



TSH RESOURCES BERHAD
197901005269 (49548-D)



ANNUAL REPORT 2023

44th FULLY VIRTUAL ANNUAL GENERAL MEETING



ONLINE PLATFORM

<https://meeting.boardroomlimiteded.my/>
(Domain Registration No. with MYNIC-D6A357657)



DATE

Monday, 20 May 2024



TIME

10.00 a.m.

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for PDF online version



NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Forty-Fourth Annual General Meeting (“44th AGM”) of the Company will be held on a fully virtual basis through live streaming and online remote voting via the online meeting platform at <https://meeting.boardroomlimited.my/> (Domain Registration No. with MYNIC-D6A357657) on Monday, 20 May 2024 at 10.00 a.m. to transact the following businesses:

As Ordinary Business:

- | | |
|---|---|
| 1. To receive the Audited Financial Statements for the financial year ended 31 December 2023 together with the Reports of the Directors and Auditors thereon. | Please refer to Explanatory Note 1 |
| 2. To approve payment of Directors’ fees of RM281,077 for the financial year ended 31 December 2023. | Resolution 1 |
| 3. To approve payment of Directors’ benefits (excluding Directors’ fees) of up to an aggregate amount of RM2,200,000 from the date immediately after the 44 th AGM of the Company to the date of the next annual general meeting of the Company in 2025. | Resolution 2 |
| 4. To re-elect the following Directors who are retiring by rotation in accordance with Clause 100 of the Company’s Constitution, and who being eligible, offer themselves for re-election: | |
| (a) Tan Aik Kiong | Resolution 3 |
| (b) Lim Fook Hin | Resolution 4 |
| (c) Yap Boon Teck | Resolution 5 |
| 5. To re-elect Velayuthan a/l Tan Kim Song who is retiring in accordance with Clause 97 of the Company’s Constitution, and who being eligible, offers himself for re-election. | Resolution 6 |
| 6. To reappoint BDO PLT as the Company’s auditors and to authorise Directors to fix their remuneration. | Resolution 7 |

As Special Business:

To consider and, if thought fit, pass the following resolutions:

- | | |
|---|---------------------|
| 7. ORDINARY RESOLUTION PROPOSED AUTHORITY TO ISSUE SHARES AND WAIVER OF PRE-EMPTIVE RIGHTS | Resolution 8 |
|---|---------------------|

“**THAT** subject always to the approvals of the relevant regulatory authorities, the Directors be and are hereby empowered by the shareholders pursuant to Sections 75 and 76 of the Companies Act 2016 to issue new ordinary shares in the Company from time to time at such price, upon such terms and conditions, provided that the aggregate number of the new ordinary shares to be issued pursuant to this resolution does not exceed 10% of the issued share capital of the Company for the time being.

NOTICE OF ANNUAL GENERAL MEETING

THAT pursuant to Section 85 of the Companies Act 2016 to be read together with Clause 14 of the Constitution of the Company, approval be and is hereby given to waive the pre-emptive rights of the shareholders of the Company to be offered new shares of the Company ranking equally to the existing issued shares arising from any issuance of new shares in the Company pursuant to Sections 75 and 76 of the Companies Act 2016.

THAT the Directors be and are empowered to obtain the approval from Bursa Malaysia Securities Berhad for listing of and quotation for the additional new ordinary shares to be issued.

THAT such authority shall continue to be in force until the conclusion of the next annual general meeting of the Company."

8. **ORDINARY RESOLUTION****Resolution 9****PROPOSED RENEWAL OF THE AUTHORITY FOR SHARE BUY-BACK**

"THAT subject to the Companies Act 2016, the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities"), the Constitution of the Company and the approvals of other relevant authorities, the Company be and is hereby authorised to purchase and hold such number of ordinary shares in the Company ("Proposed Share Buy-Back") as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit in the interest of the Company provided that the aggregate number of shares purchased and held pursuant to this resolution does not exceed 10% of the issued share capital of the Company **AND THAT** the maximum amount of funds to be allocated by the Company for the purpose of purchasing its own shares shall not exceed its total retained profits of RM239,152,000 based on the latest audited financial statements as at 31 December 2023.

THAT such authority shall commence immediately upon passing of this ordinary resolution until the conclusion of the next annual general meeting of the Company unless earlier revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting or upon the expiration of the period within which the next annual general meeting is required by law to be held, whichever occurs first.

THAT the Directors be and are hereby authorised to take all steps necessary to implement, finalise and to give full effect to the Proposed Share Buy-Back **AND FURTHER THAT** authority be and is hereby given to the Directors to deal with the shares so purchased in their absolute discretion in any of the following manner:

- (a) cancel the shares so purchased; or
- (b) retain the shares so purchased as treasury shares and held by the Company; or
- (c) retain part of the shares so purchased as treasury shares and cancel the remainder; or
- (d) distribute the treasury shares as dividends to shareholders and/or resell on Bursa Securities and/or cancel all or part of them; or
- (e) transfer all or part of the treasury shares for purposes of an employees' share scheme, and/or as purchase consideration; or

in any other manner as prescribed by the Companies Act 2016, rules, regulations and guidelines pursuant to the Companies Act 2016, the Listing Requirements and other relevant guidelines issued by Bursa Securities and any other relevant authority for the time being in force."

NOTICE OF ANNUAL GENERAL MEETING

9. ORDINARY RESOLUTION

Resolution 10

RETENTION OF DATO' JASMY BIN ISMAIL AS AN INDEPENDENT NON-EXECUTIVE DIRECTOR

"THAT Dato' Jasmy bin Ismail who has served for a cumulative term of more than nine years, be and is hereby retained as an Independent Non-Executive Director until the conclusion of the next annual general meeting of the Company in accordance with the procedures under the Malaysian Code on Corporate Governance 2021."

10. To transact any other business of which due notice shall have been given.

By Order of the Board

WONG MAY FUN

MAICSA 7018697/ SSM PC No. 202008002194

Company Secretary

Kuala Lumpur

19 April 2024

Notes:

1. The 44th AGM of the Company will be conducted on a fully virtual basis through live streaming and online remote voting via Remote Participation and Electronic Voting ("RPEV") facilities provided by Boardroom Share Registrars Sdn. Bhd.. Please follow the procedures provided in the Administrative Guide which is available on the Company's website at <https://www.tsh.com.my/investor-relations/shareholders-meeting/> in order to register, participate and vote remotely.
2. Pursuant to the latest Guidance Note and Frequently Asked Questions on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission of Malaysia, all meeting participants of a fully virtual general meeting including the Chairman of the meeting, members of the Board, senior management and shareholders are to participate in the meeting online, and an online meeting platform can be recognised as the meeting venue or place under Section 327(2) of the Companies Act 2016 provided that the online platform is located in Malaysia.
3. With the RPEV facilities, you may exercise your right as a member of the Company to participate (including posing questions to the Company) and vote at the 44th AGM. If you are unable to participate, you are strongly encouraged to appoint the Chairman of the meeting as your proxy to attend and vote on your behalf at the 44th AGM.
4. Only depositors whose names appear in the Record of Depositors as at 13 May 2024 will be regarded as members and be entitled to attend, speak and vote at the meeting.
5. A member of the Company entitled to attend and vote at the meeting is entitled to appoint not more than two proxies to attend and vote in his stead. Where a member appoints two proxies, the appointments shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy. A proxy may but need not be a member of the Company.
6. If the Proxy Form is returned without any indication as to how the proxy shall vote, the proxy will vote or abstain as he thinks fit, and if no names are inserted in the space for the name of proxy, the Chairman of the meeting will act as proxy.
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.

NOTICE OF ANNUAL GENERAL MEETING

8. The instrument appointing a proxy shall be in writing under the hand of the depositor or his attorney duly authorised in writing or if such appointor is a corporation, under its common seal. If you wish to appoint a proxy to attend and vote on your behalf at the 44th AGM, you may deposit the duly completed and signed Proxy Form at the office of the Company's share registrar, Boardroom Share Registrars Sdn. Bhd. at 11th Floor, Menara Symphony, No. 5 Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor not later than 48 hours before the time appointed for holding this meeting or adjourned meeting. Alternatively, you may lodge your Proxy Form electronically through Boardroom Smart Investor Portal at <https://investor.boardroomlimited.com> by logging in and selecting "Submit eProxy Form" not later than 48 hours before the time appointed for holding this meeting or adjourned meeting. Please follow the procedures provided in the Administrative Guide in order to participate in the 44th AGM.
9. Pursuant to Paragraph 8.29A of Bursa Securities Main Market Listing Requirements, all resolutions set out in the Notice of 44th AGM will be put to vote by poll.

Explanatory Notes:

1. The Audited Financial Statements are meant for discussion only as it does not require shareholders' approval under the provision of Section 340(1)(a) of the Companies Act 2016. Hence, it will not be put forward for voting.
2. Resolution 1, the Company is seeking shareholders' approval for payment of Directors' fees totalling RM281,077, which include the fees payable to certain Independent Directors who are members of the Audit Committee.
3. Resolution 2, the benefits are payable to eligible Non-Executive Directors and comprise amongst others, monthly allowance to the Chairman of the Company in recognition of his significant oversight and leadership roles in the Group, meeting allowance for Board and Board Committees, business travelling allowance, petrol allowance and other benefits-in-kind including company car and driver as well as other emoluments.

Non-Executive Directors who are shareholders of the Company will abstain from voting on Resolution 2 concerning their remuneration at the 44th AGM.

4. Resolutions 3 to 5 are in relation to re-election of the Directors who retire in accordance with Clause 100 of the Company's Constitution.

For the purpose of determining the eligibility of the Directors to stand for re-election at the 44th AGM, the Board had through its Nomination Committee, assessed the performance and contribution of the retiring Directors. In addition, the Nomination Committee Chairman had also conducted an evaluation of the retiring Directors in accordance with the criteria set out in the TSH Group Directors' Fit and Proper Policy. Based on the results of the respective Directors' performance and fit and proper evaluations conducted, the Board is satisfied with the retiring Directors' performance and the level of contribution to the Board through their knowledge, skills and commitment as well as their abilities to act in the best interest of the Company. Besides, the Independent Director standing for re-election has also provided his annual declaration/confirmation of independence.

The retiring Directors had abstained from deliberations and decisions on their own eligibility to stand for re-election at the relevant meeting of the Board and the Nomination Committee.

The Directors referred to in Resolutions 3 to 5 who are shareholders of the Company, will abstain from voting on the resolution in respect of their own re-election at the 44th AGM.

5. Resolution 6 is in respect of re-election of Velayuthan a/l Tan Kim Song who was appointed to the Board on 24 November 2023 and retires in accordance with Clause 97 of Company's Constitution. In view of the recent appointment of Velayuthan Tan, the Nomination Committee and the Board are of the view that Velayuthan Tan should be given the opportunity to contribute to the Company before conducting any evaluation on him and therefore, support his re-election as a Director of the Company. Velayuthan Tan has provided his declaration/confirmation of independence.

NOTICE OF ANNUAL GENERAL MEETING

6. Resolution 8 is a renewal of the general mandate empowering the Directors of the Company pursuant to Sections 75 and 76 of the Companies Act 2016, to issue and allot new shares in the Company from time to time provided that the aggregate number of shares to be issued pursuant to the general mandate does not exceed 10% of the issued share capital of the Company for the time being. This authority, unless revoked or varied by the Company at a general meeting, will expire at the next annual general meeting.

As at the date of the notice of the 44th AGM, the Company did not issue any new shares pursuant to the general mandate granted to the Directors at the last annual general meeting held on 23 May 2023.

The renewal of the general mandate will provide flexibility to the Company for any possible fund raising activities without the need to convene a separate general meeting to specifically approve such issuance of shares and thereby, reducing administrative time and costs associated with the convening of such meeting. However, at this juncture, there is no decision to issue new shares. Should there be a decision to issue new shares after the general mandate is obtained, the Company will make an announcement in respect of the purpose and utilisation of proceeds arising from such issue.

By voting in favour of Resolution 8, the shareholders of the Company will agree to waive their pre-emptive rights under Section 85 of the Companies Act 2016 and Clause 14 of the Constitution of the Company, to be offered new shares to be issued by the Company pursuant to the said Resolution 8.

7. For Resolution 9, the information in respect of the Proposed Renewal of the Authority for Share Buy-Back is set out in the Share Buy-Back Statement dated 19 April 2024.
8. Resolution 10, if passed, will allow Dato' Jasmy bin Ismail to be retained as an Independent Non-Executive Director until the conclusion of the next annual general meeting of the Company. Following the relevant assessment, the Board recommended that Dato' Jasmy be retained as an Independent Non-Executive Director of the Company based on the justifications set out in the Corporate Governance Overview Statement in the Annual Report 2023.

Personal Data Privacy:

By submitting an instrument appointing a proxy/proxies and/or representative/representatives to attend and vote at the annual general meeting and/or any adjournment thereof, a member of the Company:

- (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of the proxies and representatives appointed for the annual general meeting (including any adjournment thereof), and the preparation and compilation of the attendance lists, minutes and other documents relating to the annual general meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"),
- (ii) warrants that where the member discloses the personal data of the member's proxy/proxies and/or representative/representatives to the Company (or its agents), the member has obtained the prior consent of such proxy/proxies and/or representative/representatives for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy/proxies and/or representative/representatives for the Purposes, and
- (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

NOTICE OF ANNUAL GENERAL MEETING

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

1. **Details of persons who are standing for election as Directors**

No individual is seeking election as a Director at the 44th AGM of the Company.

2. **Statement relating to general mandate for issue of securities**

Please refer to Explanatory Note 6 of the Notice of 44th AGM for information relating to general mandate for issue of securities.

CORPORATE PROFILE

TSH Resources Berhad (“TSH” or the “Company”) was incorporated on 7 August 1979 and has its beginnings in the cocoa business. The business grew over the years and at the time it was listed on the Kuala Lumpur Stock Exchange in 1994, the Company and its subsidiaries (“TSH Group” or the “Group”) had already established itself as a major player in the cocoa industry in Malaysia namely, the single largest exporter of cocoa beans and products in the country. Not content to rest on its laurels, the Group ventured into the oil palm industry in Sabah in the 1990s and subsequently in Kalimantan and Sumatera, Indonesia in the 2000s.

Today, the Group is principally engaged in oil palm cultivation and processing of Fresh Fruit Bunches (“FFB”) into Crude Palm Oil (“CPO”) and Palm Kernel (“PK”). This business activity accounted for approximately 94% of the Group’s total revenue for FY2023.

As at 31 December 2023, the Group has planted over 39,000 hectares (“Ha”) of oil palms in Malaysia and Indonesia. In addition, the Group currently operates five (5) palm oil mills, one (1) in Sabah, and two (2) each in Kalimantan and Sumatera, Indonesia.

In 2007, the Group ventured further downstream into palm oil refinery and palm kernel crushing plants in Sabah through a 50:50 joint venture with a member of Wilmar International Group.



Our Business



CORPORATE PROFILE

OTHER BUSINESS ACTIVITIES

Bio-integration

The Group is also proud to contribute toward greening the energy mix of Malaysia which has been heavily dependent on fossil fuel. Leveraging on various by-products along the palm oil value chain, the Group has diversified into the renewable energy business. Its integrated complex in Kunak, Sabah is complete with biomass and biogas power plants. The 14MW biomass cogeneration plant is the first biomass power plant in the country that is connected to the grid and has a renewable energy power purchase agreement with Sabah Electricity Sdn. Bhd. to supply up to 10MW of green electricity. Similarly, the 3 MW biogas power plant is another initiative of the Group to tap sustainable energy from wastewater generated palm oil mill effluent to generate electricity. The process by which methane gas is captured for electricity generation results in a reduction in the emission of greenhouse gases and a more environmentally friendly palm oil mill effluent discharge.

Engineered hardwood flooring

The Group is also involved in the manufacturing, designing, promotion, and marketing of engineered hardwood flooring ("EHF") under the brand name Ekowood. The manufacturing and export of EHF are undertaken by the Group's wholly-owned subsidiary, Ekowood International Berhad from its factory and office in Gopeng, Perak.

With over two and a half decades of operating track record, Ekowood is not only a recognised EHF name in Malaysia but also has well-established export markets in the United States of America ("USA"), Europe and Australia. With sustainability being the integral part of the Group's businesses, Ekowood International Berhad with licence number FSC® C006543 has been assessed and certified as meeting the requirements of FSC® Chain of Custody. We are also certified under Programme for the Endorsement of Forest Certification Schemes (PEFC) Chain of Custody with certification no. SGSMT-PEFC-COC-0120.

Sustainable forestry

In 1997, the Group was awarded with a 100-year concession to carry out forest rehabilitation, environmental conservation and industrial tree planting on 123,385 Ha of forestry land in Ulu Tungud, Sabah, also known as Forest Management Unit 4 ("FMU 4").

TSH is the Licensee for Ulu Tungud F.R. under SFMLA 7/97 since the agreement was signed on 10 September 1997. The whole licensed area of 123,385 Ha, is designated by law as a Commercial Forest Reserve (Class II). The licensed area consisted of forests which had been previously logged by third parties before 1997.

In 2016, about 28,375 Ha of the licensed area, largely covering the Meliau Range and Mt Monkobo, were excised for conservation and reclassified as a Class I Protection Forest. This excision was done by mutual agreement between TSH and the Sabah Government through a supplementary agreement, thus reducing the Sustainable Forest Management License Agreement ("SFMLA") 7/97 area to its current area of 95,010 Ha.

This is part of the Group's wider sustainability efforts by committing to manage the forest reserve based on sustainable development principles while at the same time providing employment opportunities for the local rural community. Presently, the Group has been focusing on forest rehabilitation through enrichment planting and "silviculture" on severely logged over and degraded forests. As at 31 December 2023, about 35,017 Ha (2022: 33,120 Ha) of logged areas have been rehabilitated through enrichment planting and silviculture.

Cocoa

As mentioned above, the Group has its genesis in the cocoa business. The processing and marketing of cocoa products was carried out by its wholly-owned subsidiary, CocoaHouse Sdn. Bhd. ("CocoaHouse"). CocoaHouse operated a cocoa processing factory in Port Klang in Selangor, Malaysia to manufacture and sell mainly cocoa butter for export to markets in the USA, Europe and Asia. During the year, CocoaHouse ceased operations at the cocoa processing factory in line with the Group's plan to focus its efforts and resources on its core business in the Palm Products segment.

5-YEAR FINANCIAL HIGHLIGHTS & FINANCIAL INDICATORS

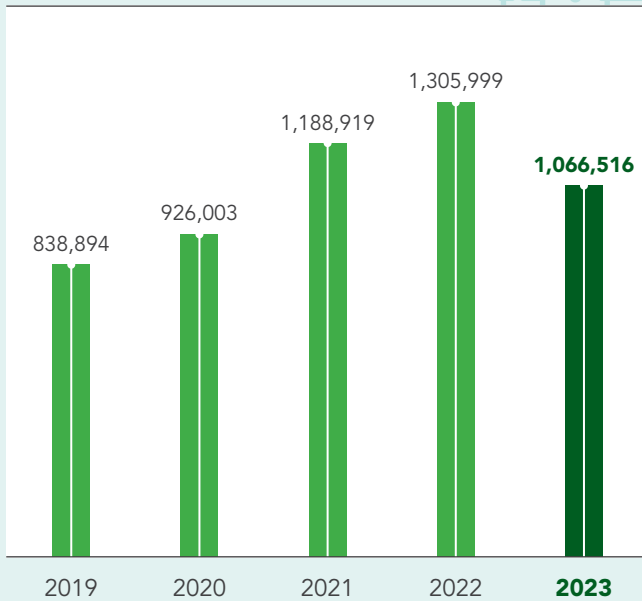
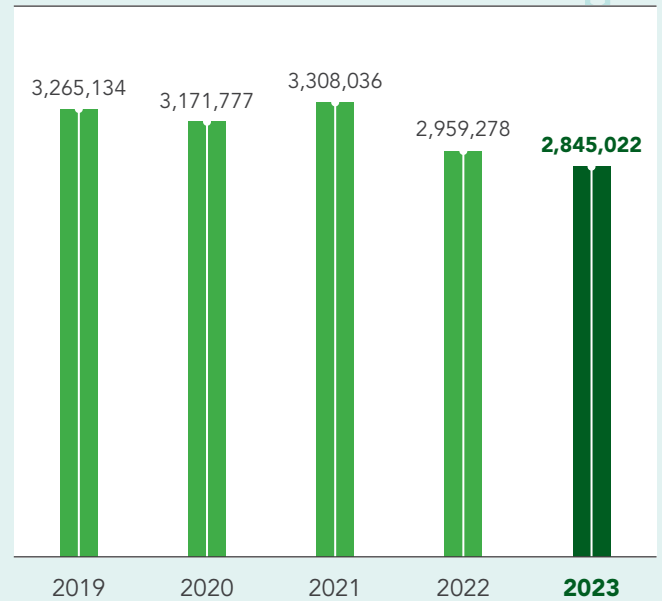
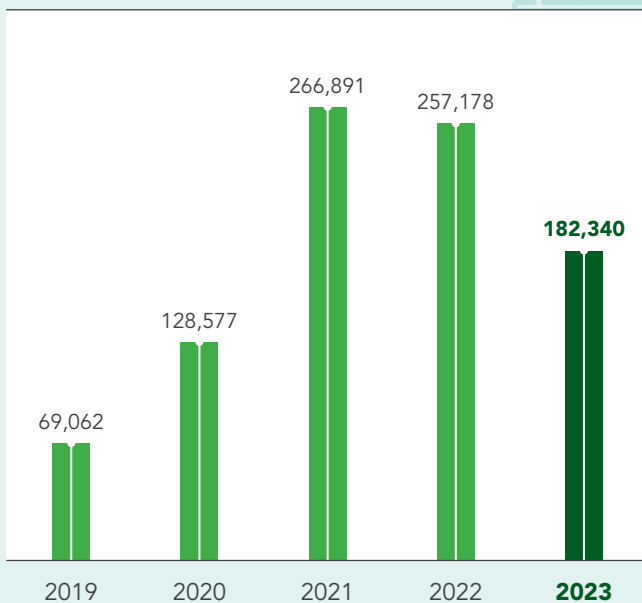
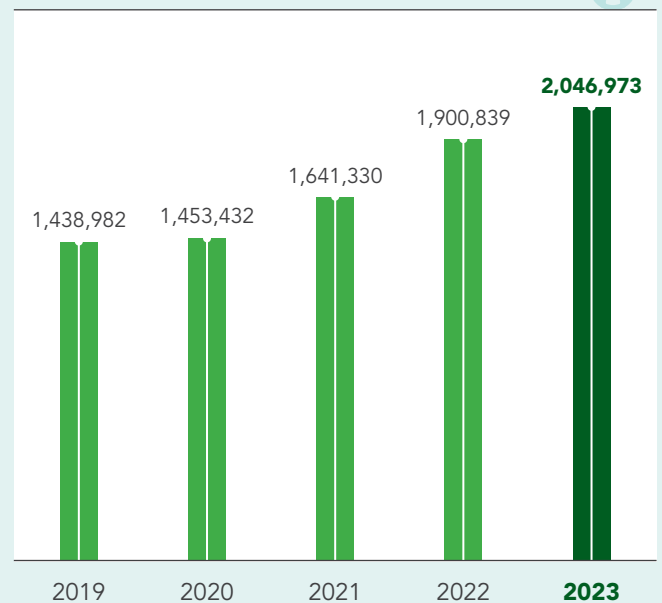
| All figures in RM'000 | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|-----------|-----------|-----------|-----------|------------------|
| FINANCIAL HIGHLIGHTS | | | | | |
| Revenue | 838,894 | 926,003 | 1,188,919 | 1,305,999 | 1,066,516 |
| Core profit before taxation | 69,062 | 128,577 | 266,891 | 257,178 | 182,340 |
| Profit before taxation | 74,006 | 130,242 | 254,084 | 557,297 | 197,837 |
| Profit after taxation | 45,625 | 90,324 | 202,013 | 524,993 | 125,825 |
| Net profit attributable to owners of the Company | 44,280 | 79,487 | 169,415 | 456,407 | 95,112 |
| Total assets | 3,265,134 | 3,171,777 | 3,308,036 | 2,959,278 | 2,845,022 |
| Total borrowings | 1,431,797 | 1,309,195 | 1,109,325 | 559,111 | 302,120 |
| Shareholders' equity | 1,438,982 | 1,453,432 | 1,641,330 | 1,900,839 | 2,046,973 |
| Total equity | 1,574,720 | 1,597,783 | 1,813,588 | 2,132,058 | 2,305,281 |
| FINANCIAL INDICATORS | | | | | |
| Basic earnings per share (sen) | 3.21 | 5.76 | 12.27 | 33.07 | 6.89 |
| Diluted earnings per share (sen) | 3.21 | 5.76 | 12.27 | 33.07 | 6.89 |
| Net asset per share | 1.04 | 1.05 | 1.19 | 1.38 | 1.48 |
| Return on shareholders' equity (%) ⁽¹⁾ | 3.08 | 5.47 | 10.32 | 24.01 | 4.65 |
| Return on total assets (%) ⁽²⁾ | 1.36 | 2.51 | 5.12 | 15.42 | 3.34 |
| Net debt to equity (%) ⁽³⁾ | 82.93 | 71.00 | 44.78 | 8.31 | 2.02 |
| Share price as at financial year end | 1.54 | 1.15 | 1.08 | 1.07 | 0.98 |

⁽¹⁾ Based on net profit attributable to owners of the Company expressed as a percentage of shareholders' equity.

⁽²⁾ Based on net profit attributable to owners of the Company expressed as a percentage of total assets.

⁽³⁾ Based on net debt i.e. total loans and borrowings less short term funds and cash and cash equivalents expressed as a percentage of total equity.

5-YEAR FINANCIAL HIGHLIGHTS & FINANCIAL INDICATORS

REVENUE
 (RM'000)
1,066,516

TOTAL ASSETS
 (RM'000)
2,845,022

CORE PROFIT BEFORE TAXATION
 (RM'000)
182,340

SHAREHOLDERS' EQUITY
 (RM'000)
2,046,973


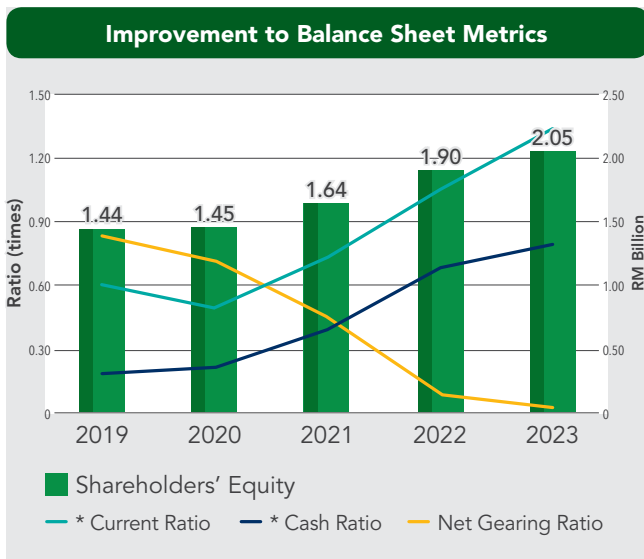
MANAGEMENT DISCUSSION & ANALYSIS 2023

OVERVIEW

In 2023, the global economy stood at a crossroads, marked by recovery as well as challenges. Following the upheavals brought about by the Covid-19 pandemic, many nations have undergone robust economic rebounds. However, inflationary pressure remains at large, prompting central banks to recalibrate monetary policies cautiously.

Persistent supply chain disruptions continue to plague industries globally while geopolitical tensions continue to shape trade dynamics. The impact of climate change and changes to weather patterns also present serious threats to businesses from damage to crops and assets to supply chain disruptions.

These headwinds pose real challenges to businesses around the globe. It is imperative for corporates to be nimble and resilient to navigate through today’s uncertain and volatile market environment. For this reason, the Group continued to take steps to strengthen its balance sheet and address potential liquidity risks to place itself on better financial footing and enhance its financial agility.



* For comparability across the years, non-current assets and non-current liabilities included in Assets Held for Sale and Liabilities Associated with Assets Held for Sale, respectively were excluded in deriving the Current Ratios and Cash Ratios

As at the end of 2023, the Group’s net gearing stood at 0.02 times (0.08 times at end of FY2022) whilst its net assets per share grew to RM1.48 per share from RM1.38 the year before. Furthermore, the improvement in the Group’s financial position provides it with greater capacity to raise additional funding to accelerate the development of its unplanted plantation lands and the replanting of oil palms.

OIL PALM INDUSTRY LANDSCAPE

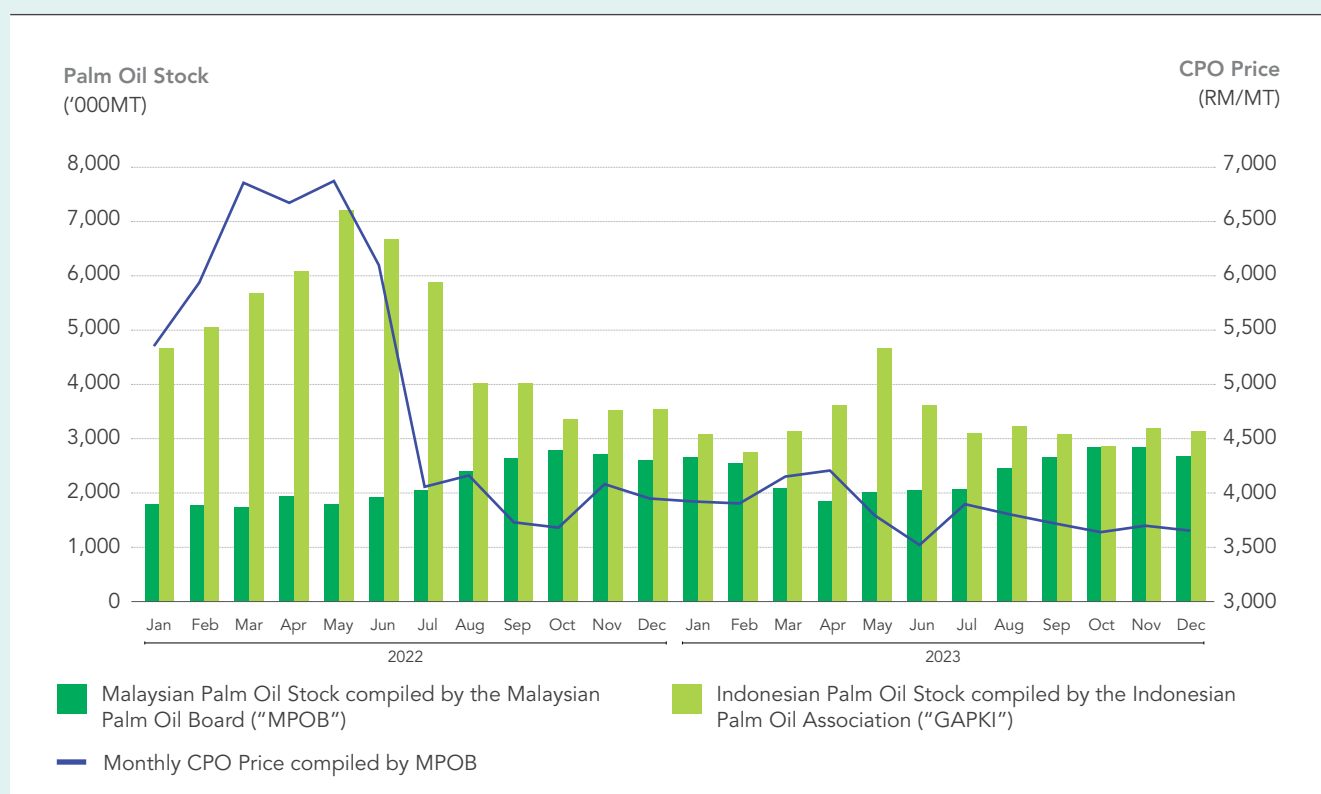
CPO prices mostly traded between RM3,300/MT to RM4,300/MT in FY2023. From February to April 2023, the Indonesian government restricted palm oil exports to ensure stable domestic supply and prices for its local cooking oil in anticipation for the Ramadhan period. Coupled with the seasonally low FFB production, CPO price peaked at RM4,325/MT in early March 2023. However, in the absence of festive-driven demand following the Aidil Fitri season coupled with the narrowing discount of CPO price vis a vis other competing vegetable oils, CPO price tapered to an average of RM3,525/MT in June 2023. CPO price breached the RM4,000/MT mark again in July 2023 when Russia withdrew from the Black Sea Grain Corridor Initiative exacerbating concern over sunflower oil supply thereby pushing up global edible oil prices. Prices eased subsequently to settle at the RM3,700/MT range by the end of 2023.

On the supply front, Malaysian CPO production increased marginally by 0.5% to reach 18.55 million MT (2022: 18.45 million MT) from improved labour supply and supported by higher FFB yield and oil extraction rates. Meanwhile, palm oil exports had declined with lower demand from major importers. Total export for 2023 decreased to 15.13 million MT from 15.71 million MT in 2022. As a result, palm oil stocks closed higher in December 2023 at 2.29 million MT compared to 2.20 million MT in December 2022.

Indonesia also saw CPO production increased to 50.07 million MT compared to 2022 of 46.73 million MT. Domestic consumption increased to 23.21 million MT from 21.14 million MT in 2022 heavily supported by the biodiesel program B35. Exports on the other hand, decreased from 33.15 million MT in 2022 to 32.22 million MT in 2023 driven by lower demand from Europe. As at the end of 2023, Indonesia’s palm oil stocks closed lower at 3.15 million MT.

MANAGEMENT DISCUSSION & ANALYSIS 2023

PALM OIL STOCK & CPO PRICE



CORPORATE DEVELOPMENTS

On 9 December 2021, PT Bulungan Citra Agro Persada ("BCAP"), a 90% owned subsidiary of the Company had entered into a heads of agreement with PT Kawasan Industri Kalimantan Indonesia ("KIKI") and PT Kalimantan Industrial Park Indonesia ("KIPI") for the disposal of 7 pieces of certificated land measuring approximately 13,214.90 hectares located in Kalimantan, together with certain plots of uncertified land adjoining thereto.

On 4 April 2022, BCAP, KIKI and KIPI entered into a conditional sale, purchase and compensation of land agreement ("CSPA") for the disposal by BCAP of 13,214.90 hectares of certificated land together with 683.36 hectares of uncertified land adjoining thereto for a total cash consideration of Rp2,428.86 billion (equivalent to approximately RM731.09 million).

On 8 August 2022, the disposal of 7,817.36 hectares of certificated land was completed.

On 18 January 2023, the disposal of 574.56 hectares of the uncertified land was completed.

On 4 July 2023, KIKI and KIPI had respectively exercised their options to grant BCAP an Extended Long Stop Date period of the CSPA of 12 months from 4 July 2023 to 4 July 2024.

MANAGEMENT DISCUSSION & ANALYSIS 2023

FINANCIAL REVIEW

The table below provides an overview of financial highlights of the Group for the FY2023 in comparison with FY2022:

| | FY2023 (RM'000) | FY2022 (RM'000) |
|--|----------------------------------|----------------------------------|
| Revenue | 1,066,516 | 1,305,999 |
| Core profit before taxation | 182,340 | 257,178 |
| Profit before taxation ("PBT") | 197,837 | 557,297 |
| Taxation | (72,012) | (32,304) |
| Profit after taxation ("PAT") | 125,825 | 524,993 |
| Profit attributable to owners of the Company | 95,112 | 456,407 |
| Shareholders' equity | 2,046,973 | 1,900,839 |
| Total equity | 2,305,281 | 2,132,058 |
| Borrowings | 302,120 | 559,111 |
| Cash and bank balances | 250,138 | 375,580 |
| Short term funds | 5,349 | 6,385 |
| Net gearing ratio (times) | 0.02 | 0.08 |

INCOME STATEMENT

Revenue

The FY2023 revenue of RM1,066.5 million marked the third consecutive year that the Group's revenue surpassed RM1.0 billion. It was 18.3% lower than previous year's revenue of RM1,306.0 million primarily due to lower revenue contribution from the Palm Products segment.

The Palm Products segment revenue decreased by 17.0% or RM203.9 million to RM998.1 million from RM1,202.0 million in the previous year largely due to the Group's lower average CPO price of RM3,437/MT compared to RM4,100/MT in FY2022, coupled with lower FFB production of 905,437MT in FY2023 compared with 923,990MT in FY2022.

Revenue from the Others segment decreased by 34.2% or RM35.6 million to RM68.4 million from RM104.0 million in the previous year mainly due to lower contribution from the Wood division following lower export sales.

Core profit before taxation

The Group's core profit before taxation declined by 29.1% or RM74.9 million to RM182.3 million from RM257.2 million in FY2022 in line with lower revenue from the Palm Products and Others segment, lower share of profit from an associate and reduction in contribution from jointly controlled entities.

PBT and PAT

The Group registered a PBT in FY2023 of RM197.8 million, 64.5% or RM359.5 million lower than PBT of RM557.3 million for FY2022. Higher PBT for FY2022 was primarily due to a significant gain of RM395.3 million in the previous financial year arising from the disposals of 2 estates and a mill in Sabah and 7,817.36 Ha of land in Indonesia, as referred to in Corporate Developments above.

Despite the decrease in PBT, the Group's taxation increased to RM72.0 million from RM32.3 million in FY2022. Lower taxation in FY2022 was mainly due to reversal of temporary differences following the above mentioned disposals of assets in Sabah. For FY2023, the taxation charge is higher than the statutory rate mainly due to non-deductibility of certain expenses for taxation purpose coupled with withholding taxes paid on dividend received from the Group's foreign subsidiaries and non-recognition of deferred tax asset for certain subsidiaries.

The decrease in PBT and higher taxation has resulted in lower PAT in FY2023 of RM125.8 million, 76.0% or RM399.2 million lower than the PAT of RM525.0 million for FY2022.

MANAGEMENT DISCUSSION & ANALYSIS 2023

Capital structure and capital resources**Shareholders' equity**

Shareholders' equity increased to RM2,047.0 million from RM1,900.8 million as at the end of FY2022 contributed by a net profit attributable to owners of the Company of RM95.1 million and bolstered by a foreign currency translation gain of RM86.2 million, but partially offset by a dividend of RM34.5 million paid during the year.

Borrowings

The Group's borrowings as at year end was RM302.1 million compared with RM559.1 million as at the end of FY2022, a decrease of RM257.0 million resulting from net repayment of borrowings and sukuk loan.

Taking into account the Group's cash and bank balances as well as short terms funds, net borrowings decreased 73.7% to RM46.6 million from RM177.1 million as at the end of FY2022.

Gearing

The Group recorded lower net gearing ratio of 0.02 times as at the end of the financial year under review (2022: 0.08 times) mainly due to lower net borrowings of RM46.6 million (2022: RM177.1 million) coupled with the higher shareholders' equity mentioned above.

Cash flows

The table below provides an overview of the cash flows of the Group in FY2023 compared with FY2022:

| | FY2023 (RM'000) | FY2022 (RM'000) |
|--|--------------------|--------------------|
| Operating cash flows before changes in working capital | 283,845 | 354,742 |
| Changes in working capital | 34,345 | (57,770) |
| Cash flows from operations | 318,190 | 296,972 |
| Net income tax paid | (91,509) | (89,241) |
| Net cash flows from operating activities | 226,681 | 207,731 |
| Net cash flows (used in)/from investing activities | (35,917) | 623,229 |
| Free cash flow to firm | 190,764 | 830,960 |
| Net cash flows used in financing activities | (328,394) | (743,540) |
| Net (decrease)/increase in cash and cash equivalents | (137,630) | 87,420 |
| Effects of exchange rate changes | 12,433 | (3,940) |
| Cash and cash equivalents as at beginning of financial year | 376,231 | 292,751 |
| Cash and cash equivalents as at end of financial year | 251,034 | 376,231 |



MANAGEMENT DISCUSSION & ANALYSIS 2023

The Group’s cash and cash equivalents as at year end amounted to RM251.0 million compared with the previous financial year end balance of RM376.2 million, due to the effects of the following:

- The increase in net cash flows from operating activities to RM226.7 million from RM207.7 million in FY2022. This was due to favourable movement in working capital primarily attributed to the decrease in closing inventories held by the Group.
- Net outflows from investing activities of RM35.9 million compared with RM623.2 million net inflow in FY2022. This was largely due to significantly lower proceeds received from disposals of property, plant and equipment and assets held for sale, as well as cash used for investing in financial assets in FY2023.
- The lower net cash flows used in financing activities of RM328.4 million compared with RM743.5 million in FY2022. This was largely due to lower net repayment of borrowings by RM296.8 million and lower dividend paid by RM103.0 million compared with FY2022.

The Group’s financial position further strengthened compared to FY2022. As at 31 December 2023, the Group is in a net current asset position and are committed to preserving the financial stability by adopting a prudent stance and strategic approach on its cash management.

DIVIDENDS

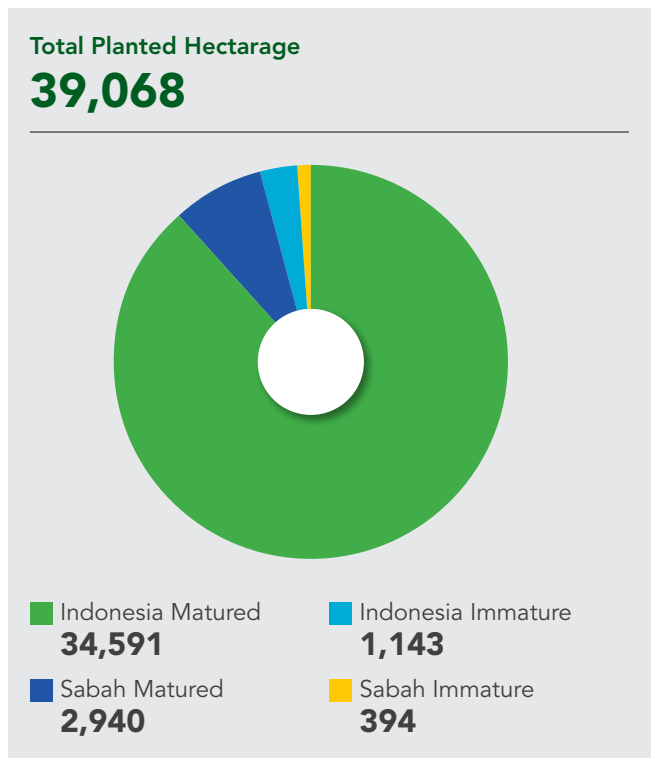
On 22 February 2024, the Directors declared a first and final single-tier dividend of 2.5 sen per ordinary share in respect of the financial year ended 31 December 2023.

BUSINESS AND OPERATIONAL REVIEW

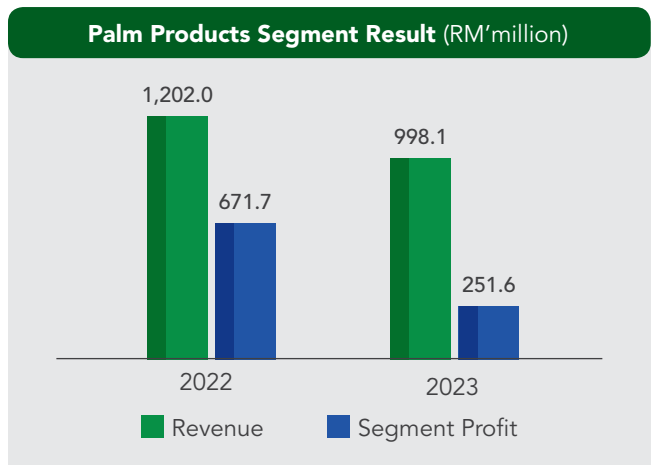
The Group has two operating business segments namely Palm Products and other businesses classified as Others, comprising mainly the Wood and Bio-Integration divisions with the Palm Products segment being the core business of the Group.

Palm Products segment

The Group is predominantly an upstream player in the oil palm industry. As at 31 December 2023, the Group has plantations in Sabah, East Malaysia; and Kalimantan and Sumatera, Indonesia with a total planted area of 39,068 Ha and operates five (5) palm oil mills, one (1) in Sabah and two (2) each in Kalimantan and Sumatera.



The Group’s oil palm trees are still relatively young with a weighted average age profile of 12.4 years which augurs well for the Group’s FFB production in the years to come.



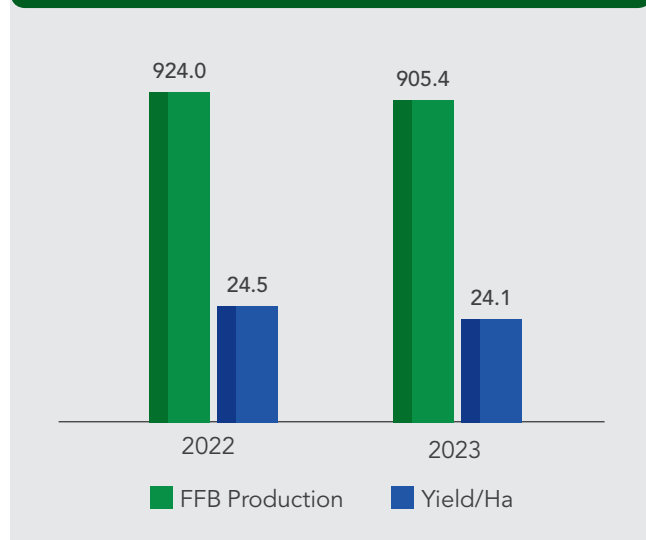
MANAGEMENT DISCUSSION & ANALYSIS 2023

The Palm Products segment revenue decreased by 17% to RM998.1 million from RM1,202.0 million in FY2022. Segment profits have decreased to RM251.6 million from RM671.7 million in FY2022. The previous year's segment profits included gains from disposal of estates, mill and land of RM395.3 million. Excluding these gains from the land disposals, the decrease in segment profits is largely attributable to the lower CPO and PK prices coupled with lower FFB production. Average price for CPO and PK for FY2023 were RM3,437/MT and RM1,727/MT compared with RM4,100/MT and RM2,668/MT respectively in FY2022.

The segment's revenue and profit were affected by the Indonesia Export Levy and Duty on CPO. The lower levy and duty in FY2023 is in accordance with the lower average CPO price in 2023:

| | FY2023 (RM'000) | FY2022 (RM'000) | Variance (RM'000) |
|---------------------------------------|--------------------|--------------------|----------------------|
| Indonesia Export Levy and Duty on CPO | 107,790 | 225,150 | (117,360) |

FFB Production ('000 MT) & Yield (MT/Ha)

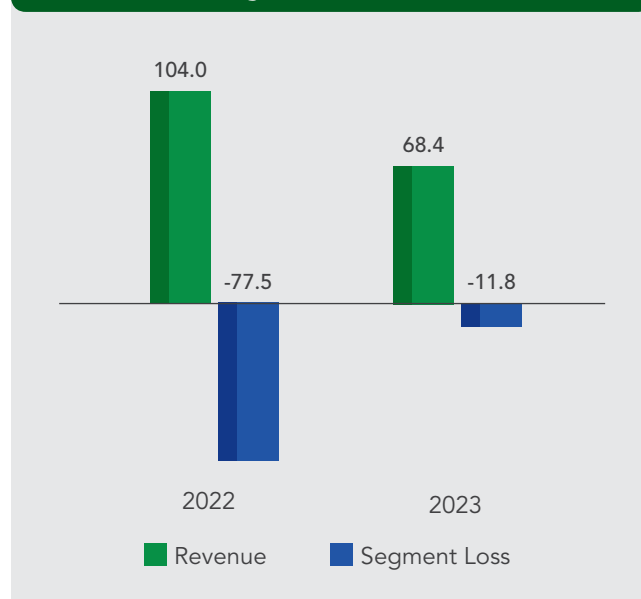


FFB production had decreased to 905,437 MT from 923,990 MT largely due to the mid-year dry weather experienced in Indonesia, disposal of estates in 2022 and the cyclical decline of crop in 2023. Similarly, there has been a marginal decline in average FFB yield from 24.5 MT/Ha in FY2022 to 24.1 MT/Ha in current year.

Others segment

The Others segment consists of the Bio-Integration, Wood and Cocoa products division.

Others Segment Result (RM'million)



The Others segment revenue decrease to RM68.4 million from RM104.0 million in FY2022 mainly due to lower sales generated by the Wood division as a result of reduced demand for wood products both from domestic and overseas markets.

Following the prolonged downturn in the Group's cocoa business as triggered by the COVID-19 pandemic, the Group decided to cease the operations of its cocoa processing factory. This was to enable the Group to focus its efforts and resources on its core business namely the Palm Products segment.

Bio-Integration division registered higher revenue of RM15.0 million compared with RM12.5 million in FY2022 mainly due to higher sales of electricity and steam.

Notwithstanding the decrease in the overall revenue, the Others segment registered a lower loss in FY2023 of RM11.8 million compared with RM77.5 million in FY2022. This was due to the fair value gain on forest planting expenditure of RM0.3 million in FY2023 versus fair value loss of RM37.2 million registered in FY2022 as well as the impairment losses of assets due to the cessation of a hiring business, and an impairment loss on the building of a subsidiary in FY2022.

MANAGEMENT DISCUSSION & ANALYSIS 2023

FUTURE OUTLOOK AND PROSPECTS

The first quarter of 2024 saw CPO price uptrending from an average of RM3,784/MT in January to RM4,216/MT in March mainly due to the seasonally low FFB production and the relatively low palm oil stocks. However, it may start to weaken as palm production is expected to pick up in the second quarter before peaking in the third quarter. Nonetheless, CPO price is likely to still remain relatively firm supported by a stagnating global palm oil production and higher biodiesel demand in Indonesia.

Restrained hectare expansion in oil palm planting over the last few years due to stricter regulations has limited supply growth. On the other hand, Indonesia's push for biodiesel has continued to drive demand for palm oil. In August 2023, Indonesia implemented the B35 biodiesel blending mandate program, up from the previous B30 mandate, which will further increase the uptake of palm oil.

The Group acknowledges that there are uncertainties and potential risks ahead arising from the escalation of geopolitical tensions, lower global growth expectations, and climate change impact. Accordingly, the Group will be vigilant in pursuing business opportunities and growth and also continue to adopt a prudent stance on cash management and capital spending.

Barring any unforeseen circumstances, the Group is cautiously optimistic of achieving a satisfactory performance for 2024.



SUSTAINABILITY REPORT

ABOUT THIS REPORT

In pursuing our sustainability journey, TSH Resources Berhad (henceforth referred to as "TSH" or "the Group") remains dedicated to enhancing our Environmental, Social, and Governance ("ESG") efforts. To provide a comprehensive review of our sustainability efforts, we are pleased to present this Sustainability Report for the financial year of 2023 ("SR2023").

This SR2023 aims to provide comprehensive information on our sustainability practices, demonstrating our continued dedication to responsible business operations and fostering trust among stakeholders. Through the Group's ESG strategies, we aim to create both financial and non-financial values for our key stakeholders while supporting environmental stewardship and socio-economic development.

Ultimately, this report showcases TSH's firm commitment to strengthening the Group's sustainability ambitions.

REPORTING FRAMEWORKS



In preparing our disclosures, we have prioritised compliance with Bursa Malaysia's Sustainability Reporting Guide (3rd Edition) and concomitantly aligned them with certain elements of Global Reporting Initiative ("GRI") Standards, the FTSE4Good and the pertinent United Nation Sustainable Development Goals ("UNSDGs"). Aside from the recognised frameworks, TSH has also taken into considerations the SASB Sector-Specific Disclosures ("SASB") and the Malaysian Code on Corporate Governance ("MCCG") 2021 in preparing the SR2023.

REPORTING PERIOD AND CYCLE



All data and disclosures presented within are for the period of FY2023 between 1 January and 31 December 2023. Where available, the Group has also disclosed data over three years ("FY2021 – FY2023"). This allows for the presentation of trend lines that indicate general performance trends for key ESG topics.

REPORTING SCOPE AND BOUNDARY



This SR2023 presents a summary of the key sustainability initiatives undertaken by TSH. The disclosures encompass the Group's business operations in Malaysia, Indonesia and Singapore as illustrated below:



**Plantations
and Mills**



**Engineered
Hardwood
Flooring**



Bio-Integration



**Forest
Management**



**Corporate
and Investment
Holding
Activities**

The SR2023 shall generally exclude all outsourced activities and/or joint venture operations unless such information adds value to the disclosures.

SUSTAINABILITY REPORT


DATA ASSURANCE




The contents of this report have been reviewed by the Group’s Sustainability Steering Committee (“SSC”) consisting of Senior Management representatives and approved by the Board of Directors (“Board”).

In strengthening the credibility of the Sustainability Statement, selected aspects/parts of this Sustainability Statement have undergone an internal review conducted by the Group’s Internal Audit Department and subsequently approved by the Audit Committee (“AC”).


The subject matters and scope, which include the operating activities in the respective countries, covered by the internal review are provided below:




Labour Practices and Standards




Industry Certifications



Diversity




Human Rights and Community



Water

For full details on the scope of assurance, please refer to the Group’s Statement of Assurance on page 80.


LIMITATIONS AND EXCLUSIONS



Data and information provided within the SR2023 are based on the Group’s ability to collect and present meaningful data.


While all efforts have been made to provide the most relevant and up-to-date data, we acknowledge that there may be gaps in certain indicators. As such, TSH remains dedicated to continuously refining our data collection mechanisms to provide accurate information.

FORWARD-LOOKING STATEMENTS





This report might include forward-looking statements regarding TSH’s plans and objectives related to our operations and businesses. These statements involve specific assumptions, and actual results may vary, depending on the risks and uncertainties that may arise in the future. The Group is not obligated to update or modify any forward-looking statements.

REPORT AVAILABILITY AND FEEDBACK



To improve our sustainability approaches, TSH welcomes constructive feedback from our valued stakeholders. Please direct any queries, feedback, or suggestions to:

Environmental, Social, and Governance (ESG) Department

 **+603-2084 0888**
 **esg@tsh.com.my**

CHAIRMAN'S MESSAGE



Dear Valued Shareholders and Stakeholders,

FY2023 has seen some exciting developments and progress for the Group on the sustainability front. We have begun shifting our economic value-creation to include more non-financial value-creation as the Group includes sustainability as a vital element of our operations alongside financial reporting. We are also setting the building blocks to deliver measurable social and environmental progress within the Group as well as with our key business partners.

