property, plant and equipment and right-of-use assets at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the Group and the Company shall estimate the recoverable amount of CGU or groups of CGU. The recoverable amount is measured at the higher of fair value less costs of disposal (FVLCD) or value-in-use (VIU).

Where the recoverable amounts of CGU or groups of CGU is determined on the basis of FVLCD, the fair values are based on valuations by independent professional valuers which were derived from comparisons with recent transactions involving other similar vacant agricultural land in the vicinity, size, tenure of title and the related valuation adjustments made by independent professional valuers, and from the income capitalisation method derived using assumptions on FFB yields, long term average CPO prices, cost of production and an appropriate rate of return over the cropping life of the oil palms. Changes to any of these assumptions would affect the amount of impairment losses.



### 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONT'D.)

#### (a) Impairment of property, plant and equipment and right-of-use assets (cont'd.)

Determining the VIU of CGU or Groups of CGU requires the determination of future cash flows expected to be derived from continuing use of the asset and from the ultimate disposal of such assets, which thus require the Group and the Company to make estimates and assumptions that can materially affect the financial statements.

The estimation of the recoverable amount involves significant judgement and estimations. While the Group and the Company believe that the assumptions are appropriate and reasonable, changes in the assumptions may materially affect the assessment of recoverable amounts. The accumulated impairment losses are disclosed in Notes 7, 13 and 14.

#### (b) Impairment of goodwill

The Group tests for impairment of goodwill annually and at any other time when such indicators exist. This requires an estimation of value-in-use of the assets or cash-generating units (CGU) to which the goodwill is allocated. Estimating the value-in-use requires management to estimate the expected future cash flows from the asset or CGU and also to choose a suitable discount rate in order to determine the present value of those cash flows. The preparation of the estimated future cash flows involves significant judgement and estimations. While the Group believes that the assumptions are appropriate and reasonable, changes in the assumptions may materially affect the assessment of recoverable amounts. The carrying amount of goodwill as at 31 December 2019 was RM2,281,000 (2018: RM2,281,000) as disclosed in Note 18.

#### (c) Deferred tax assets

Deferred tax assets are recognised for all unused tax losses, unabsorbed capital and agricultural allowances and deductible temporary differences to the extent that it is probable that taxable profit will be available against which the losses, allowances and deductible temporary differences can be utilised. The recognition of deferred tax assets is based upon the likely timing and level of future taxable profits together with tax planning strategies. Deferred tax assets not recognised on unused tax losses, capital and agricultural allowances and other deductible temporary differences of the Group amounted to RM423,522,000 (2018: RM397,005,000) at the reporting date as disclosed in Note 19.

#### (d) Fair value of biological assets

Biological assets represent the produce growing on oil palms. Fresh fruit bunches (FFB) are harvested from the oil palms for use in the production of crude palm oil (CPO) and palm kernel (PK). The growing produce are essentially FFB prior to harvesting.

An oil palm fruit typically starts to develop oil from about 14 to 15 weeks after pollination. The oil content in the fruit increases exponentially over the next 5 weeks and reaches its maximum at about 22 weeks.

Management considered the maturity stages of FFB and concluded that unripen FFB of up to 3 weeks would be used in the computation of the fair value of biological assets.

## NOTES TO THE FINANCIAL STATEMENTS

### 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONT'D.)

#### (d) Fair value of biological assets (cont'd.)

The fair value of the growing produce is determined on the basis of present value of expected future cash flows which takes into consideration the production and estimated selling prices of CPO and PK adjusted for extraction rates, processing, harvesting and transport costs. The carrying amount of biological assets is disclosed in Note 22.

If the tonnage of unripen FFB vary by 10%, the fair value of the Group's and Company's biological assets would increase or decrease by RM2,223,000 (2018: RM1,566,000) and RM639,000 (2018: RM499,000) respectively.

### 4. REVENUE

	Note	Group		Company	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Revenue from contracts with customers					
– Sale of plantation produce	4(a)	<b>575,736</b>	582,886	<b>150,238</b>	176,345
– Plantation agency services	4(a)	<b>1,467</b>	1,123	–	–
Revenue from other sources	4(b)	–	–	<b>14,601</b>	9,757
		<b>577,203</b>	584,009	<b>164,839</b>	186,102

#### (a) Disaggregated revenue from contracts with customers

##### Geographical markets

Peninsular Malaysia	<b>214,226</b>	237,509	<b>137,317</b>	160,922
Sabah	<b>291,564</b>	271,794	<b>12,921</b>	15,423
Sarawak	<b>71,413</b>	74,706	–	–
	<b>577,203</b>	584,009	<b>150,238</b>	176,345

##### Timing of revenue recognition

Goods transferred at a point in time	<b>575,736</b>	582,886	<b>150,238</b>	176,345
Services rendered over time	<b>1,467</b>	1,123	–	–
	<b>577,203</b>	584,009	<b>150,238</b>	176,345

#### (b) Revenue from other sources

Gross dividends received/receivable from				
– Subsidiaries	–	–	<b>6,457</b>	5,613
– Associates	–	–	<b>8,000</b>	4,000
Sundry income	–	–	<b>144</b>	144
	–	–	<b>14,601</b>	9,757



#### 4. REVENUE (CONT'D.)

##### (c) Performance obligations

Contracts with customers are mainly for sales of FFB, crude palm oil, palm kernel or for provision of plantation management services with no other performance obligation included therein. A performance obligation is satisfied upon delivery of the produce to the palm oil mill or refinery. Plantation management services are normally performed over the contracted period of service.

#### 5. OPERATING COSTS

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Changes in inventories of produce stocks	1,472	(1,983)	3,761	(1,702)
Changes in fair value less costs to sell of biological assets (Note 22)	(6,568)	7,289	(1,400)	2,754
Raw materials, consumables and other direct costs	170,385	197,853	28,714	56,864
Staff costs	219,991	218,714	54,853	53,120
Defined contribution plan	9,642	9,655	2,740	2,859
Unfunded defined benefit plan (Note 30)	1,089	575	812	440
Depreciation of property, plant and equipment (Note 13)	134,477	137,760	30,259	34,239
Depreciation of right-of-use assets (Note 14)	32,686	–	1,346	–
Other operating costs	35,800	34,687	18,692	20,920
	<b>598,974</b>	<b>604,550</b>	<b>139,777</b>	<b>169,494</b>

Other operating costs include:

Auditors' remuneration				
– Current year	893	881	315	484
– Prior year	161	32	4	42
– Other services	129	291	109	156
Directors' remuneration				
– Fees	692	661	688	653
– Allowance	103	71	103	71
Research and development	14,003	15,219	14,003	14,786
Amortisation of prepaid land lease payments (Note 15)	–	1,958	–	–
Reversal of allowance for expected credit losses on other receivables (Note 20 (ii))	(30)	(45)	(25)	(39)
Gain on disposal of property, plant and equipment	(969)	(228)	(1,047)	(53)
Property, plant and equipment written off	1,173	3,388	46	3,305
Gain on compulsory land acquisition	–	(5,096)	–	(5,096)
Rental of premises	–	1,488	–	–
Expenses relating to short-term leases (Note 14)	1,534	–	–	–
Windfall levy	239	–	164	–

## NOTES TO THE FINANCIAL STATEMENTS

### 6. GAIN ON DISPOSAL OF PLANTATION LAND

On 24 January 2018, CIMB Islamic Trustee Berhad, acting as trustee for the Company, entered into separate sale and purchase agreements with Sunrich Conquest Sdn Bhd and Titanium Greenview Sdn Bhd for the sale of freehold land measuring 82.84 hectares and 56.05 hectares respectively in the District of Seberang Perai Utara, Pulau Pinang for a cash consideration of RM81,143,000 and RM54,901,000 respectively.

The disposal was completed on 18 April 2019 and the gain of RM119,454,000 was recognised in the current year.

### 7. IMPAIRMENT LOSSES

	<b>Group</b>	<b>Company</b>
	<b>2019</b>	<b>2019</b>
	<b>RM'000</b>	<b>RM'000</b>
Property, plant and equipment (Note 13)	<b>160,555</b>	<b>9,936</b>
Right-of-use assets (Note 14)	<b>15,407</b>	<b>–</b>
	<b>175,962</b>	<b>9,936</b>

During the financial year, management had identified external and internal indicators of impairment in respect of property, plant and equipment and right-of-use assets. Certain oil palm estates and mills of the Group and of the Company were also incurring losses.

Management had then undertaken an assessment of the recoverable amount of the oil palm estates and the mills. Recoverable amount is defined as the higher of fair value less costs of disposal or value-in-use.

The aforementioned impairment review gave rise to:

- (a) Impairment losses to property, plant and equipment and right-of-use assets of RM150,619,000 and RM15,407,000 respectively in relation to impaired estates and an impaired mill of the Group situated in Sabah; and
- (b) Impairment losses to property, plant and equipment of RM9,936,000 in relation to an impaired estate of the Group and of the Company situated in Peninsular Malaysia.

The recoverable amount estimated in relation to the impaired estates and the impaired mill situated in Sabah was RM933,119,000 and the recoverable amount of the impaired estate in Peninsular Malaysia was estimated to be RM80,760,000.





## 7. IMPAIRMENT LOSSES (CONT'D.)

The recoverable amount was estimated based on their fair value less costs of disposal and the key assumptions to which the recoverable amount is most sensitive are disclosed below:

Discount rate:

- Net income of the oil palm cultivation 8.0% – 10.8%
- Improved land value 2.5% – 4.0%

Long-term average CPO prices RM2,360 per metric tonne – RM2,500 per metric tonne

The fair value of the estates and mills are determined by independent professional valuers using the income approach (Level 3 of the fair value hierarchy).

## 8. INTEREST INCOME

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Interest income				
– Subsidiaries	–	–	94,191	62,666
– Financial institutions	542	1,312	539	1,308
– Others	573	–	573	–
	<b>1,115</b>	1,312	<b>95,303</b>	63,974

## 9. FINANCE COSTS

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Interest expenses				
– Financial institutions	64,616	36,080	64,616	36,080
– Subsidiaries	–	–	2,202	2,200
– Joint operation partner	382	362	382	362
	<b>64,998</b>	36,442	<b>67,200</b>	38,642
Add: Amortisation of transaction costs on borrowings	703	342	703	342
Less: Interest capitalised	(875)	–	(272)	–
	<b>64,826</b>	36,784	<b>67,631</b>	38,984

## NOTES TO THE FINANCIAL STATEMENTS

### 10. TAXATION

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Income tax				
– Charge for the year	<b>18,721</b>	13,442	<b>13,840</b>	9,412
– Under/(over) provision in prior year	<b>868</b>	1,205	<b>(475)</b>	(1,136)
	<b>19,589</b>	14,647	<b>13,365</b>	8,276
Deferred tax (Note 19)				
– Origination and reversal of temporary differences	<b>(6,584)</b>	(1,531)	<b>2,337</b>	2,108
– Under/(over) provision in prior year	<b>2,720</b>	(180)	<b>2,565</b>	(297)
	<b>(3,864)</b>	(1,711)	<b>4,902</b>	1,811
Real property gains tax	<b>6,185</b>	–	<b>6,185</b>	–
	<b>21,910</b>	12,936	<b>24,452</b>	10,087

Reconciliations of the taxation applicable to (loss)/profit before taxation at the statutory rate of 24% (2018: 24%) to the tax expense of the Group and the Company are as follows:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
(Loss)/Profit before taxation	<b>(135,370)</b>	(50,973)	<b>162,252</b>	41,598
Taxation at statutory tax rate of 24% (2018: 24%)	<b>(32,489)</b>	(12,234)	<b>38,940</b>	9,984
Effects of share of results of associates	<b>(1,589)</b>	(1,210)	–	–
Effects of income subject to different tax rates	<b>(22,484)</b>	–	<b>(22,484)</b>	–
Income not subject to tax	<b>(223)</b>	(1,340)	<b>(3,782)</b>	(3,633)
Non-deductible expenses	<b>72,104</b>	25,345	<b>13,049</b>	11,183
Tax incentives	<b>(3,361)</b>	(3,556)	<b>(3,361)</b>	(3,548)
Group relief	–	–	–	(2,466)
Deferred tax assets not recognised	<b>6,364</b>	4,907	–	–
Utilisation of previously unused tax losses and unabsorbed capital and agricultural allowances	–	(1)	–	–
Under/(over) provision of taxation in prior year	<b>868</b>	1,205	<b>(475)</b>	(1,136)
Under/(over) provision of deferred tax in prior year	<b>2,720</b>	(180)	<b>2,565</b>	(297)
Taxation for the year	<b>21,910</b>	12,936	<b>24,452</b>	10,087



## 11. LOSS PER SHARE

The basic loss per share of the Group is calculated by dividing loss attributable to ordinary equity holders of the Company of RM144,008,000 (2018: RM51,781,000) by the weighted average number of ordinary shares in issue during the year of 2,239,999,895 (2018: 2,239,999,895). The Group does not have any potential dilutive ordinary shares for financial years ended 31 December 2019 and 31 December 2018.

## 12. DIVIDENDS

	Amount		Dividend per ordinary share	
	2019 RM'000	2018 RM'000	2019 sen	2018 sen
Dividends on ordinary shares in respect of the current financial year				
– First interim declared on 23 May 2019 (2018: 23 May 2018) and paid on 28 June 2019 (2018: 27 June 2018)	<b>22,400</b>	56,000	<b>1.0</b>	2.5
– Second interim declared on 23 August 2018 and paid on 25 September 2018	–	56,000	–	2.5
– Third interim declared on 22 November 2018 and paid on 4 January 2019	–	44,800	–	2.0
	<b>22,400</b>	156,800	<b>1.0</b>	7.0
Dividend on ordinary shares in respect of the previous financial year				
– Fourth interim declared on 27 February 2018 and paid on 27 March 2018	–	64,000	–	4.0
	<b>22,400</b>	220,800	<b>1.0</b>	11.0

The Directors do not recommend the payment of any final dividend for the current financial year.

## NOTES TO THE FINANCIAL STATEMENTS

### 13. PROPERTY, PLANT AND EQUIPMENT

	Freehold land RM'000	Leasehold land RM'000	Bearer plants RM'000	Buildings RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Other assets RM'000	Total RM'000
<b>Group</b>								
<b>2019</b>								
<b>Cost</b>								
At 1 January	929,460	1,708,407	901,339	304,405	264,743	72,800	90,948	4,272,102
Effect of adoption of MFRS 16 Leases (Note 2.1)	–	(1,708,407)	–	–	–	–	–	(1,708,407)
At 1 January (adjusted)	929,460	–	901,339	304,405	264,743	72,800	90,948	2,563,695
Acquisition of Boustead Tawai Estates & Mill	–	–	47,376	19,531	17,392	2,084	27,795	114,178
Additions	–	–	40,988	12,489	7,757	2,007	8,545	71,786
Disposals	(98)	–	–	–	(9)	(1,271)	(228)	(1,606)
Transfer from assets held for sale (Note 24)	223,411	–	–	–	–	–	–	223,411
Reclassification	–	–	–	2,257	451	7	(2,715)	–
Write off	–	–	(17,345)	(421)	(1,219)	(1,655)	(663)	(21,303)
At 31 December	1,152,773	–	972,358	338,261	289,115	73,972	123,682	2,950,161
<b>Accumulated depreciation</b>								
At 1 January	–	43,967	258,593	115,077	146,578	52,468	36,331	653,014
Effect of adoption of MFRS 16 Leases (Note 2.1)	–	(43,967)	–	–	–	–	–	(43,967)
At 1 January (adjusted)	–	–	258,593	115,077	146,578	52,468	36,331	609,047
Charge for year (Note 5)	–	–	75,621	16,563	18,234	6,275	17,784	134,477
Disposals	–	–	–	–	(9)	(940)	(228)	(1,177)
Write off	–	–	(16,323)	(418)	(1,128)	(1,655)	(606)	(20,130)
At 31 December	–	–	317,891	131,222	163,675	56,148	53,281	722,217
<b>Accumulated impairment losses</b>								
At 1 January	–	–	9,788	–	–	–	–	9,788
Impairment losses for the year (Note 7)	–	–	126,891	7,019	–	–	26,645	160,555
At 31 December	–	–	136,679	7,019	–	–	26,645	170,343
<b>Net carrying amount</b>								
At 31 December	1,152,773	–	517,788	200,020	125,440	17,824	43,756	2,057,601

During the current and previous financial year, the Group acquired property, plant and equipment by cash.



### 13. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

	Freehold land RM'000	Leasehold land RM'000	Bearer plants RM'000	Buildings RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Other assets RM'000	Total RM'000
<b>Group</b>								
<b>2018</b>								
<b>Cost</b>								
At 1 January	1,154,027	1,129,208	740,621	282,419	254,466	67,498	37,612	3,665,851
Acquisition of Boustead Pertama Estates	–	579,199	133,230	15,121	213	1,416	44,942	774,121
Additions	–	–	43,982	7,400	13,583	7,785	9,902	82,652
Disposals	(1,156)	–	(215)	–	(193)	(1,655)	(92)	(3,311)
Transfer to assets held for sale (Note 24)	(223,411)	–	–	–	–	–	–	(223,411)
Reclassification	–	–	–	373	939	–	(1,312)	–
Write off	–	–	(16,279)	(908)	(4,265)	(2,244)	(104)	(23,800)
At 31 December	929,460	1,708,407	901,339	304,405	264,743	72,800	90,948	4,272,102
<b>Accumulated depreciation</b>								
At 1 January	–	20,042	207,730	97,885	132,605	49,336	29,631	537,229
Charge for year (Note 5)	–	23,925	66,987	17,461	15,777	6,771	6,839	137,760
Disposals	–	–	(57)	–	(193)	(1,434)	(91)	(1,775)
Write off	–	–	(16,067)	(269)	(1,611)	(2,205)	(48)	(20,200)
At 31 December	–	43,967	258,593	115,077	146,578	52,468	36,331	653,014
<b>Accumulated impairment losses</b>								
At 1 January	–	–	10,000	–	–	–	–	10,000
Write off	–	–	(212)	–	–	–	–	(212)
At 31 December	–	–	9,788	–	–	–	–	9,788
<b>Net carrying amount</b>								
At 31 December	929,460	1,664,440	632,958	189,328	118,165	20,332	54,617	3,609,300

## NOTES TO THE FINANCIAL STATEMENTS

### 13. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

	Freehold land RM'000	Leasehold land RM'000	Bearer plants RM'000	Buildings RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Other assets RM'000	Total RM'000
<b>Company</b>								
<b>2019</b>								
<b>Cost</b>								
At 1 January	798,715	190,911	316,460	101,158	45,464	22,465	4,754	1,479,927
Effect of adoption of MFRS 16 Leases (Note 2.1)	–	(190,911)	–	–	–	–	–	(190,911)
At 1 January (adjusted)	798,715	–	316,460	101,158	45,464	22,465	4,754	1,289,016
Additions	–	–	13,864	958	1,500	149	2,226	18,697
Disposals	(98)	–	–	–	(9)	(4)	–	(111)
Transfer from assets held for sale (Note 24)	223,411	–	–	–	–	–	–	223,411
Reclassification	–	–	–	57	–	–	(57)	–
Write off	–	–	(5,761)	(5)	–	(344)	(6)	(6,116)
At 31 December	1,022,028	–	324,563	102,168	46,955	22,266	6,917	1,524,897
<b>Accumulated depreciation</b>								
At 1 January	–	2,964	76,652	26,454	17,099	17,251	2,617	143,037
Effect of adoption of MFRS 16 Leases (Note 2.1)	–	(2,964)	–	–	–	–	–	(2,964)
At 1 January (adjusted)	–	–	76,652	26,454	17,099	17,251	2,617	140,073
Charge for year (Note 5)	–	–	20,639	5,041	2,943	1,408	228	30,259
Disposals	–	–	–	–	(9)	(4)	–	(13)
Write off	–	–	(5,724)	(2)	–	(344)	–	(6,070)
At 31 December	–	–	91,567	31,493	20,033	18,311	2,845	164,249
<b>Accumulated impairment losses</b>								
At 1 January	–	–	9,788	–	–	–	–	9,788
Impairment losses for the year (Note 7)	–	–	9,936	–	–	–	–	9,936
At 31 December	–	–	19,724	–	–	–	–	19,724
<b>Net carrying amount</b>								
At 31 December	1,022,028	–	213,272	70,675	26,922	3,955	4,072	1,340,924

During the current and previous financial year, the Company acquired property, plant and equipment by cash.



### 13. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

	Freehold land RM'000	Leasehold land RM'000	Bearer plants RM'000	Buildings RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Other assets RM'000	Total RM'000
<b>Company</b>								
<b>2018</b>								
<b>Cost</b>								
At 1 January	1,023,282	190,911	305,247	100,775	46,985	21,824	4,136	1,693,160
Additions	–	–	16,968	1,193	2,510	2,045	776	23,492
Disposals	(1,156)	–	(215)	–	–	–	–	(1,371)
Transfer to assets held for sale (Note 24)	(223,411)	–	–	–	–	–	–	(223,411)
Transfer to Group companies	–	–	–	–	(14)	(321)	(68)	(403)
Reclassification	–	–	–	–	10	–	(10)	–
Write off	–	–	(5,540)	(810)	(4,027)	(1,083)	(80)	(11,540)
At 31 December	798,715	190,911	316,460	101,158	45,464	22,465	4,754	1,479,927
<b>Accumulated depreciation</b>								
At 1 January	–	1,619	59,335	21,573	15,080	17,209	2,426	117,242
Charge for year (Note 5)	–	1,345	22,702	5,072	3,394	1,445	281	34,239
Disposals	–	–	(57)	–	–	–	–	(57)
Transfer to Group companies	–	–	–	–	(3)	(321)	(40)	(364)
Write off	–	–	(5,328)	(191)	(1,372)	(1,082)	(50)	(8,023)
At 31 December	–	2,964	76,652	26,454	17,099	17,251	2,617	143,037
<b>Accumulated impairment losses</b>								
At 1 January	–	–	10,000	–	–	–	–	10,000
Write off	–	–	(212)	–	–	–	–	(212)
At 31 December	–	–	9,788	–	–	–	–	9,788
<b>Net carrying amount</b>								
At 31 December	798,715	187,947	230,020	74,704	28,365	5,214	2,137	1,327,102

## NOTES TO THE FINANCIAL STATEMENTS

### 13. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

- (a) The other assets consist of office equipment, computers, laboratory equipment and buildings, plant and machinery under construction. The cost of buildings, plant and machinery under construction amount to RM14,926,000 (2018: RM9,634,000) and RM3,490,000 (2018: RM1,330,000) for the Group and the Company respectively.
- (b) The freehold land of the Company with carrying amount of RM716,833,000 (2018: RM716,931,000) are held by CIMB Islamic Trustee Berhad, acting as trustee for the Company.
- (c) As at 31 December 2018, the leasehold land of the Group with carrying amount of RM39,211,000 are subleased from the registered owner for the subsidiary.
- (d) As at 31 December 2018, the leasehold land of the Company with carrying amount of RM187,947,000 are held by CIMB Islamic Trustee Berhad, acting as trustee for the Company.
- (e) Movement of bearer plants

	Mature RM'000	Immature RM'000	Total RM'000
<b>Group</b>			
<b>2019</b>			
<b>Cost</b>			
At 1 January	821,914	79,425	901,339
Acquisition of Boustead Tawai Estates	47,376	–	47,376
Additions	–	40,988	40,988
Reclassification	24,768	(24,768)	–
Write off	(17,345)	–	(17,345)
At 31 December	876,713	95,645	972,358
<b>Accumulated depreciation</b>			
At 1 January	258,593	–	258,593
Charge for year	75,621	–	75,621
Write off	(16,323)	–	(16,323)
At 31 December	317,891	–	317,891
<b>Accumulated impairment losses</b>			
At 1 January	9,788	–	9,788
Impairment losses for the year (Note 7)	126,332	559	126,891
At 31 December	136,120	559	136,679
<b>Net carrying amount</b>			
At 31 December	422,702	95,086	517,788

Included in the additions of the bearer plants of the Group is the borrowing costs of RM875,000 capitalised during the year. The rate used to determine the amount of borrowing costs eligible for capitalisation is 5.0%.





### 13. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

(e) Movement of bearer plants (cont'd.)

	Mature RM'000	Immature RM'000	Total RM'000
<b>Group</b>			
<b>2018</b>			
<b>Cost</b>			
At 1 January	682,733	57,888	740,621
Acquisition of Boustead Pertama Estates	133,230	–	133,230
Additions	–	43,982	43,982
Disposals	(215)	–	(215)
Reclassification	22,445	(22,445)	–
Write off	(16,279)	–	(16,279)
At 31 December	821,914	79,425	901,339
<b>Accumulated depreciation</b>			
At 1 January	207,730	–	207,730
Charge for year	66,987	–	66,987
Disposals	(57)	–	(57)
Write off	(16,067)	–	(16,067)
At 31 December	258,593	–	258,593
<b>Accumulated impairment losses</b>			
At 1 January	10,000	–	10,000
Write off	(212)	–	(212)
At 31 December	9,788	–	9,788
<b>Net carrying amount</b>			
At 31 December	553,533	79,425	632,958

## NOTES TO THE FINANCIAL STATEMENTS

### 13. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

(e) Movement of bearer plants (cont'd.)

	Mature RM'000	Immature RM'000	Total RM'000
<b>Company</b>			
<b>2019</b>			
<b>Cost</b>			
At 1 January	282,802	33,658	316,460
Additions	–	13,864	13,864
Reclassification	11,473	(11,473)	–
Write off	(5,761)	–	(5,761)
At 31 December	288,514	36,049	324,563
<b>Accumulated depreciation</b>			
At 1 January	76,652	–	76,652
Charge for year	20,639	–	20,639
Write off	(5,724)	–	(5,724)
At 31 December	91,567	–	91,567
<b>Accumulated impairment losses</b>			
At 1 January	9,788	–	9,788
Impairment losses for the year (Note 7)	9,936	–	9,936
At 31 December	19,724	–	19,724
<b>Net carrying amount</b>			
At 31 December	177,223	36,049	213,272

Included in the additions of the bearer plants of the Company is the borrowing costs of RM272,000 capitalised during the year. The rate used to determine the amount of borrowing costs eligible for capitalisation is 5.1%.



### 13. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

(e) Movement of bearer plants (cont'd.)

	<b>Mature RM'000</b>	<b>Immature RM'000</b>	<b>Total RM'000</b>
<b>Company</b>			
<b>2018</b>			
<b>Cost</b>			
At 1 January	282,612	22,635	305,247
Additions	–	16,968	16,968
Disposals	(215)	–	(215)
Reclassification	5,945	(5,945)	–
Write off	(5,540)	–	(5,540)
At 31 December	282,802	33,658	316,460
<b>Accumulated depreciation</b>			
At 1 January	59,335	–	59,335
Charge for year	22,702	–	22,702
Disposals	(57)	–	(57)
Write off	(5,328)	–	(5,328)
At 31 December	76,652	–	76,652
<b>Accumulated impairment losses</b>			
At 1 January	10,000	–	10,000
Write off	(212)	–	(212)
At 31 December	9,788	–	9,788
<b>Net carrying amount</b>			
At 31 December	196,362	33,658	230,020

## NOTES TO THE FINANCIAL STATEMENTS

### 14. RIGHT-OF-USE ASSETS

	Land RM'000
<b>2019</b>	
<b>Group</b>	
<b>Cost</b>	
At 1 January	–
Effect of adoption of MFRS 16 Leases (Note 2.1)	1,771,484
At 1 January (adjusted)	1,771,484
Acquisition of Boustead Tawai Estates	297,705
At 31 December	2,069,189
<b>Accumulated depreciation</b>	
At 1 January	–
Effect of adoption of MFRS 16 Leases (Note 2.1)	61,206
At 1 January (adjusted)	61,206
Charge for year (Note 5)	32,686
At 31 December	93,892
<b>Accumulated impairment losses</b>	
At 1 January 2019	–
Impairment losses for the year (Note 7)	15,407
At 31 December	15,407
<b>Net carrying amount</b>	
At 31 December	1,959,890



#### 14. RIGHT-OF-USE ASSETS (CONT'D.)

	Land RM'000
<b>2019</b>	
<b>Company</b>	
<b>Cost</b>	
At 1 January	–
Effect of adoption of MFRS 16 Leases (Note 2.1)	190,911
At 1 January (adjusted)/31 December	190,911
<b>Accumulated depreciation</b>	
At 1 January	–
Effect of adoption of MFRS 16 Leases (Note 2.1)	2,964
At 1 January (adjusted)	2,964
Charge for year (Note 5)	1,346
At 31 December	4,310
<b>Net carrying amount</b>	
At 31 December	186,601

- (a) As at 31 December 2019, the right-of-use assets of the Group with carrying amount of RM65,015,000 are subleased from the registered owners for the subsidiaries.
- (b) As at 31 December 2019, the right-of-use assets of the Company with carrying amount of RM186,601,000 are held by CIMB Islamic Trustee Berhad acting as trustee for the Company.
- (c) The following are the amounts recognised in profit or loss:

	Group RM'000	Company RM'000
Depreciation expense of right-of-use assets (Note 5)	32,686	1,346
Expenses relating to short-term leases (Note 5)	1,534	–
Total amount recognised in profit or loss	34,220	1,346

The Group had total cash outflows for leases of RM299,239,000 for the year ended 31 December 2019.

## NOTES TO THE FINANCIAL STATEMENTS

### 15. PREPAID LAND LEASE PAYMENTS

	Group	
	2019 RM'000	2018 RM'000
<b>Cost</b>		
At 1 January	63,077	63,077
Effect of adoption of MFRS 16 Leases (Note 2.1)	(63,077)	–
At 1 January (adjusted)/31 December	–	63,077
<b>Accumulated amortisation</b>		
At 1 January	17,239	15,281
Effect of adoption of MFRS 16 Leases (Note 2.1)	(17,239)	–
At 1 January (adjusted)	–	15,281
Amortisation for year (Note 5)	–	1,958
At 31 December	–	17,239
<b>Net carrying amount</b>		
At 31 December	–	45,838

As at 31 December 2018, the prepaid land lease payments of the Group with carrying amount of RM20,068,000 are subleased from the registered owners for the subsidiaries.

### 16. INVESTMENT IN SUBSIDIARIES

	Company	
	2019 RM'000	2018 RM'000
<b>Unquoted shares in Malaysia</b>		
<b>Cost</b>		
At 31 December	306,522	306,522
<b>Accumulated impairment losses</b>		
At 31 December	96,113	96,113
<b>Net carrying amount</b>		
At 31 December	210,409	210,409

The Group's interest in subsidiaries and their principal activities are disclosed in Note 40 to the financial statements.



## 16. INVESTMENT IN SUBSIDIARIES (CONT'D.)

### Subsidiaries with material non-controlling interests

The Group regards Boustead Pelita Kanowit Sdn Bhd (BPK), Boustead Pelita Tinjar Sdn Bhd (BPT) and Boustead Pelita Kanowit Oil Mill Sdn Bhd (BPKOM) as subsidiaries that have material non-controlling interests. These subsidiaries are incorporated and operated in Malaysia.

The summarised financial information of BPK, BPT and BPKOM before inter-company eliminations is provided below.