There will be no let up on our efforts to conserve and protect the environment, create a conducive work environment for our employees and deliver long-term value for our stakeholders. Concurrently, we will undertake conscious efforts to enhance the socio-economic conditions of the surrounding communities and our supply chain. Our commitments within this policy are in tandem with local and international laws while integrating international best practices from relevant recognised frameworks and standards.

Through our ESG Governance structure, we will continue to shape our work and community environment through various programmes and initiatives to make sustainability as the predominant culture. Over the next few years, we aspire to further operationalise our ESG adoption and deliver the desired results across the Group's environmental stewardship, social obligation, and responsible governance priorities.

Undoubtedly, climate change and environmental concerns have become more prominent in policy-setting globally, driven by the ever increasing disasters caused by carbon pollution. The Group's foray into the renewable energy business started in the early 2000s with the setting up of a Bio-Integration Complex in Sabah, turning wastes from the palm oil value chain to renewable energy is testament of our seriousness to deliver action that will reduce carbon footprint. Over the past years, TSH has continued to undertake various transformation initiatives, big and small, towards emission reduction. We believe that every bit of effort counts towards a more sustainable environment. These included the use of energy efficient lighting and turning off lights when they are not needed. In FY2022, we also commissioned a rooftop solar panel installation at Ekowood's factory in Perak. As a result, solar energy now constitutes approximately half of its total energy consumption. We will continue to explore more renewable energy projects including potential Biogas plant installation projects at our palm oil mills in Indonesia. In FY2023, TSH also began initiating comprehensive energy monitoring measures across all our business segments. This is aimed at improving our data collection approach to facilitate addressing any area for improvement. Additionally, TSH expanded the scope of our Greenhouse Gas ("GHG") accounting and inventory by incorporating employee commuting and business travel into our Scope 3 emissions.

Apart from climate change and environmental concerns, TSH has continued to focus on compliance with elements of material matters such as labour practices, health and safety, industry certifications and anti-corruption, as well as other ESG-related concerns. We are committed to actively protecting labour rights and eradicating human rights violations, as well as conducting our business practices ethically and responsibly so as to create a safe, healthy, and motivated workforce that contributes to strong and sustainable future for the Group. This SR2023 showcases in greater detail our continuous endeavours in ESG including the progress and accomplishment achieved in FY2023.

Acknowledgements

Overall, TSH had an exciting FY2023, marked with remarkable progress and achievements. These are mainly attributed to our valued stakeholders, each of whom has made valuable contributions to our ESG initiatives and collectively helped shape us to be more resilient and sustainable.

I would like to extend the Board's gratitude to the entire workforce of TSH for your commitment to ensuring we remain relevant within the palm oil industry as well as your trust in the Management. To my fellow Board members and management teams, thank you for the continuous support and guidance throughout FY2023. This support has been instrumental to the Group's continuous evolution as we strive to fulfil our sustainability agenda.

Datuk Kelvin Tan Aik Pen




Chairman, Co-Founder, Non-Independent Non-Executive Director

SUSTAINABILITY REPORT

INTRODUCTION

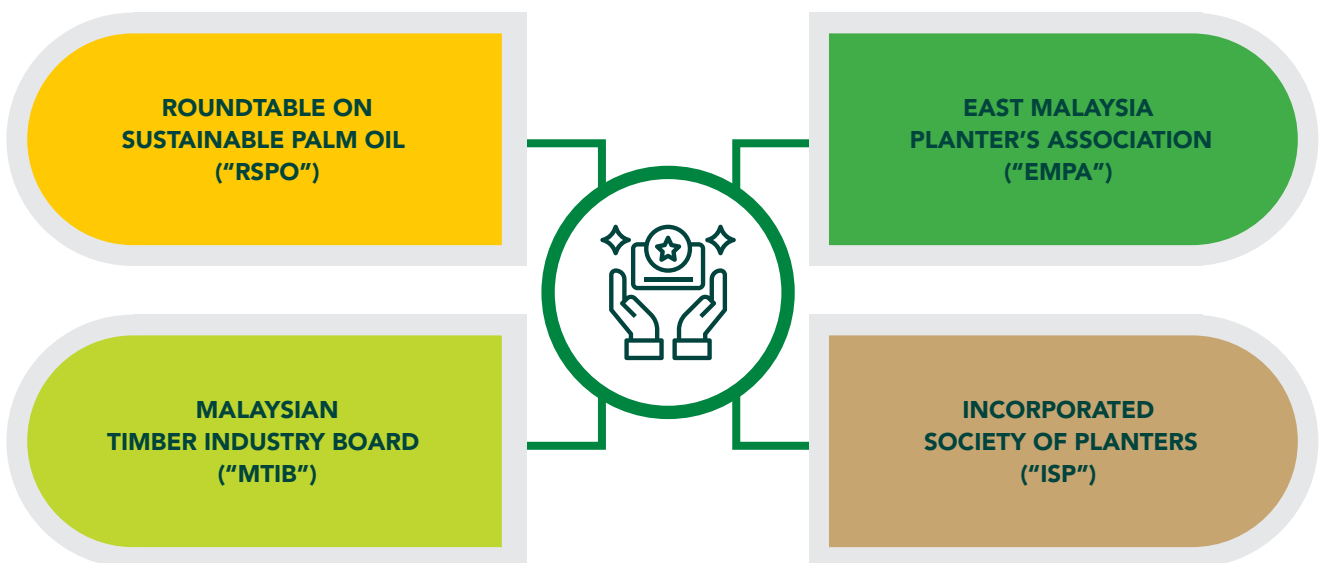
ABOUT TSH

TSH is a well-established organisation within the palm oil industry. The Group owns and operates a combined planted oil palm area of approximately 39,000 Ha and a total of five mills in Malaysia and Indonesia. While the Group is involved in diverse business operations, the cultivation of oil palm and processing of fresh fruit bunches (“FFB”) into crude palm oil (“CPO”) and palm kernels (“PK”) is our primary business segment. The other business segments of TSH are:

| | | |
|---|---|---|
|  <p>BIO-INTEGRATION</p> <p>TSH has pioneered the development of a fully integrated biomass and biogas power plant in Kunak, Sabah. The Group has entered Power Purchase Agreements (“PPAs”) with Sabah Electricity Sdn Bhd (“SESB”) by utilising by-products from the palm oil value chain and wastewater from our mills.</p> |  <p>SUSTAINABLE FORESTRY</p> <p>TSH manages 95,010 Ha of forest land in Ulu Tungud in Sandakan, Sabah. Out of this, 3,387 Ha have been set aside for conservation while the Group manages the rest through silvicultural treatment and natural forest management.</p> |  <p>ENGINEERED HARDWOOD FLOORING</p> <p>TSH engages in the manufacturing, promotion, and marketing of engineered hardwood flooring under our wholly-owned subsidiary, Ekowood International Berhad (“EIB”). With a well-established export market in the United States, Europe, and Australia, EIB provides sustainable building products that are certified by the Forest Stewardship Council (“FSC”).</p> |
|---|---|---|

MEMBERSHIPS IN ASSOCIATION

Throughout all our various business ventures, TSH maintains membership in the following associations and professional bodies:



SUSTAINABILITY REPORT

SUSTAINABILITY HIGHLIGHTS

Industry Certification

100%

Malaysian Sustainable Palm Oil ("MSPO") certification for Malaysian estates and mills



Employee Welfare

1,506 units

of housing across plantations



Local Procurement

95%

of procurement budget spent on local vendors



Data Security

ZERO

number of substantiated complaints concerning breaches of customer privacy and losses of customer data



Anti-Corruption

ZERO

incidences of corruption reported and action taken



Regulatory Compliance

ZERO

incidences of regulatory non-compliance reported



GHG Disclosures

Inclusion of **Scope 3 disclosures (Employee Commuting & Business Travel)** in reporting



Biodiversity

68 species of flora and **110 species** of fauna documented during biodiversity audits



Training

Approximately

200,000 hours

of training provided to workforce



ESG Reporting Framework

Established ESG Reporting Framework to standardise data collection methodology across business segments



CSR

Total **RM2.6 million** spent on Corporate Social Responsibility ("CSR") initiatives



SUSTAINABILITY REPORT



UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

As a publicly listed Malaysian company and a responsible global entity, TSH is obliged to support the nation’s aspirations of sustainable development as per the UNSDGs. These are a collection of 17 global goals that form a roadmap towards socio-economic welfare, environmental protection, and universal peace and prosperity by 2030. Malaysia, alongside other world leaders, officially adopted all 17 goals and 169 targets of the UNSDGs during the UN General Assembly on 25 September 2015.

TSH has expressed its support of the UNSDGs and identified eight relevant goals that can contribute meaningfully through the business activities of the Group. These eight goals are aligned with our strategic sustainability pillars, material matters, and goals.

Details of Adoption

UNSDGs

Goal 3: Good Health and Well-being

The health and well-being of TSH’s employees continues to be a priority in FY2023 through the initiatives summarised below:

- Employee engagement activities such as Sports Day, bowling competitions, hiking, etc.
- First aid, fire fighting, safe chemical handling, and emergency response procedure training programmes
- Annual medical/health checks for plantation workers handling chemical/operating premix stations
- Trained medical professionals staffing estate and mill clinics for immediate occupational safety and health (“OSH”) response
- Essential healthcare coverage and benefits

UNSDGs

Goal 6: Clean Water and Sanitation

TSH strives to ensure optimal use of water consumed and aims to increase the use of recycled water, such as through rainwater harvesting.

Operations along riparian reserves apply strict control and management of water to prevent wastage.

UNSDGs

Goal 7: Affordable and Clean Energy

TSH operates a Bio-Integration Complex in Kunak, Sabah that converts plantation by-products, such as empty fruit bunches (“EFB”) and methane from palm oil mill effluent (“POME”) treatment, into renewable electricity.

Our subsidiary, EIB, has installed solar panels in FY2022 with a combined capacity of 1.5 MWp to support our energy consumption.

SUSTAINABILITY REPORT

Details of Adoption



UNSDGs

Goal 8: Decent Work and Economic Growth

As a commercial entity, TSH has consistently delivered financial and non-financial values for our stakeholders through healthy earnings, dividends, and more. The Group has also contributed to indirect economic value-creation through statutory payments to the government, salaries and benefits to our employees, payment of interest to financiers, and the development of local supply chains.

TSH also continues our non-discrimination approach towards the workplace and maintains policies, such as the No Child Labour Policy, Human Rights and Responsible Business Policy, Equal Opportunity and Discrimination Policy, Sexual Harassment Policy, and Reproductive Rights Policy.



UNSDGs

Goal 12: Responsible Consumption and Production

TSH places the utmost importance on ensuring our products are sustainable and strives to mitigate environmental and societal harm. This message is driven across the entire organisation and supply chain. TSH also ensures product traceability down to the plantation level for better scrutiny of our products.

By-products from the Group's estates and mills are used to generate Renewable Energy ("RE") through our bio-integration complex. At the same time, POME from our mills is treated thoroughly using anaerobic ponds to prevent any form of pollution to the surrounding environment.



UNSDGs

Goal 13: Climate Action | **Goal 15: Life on Land**

The Group has placed environmental stewardship as a top ESG priority. Some of the initiatives achieved during FY2023 include:

- Monitoring and disclosing Scope 3 emissions on employee commuting and business travel
- Generation of RE using biomass and biogas to reduce fossil fuel dependency
- Maintaining zero burning, no deforestation, peatland protection, and biodiversity preservation
- A total of 35,017 Ha of the Group's managed forests had been silviculturally treated as our contribution towards sustainable forest preservation
- Annual High Conversation Value ("HCV") and High Carbon Stock ("HCS") management and monitoring



UNSDGs

Goal 16: Peace, Justice, and Strong Institutions

TSH has in place robust policies and governance such as our Code of Ethics, Anti-Bribery and Corruption ("ABC") Policy, Whistle-Blowing Policy, and Transparency Policy.

The Group has also established an Integrity Unit ("IU") that monitors and assesses corruption risks within TSH with targeted training provided to all our employees on anti-corruption measures.

SUSTAINABILITY REPORT



SUSTAINABILITY APPROACH

SUSTAINABILITY COMMITMENT & COMPLIANCE

At TSH, our commitment is to be a progressive plantation company that emphasises sustainable production, social accountability, and sound environmental management throughout all levels of our operations.

We endeavour to use the principles of sustainability to guide all decision-making and development processes. Meanwhile, the Group makes the utmost effort to improve the implementation of sustainable practices within the organisation and uphold due diligence as an integral part of our supply chain management.

TSH is further guided by our vision and mission:

| | |
|---|--|
|  |  |
| VISION | MISSION |
| <p>To be a premier plantation company committed to sustainability.</p> | <p>To be a progressive plantation enterprise with an emphasis on sustainable production, social accountability, and sound environmental management.</p> |

SUSTAINABILITY POLICY

To achieve our purpose of multiplying value for businesses, economies, society, and the planet, we need to ensure we have a robust business model and that our strategy is both responsive and progressive. This requires an integrated approach to value-creation that takes into account the risks and opportunities presented by our operating environment matching the needs of our stakeholders, as well as aligning to our aspirations.

Our Group-wide Sustainability Policy (“GSP”) highlights TSH’s recognition of its duty to operate responsibly while simultaneously striving to create shared value, preserve the environment, contribute to society, and achieve its business objectives across all our business sectors. The Group will comply with all applicable laws in all of its operations and minimise risks and impacts through the development of robust systems, processes, and resources in ensuring that its commitments are fulfilled and realised.

The key ESG Commitments and priorities of TSH outlined in the GSP are detailed below:

| | | |
|--|--|--|
|  |  |  |
| Environment | Social | Governance |
| <ul style="list-style-type: none"> › No deforestation › Protection of HCV › Protection of peat areas › Adoption of Best Management Practices (“BMP”) › Zero burning › Protection of biodiversity › Net GHG reduction › Responsible material usage › Effective waste and effluent management › Protection of water and soil quality | <ul style="list-style-type: none"> › Respect the rights of local and indigenous communities › Uphold labour standards and employee rights › Equal employment opportunities and diversity › Safe and healthy workplace › Emergency response in place › Traceability and supply chain management | <ul style="list-style-type: none"> › Robust governance and compliance with laws and regulations › Business integrity › Data privacy and security › Grievance Redressal Procedures › Maintenance of MSPO, RSPO, and Indonesia Sustainable Palm Oil (“ISPO”) certifications |

The GSP is accessible on our Sustainability website at <https://www.tsh.com.my/sustainability/our-commitment/>.

SUSTAINABILITY REPORT

ADVOCATING SUSTAINABILITY

Advocating for robust sustainability integration throughout TSH is important to ensure a culture that values sustainability alongside financial value-creation. This will allow for a more comprehensive adoption of the Group's existing policies while helping manage potential ESG-related risks.

Throughout FY2023, TSH held a series of advocacy sessions and initiatives with internal stakeholders from our various business units. The goal of these sessions was to raise awareness among the workforce on sustainability and enhance their ESG knowledge.

In addition, we also conducted a Group-wide Climate Change Programme themed "Act Now, Save Tomorrow: Fight Climate Change Today!" during the year, comprising webinar series and roadshows on a variety of climate-related topics. One of the highlights of our programme was on Green Community Award which recognised the most outstanding company accommodation in terms of green criteria.

CLIMATE CHANGE PROGRAMME

"Act Now, Save Tomorrow: Fight Climate Change Today!"

Virtual Launching Ceremony by Chairman

3 Days Webinar Series: Knowledge Sharing Webinar & Forum "Climate Change and Us"

Day 1

Climate Change and Us: Understanding Climate Risks in the Palm Oil Industry

Day 2

Climate Change and Us: Why Sustainable Palm Oil?

Day 3

Climate Change and Us: You Can be the Change!

Roadshows & Briefings across TSH

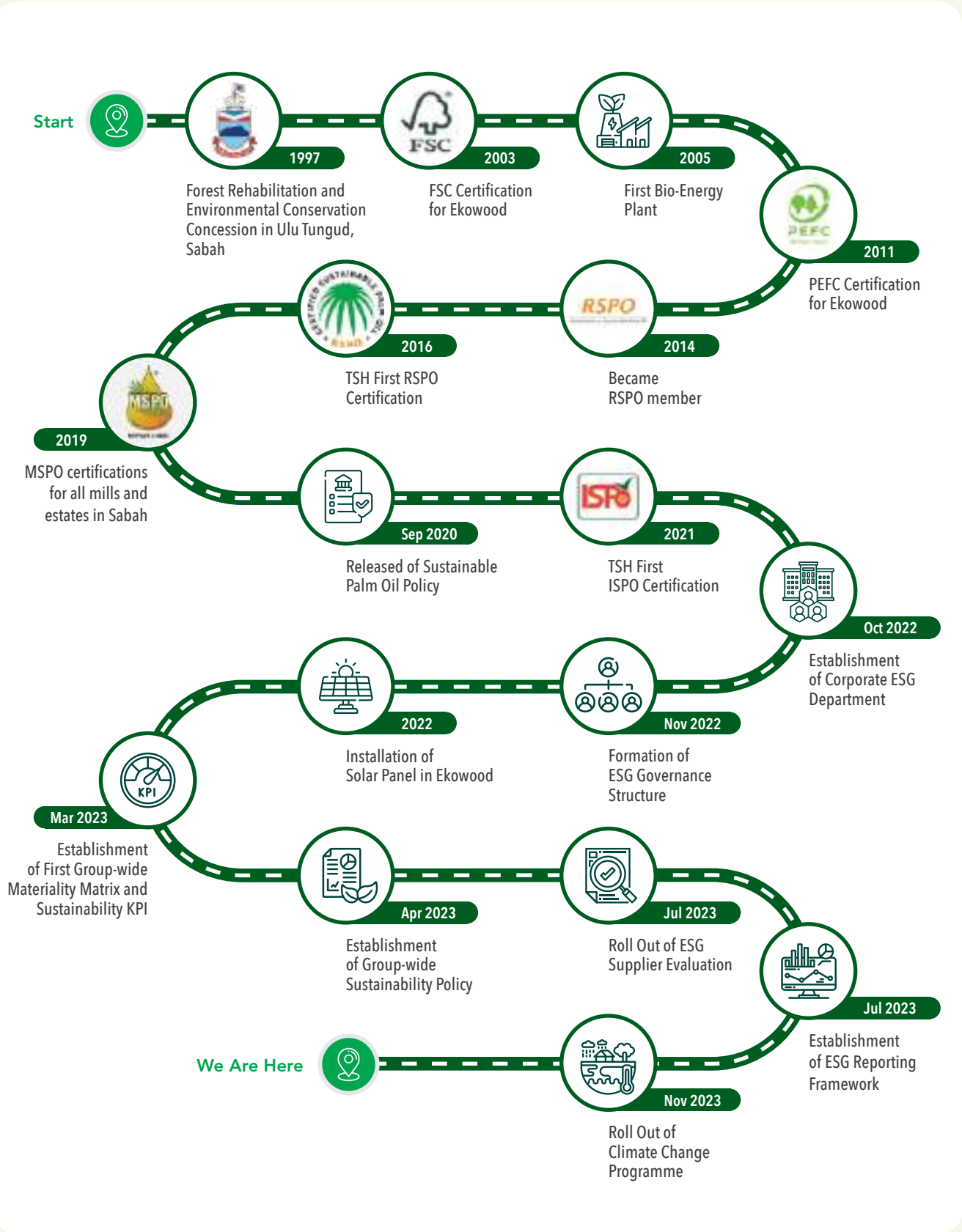
Rewards & Recognition for Green Community



Winners for Green Community Award

SUSTAINABILITY REPORT

OUR SUSTAINABILITY JOURNEY



SUSTAINABILITY REPORT

AWARDS AND RECOGNITION

TSH is deeply engaged in various initiatives to ensure we remain at the forefront of sustainable practices and contribute significantly to a more sustainable future. We are delighted to have received the following recognitions in 2023 for our plantation and engineered hardwood flooring businesses:

| Awards and Certifications | Awarding Bodies |
|---|---------------------------------|
| Award for PT Laras Internusa for its commitment to "No Child Labour" within the oil palm plantation sector | Indonesian Ministry of Labour |
| Award for PT Andalas Wahana Berjaya for its commitment to "No Child Labour" within the oil palm plantation sector | |
| Award for PT Bulungan Citra Agro Persada for its commitment to "No Child Labour" within the oil palm plantation sector | |
| Zero Accident Award was awarded to PT Laras Internusa on Performance in Implementing Safety and Health Programmes to achieve 153,638,848 man-hours without work-related accidents from 1 January 2020 to 31 December 2022 | Bupati Pasaman Barat |
| Award for PT Sarana Prima Multi Niaga in recognition of timely submission of foreign investment activity reporting | Bupati Kotawaringan Timur |
| Award for Ekowood International Berhad for Timber Industry Award (Floorboards) | Malaysian Timber Industry Board |

ASSESSING MATERIALITY

GRI 3-1, GRI 3-2, GRI 3-3

Materiality is a fundamental component of TSH's value-creation journey that allows us to identify ESG topics with the most significance to the Group's business and stakeholders. This concept of materiality guides the strategic planning of our sustainability initiatives, allowing us to report on relevant economic, environmental, social, and governance risks and opportunities.

By identifying and reviewing our material topics periodically, the Group ensures that we are responding appropriately to the concerns of our stakeholders, as well as relevant legislative requirements. This allows us to maximise our ability to adapt to rapidly evolving market conditions.

The outcome of the materiality review process guides the disclosures and contents within this SR2023. Linking our disclosures to key material ESG topics allows us to report under the appropriate GRI standards more relevant to our operating model and strategies.

The Group had conducted an in-depth materiality assessment in FY2022 to identify key material topics relevant to TSH. The FY2022 matrix adopted these processes to determine material matters:

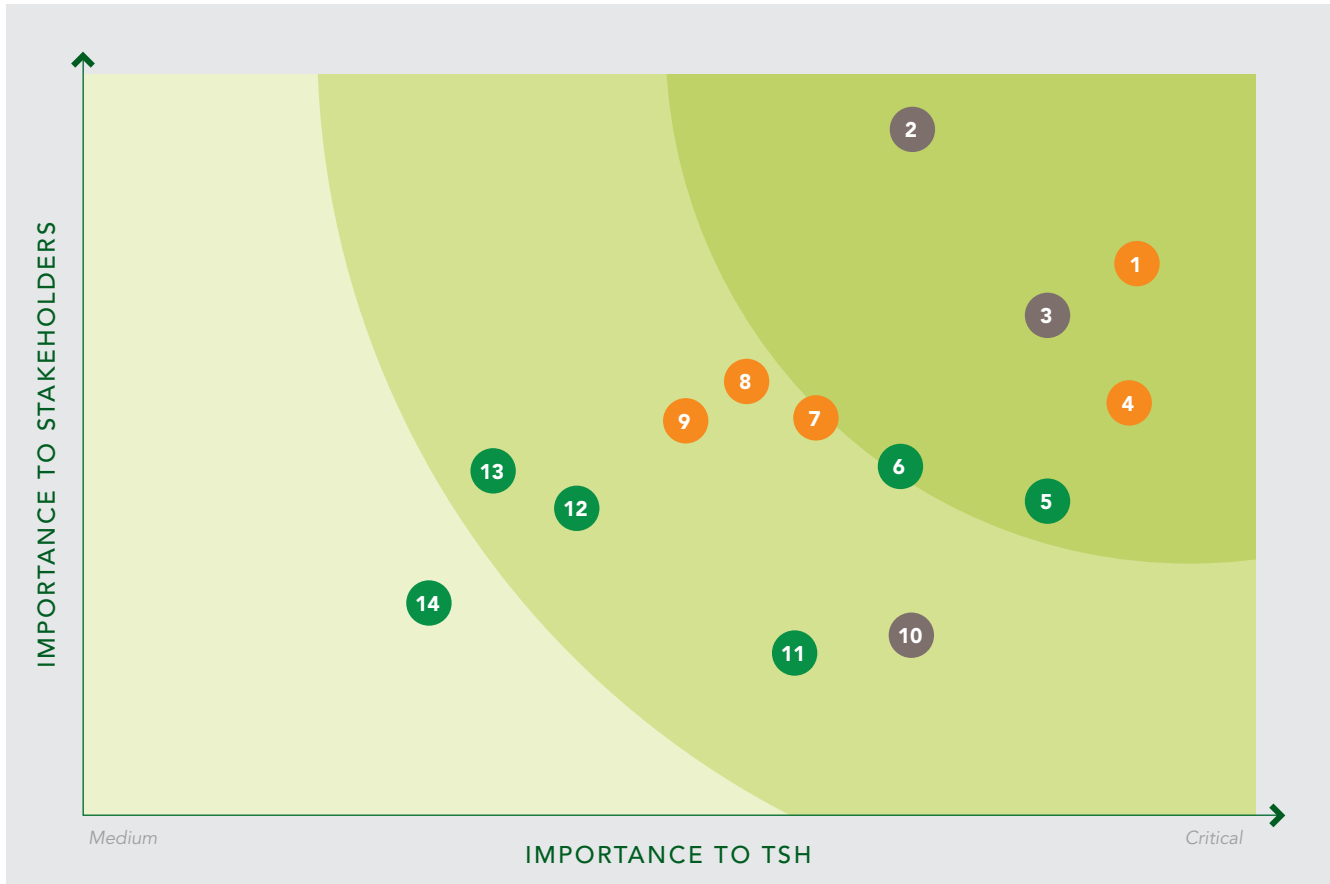


SUSTAINABILITY REPORT

In FY2023, we reviewed the Group’s materiality matrix again and concluded that the key material topics identified in FY2022 still hold significant relevance to our operations; therefore, they were maintained for FY2023. The Group aims to review and update our materiality matrix in future reporting.

Below is TSH’s materiality matrix:

Legend: ■ Medium Importance ■ High Importance ■ Critical Importance



Environment

- 5 Climate Change and Emissions
- 6 Biodiversity
- 11 Water
- 12 Waste and Effluents
- 13 Energy Management
- 14 Materials

UNSDGs Impacted

- 6 CLEAN WATER AND SANITATION
- 7 AFFORDABLE AND CLEAN ENERGY
- 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
- 13 CLIMATE ACTION
- 15 LIFE ON LAND

Social

- 1 Labour Practices and Standards
- 4 Health and Safety
- 7 Human Rights and Community
- 8 Supply Chain Management
- 9 Diversity

UNSDGs Impacted

- 3 GOOD HEALTH AND WELL-BEING
- 8 DECENT WORK AND ECONOMIC GROWTH
- 12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Governance

- 2 Anti-Corruption, Corporate Governance, and Compliance
- 3 Industry Certifications
- 10 Data Privacy and Security

UNSDGs Impacted







- 16 PEACE, JUSTICE AND STRONG INSTITUTIONS

SUSTAINABILITY REPORT








ESG & SUSTAINABILITY KEY PERFORMANCE INDICATORS – TARGETS AND ACHIEVEMENTS

TSH is committed to continue integrating sustainable practices into our business operations. In achieving our ESG & Sustainability-related Key Performance Indicators (“KPIs”), we were guided by the materiality topics identified as well as the strategic directions and vision of the Board and Management.






The Group has adopted the following targets which paved the way for TSH to make a concerted effort towards driving effective ESG adoption within the Group:

| Material Topic | KPI/Target | FY2023 Performance |
|--|--|--|
| Environment  | | |
| Climate Change and Emissions  | Begin monitoring and reporting Scope 3 emissions (in-house employee commuting and business travel) by FY2023 | Successfully rolled out monitoring and reporting of Scope 3 emissions, particularly in-house employee commuting and business travel data |
| Biodiversity  | Maintain existing areas of HCV located within estates by conducting monitoring and annual wildlife population assessments Conduct soil conservation treatment by growing beneficial plants and monitoring HCV areas | Conducted regular monitoring of HCV as required Soil conservation treatment was conducted regularly and beneficial plants were grown. Integrated Pest Management (“IPM”) was employed to reduce reliance on chemical spraying |
| Water  | Monitor water consumption and ensure consumption is less than 1.5 m ³ /MT FFB for mills Ekowood – monitor water consumption according to the production output for 25,000 m ² and ensure consumption is less than 0.30 m ³ /m ² | The average process water consumption for mills was 0.95 m ³ /MT FFB Process water consumption for Ekowood was 0.23 m ³ /m ² |
| Waste and Effluents  | Continue tracking scheduled and non-scheduled waste data for each business segment Conduct monthly lab testing of water quality to ensure biological oxygen demand (“BOD”) and chemical oxygen demand (“COD”) are within permissible limits | Scheduled and non-scheduled waste data were tracked accordingly for all business segment BOD and COD are within permissible levels |
| Energy Management  | To implement energy-saving initiatives | Energy-saving initiatives were continuously implemented |

SUSTAINABILITY REPORT

| Material Topic | KPI/Target | FY2023 Performance |
|---|--|--|
| Social    | | |
| Labour Practices and Standards  | Ensure the Grievance Mechanism is communicated to the entire workforce through training/induction programmes or refreshers | The Grievance Mechanism was communicated accordingly |
| | Commence engagement survey for Management staff | An engagement survey was conducted for the Management staff |
| | Maintain zero breaches of labour laws and standards on: <ul style="list-style-type: none"> No child labour Minimum wage Housing standards Water quality supply | Zero breaches of any labour law and standards recorded |
| Diversity  | Achieve zero incidences of discrimination | Zero incidents of discrimination recorded |
| Health and Safety  | Maintain zero work-related fatalities | One fatality case recorded |
| | Reduction of health and safety incidents annually based on the Lost Time Injury Frequency Rate ("LTIFR") | Refer to page 62 for the details of Loss Time Injury ("LTI") |
| | Conduct Hazard Identification Risk Assessment and Risk Control ("HIRARC") assessment review at least once every two years | HIRARC assessment was reviewed accordingly |
| | Conduct at least one training session on emergency scenarios | Fire fighting trainings conducted |
| | Conduct Health, Safety, and Environment ("HSE") audits annually | HSE audit was conducted annually |
| Human Rights and Community  | Maintain allocation of RM1 million for CSR spending | A total of RM2.6 million was spent on CSR |

SUSTAINABILITY REPORT




| Material Topic | KPI/Target | FY2023 Performance |
|---|--|---|
| Governance  | | |
| Supply Chain Management  | Source materials from local suppliers (based on each business segment's definition of "local"): <ul style="list-style-type: none"> Indonesia Operations – 95% Sabah Operations – 100% Ekowood – 20% | All business segments achieved their target of local suppliers, where Group spending on local suppliers was 95% |
| | Establish a supply chain evaluation process for main suppliers to assess their compliance with the Group's environmental and social policies | ESG Supplier Questionnaire was established and shared across registered suppliers and vendors |
| Anti-Corruption, Corporate Governance, and Compliance  | Provide anti-corruption and anti-bribery training for the entire workforce | 100% of all relevant workforce have received anti-corruption and anti-bribery training |
| | Include corruption risk in the Group's annual risk assessment | Corruption risk was included in the Group's annual risk assessment |
| | Maintain zero incidents of corruption | Zero incidents of corruption recorded |
| | All Board members attend at least one training/refreshers session on ESG-related issues annually | All Board members attended an update session on ESG-related matters |
| Industry Certifications  | Achieve RSPO certification for all the Group's mills and estates | RSPO approved TSH's Timebound Plan ("TBP") in August FY2023 RSPO certifications for all Indonesian plantation and mills are targeted to be completed by FY2025 |
| | Maintain FSC, Programme for the Endorsement of Forest Certification ("PEFC"), and ISO 9001 certifications for Ekowood | All certifications were maintained |
| Data Privacy and Security  | Zero number of substantiated complaints concerning breaches of customer privacy and losses of customer data | Zero number of substantiated complaints concerning breaches of customer privacy and losses of customer data recorded |
| | Conduct at least one risk assessment on TSH's Information Technology ("IT") infrastructure annually | IT risk assessment was conducted accordingly |

SUSTAINABILITY REPORT




STAKEHOLDER ENGAGEMENT

TSH recognises the importance of actively involving our stakeholders and proactively handling these relationships. We understand that maintaining open and effective communication with stakeholders is essential for preserving our reputation as a reliable and responsible corporate entity. By carefully considering the valuable feedback provided by our stakeholders, we remain responsive to their evolving interests and concerns, incorporating these perspectives into the formulation of our long-term sustainability strategy.




The table below further elaborates on the Group’s value-creation efforts for each of our stakeholders by addressing their needs and concerns while also highlighting the crucial advantages and opportunities these relationships can have on our business.

| Area of Concern | Achieved Outcome | Engagement Method |
|---|---|---|
| Customers  | | |
| <ul style="list-style-type: none"> › Product quality and quantity according to contract agreement › Product delivery within the agreed period | <p>Better understanding of issues/complaints from customers and provided immediate responses to address problems.</p> <p>Improved customer satisfaction with product quality, quantity, and delivery.</p> | <ul style="list-style-type: none"> • Formal and informal meetings and visits • Customer service channels • Customer survey and feedback exercise • Training organised by customers |
| Employees  | | |
| <ul style="list-style-type: none"> › Operational excellence and financial performance › HSE management and improvements › Training and career development › Employee welfare and benefits › Work-life balance › Adequate infrastructure › Minimum wage or a Decent Living Wage (“DLW”) | <p>Improved understanding of employees’ workplace and job concerns.</p> <p>Create awareness of TSH’s values, culture, and staff welfare policies.</p> | <ul style="list-style-type: none"> • Company intranet • Department meetings • Performance appraisals • Employee engagement events and training • Multichannel engagements such as Welfare Committees, Social Impact Assessments (“SIAs”), grievance procedures, etc. |
| Suppliers and Contractors  | | |
| <ul style="list-style-type: none"> › Quality of products/services and fair pricing › Awareness and compliance with TSH’s policies concerning suppliers and contractors | <p>Create awareness of TSH’s policies through supplier and contractor pre-qualification assessments.</p> <p>Standardisation of tender procedures and contracts.</p> | <ul style="list-style-type: none"> • Contract negotiations/tenders • Formal and informal meetings and briefing • ESG Supplier Questionnaire |

SUSTAINABILITY REPORT

| Area of Concern | Achieved Outcome | Engagement Method |
|---|---|---|
| Government and Regulators  | | |
| <ul style="list-style-type: none"> › Licenses, approvals, and permits › Regulatory reporting on compliance with the latest regulations and requirements › Support for government policies and initiatives for the industry › HSE requirements | <p>Improved visibility of government policies and the nation's growth agenda and the role we can play in supporting the government's commodity targets.</p> | <ul style="list-style-type: none"> • Meeting engagements and dialogues with regulators • Discussions on service requirements • Participation in government and regulatory events |
| Investors  | | |
| <ul style="list-style-type: none"> › Business performance and dividend payout › Sustainability of business model › Corporate governance and regulatory compliance › Clarification of media reports | <p>Investors achieved a stronger understanding of TSH's value-creation model, our strategies, and the sustainability of our business which, in turn, helps attract capital investment.</p> | <ul style="list-style-type: none"> • Analyst and investor briefings • Announcement of financial results • Announcement of company updates and development • Investor relations portal • Annual General Meetings ("AGMs") • Investor Questionnaire |
| Local Community and Smallholders  | | |
| <ul style="list-style-type: none"> › Pricing mechanisms and crop quality for smallholders › Community development programmes such as infrastructure and utility development › Progress updates on the Plasma Scheme › Land-related claims and compensation › Agricultural practices for smallholders | <p>Amicable solutions to conflicts and grievances.</p> <p>Enhanced agricultural practices among smallholders and more awareness of policies and commitments to sustainable palm oil production.</p> | <ul style="list-style-type: none"> • Town hall meetings • Community outreach activities and development programmes • Various other meetings, engagements, and dialogues |

SUSTAINABILITY REPORT

| Area of Concern | Achieved Outcome | Engagement Method |
|---|--|---|
| Civil Societies and NGOs  | | |
| <ul style="list-style-type: none"> › ESG-related concerns › Human rights issues including wages and housing | <p>Better understanding of TSH’s sustainability policies, practices, and initiatives.</p> <p>Development and implementation of shared initiatives.</p> | <ul style="list-style-type: none"> • Formal and informal meetings, engagements, and dialogues |
| Industry and Certification Bodies  | | |
| <ul style="list-style-type: none"> › Relevant issues and updates in the industry › Governance and compliance with relevant statutes and regulations › Progress with RSPO, MSPO, and/or ISPO certifications | <p>Updated sustainability practices based on certifications and corresponding audits.</p> <p>Compliance with all relevant policies and the latest requirements set by industry and certification bodies.</p> | <ul style="list-style-type: none"> • Formal and informal meetings, engagements, and dialogues • Regular reporting • Site visits and audits |
| In-house Trade Unions  | | |
| <ul style="list-style-type: none"> › Implementation of minimum wage › Freedom of association | <p>A minimum wage policy was implemented to ensure all employees receive a fair and livable wage.</p> <p>Welfare Committee meetings are held every quarter with the participation of the workers’ representatives.</p> | <ul style="list-style-type: none"> • Welfare committee and/or in-house trade union meetings |

SUSTAINABILITY REPORT

GOOD GOVERNANCE AND ECONOMIC RESILIENCE



SUSTAINABILITY GOVERNANCE STRUCTURE

All ESG and sustainability matters within TSH are managed via the Group's sustainability governance – a leading priority for the Group which is monitored by our Board. The Board deliberates on ESG and sustainability priorities and identifies relevant risks and opportunities that may arise in the short, medium, and long term. These are then integrated into the Group's overall strategies, operations, and key targets.

The Board of TSH further supervises all matters related to sustainability within the Group through the SSC, with distinctive Terms of Reference ("TOR") established for the committee to ensure clear accountability. The committee meets regularly to oversee the Group's sustainability objectives and key performance indicators.

To ensure successful implementation of sustainability initiatives at the operational level, TSH has established the Sustainability Working Group ("SWG"). They are entrusted to effectively address ESG and sustainability-related issues and the priorities of each of our operations, as well as ensure sustainable practices are fully embedded in each business segment. The different business segments within

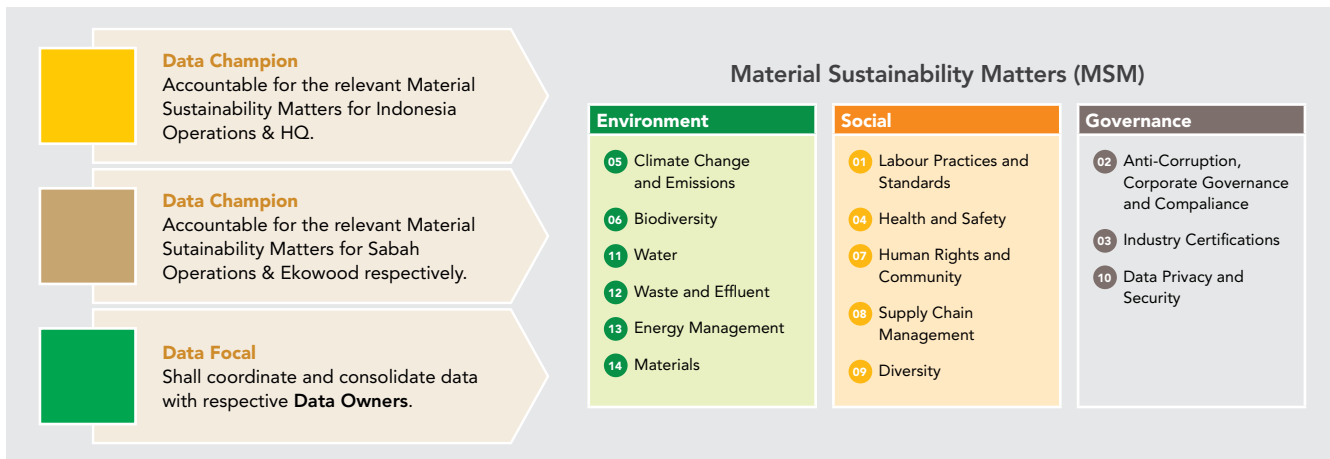
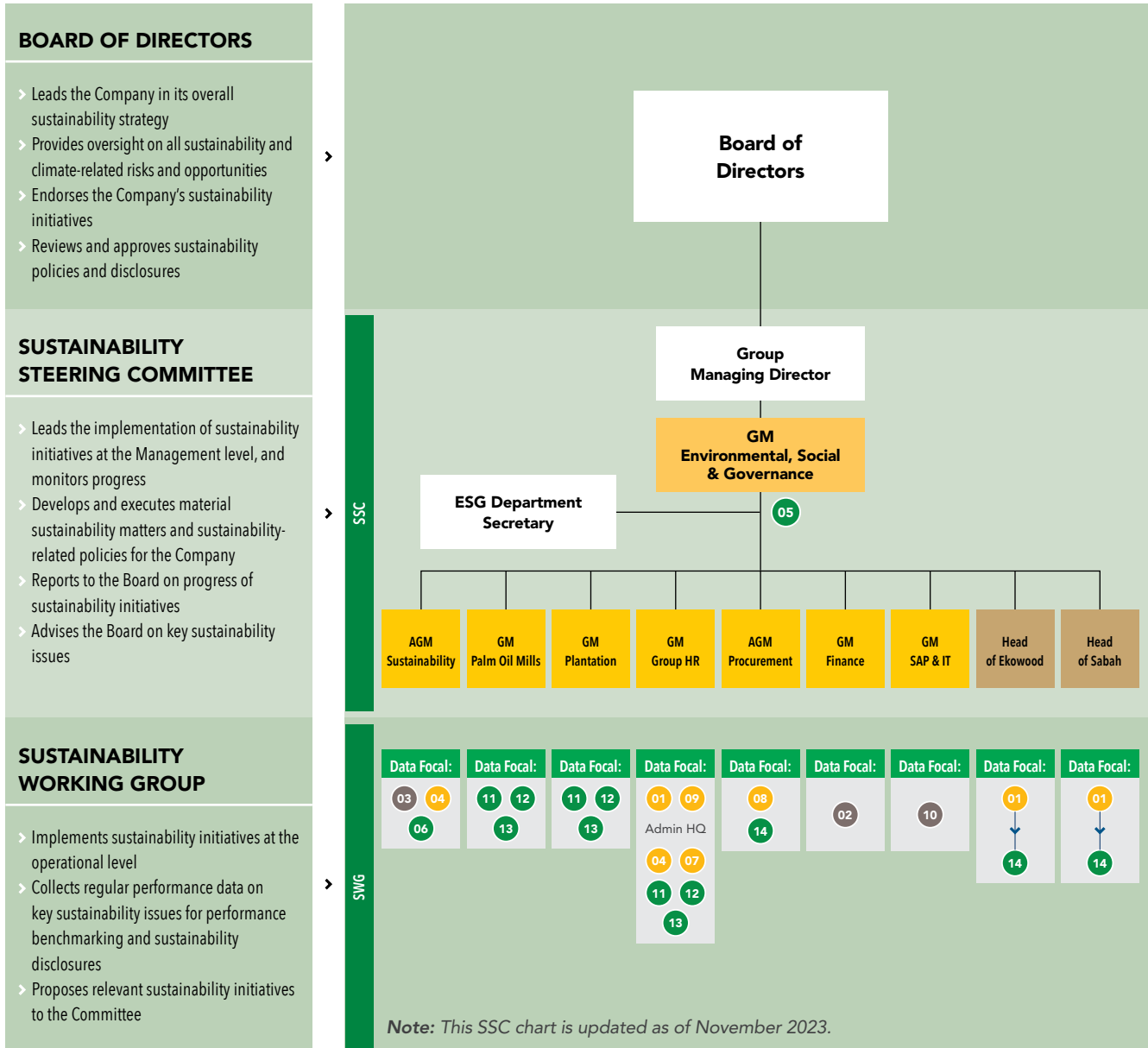


the Group are well-represented on these committees to ensure the effective implementation of our sustainability agenda across the operations.

Through consistent engagement with key stakeholders, pertinent issues are escalated for further deliberation and remediation before the SSC. The feedback arising from our stakeholder engagements is used to prioritise focus areas and identify appropriate solutions, where relevant. This helps us to better understand societal concerns and navigate our business through an ever-evolving environment.

SUSTAINABILITY REPORT

TSH's Sustainability Governance Structure:



SUSTAINABILITY REPORT

The sustainability governance framework is reinforced by a strong collection of governance frameworks and policies that oversee sustainability at TSH in the areas of finance, environment, sustainability, and governance.

| | | | |
|--|---|---|----------------------------|
| Board Charter | Remuneration Policy and Procedures | Whistle-Blowing Policy | ABC Policy |
| Code of Ethics for Employees | Director's Fit and Proper Policy | Code of Ethics for Company Directors | Audit Committee TOR |
| Nomination and Remuneration Committee TOR | Group Sustainability Policy | Transparency Policy | |

These policies can be accessed on our website at <https://www.tsh.com.my/investor-relations/corporate-governance>.

UPHOLDING ETHICAL CORPORATE GOVERNANCE PRACTICES

GRI 205-1, GRI 205-2, GRI 205-3, GRI 418-1

Responsible and ethical governance practices foster trust and credibility among stakeholders. It also ensures all of the Group's operational practices are in line with local laws and regulations, preventing costly fines and the risk of litigation.

Our Code of Conduct and Ethics is a baseline set of requirements that defines how we treat employees, customers, suppliers, shareholders, and communities around the world. It also empowers employees to recognise and report integrity and compliance issues and to contribute towards upholding a work environment where everyone is treated ethically and with respect.

We recognise that promoting ethical business practices requires on-going communication and awareness-raising efforts. These efforts ensure our employees are equipped with the knowledge and skills necessary to conduct business ethically and responsibly.

ANTI-CORRUPTION

Maintaining a strong anti-corruption stance demonstrates TSH's commitment to integrity and fairness, which protects our reputation. Anti-corruption measures also help prevent

financial and legal risks that may arise from corrupt practices. Additionally, they contribute to a level playing field in the industry, promoting healthy competition and innovation.

At TSH, we prioritise our duties as a responsible corporate entity and adopt a holistic approach to uphold high ethical standards in our business practices. The ABC Policy was adopted by the Group in FY2020 to promote a culture of integrity, transparency, and compliance. The AC has oversight responsibilities for matters of ethics, integrity, and anti-corruption. At the operational level, TSH's IU, is given the responsibility of managing bribery and corruption cases, as well as providing an assessment of the related risks involved. TSH's Human Resources Department ("HRD") has also been entrusted with keeping records on gifts and hospitality received and/or given by TSH employees.

In line with TSH's zero-tolerance position on bribery, the Group provides a safe and confidential channel for all employees and external parties to report any wrongdoing.

SUSTAINABILITY REPORT

ANTI-BRIBERY AND ANTI-CORRUPTION TRAINING

ABC training remains essential for TSH to foster better understanding and enforcement of the Group’s ABC policies and practices. Board members are entrusted to lead from the top to develop the Group’s ability to govern whilst simultaneously maintaining a high level of integrity. The Board has received important ABC training aligned with their leadership attributes and experience.

Board members, Heads of Department (“HODs”), and senior-level decision makers have all been exposed to anti-corruption training or refresher activities throughout FY2023 to enable them to continue performing their fiduciary and statutory duties.

TSH is determined to ensure all employees attend the Group’s annual ABC training or refresher course, which covers important segments of anti-corruption topics as below:

| Training Agenda | Training Objective | Training Outcome |
|--|---|--|
| <ul style="list-style-type: none"> › Overview of the ABC Framework › ABC Policy › Governance structure and corruption risk management › Managing transactions & business ethics › Employees responsibility for managing TSH’s external parties › Other enforcement and monitoring efforts › Making a report | <ul style="list-style-type: none"> › Deploy various communication tools and methods to raise awareness of the ABC Policy and the Group’s anti-bribery and anti-corruption stance › Create awareness in the organisation of the importance of employees in preventing bribery and corruption | <ul style="list-style-type: none"> › All employees are compliant with ABC Laws › Create a culture of integrity within TSH › Establish an ethical workplace and highlight the importance of employees’ role in preventing bribery and corruption |

| Employee Category | % Attendance |
|------------------------|--------------|
| Board of Directors | 100 |
| Managerial Level Staff | 100 |
| Executive Level Staff | 100 |

In FY2023, there were no confirmed incidents of corruption and action taken.

RISK MANAGEMENT

Managing risks is vital for TSH to assess, identify, and mitigate potential threats that could impact our operations, profitability, and assets. By actively managing risks, the Group can make informed decisions to protect our business operations and ensure long-term resilience.

TSH continues to review its strategies, businesses, and operational risks in tandem with changes in the external operating environment as well as any changes to its business

model, internal concerns, and processes. The Board discharges its oversight role on risk management through assessment of potential threats and identification of action plans to mitigate all the underlying risks, industry, and operational challenges.

For more detailed information on our Risk Management process for FY2023, kindly refer to the Statement on Risk Management and Internal Control section of our Annual Report (“AR2023”).

SUSTAINABILITY REPORT

INDUSTRY CERTIFICATIONS

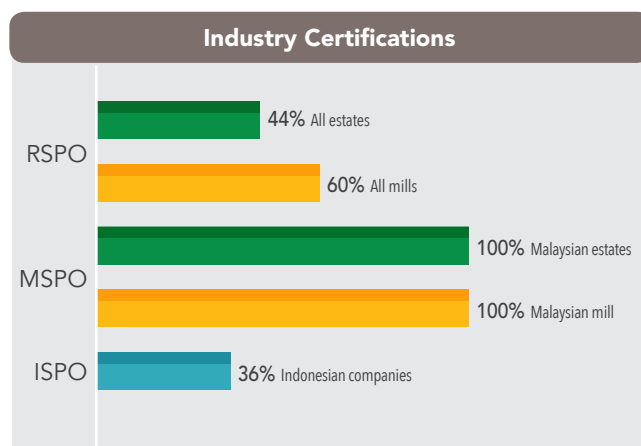
As stakeholder interests have diversified over the recent years, so have the different sustainability standards that govern the oil palm industry. These standards have evolved to fulfill these different priorities and expectations, allowing the industry to accommodate different perspectives.

At TSH, the main sustainability certifications we subscribe to are based on the country we operate in. In Malaysia, this is the MSPO certification while our Indonesian operations adopt the ISPO certification. At the same time, the Group has voluntarily adopted the RSPO certifications and is aiming for the International Sustainability and Carbon Certification ("ISCC") in the near future. This is to cater to a wider landscape of palm oil user requirements, including the production of low-carbon palm oil for biofuel.

As an RSPO member since FY2014, the Group has been working towards achieving sustainability certification for all our mills and estates across Malaysia and Indonesia. We

For FY2023, the Group's breakdown for palm oil products is as follows:

achieved our first MSPO and ISPO certifications both in FY2019. Meanwhile for RSPO, we refreshed our certification roadmap in FY2023, setting a target to be 100% certified by FY2025 for Indonesian plantation and mills. This was also reported to RSPO through a revised TBP approved in August FY2023.



| Annual Production (MT) ¹ | Malaysia | Indonesia | Total |
|---|----------|-----------|----------------|
| CPO ² | 61,000 | 172,000 | 233,000 |
| Certified Sustainable Palm Oil ("CSPO") ³ | 5,000 | 66,000 | 71,000 |
| PK ⁴ | 17,000 | 31,000 | 48,000 |
| Certified Sustainable Palm Kernel ("CSPK") ⁵ | 1,000 | 12,000 | 13,000 |

Notes:

- ¹ Figures rounded up to the nearest thousand.
- ² CPO annual production data is directly extracted from the system.
- ³ CSPO annual production is determined by multiplying the total FFB received from certified estates by the Oil Extraction Rate ("OER").
- ⁴ PK annual production data is directly extracted from the system.
- ⁵ CSPK annual production is determined by multiplying the total FFB received from certified estates by the Kernel Extraction Rate ("KER").

DATA PRIVACY AND SECURITY

Protecting the privacy and security of our customers' data is essential to TSH's sustainability agenda and overall approach. By prioritising data privacy and cyber security, we can build trust with our customers and protect our reputation as a responsible and trustworthy company.

TSH adheres to the Personal Data Protection Act 2010 ("PDPA") aimed at protecting the personal data and privacy of individuals. We recognise the significance of safeguarding personal data, especially within the realm of commercial transactions. Personal data is secured through a robust IT-based data protection system with access restricted only to selected employees who require such information for business use.

In addition, our IT department continually enhances our cyber resilience capabilities through strategic initiatives such as strengthening corporate firewalls, enhancing email security, and implementing file security measures.

FY2023 saw TSH continued to maintain its track record for zero number of substantiated complaints of customer privacy and losses of customer data.

SUSTAINABILITY REPORT

ETHICAL SUPPLY CHAIN

It is important to TSH that our service providers also uphold the Group’s commitment to conducting business with the utmost integrity within their businesses. This will ensure the creation of a sustainable business relationship which is based on integrity, honesty, accountability and compliance with applicable laws and regulations.

TSH’s supply chain includes several parties, namely our vendors, suppliers, contractors and agents, in which key safeguards are in place to further reinforce TSH’s ABC policy.

TSH placed equal importance on an ethical supply chain involving compliance with No Deforestation, No Peat and No Exploitation (“NDPE”) requirements given the direct impact on traceability. As such, we continue the proactive approach of engaging suppliers to highlight TSH’s policies and guidelines as well as improve our traceability scores.

| TSH policies also address ESG factors including: | | | |
|--|-------------------------|--------------------------------|----------------------------------|
| Child Labour | Forced Labour | Occupational Safety and Health | Gender and Racial Discrimination |
| Equal Opportunities | Excessive Working Hours | Freedom of Association | Energy Use |
| Climate Change Impacts | Water and Resource Use | Biodiversity | Waste Management |

WHISTLE-BLOWING POLICY

Adopting a robust whistle-blowing mechanism promotes a culture of transparency and accountability. By protecting employees and stakeholders who speak up, the Group can detect and address issues early, preventing potential financial and reputational threats down the line.

TSH has established a Whistle-Blowing mechanism which is governed in accordance with the Group’s Whistle-Blowing Policy. Any Group employee who reasonably and in good faith believes that some form of malpractice has occurred in the workplace is empowered by our policy to report it immediately to their line manager. However, if for any reason the employee is reluctant to do so, then reports can also be made to either the Group Managing Director (“GMD”), AC Chairman, or Company Secretary.

Although the concerns raised are strictly confidential, they may be revealed on a need-to-know basis to facilitate the investigation process. Save as required by law, the identity of the whistle-blower will not be disclosed without the prior consent of the whistle-blower.