	BPK		BPT		BPKOM	
	2019 %	2018 %	2019 %	2018 %	2019 %	2018 %
Equity interest held by non-controlling interests	<b>40</b>	40	<b>40</b>	40	<b>40</b>	40

#### (i) Summarised statements of comprehensive income

	BPK		BPT		BPKOM	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Revenue	<b>33,361</b>	42,888	<b>13,565</b>	11,227	<b>57,848</b>	66,589
(Loss)/Profit for the year	<b>(24,119)</b>	(21,686)	<b>(11,036)</b>	(9,400)	<b>1,976</b>	766
Attributable to:						
Shareholders of the Company	<b>(14,471)</b>	(13,012)	<b>(6,622)</b>	(5,640)	<b>1,186</b>	460
Non-controlling interests	<b>(9,648)</b>	(8,674)	<b>(4,414)</b>	(3,760)	<b>790</b>	306
	<b>(24,119)</b>	(21,686)	<b>(11,036)</b>	(9,400)	<b>1,976</b>	766
Dividend declared to non-controlling interests	-	-	-	-	-	112

## NOTES TO THE FINANCIAL STATEMENTS

### 16. INVESTMENT IN SUBSIDIARIES (CONT'D.)

#### Subsidiaries with material non-controlling interests (cont'd.)

(ii) Summarised statements of financial position

	BPK		BPT		BPKOM	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Non-current assets	<b>31,571</b>	37,110	<b>33,638</b>	37,748	<b>10,851</b>	12,495
Current assets	<b>3,767</b>	3,044	<b>2,352</b>	3,301	<b>28,098</b>	25,150
Total assets	<b>35,338</b>	40,154	<b>35,990</b>	41,049	<b>38,949</b>	37,645
Non-current liabilities	–	–	–	–	<b>57</b>	63
Current liabilities	<b>229,794</b>	210,491	<b>30,291</b>	24,314	<b>3,605</b>	4,271
Total liabilities	<b>229,794</b>	210,491	<b>30,291</b>	24,314	<b>3,662</b>	4,334
Net (liabilities)/assets	<b>(194,456)</b>	(170,337)	<b>5,699</b>	16,735	<b>35,287</b>	33,311
Attributable to:						
Shareholders of the Company	<b>(109,417)</b>	(94,946)	<b>34,858</b>	41,480	<b>21,173</b>	19,987
Non-controlling interests	<b>(85,039)</b>	(75,391)	<b>(29,159)</b>	(24,745)	<b>14,114</b>	13,324
	<b>(194,456)</b>	(170,337)	<b>5,699</b>	16,735	<b>35,287</b>	33,311

(iii) Summarised statements of cash flows

	BPK		BPT		BPKOM	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Net cash generated from/ (used in):						
Operating activities	<b>14,431</b>	12,981	<b>1,465</b>	3,496	<b>1,108</b>	3,759
Investing activities	<b>(51)</b>	(1,042)	<b>(118)</b>	(2,720)	<b>(839)</b>	(2,595)
Financing activities	<b>(14,360)</b>	(11,936)	<b>(1,371)</b>	(758)	<b>(279)</b>	(1,155)
Net increase/(decrease) in cash and cash equivalents	<b>20</b>	3	<b>(24)</b>	18	<b>(10)</b>	9





## 17. INVESTMENT IN ASSOCIATES

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Unquoted shares, at cost	<b>3,330</b>	3,330	<b>3,330</b>	3,330
Share of post acquisition reserves	<b>24,206</b>	25,689	–	–
	<b>27,536</b>	29,019	<b>3,330</b>	3,330
Equity interest in associates	<b>50%</b>	50%	<b>50%</b>	50%

The summarised financial information represents the amounts in the financial statements of associates and not the Group's share of those amounts.

(a) Summarised statements of comprehensive income:

	2019 RM'000	2018 RM'000
Revenue	<b>60,250</b>	61,666
Profit for the year	<b>13,240</b>	10,080
Other comprehensive loss	<b>(206)</b>	(768)
Total comprehensive income	<b>13,034</b>	9,312
Dividend declared and paid during the year	<b>16,000</b>	8,000

## NOTES TO THE FINANCIAL STATEMENTS

### 17. INVESTMENT IN ASSOCIATES (CONT'D.)

(b) Summarised statements of financial position:

	2019 RM'000	2018 RM'000
Non-current assets	38,624	39,496
Current assets	39,136	83,302
Non-current liabilities	(1,138)	(1,098)
Current liabilities	(21,550)	(63,662)
Net assets	55,072	58,038

(c) Reconciliation of summarised financial information to the net assets of associates:

	2019 RM'000	2018 RM'000
Net assets at 1 January	58,038	56,726
Profit for the year	13,240	10,080
Other comprehensive income	(206)	(768)
Dividend paid	(16,000)	(8,000)
Net assets at 31 December	55,072	58,038
Carrying value of Group's investment in associates	27,536	29,019

### 18. GOODWILL ON CONSOLIDATION

Goodwill on consolidation arose from the acquisition of a subsidiary that is principally involved in oil palm cultivation. At reporting date, the recoverable amount of goodwill was determined on the basis of value-in-use calculation using five-year cash flow projections approved by the Board of Directors. The pre-tax discount factor of 8% (2018: 8%) reflects the specific risks of the industry.

Based on the sensitivity analysis, management believes that no reasonably possible change in base case key assumptions would cause the carrying value of the goodwill to exceed its recoverable amount.



## 19. DEFERRED TAX ASSETS/(LIABILITIES)

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
At 1 January	<b>(278,644)</b>	(251,336)	<b>(72,519)</b>	(46,301)
Recognised in profit or loss (Note 10)	<b>3,864</b>	1,711	<b>(4,902)</b>	(1,811)
Recognised in equity	–	(29,019)	–	(24,407)
At 31 December	<b>(274,780)</b>	(278,644)	<b>(77,421)</b>	(72,519)
Presented after appropriate offsetting as follows:				
Deferred tax assets	–	2,557	–	–
Deferred tax liabilities	<b>(274,780)</b>	(281,201)	<b>(77,421)</b>	(72,519)
	<b>(274,780)</b>	(278,644)	<b>(77,421)</b>	(72,519)

### Deferred tax liabilities – Group

	Right-of- use assets RM'000	Property, plant and equipment RM'000	Others RM'000	Total RM'000
At 1 January 2019	–	<b>(303,566)</b>	<b>(3,829)</b>	<b>(307,395)</b>
Effect of adoption of MFRS 16 Leases (Note 2.1)	<b>(164,914)</b>	<b>164,914</b>	–	–
At 1 January 2019 (adjusted)	<b>(164,914)</b>	<b>(138,652)</b>	<b>(3,829)</b>	<b>(307,395)</b>
Recognised in profit or loss	<b>2,864</b>	<b>958</b>	<b>(1,561)</b>	<b>2,261</b>
At 31 December 2019	<b>(162,050)</b>	<b>(137,694)</b>	<b>(5,390)</b>	<b>(305,134)</b>
At 1 January 2018	–	(264,550)	(5,508)	(270,058)
Recognised in profit or loss	–	(9,997)	1,679	(8,318)
Recognised in equity	–	(29,019)	–	(29,019)
At 31 December 2018	–	(303,566)	(3,829)	(307,395)

## NOTES TO THE FINANCIAL STATEMENTS

### 19. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D.)

#### Deferred tax assets – Group

	Unused tax losses RM'000	Unabsorbed capital and agricultural allowances RM'000	Others RM'000	Total RM'000
At 1 January 2019	7,604	19,501	1,646	28,751
Recognised in profit or loss	855	776	(28)	1,603
At 31 December 2019	8,459	20,277	1,618	30,354
At 1 January 2018	7,326	8,588	2,808	18,722
Recognised in profit or loss	278	10,913	(1,162)	10,029
At 31 December 2018	7,604	19,501	1,646	28,751

#### Deferred tax liabilities – Company

	Right-of- use assets RM'000	Property, plant and equipment RM'000	Others RM'000	Total RM'000
At 1 January 2019	–	(74,222)	(1,196)	(75,418)
Effect of adoption of MFRS 16 Leases (Note 2.1)	(13,455)	13,455	–	–
At 1 January 2019 (adjusted)	(13,455)	(60,767)	(1,196)	(75,418)
Recognised in profit or loss	78	(5,618)	(337)	(5,877)
At 31 December 2019	(13,377)	(66,385)	(1,533)	(81,295)
At 1 January 2018	–	(45,824)	(1,858)	(47,682)
Recognised in profit or loss	–	(3,991)	662	(3,329)
Recognised in equity	–	(24,407)	–	(24,407)
At 31 December 2018	–	(74,222)	(1,196)	(75,418)



## 19. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D.)

### Deferred tax assets – Company

	Unabsorbed capital and agricultural allowances RM'000	Others RM'000	Total RM'000
At 1 January 2019	1,668	1,231	2,899
Recognised in profit or loss	1,081	(106)	975
At 31 December 2019	2,749	1,125	3,874
At 1 January 2018	–	1,381	1,381
Recognised in profit or loss	1,668	(150)	1,518
At 31 December 2018	1,668	1,231	2,899

### Unrecognised deferred tax assets

Deferred tax assets have not been recognised for the following items:

	Group	
	2019 RM'000	2018 RM'000
Unabsorbed capital and agricultural allowances	67,978	63,202
Unused tax losses	355,544	333,798
Other timing differences	–	5
	423,522	397,005

Deferred tax assets have not been recognised in respect of these items because of the uncertainty of available taxable profits to enable the utilisation of unused tax losses, unabsorbed capital and agricultural allowances, and other temporary deductible differences.

The unused tax losses and unabsorbed capital and agricultural allowances of the Group are available for offsetting against future taxable profits subject to the Income Tax Act, 1967 and guidelines issued by the tax authority.

The Ministry of Finance via Amendments to the Malaysian Finance Bill 2018 announced that effective from year of assessment 2019, the unused tax losses carried forward shall be limited to a maximum period of seven consecutive years of assessment.

## NOTES TO THE FINANCIAL STATEMENTS

### 20. RECEIVABLES

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
<b>Current</b>				
<b>Trade</b>				
Trade receivables	28,051	26,849	3,670	4,331
<b>Other</b>				
Estate receivables	6,399	7,603	2,120	3,521
Wholly owned subsidiaries				
– Loan	–	–	44,469	63,279
– Current account	–	–	7,613	14,285
Non-wholly owned subsidiaries				
– Loan	–	–	12,693	13,747
– Current account	–	–	1,349	2,243
Immediate Holding Company	–	6	–	–
Other related companies	301	294	–	–
Associates	2,716	3,717	164	210
Prepayments and deposits	72	4,200	19	4,100
Deposit for purchase of plantations	3,848	39,700	–	–
Workers' housing scheme	502	527	502	527
Dividend receivables	–	–	–	5,613
Other receivable	37,207	37,207	37,207	37,207
Sundry receivables	2,056	5,735	841	4,185
	53,101	98,989	106,977	148,917
Less: Allowance for expected credit losses	(567)	(597)	(502)	(527)
	52,534	98,392	106,475	148,390
	80,585	125,241	110,145	152,721
<b>Non-current</b>				
<b>Other</b>				
Loans to wholly owned subsidiaries	–	–	1,591,985	1,171,733
Loans to non-wholly owned subsidiaries	–	–	228,163	196,266
Less: Allowance for expected credit losses	–	–	(75,000)	(75,000)
	–	–	1,745,148	1,292,999
<b>Total receivables (current and non-current)</b>	<b>80,585</b>	<b>125,241</b>	<b>1,855,293</b>	<b>1,445,720</b>



## 20. RECEIVABLES (CONT'D.)

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Total receivables (current and non-current)	<b>80,585</b>	125,241	<b>1,855,293</b>	1,445,720
Add: Cash and bank balances (Note 23)	<b>20,468</b>	57,799	<b>18,422</b>	54,755
Less: Prepayments	–	(4,081)	–	(4,081)
Less: Other receivables	<b>(1,116)</b>	(1,123)	<b>(252)</b>	(252)
<b>Total financial assets carried at amortised cost (debt instruments)</b>	<b>99,937</b>	177,836	<b>1,873,463</b>	1,496,142

### Trade receivables

Trade receivables are non-interest bearing and are on 30-day (2018: 30-day) credit terms. Trade receivables are recognised at original invoice amounts which represent their fair values on initial recognition.

#### Ageing analysis of trade receivables

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Neither past due nor impaired	<b>25,842</b>	26,480	<b>3,301</b>	4,159
Past due				
– 1 to 30 days	<b>2,062</b>	11	<b>367</b>	–
– 31 to 60 days	<b>12</b>	190	–	172
– 61 to 90 days	<b>30</b>	152	<b>2</b>	–
– > 90 days	<b>105</b>	16	–	–
	<b>2,209</b>	369	<b>369</b>	172
	<b>28,051</b>	26,849	<b>3,670</b>	4,331

### Other related companies

Loans to wholly-owned and non-wholly owned subsidiaries (current and non-current) are unsecured, repayable on demand and bear interest ranging from 5.5% to 6.5% (2018: 5.5% to 6.5%) per annum.

Amounts due from Immediate Holding Company, other related companies, associates and current accounts of wholly owned and non-wholly owned subsidiaries are unsecured, interest-free and repayable on demand.

## NOTES TO THE FINANCIAL STATEMENTS

### 20. RECEIVABLES (CONT'D.)

#### Other receivables – current and non-current

##### (i) Maturity analysis of non-current receivables

	Company	
	2019 RM'000	2018 RM'000
<b>Due between 2 to 5 years:</b>		
Loans to wholly owned subsidiaries	1,591,985	1,171,733
Loans to non-wholly owned subsidiaries	228,163	196,266
	<b>1,820,148</b>	1,367,999

##### (ii) Allowance for expected credit losses of other receivables

The allowance for expected credit losses of other receivables for the Group of RM567,000 (2018: RM597,000) and for the Company of RM502,000 (2018: RM527,000) is analysed as follows:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
<b>Current</b>				
Workers' housing scheme	502	527	502	527
Other receivable				
– Cost of construction of pond	65	70	–	–
	<b>567</b>	597	<b>502</b>	527

Movement in allowance for expected credit losses of other receivables:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
<b>Current</b>				
At 1 January	597	1,203	527	566
Write off	–	(561)	–	–
Reversal during the year (Note 5)	(30)	(45)	(25)	(39)
At 31 December	<b>567</b>	597	<b>502</b>	527





## 20. RECEIVABLES (CONT'D.)

### Other receivables – current and non-current (cont'd.)

#### (iii) Loan to a subsidiary that is impaired

Movement in allowance for expected credit losses of loan to a subsidiary:

	Company	
	2019 RM'000	2018 RM'000
<b>Non-current</b>		
At 1 January/31 December	<b>75,000</b>	75,000

#### (iv) Other receivables

On 28 December 2018, CIMB Islamic Bank Trustee Berhad (First Plaintiff) acting as trustee for Boustead Plantations Berhad and Boustead Plantations Berhad (Second Plaintiff) filed a Writ of Summons and Statement of Claim on Setia Fontaines Sdn Bhd (Defendant) for breach of Sale and Purchase Agreement dated 22 December 2016. The claim is in respect of damages amounting to RM37,207,000 for goods and services tax (GST) due from the Defendant together with interest at the rate of 8% per annum and other costs and relief deemed fit by the court.

The Group, upon consultation with its solicitors is of the view that the Group has a good chance of success in this civil suit.

## 21. INVENTORIES

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Produce stocks	<b>14,310</b>	15,782	<b>834</b>	4,595
Consumables	<b>8,115</b>	13,368	<b>2,779</b>	4,267
Nursery stocks	<b>6,187</b>	6,884	<b>3,137</b>	2,352
	<b>28,612</b>	36,034	<b>6,750</b>	11,214

The cost of inventories recognised as an expense for the financial year amounted to RM453,538,000 (2018: RM461,776,000) and RM101,592,000 (2018: RM117,746,000) for the Group and for the Company respectively.

## NOTES TO THE FINANCIAL STATEMENTS

### 22. BIOLOGICAL ASSETS

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
At 1 January	15,662	22,951	4,990	7,744
Changes in fair value less costs to sell (Note 5)	6,568	(7,289)	1,400	(2,754)
At 31 December	22,230	15,662	6,390	4,990

The biological assets of the Group and of the Company represents fresh fruit bunches (FFB) of 3 weeks prior to harvesting. The quantity of the unharvested FFB included in the valuation for the Group and the Company are 47,612 (2018: 61,760) metric tonnes and 13,397 (2018: 19,342) metric tonnes respectively. The expected net cash flows are estimated using the expected FFB harvest and market price at reporting date of crude palm oil and palm kernel adjusted for extraction rates less processing, harvesting and transportation costs.

The fair valuation of biological assets corresponds with Level 3 of the fair value hierarchy.

### 23. CASH AND BANK BALANCES

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Cash and bank balances	18,588	8,473	16,542	5,429
Short-term deposits with licensed banks	1,880	49,326	1,880	49,326
	20,468	57,799	18,422	54,755

At the reporting date, the weighted average interest rate per annum and average remaining maturity period of short-term deposits are as follows:

	Group and Company	
	2019	2018
Weighted average interest rate (%)	2.66	3.15
Average remaining maturity period (days)	19	14

Included in cash and bank balances of the Group and the Company is overnight placement with a licensed bank of RM16,321,000 (2018: RM5,225,000). The overnight deposits earned interest of 2.70% (2018: 2.48%) per annum.



## 24. ASSETS HELD FOR SALE

- (a) The Company owns 197.4 hectares of freehold land situated in Mukim Semenyih, District of Ulu Langat, Selangor which was classified as held for sale in the financial year ended 31 December 2018. Given the development in the surrounding areas, the land was deemed to have good development potential and no longer suited for plantation operations. Consequently, all plantation activities for the area have ceased.

In the current financial year, the freehold land was reclassified to property, plant and equipment as the sale of the said freehold land is no longer highly probable.

- (b) On 24 January 2018, CIMB Islamic Trustee Berhad, acting as trustee for the Company, entered into separate sale and purchase agreements with Sunrich Conquest Sdn Bhd and Titanium Greenview Sdn Bhd for the sale of freehold land measuring 82.84 hectares and 56.05 hectares respectively in the District of Seberang Perai Utara, Pulau Pinang. The sale of land was completed on 18 April 2019.

As at 31 December 2018, the assets that are held for sale were as follows:

	<b>Group and Company</b>
	<b>2018</b>
	<b>RM'000</b>
<b>Proposed Disposal of 197.4 hectares:</b>	
Property, plant and equipment (Note 13):	
Freehold land	223,411
<b>Proposed Disposal of 138.89 hectares – completed on 18 April 2019:</b>	
Property, plant and equipment (Note 13):	
Freehold land	9,872
Bearer plants	3,658
Buildings	448
Plant and machinery	30
	14,008
	237,419

## NOTES TO THE FINANCIAL STATEMENTS

### 25. SHARE CAPITAL

	Number of ordinary shares		Amount	
	2019 '000	2018 '000	2019 RM'000	2018 RM'000
<b>Issued and fully paid:</b>				
At 1 January	<b>2,239,999</b>	1,600,000	<b>1,422,344</b>	1,422,344
Bonus issue during the year	–	639,999	–	–
At 31 December	<b>2,239,999</b>	2,239,999	<b>1,422,344</b>	1,422,344

On 2 May 2018, the Company's issued and paid-up capital was increased from 1,600,000,000 to 2,239,999,895 ordinary shares through the issuance of 639,999,895 new shares on the basis of 2 bonus shares for every 5 existing shares. The bonus issue was completed by capitalising RM319,999,948 from the Company's share premium account. The new shares ranked pari passu with the existing ordinary shares.

### 26. NON-DISTRIBUTABLE RESERVES

	Foreign currency translation reserve RM'000
At 1 January 2018	222
Exchange differences on translation of associates	(384)
At 31 December 2018 and 1 January 2019	(162)
Exchange differences on translation of associates	(103)
At 31 December 2019	(265)

### 27. RETAINED PROFITS

The Company's retained profits are distributable by way of single tier dividends.



## 28. BORROWINGS

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
<b>Short-term borrowings</b>				
<b>Unsecured:</b>				
Bank overdrafts	25	5,143	25	5,143
Revolving credits	691,000	716,000	691,000	716,000
Term loans	32,000	24,000	32,000	24,000
Transaction costs on borrowings	(779)	(543)	(779)	(543)
	<b>722,246</b>	744,600	<b>722,246</b>	744,600
<b>Long-term borrowings</b>				
<b>Unsecured:</b>				
Term loans	659,000	376,000	659,000	376,000
Transaction costs on borrowings	(3,866)	(2,915)	(3,866)	(2,915)
	<b>655,134</b>	373,085	<b>655,134</b>	373,085
<b>Total borrowings</b>				
Bank overdrafts	25	5,143	25	5,143
Revolving credits	691,000	716,000	691,000	716,000
Term loans	691,000	400,000	691,000	400,000
Transaction costs on borrowings	(4,645)	(3,458)	(4,645)	(3,458)
	<b>1,377,380</b>	1,117,685	<b>1,377,380</b>	1,117,685
<b>Analysis by maturity:</b>				
– within 1 year	722,246	744,600	722,246	744,600
– from 2 to 5 years	452,884	229,828	452,884	229,828
– over 5 years	202,250	143,257	202,250	143,257
	<b>1,377,380</b>	1,117,685	<b>1,377,380</b>	1,117,685

- (a) The Group's and the Company's bank overdrafts bear interest at 7.8% (2018: 8.0%) per annum.
- (b) The Group's and the Company's revolving credits bear interest at a weighted average rate of 4.90% (2018: 4.76%) per annum.
- (c) Included in term of loans of the Group and of the Company of RM691,000,000 (2018: RM400,000,000) is an Islamic term loan of the Group and of the Company of RM329,000,000 (2018: RM350,000,000) which bears an average profit rate of 5.15% (2018: 5.30%) per annum. The remaining term loans of the Group and of the Company of RM362,000,000 (2018: RM50,000,000) bears interest rates which range from 4.98% to 5.55% (2018: 5.55%) per annum.
- (d) All borrowings are denominated in Ringgit Malaysia.

## NOTES TO THE FINANCIAL STATEMENTS

### 28. BORROWINGS (CONT'D.)

Changes in liabilities arising from financing activities

	At 1 January 2019 RM'000	Cash flows RM'000	Reclassifica- tion RM'000	Charged to profit or loss RM'000	At 31 December 2019 RM'000
<b>Group</b>					
<b>Short-term borrowings:</b>					
Revolving credits	716,000	(25,000)	–	–	691,000
Term loans	24,000	(24,000)	32,000	–	32,000
Transaction costs on borrowings	(543)	–	(779)	543	(779)
	739,457	(49,000)	31,221	543	722,221
<b>Long-term borrowings:</b>					
Term loans	376,000	315,000	(32,000)	–	659,000
Transaction costs on borrowings	(2,915)	(1,890)	779	160	(3,866)
	1,112,542	264,110	–	703	1,377,355
<b>Company</b>					
<b>Short-term borrowings:</b>					
Revolving credits	716,000	(25,000)	–	–	691,000
Term loans	24,000	(24,000)	32,000	–	32,000
Transaction costs on borrowings	(543)	–	(779)	543	(779)
	739,457	(49,000)	31,221	543	722,221
<b>Long-term borrowings:</b>					
Term loans	376,000	315,000	(32,000)	–	659,000
Transaction costs on borrowings	(2,915)	(1,890)	779	160	(3,866)
	1,112,542	264,110	–	703	1,377,355



## 28. BORROWINGS (CONT'D.)

Changes in liabilities arising from financing activities (cont'd.)

	At 1 January 2018 RM'000	Cash flows RM'000	Reclassifica- tion RM'000	Charged to profit or loss RM'000	At 31 December 2018 RM'000
<b>Group</b>					
<b>Short-term borrowings:</b>					
Revolving credits	140,000	576,000	–	–	716,000
Term loans	–	–	24,000	–	24,000
Transaction costs on borrowings	–	–	(543)	–	(543)
	140,000	576,000	23,457	–	739,457
<b>Long-term borrowings:</b>					
Term loans	–	400,000	(24,000)	–	376,000
Transaction costs on borrowings	–	(3,800)	543	342	(2,915)
	140,000	972,200	–	342	1,112,542
<b>Company</b>					
<b>Short-term borrowings:</b>					
Revolving credits	140,000	576,000	–	–	716,000
Term loans	–	–	24,000	–	24,000
Transaction costs on borrowings	–	–	(543)	–	(543)
	140,000	576,000	23,457	–	739,457
<b>Long-term borrowings:</b>					
Term loans	–	400,000	(24,000)	–	376,000
Transaction costs on borrowings	–	(3,800)	543	342	(2,915)
	140,000	972,200	–	342	1,112,542

## NOTES TO THE FINANCIAL STATEMENTS

### 29. PAYABLES

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
<b>Current</b>				
<b>Trade</b>				
Trade payables	24,166	19,110	4,957	5,596
<b>Other</b>				
Estate payables	20,128	20,068	3,270	3,176
Amount due to joint operation partner	11,898	10,731	11,853	8,529
Other related companies	78	67	–	–
Associates	6,583	2,670	6,574	2,610
Immediate Holding Company	1,368	1,465	244	355
Wholly owned subsidiaries				
– Loan	–	–	37,625	42,059
– Current account	–	–	1,466	2,858
Non-wholly owned subsidiaries				
– Loan	–	–	25,021	21,537
– Current account	–	–	77	125
Interest payable	4,848	1,383	4,848	1,383
Accrued expenses	1,693	1,348	919	617
Other taxes payable	3,497	2,396	164	10
Deposit for disposal of land	–	13,604	–	13,604
Other payables	9,410	11,024	1,692	3,067
	59,503	64,756	93,753	99,930
	83,669	83,866	98,710	105,526
<b>Non-current</b>				
<b>Other payable</b>				
Defined benefit obligations (Note 30)	6,197	6,330	4,661	4,948
<b>Total payables (current and non-current)</b>	<b>89,866</b>	<b>90,196</b>	<b>103,371</b>	<b>110,474</b>
Total payables (current)	83,669	83,866	98,710	105,526
Add: Borrowings (Note 28)	1,377,380	1,117,685	1,377,380	1,117,685
Add: Dividend payable	–	44,800	–	44,800
Less: Other taxes payable	(3,497)	(2,396)	(164)	(10)
<b>Total financial liabilities carried at amortised cost</b>	<b>1,457,552</b>	<b>1,243,955</b>	<b>1,475,926</b>	<b>1,268,001</b>





## 29. PAYABLES (CONT'D.)

### Trade and other payables

Trade and estate payables are on 30 to 60 days (2018: 30 to 60 days) payment terms and are non-interest bearing. Other payables are normally settled on an average of 30 days (2018: 30 days) terms and are non-interest bearing.

### Related party balances

Amount due to joint operation partner is unsecured, repayable on demand and bears interest at 3.5% (2018: 3.5%) per annum.

Amount due to Immediate Holding Company is unsecured, interest-free and repayable on demand.

Loans from wholly owned and non-wholly owned subsidiaries are unsecured, repayable on demand and bear interest at 3.5% (2018: 3.5%) per annum.

Amounts due to associates, other related companies and current accounts of wholly owned and non-wholly owned subsidiaries are unsecured, interest-free and repayable on demand.

## 30. DEFINED BENEFIT OBLIGATIONS

(a) The amount recognised in the statements of financial position is determined as follows:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Present value of unfunded defined benefit obligations, representing net liability (Note 29)	<b>6,197</b>	6,330	<b>4,661</b>	4,948

(b) The movement in the net liability in the current year is as follows:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
At 1 January	<b>6,330</b>	5,966	<b>4,948</b>	4,677
Recognised in profit or loss (Note 5)	<b>1,089</b>	575	<b>812</b>	440
Recognised in other comprehensive income	<b>(883)</b>	–	<b>(782)</b>	–
Defined benefits paid	<b>(339)</b>	(211)	<b>(317)</b>	(169)
At 31 December	<b>6,197</b>	6,330	<b>4,661</b>	4,948

## NOTES TO THE FINANCIAL STATEMENTS

### 30. DEFINED BENEFIT OBLIGATIONS (CONT'D.)

(c) The amount recognised in profit or loss is analysed as follows:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Current service cost	390	361	283	270
Past service cost	367	(105)	279	(80)
Interest cost	332	319	250	250
Recognised in profit or loss	1,089	575	812	440

(d) The amount recognised in other comprehensive income is analysed as follows:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Effect of changes in demographic assumption	(5)	–	(3)	–
Effect of changes in financial assumption	524	–	379	–
Effect of experience adjustment	(1,402)	–	(1,158)	–
Recognised in other comprehensive income	(883)	–	(782)	–

(e) The principal assumptions used to determine the defined benefit obligations are shown below:

	Group and Company	
	2019	2018
Discount rate (% per annum)	4.4	5.5
Salary increment rate (% per annum)	5.5	5.5

(f) The sensitivity analysis arising from reasonably possible changes of each significant assumption on the defined benefit obligations as at year end with all other assumptions held constant is given below:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
1% increase in discount rate	(475)	(412)	(341)	(309)
1% decrease in discount rate	546	466	391	348
1% increase in salary increment rate	542	652	394	497
1% decrease in salary increment rate	(480)	(578)	(349)	(441)

(g) The duration of the Group's and Company's defined benefit obligations at the end of the reporting period is 7 years (2018: 7 years).



### 31. CAPITAL COMMITMENTS

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Capital expenditure:				
– authorised and contracted for	<b>34,572</b>	357,300	–	–
– authorised but not contracted for	<b>105,689</b>	134,824	<b>24,683</b>	28,220

The Group's and the Company's interest in the capital commitment of the joint operation plantation is disclosed in Note 34.

### 32. SEGMENT INFORMATION

The Group is principally involved in plantation operations and also provides plantation consultancy services. Management controls operations by geographical locations where resources are allocated and performance are monitored for achievement of the desired output. Monthly management reports are prepared by geographical segment for review by Management. Thus, operating segments are best segregated as follows:

(a) Plantation segment

Plantation operations involve the cultivation of oil palms and production of crude palm oil and palm kernel. The Group's plantations are located in Peninsular Malaysia, Sabah and Sarawak.

(b) Others segment

The others segment consists of plantation consultancy and investing activities.

The performance of each operating segment is measured on the basis of operating results before interest income and finance costs. Non-recurring items such as gains on disposal of plantation assets, impairment losses and share of results of associates and fair value gains or losses are excluded from the measurement of a segment's performance.

Transactions between operating segments are undertaken on arm's length basis. Inter-segment revenue namely plantation management fees are eliminated on consolidation. The Group practises central fund management where surplus funds are moved within the Group and the interest income/expenses arising from such arrangements are eliminated in full.

## NOTES TO THE FINANCIAL STATEMENTS

### 32. SEGMENT INFORMATION (CONT'D.)

The performance of each segment is set out in the following table:

	<----- Plantation ----->			Others RM'000	Elimination RM'000	Total RM'000
	PM* RM'000	Sabah RM'000	Sarawak RM'000			
<b>2019</b>						
<b>Revenue</b>						
External customers	212,759	291,564	71,413	1,467	-	577,203
Inter-segment	-	-	-	21,454	(21,454)	-
<b>Total revenue</b>	<b>212,759</b>	<b>291,564</b>	<b>71,413</b>	<b>22,921</b>	<b>(21,454)</b>	<b>577,203</b>
<b>Segment result</b>						
Interest income				2,595	-	(21,771)
Finance costs						1,115
Share of results of associates						(64,826)
Impairment losses of property, plant and equipment						6,620
Impairment losses of right-of-use assets						(160,555)
Gain on disposal of plantation assets						(15,407)
Loss before taxation						119,454
Taxation						(135,370)
<b>Loss for the year</b>						<b>(21,910)</b>
						<b>(157,280)</b>
<b>Other information:</b>						
Depreciation of property, plant and equipment	37,312	87,147	9,109	909	-	134,477
Depreciation of right-of-use assets	4,109	28,106	471	-	-	32,686
Impairment losses of property, plant and equipment	9,936	150,619	-	-	-	160,555
Impairment losses of right-of-use assets	-	15,407	-	-	-	15,407

\* Denotes Peninsular Malaysia.



### 32. SEGMENT INFORMATION (CONT'D.)

The performance of each segment is set out in the following table:

	<----- Plantation ----->			Others RM'000	Elimination RM'000	Total RM'000
	PM* RM'000	Sabah RM'000	Sarawak RM'000			
<b>2018</b>						
<b>Revenue</b>						
External customers	236,386	271,794	74,706	1,123	–	584,009
Inter-segment	–	–	–	22,284	(22,284)	–
<b>Total revenue</b>	<b>236,386</b>	<b>271,794</b>	<b>74,706</b>	<b>23,407</b>	<b>(22,284)</b>	<b>584,009</b>
<b>Segment result</b>						
Interest income	28,607	(29,836)	(20,885)	1,573	–	(20,541)
Finance costs						1,312
Share of results of associates						(36,784)
						5,040
Loss before taxation						(50,973)
Taxation						(12,936)
<b>Loss for the year</b>						<b>(63,909)</b>
<b>Other information:</b>						
Depreciation of property, plant and equipment	43,380	83,184	9,992	1,204	–	137,760
Amortisation of prepaid land lease payments	–	1,487	471	–	–	1,958

\* Denotes Peninsular Malaysia.