Whilst the whistle-blower is not expected to prove the truth of an allegation, they will need to demonstrate that there are sufficient grounds for concern. Insufficient details may impede the investigation and resolution of the concern raised.

Stakeholders may also raise concerns to the Senior Independent Non-Executive Director of TSH by submitting them in a sealed envelope marked “Private and Confidential”.

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Initial inquiries will be conducted to decide whether an investigation is appropriate and, if so, what form it should take. Some of the concerns may be resolved by agreed action without the need for investigation. Where appropriate, the matters raised may be investigated by management, internal audit, or through the disciplinary process, be referred to the external auditor; and/or form the subject of an independent inquiry. The outcome of such investigation will be reported to the Board for appropriate action.

Details of the procedures set out in the Whistle-Blowing Policy are made available on the Company's website at <https://www.tsh.com.my/investor-relations/corporate-governance/>.

For FY2023, there were zero confirmed cases of corruption received through the whistle-blowing channel.

CHAMPIONING SUSTAINABLE ECONOMIC PROSPERITY

GRI 204-1

A sustainable and robust business model is essential to maintain long-term value-creation for our stakeholders. By improving the efficiencies of processes across our operations, investing in sustainable technologies, and working on innovative ways to achieve our plantation yield, TSH pursues economic growth without compromising on the environment and well-being of our people and the surrounding communities.

As a responsible corporate citizen, we endeavour to make a positive contribution to the economy, creating value not only for our investors but also for the communities and the environment.

For many years we have been looking at economic sustainability as one of the major drivers of business success. Our goal is to achieve profitability while ensuring environmental issues and social needs are not compromised. We also aim to establish an optimal capital and debt composition by improving our capital efficiency and controlling our capital costs at the same time preserving the right balance of enhancing growth and shareholder returns, while preserving a strong financial basis.

By improving our financial and business performance, the organisation could provide shareholders' returns, make tax payments which support socio-economic factors including job creation and infrastructure development and also make donations and contributions to the community.

For more detailed information on our economic performance and development for FY2023, kindly refer to the Management Discussion and Analysis ("MD&A") sections of our AR2023.

MECHANISATION AND AUTOMATION

Technology and innovation are crucial to ensure the competitiveness of TSH's oil palm industry in the local and global markets. Hence, the adoption of mechanisation and automation is vital to increase the efficiency and productivity of our oil palm plantations.

ESTATE OPERATIONS

Leveraging technology, the Group has actively begun examining innovative options in automation and digitalisation.

We have consistently endeavoured to mechanise, automate, and enhance the processes within our oil palm plantations to boost production and operational efficiencies. We have implemented a mechanised grabber solution across our estates to facilitate the efficient loading of FFB into the evacuation transport system. This approach reduces reliance on manual labour, reduces loading time, and consequently leads to a quicker turnaround and enhanced operational efficiency.

Additionally, we have integrated battery-powered wheelbarrows to expedite the evacuation of FFB by mitigating the physical effort required. This allows operators to transport larger quantities of FFB more effectively. The use of battery-powered wheelbarrows not only reduces the manual exertion needed to push heavy loads but also minimises the risk of strain-related injuries for our workers.

OPTIMISATION USING DRONE AND LIDAR TECHNOLOGY

The integration of drones into agriculture signifies a pivotal step towards a future marked by increased efficiency, productivity, and environmental awareness. In the context of TSH, the designated Geographic Information Systems ("GIS") teams on site strategically deploy drone technology, with central management from our main office in Kuala Lumpur. Drones play a multifaceted role, primarily in mapping planted and unplanted areas, providing detailed imagery for precise updates to the stand per hectare ("SPH"). This includes counting palms, identifying flooding issues, highlighting vacant areas, and tracking new planting or replanting activities.

Additionally, drones contribute to the proactive evaluation of critical plantation infrastructure, such as roads, bridges, and drains, through aerial mapping. This approach ensures the longevity and functionality of infrastructure, preventing disruptions and enabling timely maintenance interventions.

SUSTAINABILITY REPORT

In alignment with our HCV approach, drones monitor these areas, preventing encroachment and ensuring compliance with conservation guidelines. High-resolution aerial imagery aids in the accurate identification and mapping of HCV zones, facilitating targeted conservation efforts.

The drones are equipped with Light Detection and Ranging (“LiDAR”) technologies to enhance topographical understanding. LiDAR assists in inspecting bund levels, ensuring embankment integrity, and optimising land use based on precise elevation, slopes, and contours.



Drone operated by on-site GIS team



Drone surveillance of oil palm plantations

MILL OPERATIONS

Another piece of technology which we have employed is enhancing the extraction rate of CPO through the use of high-speed separator machines. The principles behind this process align with common practices among the other industries for separating phases based on density differences.

This technology further refines the separation of oil, focusing on reducing the heavy-phase sludge content, and ultimately achieving minimal losses for heavy-phase sludge.

By leveraging the principles of centrifugal separation, this process efficiently extracts oil from sludge, with each stage contributing to the enhanced purity of the separated components. Moreover, utmost priority is given to compliance with environmental and safety standards in the design and operation of such systems.

SUSTAINABILITY REPORT

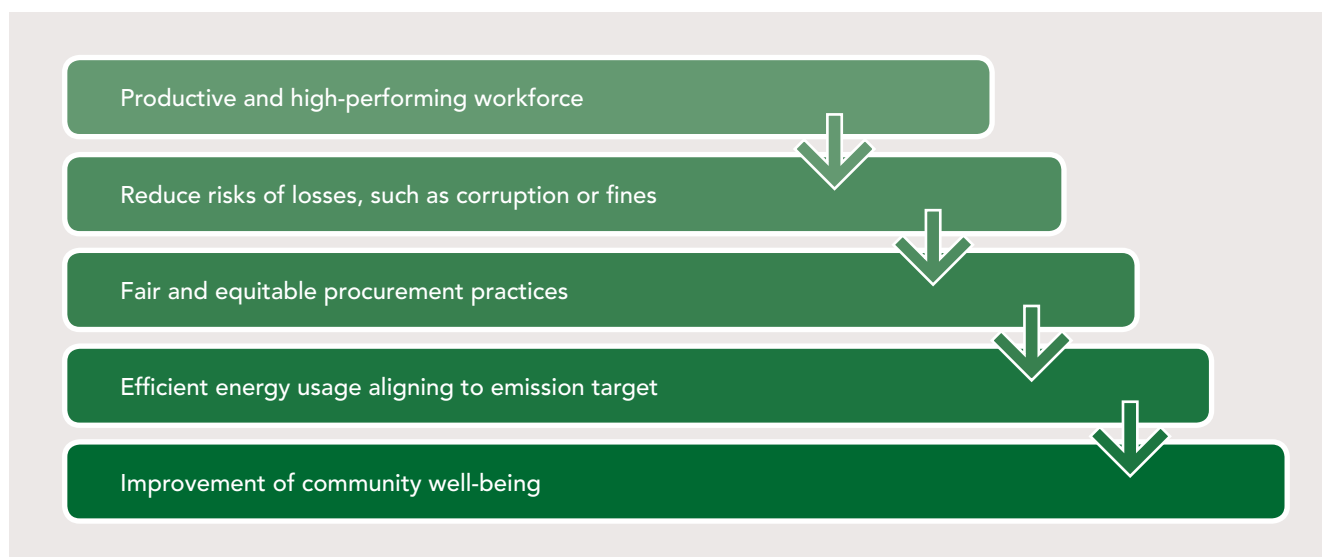
DIRECT AND INDIRECT ECONOMIC IMPACTS

As the ESG framework becomes embedded into corporate development strategies and operational management processes, the relationship between ESG and financial performance has been further scrutinised. For many organisations wishing to remain competitive, ESG measures such as reducing waste, strengthening relationships with external stakeholders, and improving risk management and compliance are now table stakes.

TSH is providing real economic value-creation from its operations by way of business growth and providing

sustainable returns to our shareholders. On top of aligning with the profitable agenda, the Group's strategy and planning are also meeting the principles of being pro-social. The real payoffs for focusing on ESG issues have certainly extended towards job creation, supporting local businesses, and driving local community development.

The value realisation from the Group's internal strategies provides direct impetus towards external value-creation where stakeholders along our value chains become the main beneficiaries. Together, they demonstrate TSH's commitment to not only our prosperity but also the well-being of our stakeholders.



A complete breakdown of financial figures for FY2023 can be found in the AR2023 under the MD&A and Financial Performance section.

ECONOMIC VALUE VS ENVIRONMENTAL FOOTPRINT

Measuring economic performance against our environmental footprint allows the Group to assess the efficiency of our operations in terms of resources and energy used, as well as environmental impact. This measurement helps TSH identify opportunities for improvement and increase efficiency, thereby enhancing economic value generation while driving environmental stewardship.

TSH's operational efficiency has been evaluated against our environmental impact, specifically concerning carbon emissions. Thus far, we have been able to sustain economic growth while offsetting much of our environmental footprint through strategic optimisation of our operations.

Information on emission management measures and our efforts to drive operational efficiency can be found in the Emission Management for Climate Resilience page 47.

| | FY2021 | FY2022 | FY2023 |
|--|--------|--------|--------|
| Carbon Emissions (tonnes/RM'million revenue) | 0.23 | 0.22 | 0.25 |

SUSTAINABILITY REPORT

LOCAL PROCUREMENT AND SUPPLY CHAINS

TSH supports the local marketplace through responsible procurement practices that help foster local industries, facilitate local knowledge transfer, and ensure shared prosperity for local communities. Fair and equitable procurement practices strengthen trust with our external providers and enable us to source for the most competitively priced products and services that best fit our needs.

Procurement is carried out under the Group’s procurement practices and procedures. At the same time, the Group is continuously improving our general purchasing and procurement practices to achieve a better tender process for vetting external providers. This requires all parties at every level of the process to be transparent from pre-qualification until the award and post-project evaluations. The Procurement Department reviews new suppliers to ascertain if they are

competent based on financial and background checks, tax compliance, and compliance with legal requirements. At the same time, TSH actively seeks out options and alternatives from a diversified list of vendors to ensure our tender process remains robust, transparent and cost-effective.

In FY2023, TSH extended its GSP to third-party suppliers, aimed at helping them understand the commitment and emphasis that the Group places towards ESG. Additionally, TSH established an ESG Supplier Questionnaire aimed at main active suppliers to uphold the Group’s ESG value and subsequently received a response from a majority of our active suppliers on the assessment. As a way forward action, TSH strives to incorporate ESG considerations as a criterion to achieve a more sustainable procurement process. This will come under the Group’s lead and will be implemented progressively.

The table below shows procurement data for all business units of the Group:

Supporting Our Local Suppliers



95%
Local Supplier



RM498 Million
Total Procurement Spent on Local Business

Based on our procurement data, approximately 95% of procurement spending in FY2023 was on local vendors. This refers to suppliers that operate locally within the country we operate in. The remaining 5% procurement was from overseas suppliers primarily due to the nature of EIB’s hardwood flooring business which requires the purchase of temperate hardwood species, as preferred by its customers. Looking ahead, we intend to continue supporting local contractors and suppliers as strategic partners.

We aspire to encourage and empower better ESG practices among our external providers, which includes the formulation of due diligence guidelines for new and existing partners as well as identifying suppliers.

TRACEABILITY

Product traceability is a key aspect of TSH’s commitment to transparency and accountability. It allows us to track our products from our plantations to consumers, ensuring quality control and sustainable practices are maintained throughout

the process. Traceability also provides our consumers with the assurance that the products they purchase are ethically produced according to expected standards.

TSH remains steadfast in our dedication to palm oil traceability, in harmony with our pledges against deforestation, new planting on peat, and burning. This will assist the identification and mitigation of any environmental and social risks within our supply chain.

In FY2023, TSH has identified that 68% and 100% of our CPO and PK are traceable to the Group’s Malaysian and Indonesian plantations respectively. Overall, 90.84% of our CPO and PK are traceable to the source supplied.

SUSTAINABILITY REPORT

ENVIRONMENTAL STEWARDSHIP THROUGH SUSTAINABLE PALM OIL



TSH understands the inherent environmental risks associated with our business operations. As such, TSH actively undertakes rigorous measures, guided by comprehensive regulations to ensure that all value-creation activities across our business units cause minimal environmental harm.

Our approach to environmental management adheres to stringent standards, including those related to RSPO, MSPO and ISPO. Additionally, we comply with all local laws and regulations in Malaysia and Indonesia.

EMISSION MANAGEMENT FOR CLIMATE RESILIENCE

GRI 305-1, GRI 305-2

Addressing climate change and emissions is not only about reducing TSH's environmental footprint but also about understanding and preparing for potential impacts and opportunities climate change may bring. By proactively managing our emissions and adapting to these potential impacts, TSH ensures our long-term stability and affirms our role in combatting climate change.

Presently, the Group has categorised the Scope 1 and Scope 2 emissions from FY2019 to FY2023 through a comprehensive GHG Inventory Assessment. This assessment has enabled us to look into the various aspects of our business segments and identify target areas that either contribute to or are susceptible to climate impacts. In our on-going commitment to transparency and sustainability, we have embraced a more comprehensive methodology as outlined in the GHG Protocol Corporate Accounting and Reporting Standard. We have also begun disclosing our Scope 3 emissions in FY2023 specifically emissions from employee commuting and business travel.

Looking ahead, TSH is anticipating disclosing climate change-related risk assessment, aligning with our aspiration for compliance with the Task Force on Climate-Related Financial Disclosures ("TCFD") by the end of FY2025. This assessment will allow the Group to scrutinise specific operational risks due to climate change impacts and the best ways to build resilience.

BIO-INTEGRATION COMPLEX FOR RENEWABLE ENERGY

The Group's Bio-Integration Complex in Sabah allows the Group to make use of the waste by-products produced by our plantation and mill operations. The main type of waste derived from CPO is POME which releases methane during the treatment process.

Additionally, our plantations are heavy generators of biomass waste. These come in the form of leaf fronds, mesocarp fibers, palm kernel shells, and EFBs which are used as fuel for boilers to generate electricity.

Meanwhile, the energy generated from the biogas power plant is fully utilised towards meeting the complex's steam and electricity needs.

TSH strives to adopt the best technology and practices to ensure high efficiency of biogas production and power generation to play a significant role in contributing to the national renewable and green energy demands. This development also provides socio-economic benefits to the surrounding area, where local employees are employed for the operation of the plant.

The Group's GHG absolute emissions can be categorised into the following sources:

Scope 1

Direct source emissions, which are generally on by mechanical and non-mechanical sources such as genset, boiler, fertilisers, open lagoons, and biomass land application.

Scope 2

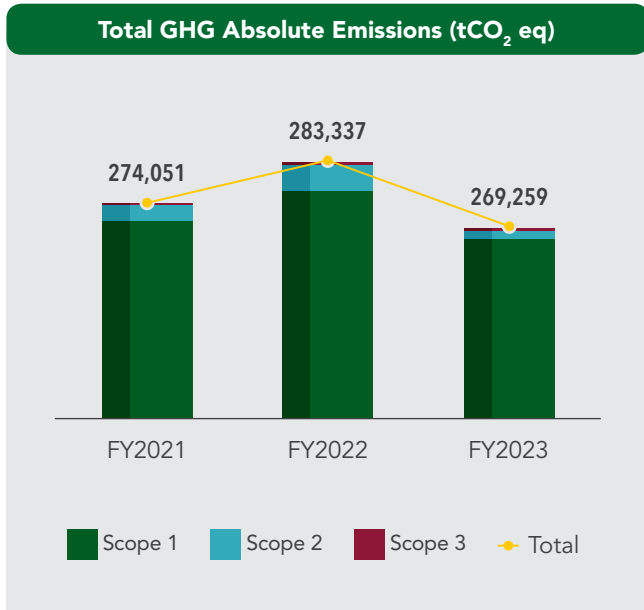
Indirect source emissions linked to purchase electricity consumption.

Scope 3

Indirect source emissions mainly associated with employee commuting and business travel.

SUSTAINABILITY REPORT

For comparability across the 3 years, data from FY2021 and FY2022 have been restated due to the expansion of organisational boundaries in SR2023, as well as the revision of emission factors and other data. All calculations are based on methodologies from the GHG Protocol Corporate Accounting and Reporting Standard and emission factors from the International Panel on Climate Change (“IPCC”).

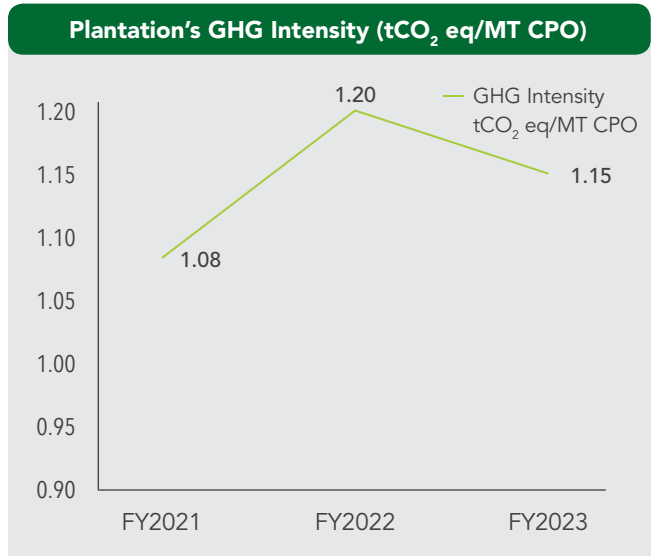


In FY2023, the Group’s total absolute emission was 269,259 tCO₂ eq which is a 5% decrease from previous year emission as shown in the graph.

The Group’s Scope 1 emission was reduced mostly caused by non-mechanical sources such as lower EFB land application due to the selling off estates in Sabah.

In FY2023, TSH initiated the inclusion of Scope 3 emissions in overall GHG accounting, with a specific focus on emissions associated with employee commuting and business travel. This encompasses tailpipe emissions generated during the travel to and from work.

As we embark on the path to align more closely with the GHG Protocol, we acknowledge that this marks merely the initial phase. In the years ahead, we are dedicated to improving the precision of our emissions data and progressively integrating Scope 3 elements into our reporting framework.



PRESERVATION AND CONSERVATION OF BIODIVERSITY

GRI 304-1, GRI 304-2, GRI 304-3

Biodiversity is essential for maintaining the ecological balance, resilience, and long-term sustainability of the palm oil industry. We recognise that preserving biodiversity in palm oil production areas can help address concerns related to deforestation, habitat destruction, and the displacement of indigenous communities. Adopting sustainable practices that support biodiversity can contribute to a more ethical and socially responsible palm oil industry.

The Group’s strategic approach towards the protection and conservation of biodiversity in the areas we operate is guided by the requirements of the industry certifications (RSPO, MSPO & ISPO) and sustainability frameworks we adopt. We established GSP, Sustainable Palm Oil Policy (“SPOP”) and procedures that are communicated and cascaded down to our operations in their local languages. The policies and procedures provide comprehensive guideline that ensures our operations do not result in unnecessary ecological harm.

Our GMD primarily oversees the management and development of our palm products business, in particular in Indonesia whereas our Group Executive Director (“GED”) oversees the Group’s business and operations in Sabah. The Heads of Estates (“HOEs”) at each site are responsible for regular monitoring, implementation, and reporting on various aspects of biodiversity, including but not limited to the management plans for HCV areas.

At the same time, we have taken other measures such as proactive fire prevention and robust reforestation efforts to further strengthen the Group’s commitment to biodiversity preservation.

SUSTAINABILITY REPORT

COMPLIANCE WITH CERTIFICATION STANDARDS

TSH's approach to biodiversity management is deeply rooted in our commitment to meeting the stringent requirements of the RSPO, MSPO, and ISPO certification standards. To maintain compliance, we remain dedicated to managing the potential impacts our operations can have on the surrounding ecosystems. This involves diligently adhering to the regulations of these certifications, encompassing areas such as pesticide use and reliance on IPM, responsible water and pollution management, protection of natural water bodies and HCV areas, and the establishment of riparian buffer zones within the Group's plantations, among others.

In line with these requirements, we have aligned TSH's internal policies and procedures to ensure that biodiversity conservation and environmental management are integral considerations at all levels of our operations. A big part of this is our adoption of the NDPE approach that ensures all plantation activities are conducted with minimal harm to the natural landscape.

As part of the certification requirements, TSH also regularly monitors and assesses HCV areas and the biodiversity within our plantations. This rigorous approach not only ensures compliance with certification but also allows us to evaluate the effectiveness of our HCV management approach.

THE HCV APPROACH

HCV protection is a central and unwavering commitment within our conservation framework. It reflects our dedication to preserving areas of high ecological, cultural, and social value. These HCV areas play a crucial role in maintaining biodiversity, supporting unique ecosystems, and safeguarding habitats for rare and endangered species.

HCV areas were determined through assessments conducted by experts, as part of RSPO policy and compliance. These assessments also set out to identify flora and fauna species that may require specific and targeted management. A designated budget for HCV re-assessment has been allocated to cover resources such as annual biodiversity monitoring, satellite imaging monitoring, and establishing a dedicated team for weekly drone monitoring. This topic has also become a mandatory agenda for sustainability meetings.

To enhance the control and protection of HCV areas, stringent measures are being implemented, including the installation of boundary markers, signboards, and route barriers. These measures aim to ensure comprehensive control and protection of HCV areas. We also prioritise local community engagements through regular briefings and communication sessions. These activities aim to raise awareness about the importance of HCV protection and encourage compliance with the set requirements.



Signboard boundary at estates



Tree marking to indicate area of boundary

SUSTAINABILITY REPORT

FIRE PREVENTION

Forest fires pose a significant threat, capable of causing catastrophic consequences if left unchecked. Beyond the potential property damage to TSH, the implications extend to the vital protection of flora and fauna, as well as contributing to air pollution. Recognising the gravity of this risk, the Group is proactive in its approach, taking comprehensive measures to prevent and mitigate forest fires.

One notable highlight of our commitment is the construction of six new fire towers within a year, bringing the total to 119 fully operational fire towers across all our estates. These towers serve as critical tools in our surveillance and rapid response efforts, further fortifying our ability to detect and address potential fire outbreaks promptly. Additionally, drones are also used to enhance our fire hotspot monitoring efforts. This is an important addition to other established means of monitoring such as satellite imaging and physical checks. The multi-pronged approach enables us to identify fires early and prevent them from spreading swiftly.

In FY2023, we conducted fire fighting training in collaboration with the Indonesian Forest Fire Control Brigade. Recognising that effective fire fighting requires not only equipment but also a skilled workforce, we have prepared all our estates with the necessary fire fighting equipment and established dedicated teams ready for immediate action.



Fire towers installed within estates



Community briefing on forest fire prevention



Fire fighting training



Fire fighting equipment

SUSTAINABILITY REPORT

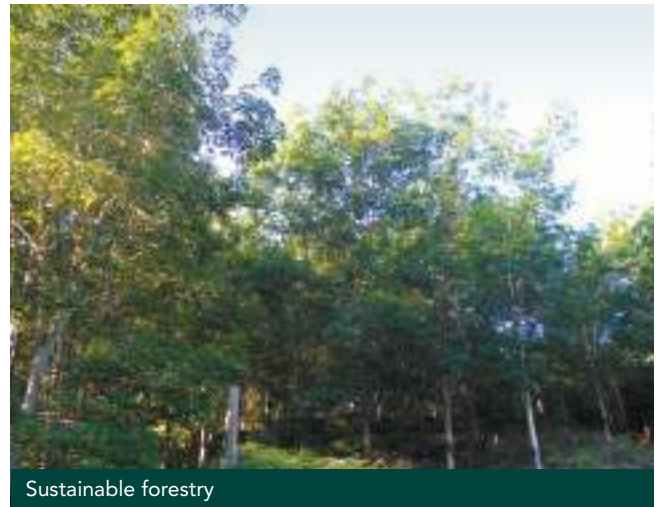
BIODIVERSITY CONSERVATION EFFORTS

By restoring degraded or deforested areas, the Group can drive sustainable palm oil production and offset the ecological damage that is a result of our operations. These initiatives also enhance biodiversity, protect vital ecosystems, and contribute to carbon sequestration.

The Group was awarded a concession to manage 95,010 Ha of commercial forest land in Ulu Tungud, Sabah by the Sabah State Government. To date, 33,502 Ha are zoned for industrial tree planting, while 3,387 Ha have been designated as conservation areas. The remaining 58,056 Ha are zoned for natural forest management. This includes the Meliau Range which is home to a diverse range of flora and fauna species. The efforts by the Group to maintain and protect this area enable the long-term survival of the rich biodiversity here and protect them from overexploitation.

The Group's forest restoration efforts are not confined to these conservation areas only, but also within our estates. TSH regularly initiates such tree planting efforts, specifically focusing on areas not designated for oil palm cultivation while it may be on a smaller scale; the Group sees these kinds of efforts equally useful as it promotes responsible biodiversity practices even at the estate level.

Our dedication towards biodiversity conservation has been fruitful as TSH received zero non-conformance reports ("NCR") related to biodiversity management during RSPO, MSPO and ISPO audit in FY2023. 100% of our palm oil estates have undergone HCV assessments. As a result of these assessments, a total of 68 species of flora and 110 species of fauna were identified.



Sustainable forestry



Tree planting initiative within estate

| International Union for Conservation of Nature ("IUCN") | Total Number of Flora Species | Total Number of Fauna Species |
|---|-------------------------------|-------------------------------|
| Critically Endangered ("CR") | 1 | 5 |
| Endangered ("EN") | 7 | 21 |
| Vulnerable ("VU") | 26 | 36 |
| Near Threatened ("NT") | 12 | 15 |
| Least Concern ("LC") | 22 | 33 |
| Total Number of Species | 68 | 110 |

*Halcyon smyrnensis**Mimosa Pudica*

SUSTAINABILITY REPORT

EFFICIENT WATER MANAGEMENT AND EFFLUENT CONTROL

GRI 303-1, GRI 303-2, GRI 303-3, GRI 303-4, GRI 303-5

The Group understand that water scarcity is a global concern and that sustainable water supply is critical for human and business activities. As such, the Group is cognisant that responsible water practices are essential to help conserve water, prevent pollution and reduce costs for the long-term success of our operations.

We recognise the significant risk of water scarcity, especially in areas which do not have municipal water supply. To address this concern, TSH actively monitors our water usage, seeking opportunities to reduce consumption and enhance process efficiency while minimising pollution to nearby water bodies.

The majority of water consumed at our mills and plantations is drawn from surface and underground water. For the Ekowood manufacturing facility, water is procured from the municipal piped supply provided by Lembaga Air Perak ("LAP").

As a part of our commitment to water conservation, we utilised riparian reserves within the estates whereby these reserves act as a filter, preserving the quality of water entering nearby water bodies. This integrated approach aligns with our commitment to responsible and sustainable water management practices. Additionally, some of our plantations have implemented rainwater harvesting systems to recirculate water.



Rainwater harvesting tank for office and housing



Rainwater harvesting pond installed for the nursery

In an approach to support our environmental disclosures, TSH initiated a monitoring system for our water consumption. This initiative aimed to provide detailed information into the water consumption of each segment and identify potential areas where water management can be strengthened further. TSH remains dedicated to providing full-year data in future reporting following the full integration of our comprehensive management and monitoring system.

TSH consistently monitors water consumption across our operations, especially at our palm oil mills and EIB. The water consumption for palm oil mills and EIB are as follows.

| Palm Oil Mills | FY2021 | FY2022 | FY2023 |
|--|-----------|-----------|---------|
| Total water consumption (m ³) | 1,558,038 | 1,322,087 | 988,400 |
| Average water consumption per MT of FFB processed (m ³ /MT FFB) | 1.10 | 1.12 | 0.95 |

| Ekowood | FY2021 | FY2022 | FY2023 |
|---|--------|--------|--------|
| Total water consumption (m ³) | 61,106 | 64,050 | 49,456 |
| Average water consumption per production output (m ³ /m ²) | 0.14 | 0.13 | 0.23 |

SUSTAINABILITY REPORT

EFFLUENT MANAGEMENT

Part of responsible water management involves addressing the quality of effluent discharge, particularly POME, a waste by-product of the palm oil milling process. POME possesses significant polluting properties such as elevated levels of organic nitrogen, grease, COD, and BOD.

Given its potential environmental impact, TSH carefully treats POME before releasing it into water bodies, as untreated POME can negatively impact soil health and water quality due to its acidic properties. However, whenever feasible, the Group integrates waste recovery principles into our effluent management processes. There are instances where treated POME can be used as a nutrient-rich fertiliser for land use applications. In both scenarios, raw POME first undergoes the necessary treatment to ensure it does not cause any environmental harm.

To ensure adherence to environmental standards, we regularly conduct tests on the treated effluent discharged from our mills. Through these measures, we ensure effluent quality complies with the relevant environmental requirements in Malaysia and Indonesia.

SUSTAINING VALUE THROUGH WASTE MANAGEMENT

GRI 306-1, GRI 306-2, GRI 306-3, GRI 306-4, GRI 306-5

Effective waste management is necessary for the sustainability of the palm oil industry. For TSH, the production of palm oil generates significant amounts of by-products, including EFB, palm kernel shells, and POME alongside both non-hazardous and hazardous waste.

Without proper waste management practices, these by-products can lead to environmental degradation and threaten the surrounding ecosystems. However, by implementing responsible waste management strategies, such as the 4R's principle (reduce, reuse, recycle and recover), composting,

bioenergy production, and the utilisation of waste for sustainable practices, the palm oil industry can minimise its environmental impact.

TSH adheres to all applicable regulatory requirements in the countries where we operate. For the proper management of hazardous waste or scheduled waste ("SW"), we ensure the collection and disposal of SW at approved facilities through authorised contractors licensed by the respective local authorities. The categories of SW generated include spent lubricating oil, as well as discarded or off-specification inks, paints, pigments, lacquer, dye, or varnish products containing organic solvents.



The biomass by-products produced by the Group's plantations and mills are recycled back into the soil as organic fertiliser



Recycling bins available at the estates

General Waste (MT)

| | FY2023 |
|----------------|------------|
| Palm Oil Mills | 322 |
| Ekowood | 105 |
| Total | 427 |

Scheduled Waste (kg)

| | FY2023 |
|----------------|---------------|
| Palm Oil Mills | 21,602 |
| Ekowood | 18,240 |
| Total | 39,842 |

SUSTAINABILITY REPORT

DRIVING EFFICIENT ENERGY SOLUTIONS

GRI 302-1, GRI 302-4, GRI 306-4

Energy management is a primary focus area within TSH's environmental strategy given its linkage with other critical topics, such as climate change, while significantly impacting our operational efficiency and productivity.

The Group relies on two primary energy sources: fossil fuels, namely diesel, petrol, and natural gas (direct energy consumption), and electricity (indirect energy consumption). These fossil fuel resources power the machinery and vehicles needed to run our operations, while electricity is primarily used to run our office and estate infrastructure.

The Group's foray into RE utilisation began with the establishment of our Bio-Integration Complex in Kunak, Sabah. This complex allows the Group to generate RE exclusively from the waste by-products from our mills and estates. More recently, this venture into RE generation has been mirrored by EIB by utilising solar panels to significantly reduce its dependence on the national grid.

WASTE-TO-ENERGY APPROACH

In FY2005, the Group built our Bio-Integration Complex in Kunak, Sabah to harness RE from our plantations and mills. This facility has enabled TSH to adopt an innovative waste management approach and recirculate our biomass and biogas waste into valuable energy feedstock.

The plant is equipped with a 14 MW biomass co-gen power plant and a 3 MW biogas engine, allowing it to convert agricultural waste into electricity and industrial steam efficiently.



RENEWABLE ENERGY OPTIMISATION

In FY2022, EIB continued the Group's pursuit towards energy optimisation by investing over RM3.13 million to install a 1.5 MWp solar panel system. The energy generated by this system was meant to reduce the company's dependency on the national grid. In FY2023, half of EIB total energy consumption of 4 million kWh was met by renewable solar energy generation of 2 million kWh. This resulted in over RM1 million in savings on EIB's annual electricity bill. Additionally, EIB has also optimised its operational efficiency by installing inverters for boiler operations while automating manufacturing processes.

SUSTAINABILITY REPORT



The total energy consumption in relation to the operations of our palm oil mills, EIB, and bio-integration complex is shown below:

| Energy Consumption | | | | |
|--------------------------------------|----------------|-----------|-------------------------|------------|
| | Palm Oil Mills | Ekowood | Bio-Integration Complex | Total |
| Renewable energy consumption (kWh) | 24,795,881 | 2,371,667 | 12,648,408 | 39,815,956 |
| Total energy consumption (GJ) | 94,411 | 16,294 | 45,665 | 156,370 |

SUSTAINABILITY REPORT

NAVIGATING SOCIAL IMPACT STRATEGIES



The Group's commitment to employee well-being is at the heart of our social initiatives. By cultivating a safe and inclusive workplace with fair compensation, we create a dedicated and engaged workforce that drives operational efficiency and productivity. These positive outcomes extend beyond TSH, benefiting our external stakeholders, especially those within our value chain and surrounding local communities. By fostering open and transparent communication, we build trust and create an environment conducive to sustainable business operations.

Our operations are aligned with the Universal Declaration of Human Rights, the International Labour Organisation's ("ILO") core convention, ILO 11 Indicators of Forced Labour, United Nations Guiding Principles on Business and Human Rights, and the United Nations Global Compact ("UNGC") on human rights among others. To further strengthen our commitment to safeguarding our workforce, TSH has adopted UNSDG 8.8, to protect labour rights, eradicate forced labour, and promote a safe and secure working environment.

As such, our commitment to social welfare goes beyond regulatory compliance. We strive to enrich our workforce through development initiatives that empower individuals and contribute to the well-being of the broader community where they live and work.

LABOUR RIGHTS AND WELFARE

GRI 401-1, GRI 401-2, GRI 404-1, GRI 405-1, GRI 406-1, GRI 407-1, GRI 408-1, GRI 409-1

Fair employment practices play a pivotal role in ensuring that our workforce is treated with respect and provided with a safe working environment. Our commitment extends to fostering an inclusive workplace, which in turn promotes a harmonious work culture that allows the Group to retain talented employees and drive better cohesion. This not only enhances operational efficiency but also safeguards TSH against potential risks.

HUMAN AND LABOUR RIGHTS

As a responsible employer, TSH has an unwavering commitment to upholding human and labour rights in line with industry standards and the relevant regulations. By doing so, we not only attract and retain talented employees but also mitigate potential risks to social stability, such as strikes or labour disputes. At the same time, the Group recognises that any human or labour rights violations can significantly harm our business as they expose us to litigation and penalties while restricting our access to certain markets.

Our operations at TSH are defined by an unwavering commitment to advancing and promoting human rights. Throughout our business units, we diligently strive to eradicate exploitation and implement strategic action plans to address our most significant human rights issues.

The foundation of our commitment to human rights lies in our comprehensive Human Rights and Responsible Business Practices Policy, which has been developed per relevant international and local laws. This policy supplements existing frameworks, placing particular emphasis on Free, Prior, and Informed Consent ("FPIC"), especially in plantation operations. As part of the Group's efforts to uphold the rights of the communities in the areas where we operate, FPIC is a necessity before new plantings are carried out. This ensures the local communities are informed and empowered, with a clear avenue for future negotiations or grievances.

The Group's proactive approach to the matter has also led to the establishment of Welfare Committees in each of our plantations to represent the interests of our workers. These committees can also serve as a formal means of communication for any potential grievances an employee may have in terms of working conditions, recruitment practices, or any other human rights violations.

Additionally, the Group upholds a No Child Labour Policy which opposes any form of child labour throughout our operations. TSH advocates for the protection of children and encourages their development through awareness and education.

Our commitment to transparency is evident in the public display of our policies on our website <https://www.tsh.com.my/sustainability/people/>.

SUSTAINABILITY REPORT

In FY2023, the total members who were a part of our plantation sectors Workplace Welfare Committee are as below:



The Group had no substantiated complaints concerning human rights violations throughout FY2023.

DIVERSITY AND EQUAL OPPORTUNITY

As a way to ensure a just workforce, TSH practices a non-discriminatory approach to hiring and employee remuneration. Our motivation lies in creating a diverse workforce as we believe individuals from different backgrounds bring with them a wealth of diverse experiences and perspectives that can foster innovation. Meanwhile, promoting fair and equal opportunities within the workplace makes employees feel more included and valued, enhancing job satisfaction and boosting overall performance. By intentionally removing barriers to entry based on factors such as gender, age,

or race, the Group can attract a wider range of qualified candidates from a larger talent pool.

The Group practices a non-discriminatory approach concerning our workforce whereby employees are screened based on competence, qualification, experience, and professional contributions.

A diverse workforce enriches the Group by bringing innovative ideas from various perspectives, enhancing experience and learning. TSH remains committed to providing equal opportunities at all employment levels, regardless of gender and background differences. However, within the plantation sector, there is a natural skew towards more male employees in the field given the physically demanding nature of the job.

As at 31 December 2023, the general composition of TSH's workforce is illustrated as follows:

| PERCENTAGE OF TSH WORKFORCE (%) | | | | | |
|---------------------------------|-----------|---------|----------|--------|-------|
| Employee Category | Age Group | | | Gender | |
| | Below 30 | 30 - 50 | Above 50 | Men | Women |
| Board of Director | 0 | 11 | 89 | 89 | 11 |
| Management | 9 | 72 | 19 | 82 | 18 |
| Executive | 15 | 76 | 9 | 67 | 33 |
| Non-executive | 26 | 66 | 8 | 57 | 43 |
| Labour | 30 | 63 | 7 | 78 | 22 |

Note:

Figures are rounded up to nearest whole percentage.

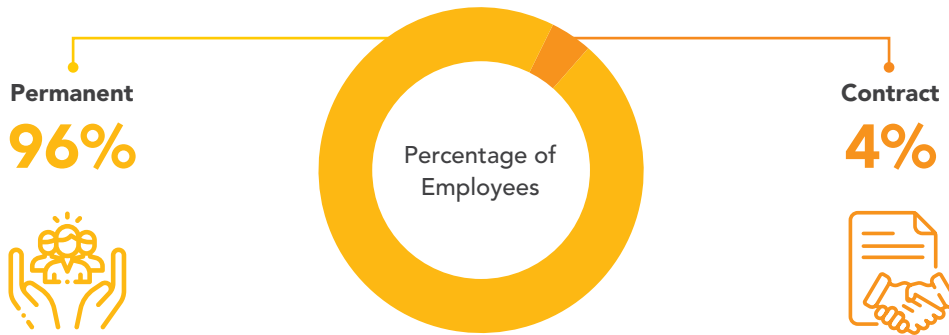
SUSTAINABILITY REPORT

HIRING AND RETENTION

Sound hiring and retention practices form the foundation of a high-performing, engaged, and resilient workforce. By strategically investing in these practices, TSH cultivates a positive culture that not only attracts but also retains top talent. Furthermore, identifying and developing internal talent ensures a seamless transition when key roles need to be filled. This proactive approach minimises disruptions and maintains organisational stability.

The process of hiring within TSH is managed by the respective HRD of each Business Unit. Our recruitment and selection procedures are designed to identify and bring on board individuals with the skills and capabilities that best fit the Group’s operations. Candidates are not judged by their physical traits, but rather by their set of qualifications and the specific requirements of the positions available. Only candidates who meet the Group’s criteria and pass the HRD’s selection process will be considered for employment.

As at 31 December 2023, the Group’s workforce is made up almost entirely by permanent employees.



In addition, in our plantation sector, we practice a structured employee referral rewards scheme that not only encourages a collaborative work culture but also rewards employees for contributing to the growth of the Group. Simultaneously, in EIB and our forest management business, we actively promote the socio-economic development of indigenous communities by providing employment opportunities.

We understand that despite our best efforts, attrition is a natural process of any organisation’s dynamics. The employee turnover is higher in plantations due to absconding. The majority of these employees who absconded are engaged in physical labour such as harvesting.

| Employee Turnover | FY2021 | FY2022 | FY2023 |
|-------------------|--------------|--------------|--------------|
| Staff | 223 | 257 | 267 |
| Labour | 2,809 | 4,525 | 3,744 |
| Total | 3,032 | 4,782 | 4,011 |

Note:
Staff refers to Management, Executive, and Non-Executive workforce.

Thus, at TSH, our approach focuses on understanding the reasons behind our employees’ departure and utilising the experience for continuous improvement. In addition,

the Group promotes and upgrading worker’s living quarters and estate infrastructure. Refer to Section Employee Benefits and Welfare page 59.

EMPLOYEE GRIEVANCE MECHANISM

An effective employee grievance mechanism is a fundamental component of a healthy workplace that promotes transparency and accountability. The Group believes that such a mechanism is important to foster trust among employees, who are more likely to express concerns and provide constructive feedback when they believe their opinions are valued. This open communication allows the Group to proactively identify potential issues and enable timely intervention.

TSH is committed to promoting transparent communication by instituting a systematic process for employees to report grievances or instances of wrongdoing anonymously. This mechanism addresses concerns such as discrimination, bullying, harassment, or coercion to commit a crime.

No substantiated grievances from employees were recorded in FY2023.

SUSTAINABILITY REPORT

TRAINING AND HUMAN CAPITAL DEVELOPMENT

TSH prioritises the continuous development of our workforce, ensuring they stay up-to-date with the relevant skills and industry knowledge. Through well-structured training programmes and knowledge-sharing initiatives, we cultivate a skilled and adaptable workforce that grants us a competitive edge within the industries we operate in. This strategic investment in the professional growth of our employees also enhances talent retention as individuals are more likely to stay with an organisation that actively fosters their career development.

The professional development of its workforce is key to the growth of any organisation and TSH is no different. With this intent in mind, the Group actively engages, develops, and empowers our workforce with a mission to advance their careers through targeted development opportunities and innovative learning solutions. In FY2023, a total of approximately 200,000 man-hours worth of training were provided to all employees within the Group.

Total Training Hours by Employee Categories



EMPLOYEE BENEFITS AND WELFARE

TSH is dedicated to fostering a work environment where the well-being and professional development of our employees are at the forefront of our decisions. We understand the significance of providing competitive compensation, benchmarked against the latest industry standards. We highly value the dedication and commitment of our employees and, as such, prioritise providing a comprehensive array of benefits.

Apart from providing leave allocation to facilitate rejuvenation and recharge, TSH offers health insurance coverage. These benefits help to ensure our employees receive support in terms of medical expenses.

TSH believes in providing comfortable living arrangements for our employees. Thus, we offer free housing with electricity and water supply to the workforce, so they can focus on work without worrying about housing costs.

List of Benefits

| | | | |
|---------------------|-----------------------------|--|---------------------------|
| Annual Leave | Study Leave | Marriage Leave | Parental Leave |
| Health Insurance | Outpatient Medical Benefits | Medical Facilities On Site | Dental and Optic Benefits |
| Compassionate Leave | | Free Housing, Electricity and Water Supply for Estates | |

SUSTAINABILITY REPORT



Initiative to reward Monthly Best Attendance in estates



Mosque at estates

ESTATE WORKER'S WELFARE

Apart from the benefits enjoyed by the other TSH employees, our plantation workforce is given special attention as they live within the Group's estates. TSH strives to ensure all the necessary amenities are provided for these workers to enjoy a fulfilling life. These include housing, community or recreational facilities, schools, places of worship, and such.



Total of 1,506 units of estate housing



21 mosques built across plantations



10 churches built across plantations



Estate housing provided for workers

EMPLOYEE ENGAGEMENT

It is important to TSH that all our employees enjoy a healthy work-life balance, regardless of whether they reside offsite or on-site at our plantations. We recognise that fostering a positive relationship with our employees is essential for boosting productivity and retaining top talent. Towards this end, we are committed to on-going communication with our employees to understand and address their needs, ensuring job satisfaction, well-being, and a safe workplace as well as shaping a high-performing workforce to drive business success. The Group actively explores opportunities to closely engage our workforce through regular events. Whenever possible, local communities are also invited to these events, contributing to both a conducive work culture and building lasting relationships that can lead to a collaborative and harmonious environment for everyone involved.



Corporate Hiking at Taman Tugu

SUSTAINABILITY REPORT



Family Day at estates



Family Day at estates



Corporate Pin-Strike Bowling Challenge



TSH Football Tournament



Sports Day at estates



Singing competition celebrating New Year's Eve

SUSTAINABILITY REPORT

ENSURING SAFETY AND HEALTH AT WORK

GRI 403-1, GRI 403-4, GRI 403-5, GRI 403-7, GRI 403-9, GRI 404-2

The Group’s primary objective surrounding OSH is to cultivate a work environment that is both safe and supportive. The occurrence of injuries or fatalities is deemed a tragic outcome that we are committed to preventing at all costs. Our focus is on guaranteeing that TSH offers a workspace that is not only safe and secure but also instils confidence in employees. This assurance enables them to perform at their best, ensuring that they return home safely to their families and loved ones, providing peace of mind for all.

TSH is resolutely committed to safeguarding the safety and health of its workforce, encompassing employees, contractors, and visitors across its group and subsidiaries. Our OSH policy and procedures develop the bedrock of our dedication to establishing a safe environment, extending our commitment beyond universal well-being. The Group is dedicated to providing accessible healthcare, mandating the use of protective equipment, and ensuring hazard management facilities.

TSH has formalised the OSH policy that is made publicly available at our website, <https://www.tsh.com.my/sustainability/people/>.

OSH MANAGEMENT

TSH has established an effective OSH management system to ensure we maintain a secure and productive work environment through adherence to the Group’s established policies and procedures. Such a management structure further allows us to proactively identify and mitigate potential workplace hazards that could harm employee safety. By fostering a safer workplace, we not only enhance productivity but also maintain compliance with regulatory safety standards.

To uphold the Group’s commitment to OSH management, we integrate various proactive measures into our daily operations. These include comprehensive risk assessments for each activity, regular workplace audits, daily toolbox briefings, safety training, and drills.

Additionally, we have also established OSH committees at each operating site in accordance with legal requirements which play a pivotal role in bringing together key stakeholders. The committee serves as a platform for consultations on OSH issues, identification of areas for improvement, and the sharing of best practices among our workforce. By staying vigilant through these assessments, we remain focused on our safety goals, ensuring on-going progress and the attainment of our objectives.

| Business Unit | Number of OSH Committee Members |
|----------------------|---------------------------------|
| Indonesia Operations | 295 |
| Sabah Operations | 82 |
| Ekowood | 22 |

We ensure that our plantations are safe and meet regulatory requirements, and we communicate clearly with our stakeholders on health and safety matters. All employees and workers are also expected to undergo a medical check-up to ensure they are fit to handle the job and avoid potential health risks from arising. Within our estates and mills, clinics and first aid stations are available, staffed by trained medical professionals, and we have an ambulance on call for emergencies.

At the same time, TSH ensures that we provide the necessary training and educational materials that are translated into our workers’ native languages to ensure they understand and stay up-to-date with the latest standards and best practices.

OSH PERFORMANCE

Measuring OSH performance is essential for TSH to systematically assess and enhance the safety of our business segments. By tracking metrics such as LTIs, the Group can identify areas for improvement and proactively mitigate potential risks. A robust OSH performance measurement system not only safeguards our employees but also contributes to increased productivity and operational efficiency.

LTI

| OSH Data | FY2022 | FY2023 |
|-----------------------------------|--------|--------|
| LTIFR | 6.08 | 3.86 |
| Number of Work-related Fatalities | 0 | 1 |

Note:

LTI is defined as an accident which results in the injured person being absent for one or more workdays beyond the day of the accident. LTIFR is calculated based on 200,000 man-hours. Data may differ from SR2022 as an enhanced calculation methodology has been adopted in FY2023.

SUSTAINABILITY REPORT

Despite our continuous safety efforts, we recorded one fatality involving a harvester in Indonesia in this financial year. The Group has reached out to the family impacted, conveying our sincerest condolences and providing financial assistance.

Adhering to our standard operating procedures, we have undertaken thorough investigations into this regrettable incident to ascertain the root cause and enhance the safety compliance through strengthening workplace monitoring, review of risk assessments, refinement of standard operating procedures and regular safety trainings.

OSH TRAINING

In FY2023, a total of 101,369 employees (based on accumulated numbers) received OSH training. The list of training programmes is as follows:

| Training Programmes | Internal/External |
|--|-------------------|
| Safe Electrical Awareness Training | Internal |
| Chemical Spillage Handling Training | Internal |
| Energy Manager Training | External |
| Safety & Health Officer Training | External |
| Safe Forklift Handling | External |
| Authorised Gas Tester | External |
| Authorised Entrant & Standby Person for Confined Space | External |
| First Aid Training | External |
| Fire Fighting Training | External |



Daily toolbox briefing



First aid training at Ekowood

SUSTAINABILITY REPORT

COMMUNITY INVESTMENT AND CORPORATE SOCIAL RESPONSIBILITY

GRI 413-1

Beyond altruism, TSH sees CSR as an investment for the Group. By actively investing in the welfare of our surrounding communities and involving them in, we cultivate a positive relationship. These bonds not only ensure their continued support of the Group’s operations but also safeguard our social license to operate.

Our CSR activities are catered to the specific needs of the communities around us. This ensures that we bring the most beneficial impact through our actions. The Group’s CSR activities fall under the following categories:



Community Interaction and Development



Nurturing Families and Knowledge Foundation



Local Health and Well-being



Cultural and Religious Ceremonies

CSR over **RM2.6 million**

In FY2023, TSH invested RM2.6 million to CSR activities. Among the 30 different beneficiaries endorsed by the Group includes various education facilities, humanitarian, animal welfare, health initiatives and community endeavors. At the same time, the Group also allocates resources to conducting our own CSR initiatives, while actively encouraging our employees to participate in these activities.



COMMUNITY INTERACTION AND DEVELOPMENT

The Group is committed to fostering positive relationships with the communities within and around our operational sites. Given their proximity, we regard these communities as key stakeholders whose support we deeply value. As such, TSH regularly organises activities and events aimed at building enduring bonds with them.



Awareness Talk on Harassment, Violence, and Sexual Exploitation against Women



Independence Day Celebration



SUSTAINABILITY REPORT



NURTURING FAMILIES AND KNOWLEDGE FOUNDATION

Education is the process where an individual acquires or imparts basic knowledge to another. The ultimate goal of education is to help an individual navigate life and contribute to society. It helps eradicate poverty and hunger, giving people the chance at better lives. Consequently, our commitment lies in ensuring that children have access to education infrastructure, striving to extend their school attendance for as long as possible.

The Group has established childcare centres in our plantations in Indonesia and Malaysia. These centres support working mothers employed by TSH by providing a secure and nurturing space for children, delivering supervised care and early childhood education for young children.

Given that education is an important priority to the Group, we do our best to ensure that the children within our estates are provided with all the necessities to ease their access to education.



Transportation

39

Students

1,495

Provision of school buses for children of estate workers



Distribution of stationeries and learning materials to the childcare centre



Kindergarten Graduation Day Celebration

SUSTAINABILITY REPORT



NURTURING FAMILIES AND KNOWLEDGE FOUNDATION

The English Club has been established in one of Indonesian estates at PT Sarana Multi Niaga with the aim of offering an enriching and educational platform for children residing at the estates to enhance their English language proficiency through engaging and interactive activities such as games and storytelling. Classes are held weekly and attended by over 100 participants, including children from local estates and workers' families. The programme is facilitated by voluntary tutors from the management level, ensuring a high-quality learning experience for all participants.



Attended by over **100** participants



English Club in estates

SUSTAINABILITY REPORT



LOCAL HEALTH AND WELL-BEING

In sustainable communities, the health and well-being of residents take precedence. Access to healthcare services, recreational areas, and initiatives promoting a healthy lifestyle are essential components of a thriving community where individuals can lead fulfilling lives. At TSH, putting employee well-being first directly affects our capacity to accomplish organisational goals and objectives.



Blood Donation Programme in Sabah



Healthy Child Immunisation Programme



A joint-initiative with Indonesian Community Health Centre for Clean and Healthy Living Behavior Programme



SUSTAINABILITY REPORT



CULTURAL AND RELIGIOUS CEREMONIES

TSH is dedicated to upholding social responsibility and embracing cultural diversity. We understand the significance of honouring various cultural and religious traditions, fostering inclusivity, and ensuring that our business practices align with local values. Through our commitment to cultural and religious sensitivity, we strive to create an environment where everyone feels respected and valued.



Iftar gathering with the local community



The Prophet's Birthday Celebration



The Prophet's Birthday Celebration

SUSTAINABILITY REPORT

APPENDICES

BURSA SUSTAINABILITY DISCLOSURE INDEX

| DISCLOSURE GUIDANCE | | | | | | |
|---------------------|--------------------------------|--|----|--|--|--|
| No. | Topic | Disclosure Guidance | | Location | | |
| 1. | Sustainability Governance | 1. Oversight of sustainability matters | a) | Oversight responsibility | Sustainability Governance Structure pages 37-38 | |
| | | | b) | Nature of oversight | | |
| | | 2. Strategic management of sustainability matters | a) | Strategic management responsibility | | |
| | | | b) | Nature of strategic management | | |
| | | 3. Day-to-day implementation of sustainability matters | a) | Implementation responsibility | | |
| | | | | | | |
| 2. | Scope and Basis of Preparation | 1. Scope | a) | Operations included/excluded | Reporting Scope and Boundary page 19 | |
| | | 2. Basis of scope | a) | Clear basis of scope | | |
| | | | b) | Explanation on changes in scope | Not applicable | |
| 3. | Materiality Assessment | 1. Identification of sustainability matters | a) | Internal and external data sources | Data Assurance page 20; Statement of Assurance page 80 | |
| | | | b) | Internal and external stakeholder groups engaged | Stakeholder Engagement page 34 | |
| | | 2. Prioritisation of material sustainability matters | a) | Stakeholder groups engaged for the prioritisation of its material sustainability matters | | |
| | | | | | | |
| | | 3. Illustration of prioritisation of material matters | a) | Materiality matrix showing relative importance of each matter | ESG & Sustainability Key Performance Indicators – Targets and Achievements pages 30-33 | |
| | | | | | | |
| | | 4. Review and validation of materiality assessment process and outcome | a) | Senior management review/approval | Data Assurance page 20 | |
| | | | b) | Board approval/validation/endorsement | | |
| | | 5. Frequency of materiality assessment process review | a) | Nature of assessment undertaken (full or limited) and underlying justification | Assessing Materiality page 29 | |
| | | | b) | Frequency of undertaking materiality assessment | Assessing Materiality pages 29-30 | |

SUSTAINABILITY REPORT

| DISCLOSURE GUIDANCE | | | | |
|---|---------------------|---|---|--|
| No. | Topic | Disclosure Guidance | Location | |
| 4. | Management Approach | 1. How the material sustainability matters are managed | a) i) All common sustainability matters | Refer table "Common Indicators" |
| | | | ii) Other matters identified | Refer table "Sector Specific Indicators: Plantation" |
| | | | b) Explanation on why each matter is material/ important | Throughout the report |
| | | | c) Clear and comprehensive disclosure on the management approach of each matter | |
| | | d) Implications of each matter (e.g. risks and opportunities) on overall business strategy and/or financial performance | | |
| | | 2. Reporting on relevant indicators | a) All common indicators | Refer table "Common Indicators" |
| | | | b) Due consideration to other potentially relevant indicators as suggested by Bursa's SR Guide | Reporting Frameworks page 19 |
| | | | c) Adequate explanation (e.g. relevance of indicators, underlying reasons for changes/ trends observed) | Throughout the report |
| | | | d) Performance targets set for reported indicators | |
| | | 3. For each reported indicator, provision of data for the last 3 financial years | a) 3 financial years' worth of data for each reported indicator | |
| b) Conformance with minimum data requirements set for newly adopted sustainability indicators | | | | |
| 5. | Performance Targets | 1. Performance Targets for reported indicators | a) Disclose performance targets set for reported indicators | ESG & Sustainability Key Performance Indicators – Targets And Achievements pages 31-33 |
| | | 2. Reporting of progress against performance targets | a) Disclose performance or progress against set targets | |
| | | | b) Actions taken to course correct (in the event of setbacks) | |
| | | | c) i Revised targets, if any ii Reason/basis for the revisions | |
| | | 3. Linking performance targets to remunerations | a) i Oversight responsibility ii Strategic management responsibility | Sustainability Governance Structure pages 37-38 |

SUSTAINABILITY REPORT

| COMMON INDICATORS | | | | |
|-------------------|--------------------------------|---------|---|--|
| No. | Common Sustainability Matters | Code | Indicators | Location |
| 1. | Anti-corruption | C1 (a) | Percentage of employees who have received training on anticorruption by employee category | Anti-Bribery and Anti-Corruption Training page 40 |
| | | C1 (b) | Percentage of operations assessed for corruption-related risks | Risk Management page 40 |
| | | C1 (c) | Confirmed incidents of corruption and action taken | Anti-Bribery and Anti-Corruption Training page 40 |
| 2. | Community/Society | C2 (a) | Total amount invested in the community where the target beneficiaries are external to the listed issuer | Community Investment and Corporate Social Responsibility page 64 |
| | | C2 (b) | Total number of beneficiaries of the investment in communities | |
| 3. | Diversity | C3 (a) | Percentage of employees by gender and age group, for each employee category | Diversity and Equal Opportunity page 57 |
| | | C3 (b) | Percentage of directors by gender and age group | |
| 4. | Energy management | C4 (a) | Total energy consumption | Energy Consumption page 55 |
| 5. | Health and safety | C5 (a) | Number of work-related fatalities | OSH Performance page 62 |
| | | C5 (b) | Lost time incident rate | |
| | | C5 (c) | Number of employees trained on health and safety standards | OSH Training page 63 |
| 6. | Labour practices and standards | C6 (a) | Total hours of training by employee category | Training and Human Capital Development page 59 |
| | | C6 (b) | Percentage of employees that are contractors or temporary staff | Hiring and Retention page 58 |
| | | C6 (c) | Total number of employee turnover by employee category | |
| | | C6 (d) | Number of substantiated complaints concerning human rights violations | Employee Grievance Mechanism page 58 |
| 7. | Supply chain management | C7 (a) | Proportion of spending on local suppliers | Local Procurement and Supply Chains page 46 |
| 8. | Data privacy and security | C8 (a) | Number of substantiated complaints concerning breaches of customer privacy and losses of customer data | Data Privacy and Security page 41 |
| 9. | Water | C9 (a) | Total volume of water used | Efficient Water Management and Effluent Control page 52 |
| 10. | Waste management | C10 (a) | Total waste generated, and a breakdown of the following: i. total waste diverted from disposal ii. total waste directed to disposal | Sustaining Value Through Waste Management page 53 |

SUSTAINABILITY REPORT

| COMMON INDICATORS | | | | |
|--|---|---------|--|--|
| No. | Common Sustainability Matters | Code | Indicators | Location |
| 11. | Emissions management | C11 (a) | › Scope 1 emissions in tonnes of CO ₂ e | Total GHG Absolute Emissions page 48 |
| | | C11 (b) | › Scope 2 emissions in tonnes of CO ₂ e | |
| | | C11 (c) | › Scope 3 emissions in tonnes of CO ₂ e (at least for the categories of business travel and employee commuting) | |
| Sector Specific Indicators: PLANTATION | | | | |
| No. | Sector-Specific Matters | Code | Indicators | Location |
| 1. | Biodiversity | S1 (a) | › Percentage of existing operations or projects assessed for biodiversity risks | Preservation and Conservation of Biodiversity pages 48-51 |
| | | S1 (b) | › Size and location of all habitat areas protected or restored | |
| | | S1 (c) | › Total number of International Union for Conservation of Nature (“IUCN”) Red List of Threatened Species and national conservation list species with habitats in areas affected by the operations of the company | |
| | | S1 (d) | › Percentage of certified palm oil as a percentage of total palm oil produced, used or processed, relative to Roundtable on Sustainable Palm Oil (“RSPO”) or Malaysian Sustainable Palm Oil (“MSPO”) recommendations * Applicable for listed issuers with oil palm crop | Industry Certifications page 41; Preservation and Conservation of Biodiversity pages 48-51 |
| 2. | Materials | S5 (a) | › Total weight or volume of materials that are used to produce and package products and services | No data |
| 3. | Supply Chain (Environmental) /Supplier Environmental Assessment | S6 (a) | › Percentage of new suppliers that were screened using environmental criteria | No data |
| | | S6 (b) | › Number of suppliers assessed for environmental impacts | |
| | | S6 (d) | › Percentage of fresh fruit bunch (“FFB”) sourced in accordance to certified environmental or sustainable standards * Applicable for listed issuers with oil palm crop | Industry Certifications page 41; Local Procurement and Supply Chains page 46 |
| 4. | Supply Chain (Social) /Supplier Social Assessment | S7 (a) | › Percentage of new suppliers that were screened using social criteria | No data |
| | | S7 (b) | › Number of suppliers assessed for social impacts | |
| 5. | Effluents | S8 (a) | › Total volume of water (effluent) discharge over the reporting period | No data |

SUSTAINABILITY REPORT

BURSA ESG PERFORMANCE DATA TABLE

The ESG Performance Data Table included in this Sustainability Report was generated from Bursa Malaysia's ESG Reporting Platform, in compliance with the enhanced sustainability reporting requirements outlined in Bursa Malaysia's Main Market Listing Requirements.

| Indicator | Measurement Unit | 2023 |
|---|------------------|--------------|
| Bursa (Anti-corruption) | | |
| Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category | | |
| Management | Percentage | 100.00 |
| Executive | Percentage | 100.00 |
| Non-executive/Technical Staff | Percentage | 0.00 |
| General Workers | Percentage | 0.00 |
| Bursa C1(b) Percentage of operations assessed for corruption-related risks | Percentage | 100.00 |
| Bursa C1(c) Confirmed incidents of corruption and action taken | Number | 0 |
| Bursa (Community/Society) | | |
| Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer | MYR | 2,618,175.00 |
| Bursa C2(b) Total number of beneficiaries of the investment in communities | Number | 30 |
| Bursa (Diversity) | | |
| Bursa C3(a) Percentage of employees by gender and age group, for each employee category | | |
| Age Group by Employee Category | | |
| Management Under 30 | Percentage | 9.02 |
| Management Between 30-50 | Percentage | 71.76 |
| Management Above 50 | Percentage | 19.22 |
| Executive Under 30 | Percentage | 14.67 |
| Executive Between 30-50 | Percentage | 76.06 |
| Executive Above 50 | Percentage | 9.27 |
| Non-executive/Technical Staff Under 30 | Percentage | 25.53 |
| Non-executive/Technical Staff Between 30-50 | Percentage | 66.32 |
| Non-executive/Technical Staff Above 50 | Percentage | 8.16 |
| General Workers Under 30 | Percentage | 30.19 |
| General Workers Between 30-50 | Percentage | 62.38 |
| General Workers Above 50 | Percentage | 7.43 |
| Gender Group by Employee Category | | |
| Management Male | Percentage | 81.57 |
| Management Female | Percentage | 18.43 |
| Executive Male | Percentage | 67.18 |
| Executive Female | Percentage | 32.82 |
| Non-executive/Technical Staff Male | Percentage | 56.58 |
| Non-executive/Technical Staff Female | Percentage | 43.42 |
| General Workers Male | Percentage | 78.40 |
| General Workers Female | Percentage | 21.60 |
| Bursa C3(b) Percentage of directors by gender and age group | | |
| Male | Percentage | 88.89 |
| Female | Percentage | 11.11 |
| Under 30 | Percentage | 0.00 |
| Between 30-50 | Percentage | 11.11 |
| Above 50 | Percentage | 88.89 |

Internal assurance

External assurance

No assurance

(*)Restated

SUSTAINABILITY REPORT

| | | |
|--|------------|--------------|
| Bursa (Energy management) | | |
| Bursa C4(a) Total energy consumption | Megawatt | 43,436.03 |
| Bursa (Health and safety) | | |
| Bursa C5(a) Number of work-related fatalities | Number | 1 |
| Bursa C5(b) Lost time incident rate ("LTIR") | Rate | 3.86 |
| Bursa C5(c) Number of employees trained on health and safety standards | Number | 101,369 |
| Bursa (Labour practices and standards) | | |
| Bursa C6(a) Total hours of training by employee category | | |
| Management | Hours | 3,958 |
| Executive | Hours | 4,253 |
| Non-executive/Technical Staff | Hours | 9,162 |
| General Workers | Hours | 182,531 |
| Bursa C6(b) Percentage of employees that are contractors or temporary staff | Percentage | 4.16 |
| Bursa C6(c) Total number of employee turnover by employee category | | |
| Staff (Refers to Management, Executive and Non-executive) | Number | 267 |
| Labour | Number | 3,744 |
| Bursa C6(d) Number of substantiated complaints concerning human rights violations | Number | 0 |
| Bursa (Supply chain management) | | |
| Bursa C7(a) Proportion of spending on local suppliers | Percentage | 94.67 |
| Bursa (Data privacy and security) | | |
| Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data | Number | 0 |
| Bursa (Water) | | |
| Bursa C9(a) Total volume of water used | Megalitres | 1,037.860000 |
| Industry Certifications | | |
| Percentage of certified palm oil as a percentage of total palm oil, relative to RSPO recommendations | Percentage | 30.60 |
| Percentage of certified RSPO estates | Percentage | 44.00 |
| Percentage of certified RSPO mills | Percentage | 60.00 |

SUSTAINABILITY REPORT

GLOBAL REPORTING INITIATIVES ("GRI") INDEX

| GRI Standard | Disclosure | Page Reference/ Reasons For Omissions |
|--|--|---|
| GRI 2: General Disclosures 2021 | 2-1 > Organisational details | Corporate Profile pages 8-9 |
| | 2-2 > Entities included in the organisation's sustainability reporting | Reporting Scope and Boundary page 19 |
| | 2-3 > Reporting period, frequency and contact point | |
| | 2-4 > Restatements of information | Emission Management for Climate Resilience pages 47-48; OSH Performance page 62 |
| | 2-5 > External assurance | No data |
| | 2-6 > Activities, value chain and other business relationships | Corporate Profile pages 8-9 |
| | 2-7 > Employees | Diversity and Equal Opportunity page 57 |
| | 2-9 > Governance structure and composition | Sustainability Governance Structure pages 37-38 |
| | 2-10 > Nomination and selection of the highest governance body | |
| | 2-11 > Chair of the highest governance body | |
| | 2-12 > Role of the highest governance body in overseeing the management of impacts | |
| | 2-13 > Delegation of responsibility for managing impacts | |
| | 2-14 > Role of the highest governance body in sustainability reporting | |
| | 2-15 > Conflicts of interest | Profile of Board of Directors pages 83-94 |
| | 2-16 > Communication of critical concerns | No data |
| | 2-17 > Collective knowledge of the highest governance body | Profile of Board of Directors pages 83-94 |
| | 2-18 > Evaluation of the performance of the highest governance body | No data |
| | 2-19 > Remuneration policies | |
| | 2-20 > Process to determine remuneration | |
| | 2-21 > Annual total compensation ratio | Compensation of key management personnel page 243 |
| | 2-22 > Statement on sustainable development strategy | Sustainability Commitment & Compliance page 26 |
| | 2-23 > Policy commitments | Sustainability Commitment & Compliance page 26; Upholding Ethical Corporate Governance Practices page 39 |
| | 2-24 > Embedding policy commitments | Sustainability Commitment & Compliance page 26; Upholding Ethical Corporate Governance Practices page 39 |

SUSTAINABILITY REPORT

| GRI Standard | Disclosure | Page Reference/ Reasons For Omissions | |
|--|------------|--|--|
| GRI 2: General Disclosures 2021 | 2-25 > | Processes to remediate negative impacts | Whistle-Blowing Policy pages 42-43 |
| | 2-26 > | Mechanisms for seeking advice and raising concerns | |
| | 2-27 > | Compliance with laws and regulations | Upholding Ethical Corporate Governance Practices pages 39-41 |
| | 2-28 > | Membership associations | Memberships In Association page 22 |
| | 2-29 > | Approach to stakeholder engagement | Stakeholder Engagement pages 34-36 |
| GRI 3: Material Topics 2021 | 3-1 > | Process to determine material topics | Assessing Materiality page 29 |
| | 3-2 > | List of material topics | Materiality Matrix page 30 |
| | 3-3 > | Management of material topics | |
| ECONOMIC | | | |
| GRI 201: Economic Performance 2016 | 3-3 > | Management of material topics | Income Statement page 14 |
| | 201-1 > | Direct economic value generated and distributed | |
| GRI 203: Indirect Economic Impacts 2016 | 3-3 > | Management of material topics | No data |
| | 203-1 > | Infrastructure investments and services supported | |
| | 203-2 > | Significant indirect economic impacts | |
| GRI 204: Procurement Practices 2016 | 3-3 > | Management of material topics | Local Procurement and Supply Chains page 46 |
| | 204-1 > | Proportion of spending on local suppliers | |
| GOVERNANCE | | | |
| GRI 205: Anti- corruption 2016 | 3-3 > | Management of material topics | Anti-Bribery and Anti- Corruption Training pages 39-40 |
| | 205-1 > | Operations assessed for risks related to corruption | |
| | 205-2 > | Communication and training about anti-corruption policies and procedures | |
| | 205-3 > | Confirmed incidents of corruption and actions taken | |
| GRI 418: Customer Privacy 2016 | 3-3 > | Management of material topics | Data Privacy and Security page 41 |
| | 418-1 > | Substantiated complaints concerning breaches of customer privacy and losses of customer data | |

SUSTAINABILITY REPORT

| GRI Standard | Disclosure | Page Reference/ Reasons For Omissions |
|---|---|---|
| ENVIRONMENTAL | | |
| GRI 301: Materials 2016 | 3-3 > Management of material topics | Not applicable |
| GRI 302: Energy 2016 | 3-3 > Management of material topics | |
| | 302-1 > Energy consumption within the organisation | Energy Consumption page 55 |
| | 302-4 > Reduction of energy consumption | |
| | 302-5 > Reductions in energy requirements of products and services | Not applicable |
| GRI 303: Water and Effluents 2018 | 3-3 > Management of material topics | Efficient Water Management and Effluent Control pages 52-53 |
| | 303-1 > Interactions with water as a shared resource | |
| | 303-2 > Management of water discharge-related impacts | Effluent Management page 53 |
| | 303-3 > Water withdrawal | Efficient Water Management and Effluent Control pages 52-53 |
| | 303-4 > Water discharge | No data |
| | 303-5 > Water consumption | Efficient Water Management and Effluent Control pages 52-53 |
| GRI 304: Biodiversity 2016 | 3-3 > Management of material topics | Preservation and Conservation of Biodiversity pages 48-51 |
| | 304-1 > Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas | |
| | 304-2 > Significant impacts of activities, products and services on biodiversity | |
| | 304-3 > Habitats protected or restored | |
| GRI 305: Emissions 2016 | 3-3 > Management of material topics | Total GHG Absolute Emissions page 48 |
| | 305-1 > Direct (Scope 1) GHG emissions | |
| | 305-2 > Energy indirect (Scope 2) GHG emissions | |
| GRI 306: Waste 2020 | 3-3 > Management of material topics | Sustaining Value Through Waste Management page 53 |
| | 306-1 > Waste generation and significant waste-related impacts | |
| | 306-2 > Management of significant waste-related impacts | |
| | 306-3 > Waste generated | |
| | 306-4 > Waste diverted from disposal | |
| | 306-5 > Waste directed to disposal | |

SUSTAINABILITY REPORT

| GRI Standard | Disclosure | Page Reference/ Reasons For Omissions | |
|---|------------|---|--|
| ENVIRONMENTAL | | | |
| GRI 308: Supplier Environmental Assessment 2016 | 3-3 > | Management of material topics | No data |
| SOCIAL | | | |
| GRI 401: Employment 2016 | 3-3 > | Management of material topics | Hiring and Retention page 58 |
| | 401-1 > | New employee hires and employee turnover | |
| | 401-2 > | Benefits provided to full-time employees that are not provided to temporary or part-time employees | Employee Benefits and Welfare page 59 |
| GRI 403: Occupational Health and Safety 2018 | 3-3 > | Management of material topics | Ensuring Safety and Health At Work pages 62-63 |
| | 403-1 > | Occupational health and safety management system | |
| | 403-2 > | Hazard identification, risk assessment, and incident investigation | |
| | 403-5 > | Worker training on occupational health and safety | |
| | 403-7 > | Prevention and mitigation of occupational health and safety impacts directly linked by business relationships | |
| | 403-9 > | Work-related injuries | |
| GRI 404: Training and Education 2016 | 3-3 > | Management of material topics | Training and Human Capital Development page 59 |
| | 404-1 > | Average hours of training per year per employee | No data |
| | 404-2 > | Programs for upgrading employee skills and transition assistance programs | |
| GRI 405: Diversity and Equal Opportunity 2016 | 3-3 > | Management of material topics | Diversity and Equal Opportunity page 57 |
| | 405-1 > | Diversity of governance bodies and employees | |
| GRI 406: Non- discrimination 2016 | 3-3 > | Management of material topics | Whistle-Blowing Policy pages 42-43; Diversity and Equal Opportunity page 57 |
| | 406-1 > | Incidents of discrimination and corrective actions taken | |

SUSTAINABILITY REPORT

| GRI Standard | Disclosure | | Page Reference/ Reasons For Omissions |
|---|------------|--|--|
| SOCIAL | | | |
| GRI 407: Freedom of Association and Collective Bargaining 2016 | 3-3 | › Management of material topics | Ethical Supply Chain page 42; Labour Rights and Welfare pages 56-57 |
| | 407-1 | › Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk | |
| GRI 408: Child Labor 2016 | 3-3 | › Management of material topics | Labour Rights and Welfare pages 56-57 |
| | 408-1 | › Operations and suppliers at significant risk for incidents of child labour | |
| GRI 409: Forced or Compulsory Labor 2016 | 3-3 | › Management of material topics | Labour Rights and Welfare pages 56-57 |
| | 409-1 | › Operations and suppliers at significant risk for incidents of forced or compulsory labour | |
| GRI 413: Local Communities 2016 | 3-3 | › Management of material topics | Community Investment and Corporate Social Responsibility pages 64-68 |
| | 413-1 | › Operations with local community engagement, impact assessments, and development programs | |
| | 413-2 | › Operations with significant actual and potential negative impacts on local communities | |
| GRI 414: Supplier Social Assessment 2016 | 3-3 | › Management of material topics | No data |

SUSTAINABILITY REPORT

STATEMENT OF ASSURANCE

Assurance Statement

In strengthening the credibility of the Sustainability Statement, selected aspects/parts of this Sustainability Statement have undergone an internal review conducted by the Group's Internal Audit Department and subsequently approved by the Audit Committee.

The subject matters and scope, which includes the operating activities in the respective countries, covered by the internal review are provided below:

| No. | Subject Matter | Scope | |
|-----|---|--|------------------------------------|
| | | Operating Activity | Country |
| 1. | Labour Practices & Standards <ul style="list-style-type: none"> › Training hours by employee category. › Percentage of employees that are contractors/non-staff. › Employee turnover by category. › Number of substantiated complaints concerning human rights violations. | <ul style="list-style-type: none"> › Plantations and Mills › Engineered Hardwood Flooring › Bio-integration › Forest Management › Corporate and Investment Holding Activities | Malaysia Indonesia Singapore |
| 2. | Industry Certifications <ul style="list-style-type: none"> › Percentage of certified palm oil as a percentage of total palm oil produced, used or processed, relative to Roundtable on Sustainable Palm Oil or Malaysian Sustainable Palm Oil. | <ul style="list-style-type: none"> › Plantations and Mills | Malaysia Indonesia |
| 3. | Diversity <ul style="list-style-type: none"> › Percentage of employees by gender and age group. › Percentage of directors by gender and age group. | <ul style="list-style-type: none"> › Plantations and Mills › Engineered Hardwood Flooring › Bio-integration › Forest Management › Corporate and Investment Holding Activities | Malaysia Indonesia Singapore |
| 4. | Human Rights & Community <ul style="list-style-type: none"> › Amount invested in the community. › Number of beneficiaries of the investment. | <ul style="list-style-type: none"> › Plantations and Mills › Engineered Hardwood Flooring › Bio-integration › Forest Management › Corporate and Investment Holding Activities | Malaysia Indonesia |
| 5. | Water <ul style="list-style-type: none"> › Total volume of water used. | <ul style="list-style-type: none"> › Mills › Engineered Hardwood Flooring | Malaysia Indonesia |

CORPORATE STRUCTURE

AS AT 31 DECEMBER 2023

PALM PRODUCTS SEGMENT

100%

TSH Plantation Sdn. Bhd.

100%

TSH Plantation Management Sdn. Bhd.

90%

PT. Sarana Prima Multi Niaga

90%

PT. Teguh Swakarsa Sejahtera

90%

PT. Farinda Bersaudara

90%

PT. Mitra Jaya Cemerlang

90%

PT. Bulungan Citra Agro Persada

90%

PT. Munte Waniq Jaya Perkasa

90%

PT. Perkebunan Sentawar Membangun

90%

PT. Andalas Wahana Sukses

90%

PT. Prima Usaha Sukses

70%

PT. Andalas Agro Industri

70%

PT. Andalas Wahana Berjaya

69.77%

PT. Laras Internusa

60%

RT Plantations Sdn. Bhd.

56.68%

Landquest Sdn. Bhd.

51%

LKSK Sdn. Bhd.

50%

TSH-Wilmar Sdn. Bhd.

21.94%

Innoprise Plantations Berhad



OTHERS SEGMENT

100%

Ekowood International Berhad

100%

Ekowood Malaysia Sdn. Bhd.

100%

TSH Bio-Energy Sdn. Bhd.

100%

TSH Bio-Gas Sdn. Bhd.

100%

TSH Biotech Sdn. Bhd.

100%

CocoaHouse Sdn. Bhd.

100%

TSH Agri Pte. Ltd.

100%

TSH Oversea Pte. Ltd.

50%

TSH-Wilmar (BF) Sdn. Bhd.



Notes:

- The companies reflected above are operating subsidiaries/associated company/joint venture.
- The full list of companies under the TSH Group is set out in Note 23 to the Financial Statements.

CORPORATE INFORMATION

BOARD OF DIRECTORS

DATUK KELVIN TAN AIK PEN

Chairman, Non-Independent
Non-Executive Director

DATO' AIK SIM, TAN

Group Managing Director

DATO' JASMY BIN ISMAIL

Independent
Non-Executive Director/
Senior Independent Director

NATASHA BINTI MOHD ZULKIFLI

Independent
Non-Executive Director

YAP BOON TECK

Independent
Non-Executive Director

VELAYUTHAN A/L TAN KIM SONG

Independent
Non-Executive Director

PAUL LIM JOO HENG

Independent
Non-Executive Director

TAN AIK KIONG

Group Executive Director

LIM FOOK HIN

Non-Independent
Non-Executive Director

AUDIT COMMITTEE

YAP BOON TECK

Chairman/Independent
Non-Executive Director
(Member of the Malaysian Institute of Accountants)

DATO' JASMY BIN ISMAIL

Member/Independent
Non-Executive Director

VELAYUTHAN A/L TAN KIM SONG

Member/Independent
Non-Executive Director

LIM FOOK HIN

Member/Non-Independent
Non-Executive Director
(Member of the Malaysian Institute of Certified Public Accountants)

NOMINATION COMMITTEE

DATO' JASMY BIN ISMAIL

Chairman/Independent
Non-Executive Director

NATASHA BINTI MOHD ZULKIFLI

Member/Independent
Non-Executive Director

LIM FOOK HIN

Member/Non-Independent
Non-Executive Director

REMUNERATION COMMITTEE

PAUL LIM JOO HENG

Chairman/Independent
Non-Executive Director

YAP BOON TECK

Member/Independent
Non-Executive Director

LIM FOOK HIN

Member/Non-Independent
Non-Executive Director

COMPANY SECRETARY

WONG MAY FUN

MAICSA 7018697
SSM PC No.: 202008002194

REGISTERED OFFICE

Level 10, Menara TSH
No. 8 Jalan Semantan
Damansara Heights
50490 Kuala Lumpur
Tel : +603-2084 0888
Fax : +603-2084 0828
E-mail : tsh@tsh.com.my

AUDITORS

BDO PLT (LLP 0018825-LCA & AF 0206)
Level 8, BDO @ Menara CenTARa
360 Jalan Tuanku Abdul Rahman
50100 Kuala Lumpur
Tel : +603-2616 2888
Fax : +603-2616 3190/3191

PRINCIPAL BANKERS

AMBANK (M) BERHAD
HONG LEONG BANK BERHAD
OCBC BANK MALAYSIA BERHAD
RHB BANK BERHAD
UNITED OVERSEA BANK (MALAYSIA) BHD

SHARE REGISTRAR IN MALAYSIA

BOARDROOM SHARE REGISTRARS SDN. BHD.

11th Floor, Menara Symphony
No. 5 Jalan Prof. Khoo Kay Kim
Seksyen 13, 46200 Petaling Jaya
Selangor Darul Ehsan
Tel : +603-7890 4700
Fax : +603-7890 4670
E-mail : BSR.Helpdesk@
boardroomlimited.com

SHARE TRANSFER AGENT IN SINGAPORE

BOARDROOM CORPORATE & ADVISORY SERVICES PTE. LTD.

1 Harbourfront Avenue
Keppel Bay Tower
#14-07 Singapore 098632
Tel : (65) 6536 5355
E-mail : srs.teamb@
boardroomlimited.com

STOCK EXCHANGE LISTING

MAIN MARKET OF BURSA MALAYSIA SECURITIES BERHAD

Stock code : 9059
Stock name : TSH

MAIN BOARD OF SINGAPORE STOCK EXCHANGE SECURITIES TRADING LIMITED

Stock code : TSH
Stock name : TSH Resources
Listing date : 26 September 2023

COMPANY WEBSITE

www.tsh.com.my

PROFILE OF BOARD OF DIRECTORS

DATUK KELVIN TAN AIK PEN

Chairman and Co-Founder
Non-Independent Non-Executive Director



Male



66



Malaysian



Kelvin is the Chairman and Co-Founder of the Company. He has been a Director of TSH since 17 January 1986. He also sits on the board of a number of private companies.

In 1997, Kelvin started the cocoa trading business in Bagan Datoh, Perak. Anticipating that national production of cocoa would be centered in the east coast of Sabah, he made a step to expand to Tawau in 1986. He pioneered the integrated concept of cocoa business with both upstream sourcing and downstream processing. In 1988, CocoaHouse Industries Sdn. Bhd., a joint venture with the Commonwealth Development Corporation of UK, set up a cocoa butter/powder processing plant in Port Klang.

Kelvin embarked on a similar approach with oil palm. In the 1990s, he established oil palm plantations and palm oil mills in Sabah. To enhance the economic and environmental sustainability of TSH's oil palm business, a biomass cogeneration plant was built in 2004. In 2006, TSH-Wilmar Sdn. Bhd., a downstream palm oil refinery joint venture was set up with Wilmar as a partner.

Kelvin with business entrepreneur, Garibaldi Thohir, expanded TSH's operations to Indonesia in 2003, which now has 36,000 Ha of oil palm and 4 palm oil mills, transforming TSH into a regional integrated oil palm plantation player with upstream and downstream activities. Garibaldi Thohir is the CEO and a significant shareholder of Adaro Energy.

TSH was listed on the Second Board of Bursa Malaysia in 1994, before being subsequently elevated to the Main Board in 2000. Kelvin was also the catalyst and spearheaded the secondary listing of TSH on the Main Board of Singapore Exchange Securities Trading Limited in September 2023.

He spearheaded the biodiversity conservation programme in the ultramafic forest of the Meliau Range in close collaboration with the Sabah Forestry Department. From 2010 to 2013, he was the trustee of the Borneo Conservation Trust Sabah.

- Kelvin was appointed to the Board of Directors of University Malaysia Sabah from August 2017 to January 2020.
- He also serves as an Honorary Director of Sabah Chinese High School since 2013.
- On 3 September 2006, Universiti Malaysia Sabah conferred an Honorary Doctorate in Philosophy (Agroforestry) to Kelvin for his many contributions to environmental conservation and forestry.
- Kelvin was first conferred Pingat Panglima Gemilang Darjah Kinabalu (PGDK) that carries the title Datuk by the Governor of Sabah, Tun Datuk Seri Panglima Hj Sakaran bin Hj Dandai on the 16 September 1998.
- On 19 April 2009, he was also conferred Darjah Dato' Paduka Mahkota Perak (DPMP) award that carries the title Dato' by the Sultan of Perak, Sultan Azlan Shah.

He is a brother of Dato' Aik Sim, Tan and Tan Aik Kiong.

Additional information:

He does not have any conflict of interest with the Company. He has not been convicted of any offences within the past 5 years nor has he been imposed of any public sanction or penalty by the relevant regulatory bodies during the financial year.

PROFILE OF BOARD OF DIRECTORS

DATO' AIK SIM, TAN

Group Managing Director



Male



60



Malaysian



Dato' Aik Sim, Tan was appointed as Group Managing Director on 1 January 2009 after serving as Chief Executive Officer since 1 September 2006. He was appointed to the Board of Directors of the Company on 27 February 1992. He is also the Group Managing Director of Ekowood International Berhad (“Ekowood”) and sits on the board of various subsidiary companies of TSH.

He obtained Bachelor’s Degrees in both Economics and Engineering from Monash University, Australia in 1988.

He joined the Group in 1989 and over the years, has been heavily involved in its various business units and operations. He had a major hand in setting up CocoaHouse Sdn. Bhd.’s manufacturing facilities and its operations and played a leading role in the listing of TSH in 1994.

He was appointed the Chief Executive Officer of Ekowood in 1994 to spearhead the establishment of the integrated timber complex from a green field site. He was subsequently appointed as Group Managing Director in 2009 and played a pivotal role in its rapid growth, elevating it into an international and award-winning brand to be reckoned within the engineered hardwood flooring industry.

He has also played a big part in the development of the Group’s oil palm business, in particular, its expansion into Indonesia which has significantly enlarged the Group’s operations. In addition, as Group Managing Director, he also charts the strategy for sustainable long-term growth of the Group.

He is a brother of Datuk Kelvin Tan Aik Pen and Tan Aik Kiong.

Additional information:

He does not have any conflict of interest with the Company. He has not been convicted of any offences within the past 5 years nor has he been imposed of any public sanction or penalty by the relevant regulatory bodies during the financial year.

PROFILE OF BOARD OF DIRECTORS

**DATO' JASMY
BIN ISMAIL**

Independent Non-Executive Director



Male



60



Malaysian



Dato' Jasmy bin Ismail was appointed as an Independent Non-Executive Director of TSH on 4 June 2014. Currently, he also serves as the Chairman of the Nomination Committee and a member of the Audit Committee. He was appointed as the Senior Independent Director on 24 November 2023.

He obtained his Chartered Institute of Logistics and Transport in the United Kingdom and Master of Science (Msc) in Transport Management from City University, London.

In 1988, Dato' Jasmy joined IBM Malaysia and held various positions within the Sales and Marketing Division, responsible mainly for the public sector and financial service industries. Prior to leaving IBM Malaysia, he was the Executive Assistant to the Chief Executive Officer of IBM Malaysia.

Dato' Jasmy joined CCAAP Technologies Sdn. Bhd. as General Manager in 1996. He was also the Executive Director of New Technology & Innovation Sdn. Bhd..

In 2001, Dato' Jasmy co-founded Symphony Global Technologies Sdn. Bhd. (now known as SGT International Sdn. Bhd.) and was involved in the formulation of Symphony House Berhad which was then listed on Bursa Malaysia Securities Berhad in 2003. He was the Chief Executive of Symphony's Technology Services Division. He also served as the Chairman of Symphony BCSIS Sdn. Bhd., a joint-venture company with OCBC Singapore's subsidiary,

BCS Information Systems Pte. Ltd. ("BCSIS") and held the position until 2007. He was also an Independent Non-Executive Director of Malaysia Building Society Berhad and Reach Energy Berhad up to February 2018 and March 2023 respectively.

He is currently the Independent Non-Executive Deputy Chairman of Symphony Life Berhad. He is also the Independent Non-Executive Chairman of Naza TTDI Sdn. Bhd. and Naza Automotive Group. He is an appointed Council Member of Badminton Association of Malaysia and a Trustee of Yayasan Budi Penyayang.

He does not have any family relationship with any Director and/or major shareholder of the Company.

Additional information:

He does not have any conflict of interest with the Company. He has not been convicted of any offences within the past 5 years nor has he been imposed of any public sanction or penalty by the relevant regulatory bodies during the financial year.

PROFILE OF BOARD OF DIRECTORS

NATASHA BINTI MOHD ZULKIFLI

Independent Non-Executive Director



Female



49



Malaysian



Natasha binti Mohd Zulkifli was appointed as an Independent Non-Executive Director of TSH on 2 July 2018. Currently, she also serves as a member of the Nomination Committee.

She studied in Kuala Lumpur, New Zealand and London, obtaining a law degree from the London School of Economics (LSE) with a special focus on European Union and international law.

She is a Stakeholder Director at YTL Construction, part of the project team that is building the new 192km electrified double track rail link for the Malaysian government, in the state of Johor. Natasha has extensive experience in the Malaysian public transport space, having worked previously at Prasarana Malaysia Berhad and also at Malaysia's Land Public Transport Commission (SPAD).

Given her deep interest to strengthen human capital development in the Malaysian rail space, in 2017, Natasha founded Women in Rail Malaysia, a not-for-profit entity which was established to support and promote equality and diversity within the Malaysian rail industry. She is passionate about driving Women in Rail Malaysia for the benefit of women not just currently working within the industry but to also promote the Malaysian rail space as a career of choice to young women studying in secondary schools and in universities.

Natasha also previously ran the Malaysia-Europe Forum (MEF) as its Executive Director. The MEF was set up to improve economic relations and bilateral understanding between Malaysia and Europe in areas relating to business and trade.

From 2012 to 2015, Natasha sat as Malaysia's representative on the Asia Low Emission Development Strategies (LEDS) Partnership Steering Committee, which is a voluntary regional network set up by USAID to support and promote low-emission development across Asia and the Pacific region.

Between 2015 and 2019 Natasha represented Malaysia on the Business Women's Working Group in the ASEAN Business Advisory Council (ASEAN-BAC).

In 2019, the German government recognised Natasha as a one of the 'Remarkable Women in Transport', officially recognising her as a female change-maker and highlighting her contribution to sustainable mobility solutions.

In 2021, the Malaysian government awarded Natasha as the inaugural winner of the Outstanding Woman of the Year in Rail Award.

In 2022, International Railway Journal ("IRJ") recognised Natasha and profiled her as one of the winners of IRJ in Women in Rail Awards 2022.

She does not have any family relationship with any Director and/or major shareholder of the Company.

Additional information:

She does not have any conflict of interest with the Company. She has not been convicted of any offences within the past 5 years nor has she been imposed of any public sanction or penalty by the relevant regulatory bodies during the financial year.

PROFILE OF BOARD OF DIRECTORS

YAP BOON TECK

Independent Non-Executive Director



Male



69



Malaysian



Yap Boon Teck was appointed as an Independent Non-Executive Director of TSH on 15 December 2015. Currently, he also serves as the Chairman of the Audit Committee and a member of the Remuneration Committee.

He obtained his professional accounting qualification from the Association of Chartered Certified Accountants (ACCA), United Kingdom. He is a member of the Malaysian Institute of Accountants.

He started his career with a small-to-medium sized accounting and audit firm in the United Kingdom before moving on to a medium-to-large local accounting and audit firm in Kuala Lumpur. While in public practice, he has gained experience in auditing both private and public companies mainly in finance and banking, property developments and manufacturing sectors.

He joined the MBf Group of Companies in November 1983 as an accountant and subsequently held various positions within its group which included, property, insurance & financial services and manufacturing. Prior to leaving MBf Group in August 2003, he was the President-Corporate of MBf Holdings Berhad and MBf Capital Berhad.

In August 2003, he was appointed as Executive Director of Metroplex Berhad before he left in March 2006 to join Malaysia Land Properties Sdn. Bhd. where he served as

the Group General Manager, overseeing management of the completed projects such as building management, shopping centre and hotels. He was also involved in the negotiation to purchase a major property and responsible for the various departments within the company, namely personnel, legal, finance and accounting and general administration.

In March 2011, he joined KIP Group of Companies as Chief Executive Officer. He resigned from the KIP Group of Companies on 31 May 2017.

He rejoined Malaysia Land Properties Sdn. Bhd. as Managing Director-Asset Management on 1 June 2018. He was subsequently appointed as Director and Financial Advisor of Malaysia Land Properties Sdn. Bhd. on 1 June 2020 after his retirement as Managing Director on 31 May 2020, a position he holds until to date.

He does not have any family relationship with any Director and/or major shareholder of the Company.

Additional information:

He does not have any conflict of interest with the Company. He has not been convicted of any offences within the past 5 years nor has he been imposed of any public sanction or penalty by the relevant regulatory bodies during the financial year.

PROFILE OF BOARD OF DIRECTORS

VELAYUTHAN A/L TAN KIM SONG

Independent Non-Executive Director



Male



69



Malaysian



Velayuthan a/l Tan Kim Song was appointed as an Independent Non-Executive Director of TSH on 24 November 2023. Currently, he also serves as a member of the Audit Committee.

He has a Diploma in Management from the Malaysian Institute of Management in 1983.

He served Multi-Purpose Holdings Berhad for 5 years before joining IJM Corporation Berhad in 1985. In 1994, he was appointed as Group General Manager and later as Executive Director in 1997 and Managing Director in 2003. He was appointed as Group Executive Director of IJM Corporation Berhad from 2001 to 2003. He was the catalyst & spearheaded the listing of IJM Plantations Berhad on the Bursa Malaysia Securities Berhad in 2003. He was the Chief Executive Officer and Managing Director of IJM Plantations Berhad in 2004 and retired in 2010. He was later appointed as Chief Executive Officer to complete the Group's Indonesian plantation development.

In the years to follow, Vela focused on overseas investments and plantations related opportunities in Fiji and Solomon Islands, apart from managing his family and own plantations in both Malaysia and Indonesia. In 2018, he ventured into coconut plantation business with the establishment of Islands Own Pte. Ltd., having its first operations initiated in the Solomon Islands. He and his management team

are currently and actively pursuing rejuvenation efforts for the coconut industry of the Solomon Islands, through rehabilitation and replanting programmes & introduction of coco-technology, whilst initiating for a second and similar set up in East Malaysia.

He does not have any family relationship with any Director and/or major shareholder of the Company.

Additional information:

He does not have any conflict of interest with the Company. He has not been convicted of any offences within the past 5 years nor has he been imposed of any public sanction or penalty by the relevant regulatory bodies during the financial year.

PROFILE OF BOARD OF DIRECTORS

PAUL LIM JOO HENG

Independent Non-Executive Director



Male



68



Singaporean



Paul Lim Joo Heng was appointed as an Independent Non-Executive Director of TSH on 1 March 2023.

He obtained his professional accounting qualification from the Association of Chartered Certified Accountants (ACCA), United Kingdom.

He started his career with KPMG (then known as Peat Marwick Mitchell & Co) in Singapore in 1978. While in public practice, he has gained experience in auditing both private and public companies in a wide range of industries including plantations, manufacturing services and financial institutions.

He presently holds the position of Chief Investment Officer of CM Energy Tech Co. Ltd. ("CM Energy") which from 2009 till 2019, he served as Group Chief Financial Officer. CM Energy is an Offshore & Marine engineering and service provider listed on the Hong Kong Stock Exchange. In his current position as Chief Investment Officer with the CM Energy Group, in addition to leading the investment function, he also undertakes key roles in chartering and sale of Offshore Marine Vessels and management of offshore asset contracts for oil rigs and offshore service vessels.

Prior to joining CM Energy, from 2007 to 2008, he served as VP Finance at Yantai Raffles Shipyard Limited ("YRS"), a Singaporean owned shipyard group with shipyard facilities located in Yantai, Shandong, China. Before joining YRS,

from 2000 to 2006, he was the Group General Manager and Chief Financial Officer of Choo Bee Metal Industries Berhad ("CBMI"), a steel product manufacturing company listed on the Kuala Lumpur Stock Exchange (now known as Bursa Malaysia Securities Berhad).

He also has experience in managing oil palm plantations owned by the major shareholders of CBMI. His plantation management experience also includes approximately 6 years with North Borneo Plantations Sdn. Bhd. from 1986 to 1992 where he served as Finance Director.

He was also employed as Group Financial Controller/ Company Secretary of TSH from 1993 to 1998.

He does not have any family relationship with any Director and/or major shareholder of the Company.

Additional information:

He does not have any conflict of interest with the Company. He has not been convicted of any offences within the past 5 years nor has he been imposed of any public sanction or penalty by the relevant regulatory bodies during the financial year.

PROFILE OF BOARD OF DIRECTORS

TAN AIK KIONG

Group Executive Director



Male



63



Malaysian



Tan Aik Kiong is the Group Executive Director of TSH. He was appointed to the Board of Directors of TSH on 25 November 1987. He sits on the boards of various subsidiaries, and jointly-controlled companies of TSH and holds directorship in other private limited companies. He is currently the Managing Director of Innoprise Plantations Berhad, a company listed on the Main Market of Bursa Malaysia Securities Berhad.

He holds a Masters Degree in Civil Engineering, majoring in Construction Management, from the University of Oklahoma, United States of America.

He has more than 30 years of experience in resource based industries, which include cocoa and palm oil covering both the primary, processing, refining and international trade segments throughout his career with the Company, Innoprise Plantations Berhad, Prudential Bache Ltd., an established brokerage and commission house and Ameroid Services Pte. Ltd., an independent warehousing company in Singapore.

He is a brother of Datuk Kelvin Tan Aik Pen and Dato' Aik Sim, Tan.

Additional information:

He does not have any conflict of interest with the Company. He has not been convicted of any offences within the past 5 years nor has he been imposed of any public sanction or penalty by the relevant regulatory bodies during the financial year.

PROFILE OF BOARD OF DIRECTORS

LIM FOOK HIN

Non-Independent Non-Executive Director



Male



74



Malaysian



Lim Fook Hin was appointed as an Executive Director of TSH on 9 May 1997. On 1 February 2016, he was re-designated as a Non-Independent Non-Executive Director. Currently, he serves as a member of the Audit Committee, Remuneration Committee and Nomination Committee. He also sits on the boards of some of the subsidiaries of the TSH Group and holds directorship in other private limited companies.

He is a member of the Malaysian Institute of Certified Public Accountants. After qualifying as a member of the Institute of Chartered Accountants in England and Wales, he joined Coopers & Lybrand as an Audit Senior in 1976 and was transferred to Coopers' management consultancy services in 1977. He joined the Commonwealth Development Corporation ("CDC") in 1978 and was seconded to Sarawak Oil Palm Sdn. Bhd. as Company Secretary.

He was transferred to BAL Plantation Sdn. Bhd. in 1981 as Financial Controller until 1993. His main responsibility included financial management, merger and acquisition and commodity marketing. He was again transferred by CDC to assume the position of the Chief Executive of United Palm Oil Industries PLC, a company listed on the Stock Exchange of Thailand before joining TSH in 1997.

He does not have any family relationship with any Director and/or major shareholder of the Company.

Additional information:

He does not have any conflict of interest with the Company. He has not been convicted of any offences within the past 5 years nor has he been imposed of any public sanction or penalty by the relevant regulatory bodies during the financial year.

PROFILE OF KEY SENIOR MANAGEMENT

FONG GING PANG

General Manager, Finance



Male



57



Malaysian

Fong Ging Pang joined TSH in 2010 and was appointed as General Manager, Finance on 1 January 2022.

He started his working career in a management service company in 1988. Prior to joining the Company, he was the Assistant General Manager of Finance in a public listed company.

He is a graduate of the Chartered Association of Certified Accountant and is a member of the Malaysian Institute of Accountants. He has more than 30 years of experience in finance and accounting.

He does not hold any directorships in public companies and listed issuers. He has no family relationship with any Director and/or major shareholder of the Company. He has no conflict of interest with the Company and has no conviction for offences within the past 5 years. He has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year.

WONG MAY FUN

Company Secretary



Female



54



Malaysian

Wong May Fun is an Associate Member of the Malaysian Institute of Chartered Secretaries and Administrators (MAICSA).

She was appointed as the Company Secretary of TSH on 1 January 2023 overseeing the corporate secretarial functions of TSH Group including its joint-venture companies. She has more than 30 years of experience in corporate secretarial practice. Prior to joining TSH, she was the Company Secretary of a few public companies listed on the Main Board of Bursa Malaysia Securities Berhad, which include amongst others, Fraser & Neave Holdings Bhd, UEM Sunrise Berhad and Sunrise Berhad.

She does not hold any directorships in public companies and listed issuers. She has no family relationship with any Director and/or major shareholder of the Company. She has no conflict of interest with the Company and has no conviction for offences within the past 5 years. She has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year.

WONG TWEE JONG

General Manager, Strategic Planning & Operations



Male



58



Malaysian

Wong Twee Jong joined the Group on 16 July 2008 as Senior Manager and was promoted to become General Manager, Strategic Planning & Operations on 1 January 2020. He holds a Bachelor's Degree in Finance and Investments and a Master's Degree in Accounting from the City University of New York, Baruch College, USA.

Prior to joining the Company, he held senior positions in a few public listed companies overseeing corporate finance and accounting functions and was responsible for the execution and implementation of corporate restructuring, mergers and acquisitions and fund raising exercises.

He does not hold any directorships in public companies and listed issuers. He has no family relationship with any Director and/or major shareholder of the Company. He has no conflict of interest with the Company and has no conviction for offences within the past 5 years. He has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year.

PROFILE OF KEY SENIOR MANAGEMENT

NG KOK AUN

General Manager,
Group Human Resources



Male



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Malaysian

Ng Kok Aun was appointed as General Manager, Group Human Resources on 2 February 2021. He obtained his B. Education Hons in TESL from the University of Southampton, United Kingdom and his Post Graduate Certificate in Business Administration from the University of Leicester, United Kingdom.

Prior to joining the Company, he was the Executive Vice President of a multinational organizational. He has 25 years of experience in human resources.

He does not hold any directorships in public companies and listed issuers. He has no family relationship with any Director and/or major shareholder of the Company. He has no conflict of interest with the Company and has no conviction for offences within the past 5 years. He has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year.

SUHAIMI BIN SUWITI

General Manager,
Mill Operations



Male



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Malaysian

Suhaimi bin Suwiti was appointed as General Manager, Mill Operations on 1 March 2020. He obtained his BEng (Hons) in Electrical & Electronic Engineering from the University of Malaya, Malaysia.

Prior to joining the Company in 2005, he was an Engineer attached to a few palm oil mills in IOI group. He has 23 years of experience in palm oil milling. He also holds a few competency certificates endorsed by local authorities.

He does not hold any directorships in public companies and listed issuers. He has no family relationship with any Director and/or major shareholder of the Company. He has no conflict of interest with the Company and has no conviction for offences within the past 5 years. He has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year.

CHOONG WEI THENG

General Manager, Centralised
Finance



Female



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Malaysian

Choong Wei Theng is a member of the Malaysian Institute of Accountants. She obtained her professional accounting qualification from the Association of Chartered Certified Accountants (ACCA), United Kingdom.

She has been with TSH Group since 2011 and was appointed as General Manager, Centralised Finance on 1 January 2022. She has over 20 years of experience in auditing, accounting, taxation, treasury and business information system. She started her career as an auditor and has subsequently served in a few public and private companies prior to joining TSH Group.

She does not hold any directorships in public companies and listed issuers. She has no family relationship with any Director and/or major shareholder of the Company. She has no conflict of interest with the Company and has no conviction for offences within the past 5 years. She has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year.

PROFILE OF KEY SENIOR MANAGEMENT

GOH KIAN YIN

Regional Financial Controller



Male



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Malaysian

Goh Kian Yin joined the Group as Regional Financial Controller on 4 January 2016. He holds a Bachelors Degree in Accounting from La Trobe University, Australia and is a member of CPA Australia.

His work experience spans more than 20 years in several public listed and multinational companies in corporate finance, accounting, and taxation within various industries. Prior to joining the Company, he held senior positions in the finance division of GMG Global Ltd., a Singapore based integrated natural rubber producer, with primary focus on the production and supply of premium natural rubber products to the European, American and Asian markets. He was responsible for leading the development and execution of the GMG Group's long-term strategy for its operation in Africa and Indonesia. He has previously served as Director in IMC Plantation Group of Companies in Indonesia. He started his career with RSM International in Malaysia.

He does not hold any directorships in public companies and listed issuers. He has no family relationship with any Director and/or major shareholder of the Company. He has no conflict of interest with the Company and has no conviction for offences within the past 5 years. He has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year.

LAM KAH KUAN

General Manager, Mill



Male



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Malaysian

Lam Kah Kuan was appointed as General Manager, Mill on 1 September 2023. He obtained his Diploma in Marine Engineering from Politeknik Ungku Omar, Malaysia and Diploma in Oil Palm Milling Technology & Management (Distinction) from Malaysian Palm Oil Board, Malaysia. He is a Certified Steam Engineer from Jabatan Keselamatan Dan Kesihatan Pekerjaan, Malaysia.

Prior to joining the Company, he was a General Manager of Taner Industrial Technology (M) Sdn. Bhd. and has held various senior roles in similar field, extensively in the oil palm industry with major players such as Kuala Lumpur Kepong Berhad, Rimbunan Hijau Group and Royal Golden Eagle (Indonesia). He has altogether 26 years of working experience in palm oil mill operation and project.

He does not hold any directorships in public companies and listed issuers. He has no family relationship with any Director and/or major shareholder of the Company. He has no conflict of interest with the Company and has no conviction for offences within the past 5 years. He has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors (“Board”) of TSH Resources Berhad (“TSH” or “Company”) recognises that exercise of good corporate governance in conducting the businesses and affairs of the Company with integrity, transparency and professionalism are the key components for long-term sustainability of the businesses and performance of TSH Group (“Group”). These will not only safeguard and enhance shareholders’ investment and value but will at the same time, ensure that the interests of other stakeholders are protected.

The Board is therefore, committed to high standards of corporate governance and business practices. Accordingly, the Board has adopted TSH Corporate Governance Guidelines (“TSH CG Guidelines”) to assist the Board in the exercise of its responsibilities. The TSH CG Guidelines and the Board Charter which includes the terms of reference (“TOR”) of the Board Committees, provide the framework for corporate governance at TSH. The Board periodically reviews the TSH CG Guidelines, the Board Charter along with the TOR of the Board Committees to ensure their relevance.

The Board is pleased to present this Statement, an overview of TSH’s corporate governance practices during the financial year with reference to the following three Principles, which are set out in the Malaysian Code on Corporate Governance 2021 (“Code”):

| |
|---|
| Principle A |
| Board Leadership and Effectiveness |
| Principle B |
| Effective Audit and Risk Management |
| Principle C |
| Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders |

This Statement should be read together with the Corporate Governance Report (“CG Report”), which elaborates further on the detailed application of each practice set out in the Code. The CG Report is available on the Company’s website at www.tsh.com.my.

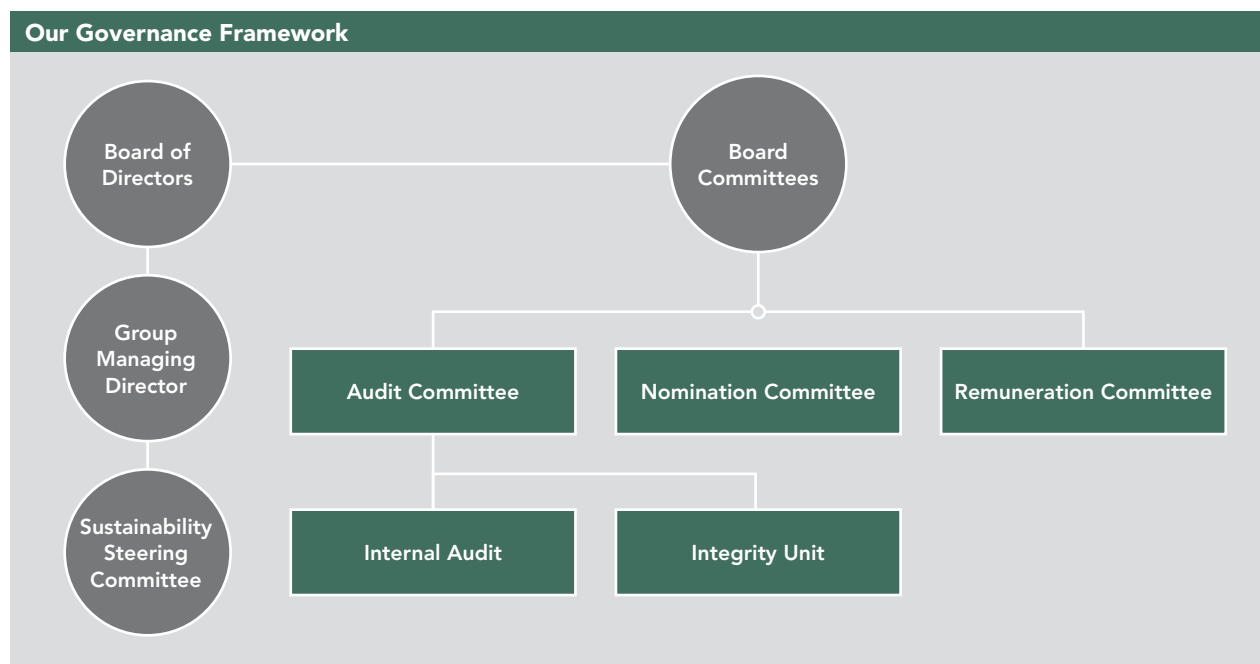
Principle A: Board Leadership and Effectiveness

I. Role and Responsibilities of the Board

The Board has overall responsibility for overseeing the effective management and control of the Group on behalf of TSH’s shareholders and supervising executive management’s conduct of the Group’s affairs within a controlled authority framework, which is designed to enable all aspects of operation are prudently and effectively assessed and monitored. The Board has adopted a schedule of matters reserved to it for decision, the details of which are set out in the Board Charter. A copy of the Board Charter is available on TSH’s website at www.tsh.com.my.