## NOTES TO THE FINANCIAL STATEMENTS

### 33. SIGNIFICANT RELATED PARTY TRANSACTIONS

#### Identification of related parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operational decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Related parties of the Group include:

- (i) Direct and indirect subsidiaries;
- (ii) Immediate Holding Company, Boustead Holdings Berhad (BHB), its subsidiaries and associates;
- (iii) Ultimate Holding Corporation, Lembaga Tabung Angkatan Tentera (LTAT), its subsidiaries and direct and indirect associates;
- (iv) Direct and indirect associates;
- (v) Key management personnel which comprises persons (including the Directors of the Company) having authority and responsibility for planning, directing and controlling the activities of the Group directly or indirectly.



### 33. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT'D.)

Significant related party transactions other than those disclosed elsewhere in the financial statements are as follows:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
<b>Subsidiaries</b>				
Sale of fresh fruit bunches	–	–	<b>83,876</b>	91,513
Plantation management fees	–	–	<b>5,286</b>	3,345
<b>Subsidiaries of Immediate Holding Company</b>				
Purchase of non-regulated petroleum products	<b>1,752</b>	2,259	<b>1,113</b>	1,391
Travel agency services	<b>580</b>	468	<b>15</b>	52
Office rental	<b>1,413</b>	1,298	–	–
Research and development	–	31	–	–
<b>Immediate Holding Company</b>				
General management fees	<b>2,483</b>	2,004	<b>424</b>	308
Tax consultancy fees	<b>80</b>	69	<b>10</b>	7
<b>Associates</b>				
Advisory fees	<b>1,273</b>	1,096	<b>356</b>	291
Research and development	<b>14,003</b>	15,188	<b>14,003</b>	14,786
<b>Associates of BHB</b>				
Insurance premium	<b>3,260</b>	3,367	<b>658</b>	821
Interest income	<b>33</b>	33	<b>33</b>	33
Finance costs	<b>20,633</b>	13,438	<b>20,633</b>	13,438
Purchase of chemical products	<b>978</b>	843	<b>77</b>	70
<b>Firm in which a former director of BHB has a substantial interest</b>				
Legal fees	<b>3,360</b>	2,047	<b>690</b>	77

Related party balances with the Immediate Holding Company and subsidiaries are referred to in Notes 20 and 29.

## NOTES TO THE FINANCIAL STATEMENTS

### 33. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT'D.)

#### Government-related entities

At the reporting date, balances with financial institutions which are Government-related entities are as follows:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Bank balances and Islamic deposits	<b>2,288</b>	1,558	<b>1,170</b>	1,159
Term loans	<b>376,000</b>	400,000	<b>376,000</b>	400,000

#### Key management personnel

The remuneration of key management personnel for the financial year is as follows:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Short-term employee benefits	<b>3,608</b>	5,193	<b>1,322</b>	1,188
Defined contribution plans	<b>538</b>	807	<b>203</b>	185
	<b>4,146</b>	6,000	<b>1,525</b>	1,373

The Directors are of the opinion that related party transactions are in the normal course of business and at terms mutually agreed between the parties.





### 34. INTEREST IN JOINT OPERATION PLANTATION

The Group and the Company have a 50% interest in Kuala Muda Estate, a joint operation plantation, which is held at book value of RM22,435,000 (2018: RM22,435,000). The following amounts represent the Group's and Company's share of the assets and liabilities as well as share of revenue and expenses of the joint operation plantation, which are included in the respective statement of financial position and income statement:

	Group and Company	
	2019	2018
	RM'000	RM'000
<b>Statement of Financial Position</b>		
Non-current assets	27,400	29,911
Current assets	12,288	11,656
Current liabilities	(1,831)	(803)
Non-current liabilities	(110)	(92)
Net assets	37,747	40,672
<b>Income Statement</b>		
Revenue	5,787	6,620
Operating costs	(3,840)	(4,397)
Operating profit	1,947	2,223
Capital commitments	272	175

There is no reported material contingent liability relating to the Group's and the Company's interest in the joint operation plantation.

### 35. SIGNIFICANT EVENTS

- (a) On 1 August 2018, Boustead Rimba Nilai Sdn Bhd (BRNSB), a wholly owned subsidiary entered into a sale and purchase agreement (SPA) with Sit Seng & Sons Realty Sdn Bhd and its related companies for the acquisition of oil palm plantation land within the District of Beluran, Kinabatangan and Labuk & Sugut comprising 17 land titles measuring a total of 12,144.99 acres (4,915.25 hectares) together with a 45 tonnes per hour palm oil mill and buildings erected thereon as well as movable assets, machineries and vehicles for a cash consideration of RM397,000,000.

On 25 March 2019, BRNSB entered into:

- (i) a supplemental agreement (SA) with the vendors to revise the purchase consideration to RM358,660,000 after the exclusion of the purchase of 499.3 hectares of oil palm plantation lands together with movable assets (Lubah Property) as well as road reserve land measuring 1,172.8 square meters. The exclusion of Lubah Property was due to non-fulfilment of the removal of equity restriction. The land area under the SA was 4,414.69 hectares. The acquisition was completed on 29 April 2019.

## NOTES TO THE FINANCIAL STATEMENTS

### 35. SIGNIFICANT EVENTS (CONT'D.)

- (a) (ii) an SPA with Lubah Plantations (S) Sdn Bhd for the acquisition of Lubah Property for a cash consideration of RM38,212,000. BRNSB has paid a 10% deposit of RM3,821,200. The acquisition of Lubah Property is expected to be completed by the second quarter of 2020.
- (b) On 24 January 2018, CIMB Islamic Trustee Berhad, acting as trustee for the Company, entered into SPAs with the following parties:
- (i) Sunrich Conquest Sdn Bhd for the sale of 82.84 hectares of freehold land in the District of Seberang Perai Utara, Pulau Pinang for cash consideration of RM81,143,000; and
- (ii) Titanium Greenview Sdn Bhd for the sale of 2 parcels of freehold land measuring a total of 56.05 hectares in the District of Seberang Perai Utara, Pulau Pinang for cash consideration of RM54,901,000.

The sales were completed on 18 April 2019 and a gain of RM119,454,000 was recognised as disclosed in Note 6.

### 36. SUBSEQUENT EVENT

The rapid spread of ongoing COVID-19 pandemic throughout the country and the world has a significant impact on the overall economy including the palm oil sector. The Movement Control Order (MCO) imposed by the Government of Malaysia (GOM) has affected availability of labour and disrupted supply chains and operations of plantations and mills despite the permission granted to the plantation industry to resume operations during the MCO period.

In March 2020, as part of COVID-19 containment efforts, the Sabah State Government decided to shutdown palm oil operations in six districts in Sabah for a period ranging from 13 to 19 days. Among the estates and mills that have been operating in the affected areas are Segaria Estate, Segaria Palm Oil Mill, Sungai Segamaha Estate, Bukit Segamaha Estate, G&G Estate, Ladang Tabung Tentera Sabah, Segamaha Palm Oil Mill, Boustead Sungai Lokan Estate and Boustead Lokan Baru Estate which are located in Semporna, Lahad Datu and Kinabatangan in Sabah.

It is expected that the COVID-19 pandemic and movement control measures put in place country-wide by the GOM will result in decline in palm oil consumption and have a negative impact on economic growth. CPO prices as recorded by Malaysian Palm Oil Board decreased from RM3,026 per metric tonne as at 31 December 2019 to RM2,037 per metric tonne as at 8 May 2020. Based on the Group's preliminary assessment, palm oil prices will remain under pressure until supply-demand fundamentals improve.

The Group had concluded that the COVID-19 outbreak did not provide evidence of conditions that existed on or before 31 December 2019 and have accordingly assessed it to be a non-adjusting event. The recoverable amounts of the impaired estates and impaired mills situated in Sabah which was estimated based on their fair value less costs of disposal as described in Note 7 had been made based on conditions existing as at 31 December 2019 and did not take into consideration the COVID-19 pandemic. The decline in palm oil prices and demand may result in an adjustment to the carrying amounts of the property, plant and equipment and right-of-use assets of the Group and Company in the next financial year.

The scale and duration of the economic uncertainty and its related impact on the outlook and prospects of the Group could not be reasonably estimated at this juncture. The Group is closely monitoring the evolving situation of the COVID-19 pandemic and the effects, if any will be reflected in the 2020's annual financial statements.



### 37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's activities expose it to a variety of risks, including interest rate, liquidity, credit and commodity price risks. The Group's overall financial risk management objective is to ensure that the Group creates value for its shareholders while minimising potential adverse effects on the performance of the Group.

The Board of Directors reviews and agrees with the policies and procedures for the management of these risks, which are executed by the Chief Executive Officer, through the Management Committee. The Risk Committee provides independent oversight to the effectiveness of the risk management process.

It is the Group's policy that no derivatives shall be undertaken except for use as hedging instruments where appropriate and cost efficient. The Group and the Company do not apply hedge accounting.

The following sections provide details regarding the Group's and the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

#### (a) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's and the Company's interest rate risk arises from bank deposits, borrowings and intercompany loans.

The Group finances its operations through operating cash flows and borrowings, which is denominated in Ringgit Malaysia. All bank borrowings are on floating rate terms. Loans to subsidiaries are also on floating rate terms, where such rates are remeasured at periodic intervals to approximate market interest rates or cost of borrowings. The floating rate loans to subsidiaries form a natural hedge for its floating rate bank borrowings.

#### Sensitivity analysis for interest rate risk

At the reporting date, if interest rates had been 50 basis points lower/higher, with all other variables held constant, the Group's and Company's loss before taxation (LBT) or profit before taxation (PBT) would have been:

	Group (Decrease)/Increase		Company (Decrease)/Increase	
	2019 Effect on LBT RM'000	2018 Effect on LBT RM'000	2019 Effect on PBT RM'000	2018 Effect on PBT RM'000
50 basis points decrease in interest rate	<b>(6,937)</b>	(5,395)	<b>(1,762)</b>	(1,148)
50 basis points increase in interest rate	<b>6,937</b>	5,395	<b>1,762</b>	1,148

The assumed movement in the basis points for interest rate for sensitivity analysis is based on a prudent estimate of the current market environment.

## NOTES TO THE FINANCIAL STATEMENTS

### 37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

#### (b) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to insufficient funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group practises prudent liquidity risk management by maintaining availability of funding through adequate amount of committed credit facilities.

The borrowings of the Company were obtained mainly for the acquisition of the Group's plantation assets. These borrowings are essentially backed up by the strength of the Group's financial position and its ability to generate cash flows to fund activities. The Group's financial and liquidity position is closely monitored to ensure its continued ability to duly service and repay the loans when due.

#### Analysis of financial instruments by remaining contractual maturities

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

	On demand or within one year RM'000	Two to five years RM'000	Over five years RM'000	Total RM'000
<b>Group</b>				
<b>At 31 December 2019</b>				
<b>Financial liabilities:</b>				
Trade and other payables	80,172	–	–	80,172
Borrowings	791,482	551,835	212,175	1,555,492
Total undiscounted financial liabilities	871,654	551,835	212,175	1,635,664
<b>At 31 December 2018</b>				
<b>Financial liabilities:</b>				
Trade and other payables	126,270	–	–	126,270
Borrowings	799,767	289,258	148,798	1,237,823
Total undiscounted financial liabilities	926,037	289,258	148,798	1,364,093



### 37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

#### (b) Liquidity risk (cont'd.)

Analysis of financial instruments by remaining contractual maturities (cont'd.)

	On demand or within one year RM'000	Two to five years RM'000	Over five years RM'000	Total RM'000
<b>Company</b>				
<b>At 31 December 2019</b>				
<b>Financial liabilities:</b>				
Trade and other payables	98,546	–	–	98,546
Borrowings	791,482	551,835	212,175	1,555,492
Total undiscounted financial liabilities	890,028	551,835	212,175	1,654,038
<b>At 31 December 2018</b>				
<b>Financial liabilities:</b>				
Trade and other payables	150,316	–	–	150,316
Borrowings	799,767	289,258	148,798	1,237,823
Total undiscounted financial liabilities	950,083	289,258	148,798	1,388,139

## NOTES TO THE FINANCIAL STATEMENTS

### 37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

#### (c) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including cash and bank balances), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group seeks to control credit risk by setting credit limits, obtaining bank guarantees where appropriate; ensuring that sales are made to customers with appropriate credit history and conducting periodic review on financial standing of customers. Further, sales to customers are reviewed when deliveries exceed guaranteed amounts or set credit limits.

The Group and the Company consider the risk of material loss in the event of non-performance by a financial counterparty to be unlikely due to the good prospects of the industry that its customers operate in and these customers are creditworthy debtors with good payment records with the Group and the Company.

#### Exposure to credit risk

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position. The Group has no concentration of credit risk on any one particular customer or related company. At the reporting date, the Company has significant concentration of credit risk that arose from exposures to amounts due from 2 (2018: 2) subsidiaries representing 91% (2018: 89%) of the Company's trade and other receivables.

Information regarding credit enhancements for trade and other receivables is disclosed in Note 20.

#### Amounts due from subsidiaries and related companies

There is minimal risk of default as these companies are either profitable or prospectively profitable except for subsidiaries for which allowances have been made in respect of amounts estimated to be not recoverable as disclosed in Note 20. The credit standing of these companies are periodically monitored and reviewed.

#### (d) Commodity price risk

The Group is exposed to commodity price risk arising from fluctuations in the price of crude palm oil and palm kernel. The Group adopts the strategy of having a mix of spot and forward sales at any one time to mitigate this risk. Forward sales policies are periodically reviewed by management.



## 38. FAIR VALUE OF FINANCIAL INSTRUMENTS

### Determination of fair value

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:

	<b>Note</b>
Trade and other receivables	20
Amount due to Immediate Holding Company	29
Loans to/from subsidiaries	20, 29
Amount due from/to associates	20, 29
Amount due to joint operation partner	29
Amount due from/to related companies	20, 29
Trade and other payables (current)	29
Borrowings (current and non-current)	28

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that approximate market interest rates at the reporting date.

Loans to subsidiaries are evaluated by the Company based on parameters such as interest rates, individual credit worthiness of the respective subsidiaries and the risk characteristics of the financed project. Based on the evaluation, allowances are taken into account for expected losses of the loan. As at 31 December 2019, the carrying amounts of the loan, net of allowances, were not materially different from their calculated fair values.

The fair value of borrowings are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending or borrowing arrangements at the reporting date.

## 39. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made to the objectives, policies or processes during the financial years ended 31 December 2019 and 2018.

The Group monitors capital using gearing ratio, which is derived by dividing borrowings over shareholders' equity. At the reporting date, the Group's gearing ratio is 0.54 times (2018: 0.41 times). The Group's policy is to keep gearing within manageable levels.

## NOTES TO THE FINANCIAL STATEMENTS

### 40. LIST OF SUBSIDIARIES AND ASSOCIATES

Name of Company*	Principal activities	Paid up capital	Group interest	
			2019 %	2018 %
<b>SUBSIDIARIES</b>				
Boustead Telok Sengat Sdn Bhd	Processing of fresh fruit bunches (FFB) and investment holding	RM11,480,000	100	100
Boustead Eldred Sdn Bhd	Cultivation of oil palms	RM15,000,000	100	100
Boustead Solandra Sdn Bhd	Cultivation of oil palms	RM200,000	100	100
Boustead Agency and Consultancy Services Sdn Bhd	Plantation management and engineering consultancy	RM4,500,000	100	100
Boustead Rimba Nilai Sdn Bhd	Cultivation of oil palms and processing of FFB	RM100,000,000	100	100
Boustead Emastulin Sdn Bhd	Cultivation of oil palms and processing of FFB	RM17,000,000	100	100
Boustead Gradient Sdn Bhd	Cultivation of oil palms and processing of FFB	RM3,000,000	100	100
Boustead Trunkline Sdn Bhd	Cultivation of oil palms	RM7,000,000	100	100
Boustead Pelita Kanowit Sdn Bhd	Cultivation of oil palms	RM234,560,000	60	60
Boustead Pelita Tinjar Sdn Bhd	Cultivation of oil palms and processing of FFB	RM161,370,000	60	60
Boustead Pelita Kanowit Oil Mill Sdn Bhd	Operation of palm oil mill	RM30,000,000	60	60
Boustead Estates Agency Sdn Bhd	Plantation management and engineering consultancy	RM1,637,292	100	100
Bounty Crop Sdn Bhd	Ceased operation	RM70,200,000	100	100
Boustead Life Sciences Research Sdn Bhd	Advisory and research on life sciences and commercialisation of products developed from life sciences	RM250,000	100	100
<b>ASSOCIATES</b>				
Applied Agricultural Resources Sdn Bhd	Agronomic advisory services, commercial production of oil palm planting materials and investment holding	RM500,000	50	50
PT AAR Nusantara**	Production of oil palm seeds	IDR10,000,000,000	25	25
Advanced Agriecological Research Sdn Bhd	Agronomy research services	RM500,000	50	50
PT Applied Agricultural Resources Indonesia**	Agronomy research and advisory services	IDR12,775,000,000	50	50

\* Incorporated in Malaysia unless otherwise indicated

\*\* Incorporated in Indonesia and audited by an overseas firm not associated with Ernst & Young PLT, Malaysia





# ADDITIONAL COMPLIANCE INFORMATION

## 1. Utilisation of proceeds from corporate proposals

There were no proceeds raised from any corporate proposals during the financial year.

## 2. Audit and non-audit fees

Paid/payable	Group RM'000	Company RM'000
Fees to the auditors of the Group and Company for the financial year ended 31 December 2019		
– Audit	893	315
– Non-audit	129	109

The provision of non-audit services by the external auditors to the Group is both cost effective and efficient due to their knowledge and understanding of the operations of the Group, and did not compromise their independence and objectivity. It is also the Group's policy to use the auditors in cases where their knowledge of the Group means it is neither efficient nor cost effective to employ another firm of accountants.

## 3. Material contracts

There were no material contracts which had been entered into by the Group involving the interests of Directors and major shareholders, either still subsisting at the end of the financial year ended 31 December 2019 or entered into since the end of the previous financial year.

## RECURRENT RELATED PARTY TRANSACTIONS

At the Annual General Meeting held on 24 April 2019, the Company obtained Shareholders' Mandate to allow the Group to enter into recurrent related party transactions of a revenue or trading nature.

In accordance with Section 3.1.5 of Practice Note No. 12 of Bursa Malaysia Securities Berhad Listing Requirements, the details of recurrent related party transactions conducted during the financial year ended 31 December 2019 pursuant to the Shareholders' Mandate are as follows:

Related party	Interested Director/ Connected party	Nature of transaction	Actual transaction RM'000
Boustead Pelita Kanowit Sdn Bhd (BPK)	Datu Sajeli Kipli <sup>(1)</sup> Razali Zainudin <sup>(2)</sup> Wan Abu Bakar Wan Hamid <sup>(3)</sup> LCDA Holdings Sdn Bhd (formerly known as Pelita Holdings Sdn Bhd) (holds 10% interest in BPK and 40% interest in BPKOM)	Sales of Fresh Fruit Bunches to Boustead Pelita Kanowit Oil Mill Sdn Bhd (BPKOM)	33,361
Boustead Holdings Berhad (BHB)	Gen. Tan Sri Dato' Seri Panglima Mohd Ghazali Hj. Che Mat (R) <sup>(4)</sup> Datuk Zakaria Sharif <sup>(5)</sup> LTAT	General management, internal audit and tax consultancy	2,563
Boustead Petroleum Marketing Sdn Bhd	Gen. Tan Sri Dato' Seri Panglima Mohd Ghazali Hj. Che Mat (R) <sup>(4)</sup> Datuk Zakaria Sharif <sup>(5)</sup> LTAT	Purchase of non-regulated petroleum products	1,752
Boustead Realty Sdn Bhd	Gen. Tan Sri Dato' Seri Panglima Mohd Ghazali Hj. Che Mat (R) <sup>(4)</sup> Datuk Zakaria Sharif <sup>(5)</sup> LTAT	Office rental at Menara Boustead	1,413



<b>Related party</b>	<b>Interested Director/ Connected party</b>	<b>Nature of transaction</b>	<b>Actual transaction RM'000</b>
Boustead Travel Services Sdn Bhd	Gen. Tan Sri Dato' Seri Panglima Mohd Ghazali Hj. Che Mat (R) <sup>(4)</sup>  Datuk Zakaria Sharif <sup>(5)</sup>  LTAT	Provision of travel agency services	580
Azzat & Izzat	Datuk Azzat Kamaludin <sup>(6)</sup> , is a former director of BHB and a partner of Azzat & Izzat	Provision of legal services	3,360
Drew Ameroid (M) Sdn Bhd	Gen. Tan Sri Dato' Seri Panglima Mohd Ghazali Hj. Che Mat (R) <sup>(4)</sup>  Datuk Zakaria Sharif <sup>(5)</sup>  LTAT	Provision of chemical products for raw and boiler water treatment	978

<sup>(1)</sup> Director until 31 December 2019

<sup>(2)</sup> Director until 1 June 2019

<sup>(3)</sup> Director from 1 June 2019 and Resigned on 15 February 2020

<sup>(4)</sup> Director until 31 July 2019

<sup>(5)</sup> Director until 11 December 2019

<sup>(6)</sup> Director of BHB until 31 July 2019

# PROPERTIES OF THE GROUP

Location	Hectares	Description	Tenure	Age of buildings (Years)	Book value	Year of acquisition/revaluation*
<b>Peninsular Malaysia</b>						
Batu Pekaka Estate, Kuala Ketil, Kedah	968.7	Oil palm estate	Freehold		47.3	2016*
Kuala Muda Estate (50% interest), Sungai Petani, Kedah	759.8	Oil palm estate	Freehold		27.1	2016*
Stothard Estate, Kuala Ketil, Kedah	983.1	Oil palm estate	Freehold		42.8	2016*
Kedah Oil Palms Estate, Kulim, Kedah	243.0	Oil palm estate	Freehold		21.7	2016*
Bukit Mertajam Estate, Kulim, Kedah	2,164.8	Oil palm estate	Freehold		141.6	2016*
Malakoff Estate, Tasek Glugor, Pulau Pinang	562.3	Oil palm estate	Freehold		64.2	2016*
Taiping Rubber Plantation Estate, Trong, Perak	1,347.8	Oil palm estate & palm oil mill	Freehold	18	74.4	2016*
Malaya Estate, Selama, Perak	906.5	Oil palm estate	Freehold		45.3	2016*
Lepan Kabu Estate, Kuala Pahi, Kelantan	2,034.6	Oil palm estate	Freehold		80.0	2016*
Solandra Estate, Kemaman, Terengganu	395.9	Oil palm estate	1984-2054		4.7	2016*
Ladang Tabung Tentera Terengganu (LTT-Terengganu), Kemaman, Terengganu	1,810.7	Oil palm estate	1984-2054		48.2	2016*
Sungai Jernih Estate, Pekan, Pahang	2,695.7	Oil palm estate & palm oil mill	1981-2091	28	115.3	2016*
Bebar Estate, Muadzam Shah, Pahang	2,340.6	Oil palm estate	1984-2083		115.9	2016*
Balau Estate, Semenyih, Selangor	247.4	Oil palm estate & molecular laboratory	Freehold	12	280.0	2016*
Bekoh Estate, Tangkak, Johor	1,226.1	Oil palm estate	Freehold		72.1	2016*
Eldred Estate, Bekok, Johor	1,799.7	Oil palm estate	Freehold		90.1	2016*
Kulai Young Estate, Kulai, Johor	670.6	Oil palm estate	Freehold		65.2	2016*
Chamek Estate, Kluang, Johor	814.6	Oil palm estate	Freehold		56.4	2016*
Telok Sengat Estate, Kota Tinggi, Johor	3,690.1	Oil palm estate, palm oil mill & molecular laboratory	Freehold	33	266.4	2016*



Location	Hectares	Description	Tenure	Age of buildings (Years)	Book value	Year of acquisition/revaluation*
<b>Sabah</b>						
Sungai Sungai 1, Sungai Sungai 2 and Sungai Sungai 3 Estates, Sugut	6,035.1	Oil palm estate & palm oil mill	1997-2098	14	105.8	2012, 2014, 2016,
Kawananan Estate, Sugut	2,585.0	Oil palm estate	1997-2098		28.1	2012
Lembah Paitan Estate, Sugut	1,305.1	Oil palm estate	1997-2098		12.5	1997-2001
Resort Estate, Sandakan	1,106.6	Oil palm estate	1978-2071		13.9	2013
Nak Estate, Sandakan	1,348.9	Oil palm estate & palm oil mill	1965-2075	33	75.7	2016*
Sutera Estate, Sandakan	2,200.7	Oil palm estate	1888-2887		155.2	2016*
Ladang Tabung Tentera Sabah (LTT-Sabah), Lahad Datu	2,023.0	Oil palm estate	1979-2077		112.2	2016*
Segaria Estate, Semporna	4,746.2	Oil palm estate & palm oil mill	1965-2072	39	245.7	2016*
Sungai Segamaha and Bukit Segamaha Estates, Lahad Datu	5,659.6	Oil palm estate & palm oil mill	1979-2077	23	318.7	2016*
G&G Estate, Lahad Datu	2,409.8	Oil palm estate	1979-2077		140.4	2016*
Boustead Pertama and Boustead Sapa Payau Estates, Labuk & Sugut	3,944.1	Oil palm estate	1980-2079 1981-2080 1982-2081		222.2	2018
Boustead Sungai Lokan and Boustead Lokan Baru Estates, Labuk & Sugut	4,439.0	Oil palm estate	1980-2079 1981-2080 1982-2081 1988-2087		206.4	2018
Boustead Ruku Ruku Estate, Labuk & Sugut	3,196.2	Oil palm estate	1980-2079 1981-2080 1982-2081		171.5	2018
Boustead Tawai 1 Estate, Labuk & Sugut	1,793.6	Oil palm estate & palm oil mill	1978-2077 1979-2078 1980-2079 1981-2080	19	118.3	2019
Boustead Tawai 2 Estate, Labuk & Sugut	3,232.8	Oil palm estate	1934-2033 1935-2034 1979-2078 1982-2081 1992-2091		171.5	2019
<b>Sarawak</b>						
Loagan Bunut Estate, Tinjar	3,982.9	Oil palm estate & palm oil mill	1991-2091	25	16.5	1994
Sungai Lelak Estate, Tinjar	3,726.0	Oil palm estate	1988-2088		6.8	1994
Bukit Limau Estate, Tinjar	4,814.0	Oil palm estate	1995-2094		5.6	1994
Pedai Estate, Sibul	3,412.8	Oil palm estate	1998-2058		6.8	1998
Jih Estate, Sibul	2,891.1	Oil palm estate	1998-2058		4.0	1998
Kanowit Palm Oil Mill, Sibul	45.3	Palm oil mill	1998-2058	16	5.3	1994
Kelimum Estate, Sibul	2,169.9	Oil palm estate	1998-2058		2.5	1998
Maong Estate, Sibul	1,274.6	Oil palm estate	1998-2058		1.1	1998
Mapai Estate, Sibul	2,426.8	Oil palm estate	1998-2058		7.5	1998
Bawan Estate, Sibul	1,781.1	Oil palm estate	1998-2058		7.4	1998
<b>Total</b>	<b>98,212.2</b>				<b>3,820.3</b>	

Book values are stated in RM million

## GROUP AGRICULTURAL STATISTICS

	2019	2018	2017	2016	2015
<b>Planted area in hectares (ha)</b>					
Past prime	<b>32,505</b>	26,438	14,569	12,234	13,138
Prime	<b>27,167</b>	29,750	32,363	33,199	33,533
Young	<b>13,183</b>	12,480	12,179	11,964	12,387
Total mature	<b>72,855</b>	68,668	59,111	57,397	59,058
Immature	<b>6,551</b>	6,364	5,876	7,071	6,622
Total planted	<b>79,406</b>	75,032	64,987	64,468	65,680
<b>FFB crop metric tonnes (MT)</b>	<b>979,972</b>	966,134	973,513	908,576	1,037,163
<b>FFB yield (MT/ha)</b>	<b>13.9</b>	14.9	16.7	15.6	17.6
<b>Oil yield (MT/ha)</b>	<b>3.0</b>	3.2	3.5	3.4	3.9
<b>Mill production (MT)</b>					
FFB processed	<b>1,070,639</b>	1,000,367	1,080,390	1,011,778	1,119,737
Crude palm oil	<b>231,298</b>	211,847	226,843	217,561	245,120
Palm kernel	<b>47,113</b>	43,601	46,896	44,035	51,444
<b>Extraction rate (%)</b>					
Crude palm oil	<b>21.6</b>	21.2	21.0	21.5	21.9
Palm kernel	<b>4.4</b>	4.4	4.3	4.4	4.6
<b>Average selling price (RM/MT)</b>					
FFB	<b>391</b>	426	610	598	458
Crude palm oil	<b>2,134</b>	2,261	2,810	2,584	2,148
Palm kernel	<b>1,244</b>	1,780	2,505	2,460	1,533



# PLANTATION AREA STATEMENT

## AREA STATEMENT

	2019		2018	
	Ha	%	Ha	%
Oil palms	79,406	80.9	75,032	80.4
Building sites, roads, unplatable areas, etc	18,806	19.1	18,293	19.6
<b>Total</b>	<b>98,212</b>	<b>100.0</b>	<b>93,325</b>	<b>100.0</b>

## AGE PROFILE OF PALMS

### 2019

Region	Immature < 3 years	Mature			Total planted
		Young 4 – 9 years	Prime 10 – 20 years	Past prime > 20 years	
Peninsular Malaysia	2,866	6,209	9,706	5,238	24,019
Sabah	3,685	6,622	14,419	17,079	41,805
Sarawak	–	352	3,042	10,188	13,582
<b>Total hectares</b>	<b>6,551</b>	<b>13,183</b>	<b>27,167</b>	<b>32,505</b>	<b>79,406</b>

### 2018

Region	Immature < 3 years	Mature			Total planted
		Young 4 – 9 years	Prime 10 – 20 years	Past prime > 20 years	
Peninsular Malaysia	2,984	6,331	9,642	5,177	24,134
Sabah	3,380	5,796	15,233	12,906	37,315
Sarawak	–	353	4,875	8,355	13,583
<b>Total hectares</b>	<b>6,364</b>	<b>12,480</b>	<b>29,750</b>	<b>26,438</b>	<b>75,032</b>

# LOCATION OF GROUP PLANTATIONS



Legend	
Estate	Estate with Palm Oil Mill

PENINSULAR MALAYSIA			
1. Batu Pekaka	6. Malakoff	10. Solandra	15. Bekoh
2. Kuala Muda	7. Taiping Rubber Plantation	11. LTT-Terengganu	16. Eldred
3. Stothard	8. Malaya	12. Sungai Jernih	17. Kulai Young
4. Kedah Oil Palms	9. Lengan Kabu	13. Bebar	18. Chamek
5. Bukit Mertajam		14. Balau	19. Telok Sengat





### SABAH & SARAWAK

20. Sungai Sungai 1	28. LTT-Sabah	36. Boustead Sungai Lokan	43. Jih
21. Sungai Sungai 2	29. Segaria	37. Boustead Lokan Baru	44. Maong
22. Sungai Sungai 3	30. Sungai Segamaha	38. Boustead Tawai 1	45. Pedai
23. Kawananan	31. Bukit Segamaha	39. Boustead Tawai 2	46. Kelimut
24. Lembah Paitan	32. G&G	40. Sungai Lelak	47. Bawan
25. Nak	33. Boustead Pertama	41. Loagan Bunut	48. Mapai
26. Resort	34. Boustead Ruku Ruku	42. Bukit Limau	
27. Sutera	35. Boustead Sapa Payau		

# SHAREHOLDINGS STATISTICS

as at 30 April 2020

Size of shareholdings	No. of holders	%	No. of shares	%
LESS THAN 100	271	1.49	6,532	0.00
100 TO 1,000	2,136	11.70	1,040,926	0.05
1,001 TO 10,000	9,028	49.46	40,484,212	1.80
10,001 TO 100,000	5,941	32.55	184,040,125	8.21
100,001 TO LESS THAN 5% OF ISSUED SHARES	875	4.79	457,323,000	20.42
5% AND ABOVE OF ISSUED SHARES	2	0.01	1,557,105,100	69.52
<b>TOTAL</b>	<b>18,253</b>	<b>100</b>	<b>2,239,999,895</b>	<b>100</b>