The Board is guided by the Board Charter, which sets out the Board’s roles, powers, duties and functions. The structure of the Board ensures that no individual or a group of individuals dominates the Board’s decision-making process. The Board is supported by the Audit Committee, Nomination Committee and Remuneration Committee. Each Board Committee has its defined TOR, which are available on the Company’s website.

CORPORATE GOVERNANCE OVERVIEW STATEMENT



Clear Functions of the Board and Management

There is a clear distinction between the roles and responsibilities of the Board, Chairman and Group Managing Director, which are set out in the TSH CG Guidelines. The Board determines the strategic objectives and policies of the Group for delivering sustainable value and long-term success. It ensures effective leadership through oversight on management and robust monitoring of performance and governance in the Group.

The respective roles of the Chairman and the Group Managing Director are clearly defined in order to promote accountability and facilitate division of responsibilities between them and as a mechanism for checks and balances. The Board believes that the separation of the roles and responsibilities of the Chairman and the Group Managing Director ensures appropriate balance of power and authority. The Chairman leads the Board by setting the tone at the top and managing Board effectiveness that focuses on strategy, governance and compliance. The Group Managing Director focuses on the business, organisational effectiveness and day-to-day management of the Group. He also executes the Board's decisions and strategic policies, and leads the management executives to oversee the operations of TSH Group.

The Board retains full and effective control of the Company. Matters specifically referred to the Board for approval include, inter-alia reviewing and approving corporate proposals, strategic plans and annual budgets, matters relating to sustainability and climate change, acquisitions and disposals of undertakings and properties of a substantial value, major investments and financial decisions and changes to the management and control structure within the Group, including key policies and procedures and delegated authority limits.

The Board delegates some of its function to the Board Committees, which operate within their clearly defined TOR with a view to assisting the Board in the fulfillment of its responsibilities. Chairmen of the respective Board Committees report to the Board with a recommendation on the matters considered at the meetings of the Board Committees. In addition, minutes of meetings of the Board Committees are circulated to all Board members to keep them abreast of the actions and decisions taken by the Board Committees.

The Board plays an active role in the development of the Group's strategic plan with a view to maximising shareholder value and promoting sustainability. The role includes reviewing and commenting on the Group's strategic plan prepared by management along with providing final approval for the plan. In conjunction with this, the Board also reviews and approves the annual budget for the ensuing year and monitors management's implementation and performance of the agreed strategic plan.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board carries out periodic review of the achievements by the various operating segments against their respective business targets to determine whether these divisions are efficiently managed. Financial statements are reviewed by the Board before being released to the public through Bursa LINK and SGXNet.

Some of the matters considered by the Board in relation to strategic priorities are disclosed in the CG Report.

Company Secretary

The Board is supported by an in-house qualified Company Secretary who is a member of the Malaysian Institute of Chartered Secretaries and Administrators (MAICSA), suitably experienced and competent. The Company Secretary ensures that the Directors are provided with sufficient information and time to prepare for Board meetings. She also prepares minutes of meetings in a timely manner and provides advisory services to the Board on corporate administration and governance matters including compliance with relevant laws, rules and regulations.

All Directors have access to the advice and services of the Company Secretary, whose appointment and removal is a matter for the Board, to whom the Company Secretary is directly accountable.

Supply and Access to Information and Advice

The Directors have access to all information within the Company, whether as a full board or in their individual capacity, to the extent that the information required is pertinent to the discharge of their duties as Directors.

For each meeting of the Board and Board Committees, the meeting papers are, to the extent feasible, provided/made available five working days prior to each meeting so that Directors have sufficient time to read and understand the information and obtain further information, clarification or explanation, where necessary. Adequate time is allocated for Directors to raise other matters that are not covered by the formal agenda.

The Board has also put in place a procedure for Directors, whether as a full Board or in their individual capacity, to take independent professional advice at the Company's expense, if necessary. Details of such procedure are disclosed in the TSH CG Guidelines.

Management will make all information readily available to professional advisers and make themselves available to such advisers, if requested in order to facilitate the effective solution of the Director's concerns. The findings of the advisers will then be put before the Board for determination of any action that may be required by the Company.

Management may, from time to time, be requested to attend Board meetings to present and provide additional information on matters being discussed and to respond to any queries that the Directors may have.

Code of Ethics

The Board is guided by a high standard of ethical conduct in accordance with the Group's Code of Conduct and Ethics. The Board is ultimately responsible for the implementation of this Code of Conduct and Ethics.

The Board has delegated to the Nomination Committee the responsibility to administer this Code of Conduct and Ethics. The procedures set out in the TSH CG Guidelines are disclosed in the CG Report.

TSH has a Code of Ethics governing the employees. The provisions set out in the Code of Ethics ensure compliance with laws and regulations, sound employment practices, confidentiality and privacy. It also includes amongst others, provisions on conflicts of interest, anti-bribery and the protection and proper use of TSH's assets and resources. To tackle new challenges, this Code of Ethics has been expanded to include anti-corruption and money laundering provisions.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Whistle-Blowing Policy

The Board has put in place a Whistle-Blowing Policy that outlines the principles underpinning the policy and procedures. The Group's Whistle-Blowing Policy was last reviewed and updated in February 2024.

This policy aims to encourage the reporting of any misconduct, wrongdoings, corruption and instances of fraud, waste, and/or abuse involving the resources of the Group, in good faith, with the confidence that stakeholders making such reports will, to the extent possible, be protected from reprisal. The Group is committed to absolute confidentiality and fairness in relation to the matters raised.

The Whistle-Blowing Policy is available on the Company's website at www.tsh.com.my.

Anti-Bribery and Corruption Policy ("ABC Policy")

Taking cognisance of the introduction of corporate liability by the Malaysian Anti-Corruption Commission (Amendment) Act 2018, the Group has taken various proactive actions to strengthen the Group's internal processes and practices during the financial year under review in order to ensure that it has adequate procedures in place to prevent persons associated with the Group from undertaking corrupt conduct.

TSH Group always believes in being open and transparent in conducting its business. With this also comes TSH Group's commitment to operating in an ethical and responsible manner, accompanied by the highest standards of integrity and compliance with laws and regulations.

As the Group reinforces its principle towards zero tolerance approach to bribery and corruption in all its forms, an ABC Policy has been put in place by the Board. This ABC Policy has been developed as part of TSH Group's Anti-Bribery Management System, which has been designed to help prevent, detect and address bribery and corruption, by establishing a culture of integrity, transparency and compliance.

TSH has further enhanced its ABC Policy by developing the Gifts and Hospitality Policies and Procedures setting out the quantitative guidance for acceptable standard and to maintain high level of integrity in the conduct of TSH Group's businesses.

The ABC Policy and the Gift and Hospitality Policies and Procedures had been distributed to all employees within the Group for awareness. During the financial year under review, training and communication in respect of anti-bribery and corruption along with gifts and hospitality had been carried out for directors and employees of the Group.

The Board will review the ABC Policy once in every three years or as and when necessary, to assess its effectiveness and ensure that the ABC Policy is kept abreast with the relevant developments in the legislation as well as evolving industry and international standards. The ABC Policy was last reviewed and updated in February 2024, and is available on the Company's website at www.tsh.com.my for reference.

The Internal Audit Department is tasked with the responsibilities aimed at fortifying the Group's procedural framework by examining staff claims for validity and compliance, reviewing donations through budgetary reviews and alignment with the Limits of Authority, as well as examining authorisations for gifts, hospitality, and donations against prescribed limits. This oversight responsibility also ensures proper transaction-recording for effective monitoring and evaluation, assuring the Group's high standards of corporate conduct against bribery and corruption.

An Integrity Unit has been established by the Company to oversee day-to-day responsibilities for implementing the ABC Policy of TSH Group.

TSH Group's zero-tolerance on, and compliance with, anti-bribery and corruption practices are also communicated to all its business associates at the onset of relationship with them and repeated or reinforced as appropriate thereafter.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

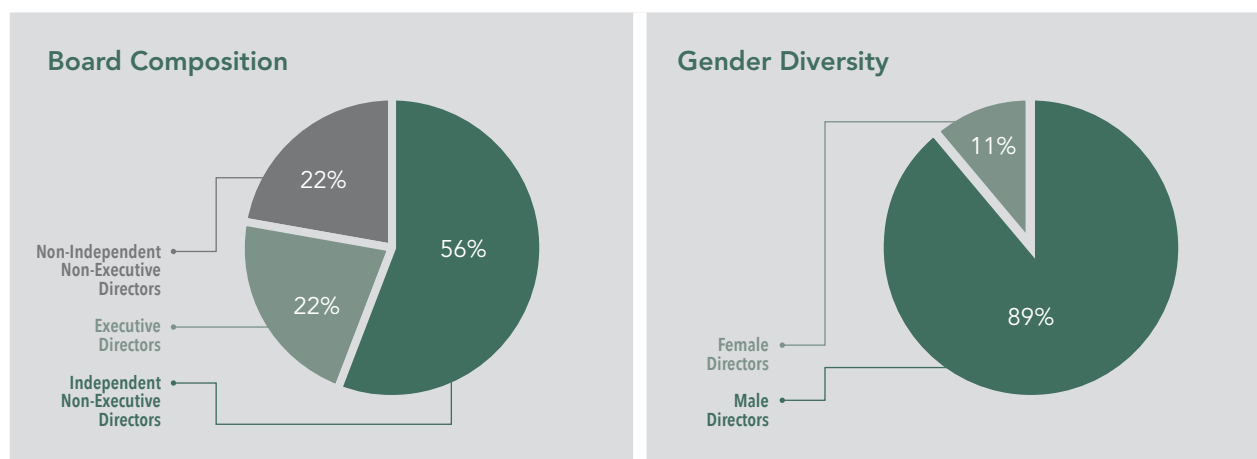
Governing Sustainability

The Board together with senior management is responsible for the governance of sustainability in the Company including the setting of the Company's sustainability strategies, priorities and targets. The sustainability governance framework, the Group's strategies, priorities and targets and their performance against the set targets are disclosed in the Sustainability Report of TSH Group, which is set out in this Annual Report.

The Board is kept abreast on the sustainability issues which are relevant to the TSH Group through regular updates from the Group Managing Director, who is in turn supported by the Environmental, Social and Governance ("ESG") Department led by the Head of ESG. The Head of ESG is assisted by a Sustainability Steering Committee.

II. Board Composition and Independence

Currently, the Board consists of nine members, five Independent Non-Executive Directors including one female Director, two Non-Independent Non-Executive Directors, one of whom is the Chairman and two Executive Directors, including Group Managing Director.



The Board composition complies with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ("Listing Requirements"), which requires a minimum of two Directors or one-third of the board of directors, whichever is the higher, to be independent directors and one director to be a woman. Its composition also complies with Practice 5.2 of the Code stating that at least half of the board comprises independent directors.

The Board comprises a majority of Non-Executive Directors, and the Independent Directors are able to exercise strong independent judgement and provide checks and balances to the Board with their unbiased and independent views, advice and judgement in all Board deliberations. The composition of the Board continues to provide the Group with a wealth of knowledge and experience to draw from a comprehensive mix of skills including financial, technical, accountancy, audit, human resource, business, sustainability, investment and management expertise, which is important for the continued successful direction of the Group.

The Board, through its Nomination Committee, reviews annually the size, composition and diversity of the Board and Board Committees together with the skills and core competencies of the members, to ensure an appropriate balance and diversity of skills and experience. The Board and the Nomination Committee have upon their annual assessment, concluded that the current Board size and composition of a balanced mix of skills, knowledge and experience in the business and management fields are appropriate and adequate to enable the Board to carry out its responsibilities in an effective and efficient manner.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Annual Assessment of Independent Directors

Independent Non-Executive Directors play a crucial role in bringing objectivity to the decisions made by the Board. They provide independent judgement, experience and objectivity without being subordinated to operational considerations. They help to ensure that the interests of all stakeholders are taken into account and that the relevant issues are subjected to objective and impartial consideration by the Board.

All Independent Directors are required to assess their level of independence annually by completing an annual assessment of the independence of Independent Directors for submission to the Nomination Committee for review and assessment. The Chairman of the Nomination Committee shall then report the findings and/or recommendations to the Board.

For the financial year under review, each of the five Independent Non-Executive Directors had provided an annual confirmation of his/her independence to the Board based on the policy on criteria for assessing independence in line with the definition of "independent directors" prescribed by the Listing Requirements. The Nomination Committee and the Board had assessed the five Independent Non-Executive Directors of the Company, namely Dato' Jasmy bin Ismail, Natasha binti Mohd Zulkifli, Yap Boon Teck, Velayuthan a/l Tan Kim Song and Paul Lim Joo Heng and were satisfied with the level of independence demonstrated by all the Independent Directors and their ability to act in the best interest of the Company. Each Independent Director has retained their independence throughout the tenure and had not in any circumstances formed any association with management that might compromise their ability to exercise independent judgement.

Tenure of Independent Director

The Board believes that the interests of all stakeholders are best served if its composition includes a blend of experience and tenure among Directors. The Board is of the view that the ability of long serving independent directors to remain independent and to discharge their duties with integrity and competency should not be measured solely by tenure of service or any pre-determined age. Instead, Directors' health, attitude, integrity, ability for dispassionate discourse, business knowledge or judgement, and the discharge of their duties and responsibilities in the best interest of TSH Group, are also valid criteria to determine their independence and effectiveness. Their long service should not affect their independence as they are independent-minded and they continue to provide the necessary checks and balances in the best interest of the Company.

Dato' Jasmy bin Ismail, an Independent Non-Executive Director and the Senior Independent Director of the Company has served beyond nine years. The Board intends to retain the services of Dato' Jasmy as an Independent Non-Executive Director and will seek the annual shareholders' approval through a two-tier voting process at the forthcoming annual general meeting.

The Board has through the Nomination Committee undertaken the relevant assessment and recommended that Dato' Jasmy be retained as an Independent Non-Executive Director premised on the following justifications:

- (a) Dato' Jasmy remains objective and independent-minded in Board deliberations;
- (b) Dato' Jasmy's vast experience has enabled him to provide the Board and the Board Committees that he serves, with pertinent experience and competencies to facilitate sound decision-making;
- (c) Dato' Jasmy's length of service does not in any way interfere with his exercise of independent judgement or hinder his ability to act in the best interests of the Company; and
- (d) Dato' Jasmy fulfils the definition of independent director set out in the Listing Requirements of Bursa Securities.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Diversity

The Board acknowledges the importance of Board diversity, including gender, ethnicity, age and business experience, to the effective functioning of the Board. While it is important to promote such diversity, the normal selection criteria of a Director, based on an effective blend of competencies, skills, extensive experience and knowledge in the areas identified by the Board should remain a priority in order not to compromise on the effectiveness in carrying out the Board's functions and duties.

While the Board does not have a specific policy on setting targets for women candidates and ethnicity, the Board will as best as it can, ensure that its composition not only reflects the diversity as recommended by the Code but also has the right mix of skills and balance to contribute to the achievement of the Group's goals. The Board, through the Nomination Committee, will evaluate and match the criteria of future potential nominees to the Board as well as considering boardroom diversity.

The Board, through the Nomination Committee will continue to review the balance, experience and skills of the Board, paying attention to the Board's gender diversity.

The Company also does not have a specific policy on setting targets for women representation in the senior management due to the nature of its primary business. It practises equal employment opportunities for all qualified individuals to create a workforce that is fair and inclusive, and seeks to retain and attract the best people to do the job. Besides, the Company rewards and promotes employees based on assessment of individual performance, capability and potential and is committed to providing opportunities that allow individuals to reach their full potential irrespective of individual background or difference.

Appointment of New Directors

A formal and transparent procedure has been established for appointment of new Directors to the Board. The Nomination Committee is empowered to identify and recommend suitable Directors to fill new positions created by expansion and vacancies arising from resignation, retirement or any other reasons.

Selection of candidates to be considered for appointment as Directors is facilitated through recommendations from:

- (a) the Group Managing Director, other Directors or shareholders for executive position;
- (b) Non-Executive and/or Independent Directors or non-major controlling shareholders for non-executive position; and/or
- (c) external parties including the Company's contacts in related industries as well as independent sources such as women directors' registry.

A comprehensive and independent assessment of the candidates will be conducted by the Nomination Committee without any influence from the major controlling shareholder, Group Managing Director or Executive Director.

In considering candidates as potential Directors, the Nomination Committee, while taking into account the current and future needs of the Company, boardroom diversity and other required soft attributes for Directors, also takes into account the following criteria:

- skills, knowledge, expertise and experience;
- character, integrity and professionalism;
- perceived ability to work cohesively with other members of the Board;
- number of directorships and other external obligations which may affect the Director's commitment, including time commitment and value contribution;
- diversity in age, gender and experience/background; and
- such other relevant factors as may be determined by the Nomination Committee, which would contribute to the Board's collective skills.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

III. Foster Commitment

Time Commitment

The Board has adopted a policy whereby all its Board members are required to notify the Chairman of the Board before accepting any new directorship and to indicate the time expected to be spent on the new appointment.

A schedule of meetings of the Board and Board Committees for the entire financial year is prepared in advance and tabled to the Board and Board Committees for approval before the commencement of a new financial year to enable the Directors to plan ahead and allocate time in their respective schedules.

During the financial year, the Board met six times, whereat it deliberated and considered various matters among others, including the Group's financial performance, environmental, social and governance matters, corporate proposals, annual budget, changes to the Board and Board Committees and risk management policy. Details of the attendance of each Board member are as follows:

| Name | No. of Meetings | | Attendance Percentage |
|--|-----------------|----------|-----------------------|
| | Held | Attended | |
| Datuk Kelvin Tan Aik Pen | 6 | 6 | 100% |
| Dato' Aik Sim, Tan | 6 | 6 | 100% |
| Dato' Jasmy bin Ismail | 6 | 5 | 83% |
| Natasha binti Mohd Zulkifli | 6 | 5 | 83% |
| Yap Boon Teck | 6 | 6 | 100% |
| Velayuthan a/l Tan Kim Song (appointed on 24 November 2023) | N/A | N/A | N/A |
| Paul Lim Joo Heng (appointed on 1 March 2023) | 4 | 4 | 100% |
| Tan Aik Kiong | 6 | 6 | 100% |
| Lim Fook Hin | 6 | 6 | 100% |
| Selina binti Yeop Junior @ Lope (retired on 24 November 2023) | 6 | 6 | 100% |
| Chew Siew Yeng (retired on 23 May 2023) | 4 | 4 | 100% |

All the Directors of the Company have complied with the Listing Requirements for not holding more than five directorships in listed issuers at any given time.

Directors' Training

All Directors receive a comprehensive briefing on first appointment, with subsequent updating as necessary. They were also provided with a Directors' manual containing amongst others, the background information on TSH Group, TSH CG Guidelines and other relevant policies for their reference.

All Directors had attended the Mandatory Accreditation Programme (MAP). They are regularly updated on the Group's businesses and the competitive and regulatory environment in which the Group operates. The Board, through the Nomination Committee, had undertaken an assessment of the training needs of each Director for the financial year under review and concluded that all Board members have vast experience and extensive knowledge in managing the core business of the Group. Nonetheless, the Directors are encouraged to attend various training to effectively discharge their duties as Directors.

For the financial year under review, the Directors except for Velayuthan a/l Tan Kim Song who was appointed to the Board on 24 November 2023, had attended various training either collectively or individually, the details of which are set out in the CG Report. In view of Velayuthan Tan's appointment near the end of the financial year, he was unable to make it to attend any training.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

IV. Board Committees

Nomination Committee

Currently, the Nomination Committee comprises two Independent Non-Executive Directors and one Non-Independent Non-Executive Director, and is chaired by the Senior Independent Director. During the financial year under review, the following changes to the composition of the Nomination Committee took place:

- **Dato' Jasmy bin Ismail** (Chairperson)
(appointed on 24 November 2023)
- **Natasha binti Mohd Zulkifli** (Member)
(appointed on 24 November 2023)
- **Lim Fook Hin** (Member)
- **Selina binti Yeop Junior @ Lope** (Chairperson)
(retired on 24 November 2023)
- **Yap Boon Teck** (Member)
(resigned on 24 November 2023)

The Nomination Committee is responsible for reviewing the Board's succession plans and training for Directors and assessing the effectiveness of the Board and Board Committees. The TOR of the Nomination Committee is available on the Company's website at www.tsh.com.my.

Annual Assessment

The Board has adopted a formal process to be carried out by the Nomination Committee for reviewing its own effectiveness and that of the Board Committees and individual Directors and assessing the independence of the Independent Directors. The process will also take into account the fulfillment of the Board Charter and the respective TORs of the Board Committees. Details of the evaluation process and criteria are disclosed in the CG Report.

The results of the annual assessment of the Board and Board Committees for the financial year under review revealed that there were no items evaluated with a rating of two or below (needs improvement or weak) or exceptional matters being brought up by the Directors. The Board and Board Committees had carried out their duties well and amicably and the functioning of the Board and Board Committees remain highly effective. The Board agreed that the Board as a whole, the Board Committees and all Directors had performed well for the financial year under review.

The Nomination Committee was also satisfied with the existing composition of the Board and Board Committees, and was of the view that with the current mix of skills, knowledge, experience and strength of the Directors, the Board and the respective Board Committees are able to discharge their duties effectively.

The Directors who are due for retirement and re-election pursuant to Clause 100 of the Company's Constitution are Tan Aik Kiong, Lim Fook Hin and Yap Boon Teck. For the purpose of determining the eligibility of the said Directors to stand for re-election pursuant to Clause 100 of the Company's Constitution at the forthcoming annual general meeting ("AGM") of the Company, the Board had through the Nomination Committee assessed their performance and contribution. Besides, the aforesaid retiring Directors were also assessed by the Nomination Committee Chairperson based on TSH Group Directors' Fit and Proper Policy. According to the results of the respective Directors' performance and fit and proper evaluations conducted, the Board is satisfied with the Directors' performance and the level of contribution to the Board through their knowledge, skills and commitment as well as their abilities to act in the best interest of the Company. In addition, the Independent Director standing for re-election has also provided his annual declaration/confirmation of independence. Premised on this, the Board has accepted the Nomination Committee's recommendation for their re-election at the forthcoming AGM of the Company.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

With respect to the re-election of Velayuthan a/l Tan Kim Song as a Director pursuant to Clause 97 of the Company's Constitution, the Nomination Committee and the Board are of the view that Velayuthan Tan should be given the opportunity to contribute to the Company before conducting any evaluation on him as he was newly appointed to the Board on 24 November 2023. Therefore, the Nomination Committee and the Board support the re-election of Velayuthan Tan as a Director. Velayuthan Tan has provided his declaration/confirmation of independence.

The Nomination Committee shall continue to review the overall composition of the Board, in terms of appropriate size, skills, experience and qualification, paying attention to the Board's gender diversity and number of Independent Directors.

The Nomination Committee held two meetings during the financial year under review, and all the members of the Nomination Committee attended the meetings. At the said meetings, the Nomination Committee discussed inter-alia the following matters:

- (a) reviewed and recommended the appointment of Paul Lim Joo Heng as an Independent Non-Executive Director;
- (b) reviewed the required mix of skills and experience and core competencies of Non-Executive Directors;
- (c) reviewed the assessment results of the effectiveness of the Board and Board Committees and the performance of individual Directors;
- (d) reviewed the Board composition and tenure of each Director;
- (e) reviewed and recommended the re-election of Directors who were due for retirement at the Company's annual general meeting in May 2023;
- (f) assessed the independence of Independent Directors and reviewed their annual confirmation on independence, and was satisfied that the Independent Directors continued to exercise independent and objective judgement and acted in the interest of the Company and its stakeholders;
- (g) evaluated the training needs of Directors and noted the training attended by Directors;
- (h) reviewed and recommended the appointment of Velayuthan a/l Tan Kim Song as an Independent Non-Executive Director;
- (i) reviewed and recommended the appointment of Dato' Jasmy bin Ismail as the Senior Independent Director in place of the retiring Senior Independent Director, Selina binti Yeop Junior @ Lope; and
- (j) reviewed and recommended changes to the composition of the Board Committees.

Remuneration Policy and Procedures for Directors and Senior Management

The Board has in place a formal Remuneration Policy and Procedures for Directors and senior management ("Remuneration Policy"). The Remuneration Policy establishes a formal and transparent procedure for developing a structure for the remuneration of Directors and senior management of the Company with the objective of supporting and driving business strategy and the long-term interests of the Company.

The Board, through the Remuneration Committee, will conduct a periodic review of the criteria to be used in recommending the remuneration package of Directors and senior management to ensure that it is in line with current market practices and needs. The Remuneration Policy is available on the Company's website at www.tsh.com.my.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Remuneration Committee

Currently, the Remuneration Committee comprises two Independent Non-Executive Directors and one Non-Independent Non-Executive Director. During the financial year under review, the following changes to the composition of the Remuneration Committee took place:

- **Paul Lim Joo Heng** (Chairman)
(appointed on 24 November 2023)
- **Yap Boon Teck** (Member)
(appointed on 24 November 2023)
- **Lim Fook Hin** (Member)
- **Dato' Jasmy bin Ismail** (Chairman)
(resigned on 24 November 2023)
- **Chew Siew Yeng** (Member)
(retired on 23 May 2023)

The Remuneration Committee's primary responsibility is to recommend to the Board the remuneration of the Executive Directors and senior management staff in all its forms, drawing from outside advice as necessary.

The Remuneration Committee assists the Board in developing a policy on remuneration of Directors to attract and retain Directors and ensure that rewards and remuneration packages are commensurate with each of their expected responsibilities and contribution to the growth and long-term profitability of the Company.

The remuneration of the Executive Directors is structured on the basis of linking rewards to corporate and individual performance. The Executive Directors play no part in deciding their own remuneration and the Directors concerned shall abstain from all discussion pertaining to their remuneration.

The level of remuneration for Non-Executive Directors reflects the experience and level of responsibilities. The Board as a whole determines the remuneration package of Non-Executive Directors. The annual Directors' fees payable to Non-Executive Directors are subject to shareholders' approval at AGM based on the recommendation of the Board. Additional allowances are paid to certain Non-Executive Directors in accordance with the number of meetings of the Board Committees attended during the financial year.

The Board approved the recommendation of the Remuneration Committee to seek shareholders' approval at the AGM in May 2024 for payment of Directors' Fees of RM281,077 for financial year 2023 and for payment of Directors' benefits of up to an aggregate amount of RM2,200,000 for the duration from the date immediately after the AGM of the Company in May 2024 to the date of the next AGM of the Company in 2025.

The Remuneration Committee had also reviewed the remuneration packages of the Group Managing Director, Executive and Non-Executive Directors as well as senior management. For good corporate governance practice, the Remuneration Committee had also undertaken the review of the remuneration packages of the directors at subsidiaries level and an employee who is connected to a Director of the Company. The proposed salary structure was considered by the Remuneration Committee and subsequently approved by the Board for implementation.

Details of the remuneration of the Directors of the Company for the financial year under review are disclosed in the CG Report.

The Remuneration Committee convened three meetings during the financial year under review and all the members of the Remuneration Committee attended the meetings.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Principle B: Effective Audit and Risk Management

Audit Committee

The Audit Committee currently comprises four members, all of whom are Non-Executive Directors with a majority of them being Independent Directors. The Audit Committee is chaired by an Independent Non-Executive Director who is not the Chairman of the Board. None of the Audit Committee members were former audit partners who are required to observe a cooling-off period of at least three years before being appointed in accordance with the TOR of the Audit Committee.

The Audit Committee has a key role in the oversight of the effectiveness of the risk management and internal control systems of the Company. Its key function is to assist the Board to assess the risks and control environment, oversee the financial reporting process, evaluate the internal and external audit process, and review any related party transactions and conflict of interest situations along with the measures taken to resolve, eliminate or mitigate such conflicts. The roles and responsibilities of the Audit Committee are governed by its TOR, which is periodically assessed, reviewed and updated as and when there are changes to the regulatory requirements and direction or strategies of the Company that may affect the Audit Committee's role. The term of office and performance of the Audit Committee and each of its members are reviewed annually by the Board through the Nomination Committee, to ensure that the Audit Committee and its members have carried out their duties in accordance with the TOR of the Audit Committee.

The Audit Committee is authorised by the Board to investigate any matter within its TOR and to have the resources in order to perform its duties and responsibilities as set out in its TOR. The Audit Committee's TOR is available on the Company's website at www.tsh.com.my, and its report is set out in the ensuing pages of this Annual Report.

The Company's financial statements for the year ended 31 December 2023 are prepared in accordance with the provisions of the Companies Act 2016 and applicable financial reporting standards in Malaysia. The Board is responsible to ensure that the financial statements give a true and fair view and balanced and understandable assessment of the state of affairs of the Company and of the Group. The Statement of Directors' Responsibilities in respect of the preparation of the annual audited financial statements is set out in the ensuing page of this Annual Report.

The Audit Committee assists the Board to review the adequacy and integrity of the Group's financial administration and reporting, internal control and risk management systems.

During the financial year under review, the Audit Committee reviewed the Company's quarterly results and annual financial statements prior to recommending them for the Board's approval and for release to the public through Bursa LINK and SGXNet.

The Head of Finance presented the Company's quarter-to-quarter and year-to-date financial performance against budget as well as performance of each business segment during meetings. Assurance had also been provided to the Audit Committee that adequate processes and controls were in place for an effective and efficient financial statement close process, that appropriate accounting policies had been adopted and applied consistently and that the relevant financial statements gave a true and fair view of the state of affairs of the Group.

In addition, the Head of Internal Audit also undertook an independent assessment of the system of internal control and assured the Audit Committee that no material issue or major deficiency had been noted, which would have posed a high risk to the overall system of internal control under review.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Assessment of Suitability and Independence of External Auditors

The Board through the Audit Committee maintains a formal and transparent relationship with the Company's external auditors. The external auditors are invited to attend the Audit Committee meetings and AGMs and are available to answer shareholders' questions on the conduct of the statutory audit and the preparation and content of their audit report.

The Audit Committee undertakes annual independent assessment of the external auditors, the details of which are disclosed in the CG Report. The Audit Committee continually reviews and approves the nature and extent of non-audit services provided to the Group by the external auditors to ensure that external auditors' independence and objectivity are safeguarded. The external auditors have presented their Annual Transparency Reporting and provided written assurances to the Audit Committee on their independence.

Overall, the Audit Committee was satisfied with the suitability of BDO PLT as external auditors of the Company and certain subsidiaries within the Group based on the quality of audit services and sufficiency of resources provided by them.

Risk Management and Internal Audit

The Board recognises the importance of risk management and internal controls in the overall management process. It is responsible for maintaining a sound system of risk management and internal controls to safeguard shareholders' investment and the Company's assets, and is supported by the Audit Committee to ensure that the risks in the Group are identified and managed with appropriate risk management system.

The Board has established framework and policies to ensure that risk management and internal controls across the various risk classes are managed within the risk appetite set by the Board. To ensure their continuous effectiveness, the framework and policies are reviewed periodically, and when there are significant regulatory changes. Risk management is an on-going process facilitated by Internal Audit. The assessments together with mitigating measures are presented to the Audit Committee on a quarterly basis for deliberation.

The Company has put in place a comprehensive system of internal control, which is embodied within the Standard Operating Procedures covering financial controls, operational and compliance controls and risk management. The Company will continue to review, add on or update the system to be in line with the changes in the operating environment. The Board seeks regular assurance on the continuity and effectiveness of the internal control system through independent appraisals by the internal and external auditors. Information on the Group's internal control and risk management are presented in the Statement on Risk Management and Internal Control set out in the ensuing pages of this Annual Report.

In addition to routine business, the Audit Committee through the Internal Audit Function, actively reviews:

- whether the systems in place are being followed;
- risk register at every meeting as on-going process for risk identification, assessment and mitigation on Group's operation; and
- audit findings are discussed with management for execution and implementation.

The Company has established an adequately resourced in-house Internal Audit Function which reports directly to the Audit Committee. The Head of the Internal Audit Function communicates regularly with the members of the Audit Committee, and he is invited to attend meetings of the Audit Committee. Internal Audit activities, all of which are risk-based, are performed by a team of appropriate, qualified and experienced employees. Further information on Internal Audit Function is set out in the Audit Committee Report of this Annual Report and the CG Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Principle C: Integrity In Corporate Reporting and Meaningful Relationship with Stakeholders

Stakeholder Engagement

TSH Group is committed to engaging all stakeholders in a timely, effective and transparent manner. The Group has established a comprehensive website at www.tsh.com.my, which includes a dedicated section on Investor Relations, to support its communication with the investment community. Investors' enquiries can be directed to the Company via email at ir@tsh.com.my. Stakeholders who wish to reach out to the respective divisions of the Group, can do so through the 'Contact' section of the Company's website.

The stakeholders whose activities could have a significant impact on TSH Group's business are carefully identified and are engaged at various platforms and intervals throughout the year. A variety of engagement initiatives including direct meetings and dialogues with community are constantly conducted. The Group also actively seeks solutions to grievances and disputes through negotiations and other due processes. There is a dedicated "Sustainability" section on the Company's website to address any enquiries or grievances relating to sustainability issues. A summary of the stakeholder engagements is disclosed in the Sustainability Report 2023.

Corporate Disclosure Policy

The Company's Corporate Disclosure Policy is designed to ensure the timely and equal release of material price-sensitive information to the market. This policy establishes the procedures to ensure that Directors and employees are aware of the Company's disclosure obligations and procedures, and have accountability for the Company's compliance with those obligations.

The Company has also put in place the precautions to be observed in order to keep the information completely confidential. The Board is mindful that information which is expected to be material must be announced immediately.

Leverage on Information Technology

The Company maintains a website at www.tsh.com.my for shareholders and the public to access information on amongst others, the Company's background, business activities and products, annual reports, corporate responsibility, shareholders' rights, updates on its various news and events and financial performance. In addition, the Board has also established a dedicated section for corporate governance on the Company's website where information on among others, Board Charter, shareholders' rights, Code of Conduct and Ethics, Whistle-Blowing Policy and Directors' Fit and Proper Policy can be accessed.

The Board also encourages other channel of communication with shareholders. For this purpose, shareholders and other stakeholders may convey their concerns relating to the Company to the Senior Independent Director, Dato' Jasmy bin Ismail. At all times, shareholders may contact the Company Secretary for information relating to the Company.

Encourage Shareholder Participation at General Meetings

AGM is the principal forum for dialogue with shareholders, who are given the opportunity to enquire and seek clarification on the operations and financial performance of the Group. Hence, the Board encourages shareholders to attend and participate in the AGM and any general meetings of the Company. Barring any unforeseen circumstances, all Directors have always used their best endeavours to attend general meetings. The respective Chairmen of the Audit Committee, Nomination Committee and Remuneration Committee are also available at general meetings to provide meaningful response to any question raised by shareholders.

On 23 May 2023 and 28 August 2023, the Company held its 43rd AGM and Extraordinary General Meeting ("EGM") on a fully virtual basis. The conduct of the fully virtual 43rd AGM and EGM were in compliance with the Company's Constitution, which allows general meetings to be held using any technology or electronic means. The Company adopted an online remote voting for the conduct of poll on all resolutions. All shareholders were briefed on the voting procedures via a short video presented by the poll administrator. The Chairman of the Board, the other Board members, the Head of Finance, the Company Secretary along with the external auditors, advisers and solicitors where required, attended the Company's 43rd AGM and EGM virtually.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

In line with Practice 13.1 of the Code, the Notice of the 43rd AGM was issued at least 28 days before the AGM.

At the 43rd AGM and EGM, shareholders were given the opportunity to seek clarification on all the agenda items for approval at the meetings before the resolutions were put to vote. It has always been the practice of the Chairman to provide ample time for the Question & Answer session at general meetings and for suggestions and comments given by shareholders to be noted by management for consideration. Where it is not possible to provide immediate answers to shareholders' enquiries, the Board will undertake to provide the answer after the meeting via email.

An independent scrutineer was appointed to validate all the votes cast. The poll results were announced by the Chairman and displayed on the screen before the closure of the 43rd AGM and EGM. The poll results were also announced by the Company via Bursa LINK on the same day for the benefit of all shareholders. The respective minutes of the 43rd AGM and EGM were published on the Company's website within 30 business days from the meetings.

KEY FOCUS AREAS AND FUTURE PRIORITIES

The Board acknowledges the importance of environmental, social and governance ("ESG") factors being embedded as part of how the businesses within TSH group are run. The Group has completed a comprehensive assessment of its material sustainability matters, which also include climate change risks. The Group has enhanced its governance structure relating to sustainability, to ensure that the Board provides sufficient oversight over sustainability matters and through the Sustainability Steering Committee, actions are actively being pursued throughout the organisation to continuously progress the Group's sustainability agenda. Additionally, TSH has adopted a Group Sustainability Policy, which sets the tone on how the Group operates its businesses. With the assistance of a Sustainability Steering Committee, the ESG team aims to drive the ESG agenda more aggressively across the Group, and this include the Group's decarbonisation efforts. The ESG team has made significant progress at this front by completing the Group Corporate Greenhouse Gas Inventory based on the Greenhouse Gas Protocol, Corporate Accounting and Reporting Standard, for the years 2019 – 2023. From there, TSH Group shall establish its baseline and targets, towards reducing its carbon footprint from all the business activities within the Group.

Presently, the Board does not have a formal policy on gender diversity. The Board is of the opinion that it is important to recruit and retain the best available talent, taking into account the mix of skills, experience, knowledge and independence, and based on the Group's needs and operating environment. Going forward, gender diversity will continue to be one of the factors to be considered in evaluating prospective candidates when board vacancy arises.

This Statement has been reviewed and approved by the Board of Directors on 22 February 2024.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board of Directors of TSH ("Board") is pleased to provide the following Statement on Risk Management and Internal Control pursuant to Paragraph 15.26(b) of the Bursa Malaysia Securities Berhad Main Market Listing Requirements.

Set out below is the Board's Statement on Risk Management and Internal Control which outlines the nature and state of internal control of the Group during the year under review, and up to the date of this Annual Report.

Board Responsibility



The Board affirms its overall responsibility for the establishment of the Group's system of internal control as well as periodically reviewing its adequacy and integrity to safeguard shareholders' investments, customers' interests and Group assets. However, such a system can only reduce but not eliminate the possibility of poor judgment in decision making, human error, occurrences of unforeseeable events and circumvention of controls by employees. Accordingly, such a system can be expected to provide only reasonable but not absolute assurance against material misstatement, operational failures and fraudulent activities. The concept of reasonable assurance also recognises that the cost of control procedures should not exceed the expected benefits.

Control Environment and Activities

Risk Management Framework



Risk management is regarded by the Board as an important aspect of the Group's operations with the objective of maintaining a sound system of internal control to ensure that the Group's assets are well protected and shareholders' value is enhanced.

TSH has established an Enterprise Risk Management framework. The framework provides a structured approach towards identifying, measuring, managing, monitoring and reporting key risks affecting the Group's business operations. Key risks identified are assessed for their likelihood and impact should the risks materialise. Upon identifying, assessing and prioritizing the risks, steps have to be taken to mitigate them. These procedures are subjected to review periodically to cater for process changes and changing risks.

Within the framework, the Board retains the overall risk management responsibility by performing risk oversight and delegate day-to-day decisions to the Group Managing Director and Senior Management team. Besides, the Group Internal Auditors also independently examine and verify the risk management framework for its completeness and reliability.

As an on-going compliance effort with regard to Section 17A of the Malaysian Anti-Corruption Commission (Amendment) Act 2018, management ensures that continuing refresher courses and exams are being rolled out. These courses act as a reminder for the initial anti-bribery training provided.

Broadly, the Group focuses on managing two types of risks, strategic and operational. Strategic risks are caused by events that are external to the Group, but have a significant impact on its strategic decisions or activities. These are dealt with by the Board.

Operational risks are inherent in the activities within the different business units or subsidiaries of the Group. These risks are the responsibility of the various business units or department heads. However, the Group impresses on all its employees that everyone at TSH Group is responsible for good risk management. In addition, Internal Audit facilitates the risk management process through identification, evaluation, mitigating and reporting key risk on a quarterly basis.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Key Risks in 2023

**Maximising yields to offset operational costs in the plantation segment**

As part of operational cost management, emphasis is placed on generating higher estate and oil yields by utilising improved planting materials, driving higher productivity of workers, and site specific agro-management inputs. TSH continuously improves by fine-tuning/upgrading existing mechanisation processes and explores new mechanisation initiatives to further increase productivity and reduce labour. Palm oil mills by-products were applied to fields to further improve the field yields and optimise the use of fertilisers. Prudent measures are in place through the budgeting process and continuous monitoring to manage costs.

**Sustainability**

At TSH, a robust commitment to sustainability is integrated in our businesses and operations, serving as a cornerstone for long-term resilience and growth. Our key stakeholders, including customers, regulators, financiers, and investors, have elevated expectations in sustainability. Governed by the Board and supported by the Sustainability Steering Committee ("SSC"), TSH's sustainability efforts involve crafting ESG strategies, ensuring policy compliance, and tracking target achievements. The SSC actively monitors sustainability initiatives through dedicated task forces, reflecting our commitment to responsible and enduring business practices in alignment with evolving stakeholder expectations.

**Weather conditions**

Extreme weather, including both drought (El Nino) and prolonged rainy seasons (La Nina) may adversely impact estate operations and yield. Prolonged dry weather brought on by El Nino causes moisture stress in palms and can lead to crop reduction in the medium and longer terms. On the other hand, prolonged rainy seasons may also affect the progress and effectiveness of field maintenance programmes as well as hamper harvesting and logistic activities. In addition, weather conditions also affect the success rate of pollination which play a major role in oil palm yield. This include the transfer of pollens from the male and to the female flowers that leads to successful fruit formation.

TSH Group has implemented several measures to alleviate problems associated with unfavourable weather conditions i.e. floods and dry weather. For example, to mitigate issues arising from floods, the Group has adopted measures to construct bunds and water gates in low lying areas. During the dry weather, fire patrols are constantly on guard and on the look-out for any potential fire hazards and all palm oil mills and housing quarters are equipped with fire fighting equipment as an emergency safety measure. Fire fighting training was conducted jointly with government agencies in all units in ensuring preparedness during the dry weather. Socialisation was carried out with local community on the fire hazard and potential damages to the environment.

**Competing mills**

TSH Group sources its supplies of fresh fruit bunches ("FFB") from its oil palm plantation, private estates and smallholders who have estates situated near the Group's palm oil mills. The Group has a long history of sourcing FFB from out growers and in the process has built close rapport with them. Nonetheless, moving forward, TSH Group will be undertaking more planting in Indonesia to boost the supply of FFB for its own mills. Our FFB production will also increase in the coming years as our immature area comes into harvesting and young matured area reaches peak yielding age.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Labour force



TSH Group respects, supports and upholds fundamental human rights, and does not engage in any form of illegal, forced, bonded or human trafficking and shall take appropriate measures to prevent the use of such labour in connection with its operations.

The Group is committed to absorb all employer's percentage of related recruitment fees. Employment of child is prohibited within TSH Group's operations. Remedial actions with appropriate follow-up actions shall be imposed if any child labour is spotted in order to protect the welfare of the child.

TSH Group adopts measures to ensure the retention of efficient employees by providing formal training, standard operating procedures, competitive remuneration, housing and amenities and a harmonious working environment. The well-being of our employees has always been our utmost priority. We constantly emphasise on the importance of safety and health, as well as a conducive working and living environment for our employees and their families. Over the years, we have been steadfast in taking concrete steps to upgrade and conduct regular maintenance of our existing housing facilities while constructing additional houses to meet ongoing requirements.

The Group is currently in the process of mechanising certain field operations to reduce dependency on labour. To date, the Group has not encountered any serious labour shortage or any significant labour dispute that could cause a major disruption in its daily operations. In addition, the Group has also appointed experienced estate managers to manage the estates.

Pests and Diseases



There are two ways to curb the outbreak of pests and diseases in oil palm plantations, either organically or chemically. As we strive to minimise the usage of chemical, we have opted for non-chemical measures such as planting of beneficial plants to attract predators of insect pests, use of baits and natural predators of rodents, such as barn owls. The Group has also introduced Integrated Pest Management system for early detection of pest incidents and control. Pesticides will only be utilised in case of major outbreak. In addition, the Group also provides continuous education to its employees on the latest pest control methods, adopting and implementing good field hygiene and integrated pest management practices. Since the commencement of the Group's business operations, we have not experienced any outbreak of pest infection that has a significant impact on its daily operations. The Group has engaged a Visiting Advisor to monitor and improve the Pest Management Practice in all estates. SOP on planting of beneficial plants is in place and implemented in all estates.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Internal Controls



The process is periodically reviewed by the Board through the Audit Committee and is guided by the publication – Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers issued by the Taskforce on Internal Control.

The key processes that the Directors have established with regards to the system of internal control are as follows:

- Organisational structure with defined reporting line.
- Clearly documented standard operating procedures covering key processes are adopted. These established procedures define the level of authorities and lines of responsibilities from operating units up to the Group corporate level to ensure accountabilities for risk management and control activities.
- Corporate policy on zero tolerance pertaining to fraud and criminal breach of trust.
- Comprehensive budgeting and forecasting system are established. Each operating unit submits a budget annually for approval by the Board. The actual results are reported, analysed and monitored against the budget.
- Comprehensive management and financial information are provided to the Board to facilitate decision making.
- Regular Board and Management meetings to assess the Group's performance and continually monitor the adequacy and integrity of the internal control framework.
- Group Internal Audit function is established to assist in providing assurance on the effectiveness of the internal control system within the Group. Internal auditors conduct regular visits to review the effectiveness of the control procedures in place and to ensure accurate and timely financial management reporting.
- The Group's internal audit department reports directly to the Audit Committee. Upon conducting reviews on the system of internal control and effectiveness of processes that are in place, internal audit reports are prepared and presented to the Audit Committee on a quarterly basis or earlier, as appropriate.
- The internal audit function adopts a risk-based approach and prepares its audit plan based on the risk profiles of the key business units of the Group after taking into consideration input of Senior Management and the Audit Committee.
- Internal audit department also conducts subsequent follow-up review to ensure Management has dealt with audit recommendations and taken appropriate actions satisfactorily.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Review of the Statement by External Auditors



The external auditors have performed limited assurance procedure on the Statement on Risk Management and Internal Control pursuant to the scope set out in Audit Assurance and Practice Guide 3 ("AAPG 3"), *Guidance for Auditors on Engagements to report on the Statement on Risk Management and Internal Control included in the Annual Report* issued by the Malaysia Institute of Accountants for inclusion in the Annual Report of the Group for the year ended 31 December 2023, and reported to the Board that nothing has come to their attention that causes them to believe the Statement on Risk Management and Internal Control intended to be included in the Annual Report is not prepared, in all material aspects, in accordance with the disclosures required by paragraphs 41 and 42 of the Guidelines, nor is the Statement on Risk Management and Internal Control factually inaccurate.

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

Conclusion



The Board has reviewed the adequacy and effectiveness of the risk management and internal control system through the above activities and is not aware of any significant weaknesses or deficiencies in the Group's risk management and internal control practices for the year under review and to the date of this Statement. The Board has also obtained assurance from the Group Managing Director and the Head of Finance Department that the risk management and internal control system is in place and operating effectively.

This Statement on Risk Management and Internal Control does not cover associate and joint ventures where the internal control systems of these companies are managed by the respective management teams.

This Statement has been reviewed and approved by the Board of Directors on 22 February 2024.

AUDIT COMMITTEE REPORT

The Board of Directors (“Board”) is pleased to present the following report on the Audit Committee and its activities for the financial year ended 31 December 2023.

Audit Committee Composition and Meetings

Currently, the Audit Committee comprises four Non-Executive Directors, a majority of whom are Independent Directors, and is chaired by an Independent Non-Executive Director. During the financial year under review, the following changes to the composition of the Audit Committee took place:

| | |
|---|---|
| Yap Boon Teck | Chairman, Independent Non-Executive Director (Member of the Malaysian Institute of Accountants) |
| Dato’ Jasmy bin Ismail | Member, Independent Non-Executive Director |
| Velayuthan a/l Tan Kim Song (appointed on 24 November 2023) | Member, Independent Non-Executive Director |
| Lim Fook Hin | Member, Non-Independent Non-Executive Director (Member of the Malaysian Institute of Certified Public Accountants) |
| Chew Siew Yeng (retired on 23 May 2023) | Member, Independent Non-Executive Director (Member of the Malaysian Institute of Accountants) |

The Audit Committee held five meetings during the financial year under review to discharge its duties and responsibilities. Attendance of the members of the Audit Committee is as follows:

| Name | No. of Meetings | | Attendance Percentage |
|--|-----------------|----------|-----------------------|
| | Held | Attended | |
| Yap Boon Teck | 5 | 5 | 100% |
| Dato’ Jasmy bin Ismail | 5 | 5 | 100% |
| Velayuthan a/l Tan Kim Song (appointed on 24 November 2023) | N/A | N/A | N/A |
| Lim Fook Hin | 5 | 5 | 100% |
| Chew Siew Yeng (retired on 23 May 2023) | 3 | 3 | 100% |

During the financial year, the Audit Committee had engaged on a continuous basis with senior management, Head of Internal Audit and the external auditors to keep abreast of matters and issues affecting the Group. The Audit Committee Chairman reported to the Board, matters of significant concern that raised by the internal auditors and external auditors and presented the Audit Committee’s recommendations to the Board for approval.

The Company Secretary acts as the secretary to the Audit Committee. Minutes of meetings are distributed electronically to the members of the Audit Committee on a timely manner for their review. Minutes of meetings are also circulated to the Board for notation. The Audit Committee may request for clarification or raise comments before the minutes are tabled for confirmation. The minutes are signed by the Chairman of the meeting.

AUDIT COMMITTEE REPORT

Terms of Reference

The Audit Committee is responsible for amongst others, reviewing and monitoring the system of internal control and audit process and ensuring that the Company's financial statements comply with the applicable financial reporting standards as this is integral to the reliability of the financial statements.

The Audit Committee is governed by its terms of reference which will be periodically reviewed and updated. The terms of reference of the Audit Committee is available on the Company's website at www.tsh.com.my.

Review of the Audit Committee

An assessment of the performance and effectiveness of the Audit Committee was undertaken by the Board through the Nomination Committee for the financial year ended 31 December 2023. The Audit Committee was assessed based on the following six key areas, and the Board was satisfied that the Audit Committee and its members had carried out their duties and functions in accordance with terms of reference of the Audit Committee:

- (a) Composition and quality;
- (b) Process and procedures;
- (c) Communications and information;
- (d) Oversight of the financial reporting process including internal controls;
- (e) Oversight of audit functions; and
- (f) Financial literacy.

Training

For the financial year under review, the members of the Audit Committee except for Velayuthan a/l Tan Kim Song who was appointed to the Audit Committee on 24 November 2023, had attended various webinars either collectively or individually, the details of which are set out in the CG Report.

Summary of Activities

The summary of key activities undertaken by the Audit Committee during the financial year is provided as follows:

1. Financial Reporting and Compliance

During the financial year, the Audit Committee reviewed the unaudited quarterly financial statements and annual audited consolidated financial statements to ensure compliance with the Malaysian Financial Reporting Standards ("MFRS"), IFRS Accounting Standards ("IFRS"), the requirements of the Companies Act 2016 and Paragraph 9.22 including Appendix 9B of the Listing Requirements, focusing particularly on changes in or implementation of major accounting policy changes, significant and unusual events and significant adjustments resulting from the audit.

The Audit Committee's recommendations were presented at the respective Board meetings held subsequently for approval.

To safeguard the integrity of financial statements of TSH, the Head of Finance had given assurance to the Audit Committee that:

- (a) adequate processes and controls were in place for an effective and efficient financial statements close process;
- (b) appropriate accounting policies had been adopted and applied consistently;
- (c) the relevant financial statements gave a true and fair view of the state of affairs of TSH Group;
- (d) the going concern basis applied in the annual financial statements and condensed consolidated financial statements was appropriate; and
- (e) prudent judgements and reasonable estimates had been made in accordance with the requirements set out in the MFRS, IFRS and Listing Requirements.

AUDIT COMMITTEE REPORT

2. External Audit

During the financial year under review, the Audit Committee had three meetings and two private sessions with external auditors, BDO PLT. The private sessions were held without the presence of the Executive Directors, management and internal auditors. The Audit Committee reviewed with BDO PLT matters relating to the audit of the statutory accounts, audit report and recommendations made by them in their management letter and the adequacy of management's responses thereto. The Audit Committee also reviewed the non-audit services provided by BDO PLT and the aggregate fees paid to them, taking into consideration the process and requirements including the fee threshold established under the policy, and was satisfied that the non-audit services were not likely to create any conflicts of interest or impair the independence and objectivity of the external auditors.

During the private sessions held with BDO PLT, the Audit Committee discussed the audit findings and other observations that the external auditors had during their audit process. There were no major concerns raised by the external auditors at the said private sessions.

In March 2023, the Audit Committee evaluated the performance of the external auditors based on four key areas, namely quality of service, sufficiency of resources, communication with management and independence, objectivity and professionalism. The Audit Committee assessed the performance of the lead engagement partner and his engagement team based on the private sessions held between the Audit Committee and the external auditors. The Audit Committee had also invited management to join the assessment as they had substantial contact with the external audit team throughout the year. Being satisfied with the external auditors' performance, technical competency, audit independence, adequacy of experience and resources of the firm as well as active engagement during the audit process, the Audit Committee recommended to the Board the reappointment of BDO PLT as the external auditors of the Company for shareholders' approval. At the last annual general meeting held on 23 May 2023, the shareholders had approved the reappointment of BDO PLT as the auditors of the Company.

In November 2023, the Audit Committee reviewed the audit plan for financial year 2023 prepared by BDO PLT outlining their scope of work, audit approach which includes the procedures to be performed by the external auditors during their annual visits to the Group's estates/mills/power plants/palm oil refinery, deliverables and proposed fees for the statutory audit and non-statutory audit. The Audit Committee had also reviewed and discussed the key audit matters ("KAMs"), the details of which are reflected in the financial statements set out in this Annual Report.

The external auditors had provided written confirmations of their independence to the Audit Committee that they are and have been independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

A similar evaluation on the performance of BDO PLT was carried out by the Audit Committee in April 2024 and the Audit Committee recommended the reappointment of BDO PLT as the external auditors of the Company for the financial year ending 31 December 2024.

The Audit Committee shall continue to review the KAMs raised by the external auditors as part of its focus areas for 2024 in addition to its routine business.

AUDIT COMMITTEE REPORT

3. Internal Audit

The Audit Committee reviewed and approved the annual internal audit plan for 2023 having regard to the adequacy of scope and coverage of the activities of the Group. The Internal Audit Team conducted the audit activities based on the internal audit plan approved by the Audit Committee.

The Head of Internal Audit attended meetings of the Audit Committee and presented on, inter-alia, summaries of the internal audit reports issued, audit recommendations provided by the internal auditors and management's response thereto and corrective actions taken by management on audit issues raised by the internal auditors.

The Audit Committee also reviewed the performance evaluation of the internal audit members, and was satisfied with the performance of the Internal Audit Function.

4. Recurrent Related Party Transactions

All recurrent related party transactions entered into by the Group were reviewed by the Audit Committee to ensure that they were conducted on an arm's length commercial term and rate. Reporting system and procedures were also reviewed to ascertain that the established guidelines and procedures have been complied with.

5. Other Matters

The Audit Committee reviewed and evaluated the questionnaires completed by the Head of Finance on information relating to risk and control environment of the Group. With the assistance of the Internal Audit Function which reports directly to the Audit Committee, the Audit Committee completed its review of the adequacy and effectiveness of the Group's systems of internal control and reported its findings and recommendations to the Board. The Audit Committee was satisfied that the controls in place are adequate and functioning properly to address the risks. The Audit Committee was also satisfied with the assurance provided by the Head of Internal Audit that no material issue or major deficiency had been noted which would have posed a high risk to the overall system of internal control under review.

In relation to the proposal to declare a first and final single-tier dividend for the financial year 2023, the Audit Committee reviewed the dividend proposed by management by taking into account the Company's profits, cash flows and capital investment requirements. The Audit Committee also reviewed the solvency tests undertaken by the management, and was satisfied with the results, which showed that the Company is able to pay its debts as and when the debts become due within 12 months after the distribution of said dividend, pursuant to Section 132(3) of the Companies Act 2016. Accordingly, the Audit Committee resolved to recommend the declaration of the first and final single-tier dividend for financial year 2023 for the Board's approval.

The Statement on Risk Management and Internal Control and the Audit Committee Report for inclusion in this Annual Report were reviewed by the Audit Committee prior to Board's approval.

AUDIT COMMITTEE REPORT

Internal Audit Function

The Internal Audit Function of TSH Group reports directly to the Audit Committee. It assists the Audit Committee in the discharge of its duties and responsibilities. The key role of the Internal Audit Function is to provide independent and objective assurance designed to add value and assist the Group in accomplishing its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

The internal audit activities, all of which are risk-based, were established after taking into consideration the key business units of the Group and input from senior management and the members of the Audit Committee.

Every quarter, the Internal Audit Function submits a report on its audit findings and recommendations to the Audit Committee for review and deliberation at meeting. The Head of Internal Audit attends the quarterly meetings to present the internal audit findings and makes appropriate recommendations on areas of concern within the Company and the Group.

For the financial year under review, the activities undertaken by Internal Audit Function were amongst others, the following:

- (a) developed an annual internal audit plan using a risk-based approach, taking into consideration the key business units of the Group and input from senior management and the members of the Audit Committee;
- (b) provided independent assessment and objective assurance over the adequacy and effectiveness of risk management and internal control processes via structured reviews of units and operations identified in the annual internal audit plan;
- (c) provided independent and objective reviews of the adequacy and relevance of internal controls enforced to mitigate the risk exposures;
- (d) ascertained the level of compliance with established policies and procedures of the Company; and
- (e) recommended improvements and enhancements to the existing system of internal controls and work procedures/processes.

The total cost incurred in managing the Internal Audit Department in respect of the financial year 2023 was RM691,000.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE AUDITED FINANCIAL STATEMENTS

The Board of Directors is required under Paragraph 15.26(a) of the Bursa Malaysia Securities Berhad Main Market Listing Requirements ("Listing Requirements") to issue a statement on its responsibility in the preparation of the annual audited financial statements.

The Directors are required by the Companies Act 2016 ("Act") to prepare financial statements for the financial year which give a true and fair view of the financial positions of the Group and of the Company as at 31 December 2023 and of their financial performance and cash flows for the year then ended.

In preparing the financial statements, the Directors have:

- applied the appropriate and relevant accounting policies on a consistent basis;
- made judgements and estimates that are reasonable and prudent; and
- prepared the annual audited financial statements in accordance with applicable Financial Reporting Standard in Malaysia, the provisions of the Act and the Listing Requirements.

The Directors are responsible for ensuring that the Company and its subsidiaries keep accounting records which disclose with reasonable accuracy at any time the financial position of each company and which enable them to ensure that the financial statements comply with the provisions of the Act.

The Directors are also responsible for taking reasonable steps to safeguard the assets of the Group and the Company to prevent and detect fraud and other irregularities.

ADDITIONAL COMPLIANCE INFORMATION

1. Utilisation of Proceeds

On 4 April 2022, PT Bulungan Citra Agro Persada ("BCAP"), a 90%-owned subsidiary of TSH Resources Berhad, PT Kawasan Industri Kalimantan Indonesia ("KIKI") and PT Kalimantan Industrial Park Indonesia ("KIPI") had entered into a conditional sale, purchase and compensation of land agreement ("CSPA") for the proposed disposal by BCAP of 13,214.90 hectares of certificated land together with the 683.36 hectares of uncertified land adjoining thereto (collectively referred to as "Sale Land") for a total cash consideration of IDR 2,428.86 billion (equivalent to approximately RM731.09 million).

On 8 August 2022, the disposal of 7,817.36 hectares of certificated land was completed.

On 18 January 2023, the disposal of 574.56 hectares of uncertified land was completed.

On 4 July 2023, KIKI and KIPI had respectively exercised their options to grant BCAP an Extended Long Stop Date period of the CSPA of 12 months from 4 July 2023 to 4 July 2024.

As at 29 March 2024, total proceeds raised from the disposal was RM457.5 million, which were fully utilised by the Group as follows:

| Details of Utilisation | Proposed utilisation RM'000 | Actual utilisation RM'000 | Balance RM'000 |
|---|--------------------------------|------------------------------|-------------------|
| Partial repayment of interest-bearing borrowings | 550,000 | 400,304 | 149,696 |
| New planting and replanting of oil palm | 45,000 | 593 | 44,407 |
| Infrastructure works and capital expenditure | 47,000 | 9,204 | 37,796 |
| General working capital | 68,944 | 34,093 | 34,851 |
| Defray estimated expenses relating to the disposals | 20,143 | 13,305 | 6,838 |
| | 731,087 | 457,499 | 273,588 |

2. Audit and Non-Audit Fees

The amount of fees paid or payable to the external auditors and its affiliates in relation to the audit and non-audit services rendered to the Company and the Group for the financial year ended 31 December 2023 are as follows:

| | Group RM'000 | Company RM'000 |
|----------------|-----------------|-------------------|
| Audit fees | 869 | 174 |
| Non-audit fees | 593 | 539 |

3. Material Contracts

During the financial year under review, save as disclosed in the aforesaid section on Utilisation of Proceeds and the next section on Recurrent Related Party Transactions, there were no other material contracts entered into by the Company and/or its subsidiaries involving Directors' and major shareholders' interests which were still subsisting at the end of the financial year or if not then subsisting, entered into since the end of the previous financial year.

ADDITIONAL COMPLIANCE INFORMATION

4. Recurrent Related Party Transactions of a Revenue or Trading Nature

At the last AGM of the Company held on 23 May 2023, the Company had obtained a mandate from its shareholders ("Shareholders' Mandate") to allow the Company and/or its subsidiaries to enter into Recurrent Related Party Transactions of a Revenue or Trading Nature ("Recurrent Transactions"). In accordance with Paragraph 10.09(2)(b) of the Listing Requirements, details of the Recurrent Transactions conducted during the financial year ended 31 December 2023 pursuant to the Shareholders' Mandate are as follows:

| Name of Companies | Related Parties | Class of Related Party | Nature of Recurrent Transactions | Aggregate value of transactions made during the financial year RM |
|--|--|--|----------------------------------|---|
| TSH Plantation Sdn. Bhd. ("TSHP") and TSH Plantation Management Sdn. Bhd. ("TSHPM") (Seller) | TSH-Wilmar Sdn. Bhd. ("TSH-W") (Buyer) | TSH-W is a joint venture company in which TSH Resources Berhad ("TSH") holds 50% equity interest. Datuk Kelvin Tan Aik Pen is a Director and substantial shareholder of TSH. He was a director of TSH-W. Tan Aik Kiong is a Director and shareholder of TSH and also holds directorships in TSHP, TSHPM and TSH-W. Dato' Aik Sim, Tan is a Director and shareholder of TSH. Dato' Aik Sim, Tan is a person connected to Datuk Kelvin Tan Aik Pen and Tan Aik Kiong. | Sale of crude palm oil | 229,410,531 |
| TSHP and TSHPM (Seller) | TSH-W (Buyer) | Same as disclosed above. | Sale of palm kernel | 31,588,303 |
| TSHPM (Buyer) | Serijaya Industri Sdn. Bhd. ("SJI") (Seller) | SJI is a wholly-owned subsidiary of Innoprise Plantations Berhad ("Innoprise"). TSH is a substantial shareholder of Innoprise. Datuk Kelvin Tan Aik Pen is a shareholder of Innoprise and a substantial shareholder and Director of TSH. He was a Director of Innoprise and SJI. Tan Aik Kiong is a Director of TSH, TSHPM and shareholder of TSH. He is also a shareholder of Innoprise and a director of Innoprise and SJI. Dato' Aik Sim, Tan is a Director and shareholder of TSH. Dato' Aik Sim, Tan is a person connected to Datuk Kelvin Tan Aik Pen and Tan Aik Kiong. | Purchase of fresh fruit bunches | Nil |

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FINANCIAL STATEMENTS

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DIRECTORS' REPORT

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2023.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and forest plantation. The principal activities of the subsidiaries are primarily involved in investment holding, oil palm cultivation and processing, generation and supply of electricity from biomass plants, forest plantation, manufacture and sales of cocoa products and downstream wood products and other related business activities. The principal activities and details of the subsidiaries are stated in Note 23 to the financial statements. There have been no significant changes in the nature of these activities of the Group and of the Company during the financial year.

RESULTS

| | Group RM'000 | Company RM'000 |
|--------------------------------------|-----------------|-------------------|
| Profit for the financial year | 125,825 | 13,838 |
| Attributable to: | | |
| Owners of the Company | 95,112 | 13,838 |
| Non-controlling interests | 30,713 | - |
| | 125,825 | 13,838 |

DIVIDENDS

Dividends paid, declared or proposed by the Company since the end of the previous financial year were as follows:

| | Company RM'000 |
|--|-------------------|
| In respect of the financial year ended 31 December 2022 | |
| Final single-tier dividend of 2.5 sen per ordinary share, paid on 14 July 2023 | 34,505 |
| | 34,505 |

On 22 February 2024, the Directors declared a first and final single-tier dividend of 2.5 sen per ordinary share in respect of the financial year ended 31 December 2023 to shareholders whose names appear in the Record of Depositors of Bursa Malaysia Depository Sdn. Bhd. and The Central Depository (Pte) Limited ("CDP") at the close of business on 23 April 2024. The financial statements for the current financial year do not reflect this dividend. The dividend will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2024.

DIRECTORS' REPORT

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than the net foreign currency translation gain amounted to RM86,193,000 taken up in statements of changes in equity.

ISSUE OF SHARES AND DEBENTURES

The Company did not issue any new shares and debentures during the financial year.

TREASURY SHARES

At the Annual General Meeting held on 23 May 2023, the shareholders of the Company by an ordinary resolution renewed the mandate given to the Company to repurchase up to ten per centum (10%) of its own ordinary shares.

As at 31 December 2023, the Company had 1,629,000 ordinary shares held as treasury shares with a carrying amount of RM1,467,000.

The Company did not repurchase any of its issued ordinary shares from the open market during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

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

DIRECTORS

The Directors who have held office during the financial year and up to the date of this report are as follows:

TSH Resources Berhad

| | |
|--|---|
| Tan Aik Pen | Paul Lim Joo Heng (<i>Appointed on 1 March 2023</i>) |
| Tan Aik Sim | Tan Aik Kiong |
| Dato' Jasmy Bin Ismail | Lim Fook Hin |
| Natasha Binti Mohd Zulkifli | Chew Siew Yeng (<i>Retired on 23 May 2023</i>) |
| Yap Boon Teck | Selina Binti Yeop Junior @ Lope (<i>Resigned on 24 November 2023</i>) |
| Velayuthan A/L Tan Kim Song (<i>Appointed on 24 November 2023</i>) | |

Subsidiaries of TSH Resources Berhad

Pursuant to Section 253(2) of the Companies Act 2016 in Malaysia, the Directors of the subsidiaries of TSH Resources Berhad during the financial year and up to the date of this report are as follows:

| | |
|--------------------------|--------------------------------------|
| Tan Aik Pen | Tan Aik Kiong |
| Tan Aik Sim | Tan Ek Huat |
| Datuk Jaswant Singh Kler | Asgari Bin Tun Mohd Fuad Stephens |
| Paul Lim Joo Heng | Chen Chu Chai @ Anthony Tsen Sui Lin |
| Lim Fook Hin | Tan Aik Choon |

DIRECTORS' REPORT

DIRECTORS (continued)

Subsidiaries of TSH Resources Berhad

Pursuant to Section 253(2) of the Companies Act 2016 in Malaysia, the Directors of the subsidiaries of TSH Resources Berhad during the financial year and up to the date of this report are as follows (continued):

| | |
|--------------------------|--|
| Lok Huey Ming | Mudappathi Sugunan Nair |
| Ainahwati Binti Abd Sani | M Murali Manikam |
| John Bin Sindin | Peter Dodoo |
| Raden Harry Zulnardy | Wong Twee Jong |
| Karsidi | Ong Chu Yaw |
| Iban Bragado Lafuente* | Li Fui Yee |
| Michael Wong Chung Hau | Goh Kian Yin |
| Michelle L. Brantley | Roland Lajoie Hubert (Appointed on 21 August 2023) |
| Fiona Lane | Ong Chau Jinn (Appointed on 25 October 2023) |
| Darwin Arriega | Ong Yah Ho (Demised on 29 January 2023) |
| Haji Abdul Wahab | Tan Sze Lian Celine (Resigned on 3 August 2023) |
| Ke Jek Tiang* | Renatha Philoé (Resigned on 21 August 2023) |
| Ferly Versady* | |

* Ceased his office due to winding of the subsidiary during the financial year.

DIRECTORS' INTERESTS

The Directors holding office at the end of the financial year and their beneficial interests in ordinary shares of the Company and of its related corporations during the financial year ended 31 December 2023 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act 2016 in Malaysia were as follows:

| | Number of ordinary shares | | | Balance as at 31.12.2023 |
|------------------------------|---------------------------|--------------------------|----------|-----------------------------|
| | Balance as at 1.1.2023 | Acquired/ Transferred | Disposed | |
| Shares in the Company | | | | |
| <u>Direct interests:</u> | | | | |
| Tan Aik Pen | 336,299,317 | 6,409,570 | - | 342,708,887 |
| Tan Aik Sim | 53,371,564 | 1,909,570 | - | 55,281,134 |
| Tan Aik Kiong | 55,438,695 | 1,909,570 | - | 57,348,265 |
| Lim Fook Hin | 2,102,000 | - | - | 2,102,000 |
| <u>Indirect interests:</u> | | | | |
| Tan Aik Kiong | 27,125 | - | - | 27,125 |
| Lim Fook Hin | 500,000 | - | - | 500,000 |

DIRECTORS' REPORT

DIRECTORS' INTERESTS (continued)

By virtue of Section 8(4)(c) of the Companies Act 2016 in Malaysia, Tan Aik Pen is also deemed to be interested in the ordinary shares of all the subsidiaries to the extent that the Company has an interest.

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

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the Directors have received or become entitled to receive any benefit (other than those benefits included in the aggregate amount of remuneration received or due and receivable by the Directors as shown in the financial statements) by reason of a contract made by the Company or a related corporation with the Director, or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest other than deemed benefits arising from related party transactions entered into in the ordinary course of business as disclosed in Note 43 to the financial statements.

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

DIRECTORS' REMUNERATION

Directors' remuneration of the Group and of the Company for the financial year ended 31 December 2023 were as follows:

| | Group RM'000 | Company RM'000 |
|--|-----------------|-------------------|
| Executive: | | |
| Salaries and bonus | 4,510 | 4,448 |
| Other emoluments | 722 | 715 |
| Total Executive Directors' remuneration (excluding benefits-in-kind) | 5,232 | 5,163 |
| Estimated money value of benefits-in-kind | 284 | 284 |
| Total Executive Directors' remuneration (including benefits-in-kind) | 5,516 | 5,447 |
| Non-Executive: | | |
| Fees | 358 | 281 |
| Salaries | 2,730 | - |
| Other emoluments | 1,757 | 1,454 |
| Total Non-Executive Directors' remuneration (excluding benefits-in-kind) | 4,845 | 1,735 |
| Estimated money value of benefits-in-kind | 303 | 303 |
| Total Non-Executive Directors' remuneration (including benefits-in-kind) | 5,148 | 2,038 |
| Total Directors' remuneration | 10,664 | 7,485 |

DIRECTORS' REPORT

INDEMNITY AND INSURANCE FOR DIRECTORS, OFFICERS AND AUDITORS

During the financial year, the Directors and Officers of the Group are covered by a Directors and Officers Liability Insurance ("D&O Policy") for any liability incurred in the discharge of their duties, subject to the terms of the D&O Policy. The amount of insurance premium paid by the Company during the financial year was RM82,000.

There were no indemnity given to or insurance effected for the auditors of the Group and of the Company during the financial year.

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY

(I) AS AT THE END OF THE FINANCIAL YEAR

- (a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:
 - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and had satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
 - (ii) to ensure that any current assets other than debts, which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.
- (b) In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature except for the effects arising from gain on disposal of assets held for sale of the Group of RM27,604,000.

(II) FROM THE END OF THE FINANCIAL YEAR TO THE DATE OF THIS REPORT

- (c) The Directors are not aware of any circumstances:
 - (i) which would render the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any material extent;
 - (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; and
 - (iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) In the opinion of the Directors:
 - (i) there has not arisen any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made; and
 - (ii) no contingent or other liability has become enforceable, or is likely to become enforceable, within the period of twelve (12) months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

DIRECTORS' REPORT

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY (continued)

(III) AS AT THE DATE OF THIS REPORT

- (e) There are no charges on the assets of the Group and of the Company which have arisen since the end of the financial year to secure the liabilities of any other person.
- (f) There are no contingent liabilities of the Group and of the Company which have arisen since the end of the financial year.
- (g) The Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

- (a) On 4 April 2022, PT Bulungan Citra Agro Persada ("PT BCAP"), a 90% owned subsidiary of the Company entered into a conditional sale, purchase and compensation of land agreement ("CSPA") with PT Kawasan Industri Kalimantan Indonesia ("KIKI") and PT Kalimantan Industrial Park Indonesia ("KIPI") for the proposed disposal by PT BCAP of 13,214.90 hectares of certificated land together with 683.36 hectares of uncertified land adjoining thereto (collectively referred to as "the Sale Land") for a total cash consideration of IDR2,428.86 billion (or equivalent to approximately RM731,090,000).

On 8 August 2022, the disposal of 7,817.36 hectares of the Sale Land was completed.

On 18 January 2023, the disposal for 574.56 hectares of the uncertified land was completed for cash consideration amounted to RM28,717,000, which is subject to 2.5% tax on the cash consideration amounted to RM718,000 and this has been recognised in administrative expenses within Statements of Comprehensive Income during the financial year. The Group recorded a gain on disposal of RM27,604,000 in the financial statements.

On 4 July 2023, KIKI and KIPI had respectively exercised their options to grant BCAP an Extended Long Stop Date period of the CSPA of 12 months from 4 July 2023 to 4 July 2024.

The proposed disposal of the remaining of the Sale Land is expected to be completed within the next twelve (12) months and has continued to be classified as assets held for sale.

- (b) On 21 July 2023, the Company announced its intention to undertake a secondary listing of and quotation for its entire issued ordinary shares on the Main Board of the Singapore Exchange Securities Trading Limited ("SGX-ST") by way of introduction ("Proposed Secondary Listing").

On 26 September 2023, the Proposed Secondary Listing was completed following the listing of and quotation for the entire issued share capital of the Company on the Main Board of the SGX-ST. The shares are and will continue to be listed on the Main Market of Bursa Securities, which will remain as the primary stock exchange on which the shares are listed.

AUDITORS

The auditors, BDO PLT (201906000013 (LLP0018825-LCA) & AF 0206), have expressed their willingness to continue in office.

DIRECTORS' REPORT

AUDITORS' REMUNERATION

Auditors' remuneration of the Group and of the Company for the financial year ended 31 December 2023 were as follows:

| | Group RM'000 | Company RM'000 |
|------------------|-----------------|-------------------|
| Statutory audit | | |
| - BDO PLT | 520 | 174 |
| - Other auditors | 349 | - |
| Other services | | |
| - BDO PLT | 544 | 539 |
| | 1,413 | 713 |

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

.....
Tan Aik Sim
 Director

.....
Tan Aik Kiong
 Director

Kuala Lumpur
 1 April 2024

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 137 to 246 have been drawn up in accordance with Malaysian Financial Reporting Standards, IFRS Accounting Standards and the provisions 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 2023 and of the financial performance and cash flows of the Group and of the Company for the financial year then ended.

On behalf of the Board,

.....
Tan Aik Sim
 Director

.....
Tan Aik Kiong
 Director

Kuala Lumpur
 1 April 2024

STATUTORY DECLARATION

I, Fong Ging Pang (CA 9024), being the officer primarily responsible for the financial management of TSH Resources Berhad, do solemnly and sincerely declare that the financial statements set out on pages 137 to 246 are, to the best of my knowledge and belief, 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 at)
 Kuala Lumpur, this)
 1 April 2024)

Fong Ging Pang

Before me:

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF TSH RESOURCES BERHAD (INCORPORATED IN MALAYSIA)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of TSH Resources Berhad, which comprise the statements of financial position as at 31 December 2023 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 137 to 246.

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 2023, and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards ("MFRSs"), IFRS Accounting 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 ("ISAs"). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

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

Key Audit Matters

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

a. Impairment of plasma receivables

As at 31 December 2023, the Group had plasma receivables amounted to RM39,412,000, which was net of impairment losses of RM13,485,000. The details of plasma receivables and its credit risks have been disclosed in Note 27(b)(ii) to the financial statements.

We determined this to be a key audit matter because it requires management to exercise significant judgement in determining the probability of default by plasma receivables, appropriate forward-looking information i.e. Gross Domestic Product ("GDP") and crude palm oil prices, significant increase in credit risk and estimated cash flows recoverable in worst-case scenarios, taking into consideration the effects of increasing interest rate in Indonesia on the discount rate.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF TSH RESOURCES BERHAD (INCORPORATED IN MALAYSIA)

Key Audit Matters (continued)**a. Impairment of plasma receivables (continued)****Audit response**

Our audit procedures, with the involvement of the component auditors, included the following:

Impairment assessment of plasma receivables

- (i) evaluated assessments performed by management and assessed adequacy of expected credit losses based on expected cash flows recoverable from plasma receivables, which were derived from expectation of repayment patterns from plasma receivables, either through funding from banks and/or cash flows through sales of fresh fruit bunches;
- (ii) assessed and evaluated reasonableness of discount rate used in calculating the present value of non-current plasma receivables over their expected repayment period, taken into consideration the effects of increasing interest rate in Indonesia on the discount rate;
- (iii) recomputed the probability of default using historical data and forward-looking information adjustment, taken into consideration the effects of increasing interest rate in Indonesia on discount rate applied by the Group;
- (iv) assessed the appropriateness of the indicators of significant increase in credit risk applied by the management and the resultant basis for classification of exposure into respective stages; and
- (v) evaluated basis used by management in determining cash flows recoverable in worst-case scenarios, where applicable, incorporating the effects of increasing interest rate in Indonesia on the discount rate.

b. Impairment of amounts due from subsidiaries

As at 31 December 2023, non-trade amounts due from subsidiaries of the Company were RM206,902,000 which were net of impairment losses of RM4,441,000 as disclosed in Note 27 to the financial statements.

We determined this to be a key audit matter because it requires management to exercise significant judgement in determining the probability of default by subsidiaries, appropriate forward-looking information, significant increase in credit risk and estimated cash flows recoverable in worst-case scenarios, taking into consideration the effects of increasing Overnight Policy Rate ("OPR") in Malaysia and interest rate in Indonesia, where applicable, on the discount rates.

Audit response

Our audit procedures included the following:

- (i) recomputed probability of default using historical data and forward-looking adjustment, taken into consideration the effects of increasing OPR in Malaysia and interest rate in Indonesia, where applicable, on the discount rates applied by the Company;
- (ii) assessed the appropriateness of the indicators of significant increase in credit risk applied by the management and the resultant basis for classification of exposure into respective stages;

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF TSH RESOURCES BERHAD (INCORPORATED IN MALAYSIA)

Key Audit Matters (continued)

b. *Impairment of amounts due from subsidiaries (continued)*

Audit response (continued)

Our audit procedures included the following (continued):

- (iii) evaluated basis used by management in determining cash flows recoverable in worst-case scenarios, where applicable, incorporating the impact of increasing OPR in Malaysia and interest rate in Indonesia, where applicable, on the discount rates; and
- (iv) assessed actual loss events subsequent to the end of reporting period for its relationship with the indicators of significant increase in credit risk applied by management.

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 MFRSs, IFRS Accounting 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 ability of the Group and of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and ISAs 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.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF TSH RESOURCES BERHAD (INCORPORATED IN MALAYSIA)

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

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

- (a) 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.
- (b) 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 internal control of the Group and of the Company.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- (d) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group or of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- (e) 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.
- (f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial 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.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF TSH RESOURCES BERHAD (INCORPORATED IN MALAYSIA)

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 23 to the financial statements.

Other Matters

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

.....
BDO PLT

201906000013 (LLP0018825-LCA) & AF 0206
Chartered Accountants

.....
Lum Chiew Mun

03039/04/2025 J
Chartered Accountant

Kuala Lumpur
1 April 2024

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

| | Note | Group | | Company | |
|---|------|----------------|----------------|----------------|----------------|
| | | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| Continuing operations | | | | | |
| Revenue | 6 | 1,066,516 | 1,305,999 | 114,524 | 195,944 |
| Cost of sales | 7 | (668,077) | (813,070) | (3,140) | (4,021) |
| Gross profit | | 398,439 | 492,929 | 111,384 | 191,923 |
| Other items of income | | | | | |
| Interest income | 8 | 13,398 | 9,846 | 17,806 | 31,917 |
| Dividend income | 9 | 1 | 18 | 1 | 18 |
| Other income | 10 | 50,260 | 417,515 | 14,700 | 8,982 |
| Net impairment write back on financial assets | 12 | - | - | 314 | 9,719 |
| Other items of expenses | | | | | |
| Marketing and distribution costs | | (30,310) | (35,797) | - | - |
| Administrative expenses | | (190,171) | (175,807) | (53,131) | (51,254) |
| Finance costs | 11 | (20,147) | (32,377) | (21,710) | (33,865) |
| Other expenses | | (28,167) | (164,874) | (49,695) | (75,729) |
| Net impairment losses on financial assets | 12 | (3,662) | (4,254) | - | - |
| Share of profit of associate, net of tax | | 11,189 | 18,477 | - | - |
| Share of (loss)/profit of joint ventures, net of tax | | (2,993) | 31,621 | - | - |
| Profit before tax | 12 | 197,837 | 557,297 | 19,669 | 81,711 |
| Taxation | 15 | (72,012) | (32,304) | (5,831) | 8,280 |
| Profit for the financial year from continuing operations | | 125,825 | 524,993 | 13,838 | 89,991 |
| Discontinued operations | | | | | |
| Profit for the financial year from discontinued operations, net of tax | 16 | - | - | - | 24,861 |
| Profit for the financial year | | 125,825 | 524,993 | 13,838 | 114,852 |

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

| | Note | Group | | Company | |
|--|-------|----------------|----------------|----------------|----------------|
| | | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| Other comprehensive income/(loss) | | | | | |
| Item that may be reclassified subsequently to profit or loss: | | | | | |
| Foreign currency translations | 15(d) | 96,886 | (53,856) | - | - |
| Net loss on financial assets measured at fair value through other comprehensive income ("FVOCI") | 15(d) | (261) | - | - | - |
| Cumulative loss on financial assets measured at FVOCI reclassified to profit or loss upon disposal | 15(d) | 97 | - | - | - |
| Reclassification of exchange translation reserve to profit or loss | 15(d) | - | 339 | - | - |
| | | 96,722 | (53,517) | - | - |
| Item that may not be reclassified subsequently to profit or loss: | | | | | |
| Remeasurements of net defined benefit liabilities | 15(d) | (676) | 1,077 | - | - |
| Other comprehensive income/(loss) for the financial year, net of tax | | 96,046 | (52,440) | - | - |
| Total comprehensive income for the financial year | | 221,871 | 472,553 | 13,838 | 114,852 |
| Profit attributable to owners of the Company | | | | | |
| From continuing operations | | 95,112 | 456,407 | 13,838 | 89,991 |
| From discontinued operations | | - | - | - | 24,861 |
| | | 95,112 | 456,407 | 13,838 | 114,852 |
| Profit attributable to non-controlling interests | | 30,713 | 68,586 | - | - |
| | | 125,825 | 524,993 | 13,838 | 114,852 |
| Total comprehensive income attributable to: | | | | | |
| Owners of the Company | | 180,639 | 411,329 | 13,838 | 114,852 |
| Non-controlling interests | | 41,232 | 61,224 | - | - |
| | | 221,871 | 472,553 | 13,838 | 114,852 |
| Earnings per share attributable to owners of the Company (sen per share): | | | | | |
| Basic earnings per share | 17 | 6.89 | 33.07 | | |
| Diluted earnings per share | 17 | 6.89 | 33.07 | | |

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

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

| | Note | Group | | Company | |
|---|------|----------------|----------------|----------------|----------------|
| | | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| ASSETS | | | | | |
| Non-current assets | | | | | |
| Property, plant and equipment | 19 | 1,277,756 | 1,256,556 | 52,842 | 53,449 |
| Right-of-use assets | 20 | 253,435 | 255,082 | 8,249 | 8,310 |
| Biological assets | 21 | 366,003 | 364,842 | 274,506 | 271,874 |
| Intangible assets | 22 | 44,319 | 50,350 | - | - |
| Investments in subsidiaries | 23 | - | - | 676,694 | 808,330 |
| Investment in an associate | 24 | 78,645 | 77,437 | 61,259 | 61,259 |
| Investments in joint ventures | 25 | 103,090 | 106,083 | 20,750 | 20,750 |
| Deferred tax assets | 26 | 473 | 6,026 | - | - |
| Other receivables | 27 | 47,910 | 53,946 | 198,830 | 254,333 |
| Investment securities | 28 | 28,094 | 50 | 50 | 50 |
| Derivative assets | 32 | 717 | - | 717 | - |
| | | 2,200,442 | 2,170,372 | 1,293,897 | 1,478,355 |
| Current assets | | | | | |
| Biological assets | 21 | 14,697 | 13,531 | - | - |
| Inventories | 29 | 93,718 | 132,923 | 1,048 | 1,572 |
| Trade and other receivables | 27 | 36,214 | 39,725 | 11,418 | 49,164 |
| Other current assets | 30 | 5,320 | 6,432 | 216 | 797 |
| Tax recoverable | | 17,995 | 8,789 | 1 | 18 |
| Investment securities | 28 | 1 | 1 | 1 | 1 |
| Derivative assets | 32 | 295 | 30 | 161 | - |
| Short term funds | 33 | 5,349 | 6,385 | 155 | 150 |
| Cash and bank balances | 34 | 250,138 | 375,580 | 31,207 | 42,362 |
| | | 423,727 | 583,396 | 44,207 | 94,064 |
| Assets held for sale | 35 | 220,853 | 205,510 | - | - |
| TOTAL CURRENT ASSETS | | 644,580 | 788,906 | 44,207 | 94,064 |
| TOTAL ASSETS | | 2,845,022 | 2,959,278 | 1,338,104 | 1,572,419 |
| EQUITY AND LIABILITIES | | | | | |
| Equity attributable to owners of the Company | | | | | |
| Share capital | 36 | 740,512 | 740,512 | 740,512 | 740,512 |
| Treasury shares | 36 | (1,467) | (1,467) | (1,467) | (1,467) |
| Other reserves | 37 | (168,877) | (254,906) | - | - |
| Retained earnings | 38 | 1,476,805 | 1,416,700 | 239,152 | 259,819 |
| | | 2,046,973 | 1,900,839 | 978,197 | 998,864 |
| Non-controlling interests | | 258,308 | 231,219 | - | - |
| TOTAL EQUITY | | 2,305,281 | 2,132,058 | 978,197 | 998,864 |

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

| | Note | Group | | Company | |
|-------------------------------------|------|------------------|------------------|------------------|------------------|
| | | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| LIABILITIES | | | | | |
| Non-current liabilities | | | | | |
| Loans and borrowings | 39 | 110,963 | 164,860 | 110,963 | 164,860 |
| Retirement benefits | 40 | 22,982 | 17,324 | - | - |
| Lease liabilities | 20 | 955 | 1,320 | 32 | 56 |
| Deferred tax liabilities | 26 | 86,973 | 86,555 | 3,468 | 1,508 |
| | | 221,873 | 270,059 | 114,463 | 166,424 |
| Current liabilities | | | | | |
| Loans and borrowings | 39 | 191,157 | 394,251 | 119,294 | 193,736 |
| Trade and other payables | 41 | 123,475 | 142,158 | 126,127 | 210,106 |
| Derivative liabilities | 32 | - | 3,282 | - | 3,267 |
| Lease liabilities | 20 | 420 | 615 | 23 | 22 |
| Current tax payable | | 2,816 | 16,855 | - | - |
| | | 317,868 | 557,161 | 245,444 | 407,131 |
| TOTAL LIABILITIES | | 539,741 | 827,220 | 359,907 | 573,555 |
| TOTAL EQUITY AND LIABILITIES | | 2,845,022 | 2,959,278 | 1,338,104 | 1,572,419 |

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

| 2023 | Note | Attributable to owners of the Company | | | | | | | | | |
|--|-------|--|---------------|-----------------|-------------------|-----------------------|-------------------|--------------------------------------|----------------------------|--------------------|---------------------------|
| | | Equity attributable to owners of the Company | | | | | Non-distributable | | | | |
| | | Equity, total | Share capital | Treasury shares | Retained earnings | Other reserves, total | Capital reserve | Foreign currency translation reserve | Share of associate reserve | Fair value reserve | Non-controlling interests |
| | | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Group | | | | | | | | | | | |
| Balance as at 1 January 2023 | | 2,132,058 | 1,900,839 | 740,512 | (1,467) | 1,416,700 | (254,906) | 9,630 | 100 | - | 231,219 |
| Profit for the financial year | | 125,825 | 95,112 | - | - | 95,112 | - | - | - | - | 30,713 |
| Other comprehensive income/(loss) | | | | | | | | | | | |
| Foreign currency translations | 15(d) | 96,886 | 86,193 | - | - | - | 86,193 | - | - | - | 10,693 |
| Net loss on financial assets measured at FVOCI | 15(d) | (261) | (261) | - | - | - | (261) | - | - | (261) | - |
| Cumulative loss on financial assets measured at FVOCI reclassified to profit or loss upon disposal | 15(d) | 97 | 97 | - | - | - | 97 | - | - | 97 | - |
| Remeasurements of net defined benefit liabilities | 15(d) | (676) | (502) | - | - | (502) | - | - | - | - | (174) |
| Other comprehensive income/(loss) for the financial year, net of tax | | 96,046 | 85,527 | - | - | (502) | 86,029 | - | - | (164) | 10,519 |
| Total comprehensive income/(loss) for the financial year | | 221,871 | 180,639 | - | - | 94,610 | 86,029 | - | - | (164) | 41,232 |
| Transactions with owners | | | | | | | | | | | |
| Additional interest in subsidiaries | 23(f) | 2,736 | - | - | - | - | - | - | - | - | 2,736 |
| Reduction of interest upon winding up of subsidiaries | | (252) | - | - | - | - | - | - | - | - | (252) |
| Dividends paid on ordinary shares | 18 | (34,505) | (34,505) | - | - | (34,505) | - | - | - | - | - |
| Dividends paid to non-controlling interests | | (16,627) | - | - | - | - | - | - | - | - | (16,627) |
| Total transactions with owners | | (48,648) | (34,505) | - | - | (34,505) | - | - | - | - | (14,143) |
| Balance as at 31 December 2023 | | 2,305,281 | 2,046,973 | 740,512 | (1,467) | 1,476,805 | (168,877) | 9,630 | 100 | (164) | 258,308 |

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

| 2022 | Equity attributable to owners of the Company | | | | | Non-distributable | | | Non-controlling interests RM'000 | |
|---|--|-------------------------|-------------------------|---------------------------|-----------------------------|---------------------------------|---------------------------|--|-------------------------------------|--------------------------------------|
| | Equity total RM'000 | Company total RM'000 | Share capital RM'000 | Treasury shares RM'000 | Retained earnings RM'000 | Other reserves, total RM'000 | Capital reserve RM'000 | Foreign currency translation reserve RM'000 | | Share of associate reserve RM'000 |
| Group | | | | | | | | | | |
| Balance as at 1 January 2022 | 1,813,588 | 1,641,330 | 740,512 | (1,467) | 1,111,178 | (208,893) | 9,630 | (218,623) | 100 | 172,258 |
| Profit for the financial year | 524,993 | 456,407 | - | - | 456,407 | - | - | - | - | 68,586 |
| Other comprehensive (loss)/income | | | | | | | | | | |
| Foreign currency translations | (53,856) | (46,352) | - | - | - | (46,352) | - | (46,352) | - | (7,504) |
| Reclassification of exchange translation reserve to profit or loss arising from dissolution of foreign subsidiaries | 339 | 339 | - | - | - | 339 | - | 339 | - | - |
| Remeasurements of net defined benefit liabilities | 1,077 | 935 | - | - | 935 | - | - | - | - | 142 |
| Other comprehensive (loss)/income for the financial year, net of tax | (52,440) | (45,078) | - | - | 935 | (46,013) | - | (46,013) | - | (7,362) |
| Total comprehensive income/(loss) for the financial year | 472,553 | 411,329 | - | - | 457,342 | (46,013) | - | (46,013) | - | 61,224 |
| Transactions with owners | | | | | | | | | | |
| Dividends paid on ordinary shares | (151,820) | (151,820) | - | - | (151,820) | - | - | - | - | - |
| Dividends paid to non-controlling interests | (2,263) | - | - | - | - | - | - | - | - | (2,263) |
| Total transactions with owners | (154,083) | (151,820) | - | - | (151,820) | - | - | - | - | (2,263) |
| Balance as at 31 December 2022 | 2,132,058 | 1,900,839 | 740,512 | (1,467) | 1,416,700 | (254,906) | 9,630 | (264,636) | 100 | 231,219 |

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

| | Note | ← Non-distributable → | | | Distributable |
|---|------|-------------------------|-------------------------|---------------------------|-----------------------------|
| | | Equity, total RM'000 | Share capital RM'000 | Treasury shares RM'000 | Retained earnings RM'000 |
| 2023 | | | | | |
| Company | | | | | |
| Balance as at 1 January 2023 | | 998,864 | 740,512 | (1,467) | 259,819 |
| Profit for the financial year | | 13,838 | - | - | 13,838 |
| Other comprehensive income for the financial year, net of tax | | - | - | - | - |
| Total comprehensive income for the financial year | | 13,838 | - | - | 13,838 |
| Transactions with owners | | | | | |
| Dividends paid on ordinary shares | 18 | (34,505) | - | - | (34,505) |
| Total transactions with owners | | (34,505) | - | - | (34,505) |
| Balance as at 31 December 2023 | | 978,197 | 740,512 | (1,467) | 239,152 |
| 2022 | | | | | |
| Company | | | | | |
| Balance as at 1 January 2022 | | 1,035,832 | 740,512 | (1,467) | 296,787 |
| Profit for the financial year | | 114,852 | - | - | 114,852 |
| Other comprehensive income for the financial year, net of tax | | - | - | - | - |
| Total comprehensive income for the financial year | | 114,852 | - | - | 114,852 |
| Transactions with owners | | | | | |
| Dividends paid on ordinary shares | 18 | (151,820) | - | - | (151,820) |
| Total transactions with owners | | (151,820) | - | - | (151,820) |
| Balance as at 31 December 2022 | | 998,864 | 740,512 | (1,467) | 259,819 |

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

| | Note | Group | | Company | |
|---|-------|----------------|------------------|----------------|----------------|
| | | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | |
| Profit before tax | | | | | |
| From continuing operations | | 197,837 | 557,297 | 19,669 | 81,711 |
| From discontinued operations | 16 | - | - | - | 15,187 |
| | | 197,837 | 557,297 | 19,669 | 96,898 |
| Adjustments for: | | | | | |
| Amortisation of biological assets | 21 | 1,181 | 1,181 | 1,181 | 1,181 |
| Bad debts (recovered)/written off | | (118) | 241 | - | - |
| Depreciation of property, plant and equipment | 12 | 90,255 | 90,725 | 2,214 | 2,310 |
| Depreciation of right-of-use assets | 12 | 9,705 | 10,076 | 61 | 68 |
| Dividend income | 9 | (1) | (18) | (1) | (18) |
| Fair value (gain)/loss on forward currency contracts | | (4,115) | 3,607 | (4,145) | 3,267 |
| Fair value loss on investment securities | 12 | - | 2 | - | 2 |
| Fair value gain on commodity future contracts | 10 | (149) | (1,899) | - | - |
| Gain on disposal of: | | | | | |
| - property, plant and equipment | 10 | (446) | (312,007) | (143) | (393) |
| - assets held for sale | | (27,604) | (84,585) | - | (13,822) |
| Gain on lease reassessments | 10 | (31) | (169) | - | - |
| (Gain)/Loss on remeasurement of financial guarantee contracts | 41(d) | (24) | (47) | (249) | 217 |
| Impairment losses on: | | | | | |
| - property, plant and equipment | 19 | - | 56,253 | - | - |
| - goodwill | 22 | 7,769 | 211 | - | - |
| - investment in subsidiaries | 23(c) | - | - | 46,784 | 949 |
| - trade receivables | 27(a) | 138 | 514 | - | - |
| - other receivables | 27(b) | 4,206 | 5,151 | - | - |
| Interest expense | 11 | 20,147 | 32,377 | 21,710 | 33,865 |
| Interest income | 8 | (13,398) | (9,846) | (17,806) | (31,917) |
| Inventories (written back)/written down | 29 | (6,375) | 13,943 | - | - |
| Inventories written off | 29(c) | 6,798 | 5,578 | - | 3 |
| (Gain)/Loss from fair value adjustment of forest planting expenditure | 21 | (341) | 37,240 | (2,613) | 38,189 |
| Losses arising from dissolution of subsidiaries | 12 | - | 341 | - | - |
| Loss on disposal of financial assets | 12 | 192 | - | - | - |
| Net (gain)/loss from fair value adjustment of fresh fruit bunches | 21 | (432) | 3,383 | - | 201 |
| Net unrealised foreign exchange loss/(gain) | | 7,080 | (3,944) | (4,431) | (5,343) |
| Property, plant and equipment written off | | 449 | 454 | - | 12 |
| Right-of-use asset written off | 20 | - | 193 | - | 193 |
| Rent concessions | 20 | - | (1) | - | (1) |
| Share of profit of associate | | (11,189) | (18,477) | - | - |
| Share of loss/(profit) of joint ventures | | 2,993 | (31,621) | - | - |
| Subtotal | | 86,690 | (201,144) | 42,562 | 28,963 |

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

| | Note | Group | | Company | |
|---|-------|----------------|----------------|----------------|----------------|
| | | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| Subtotal (continued) | | 86,690 | (201,144) | 42,562 | 28,963 |
| Write back of impairment losses on: | | | | | |
| - trade receivables | 27(a) | (358) | (1,399) | - | - |
| - other receivables | 27(b) | (324) | (12) | (11) | - |
| - amounts due from subsidiaries | 27(c) | - | - | (303) | (9,719) |
| Total adjustments | | 86,008 | (202,555) | 42,248 | 19,244 |
| Operating cash flows before changes in working capital | | 283,845 | 354,742 | 61,917 | 116,142 |
| Changes in working capital | | | | | |
| Decrease/(Increase) in inventories | | 35,704 | (8,567) | 524 | (189) |
| Decrease in receivables | | 6,323 | 24,569 | 10,990 | 18,400 |
| Decrease in payables | | (11,506) | (73,874) | (1,080) | (9,165) |
| Increase in retirement benefits obligations | | 3,824 | 102 | - | - |
| Total changes in working capital | | 34,345 | (57,770) | 10,434 | 9,046 |
| Cash flows from operations | | 318,190 | 296,972 | 72,351 | 125,188 |
| Interest paid | | - | - | (7,093) | (13,625) |
| Income tax paid | | (92,819) | (91,780) | (3,854) | (2,420) |
| Income tax refunded | | 1,310 | 2,539 | - | - |
| Net cash flows from operating activities | | 226,681 | 207,731 | 61,404 | 109,143 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | |
| Additions of right-of-use assets | | (4,690) | (20,630) | - | - |
| Additional investments in subsidiaries | 23(d) | - | - | (37,769) | (1,985) |
| Distribution for return of capital from liquidation of a subsidiary | 23(d) | - | - | 468 | - |
| Dividends received from: | | | | | |
| - associate | 24(d) | 9,981 | 23,113 | - | - |
| - joint ventures | 25(c) | - | 15,000 | - | - |
| - short term investments | 9 | 1 | 18 | 1 | 18 |
| Forest planting expenditure | | (1,974) | (2,388) | (1,198) | (617) |
| Interest received | | 13,398 | 9,846 | 17,806 | 31,917 |
| Placement of deposits with maturity of over 3 months | | (3) | (3) | - | - |
| Proceeds from disposal of: | | | | | |
| - property, plant and equipment | | 2,257 | 411,325 | 143 | 460 |
| - assets held for sale | | 28,716 | 248,000 | - | 76,347 |
| - other investment | | 2,040 | - | - | - |
| Purchase of other investments | | (29,261) | - | - | - |
| Purchase of property, plant and equipment | | (57,410) | (61,052) | (1,609) | (2,170) |
| Withdrawal of deposits pledged with licensed banks | | 1,028 | - | - | - |
| Subtotal | | (35,917) | 623,229 | (22,158) | 103,970 |

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

| | Note | Group | | Company | |
|---|-------|----------------|----------------|----------------|----------------|
| | | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| Subtotal (continued) | | (35,917) | 623,229 | (22,158) | 103,970 |
| Redemptions of non-cumulative redeemable convertible preference shares | 23(d) | - | - | 77,982 | 78,428 |
| Repayments from subsidiaries | | - | - | 51,786 | 225,564 |
| Net cash flows (used in)/from investing activities | | (35,917) | 623,229 | 107,610 | 407,962 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | | |
| Dividends paid | 18 | (34,505) | (151,820) | (34,505) | (151,820) |
| Dividends paid to non-controlling interests | | (16,627) | (2,263) | - | - |
| Interest paid | | (20,077) | (32,190) | (14,614) | (20,237) |
| Net drawdowns/(repayments) of bankers' acceptances | 39(j) | 24,817 | (35,837) | - | - |
| Net repayments of revolving credits | 39(j) | (105,500) | (94,283) | (42,500) | (145,783) |
| Net repayments of Sukuk Murabahah Islamic Commercial Papers | 39(j) | - | (50,000) | - | - |
| Net repayments of Sukuk Murabahah Medium Term Notes | 39(j) | (90,000) | (60,000) | - | - |
| Net repayments of term loans | 39(j) | (88,519) | (315,925) | (88,519) | (315,925) |
| Payments of lease interest | 20(j) | (70) | (187) | (3) | (3) |
| Payments of lease liabilities | 20(j) | (649) | (1,035) | (23) | (26) |
| Proceeds from issuance of preference shares to non-controlling interest | | 2,736 | - | - | - |
| Net cash flows used in financing activities | | (328,394) | (743,540) | (180,164) | (633,794) |
| Net (decrease)/increase in cash and cash equivalents | | (137,630) | 87,420 | (11,150) | (116,689) |
| Effects of exchange rate changes | | 12,433 | (3,940) | - | - |
| Cash and cash equivalents as at beginning of financial year | | 376,231 | 292,751 | 42,512 | 159,201 |
| Cash and cash equivalents as at end of financial year | 34(d) | 251,034 | 376,231 | 31,362 | 42,512 |

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

1. CORPORATE INFORMATION

TSH Resources Berhad ("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 and Main Board of Singapore Exchange Securities Trading Limited ("SGX-ST").

The registered office of the Company is located at Level 10, Menara TSH, No. 8 Jalan Semantan, Damansara Heights, 50490 Kuala Lumpur.

The principal place of business of the Company is located at Bangunan TSH, TB 9, KM 7, Apas Road, 91000 Tawau, Sabah.

The consolidated financial statements for the financial year ended 31 December 2023 comprise the Company and its subsidiaries and the interests of the Group in an associate and joint ventures. These financial statements are presented in Ringgit Malaysia ("RM"), which is also the functional currency of the Company. All financial information presented in RM has been rounded to the nearest thousand, unless otherwise stated.

The financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 1 April 2024.

2. PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and forest plantation. The principal activities of the subsidiaries are primarily involved in investment holding, oil palm cultivation and processing, generation and supply of electricity from biomass plants, forest plantation, manufacture and sales of cocoa products and downstream wood products and other related business activities. The principal activities and details of the subsidiaries are stated in Note 23 to the financial statements. There have been no significant changes in the nature of these activities of the Group and of the Company during the financial year.

3. BASIS OF PREPARATION

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

The accounting policies adopted are consistent with those of the previous financial year except for the effects of adoption of new MFRSs during the financial year. The new MFRSs and Amendments to MFRSs adopted during the financial year are disclosed in Note 44.1 to the financial statements.

The financial statements of the Group and of the Company have been prepared under the historical cost convention except as otherwise stated in the financial statements.

The Group has positive cash flows from its business activities and has sufficient credit facilities in place to meet its operational requirements (as disclosed further in Note 5(b)(ii) to the financial statements), notwithstanding that the current liabilities of the Company exceeded its current assets by RM201,237,000 as at 31 December 2023. In addition, the Group and the Company carried out cash flows review for the next twelve (12) months to ensure that the business operations have sufficient funds available to meet their obligations as and when they fall due. Historical results of the treasury management show that the Group and the Company have the ability to meet their obligations as and when they fall due and the Group and the Company have not defaulted on any obligations due or payable to financial institutions or creditors.

The Directors are confident that the Group and the Company will continue to operate profitably and generate sufficient cash flows from operations in the foreseeable future, together with continuous financial support from the lenders and shareholders.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

4. SEGMENT INFORMATION

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss in the consolidated financial statements.

For management purposes, the Group is organised into business units based on their products and services, and the operation of oil palm plantations, manufacture and sale of crude palm oil and palm kernel has been designated as a reportable segment under "Palm products" segment.

Other non-reportable segments include manufacture and sale of downstream wood products, operation of a forest management unit, manufacture, sale and trading of cocoa products, and generation and supply of electricity from biomass plants, which do not individually meet the quantitative thresholds in respect of profit or loss required for separate disclosure as reporting segments. Accordingly, financial information for these segments has been combined and presented under the "Others" segment.