## 30 LARGEST SHAREHOLDERS

Name of shareholders	No. of shares	%
1 BOUSTEAD HOLDINGS BERHAD <i>ACCOUNT NON-TRADING</i>	1,286,135,900	57.42
2 LEMBAGA TABUNG ANGKATAN TENTERA	270,969,200	12.10
3 CITIGROUP NOMINEES (TEMPATAN) SDN BHD <i>EMPLOYEES PROVIDENT FUND BOARD</i>	49,438,280	2.21
4 CIMSEC NOMINEES (TEMPATAN) SDN BHD <i>CIMB BANK FOR CHE LODIN BIN WOK KAMARUDDIN (PB-0J0045)</i>	23,402,000	1.04
5 CITIGROUP NOMINEES (TEMPATAN) SDN BHD <i>URUSHARTA JAMAAH SDN. BHD. (AFFIN 1)</i>	14,359,829	0.64
6 LEMBAGA KEMAJUAN TANAH PERSEKUTUAN	12,348,000	0.55
7 LTG DEVELOPMENT SDN BHD	7,700,000	0.34
8 KENANGA NOMINEES (TEMPATAN) SDN BHD <i>RAKUTEN TRADE SDN BHD FOR TAN AIK KIONG</i>	7,442,000	0.33
9 CITIGROUP NOMINEES (TEMPATAN) SDN BHD <i>URUSHARTA JAMAAH SDN. BHD. (FRANKLIN 1)</i>	7,179,915	0.32
10 TOH EAN HAI	5,000,000	0.22
11 CARTABAN NOMINEES (ASING) SDN BHD <i>EXEMPT AN FOR BARCLAYS CAPITAL SECURITIES LTD (SBL/PB)</i>	4,653,820	0.21
12 YEO ANN SECK	4,000,000	0.18
13 KENANGA NOMINEES (TEMPATAN) SDN BHD <i>RAKUTEN TRADE SDN BHD FOR TAN AIK CHONG</i>	3,807,700	0.17
14 TAN SEE TONG	3,600,000	0.16
15 AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. <i>YAYASAN WARISAN PERAJURIT</i>	3,594,360	0.16



### 30 LARGEST SHAREHOLDERS (CONT'D.)

Name of shareholders	No. of shares	%
16 MOHD NASRI BIN ABDUL RAHIM	3,500,000	0.16
17 PUBLIC NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR TEE KIM HEW (E-KLG/BTG)</i>	3,407,500	0.15
18 KEY DEVELOPMENT SDN. BERHAD	3,248,000	0.15
19 CITIGROUP NOMINEES (ASING) SDN BHD <i>CBNY FOR DFA EMERGING MARKETS SMALL CAP SERIES</i>	3,219,499	0.14
20 CHINCHOO INVESTMENT SDN. BERHAD	3,137,400	0.14
21 MAYBANK NOMINEES (TEMPATAN) SDN BHD <i>AMANAHRAYA INVESTMENT MANAGEMENT SDN BHD FOR MAJLIS AGAMA ISLAM NEGERI SEMBILAN (C417-260272)</i>	3,130,820	0.14
22 CGS-CIMB NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR YEO ANN SECK (MY0696)</i>	2,800,000	0.13
23 PALMHEAD HOLDINGS SDN. BHD.	2,800,000	0.13
24 OUI KEE SENG	2,700,000	0.12
25 CITIGROUP NOMINEES (ASING) SDN BHD <i>CBNY FOR EMERGING MARKET CORE EQUITY PORTFOLIO DFA INVESTMENT DIMENSIONS GROUP INC</i>	2,635,979	0.12
26 CGS-CIMB NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR YEO AIK GEE (MUAR-CL)</i>	2,575,000	0.11
27 GAN TENG SIEW REALTY SDN. BERHAD	2,555,420	0.11
28 CGS-CIMB NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR TAY HOCK SOON (MY1055)</i>	2,500,000	0.11
29 UOB KAY HIAN NOMINEES (ASING) SDN BHD <i>EXEMPT AN FOR UOB KAY HIAN PTE LTD (A/C CLIENTS)</i>	2,438,800	0.11
30 AZZAT BIN KAMALUDIN	2,332,100	0.10
<b>TOTAL</b>	<b>1,746,611,522</b>	<b>77.97</b>

### SUBSTANTIAL SHAREHOLDERS BASED ON THE REGISTER OF SUBSTANTIAL SHAREHOLDERS

	Direct Interest		Indirect Interest	
	No. of holders	%	No. of shares	%
Boustead Holdings Berhad	1,286,135,900	57.42	–	–
Lembaga Tabung Angkatan Tentera	270,969,200	12.10	1,286,135,900	57.42

Classes of shares	Ordinary share
Voting rights	1 vote per ordinary share

# STATEMENT OF DIRECTORS' AND CEO'S INTERESTS

in the Company and related corporations as at 30 April 2020

Name of Director	No. of ordinary shares	Direct %
<b>Boustead Plantations Berhad</b>		
Dato' Mohzani Abdul Wahab	282,800	0.01
Dato' Sri Ghazali Mohd Ali	1,727,600	0.08
<b>Boustead Holdings Berhad</b>		
Dato' Mohzani Abdul Wahab	2,800	0.00
<b>Pharmaniaga Berhad</b>		
Dato' Sri Ghazali Mohd Ali	143,000	0.05
<b>Boustead Heavy Industries Corporation Berhad</b>		
Dato' Sri Ghazali Mohd Ali	75,000	0.03



# DIVIDEND POLICY

It is the policy of the Board in recommending dividends to allow shareholders to participate in the profits of Boustead Plantations Berhad, while taking into account the retention of adequate reserves for future growth.

The Company's income and therefore its ability to pay dividends is dependent upon income from plantation operations, dividends and other distributions from subsidiaries, associated companies and joint operation plantation.

The payment of dividends by subsidiaries and associated companies will depend upon their distributable profits, operating results, financial condition, capital expenditure, debt servicing and other obligations or business plans and applicable laws or agreements restricting their ability to pay dividends or make other distributions.

Under the dividend policy, it is the intention of the Board to adopt a dividend payout ratio of at least 60% of the Company's audited profit after tax attributable to shareholders for each financial year, after excluding the profit retained by associated companies, any unrealised income that are non-cash in nature and exceptional gains of non-operating nature where cash flow arising therefrom may be reinvested.

The above-mentioned payout ratio that the Board intends to adopt in respect of dividend payment for a particular financial year or period will depend on the factors outlined below as well as any other factors deemed relevant by the Board. In considering the amount of dividend payment, if any, upon recommendation by the Board, the following factors are taken into account:

- (i) level of cash, gearing and return on equity and retained earnings;
- (ii) expected financial performance;
- (iii) projected levels of capital expenditure, investment plans or growth/expansion strategy;
- (iv) working capital requirements; and
- (v) any contractual restrictions.

The dividend policy reflects the Board's current views on the Group's financial position and the said policy will be reviewed from time to time.

# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the One Hundred and Seventh Annual General Meeting (AGM) of Boustead Plantations Berhad will be conducted entirely through live streaming from the broadcast venue at Mutiara 5, Ground Floor, Royale Chulan Damansara, 2 Jalan PJU 7/3, Mutiara Damansara, 47810 Petaling Jaya, Selangor on Wednesday, 24 June 2020 at 9.00 a.m. for the purpose of transacting the following business:

## AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 December 2019 together with the Reports of the Directors and Auditors.  
(Please refer to Explanatory Note 1)
2. To re-elect Maj. Gen. Dato' Seri Hj. Khairuddin Abu Bakar (R) J.P. who retires by rotation in accordance with Article 117 of the Company's Constitution, and being eligible, offers himself for re-election. **Resolution 1**
3. To re-elect the following Directors who retire in accordance with Article 123 of the Company's Constitution:
  - i) Datuk Syed Tamim Ansari Syed Mohamed **Resolution 2**
  - ii) Tan Sri Dato' Wira Aziah Ali **Resolution 3**
  - iii) Dato' Ahmad Rizal Abdul Rahman **Resolution 4**
  - iv) Dato' Chan Kong Yew **Resolution 5**
  - v) Dato' Sri Ghazali Mohd Ali **Resolution 6**
4. To approve payment of Directors' fees and meeting allowances for Boustead Plantations Berhad from 25 June 2020 until the conclusion of the next AGM of the Company. **Resolution 7**
5. To re-appoint Messrs. Ernst & Young PLT as auditors of the Company and to hold office until the conclusion of the next AGM, at a remuneration to be determined by the Directors. **Resolution 8**

## AS SPECIAL BUSINESS

To consider and, if thought fit, pass the following resolutions:

6. **ORDINARY RESOLUTION**  
**AUTHORITY TO ALLOT AND ISSUE SHARES IN GENERAL PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016** **Resolution 9**

"THAT pursuant to Sections 75 and 76 of the Companies Act 2016 and subject to the approvals of the relevant governmental/regulatory authorities, the Directors be and are hereby empowered to issue shares in the capital of the Company from time to time and upon such terms and conditions and for such purposes as the Directors, may in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued share capital of the Company for the time being and that the Directors be and are hereby also empowered to obtain approval from Bursa Malaysia Securities Berhad for the listing and quotation of the additional shares so issued and that such authority shall continue to be in force until the conclusion of the next AGM of the Company."



7. **ORDINARY RESOLUTION**

**PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS**

**Resolution 10**

"THAT, subject always to the Companies Act 2016 (Act), the Company's Constitution and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given for the renewal of the mandate granted by the shareholders of the Company on 24 April 2019, authorising the Company and/or its Subsidiaries to enter into recurrent transactions of a revenue or trading nature with the Related Parties as specified in Section 2.3.1 of the Circular to Shareholders dated 22 May 2020, provided that the transactions are:

- i) necessary for the day-to-day operations;
- ii) carried out in the ordinary course of business and on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public; and
- iii) are not to the detriment of the minority shareholders.

AND THAT such approval shall continue to be in force until:

- i) the conclusion of the next AGM of the Company, at which time it will lapse, unless by a resolution passed at the said AGM, such authority is renewed;
- ii) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 340(2) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- iii) revoked or varied by a resolution passed by the Shareholders in a General Meeting;

whichever is the earlier.

AND FURTHER THAT the Directors of the Company be authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to this Shareholders' Mandate."

8. To transact any other business of the Company of which due notice shall have been received.

By Order of the Board

**AFFENDI MOHD YOB** (LS0010305)

**JUNIZA AZIZAN** (LS0009647)

Secretaries

Kuala Lumpur

22 May 2020

# NOTICE OF ANNUAL GENERAL MEETING

## Explanatory Notes

### 1. Audited Financial Statements

The Audited Financial Statements laid at this meeting pursuant to Section 340(1)(a) 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.

### 2. Ordinary Resolutions 1 to 6 – Proposed Re-election of Directors in accordance with Article 117 and Article 123 of the Company's Constitution

Article 117 of the Company's Constitution provides amongst others that at least one-third of the Directors who are subject to retirement by rotation or, if their number is not three (3) or multiple of three (3), the number nearest to one-third shall retire from office provided always that all Directors shall retire from office once at least in every three (3) years and shall be eligible for re-election.

Director who is standing for re-election pursuant to Article 117 of the Company's Constitution is as follows:

- i) Maj. Gen. Dato' Seri Hj. Khairuddin Abu Bakar (R) J.P.

The Nominating and Remuneration Committee (NRC) of the Company has assessed the criteria and contribution of Maj. Gen. Dato' Seri Hj. Khairuddin Abu Bakar (R) J.P. and recommended for his re-election. The Board endorsed the NRC's recommendation that Maj. Gen. Dato' Seri Hj. Khairuddin Abu Bakar (R) J.P. be re-elected as Director of the Company.

Article 123 of the Company's Constitution provides amongst others that the Directors shall have power at any time and from time to time to appoint any other person to be a Director of the Company either to fill a casual vacancy or as an addition to the existing Directors. Any Director so appointed shall hold office only until the next following AGM of the Company and shall then be eligible for re-election.

Directors who are standing for re-election pursuant to Article 123 of the Company's Constitution are as follows:

- i) Datuk Syed Tamim Ansari Syed Mohamed
- ii) Tan Sri Dato' Wira Aziah Ali
- iii) Dato' Ahmad Rizal Abdul Rahman
- iv) Dato' Chan Kong Yew
- v) Dato' Sri Ghazali Mohd Ali

The profiles of the Directors who are standing for re-election are set out on pages 6 to 12 of the Annual Report, while details of their interests in securities are set out on page 162 of the Annual Report.

### 3. Ordinary Resolution 7 – Non-Executive Directors' Remuneration

Section 230(1) of the Companies Act 2016 provides amongst others that the fees of the Directors and any benefits payable to the Directors of a listed company and its subsidiaries shall be approved at a general meeting.

In this respect, the Board wishes to seek shareholders' approval for the payment of Directors' fees and meeting allowances payable to Non-Executive Directors of Boustead Plantations Berhad from 25 June 2020 until the conclusion of the next AGM of the Company comprising the following, with or without modifications:

#### Boustead Plantations Berhad

		Directors' Fees (annual) (RM)	Meeting Allowance (per meeting) (RM)
Board	Chairman	110,000	1,500
	Non-Executive Director	90,000	1,000
Audit Committee	Chairman	30,000	1,500
	Member	15,000	1,000
Other Board Committees	Chairman	5,000	1,500
	Member	3,000	1,000





#### **4. Ordinary Resolution 8 – Re-appointment of Auditors**

The Board and Audit Committee of the Company are satisfied with the quality of service, adequacy of resources provided, communication, interaction skills and independence, objectivity and professionalism demonstrated by the External Auditors in carrying out their functions. Being satisfied with the External Auditors' performance, the Board recommends their re-appointment for shareholders' approval at the One Hundred and Seventh AGM.

#### **5. Explanatory Notes to Special Business**

##### **a) Ordinary Resolution 9 – Authority for Directors to Allot and Issue Shares**

Ordinary Resolution 9, if passed, will give powers to the Directors to issue up to a maximum of 10% of the issued share capital of the Company for the time being for such purposes as the Directors consider would be in the interest of the Company.

This authority will, unless revoked or varied by the Company at a general meeting, expire at the conclusion of the next AGM.

The authority will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for purpose of funding future investment project(s), working capital and/or acquisitions.

As at the date of this Notice, no new shares in the Company were issued pursuant to the authority granted to the Directors at the One Hundred and Sixth AGM held on 24 April 2019, the mandate of which will lapse at the conclusion of the One Hundred and Seventh AGM to be held on 24 June 2020.

##### **b) Ordinary Resolution 10 – Recurrent Related Party Transactions**

Ordinary Resolution 10, if passed, will enable the Company and/or its Subsidiaries to enter into recurrent transactions involving the interests of related parties, which are of a revenue or trading nature and necessary for the Group's day-to-day operations, subject to the transactions being carried out in the ordinary course of business and on terms not to the detriment of the minority shareholders of the Company.

Further information on the Mandate is set out in the Circular to Shareholders dated 22 May 2020.

## NOTICE OF ANNUAL GENERAL MEETING

### Notes:

1. As part of the initiatives to curb the spread of Coronavirus Disease 2019 (COVID-19), the AGM will be conducted on a **virtual basis through live streaming whilst the online remote voting** will be via Remote Participation and Voting (RPV). Both facilities are available on Tricor Investor & Issuing House Services Sdn Bhd's TIIH Online website at <https://tiih.online>. Please follow the procedures provided in the Administrative Notes for the AGM in order to register, participate and vote remotely via the RPV facilities.  
  