Group financing (including finance costs), income taxes, share of results of associate and joint ventures are managed on a group basis and are not allocated to operating segments.

| | Palm products RM'000 | Others RM'000 | Adjustment and eliminations RM'000 | Notes | Total RM'000 |
|---|-------------------------|------------------|--|-------|------------------|
| 2023 | | | | | |
| Revenue | | | | | |
| External customers | 998,080 | 68,436 | - | | 1,066,516 |
| Inter-segment | 22,224 | - | (22,224) | (a) | - |
| Total revenue | 1,020,304 | 68,436 | (22,224) | | 1,066,516 |
| Results | | | | | |
| Interest income | 60,374 | 1,361 | (48,337) | | 13,398 |
| Dividend income | 1 | - | - | | 1 |
| Depreciation and amortisation | (87,805) | (13,336) | - | | (101,141) |
| Gain on disposal of assets held for sale | 27,604 | - | - | | 27,604 |
| Gain on disposal of property, plant and equipment | 618 | (172) | - | | 446 |
| Other material non-cash items | (9,698) | (4,648) | - | (b) | (14,346) |
| Segment profit/(loss) | 251,587 | (11,805) | (41,945) | (c) | 197,837 |
| Assets: | | | | | |
| Additions to non-current assets (including assets held for sale) | 51,083 | 13,459 | - | (d) | 64,542 |
| Segment assets (including assets held for sale) | 1,981,589 | 588,421 | 275,012 | (e) | 2,845,022 |
| Segment liabilities | 119,628 | 18,517 | 401,596 | (f) | 539,741 |

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

4. SEGMENT INFORMATION (continued)

| | Palm products RM'000 | Others RM'000 | Adjustment and eliminations RM'000 | Notes | Total RM'000 |
|---|-------------------------|------------------|--|-------|------------------|
| 2022 | | | | | |
| Revenue | | | | | |
| External customers | 1,202,038 | 103,961 | - | | 1,305,999 |
| Inter-segment | 23,776 | - | (23,776) | (a) | - |
| Total revenue | 1,225,814 | 103,961 | (23,776) | | 1,305,999 |
| Results | | | | | |
| Interest income | 70,981 | 1,202 | (62,337) | | 9,846 |
| Dividend income | 18 | - | - | | 18 |
| Depreciation and amortisation | (88,057) | (13,925) | - | | (101,982) |
| Gain on disposal of assets held for sale | 84,585 | - | - | | 84,585 |
| Gain on disposal of property, plant and equipment | 311,924 | 83 | - | | 312,007 |
| Impairment losses on property, plant and equipment | (17,414) | (38,839) | - | | (56,253) |
| Other material non-cash items | (16,957) | (46,063) | - | (b) | (63,020) |
| Segment profit/(loss) | 671,673 | (77,493) | (36,883) | (c) | 557,297 |
| Assets: | | | | | |
| Additions to non-current assets (including assets held for sale) | 74,383 | 10,377 | - | (d) | 84,760 |
| Segment assets (including assets held for sale) | 2,055,369 | 619,001 | 284,908 | (e) | 2,959,278 |
| Segment liabilities | 133,247 | 31,537 | 662,436 | (f) | 827,220 |

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

4. SEGMENT INFORMATION (continued)

Notes: Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements.

- (a) Inter-segment revenue is eliminated on consolidation.
- (b) Other material non-cash items consist of the following items as presented in the respective notes to the financial statements:

| | 2023 RM'000 | 2022 RM'000 |
|--|----------------|----------------|
| Fair value gain/(loss) on forward currency contracts | 4,115 | (3,607) |
| Fair value gain on commodity future contracts | 149 | 1,899 |
| Inventories written back/(written down) | 6,375 | (13,943) |
| Inventories written off | (6,798) | (5,578) |
| Impairment losses on goodwill | (7,769) | (211) |
| Gain/(Loss) from fair value adjustments of forest planting expenditure | 341 | (37,240) |
| Net gain/(loss) from fair value adjustments of fresh fruit bunches | 432 | (3,383) |
| Net write back on trade receivables | 220 | 885 |
| Net unrealised foreign exchange (loss)/gain | (7,080) | 3,944 |
| Net impairment losses on other receivables | (3,882) | (5,139) |
| Property, plant and equipment written off | (449) | (454) |
| Right-of-use assets written off | - | (193) |
| | (14,346) | (63,020) |

- (c) The following items are added to/(deducted from) segment profit to arrive at "Profit before tax" presented in the statements of comprehensive income:

| | 2023 RM'000 | 2022 RM'000 |
|--|----------------|----------------|
| Share of profit of associate | 11,189 | 18,477 |
| Share of (loss)/profit of joint ventures | (2,993) | 31,621 |
| Finance costs | (20,147) | (32,377) |
| Unallocated corporate expenses | (29,994) | (54,604) |
| | (41,945) | (36,883) |

- (d) Additions to non-current assets (including assets held for sale) consist of:

| | 2023 RM'000 | 2022 RM'000 |
|---------------------------------------|----------------|----------------|
| Property, plant and equipment | 57,910 | 61,673 |
| Biological assets | 2,001 | 2,501 |
| Right-of-use assets - land use rights | 4,631 | 20,586 |
| | 64,542 | 84,760 |

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

4. SEGMENT INFORMATION (continued)

- (e) The following items are added to segment assets to arrive at total assets reported in the statements of financial position:

| | 2023 | 2022 |
|-------------------------------|---------|---------|
| | RM'000 | RM'000 |
| Investment in an associate | 78,645 | 77,437 |
| Investments in joint ventures | 103,090 | 106,083 |
| Tax recoverable | 17,995 | 8,789 |
| Deferred tax assets | 473 | 6,026 |
| Unallocated amounts | 74,809 | 86,573 |
| | 275,012 | 284,908 |

- (f) The following items are added to segment liabilities to arrive at total liabilities reported in the statements of financial position:

| | 2023 | 2022 |
|--------------------------|---------|---------|
| | RM'000 | RM'000 |
| Deferred tax liabilities | 86,973 | 86,555 |
| Loans and borrowings | 302,120 | 559,111 |
| Unallocated amounts | 12,503 | 16,770 |
| | 401,596 | 662,436 |

Geographical information

Revenue and non-current assets information are presented based on the geographical location of customers and assets respectively. The amounts of non-current assets do not include financial instruments and deferred tax assets.

| | Revenue | | Non-current assets | |
|--------------------------|-----------|-----------|--------------------|-----------|
| | 2023 | 2022 | 2023 | 2022 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Malaysia | 305,414 | 448,802 | 996,928 | 1,008,207 |
| Indonesia | 724,094 | 783,620 | 1,126,320 | 1,102,143 |
| United States of America | 16,323 | 40,079 | - | - |
| Southwest Pacific | 13,628 | 23,526 | - | - |
| Others | 7,057 | 9,972 | - | - |
| | 1,066,516 | 1,305,999 | 2,123,248 | 2,110,350 |

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

5. CAPITAL AND FINANCIAL RISK MANAGEMENT

(a) Capital management

The objectives of the Group's capital management are to ensure that it maintains a good credit rating and healthy capital ratios in order to support a balanced growth objective in its business, maintain an optimal capital structure to reduce the cost of capital and ultimately maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions and the free cash flow position. To achieve this objective, the Group may adjust the Group internal plans in its expansion of plantation land areas and plantation programme. No changes were made in the objectives, policies or processes during the financial years ended 31 December 2023 and 31 December 2022.

The Group monitors capital using a debt/equity ratio, which among other things is aimed at ensuring its financial covenant under the current banking facilities of 1.5 level is met. However, the Group seeks to maintain a net debt/equity ratio at below 1.0 level.

| | Group | | Company | |
|------------------------------|----------------|----------------|----------------|----------------|
| | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| Loans and borrowings | 302,120 | 559,111 | 230,257 | 358,596 |
| Less: Cash and bank balances | (250,138) | (375,580) | (31,207) | (42,362) |
| Less: Short term funds | (5,349) | (6,385) | (155) | (150) |
| Net debt | 46,633 | 177,146 | 198,895 | 316,084 |
| Total equity | 2,305,281 | 2,132,058 | 978,197 | 998,864 |
| Debt*/equity ratio | 0.13 | 0.26 | 0.24 | 0.36 |
| Net debt/equity ratio | 0.02 | 0.08 | 0.20 | 0.32 |

* Represents loans and borrowings.

Pursuant to the requirements of Practice Note No. 17/2005 of the Bursa Malaysia Securities Berhad, the Group is required to maintain a consolidated shareholders' equity of more than twenty-five percent (25%) of the issued and paid-up capital and such shareholders' equity is not less than RM40,000,000. The Group has complied with this requirement for the financial year ended 31 December 2023.

(b) Financial risk management

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk, foreign currency risk and market price risk.

The Board of Directors reviews and agrees policies and procedures for the management of these risks, which are executed by the Directors and Head of Finance. The audit committee provides independent oversight to the effectiveness of the risk management process.

It is, and has been throughout the current and previous financial years, the Group's policy that no derivatives shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient. The Group and the Company do not apply hedge accounting.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

5. CAPITAL AND FINANCIAL RISK MANAGEMENT (continued)

(b) Financial risk management (continued)

(i) Credit risk

The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including short term funds and cash and bank balances), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

Information regarding credit enhancements for trade and other receivables and credit risk concentration profiles has been disclosed in Note 27 to the financial statements.

(ii) Liquidity risk

The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and financial liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group strives to maintain available banking facilities at a reasonable level to its overall debt position. As far as possible, the Group raises committed funding from financial institutions and balances its portfolio with some short term funding so as to achieve overall cost effectiveness. While the Group is in net current assets position, the Company is in net current liabilities position. In this regard, the Group maintains centralised treasury functions where all strategic funding requirements of the Company are managed. The Company diligently manages its debt maturity profile, operating cash flows and various sources of funding after taking in account of refinancing, repayment and funding requirements to provide an adequate liquidity buffer. Besides maintaining a reasonable level of cash and cash convertible investments to meet its working capital needs, the Company also ensures it has sufficient undrawn credit facilities available to complement its overall liquidity management. As at 31 December 2023, the Company has RM367,296,000 in unused credit facilities.

At the end of the reporting period, approximately 63% and 52% (2022: 71% and 54%) of the Group's and of the Company's loans and borrowings will mature in less than one year based on the carrying amount reflected in the financial statements.

The analysis of financial instruments by remaining contractual maturities is disclosed in Notes 20, 32, 39 and 41 to the financial statements.

(iii) Interest rate risk

The Group's and the Company's exposure to interest rate risk arises primarily from their loans and borrowings. The Group's policy is to manage interest cost using a mix of fixed and floating rate debts.

The interest rate profile and sensitivity analysis of interest rate risk have been disclosed in Notes 20, 27, 34, 39 and 41 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

5. CAPITAL AND FINANCIAL RISK MANAGEMENT (continued)

(b) Financial risk management (continued)

(iv) Foreign currency risk

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the respective functional currencies of Group entities, which are United States Dollars (USD), Australian Dollars (AUD), Euro (EUR), Indonesia Rupiah (IDR), Singapore Dollar (SGD) and RM. The foreign currencies in which these transactions are denominated are mainly USD.

Approximately 96% (2022: 94%) of the Group's sales and 94% (2022: 95%) of cost of sales are denominated in the respective functional currencies of the Group entities. The Group's trade receivable and trade payable balances at the end of the reporting period have similar exposures.

The Group may require its operating entities to use forward currency contracts to eliminate the currency exposures on any individual transactions for which payment is anticipated more than one month after the Group has entered into a firm commitment for a sale or purchase. The forward currency contracts must be in the same currency as the hedged item. It is the Group's policy not to enter into forward contracts until a firm commitment is in place. It is the Group's policy to negotiate the terms of the hedge derivatives to match the terms of the hedged item to maximise hedge effectiveness.

At 31 December 2023, the Group hedged 100% (2022: 47%) of its foreign currency denominated loans and borrowings for which firm commitments existed at the end of the reporting period, extending to November 2025 (2022: November 2023).

The Group's significant exposure to foreign currency (a currency which is other than the functional currency of the Group entities) risk are as follows:

| Group | USD | AUD | EUR | IDR | SGD | RM |
|-----------------------------|----------|--------|---------|--------|--------|--------|
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| 2023 | | | | | | |
| Investment securities | 7,471 | - | - | - | - | - |
| Trade and other receivables | 2,563 | 3,511 | 538 | - | - | 278 |
| Cash and bank balances | 2,596 | 540 | 96 | 9,279 | 38 | 26,174 |
| Loans and borrowings | (61,506) | - | - | - | - | - |
| Trade and other payables | (1,583) | (446) | (1,158) | - | - | (25) |

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

5. CAPITAL AND FINANCIAL RISK MANAGEMENT (continued)

(b) Financial risk management (continued)

(iv) Foreign currency risk (continued)

The Group's significant exposure to foreign currency (a currency which is other than the functional currency of the Group entities) risk are as follows (continued):

| Group | USD | AUD | GBP | EUR | IDR | SGD | RM |
|-----------------------------|-----------|--------|--------|--------|--------|--------|--------|
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| 2022 | | | | | | | |
| Trade and other receivables | 3,118 | 3,142 | - | 287 | - | - | 276 |
| Cash and bank balances | 2,016 | 324 | - | 88 | 9,865 | 1,335 | 24,830 |
| Loans and borrowings | (106,062) | - | - | - | - | - | - |
| Trade and other payables | (2,146) | (153) | (96) | (405) | - | (237) | (6) |

| Company | USD | IDR | SGD |
|-----------------------------|----------|----------|--------|
| | RM'000 | RM'000 | RM'000 |
| 2023 | | | |
| Trade and other receivables | - | 109,287 | 123 |
| Cash and bank balances | 236 | 8,678 | 38 |
| Loans and borrowings | (61,506) | - | - |
| Trade and other payables | - | (50,162) | (845) |

| Company | USD | IDR | SGD |
|-----------------------------|-----------|----------|--------|
| | RM'000 | RM'000 | RM'000 |
| 2022 | | | |
| Trade and other receivables | - | 171,244 | - |
| Cash and bank balances | 892 | 9,865 | 3 |
| Loans and borrowings | (106,062) | - | - |
| Trade and other payables | - | (48,241) | (237) |

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

5. CAPITAL AND FINANCIAL RISK MANAGEMENT (continued)

(b) Financial risk management (continued)

(iv) Foreign currency risk (continued)

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's and Company's profit net of tax to a reasonably possible change in the USD, AUD, GBP, EUR, IDR, SGD and RM exchange rates against the respective functional currency of the Group entities, with all other variables held constant.

| | Profit net of tax | | | |
|------------------------------|-------------------|---------|---------|---------|
| | Group | | Company | |
| | 2023 | 2022 | 2023 | 2022 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| USD/RM - strengthened by 5% | (2,273) | (3,934) | (2,328) | (3,996) |
| - weakened by 5% | 2,273 | 3,934 | 2,328 | 3,996 |
| USD/SGD - strengthened by 5% | 355 | 15 | - | - |
| - weakened by 5% | (355) | (15) | - | - |
| USD/IDR - strengthened by 5% | - | 2 | - | - |
| - weakened by 5% | - | (2) | - | - |
| AUD/RM - strengthened by 5% | 137 | 114 | - | - |
| - weakened by 5% | (137) | (114) | - | - |
| GBP/RM - strengthened by 5% | - | (4) | - | - |
| - weakened by 5% | - | 4 | - | - |
| EUR/RM - strengthened by 5% | (20) | (1) | - | - |
| - weakened by 5% | 20 | 1 | - | - |
| IDR/RM - strengthened by 5% | 330 | 375 | 2,576 | 5,049 |
| - weakened by 5% | (330) | (375) | (2,576) | (5,049) |
| IDR/SGD - strengthened by 5% | 23 | - | - | - |
| - weakened by 5% | (23) | - | - | - |
| SGD/IDR - strengthened by 5% | - | 51 | - | - |
| - weakened by 5% | - | (51) | - | - |
| SGD/RM - strengthened by 5% | 2 | (9) | (26) | (9) |
| - weakened by 5% | (2) | 9 | 26 | 9 |
| RM/SGD - strengthened by 5% | 7 | - | - | - |
| - weakened by 5% | (7) | - | - | - |
| RM/IDR - strengthened by 5% | 998 | 954 | - | - |
| - weakened by 5% | (998) | (954) | - | - |

NOTES TO THE FINANCIAL STATEMENTS

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5. CAPITAL AND FINANCIAL RISK MANAGEMENT (continued)

(b) Financial risk management (continued)

(v) Market price risk

The Group is exposed to equity price risk arising from its investment in quoted equity instruments. The quoted equity instruments in Malaysia are listed on the Bursa Malaysia and are classified as held for trading.

The sensitivity analysis of market price risk has been disclosed in Note 28 to the financial statements.

6. REVENUE

Continuing operations

| | Group | | Company | |
|---|----------------|----------------|----------------|----------------|
| | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| Revenue from contracts with customers: | | | | |
| - Sales of oil palm products | 998,080 | 1,202,038 | - | - |
| - Sales of wood products | 40,088 | 74,400 | - | - |
| - Revenue from supply of electricity | 13,978 | 11,696 | - | - |
| - Sales of cocoa beans and cocoa products | 7,966 | 5,546 | - | - |
| - Sales of timber and latex | 4,271 | 7,112 | 4,067 | 6,770 |
| - Revenue from supply and installation services | 1,116 | 4,369 | - | - |
| - Sales of ramets and laran plantlet and plantable | 1,017 | 838 | - | - |
| | 1,066,516 | 1,305,999 | 4,067 | 6,770 |
| Other revenue | | | | |
| - Management fees | - | - | 22,224 | 23,776 |
| - Dividend income from subsidiaries, associate and joint ventures | - | - | 88,233 | 165,398 |
| | 1,066,516 | 1,305,999 | 114,524 | 195,944 |
| Timing of revenue recognition | | | | |
| - Over time | 1,116 | 4,369 | - | - |
| - At a point in time | 1,065,400 | 1,301,630 | 4,067 | 6,770 |
| | 1,066,516 | 1,305,999 | 4,067 | 6,770 |

NOTES TO THE FINANCIAL STATEMENTS

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6. REVENUE (continued)

Continuing operations (continued)

Disaggregation of revenue from contracts with customers has been presented in the operating segments, Note 4 to the financial statements, which has been presented based on geographical location from which the sale transactions originated.

(a) Sales of goods and supply of electricity

Revenue from sales of goods and supply of electricity are recognised at a point in time when the products have been transferred or the services have been rendered to the customers and coincides with the delivery of products and services and acceptance by customers.

There is no right of return and service-type warranty provided to the customers on the sales of products and services rendered.

There is no significant financing component in the revenue arising from sales of products and services rendered as the sales or services are made on the normal credit terms not exceeding twelve (12) months.

(b) Supply and installation service contracts

Revenue from supply and installation service contracts is measured at the fixed transaction price agreed under the agreement.

Revenue from supply and installation service contracts is recognised over the period of the contract using the input method by reference to the costs incurred for work performed to date against the estimated costs to completion if control of the asset transfers over time.

If control of asset transfers at a point in time, revenue is recognised at a point in time when the customer obtains control of the asset.

Significant judgement is required in determining performance obligations, transaction price allocation and costs in applying the input method to recognise revenue over time.

The Group identifies performance obligations that are distinct and material, which are judgmental in the context of contract. Transaction prices were determined based on estimated margins prior to its allocation to the identified performance obligation. The Group also estimated total contract costs in applying the input method to recognise revenue over time.

(c) Management fees

Management fees are recognised during the period in which the services are rendered.

(d) Dividend income

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

NOTES TO THE FINANCIAL STATEMENTS

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7. COST OF SALES

Continuing operations

| | Group | | Company | |
|---------------------------------------|----------------|----------------|----------------|----------------|
| | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| Cost of inventories sold | 655,509 | 795,693 | 3,140 | 4,021 |
| Supply and installation service costs | 755 | 4,048 | - | - |
| Cost of services rendered | 11,813 | 13,329 | - | - |
| | 668,077 | 813,070 | 3,140 | 4,021 |

8. INTEREST INCOME

Continuing operations

| | Group | | Company | |
|-------------------------------|----------------|----------------|----------------|----------------|
| | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| Interest income from: | | | | |
| Amounts due from subsidiaries | - | - | 16,837 | 30,105 |
| Financial assets | 1,064 | - | - | - |
| Plasma receivables | 3,147 | 3,237 | - | - |
| Short-term deposits | 9,187 | 6,609 | 969 | 1,812 |
| | 13,398 | 9,846 | 17,806 | 31,917 |

Interest income

Interest income is recognised on an accrual basis using the effective interest method.

9. DIVIDEND INCOME

Continuing operations

| | Group | | Company | |
|---|----------------|----------------|----------------|----------------|
| | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| Dividend income from: | | | | |
| Short term investments (unquoted in Malaysia) | 1 | 18 | 1 | 18 |

Dividend income

Dividend income is recognised when the Group's right to receive payment is established.

NOTES TO THE FINANCIAL STATEMENTS

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10. OTHER INCOME

Continuing operations

| | Group | | Company | |
|--|----------------|----------------|----------------|----------------|
| | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| Bad debts recovered | 118 | - | - | - |
| Fair value gain on forward currency contracts | 4,115 | - | 4,145 | - |
| Fair value gain on commodity future contracts | 149 | 1,899 | - | - |
| Fair value gain on short term funds | 162 | 10 | 4 | 3 |
| Gain from fair value adjustment of forest planting expenditure (Note 21) | 341 | - | 2,613 | - |
| Gain on disposal of: | | | | |
| - property, plant and equipment | 446 | 312,007 | 143 | 393 |
| - assets held for sale (Note 35) | 27,604 | 84,585 | - | - |
| Gain on lease reassessments | 31 | 169 | - | - |
| Gain on remeasurement of financial guarantees contracts (Note 41(d)) | 24 | 47 | 249 | - |
| Insurance claims received and receivable | 2,385 | 5,732 | - | - |
| Inventories written back (Note 29(e)) | 6,375 | - | - | - |
| Management fee | 3,392 | 4,110 | - | - |
| Net gain from fair value adjustment of fresh fruit bunches (Note 21) | 432 | - | - | - |
| Net gain on foreign exchange | | | | |
| - unrealised | - | 3,944 | 4,431 | 5,343 |
| Realised gain from commodity future contracts | 313 | - | - | - |
| Realised gain from forward currency contracts | - | 1,273 | - | - |
| Rent concessions (Note 20) | - | 1 | - | 1 |
| Rental income | 1,073 | 1,007 | 2,992 | 3,104 |
| Sales of scrap iron | 462 | 910 | - | - |
| Miscellaneous | 2,838 | 1,821 | 123 | 138 |
| | 50,260 | 417,515 | 14,700 | 8,982 |

Rental income

Rental income is recognised on a straight line basis over the period of tenancy.

NOTES TO THE FINANCIAL STATEMENTS

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11. FINANCE COSTS

Continuing operations

| | Group | | Company | |
|---|----------------|----------------|----------------|----------------|
| | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| Interest expense on: | | | | |
| Amounts due to subsidiaries | - | - | 7,093 | 13,625 |
| Bank overdrafts | 29 | 34 | - | - |
| Bankers' acceptances | 1,287 | 636 | - | - |
| Lease liabilities | 70 | 187 | 3 | 3 |
| Revolving credits | 5,769 | 4,679 | 3,762 | 4,293 |
| Term loans | 10,853 | 15,944 | 10,852 | 15,944 |
| Others | 10 | 20 | - | - |
| | 18,018 | 21,500 | 21,710 | 33,865 |
| Islamic financing distribution payment: | | | | |
| Sukuk Murabahah Medium Term Notes | 2,195 | 6,607 | - | - |
| Buy-back premium on Medium Term Notes | - | 3,120 | - | - |
| Sukuk Murabahah Islamic Commercial Papers | - | 1,330 | - | - |
| | 2,195 | 11,057 | - | - |
| Total finance costs | 20,213 | 32,557 | 21,710 | 33,865 |
| Less: Interest expense capitalised in bearer plants and forest planting expenditure | (66) | (180) | - | - |
| Net finance costs | 20,147 | 32,377 | 21,710 | 33,865 |

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 expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

Interest expense capitalised under bearer plants of the Group amounted to RM56,000 (2022: RM53,000) and under biological assets of the Group amounted to RM10,000 (2022: RM127,000) at interest rates ranging from 4.99% to 5.44% (2022: 3.37% to 5.01%).

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

12. PROFIT BEFORE TAX

Continuing operations

- (a) Other than those disclosed elsewhere in the financial statements, the following items have been included in arriving at profit before tax:

| | Note | Group | | Company | |
|---|-------|----------------|----------------|----------------|----------------|
| | | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| Amortisation of biological assets | 21 | 1,181 | 1,181 | 1,181 | 1,181 |
| Auditors' remuneration: | | | | | |
| BDO PLT and affiliates | | | | | |
| - statutory audits: | | 520 | 531 | 174 | 165 |
| - non-statutory audit | | | | | |
| - tax compliance and advisory services: | | | | | |
| - current year | | 49 | 40 | - | - |
| - under/(over)provision in prior years | | 16 | (1) | - | - |
| - other services | | 544 | 83 | 539 | 73 |
| Other auditors | | | | | |
| - statutory audits: | | | | | |
| - current year | | 349 | 327 | - | - |
| - under provision in prior years | | 2 | 4 | - | - |
| Bad debts written off | | - | 241 | - | - |
| Depreciation of property, plant and equipment | | 90,255 | 90,725 | 2,214 | 2,310 |
| Depreciation of right-of-use assets | | 9,705 | 10,076 | 61 | 68 |
| Employee benefits expense | 13 | 123,530 | 113,207 | 28,653 | 29,680 |
| Fair value loss on investment securities | | - | 2 | - | 2 |
| Fair value loss on forward currency contracts | | - | 3,607 | - | 3,267 |
| Inventories written down | 29(d) | - | 13,943 | - | - |
| Inventories written off | 29(c) | 6,798 | 5,578 | - | - |
| Impairment losses on: | | | | | |
| - property, plant and equipment | 19 | - | 56,253 | - | - |
| - goodwill | 22 | 7,769 | 211 | - | - |
| - investment in subsidiaries | 23(c) | - | - | 46,784 | 949 |

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

12. PROFIT BEFORE TAX (continued)

Continuing operations (continued)

- (a) Other than those disclosed elsewhere in the financial statements, the following items have been included in arriving at profit before tax (continued):

| | Note | Group | | Company | |
|--|-------|----------------|----------------|----------------|----------------|
| | | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| Loss from fair value adjustment of forest planting expenditure | 21 | - | 37,240 | - | 38,189 |
| Loss from fair value adjustment of fresh fruit bunches | 21 | - | 3,383 | - | - |
| Losses arising from dissolution of subsidiaries | | - | 341 | - | - |
| Loss on disposal of financial assets | | 192 | - | - | - |
| Loss on remeasurement of financial guarantee contracts | 41(d) | - | - | - | 217 |
| Net loss on foreign exchange: | | | | | |
| - realised | | 1,889 | 29,729 | 2,036 | 30,700 |
| - unrealised | | 7,080 | - | - | - |
| Non-Executive Directors' remuneration | 14 | 4,845 | 5,596 | 1,735 | 1,153 |
| Property, plant and equipment written off | | 449 | 454 | - | 1 |
| Right-of-use assets written off | | - | 193 | - | 193 |
| Realised loss on commodity future contracts | | - | 9,072 | - | - |
| Realised loss on forward currency contracts | | 295 | - | - | - |
| Rental expenses on premises | | 112 | 260 | 112 | 136 |

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

12. PROFIT BEFORE TAX (continued)

Continuing operations (continued)

(b) Net impairment (losses)/write back on financial assets recognised in profit or loss were as follows:

| | Note | Group | | Company | |
|--|-------|----------------|----------------|----------------|----------------|
| | | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| Impairment losses on: | | | | | |
| - trade receivables | 27(a) | (138) | (514) | - | - |
| - other receivables | 27(b) | (4,206) | (5,151) | - | - |
| | | (4,344) | (5,665) | - | - |
| Write back of impairment losses on: | | | | | |
| - trade receivables | 27(a) | 358 | 1,399 | - | - |
| - other receivables | 27(b) | 324 | 12 | 11 | - |
| - amounts due from subsidiaries | 27(c) | - | - | 303 | 9,719 |
| | | 682 | 1,411 | 314 | 9,719 |
| Net impairment (losses)/write back on financial assets | | (3,662) | (4,254) | 314 | 9,719 |

13. EMPLOYEE BENEFITS EXPENSE

Continuing operations

| | Note | Group | | Company | |
|---|-------|----------------|----------------|----------------|----------------|
| | | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| Wages and salaries | | 105,815 | 100,266 | 25,911 | 26,716 |
| Contributions to defined contribution plan | | 4,476 | 5,216 | 2,789 | 2,824 |
| Social security contributions | | 9,100 | 8,178 | 172 | 160 |
| Increase in liability for defined benefit plan | | 5,346 | 1,077 | - | - |
| | | 124,737 | 114,737 | 28,872 | 29,700 |
| Less: Amount capitalised in bearer plants | 19(d) | (732) | (773) | - | - |
| Less: Amount capitalised in forest planting expenditure | 21(a) | (475) | (757) | (219) | (20) |
| | | 123,530 | 113,207 | 28,653 | 29,680 |

Included in employee benefits expense of the Group and of the Company are Executive Directors' remuneration amounting to RM5,232,000 (2022: RM7,333,000) and RM5,163,000 (2022: RM6,810,000) respectively as further disclosed in Note 14 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

14. DIRECTORS' REMUNERATION

The details of remuneration received and receivable by Directors of the Company during the financial year are as follows:

| | Note | Group | | Company | |
|--|------|----------------|----------------|----------------|----------------|
| | | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| Executive: | | | | | |
| Salaries and bonus | | 4,510 | 5,972 | 4,448 | 5,907 |
| Other emoluments | | 722 | 1,361 | 715 | 903 |
| Total Executive Directors' remuneration (excluding benefits-in-kind) | 13 | 5,232 | 7,333 | 5,163 | 6,810 |
| Estimated money value of benefits-in-kind | | 284 | 422 | 284 | 422 |
| Total Executive Directors' remuneration (including benefits-in-kind) | | 5,516 | 7,755 | 5,447 | 7,232 |
| Non-Executive: | | | | | |
| Fees | | 358 | 294 | 281 | 276 |
| Salaries | | 2,730 | 4,149 | - | - |
| Other emoluments | | 1,757 | 1,153 | 1,454 | 877 |
| Total Non-Executive Directors' remuneration (excluding benefits-in-kind) | 12 | 4,845 | 5,596 | 1,735 | 1,153 |
| Estimated money value of benefits-in-kind | | 303 | 289 | 303 | 289 |
| Total Non-Executive Directors' remuneration (including benefits-in-kind) | | 5,148 | 5,885 | 2,038 | 1,442 |
| Total Directors' remuneration | | 10,664 | 13,640 | 7,485 | 8,674 |

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

14. DIRECTORS' REMUNERATION (continued)

The number of Directors of the Company whose total remuneration during the financial year fell within the following bands is analysed below:

| | Number of Directors | |
|---------------------------|---------------------|------|
| | 2023 | 2022 |
| Executive Directors: | | |
| RM1,350,000 - RM1,400,000 | - | 1 |
| RM1,750,000 - RM1,800,000 | - | 1 |
| RM1,850,000 - RM1,900,000 | 1 | - |
| RM3,600,000 - RM3,650,000 | 1 | - |
| RM4,600,000 - RM4,650,000 | - | 1 |
| Non-Executive Directors: | | |
| Below RM50,000 | 3 | 2 |
| RM50,000 - RM100,000 | 3 | 3 |
| RM150,000 - RM200,000 | 1 | - |
| RM600,000 - RM650,000 | - | 1 |
| RM1,000,000 - RM1,050,000 | 1 | - |
| RM3,650,000 - RM3,700,000 | 1 | - |
| RM4,950,000 - RM5,000,000 | - | 1 |

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

15. TAXATION

Continuing operations

(a) Major components of taxation

The major components of taxation for the financial years ended 31 December 2023 and 31 December 2022 are:

| | Group | | Company | |
|---|----------------|----------------|----------------|----------------|
| | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| Statements of comprehensive income: | | | | |
| Current income tax: | | | | |
| - Malaysian income tax | 3,439 | 7,237 | - | - |
| - Foreign tax | 50,559 | 57,473 | - | - |
| - Real Property Gains Tax ("RPGT") | - | 15,102 | - | - |
| - Withholding tax on foreign dividend income | 12,332 | - | 3,854 | - |
| | 66,330 | 79,812 | 3,854 | - |
| Under/(Over) provision in prior years: | | | | |
| - Malaysian income tax | 91 | (204) | 17 | - |
| - Foreign income tax | (42) | 451 | - | - |
| | 49 | 247 | 17 | - |
| Deferred tax | | | | |
| - Origination and reversal of temporary differences | 3,520 | (47,938) | 42 | (8,745) |
| - Under provision in prior years | 2,113 | 183 | 1,918 | 465 |
| | 5,633 | (47,755) | 1,960 | (8,280) |
| Taxation recognised in profit and loss | 72,012 | 32,304 | 5,831 | (8,280) |

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2022: 24%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

15. TAXATION (continued)

Continuing operations (continued)

(b) Reconciliation between taxation and accounting profit

The reconciliation between taxation and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 December 2023 and 31 December 2022 is as follows:

| | Group | | Company | |
|---|----------------|----------------|----------------|----------------|
| | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| Profit before tax | 197,837 | 557,297 | 19,669 | 81,711 |
| Tax at Malaysian statutory tax rate of 24% (2022: 24%) | 47,481 | 133,751 | 4,720 | 19,610 |
| Different tax rates in other countries | (4,756) | (10,755) | - | - |
| Tax effects in respect of: | | | | |
| Non-deductible expenses | 13,587 | 24,474 | 19,218 | 19,030 |
| Income not subject to taxation | (6,388) | (90,100) | (23,896) | (47,385) |
| Revenue expenditure capitalised in biological assets | (23) | - | - | - |
| Share of profit of associate | (2,685) | (4,434) | - | - |
| Share of loss/(profit) of joint ventures | 718 | (7,589) | - | - |
| Effect of utilisation of previously unrecognised tax losses and unabsorbed allowances | (65) | (211) | - | - |
| Effect of different tax rate for small and medium scale company | (7) | (14) | - | - |
| Effect of investment cost in subsidiaries eligible for tax deduction | - | (840) | - | - |
| Crystallisation of deferred tax upon disposal of assets held for sale | - | (33,651) | - | - |
| Deferred tax assets not recognised | 9,656 | 6,141 | - | - |
| Real Property Gain Tax ("RPGT") | - | 15,102 | - | - |
| Withholding tax on foreign dividend income | 12,332 | - | 3,854 | - |
| Under provision of current tax expense in prior years | 49 | 247 | 17 | - |
| Under provision of deferred tax in prior years | 2,113 | 183 | 1,918 | 465 |
| Taxation recognised in profit and loss | 72,012 | 32,304 | 5,831 | (8,280) |

The above reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

15. TAXATION (continued)

Continuing operations (continued)

(c) Value-added tax ("VAT")

Revenue, expenses and assets are recognised net of the amount of VAT except:

- (i) Where the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable, and
- (ii) Receivables and payables that are stated with the amount of VAT included.

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the consolidated statement of financial position.

(d) Tax effect on each component of other comprehensive income is as follows:

| | Before tax RM'000 | Tax effect RM'000 | After tax RM'000 |
|---|----------------------|----------------------|---------------------|
| Group | | | |
| At 31 December 2023 | | | |
| Item that may be reclassified to profit or loss in subsequent periods: | | | |
| Foreign currency translations | 96,886 | - | 96,886 |
| Net loss on financial assets measured at fair value through other comprehensive income ("FVOCI") | (261) | - | (261) |
| Cumulative loss on financial assets measured at FVOCI reclassified to profit or loss upon disposal | 97 | - | 97 |
| | 96,722 | - | 96,722 |
| Item that may not be reclassified to profit or loss in subsequent periods: | | | |
| Remeasurement of net retirement benefit obligations | (870) | 194 | (676) |
| At 31 December 2022 | | | |
| Item that may be reclassified to profit or loss in subsequent periods: | | | |
| Foreign currency translations | (53,856) | - | (53,856) |
| Reclassification of exchange translation reserve to profit or loss arising from dissolution of foreign subsidiaries | 339 | - | 339 |
| | (53,517) | - | (53,517) |
| Item that may not be reclassified to profit or loss in subsequent periods: | | | |
| Remeasurement of net retirement benefit obligations | 1,340 | (263) | 1,077 |

NOTES TO THE FINANCIAL STATEMENTS

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16. DISCONTINUED OPERATIONS

On 6 July 2021, the Company entered into a sale and purchase agreement with Sharikat Keratong Sdn. Bhd. for the disposal of an oil palm estate for a total consideration of RM76,000,000.

The disposals were completed in the previous financial year.

Disposal of the only oil palm estate of the Company represented a discontinued operation as it represented a separate major line of business of the Company. The analysis of the results of the discontinued operation was as follows:

| | Note | Company 2022 RM'000 |
|--|------|---------------------------|
| Revenue | | 2,036 |
| Expenses | | (671) |
| Gain on disposal of assets held for sale | | 13,822 |
| Profit before tax | 16.1 | 15,187 |
| Taxation | 16.2 | 9,674 |
| Profit for the financial year from discontinued operations, net of tax | | 24,861 |

16.1 Profit before tax

The following items have been included in arriving at profit before tax from discontinued operations:

| | Company 2022 RM'000 |
|---|---------------------------|
| After charging: | |
| Employee benefits expense | 230 |
| Inventories written-off | 3 |
| Loss on fair value adjustments of fresh fruit bunches | 201 |
| Property, plant and equipment written-off | 11 |

- (a) In the previous financial year, employee benefits expense capitalised in bearer plants amounted to RM51,000.
- (b) In the previous financial year, the amount of inventories recognised as an expense in cost of sales of the Company is RM310,000.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

16. DISCONTINUED OPERATIONS (continued)

16.2 Taxation

| | Company 2022 RM'000 |
|---------------------------------------|---------------------------|
| Statements of comprehensive income: | |
| Current income tax: | |
| - Real Property Gain Tax ("RPGT") | 2,420 |
| | 2,420 |
| Deferred tax | |
| - Reversal of temporary differences | (11,696) |
| - Over provision in prior year | (398) |
| | (12,094) |
| Taxation recognised in profit or loss | (9,674) |

16.3 Cash flows attributable to discontinued operations

| | Company 2022 RM'000 |
|---------------------------------------|---------------------------|
| Net cash used in operating activities | (840) |
| Net cash from investing activities | 76,116 |
| | 75,276 |

17. EARNINGS PER ORDINARY SHARE

(a) Basic

Basic earnings per ordinary share amounts are calculated by dividing profit attributable to owners of the Company for the financial year by the weighted average number of ordinary shares outstanding during the financial year after deducting treasury shares.

| | Group | |
|--|-----------|-----------|
| | 2023 | 2022 |
| Profit attributable to owners of the Company used in the computation of basic or diluted earnings per share (RM'000) | 95,112 | 456,407 |
| Weighted average number of ordinary shares in issue ('000) | 1,380,174 | 1,380,174 |
| Basic earnings per ordinary share (sen) | 6.89 | 33.07 |

NOTES TO THE FINANCIAL STATEMENTS

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17. EARNINGS PER ORDINARY SHARE (continued)

(b) Diluted

Diluted earnings per ordinary share for the financial year is calculated by dividing the profit attributable to owners of the Company for the financial year by the weighted average number of ordinary shares outstanding during the financial year adjusted for the effects of dilutive potential ordinary shares.

There have been no other transactions involving ordinary shares or potential ordinary shares between the end of the reporting period and the date of authorisation of these financial statements.

18. DIVIDENDS

| | Group and Company | |
|--|-------------------|---------|
| | 2023 | 2022 |
| | RM'000 | RM'000 |
| Recognised during the year: | | |
| Final single-tier dividend for financial year ended 31 December 2022 of 2.5 sen per ordinary share | 34,505 | - |
| First and final single-tier dividend for financial year ended 31 December 2021 of 3.0 sen per ordinary share | - | 41,406 |
| First interim single-tier dividend for financial year ended 31 December 2022 of 8.0 sen per ordinary share | - | 110,414 |
| | 34,505 | 151,820 |

On 22 February 2024, the Directors declared a first and final single-tier dividend of 2.5 sen per ordinary share in respect of the financial year ended 31 December 2023. The financial statements for the current financial year do not reflect this dividend. The dividend will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2024.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

19. PROPERTY, PLANT AND EQUIPMENT

| Group | Bearer plants | | Plantation infrastructure | | Buildings | | Motor vehicles | | Plant, machinery and equipment | | Furniture, fittings and renovation construction | | Assets under construction | | Total | |
|---|---------------|---------|---------------------------|---------|-----------|---------|----------------|-----------|--------------------------------|--------|---|--------|---------------------------|--------|-------|--------|
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | | RM'000 |
| 2023 | | | | | | | | | | | | | | | | |
| Carrying amount | | | | | | | | | | | | | | | | |
| Balance as at 1 January 2023 | 855,054 | 58,100 | 183,795 | 7,410 | 107,146 | 34,082 | 10,969 | 1,256,556 | | | | | | | | |
| Additions | 11,299 | 320 | 808 | 6,308 | 13,127 | 1,438 | 24,610 | 57,910 | | | | | | | | |
| Disposals | - | (218) | - | (114) | (1,462) | (17) | - | (1,811) | | | | | | | | |
| Write-offs | - | (30) | (129) | (1) | (214) | (75) | - | (449) | | | | | | | | |
| Reclassifications | - | 9,938 | 1,141 | - | 16,144 | - | (27,223) | - | | | | | | | | |
| Reclassified to assets held for sale | - | - | - | - | - | (15) | - | (15) | | | | | | | | |
| Depreciation charged for the financial year | (42,105) | (9,317) | (12,280) | (3,454) | (22,071) | (1,265) | - | (90,492) | | | | | | | | |
| Exchange differences | 45,038 | 2,653 | 5,604 | 290 | 1,988 | 59 | 425 | 56,057 | | | | | | | | |
| Balance as at 31 December 2023 | 869,286 | 61,446 | 178,939 | 10,439 | 114,658 | 34,207 | 8,781 | 1,277,756 | | | | | | | | |

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

19. PROPERTY, PLANT AND EQUIPMENT (continued)

| Group | Bearer plants | | Plantation infrastructure | | Buildings | | Motor vehicles | | Plant, machinery and equipment | | Furniture, fittings and renovation construction | | Assets under construction | | Total |
|--|---------------|---------|---------------------------|---------|-----------|---------|----------------|--------|--------------------------------|--------|---|--------|---------------------------|--------|-----------|
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | |
| 2022 | | | | | | | | | | | | | | | |
| Carrying amount | | | | | | | | | | | | | | | |
| Balance as at 1 January 2022 | 1,156,826 | 62,874 | 236,542 | 2,594 | 105,401 | 34,033 | 11,942 | | | | | | | | 1,610,212 |
| Additions | 10,510 | 2,584 | 624 | 8,438 | 15,837 | 1,110 | 22,570 | | | | | | | | 61,673 |
| Disposals | (28,953) | - | (51) | (788) | (726) | (25) | - | | | | | | | | (30,543) |
| Write-offs | - | (41) | (91) | - | (300) | (22) | - | | | | | | | | (454) |
| Reclassifications | - | 5,213 | 3,481 | - | 14,257 | 264 | (23,215) | | | | | | | | - |
| Reclassified to assets held for sale (Note 35) | (187,565) | (1,671) | (6,571) | (1) | (546) | (62) | - | | | | | | | | (196,416) |
| Impairment for the financial year | (17,414) | - | (34,040) | - | (4,799) | - | - | | | | | | | | (56,253) |
| Depreciation charged for the financial year | (44,347) | (9,156) | (13,281) | (2,577) | (20,565) | (1,202) | - | | | | | | | | (91,128) |
| Exchange differences | (34,003) | (1,703) | (2,818) | (256) | (1,413) | (14) | (328) | | | | | | | | (40,535) |
| Balance as at 31 December 2022 | 855,054 | 58,100 | 183,795 | 7,410 | 107,146 | 34,082 | 10,969 | | | | | | | | 1,256,556 |

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

19. PROPERTY, PLANT AND EQUIPMENT (continued)

| Group | At 31.12.2023 | | | |
|------------------------------------|---------------|--------------------------|-------------------------------|-----------------|
| | Cost | Accumulated depreciation | Accumulated impairment losses | Carrying amount |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Bearer plants | 1,200,975 | (314,222) | (17,467) | 869,286 |
| Plantation infrastructure | 144,881 | (83,435) | - | 61,446 |
| Buildings | 359,676 | (146,696) | (34,041) | 178,939 |
| Motor vehicles | 49,480 | (39,041) | - | 10,439 |
| Plant, machinery and equipment | 455,971 | (336,514) | (4,799) | 114,658 |
| Furniture, fittings and renovation | 59,734 | (24,506) | (1,021) | 34,207 |
| Assets under construction | 193,645 | - | (184,864) | 8,781 |
| | 2,464,362 | (944,414) | (242,192) | 1,277,756 |

| Group | At 31.12.2022 | | | |
|------------------------------------|---------------|--------------------------|-------------------------------|-----------------|
| | Cost | Accumulated depreciation | Accumulated impairment losses | Carrying amount |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Bearer plants | 1,129,304 | (257,720) | (16,530) | 855,054 |
| Plantation infrastructure | 128,608 | (70,508) | - | 58,100 |
| Buildings | 348,599 | (130,764) | (34,040) | 183,795 |
| Motor vehicles | 45,158 | (37,748) | - | 7,410 |
| Plant, machinery and equipment | 436,774 | (324,829) | (4,799) | 107,146 |
| Furniture, fittings and renovation | 59,359 | (24,252) | (1,025) | 34,082 |
| Assets under construction | 195,833 | - | (184,864) | 10,969 |
| | 2,343,635 | (845,821) | (241,258) | 1,256,556 |

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

19. PROPERTY, PLANT AND EQUIPMENT (continued)

| Company | Plantation infrastructure RM'000 | Buildings RM'000 | Motor vehicles RM'000 | Plant, machinery and equipment RM'000 | Furniture, fittings and renovation RM'000 | Assets under construction RM'000 | Total RM'000 |
|--|--|---------------------|-----------------------------|---|--|---|-----------------|
| 2023 | | | | | | | |
| Carrying amount | | | | | | | |
| Balance as at 1 January 2023 | 10,806 | 35,975 | 1,359 | 1,086 | 2,281 | 1,942 | 53,449 |
| Additions | - | 7 | - | 509 | 102 | 991 | 1,609 |
| Depreciation charged for the financial year | (163) | (1,027) | (271) | (347) | (408) | - | (2,216) |
| Balance as at 31 December 2023 | 10,643 | 34,955 | 1,088 | 1,248 | 1,975 | 2,933 | 52,842 |
| 2022 | | | | | | | |
| Carrying amount | | | | | | | |
| Balance as at 1 January 2022 | 10,969 | 37,016 | 652 | 889 | 2,421 | 1,942 | 53,889 |
| Additions | - | - | 1,076 | 606 | 257 | - | 1,939 |
| Disposals | - | - | (66) | (1) | - | - | (67) |
| Write-offs | - | - | - | (1) | - | - | (1) |
| Depreciation charged for the financial year | (163) | (1,041) | (303) | (407) | (397) | - | (2,311) |
| Balance as at 31 December 2022 | 10,806 | 35,975 | 1,359 | 1,086 | 2,281 | 1,942 | 53,449 |

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

19. PROPERTY, PLANT AND EQUIPMENT (continued)

| Company | At 31.12.2023 | | |
|------------------------------------|---------------|--------------------------|-----------------|
| | Cost | Accumulated depreciation | Carrying amount |
| | RM'000 | RM'000 | RM'000 |
| Plantation infrastructure | 13,144 | (2,501) | 10,643 |
| Buildings | 51,188 | (16,233) | 34,955 |
| Motor vehicles | 8,935 | (7,847) | 1,088 |
| Plant, machinery and equipment | 14,226 | (12,978) | 1,248 |
| Furniture, fittings and renovation | 12,549 | (10,574) | 1,975 |
| Assets under construction | 2,933 | - | 2,933 |
| | 102,975 | (50,133) | 52,842 |

| Company | At 31.12.2022 | | |
|------------------------------------|---------------|--------------------------|-----------------|
| | Cost | Accumulated depreciation | Carrying amount |
| | RM'000 | RM'000 | RM'000 |
| Plantation infrastructure | 13,144 | (2,338) | 10,806 |
| Buildings | 51,181 | (15,206) | 35,975 |
| Motor vehicles | 9,642 | (8,283) | 1,359 |
| Plant, machinery and equipment | 13,800 | (12,714) | 1,086 |
| Furniture, fittings and renovation | 12,447 | (10,166) | 2,281 |
| Assets under construction | 1,942 | - | 1,942 |
| | 102,156 | (48,707) | 53,449 |

- (a) All items of property, plant and equipment are initially recorded at cost. After initial recognition, property, plant and equipment are stated at cost less any accumulated depreciation and any accumulated impairment losses.
- (b) Bearer plants are living plants that are used in the production or supply of agriculture produce for more than one period and have remote likelihood of being sold as agriculture produce, except for incidental scrap sales. The bearer plants that are available for use are measured at cost less accumulated depreciation and any accumulated impairment losses. Cost includes plantation expenditure, which represents the total cost incurred from land clearing to the point of harvesting. The mature bearer plants are depreciated over their estimated useful lives of twenty-two (22) to twenty-five (25) years on a straight-line basis. The immature bearer plants are not depreciated until such time when they are available for use.

Depreciation of other property, plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life, at the following annual rates:

| | |
|------------------------------------|------------|
| Plantation infrastructure | 4% |
| Buildings | 2% |
| Motor vehicles | 10% to 20% |
| Plant, machinery and equipment | 5% to 33% |
| Furniture, fittings and renovation | 5% to 10% |

Assets under construction are stated at cost and not depreciated as the assets are not yet available for use.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

19. PROPERTY, PLANT AND EQUIPMENT (continued)

(c) Depreciation capitalised under bearer plants and biological assets during the financial year was as follows:

| | Group | | Company | |
|--|----------------|----------------|----------------|----------------|
| | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| <u>Property, plant and equipment</u> | | | | |
| Bearer plants (Note 19(d)) | 230 | 304 | - | - |
| <u>Biological assets</u> | | | | |
| Forest planting expenditure (Note 21(a)) | 7 | 99 | 2 | 1 |

(d) Included in bearer plants during the financial year are:

| | Group | | Company | |
|--|----------------|----------------|----------------|----------------|
| | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| Depreciation of property, plant and equipment (Note 19(c)) | 230 | 304 | - | - |
| Depreciation of right-of-use assets (Note 20(d)) | 270 | 317 | - | - |
| Interest expense (Note 11) | 56 | 53 | - | - |
| Employee benefits expense (Note 13) | 732 | 773 | - | - |

(e) Management estimates the useful lives of plant and machinery to be between 3 to 20 years. These are common life expectancies applied in the palm oil and woods industries. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

Sensitivity analysis for depreciation rate

| | Profit net of tax | |
|--------------------|-------------------|----------------|
| | Group | |
| | 2023 RM'000 | 2022 RM'000 |
| Depreciation rate | | |
| - increased by 10% | (2,207) | (2,057) |
| - decreased by 10% | 2,207 | 2,057 |

(f) The Group assessed whether there were any indicators of impairment of property, plant and equipment during the financial year. In doing this, management considered the current environment and performance of the Cash Generating Units ("CGUs"). Management considered the losses in certain subsidiaries in the current financial year as impairment indicators.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

19. PROPERTY, PLANT AND EQUIPMENT (continued)

(f) (continued)

A CGU's recoverable amount is based on value-in-use. Management has made estimates about the future results and key assumptions applied to cash flow projections of the CGUs. These key assumptions are applied to cash flow projections of the CGUs and include forecast growth in future revenue, as well as determining an appropriate pre-tax discount rate, after taking into consideration the effects of increasing OPR in Malaysia and interest rate in Indonesia, where applicable, to the CGU.

The disclosures of the key inputs and assumptions are set out as follows:

(i) The CPO price and pre-tax discount rate applied to the cash flow projections are as follows:

| | 2023 | 2022 |
|----------------------------|---------------|---------------|
| CPO price (RM/MT) | 3,800 | 3,800 |
| Pre-tax discount rates (%) | 10.00 - 13.00 | 10.00 - 13.00 |

(ii) The calculations of value-in-use for the CGU are most sensitive to the following assumptions:

CPO price - CPO price is based on average historical prices in the previous financial year immediately before the budgeted period.

FFB yields - FFB yields are based on the average yields achieved in the previous financial year immediately before the budgeted period.

Pre-tax discount rates - Discount rates reflect the current market assessment of the risks specific to each CGU after taking into consideration the effects of increasing OPR in Malaysia and interest rate in Indonesia, where applicable.

In the previous financial year, the Group had determined that the recoverable amount of the bearer plant in respect of a loss making subsidiary in Indonesia was lower than its carrying amount. Accordingly, impairment loss amounted to RM17,414,000 had been recognised within other expenses in the Statements of Comprehensive Income.

Sensitivity to changes in assumptions

With regards to the assessment of value-in-use, the management is not aware of any reasonably possible change in the above key assumptions that would cause the carrying amounts of the CGUs to materially exceed their recoverable amounts.