Shareholders are to participate (including posing questions to the Board via real time submission of typed texts) and vote remotely at the AGM via the RPV provided by Tricor via its TIIH Online website at <https://tiih.online>.
2. The venue of the AGM is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the Meeting to be at the main venue. No Shareholders/proxy(ies) from the public will be physically present at the meeting venue on the day of the meeting.
3. For the purpose of determining who shall be entitled to participate in the AGM via RPV, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company, the Record of Depositors as at 15 June 2020. Only members registered in the Record of Depositors shall be entitled to participate in the AGM via RPV.
4. A member of the Company entitled to participate in the AGM via RPV is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to participate in his/her place. A proxy may but need not be a member of the Company.
5. A member of the Company entitled to attend and vote at a general meeting of the Company may appoint not more than two (2) proxies to participate at the AGM via RPV. Where a member appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
6. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 (Central Depositories Act), it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.
7. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account (omnibus account), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.
8. A member who has appointed a proxy or attorney or authorised representative to participate, speak and vote at the AGM via RPV must request his/her proxy to register himself/herself for RPV at TIIH Online website at <https://tiih.online>. Please follow the procedures provided in the Administrative Notes for the AGM in order to register, participate and vote remotely via the RPV facilities.
9. The appointment of proxy may be made in a hardcopy form or by electronic means as follows:
  - (i) In hard copy form  
In the case of an appointment made in hard copy form, the proxy form must be deposited with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia, no later than Monday, 22 June 2020 at 9.00 a.m.
  - (ii) By electronic form  
The proxy form can be electronically lodged with the Share Registrar of the Company via TIIH Online at <https://tiih.online> (applicable to individual shareholders only). Kindly refer to the Administrative Notes on the procedures for electronic lodgement of proxy form via TIIH Online.
10. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned general meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.
11. For a corporate member who has appointed a representative, please deposit the original certificate of appointment with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia. The certificate of appointment should be executed in the following manner:
  - (i) If the corporate member has a common seal, the certificate of appointment should be executed under seal in accordance with the constitution of the corporate member.
  - (ii) If the corporate member does not have a common seal, the certificate of appointment should be affixed with the rubber stamp of the corporate member (if any) and executed by:
    - (a) at least two (2) authorised officers, of whom one shall be a director; or
    - (b) any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.
12. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in the Notice of the AGM of the Company shall be put to vote by way of a poll.



# ADMINISTRATIVE NOTES FOR THE ONE HUNDRED AND SEVENTH ANNUAL GENERAL MEETING OF BOUSTEAD PLANTATIONS BERHAD

**Date** : Wednesday, 24 June 2020  
**Time** : 9.00 a.m.  
**Venue** : Mutiara 5, Ground Floor, Royale Chulan Damansara, 2 Jalan PJU 7/3, Mutiara Damansara, 47810 Petaling Jaya, Selangor

## MODE OF MEETING

In view of the COVID-19 pandemic outbreak and as part of the safety measures, the One Hundred and Seventh Annual General Meeting of Boustead Plantations Berhad (107<sup>th</sup> AGM) will be conducted on **a virtual basis through live streaming whilst the online remote voting** will be via Remote Participation and Voting (RPV). Both facilities are available on Tricor Investor & Issuing House Services Sdn Bhd's (Tricor) TIIH Online website at <https://tiih.online>. This is in line with the Guidance Note on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia on 18 April 2020.

The venue of the AGM is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the Meeting to be at the main venue. No shareholders/proxy(ies) from the public will be physically present at the meeting venue.

## Remote Participation and Voting

Shareholders are to participate (including posing questions to the Board via real time submission of typed texts) and vote remotely at the AGM using RPV provided by Tricor via its TIIH Online website at <https://tiih.online>.

Shareholders who appoint proxies to participate via RPV in the AGM must ensure that the duly executed proxy forms are deposited in a hard copy form or by electronic means to Tricor no later than Monday, 22 June 2020 at 9.00 a.m.

Corporate representatives of corporate members must deposit their original certificate of appointment of corporate representative to Tricor not later than Monday, 22 June 2020 at 9.00 a.m. to participate via RPV in the AGM. Attorneys appointed by power of attorney are to deposit their power of attorney with Tricor not later than Monday, 22 June 2020 at 9.00 a.m to participate via RPV in the AGM.

A shareholder who has appointed a proxy or attorney or authorised representative to participate at the AGM via RPV must request his/her proxy to register himself/herself for RPV at TIIH Online website at <https://tiih.online>.

**As the AGM is a virtual Meeting, members who are unable to participate in the Meeting may appoint the Chairman of the Meeting as his/her proxy and indicate the voting instructions in the proxy form.**

## ADMINISTRATIVE NOTES FOR THE ONE HUNDRED AND SEVENTH ANNUAL GENERAL MEETING OF BOUSTEAD PLANTATIONS BERHAD

### Procedures to Remote Participation and Voting via RPV Facilities

- Please read and follow the procedures below to engage in remote participation through live streaming and online remote voting at the AGM using the RPV facilities:

Procedure	Action
<b>BEFORE THE AGM DAY</b>	
(a) Register as a user with TIIH Online	<ul style="list-style-type: none"> <li>Using your computer, access the website at <a href="https://tiih.online">https://tiih.online</a>. Register as a user under the “e-Services”. Refer to the tutorial guide posted on the homepage for assistance.</li> <li>If you are already a user with TIIH Online, you are not required to register again. You will receive an e-mail to notify you that the remote participation is available for registration at TIIH Online.</li> </ul>
(b) Submit your request to attend AGM remotely	<ul style="list-style-type: none"> <li>Registration is open from 9.00 a.m. Friday, 22 May 2020 up to 9.00 a.m. Monday, 22 June 2020.</li> <li>Login with your user ID and password and select the corporate event: <b>(Registration) Boustead Plantations Berhad 107<sup>th</sup> AGM.</b></li> <li>Read and agree to the Terms &amp; Conditions and confirm the Declaration.</li> <li>Select “Register for Remote Participation and Voting”.</li> <li>Review your registration and proceed to register.</li> <li>System will send an <b>e-mail to notify</b> that your registration for remote participation is received and will be verified.</li> <li>After verification of your registration against the Record of Depositors as at 15 June 2020, the system will send you an <b>e-mail to approve or reject</b> your registration for remote participation.</li> </ul>
<b>ON THE DAY OF THE AGM</b>	
(a) Login to TIIH Online	<ul style="list-style-type: none"> <li>Login with your user ID and password for remote participation at the 107<sup>th</sup> AGM at any time from 8.40 a.m. i.e. 20 minutes before the commencement of meeting at 9.00 a.m. on Wednesday, 24 June 2020.</li> </ul>
(b) Participate through Live Streaming	<ul style="list-style-type: none"> <li>Select the corporate event: <b>(Live Streaming Meeting) Boustead Plantations Berhad 107<sup>th</sup> AGM</b> to engage in the proceedings of the AGM remotely.</li> <li>If you have any question for the Chairman/Board, you may use the query box to transmit your question. The Chairman/Board will try to respond to questions submitted by remote participants during the AGM. If there is time constraint, the responses will be e-mailed to you at the earliest possible, after the meeting.</li> </ul>
(c) Online Remote Voting	<ul style="list-style-type: none"> <li>Voting session commences from 9.00 a.m., Wednesday, 24 June 2020 until a time when the Chairman announces the completion of the voting session at the 107<sup>th</sup> AGM.</li> <li>Select the corporate event: <b>(Remote Voting) Boustead Plantations Berhad 107<sup>th</sup> AGM.</b></li> <li>Read and agree to the Terms &amp; Conditions and confirm the Declaration.</li> <li>Select the CDS account that represents your shareholdings.</li> <li>Indicate your votes for the resolutions that are tabled for voting.</li> <li>Confirm and submit your votes.</li> </ul>
(d) End of remote participation	<ul style="list-style-type: none"> <li>Upon the announcement by the Chairman on the conclusion of the AGM, the Live Streaming will end.</li> </ul>



### Note to users of the RPV facilities:

1. We will make available to you the rights to join the live streamed meeting and to vote remotely once your application to join the meeting is approved. Your login to TIIH Online on the day of meeting will indicate your presence at the virtual meeting.
2. The quality of your connection to the live broadcast is dependent on the bandwidth and stability of the internet at your location and the device you use.
3. In the event you encounter any issues with logging-in, connection to the live streamed meeting or online voting, kindly call Tricor Help Line at 011-40805616 / 011-40803168 / 011-40803169 / 011-40803170 or e-mail to [tiih.online@my.tricorglobal.com](mailto:tiih.online@my.tricorglobal.com) for assistance.

### ELECTRONIC LODGEMENT OF PROXY FORM

The procedures to lodge your proxy form electronically via Tricor's TIIH Online website are summarised below:

Procedure	Action
(a) Register as a User with TIIH Online	<ul style="list-style-type: none"><li>• Using your computer, please access the website at <a href="https://tiih.online">https://tiih.online</a>. Register as a user under the "e-Services". Please do refer to the tutorial guide posted on the homepage for assistance.</li><li>• If you are already a user with TIIH Online, you are not required to register again.</li></ul>
(b) Proceed with submission of Proxy Form	<ul style="list-style-type: none"><li>• After the release of the Notice of Meeting by the Company, login with your user name (i.e. email address) and password.</li><li>• Select the corporate event: "Submission of Proxy Form".</li><li>• Read and agree to the Terms &amp; Conditions and confirm the Declaration.</li><li>• Insert your CDS account number and indicate the number of shares for your proxy(s) to vote on your behalf.</li><li>• Appoint your proxy(s) and insert the required details of your proxy(s) or appoint Chairman as your proxy.</li><li>• Indicate your voting instructions – FOR or AGAINST, otherwise your proxy will decide your vote.</li><li>• Review and confirm your proxy(s) appointment.</li><li>• Print proxy form for your record.</li></ul>

### Pre-Meeting Submission of Questions to the Board of Directors

- In order to enhance the efficiency of the proceedings of the AGM, shareholders may in advance, before the AGM, submit questions to the Board of Directors via Tricor's TIIH Online website at <https://tiih.online>, by selecting "e-Services" to login, post your questions and submit it electronically no later than Wednesday, 17 June 2020. The Board of Directors will endeavour to address the questions received at the AGM.

### No Breakfast/Lunch Pack, Door Gift or Food Voucher

- There will be no distribution of breakfast/lunch packs, door gifts or food vouchers during the AGM since the meeting is being conducted on a virtual basis.

# ADMINISTRATIVE NOTES FOR THE ONE HUNDRED AND SEVENTH ANNUAL GENERAL MEETING OF BOUSTEAD PLANTATIONS BERHAD

## Annual Report

- The Annual Report is available on the Company's website at [www.bousteadplantations.com.my](http://www.bousteadplantations.com.my) and Bursa Malaysia's website at [www.bursamalaysia.com](http://www.bursamalaysia.com) under Company's announcements.
- You may request for a printed copy of the Annual Report at <https://tiih.online> by selecting "Request for Annual Report" under the "Investor Services".
- In light of the Government's announcements on 16 March 2020, 25 March 2020, 10 April 2020, 23 April 2020 and 10 May 2020 in relation to the MCO effective 18 March 2020 to 9 June 2020 (and any extension thereof), please be informed that there may be some delay in the delivery of the printed copy of the Annual Report. The Annual Report will be delivered as soon as reasonably practicable.
- Nevertheless, it is hoped that you would consider the environment before you decide to request for the printed copy of the Annual Report. The environmental concerns like global warming, deforestation, climate change and many more affects every human, animal and nation on this planet.

Boustead Plantations Berhad would like to thank all its shareholders for their kind co-operation and understanding in these challenging times.

## Enquiry

If you have any enquiries on the above, please contact the following persons during office hours on Mondays to Fridays from 8.30 a.m. to 5.30 p.m. (except on public holidays):

### Tricor Investor & Issuing House Services Sdn Bhd

General Line : +603-2783 9299  
Fax Number : +603-2783 9222  
Email : [is.enquiry@my.tricorglobal.com](mailto:is.enquiry@my.tricorglobal.com)  
Contact persons : Mohd Kamal Bin Mohd Din  
+603-2793 9237 (email: [Kamal.Mohd@my.tricorglobal.com](mailto:Kamal.Mohd@my.tricorglobal.com))  
Esther Loo Mun Har  
+603-2783 9293 (email: [Esther.Loo@my.tricorglobal.com](mailto:Esther.Loo@my.tricorglobal.com))



# PROXY FORM

**BOUSTEAD PLANTATIONS BERHAD**

I/We \_\_\_\_\_ NRIC (New)/Company No.: \_\_\_\_\_  
(INSERT FULL NAME IN BLOCK CAPITAL)

of \_\_\_\_\_  
(FULL ADDRESS)

being a member of **BOUSTEAD PLANTATIONS BERHAD**, hereby appoint\* \_\_\_\_\_  
(INSERT FULL NAME IN BLOCK CAPITAL)

NRIC (New) No.: \_\_\_\_\_ of \_\_\_\_\_  
(FULL ADDRESS)

of \_\_\_\_\_  
(FULL ADDRESS)

and/or \_\_\_\_\_ NRIC (New) No.: \_\_\_\_\_  
(INSERT FULL NAME IN BLOCK CAPITAL)

\_\_\_\_\_  
(FULL ADDRESS)

\*or failing him/her, the Chairman of the Meeting as my proxy to attend and vote for me on my behalf, at the One Hundred and Seventh Annual General Meeting of the Company to be conducted entirely through live streaming from the broadcast venue at Mutiara 5, Ground Floor, Royale Chulan Damansara, 2 Jalan PJU 7/3, Mutiara Damansara, 47810 Petaling Jaya, Selangor on Wednesday, 24 June 2020 at 9.00 a.m. or any adjournment thereof, to vote as indicated below:

No.	Resolution		For	Against
1.	Re-election of Maj. Gen. Dato' Seri Hj. Khairuddin Abu Bakar (R) J.P.	Ordinary Resolution 1		
2.	Re-election of Datuk Syed Tamim Ansari Syed Mohamed	Ordinary Resolution 2		
3.	Re-election of Tan Sri Dato' Wira Aziah Ali	Ordinary Resolution 3		
4.	Re-election of Dato' Ahmad Rizal Abdul Rahman	Ordinary Resolution 4		
5.	Re-election of Dato' Chan Kong Yew	Ordinary Resolution 5		
6.	Re-election of Dato' Sri Ghazali Mohd Ali	Ordinary Resolution 6		
7.	Approval of Directors' fees and meeting allowances for Boustead Plantations Berhad from 25 June 2020	Ordinary Resolution 7		
8.	Re-appointment of Messrs. Ernst & Young PLT as Auditors	Ordinary Resolution 8		
9.	Approval for Directors to allot and issue shares	Ordinary Resolution 9		
10.	Renewal of Shareholders' Mandate for recurrent related party transactions	Ordinary Resolution 10		

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2020

\_\_\_\_\_  
Signature of Member

No. of ordinary shares held:	
CDS account no. of authorised nominee:	
Proportion of shareholdings to be represented by proxies	First Proxy: _____%
	Second Proxy: _____%
Contact No.:	



**Notes:**

1. As part of the initiatives to curb the spread of Coronavirus Disease 2019 (COVID-19), the AGM will be conducted on a **virtual basis through live streaming whilst the online remote voting** will be via Remote Participation and Voting (RPV). Both facilities are available on Tricor Investor & Issuing House Services Sdn Bhd's TIIH Online website at <https://tiah.online>. Please follow the procedures provided in the Administrative Notes for the AGM in order to register, participate and vote remotely via the RPV facilities.
2. The venue of the AGM is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the Meeting to be at the main venue. No Shareholders/proxy(ies) from the public will be physically present at the meeting venue on the day of the meeting.
3. For the purpose of determining who shall be entitled to participate in the AGM via RPV, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company, the Record of Depositors as at 15 June 2020. Only members registered in the Record of Depositors shall be entitled to participate in the AGM via RPV.
4. A member of the Company entitled to participate in the AGM via RPV is entitled to appoint a proxy or attorney. A proxy may but need not be a member of the Company.
5. A member of the Company entitled to attend and vote at a general meeting of the Company may appoint not more than two (2) proxies to participate instead of the member at the AGM via RPV. Where a member appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
6. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 (Central Depositories Act), it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.
7. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account (omnibus account), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.
8. The appointment of proxy may be made in a hardcopy form or by electronic means as follows:
  - (i) In hard copy form  
In the case of an appointment made in hard copy form, the proxy form must be deposited with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia, no later than Monday, 22 June 2020 at 9.00 a.m.
  - (ii) By electronic form  
The proxy form can be electronically lodged with the Share Registrar of the Company via TIIH Online at <https://tiah.online> (applicable to individual shareholders only). Kindly refer to the Administrative Notes on the procedures for electronic lodgement of proxy form via TIIH Online.

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**Share Registrar of Boustead Plantations Berhad**

Tricor Investor & Issuing House Services Sdn Bhd 197101000970 (11324-H)  
Unit 32-01, Level 32, Tower A  
Vertical Business Suite, Avenue 3, Bangsar South  
No. 8 Jalan Kerinchi  
59200 Kuala Lumpur

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[www.bousteadplantations.com.my](http://www.bousteadplantations.com.my)

**BOUSTEAD PLANTATIONS BERHAD** 194601000012 (1245-M)

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