- (g) In the previous financial year, the Group had determined that the recoverable amounts of certain plant, machinery and equipment and buildings in relation to others segment of the Group were lower than their carrying amounts mainly due to cessation of an operation engaged in hiring business. Accordingly, impairment losses amounted to RM34,040,000 on buildings and RM4,799,000 on plant, machinery and equipment had been recognised within other expenses in the Statements of Comprehensive Income.
- (h) During the current financial year, the Company disposed equipment and motor vehicle with carrying amounts of RM6 and RM2 respectively to its subsidiaries for a total consideration of RM17,507.
- (i) During the current financial year, the Company disposed equipment and motor vehicle with carrying amounts of RM2 and RM1 respectively to its related parties for a total consideration of RM45,002.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

20. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The Group and the Company as lessee

Right-of-use assets

| Group | Long term leasehold land RM'000 | Land use rights RM'000 | Short term leasehold land RM'000 | Equipment RM'000 | Buildings RM'000 | Total RM'000 |
|---|--|---------------------------------|---|---------------------|---------------------|-----------------|
| 2023 | | | | | | |
| Carrying amount | | | | | | |
| At 1 January 2023 | 84,874 | 168,307 | 710 | 97 | 1,094 | 255,082 |
| Additions | - | 4,631 | 208 | - | 60 | 4,899 |
| Depreciation charged for the financial year | (1,578) | (7,713) | (147) | (23) | (534) | (9,995) |
| Reclassified to assets held for sale | - | (3,765) | - | - | - | (3,765) |
| Exchange differences | - | 7,314 | - | - | 31 | 7,345 |
| Reassessments | - | - | (93) | - | (38) | (131) |
| At 31 December 2023 | 83,296 | 168,774 | 678 | 74 | 613 | 253,435 |

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

20. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)

The Group and the Company as lessee (continued)

Right-of-use assets (continued)

| Group | Long term leasehold land RM'000 | Land use rights RM'000 | Short term leasehold land RM'000 | Equipment RM'000 | Buildings RM'000 | Motor vehicle RM'000 | Total RM'000 |
|--|---------------------------------|------------------------|----------------------------------|------------------|------------------|----------------------|--------------|
| 2022 | | | | | | | |
| Carrying amount | | | | | | | |
| At 1 January 2022 | 86,647 | 198,293 | 499 | 88 | 3,322 | 32 | 288,881 |
| Additions | - | 20,586 | 369 | - | 592 | - | 21,547 |
| Disposals | - | (28,948) | - | - | - | - | (28,948) |
| Write-offs | (193) | - | - | - | - | - | (193) |
| Depreciation charged for the financial year | (1,580) | (7,728) | (139) | (26) | (902) | (32) | (10,407) |
| Reclassified to assets held for sale (Note 35) | - | (9,094) | - | - | - | - | (9,094) |
| Exchange differences | - | (4,802) | - | - | 13 | - | (4,789) |
| Reassessments | - | - | (19) | 35 | (1,931) | - | (1,915) |
| At 31 December 2022 | 84,874 | 168,307 | 710 | 97 | 1,094 | - | 255,082 |

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

20. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)

The Group and the Company as lessee (continued)

Right-of-use assets (continued)

| Group | At 31.12.2023 | | |
|---------------------------|----------------|---------------------------------------|------------------------------|
| | Cost RM'000 | Accumulated depreciation RM'000 | Carrying amount RM'000 |
| Long term leasehold land | 99,818 | (16,522) | 83,296 |
| Land use rights | 272,609 | (103,835) | 168,774 |
| Short term leasehold land | 712 | (34) | 678 |
| Equipment | 238 | (164) | 74 |
| Buildings | 3,324 | (2,711) | 613 |
| Motor vehicle | 176 | (176) | - |
| | 376,877 | (123,442) | 253,435 |

| Group | At 31.12.2022 | | |
|---------------------------|----------------|---------------------------------------|------------------------------|
| | Cost RM'000 | Accumulated depreciation RM'000 | Carrying amount RM'000 |
| Long term leasehold land | 99,818 | (14,944) | 84,874 |
| Land use rights | 262,209 | (93,902) | 168,307 |
| Short term leasehold land | 826 | (116) | 710 |
| Equipment | 238 | (141) | 97 |
| Buildings | 3,285 | (2,191) | 1,094 |
| Motor vehicle | 176 | (176) | - |
| | 366,552 | (111,470) | 255,082 |

| Company | Long term leasehold land | Equipment | Total |
|---|--------------------------------|-----------|--------|
| | RM'000 | RM'000 | RM'000 |
| 2023 | | | |
| Carrying amount | | | |
| At 1 January 2023 | 8,234 | 76 | 8,310 |
| Depreciation charged for the financial year | (38) | (23) | (61) |
| At 31 December 2023 | 8,196 | 53 | 8,249 |

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

20. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)

The Group and the Company as lessee (continued)

Right-of-use assets (continued)

| Company | Long term leasehold land RM'000 | Equipment RM'000 | Total RM'000 |
|---|--|---------------------|-----------------|
| 2022 | | | |
| Carrying amount | | | |
| At 1 January 2022 | 8,468 | 68 | 8,536 |
| Lease reassessment | - | 35 | 35 |
| Write-offs | (193) | - | (193) |
| Depreciation charged for the financial year | (41) | (27) | (68) |
| At 31 December 2022 | 8,234 | 76 | 8,310 |

| Company | ← At 31.12.2023 → | | |
|--------------------------|-------------------|---------------------------------------|------------------------------|
| | Cost RM'000 | Accumulated depreciation RM'000 | Carrying amount RM'000 |
| Long term leasehold land | 8,872 | (676) | 8,196 |
| Equipment | 202 | (149) | 53 |
| | 9,074 | (825) | 8,249 |

| Company | ← At 31.12.2022 → | | |
|--------------------------|-------------------|---------------------------------------|------------------------------|
| | Cost RM'000 | Accumulated depreciation RM'000 | Carrying amount RM'000 |
| Long term leasehold land | 8,872 | (638) | 8,234 |
| Equipment | 202 | (126) | 76 |
| | 9,074 | (764) | 8,310 |

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

20. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)

The Group and the Company as lessee (continued)

Lease liabilities

| Group | Short term leasehold land RM'000 | Equipment RM'000 | Buildings RM'000 | Motor vehicle RM'000 | Total RM'000 |
|------------------------|---|---------------------|---------------------|-----------------------------|-----------------|
| 2023 | | | | | |
| Carrying amount | | | | | |
| At 1 January 2023 | 1,175 | 78 | 682 | - | 1,935 |
| Additions | 209 | - | - | - | 209 |
| Lease payments | (198) | (26) | (495) | - | (719) |
| Interest expense | 44 | 3 | 23 | - | 70 |
| Reassessments | (124) | - | (38) | - | (162) |
| Exchange difference | - | - | 42 | - | 42 |
| At 31 December 2023 | 1,106 | 55 | 214 | - | 1,375 |
| 2022 | | | | | |
| Carrying amount | | | | | |
| At 1 January 2022 | 982 | 70 | 3,037 | 38 | 4,127 |
| Additions | 369 | - | 548 | - | 917 |
| Lease payments | (194) | (29) | (960) | (39) | (1,222) |
| Interest expense | 45 | 3 | 138 | 1 | 187 |
| Reassessments | (27) | 35 | (2,092) | - | (2,084) |
| Rent concessions | - | (1) | - | - | (1) |
| Exchange difference | - | - | 11 | - | 11 |
| At 31 December 2022 | 1,175 | 78 | 682 | - | 1,935 |
| Company | | | | Equipment RM'000 | |
| 2023 | | | | | |
| Carrying amount | | | | | |
| At 1 January 2023 | | | | | 78 |
| Lease payments | | | | | (26) |
| Interest expense | | | | | 3 |
| At 31 December 2023 | | | | | 55 |

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

20. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)

The Group and the Company as lessee (continued)

Lease liabilities (continued)

| Company | Equipment RM'000 |
|------------------------|---------------------|
| 2022 | |
| Carrying amount | |
| At 1 January 2022 | 70 |
| Lease payments | (29) |
| Interest expense | 3 |
| Reassessment | 35 |
| Rent concessions | (1) |
| At 31 December 2022 | 78 |

Represented by:

| | Group | | Company | |
|---|----------------|----------------|----------------|----------------|
| | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| Non-current liabilities | 955 | 1,320 | 32 | 56 |
| Current liabilities | 420 | 615 | 23 | 22 |
| Total lease liabilities | 1,375 | 1,935 | 55 | 78 |
| Lease liabilities owing to non-financial institutions | 1,375 | 1,935 | 55 | 78 |
| | 1,375 | 1,935 | 55 | 78 |

- (a) The right-of-use assets are initially measured at cost, which comprise the initial amount of the lease liabilities adjusted for any lease payments made at or before the commencement date of the leases.

After initial recognition, right-of-use assets are stated at cost less accumulated depreciation and accumulated impairment losses, if any, and adjusted for any re-measurement of the lease liabilities.

The right-of-use assets are depreciated on the straight-line basis over the earlier of the estimated useful lives of the right-of-use assets or the end of the lease term. The principal depreciation periods are as follows:

| | |
|---------------------------|--|
| Long term leasehold land | over the remaining lease period from 33 to 907 years |
| Land use rights | over the lease period from 20 to 30 years |
| Short term leasehold land | over the lease period from 4 to 20 years |
| Equipment | over the lease period from 2 to 6 years |
| Buildings | over the lease period from 2 to 5 years |
| Motor vehicle | over the lease period of 5 years |

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

20. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)

The Group and the Company as lessee (continued)

- (b) Included in land use rights of the Group are prepayments amounting to RM36,016,000 (2022: RM34,083,000), which the Group has yet to obtain the titles to use the rights as at the end of the reporting period.
- (c) The Group and the Company have certain leases of machineries with lease term of 12 months or less, and low value leases of office equipment of RM5,000 and below. The Group and the Company apply the "short-term lease" and "lease of low-value assets" exemptions for these leases.
- (d) Depreciation capitalised under bearer plants and biological assets during the financial year is as follows:

| | Group | |
|--|----------------|----------------|
| | 2023 RM'000 | 2022 RM'000 |
| <u>Property, plant and equipment</u> | | |
| Bearer plants (Note 19(d)) | 270 | 317 |
| <u>Biological assets</u> | | |
| Forest planting expenditure (Note 21(a)) | 20 | 14 |

- (e) The following are the amounts recognised in profit or loss:

| | Group | |
|--|----------------|----------------|
| | 2023 RM'000 | 2022 RM'000 |
| Depreciation charge of right-of-use assets (included in cost of sales and administrative expenses) | 9,705 | 10,076 |
| Interest expense on lease liabilities (included in finance costs) | 70 | 187 |
| Expense relating to short-term leases (included in administration expenses) | 112 | 260 |
| Rent concessions | - | (1) |
| | 9,887 | 10,522 |

| | Company | |
|--|----------------|----------------|
| | 2023 RM'000 | 2022 RM'000 |
| Depreciation charge of right-of-use assets (included in cost of sales and administrative expenses) | 61 | 68 |
| Interest expense on lease liabilities (included in finance costs) | 3 | 3 |
| Expense relating to short-term leases (included in administration expenses) | 112 | 136 |
| Rent concessions | - | (1) |
| | 176 | 206 |

- (f) During the financial year, the Group and the Company had total cash outflows for leases of RM831,000 (2022: RM1,482,000) and RM138,000 (2022: RM165,000) respectively.

NOTES TO THE FINANCIAL STATEMENTS

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20. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)

The Group and the Company as lessee (continued)

- (g) The following table sets out the carrying amounts, the weighted average incremental borrowing rates and the remaining maturities of the lease liabilities of the Group and the Company:

| Group | Weighted average incremental borrowing rate per annum % | Within one year RM'000 | One to two years RM'000 | Two to five years RM'000 | More than five years RM'000 | Total RM'000 |
|--------------------------|---|------------------------|-------------------------|--------------------------|-----------------------------|--------------|
| 31 December 2023 | | | | | | |
| Lease liabilities | | | | | | |
| Fixed rates | 3.51% - 5.58% | 420 | 291 | 274 | 390 | 1,375 |

| | | | | | | |
|--------------------------|---------------|-----|-----|-----|-----|-------|
| 31 December 2022 | | | | | | |
| Lease liabilities | | | | | | |
| Fixed rates | 2.35% - 5.58% | 615 | 394 | 440 | 486 | 1,935 |

| Company | Weighted average incremental borrowing rate per annum % | Within one year RM'000 | One to two years RM'000 | Two to five years RM'000 | More than five years RM'000 | Total RM'000 |
|--------------------------|---|------------------------|-------------------------|--------------------------|-----------------------------|--------------|
| 31 December 2023 | | | | | | |
| Lease liabilities | | | | | | |
| Fixed rate | 3.90% | 23 | 20 | 12 | - | 55 |

| | | | | | | |
|--------------------------|-------|----|----|----|---|----|
| 31 December 2022 | | | | | | |
| Lease liabilities | | | | | | |
| Fixed rate | 3.92% | 22 | 24 | 32 | - | 78 |

- (h) Sensitivity analysis for lease liabilities as at the end of the reporting period is not presented as fixed rate instruments are not affected by change in interest rate.

NOTES TO THE FINANCIAL STATEMENTS

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20. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)

The Group and the Company as lessee (continued)

- (i) The table below summarises the maturity profile of the lease liabilities of the Group and the Company at the end of the reporting period based on contractual undiscounted repayment obligations as follows:

| | On demand or within one year RM'000 | One to five years RM'000 | More than five years RM'000 | Total RM'000 |
|-------------------------|--|--------------------------------|-----------------------------------|-----------------|
| Group | | | | |
| 31 December 2023 | | | | |
| Lease liabilities | 472 | 676 | 445 | 1,593 |
| 31 December 2022 | | | | |
| Lease liabilities | 700 | 977 | 564 | 2,241 |
| Company | | | | |
| 31 December 2023 | | | | |
| Lease liabilities | 26 | 33 | - | 59 |
| 31 December 2022 | | | | |
| Lease liabilities | 25 | 59 | - | 84 |

- (j) Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities from financing activities to the statements of financial position and statements of cash flows are as follows:

| | Lease liabilities | | | |
|---------------------------------|-------------------|----------------|----------------|----------------|
| | Group | | Company | |
| | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| At 1 January | 1,935 | 4,127 | 78 | 70 |
| Additions | 209 | 917 | - | - |
| Cash flows | | | | |
| - Payments of lease liabilities | (649) | (1,035) | (23) | (26) |
| - Payments of lease interest | (70) | (187) | (3) | (3) |
| Non-cash flows | | | | |
| - Interest expense | 70 | 187 | 3 | 3 |
| - Reassessments | (162) | (2,084) | - | 35 |
| - Rent concessions | - | (1) | - | (1) |
| - Exchange differences | 42 | 11 | - | - |
| At 31 December | 1,375 | 1,935 | 55 | 78 |

NOTES TO THE FINANCIAL STATEMENTS

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20. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)

The Group and the Company as lessor

The Group and the Company have entered into non-cancellable lease agreements on certain properties, mainly for own use, for terms of between one (1) to four (4) years and renewable at the end of the lease period subject to an increase clause.

The Group and the Company have aggregate future minimum lease receivable as at the end of each reporting period as follows:

| | Group | | Company | |
|---|----------------|----------------|----------------|----------------|
| | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| Not later than 1 year | 569 | 836 | 475 | 805 |
| Later than 1 year but not later than 2 years | 298 | 497 | 212 | 497 |
| Later than 2 years but not later than 3 years | 265 | 138 | 185 | 138 |
| Later than 3 years but not later than 4 years | 72 | 62 | 62 | 62 |
| | 1,204 | 1,533 | 934 | 1,502 |

NOTES TO THE FINANCIAL STATEMENTS

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21. BIOLOGICAL ASSETS

| Group | Forest planting expenditure (At fair value) RM'000 | Forest planting expenditure (At cost) RM'000 | Total RM'000 |
|---|--|--|-----------------|
| Non-current assets | | | |
| At cost/valuation | | | |
| At 1 January 2023 | 276,278 | 95,650 | 371,928 |
| Additions during the financial year | 2,001 | - | 2,001 |
| Gain from fair value adjustment (Note 10) | 341 | - | 341 |
| At 31 December 2023 | 278,620 | 95,650 | 374,270 |
| At 1 January 2022 | 311,017 | 95,650 | 406,667 |
| Additions during the financial year | 2,501 | - | 2,501 |
| Loss from fair value adjustment (Note 12) | (37,240) | - | (37,240) |
| At 31 December 2022 | 276,278 | 95,650 | 371,928 |
| Accumulated amortisation | | | |
| At 1 January 2023 | - | (7,086) | (7,086) |
| Amortisation for the year: | | | |
| Recognised in profit or loss (Note 12) | - | (1,181) | (1,181) |
| At 31 December 2023 | - | (8,267) | (8,267) |
| At 1 January 2022 | - | (5,905) | (5,905) |
| Amortisation for the year: | | | |
| Recognised in profit or loss (Note 12) | - | (1,181) | (1,181) |
| At 31 December 2022 | - | (7,086) | (7,086) |
| Net carrying amount: | | | |
| At cost/valuation | | | |
| At 31 December 2023 | 278,620 | 87,383 | 366,003 |
| At 31 December 2022 | 276,278 | 88,564 | 364,842 |

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

21. BIOLOGICAL ASSETS (continued)

| Company | Forest planting expenditure (At fair value) RM'000 | Forest planting expenditure (At cost) RM'000 | Total RM'000 |
|---|--|--|-----------------|
| Non-current assets | | | |
| At cost/valuation | | | |
| At 1 January 2023 | 183,310 | 95,650 | 278,960 |
| Additions during the financial year | 1,200 | - | 1,200 |
| Gain from fair value adjustment (Note 10) | 2,613 | - | 2,613 |
| At 31 December 2023 | 187,123 | 95,650 | 282,773 |
| At 1 January 2022 | 220,881 | 95,650 | 316,531 |
| Additions during the financial year | 618 | - | 618 |
| Loss from fair value adjustment (Note 12) | (38,189) | - | (38,189) |
| At 31 December 2022 | 183,310 | 95,650 | 278,960 |
| Accumulated amortisation | | | |
| At 1 January 2023 | - | (7,086) | (7,086) |
| Amortisation for the year: | | | |
| Recognised in profit or loss (Note 12) | - | (1,181) | (1,181) |
| At 31 December 2023 | - | (8,267) | (8,267) |
| At 1 January 2022 | - | (5,905) | (5,905) |
| Amortisation for the year: | | | |
| Recognised in profit or loss (Note 12) | - | (1,181) | (1,181) |
| At 31 December 2022 | - | (7,086) | (7,086) |
| Net carrying amount: | | | |
| At cost/valuation | | | |
| At 31 December 2023 | 187,123 | 87,383 | 274,506 |
| At 31 December 2022 | 183,310 | 88,564 | 271,874 |

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

21. BIOLOGICAL ASSETS (continued)

| | Group | | Company | |
|--|--------|---------|---------|--------|
| | 2023 | 2022 | 2023 | 2022 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Current assets | | | | |
| At fair value | | | | |
| <u>Fresh fruit bunches</u> | | | | |
| At beginning of financial year | 13,531 | 17,346 | - | 201 |
| Changes in fair value less costs to sell | 432 | (3,383) | - | (201) |
| Exchange differences | 734 | (432) | - | - |
| At end of financial year | 14,697 | 13,531 | - | - |

The nature and purpose of each category of biological assets are as follows:

(a) Forest planting expenditure

- (i) Forest planting expenditure represents Industrial Timber Plantation expenses incurred on the development of the Group's Sustainable Forest Management Project under a Sustainable Forest Management License Agreement ("SMFLA") with the State Government of Sabah, in respect of a long term concession for 95,000 hectares of timber land under Forest Management Unit at Ulu Tungud, Sabah. The SMFLA area comprises Industrial Timber Plantation area, Conservation area and Natural Forest Management area.

The biological assets within Industrial Timber Plantation area is carried at its fair value with changes in fair value recognised in profit or loss. During the current financial year, the Group had carried out a valuation exercise to reflect the fair value of the Group's forest planting expenditure within the Industrial Timber Plantation area. CH Williams Talhar & Wong conducted the latest valuation exercise with a valuation report for the valuation as at 31 December 2023.

Areas beyond the Industrial Timber Plantation are either protected or have limited permitted use for commercial timber harvesting, as such, the direct and related cost incurred and capitalised under biological assets within these areas will be amortised over the remaining concession period of 74 years as the fair value of such areas cannot be reliably measured without undue cost or effort.

- (ii) The methods and assumptions used by management to determine fair values are as follows:

Investment method is adopted to value forest planting expenditure within the Industrial Timber Plantation area. For rubber, the annual income from latex is estimated based on yield and long term average price of the crop. Thereafter, the cost of production is deducted and the net income is derived. In the final year, the value of rubberwood that could be harvested from the old rubber trees to be felled before replanting is added. The whole income flow from latex and from the rubberwood in the last year is then capitalised using the net present value, discounted at the appropriate rate of return for the remaining cropping life of the rubber trees to obtain the value of the present crops.

For the other plantation trees, the present tree crop is valued as profits from timber extraction and sales obtained by deducting the production costs from sales revenue. This is discounted at the appropriate rate of return to obtain the value of the present tree crop. For both the rubber and the other plantation trees, the scrub value (infrastructure value only, and excluding land cost) to which the land reverts at the end of the economic life of the cultivations, deferred (discounted) for the period is then added to the value of the present crops. The fair value is derived from deducting the value of the infrastructures from the market value of the trees.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

21. BIOLOGICAL ASSETS (continued)

(a) Forest planting expenditure (continued)

(ii) The methods and assumptions used by management to determine fair values are as follows (continued):

| Biological assets | Valuation technique used | Significant unobservable inputs | Range | Inter-relationship between key unobservable inputs and fair value |
|--|--------------------------------------|------------------------------------|--|---|
| Forest planting expenditure within the Industrial Timber Plantation area | Investment method | (a) Discount rate | 2023: 10% - 15% (2022: 10% - 15%) | The higher the discount rate, the lower the fair value. |
| | | (b) Estimated yield | 2023: 675 - 1,940 (2022: 750 - 1,960) | The higher the yield rate, the higher the fair value. |
| | | - rubber (kg/Ha) | 2023: 108 - 200 (2022: 108 - 144) | |
| | | - wood/timber (M ³ /Ha) | 2023: 6.50 (2022: 6.50) | The higher the price, the higher the fair value. |
| (c) Estimated price | 2023: 350 - 425 (2022: 350 - 425) | | | |

(iii) Included in forest planting expenditure incurred during the financial year are:

| | Group | | Company | |
|--|----------------|----------------|----------------|----------------|
| | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| Depreciation of property, plant and equipment (Note 19(c)) | 7 | 99 | 2 | 1 |
| Depreciation of right-of-use assets (Note 20(d)) | 20 | 14 | - | - |
| Interest expense (Note 11) | 10 | 127 | - | - |
| Employee benefits expense (Note 13) | 475 | 757 | 219 | 20 |

(iv) The fair value of forest planting expenditure of the Group and of the Company is categorised as Level 3 in the fair value hierarchy. There is no transfer between levels in the fair value hierarchy during the financial year.

(b) Fresh Fruit Bunches ("FFB") prior to harvest

(i) The valuation model adopted by the Group and the Company considers the present value of the net cash flows expected to be generated from the sales of FFB. To arrive at the fair value, the management has considered the oil content of the unripe FFB and derived the assumption that the net cash flows to be generated from FFB prior to more than 15 days to harvest is negligible, therefore quantity of unripe FFB on bearer plant of up to 15 days prior to harvest was used for valuation purpose. The value of the unripe FFB was estimated to be approximately 80% of the ripe FFB, based on actual oil extraction rate and kernel extraction rate of the unripe FFB from the laboratory tests. Costs to sell include harvesting cost, transport and windfall profit levy.

NOTES TO THE FINANCIAL STATEMENTS

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21. BIOLOGICAL ASSETS (continued)

(b) Fresh Fruit Bunches ("FFB") prior to harvest (continued)

- (ii) During the financial year, the Group and the Company harvested approximately 905,000 tonnes and nil tonnes (2022: 924,000 tonnes and 2,000 tonnes) respectively of FFB.
- (iii) The fair value measurement of the Group's biological assets are categorised within Level 3 of the fair value hierarchy. If the FFB selling price changes by 10%, fair value gain/loss for the Group would have equally increased or decreased by approximately RM2,317,000 (2022: RM2,117,000).

There were no transfers between all three (3) levels of the fair value hierarchy during the financial year.

22. INTANGIBLE ASSETS

Goodwill

| Group | RM'000 |
|--|----------|
| Cost: | |
| At 1 January 2022 | 56,147 |
| Exchange differences | (1,086) |
| At 31 December 2022 and 1 January 2023 | 55,061 |
| Exchange differences | 1,738 |
| At 31 December 2023 | 56,799 |
| Accumulated impairment: | |
| At 1 January 2022 | (4,500) |
| Impairment during the financial year | (211) |
| At 31 December 2022 and 1 January 2023 | (4,711) |
| Impairment during the financial year | (7,769) |
| At 31 December 2023 | (12,480) |
| Net carrying amount | |
| At 31 December 2023 | 44,319 |
| At 31 December 2022 | 50,350 |

Impairment tests for goodwill

The carrying amounts of goodwill allocated to each CGU are as follows:

| | Group | |
|---------------|----------------|----------------|
| | 2023 RM'000 | 2022 RM'000 |
| Segments: | | |
| Palm products | 44,319 | 45,792 |
| Others | - | 4,558 |
| | 44,319 | 50,350 |

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22. INTANGIBLE ASSETS (continued)**Goodwill (continued)****Impairment tests for goodwill (continued)**

The recoverable amounts of the CGU have been determined based on value-in-use calculations using cash flow projections from financial budgets approved by management covering a five-year period. For palm product companies, cash flows projections are extrapolated to a period of up to twenty-three (23) years, which would cover the major life cycle of oil palm trees. Whilst for other companies, cash flows projections are extrapolated to the average economic useful lives of the assets.

Growth rate for the plantation segment are determined based on the management's estimate of commodity prices, FFB yields, oil extraction rates and also cost of productions whilst growth rates of other segments are determined based on the industry trends and past performances of the segments, after taking into consideration the effects of increasing OPR in Malaysia and interest rate in Indonesia, where applicable.

The key assumptions applied to the cash flow projections are as follows:

| | 2023 | 2022 |
|----------------------------|---------------|---------------|
| CPO price (RM/MT) | 3,800 | 3,800 |
| Pre-tax discount rates (%) | 10.00 - 13.00 | 10.00 - 13.00 |

The calculations of value-in-use for the CGU are most sensitive to the following assumptions:

Palm products segment:

CPO price - CPO price is based on average historical price in the previous financial year immediately before the budgeted period.

FFB yields - FFB yields are based on the average yields achieved in the previous financial year immediately before the budgeted period.

Pre-tax discount rates - Discount rates reflect the current market assessment of the risks specific to each CGU after taking into consideration the effects of increasing OPR in Malaysia and interest rate in Indonesia, where applicable.

Others segment:

Budgeted gross profit margins - Gross profit margins are based on historical profit margin achieved. These are increased over the budget period for anticipated efficiency improvements.

Pre-tax discount rates - Discount rates reflect the current market assessment of the risks specific to each CGU after taking into consideration the effects of increasing OPR in Malaysia.

Impairment losses on goodwill amounting to RM7,769,000 (2022: RM211,000) have been recognised within other expenses in the Statements of Comprehensive Income during the financial year.

Sensitivity to changes in assumptions

With regard to the assessment of value-in-use, the management is not aware of any reasonably possible change in the above key assumptions that would cause the carrying amounts of the CGUs to materially exceed their recoverable amounts.

NOTES TO THE FINANCIAL STATEMENTS

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23. INVESTMENTS IN SUBSIDIARIES

| | Company | |
|---|----------------|----------------|
| | 2023 RM'000 | 2022 RM'000 |
| Unquoted shares, at cost: | | |
| In Malaysia | 236,986 | 236,841 |
| Outside Malaysia | 39,311 | 39,252 |
| | 276,297 | 276,093 |
| ESOS granted to employees of subsidiaries | 2,446 | 2,446 |
| Non-cumulative redeemable convertible preference shares | 447,693 | 538,863 |
| | 726,436 | 817,402 |
| Less: Impairment losses | (49,742) | (9,072) |
| | 676,694 | 808,330 |

- (a) In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses. The Group elects on a transaction-by-transaction basis whether to measure the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets.
- (b) Management has made estimates about the future results and key assumptions applied to cash flow projections of subsidiaries in determining their recoverable amounts using the value-in-use model. These key assumptions include forecast growth in future revenue, as well as determining an appropriate pre-tax discount rate.

The disclosures of the key assumptions are similar to the impairment assessment on the intangible assets, which have been set out in Note 22 to the financial statements.

- (c) Impairment losses on investments in subsidiaries amounting to RM46,784,000 (2022: RM949,000) have been recognised within other expenses in the Statement of Comprehensive Income during the financial year in respect of certain subsidiaries due to continuous losses making of these subsidiaries. The net carrying amounts of investments in these subsidiaries amounted to RM13,356,000 (2022: RM11,379,000) as at 31 December 2023.
- (d) During the financial year, the Company:
- (i) subscribed for an additional 390,000 ordinary shares in certain subsidiaries for a total subscription consideration of RM767,000. The consideration for the subscriptions amounted to RM345,000 was satisfied by cash and remaining balance of RM422,000 was satisfied by way of contra against amount due from a subsidiary.
 - (ii) subscribed for an additional 52,040,000 non-cumulative redeemable convertible preference shares in certain subsidiaries for a total subscription consideration of RM37,424,000 by cash.
 - (iii) redeemed 93,335,000 non-cumulative redeemable convertible preference shares in certain subsidiaries at the total redemption amount of RM122,575,000. The consideration for the redemptions amounted to RM77,982,000 was satisfied by cash and remaining balance of RM44,593,000 was satisfied by way of contra against amount due to certain subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

23. INVESTMENTS IN SUBSIDIARIES (continued)

- (d) During the financial year, the Company (continued):
- (iv) received distribution for return of capital of RM468,000 from PT Sejahtera Aman Sejati, the direct subsidiary of the Company which is under winding up process. The members' voluntary winding up of the subsidiary did not have any material impact on the financial statements of the Company.
 - (v) struck off Polar Vertex Sdn. Bhd. which was the direct subsidiary of the Company from the register of Companies Commission of Malaysia upon the application by the Company. The strike-off of the subsidiary did not have any material impact on the financial statements of the Company.
- (e) In the previous financial year, the Company:
- (i) subscribed for an additional 1,984,500 non-cumulative redeemable convertible preference shares in GlobeFlex Advisory Sdn. Bhd. for a total subscription consideration of RM1,984,500 by cash.
 - (ii) redeemed 78,428,000 non-cumulative redeemable convertible preference shares in TSH Logistics Sdn. Bhd. at the total redemption amount of RM78,428,000 by cash.
 - (iii) struck off TSH Sukuk Ijarah Sdn. Bhd. which was the direct subsidiary of the Company from the register of Companies Commission of Malaysia upon the application by the Company. The strike-off of the subsidiary did not have any material impact on the financial statements of the Company.
- (f) The details of the subsidiaries are as follows:

| Name of subsidiaries | Principal place of business/ Country of incorporation | Principal activities | % of effective ownership interest held by the Group | | % of ownership held by non-controlling interest | |
|--|--|---|---|-----------|---|-----------|
| | | | 2023 % | 2022 % | 2023 % | 2022 % |
| Held by the Company: | | | | | | |
| TSH Plantation Sdn. Bhd. ⁱ | Malaysia | Operation of palm oil mills and investment holding | 100 | 100 | - | - |
| CocoaHouse Industries Sdn. Bhd. ⁱ | Malaysia | Dormant | 100 | 100 | - | - |
| CocoaHouse Sdn. Bhd. ⁱ | Malaysia | Manufacture and sale of cocoa products and investment holding | 100 | 100 | - | - |
| Ekowood International Berhad ⁱ | Malaysia | Manufacture and sale of downstream wood products | 100 | 100 | - | - |

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

23. INVESTMENTS IN SUBSIDIARIES (continued)

(f) The details of the subsidiaries are as follows (continued):

| Name of subsidiaries | Principal place of business/ Country of incorporation | Principal activities | % of effective ownership interest held by the Group | | % of ownership held by non-controlling interest | |
|--|--|---|---|-----------|---|-----------|
| | | | 2023 % | 2022 % | 2023 % | 2022 % |
| Held by the Company (continued): | | | | | | |
| TSH Bio-Gas Sdn. Bhd. ⁱ | Malaysia | Operation of biogas power plant | 100 | 100 | - | - |
| LKSK Sdn. Bhd. ⁱ | Malaysia | Oil palm plantations | 51 | 51 | 49 | 49 |
| Tan Soon Hong Holdings Sdn. Bhd. ⁱ | Malaysia | Oil palm plantations and investment holding | 100 | 100 | - | - |
| TSH Bio-Energy Sdn. Bhd. ⁱ | Malaysia | Operation of a power plant | 100 | 100 | - | - |
| TSH Timber Industries Sdn. Bhd. ⁱⁱ | Malaysia | Dormant | 100 | 100 | - | - |
| POME Energy Sdn. Bhd. ⁱ | Malaysia | Dormant | 100 | 100 | - | - |
| Landquest Sdn. Bhd. ⁱ | Malaysia | Oil palm plantations | 56.68 | 56.68 | 43.32 | 43.32 |
| TSH Sumbar Group Limited ⁱⁱⁱ | Seychelles | Investment holding | 100 | 100 | - | - |
| PT Aramico Komoditi ^{iii/iii} | Indonesia | Dormant | 74.42 | 74.42 | 25.58 | 25.58 |
| TSH Logistics Sdn. Bhd. ⁱ | Malaysia | Investment holding | 100 | 100 | - | - |
| Polar Vertex Sdn. Bhd. ^{iv} | Malaysia | Dormant | - | 100 | - | - |
| TSH Oversea Pte. Ltd. ⁱⁱⁱ | Singapore | Investment holding | 100 | 100 | - | - |
| TSH Global Plantation Pte. Ltd. ⁱⁱⁱ | Singapore | Investment holding | 100 | 100 | - | - |

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31 DECEMBER 2023

23. INVESTMENTS IN SUBSIDIARIES (continued)

(f) The details of the subsidiaries are as follows (continued):

| Name of subsidiaries | Principal place of business/ Country of incorporation | Principal activities | % of effective ownership interest held by the Group | | % of ownership held by non-controlling interest | |
|--|--|--|---|-----------|---|-----------|
| | | | 2023 % | 2022 % | 2023 % | 2022 % |
| Held by the Company (continued): | | | | | | |
| TSH Mitra Capital Pte. Ltd. ⁱⁱⁱ | Singapore | Investment holding | 100 | 100 | - | - |
| GlobeFlex Advisory Sdn. Bhd. ⁱ | Malaysia | Investment holding | 100 | 100 | - | - |
| Halaman Semesta Sdn. Bhd. ⁱ | Malaysia | Investment holding | 100 | 100 | - | - |
| Bagan Agresif Sdn. Bhd. ⁱ | Malaysia | Investment holding | 100 | 100 | - | - |
| Casa Logistic Sdn. Bhd. ⁱ | Malaysia | Investment holding | 100 | 100 | - | - |
| Rinukut Sdn. Bhd. ⁱ | Malaysia | Investment holding | 100 | 100 | - | - |
| TSH Sukuk Capital Sdn. Bhd. ⁱ | Malaysia | Dormant | 100 | 100 | - | - |
| TSH Sukuk Murabahah Sdn. Bhd. ⁱ | Malaysia | Undertake of Islamic Securities transactions | 100 | 100 | - | - |
| Icon Field Ventures Sdn. Bhd. ⁱ | Malaysia | Investment holding | 100 | 100 | - | - |
| TSH Agri Pte. Ltd. ⁱⁱⁱ | Singapore | Management services and trading of goods | 100 | 100 | - | - |
| PT Sejahtera Aman Sejati ^{ii/iii} | Indonesia | Dormant | 65 | 65 | 35 | 35 |
| Held through Ekowood International Berhad | | | | | | |
| Ekowood Iberica, S.L. ^{iv} | Spain | Dormant | - | 99.96 | - | 0.04 |
| Ekowood Malaysia Sdn. Bhd. ⁱ | Malaysia | Supply and installation of timber flooring | 100 | 100 | - | - |

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23. INVESTMENTS IN SUBSIDIARIES (continued)

(f) The details of the subsidiaries are as follows (continued):

| Name of subsidiaries | Principal place of business/ Country of incorporation | Principal activities | % of effective ownership interest held by the Group | | % of ownership held by non-controlling interest | |
|---|--|---|---|-----------|---|-----------|
| | | | 2023 % | 2022 % | 2023 % | 2022 % |
| Held through Ekowood International Berhad (continued): | | | | | | |
| EkoLoc System Sdn. Bhd. ⁱ | Malaysia | Sub-licensing of strip lock system | 100 | 100 | - | - |
| Ekowood (USA) Inc. ^{iv} | United States of America | Trading of wood products | - | 100 | - | - |
| Held through TSH Plantation Sdn. Bhd. | | | | | | |
| TSH Plantation Management Sdn. Bhd. ⁱ | Malaysia | Operation of a palm oil mill | 100 | 100 | - | - |
| TSH Biotech Sdn. Bhd. ⁱ | Malaysia | Production and supply of tree plantlets and plantables grown through tissue culture process | 100 | 100 | - | - |
| TSH Forest Plantation Sdn. Bhd. ⁱ | Malaysia | Forest plantation | 100 | 100 | - | - |
| Held through CocoaHouse Sdn. Bhd. | | | | | | |
| PT Sinar Bersatu ^{iv} | Indonesia | Dormant | - | 99 | - | 1 |
| Afromal Cocoa Limited ^{iii/iii} | Ghana | Dormant | 100 | 100 | - | - |
| Held through Tan Soon Hong Holdings Sdn. Bhd. | | | | | | |
| TSH Palm Products Sdn. Bhd. ⁱ | Malaysia | Investment holding | 100 | 100 | - | - |

NOTES TO THE FINANCIAL STATEMENTS

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23. INVESTMENTS IN SUBSIDIARIES (continued)

(f) The details of the subsidiaries are as follows (continued):

| Name of subsidiaries | Principal place of business/ Country of incorporation | Principal activities | % of effective ownership interest held by the Group | | % of ownership held by non-controlling interest | |
|---|--|---|---|-----------|---|-----------|
| | | | 2023 % | 2022 % | 2023 % | 2022 % |
| Held through TSH Palm Products Sdn. Bhd. | | | | | | |
| Eko Pulp & Paper Sdn. Bhd. ⁱ | Malaysia | Dormant | 100 | 100 | - | - |
| Held through TSH Sumbar Group Limited | | | | | | |
| PT Andalas Agro Industri ^{iii/v} | Indonesia | Operation of a palm oil mill and investment holding | 70 | 70 | 30 | 30 |
| PT Andalas Wahana Berjaya ^{iii/v} | Indonesia | Oil palm plantations and operation of a palm oil mill | 70 | 70 | 30 | 30 |
| Held through TSH Oversea Pte. Ltd. | | | | | | |
| PT Sarana Prima Multi Niaga ⁱⁱⁱ | Indonesia | Oil palm plantations and operation of a palm oil mill | 90 | 90 | 10 | 10 |
| PT Teguh Swakarsa Sejahtera ⁱⁱⁱ | Indonesia | Oil palm plantations | 90 | 90 | 10 | 10 |
| Held through PT Andalas Agro Industri | | | | | | |
| PT Laras Internusa ⁱⁱⁱ | Indonesia | Oil palm plantations | 69.77 | 69.77 | 30.23 | 30.23 |
| Held through TSH Global Plantation Pte. Ltd. | | | | | | |
| PT Farinda Bersaudara ⁱⁱⁱ | Indonesia | Oil palm plantations and operation of a palm oil mill | 90 | 90 | 10 | 10 |

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23. INVESTMENTS IN SUBSIDIARIES (continued)

(f) The details of the subsidiaries are as follows (continued):

| Name of subsidiaries | Principal place of business/ Country of incorporation | Principal activities | % of effective ownership interest held by the Group | | % of ownership held by non-controlling interest | |
|--|--|----------------------------------|---|-----------|---|-----------|
| | | | 2023 % | 2022 % | 2023 % | 2022 % |
| Held through TSH Mitra Capital Pte. Ltd. | | | | | | |
| PT Mitra Jaya Cemerlang ⁱⁱⁱ | Indonesia | Oil palm plantations | 90 | 90 | 10 | 10 |
| Held through GlobeFlex Advisory Sdn. Bhd. | | | | | | |
| PT Karya Unggulan Cemerlang ⁱⁱⁱ | Indonesia | Provision of management services | 90 | 90 | 10 | 10 |
| Held through TSH Logistics Sdn. Bhd. | | | | | | |
| PT Bulungan Citra Agro Persada ⁱⁱⁱ | Indonesia | Oil palm plantations | 90 | 90 | 10 | 10 |
| Held through Halaman Semesta Sdn. Bhd. | | | | | | |
| PT Munte Waniq Jaya Perkasa ⁱⁱⁱ | Indonesia | Oil palm plantations | 90 | 90 | 10 | 10 |
| Held through Bagan Agresif Sdn. Bhd. | | | | | | |
| PT Andalas Wahana Sukses ⁱⁱⁱ | Indonesia | Oil palm plantations | 90 | 90 | 10 | 10 |
| Held through Casa Logistic Sdn. Bhd. | | | | | | |
| PT Perkebunan Sentawar Membangun ⁱⁱⁱ | Indonesia | Oil palm plantations | 90 | 90 | 10 | 10 |

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

23. INVESTMENTS IN SUBSIDIARIES (continued)

(f) The details of the subsidiaries are as follows (continued):

| Name of subsidiaries | Principal place of business/ Country of incorporation | Principal activities | % of effective ownership interest held by the Group | | % of ownership held by non-controlling interest | |
|---|--|----------------------|---|-----------|---|-----------|
| | | | 2023 % | 2022 % | 2023 % | 2022 % |
| Held through Rinukut Sdn. Bhd. | | | | | | |
| RT Plantations Sdn. Bhd. ⁱ | Malaysia | Oil palm plantations | 60 | 60 | 40 | 40 |
| Held through Icon Field Ventures Sdn. Bhd. | | | | | | |
| PT Prima Usaha Sukses ⁱⁱⁱ | Indonesia | Oil palm plantations | 90 | 90 | 10 | 10 |

ⁱ Audited by BDO PLT, Malaysia.ⁱⁱ These subsidiaries were placed under members' voluntary winding-up/strike off.ⁱⁱⁱ Not audited by BDO PLT or member firms of BDO International.^{iv} Struck off and did not have any material effect to the financial performance.^v On 19 May 2023, the subsidiaries of TSH Sumbar Group Limited, namely PT Andalas Wahana Berjaya and PT Andalas Agro Industri, allocated a total of 9,000,000 Type B redeemable preference shares to Garibaldi Thohir, a non-controlling interest of these subsidiaries, at a total issue price of IDR9,000,000,000 (equivalent to approximately RM2,736,000), satisfied by cash.

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23. INVESTMENTS IN SUBSIDIARIES (continued)

(g) Material partly-owned subsidiaries

Summarised financial information of partly-owned subsidiaries, which have non-controlling interests that are material to the Group is set out below. The summarised financial information presented below is the amount before inter-company elimination. The non-controlling interests ("NCI") in respect of other subsidiaries is not material to the Group.

(i) Summarised statements of financial position

| | Subsidiaries of TSH Sumbar Group Limited | | Subsidiaries of TSH Oversea Pte. Ltd. | | Subsidiary of TSH Logistics Sdn. Bhd. | | LKSK Sdn. Bhd. | | Landquest Sdn. Bhd. | | Subsidiary of Rinukut Sdn. Bhd. | |
|-------------------------------|--|----------------|---|----------------|---|----------------|-------------------|----------------|------------------------|----------------|---------------------------------------|----------------|
| | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| Assets and liabilities | | | | | | | | | | | | |
| Non-current assets | 420,972 | 343,638 | 336,004 | 358,105 | 319,681 | 279,431 | 40,345 | 39,431 | 31,248 | 31,575 | 83,389 | 84,252 |
| Current assets | 90,041 | 82,624 | 107,777 | 112,154 | 23,908 | 24,129 | 2,783 | 6,905 | 2,482 | 2,276 | 4,260 | 6,257 |
| Total assets | 511,013 | 426,262 | 443,781 | 470,259 | 343,589 | 303,560 | 43,128 | 46,336 | 33,730 | 33,851 | 87,649 | 90,509 |
| Current liabilities | 18,366 | 30,632 | 14,967 | 25,319 | 23,224 | 23,313 | 791 | 1,035 | 1,380 | 1,862 | 1,915 | 2,793 |
| Non-current liabilities | 9,148 | 6,906 | 7,654 | 6,027 | 2,416 | 1,598 | 9,437 | 9,199 | 5,853 | 5,754 | 94,935 | 92,388 |
| Total liabilities | 27,514 | 37,538 | 22,621 | 31,346 | 25,640 | 24,911 | 10,228 | 10,234 | 7,233 | 7,616 | 96,850 | 95,181 |
| Net assets/(liabilities) | 483,499 | 388,724 | 421,160 | 438,913 | 317,949 | 278,649 | 32,900 | 36,102 | 26,497 | 26,235 | (9,201) | (4,672) |
| Carrying amounts of NCI | 145,161 | 116,729 | 42,261 | 44,036 | 31,795 | 27,865 | 19,982 | 21,551 | 10,951 | 10,836 | 6,091 | 7,902 |

NOTES TO THE FINANCIAL STATEMENTS

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23. INVESTMENTS IN SUBSIDIARIES (continued)

(g) Material partly-owned subsidiaries (continued)

(ii) Summarised statements of comprehensive income

| | Subsidiaries of TSH Sumbang Group Limited | | Subsidiaries of TSH Oversea Pte. Ltd. | | Subsidiary of TSH Logistics Sdn. Bhd. | | LKSK Sdn. Bhd. | | Landquest Sdn. Bhd. | | Subsidiary of Rinukut Sdn. Bhd. | |
|---|---|---------|---------------------------------------|---------|---------------------------------------|---------|----------------|--------|---------------------|--------|---------------------------------|--------|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Results | | | | | | | | | | | | |
| Revenue | 216,521 | 269,275 | 226,829 | 230,667 | 50,365 | 60,716 | 10,880 | 12,944 | 4,152 | 4,381 | 23,846 | 29,492 |
| Profit for the year | 64,121 | 88,176 | 65,328 | 83,463 | 54,038 | 323,452 | 2,598 | 4,234 | 263 | 675 | (4,528) | 3,008 |
| Total comprehensive income for the year | 63,590 | 88,346 | 65,164 | 83,680 | 54,056 | 323,473 | 2,598 | 4,234 | 263 | 675 | (4,528) | 3,008 |
| Profit allocated to NCI | 19,410 | 26,662 | 6,533 | 8,346 | 5,405 | 32,345 | 1,273 | 2,075 | 113 | 292 | (1,811) | 1,203 |
| Total comprehensive income allocated to NCI | 19,142 | 26,605 | 6,478 | 8,327 | 5,405 | 32,325 | 1,273 | 2,075 | 113 | 292 | (1,811) | 1,203 |

(iii) Summarised cash flows

| | | | | | | | | | | | | |
|--|----------|----------|----------|----------|----------|-----------|---------|---------|-------|---------|---------|----------|
| Net cash flows from operating activities | 71,881 | 108,912 | 83,654 | 75,993 | 18,130 | 30,262 | 3,377 | 6,018 | 855 | 2,033 | 7,737 | 15,995 |
| Net cash flows (used in)/from investing activities | (32,481) | (25,875) | (76,734) | (14,401) | 11,219 | 268,504 | (1,689) | (1,950) | (644) | (1,573) | (3,056) | (1,858) |
| Net cash flows used in financing activities | (32,549) | (45,778) | (7,284) | (31,003) | (29,800) | (296,006) | (5,800) | (4,000) | - | (700) | (4,864) | (14,138) |
| Net increase/(decrease) in cash and cash equivalents | 6,851 | 37,259 | (364) | 30,589 | (451) | 2,760 | (4,112) | 68 | 211 | (240) | (183) | (1) |
| Effect of exchange rate changes | 3,232 | (699) | 3,342 | (1,004) | 766 | (381) | - | - | - | - | - | - |
| Cash and cash equivalents at beginning of the year | 56,961 | 20,401 | 58,887 | 29,302 | 13,504 | 11,125 | 5,456 | 5,388 | 76 | 316 | 1,101 | 1,102 |
| Cash and cash equivalents at end of the year | 67,044 | 56,961 | 61,865 | 58,887 | 13,819 | 13,504 | 1,344 | 5,456 | 287 | 76 | 918 | 1,101 |
| Dividends paid to non-controlling interests | - | - | 10,735 | - | 3,050 | - | 2,842 | 1,960 | - | 303 | - | - |

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24. INVESTMENT IN AN ASSOCIATE

| | Group | | Company | |
|---|----------------|----------------|----------------|----------------|
| | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| Quoted shares in Malaysia, at cost | 61,259 | 61,259 | 61,259 | 61,259 |
| Share of post-acquisition reserves | 17,386 | 16,178 | - | - |
| | 78,645 | 77,437 | 61,259 | 61,259 |
| Fair value of investment in an associate for which there is published price quotation | 137,629 | 167,046 | 137,629 | 167,046 |

- (a) Investment in an associate is measured at cost in the separate financial statements of the Company and is accounted for using the equity method in the consolidated financial statements.
- (b) The details of the associate are as follows:

| Name of associate | Principal place of business/Country of incorporation | Principal activities | Effective interest | |
|--------------------------------|--|--|--------------------|-----------|
| | | | 2023 % | 2022 % |
| Innoprise Plantations Berhad * | Malaysia | Operation of oil palm plantations and palm oil mill, and producer and supplier of renewable energy | 21.94 | 21.94 |

* Not audited by BDO PLT or member firms of BDO International.

- (c) The financial year end of the above associate is coterminous with those of the Group.
- (d) The summarised financial information of the associate, not adjusted for the proportion of ownership interest held by the Group, is as follows:
- (i) Summarised statements of financial position

| | 2023 RM'000 | 2022 RM'000 |
|-------------------------------|----------------|----------------|
| Assets and liabilities | | |
| Current assets | 39,552 | 49,016 |
| Non-current assets | 362,903 | 354,300 |
| Total assets | 402,455 | 403,316 |
| Current liabilities | 23,289 | 27,796 |
| Non-current liabilities | 70,208 | 72,069 |
| Total liabilities | 93,497 | 99,865 |
| Net assets | 308,958 | 303,451 |

NOTES TO THE FINANCIAL STATEMENTS

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24. INVESTMENT IN AN ASSOCIATE (continued)

(d) The summarised financial information of the associate, not adjusted for the proportion of ownership interest held by the Group, is as follows (continued):

(ii) Summarised statements of comprehensive income

| | 2023 RM'000 | 2022 RM'000 |
|----------------------------|----------------|----------------|
| Results | | |
| Revenue | 227,133 | 270,219 |
| Profit for the year | 53,463 | 85,089 |
| Total comprehensive income | 53,463 | 85,089 |

(iii) Reconciliation of the summarised financial information presented above to the carrying amount of the Group's interest in associate.

| | 2023 RM'000 | 2022 RM'000 |
|---|----------------|----------------|
| Net assets at 1 January | 303,451 | 324,581 |
| Total comprehensive income | 53,463 | 85,089 |
| Transaction with owners | (47,956) | (106,219) |
| Net assets at 31 December | 308,958 | 303,451 |
| Interest in associate (%) | 21.94% | 21.94% |
| | 67,785 | 66,577 |
| Goodwill | 10,860 | 10,860 |
| Carrying value of Group's interest in associate | 78,645 | 77,437 |

(iv) Dividends received from associate during the financial year amounted to RM9,981,000 (2022: RM23,113,000).

(v) The fair value of quoted shares in Malaysia is determined by reference to the exchange quoted market bid prices at the close of the business at the end of the reporting period.

25. INVESTMENTS IN JOINT VENTURES

| | Group | | Company | |
|------------------------------------|----------------|----------------|----------------|----------------|
| | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| Unquoted shares, at cost | 20,750 | 20,750 | 20,750 | 20,750 |
| Share of post-acquisition reserves | 82,340 | 85,333 | - | - |
| | 103,090 | 106,083 | 20,750 | 20,750 |

The Group has 50% of the voting rights of its joint arrangements. Under the contractual arrangements, unanimous consent is required from all parties to the agreements for all relevant activities. The Group's interest in joint ventures is accounted for using the equity method in the consolidated financial statements. In the separate financial statements of the Company, investments in joint ventures are measured at cost.

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25. INVESTMENTS IN JOINT VENTURES (continued)

The joint arrangements are structured via separate entities and provide the Group with the rights to the net assets of the entities under the arrangements. Therefore, these entities are classified as joint ventures of the Group.

(a) Details of the joint ventures are as follows:

| Name of joint ventures | Principal place of business/Country of incorporation | Principal activities | Effective interest | |
|----------------------------|--|---|--------------------|-----------|
| | | | 2023 % | 2022 % |
| TSH-Wilmar Sdn. Bhd.* | Malaysia | Operation of palm oil refinery mill and kernel crushing plant | 50 | 50 |
| TSH-Wilmar (BF) Sdn. Bhd.* | Malaysia | Operation of a power plant | 50 | 50 |

* Audited by BDO PLT, Malaysia.

These joint ventures have the same reporting period as the Group.

(b) Summarised financial information of TSH-Wilmar Sdn. Bhd. and TSH-Wilmar (BF) Sdn. Bhd. is set out below. The summarised information represents the amounts in the financial statements of the joint ventures and not the Group's share of those amounts.

(i) Summarised statements of financial position

| | TSH-Wilmar Sdn. Bhd. | | TSH-Wilmar (BF) Sdn. Bhd. | |
|---------------------------|----------------------|----------------|---------------------------|----------------|
| | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| Non-current assets | 50,972 | 51,821 | 11,831 | 12,581 |
| Cash and cash equivalents | 48,566 | 49,208 | 2,716 | 2,825 |
| Other current assets | 363,157 | 312,489 | 19,877 | 10,953 |
| Total current assets | 411,723 | 361,697 | 22,593 | 13,778 |
| Total assets | 462,695 | 413,518 | 34,424 | 26,359 |
| Non-current liabilities | 1,419 | 6,508 | 1,378 | 1,235 |
| Current liabilities | 287,733 | 222,477 | 1,596 | 1,151 |
| Total liabilities | 289,152 | 228,985 | 2,974 | 2,386 |
| Net assets | 173,543 | 184,533 | 31,450 | 23,973 |

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25. INVESTMENTS IN JOINT VENTURES (continued)

(b) Summarised financial information of TSH-Wilmar Sdn. Bhd. and TSH-Wilmar (BF) Sdn. Bhd. is set out below. The summarised information represents the amounts in the financial statements of the joint ventures and not the Group's share of those amounts. (continued)

(ii) Summarised statements of comprehensive income

| | TSH-Wilmar Sdn. Bhd. | | TSH-Wilmar (BF) Sdn. Bhd. | |
|--|----------------------|----------------|---------------------------|----------------|
| | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| Revenue | 2,220,625 | 2,611,867 | 26,754 | 25,263 |
| Depreciation and amortisation | (2,717) | (2,541) | (821) | (908) |
| Interest income | 1,258 | 1,270 | 509 | 152 |
| Interest expense | (6,681) | (4,554) | - | - |
| (Loss)/Profit before tax | (15,360) | 66,174 | 9,879 | 11,585 |
| Taxation | 4,370 | (15,153) | (2,402) | (2,786) |
| (Loss)/Profit after tax, represent total comprehensive (loss)/income | (10,990) | 51,021 | 7,477 | 8,799 |

(c) Reconciliations of the summarised financial information presented above to the carrying amount of the Group's interest in joint ventures are as follows:

| | TSH-Wilmar Sdn. Bhd. | | TSH-Wilmar (BF) Sdn. Bhd. | |
|---|----------------------|----------------|---------------------------|----------------|
| | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| Net assets at 1 January | 184,533 | 163,512 | 23,973 | 15,174 |
| (Loss)/Profit for the year | (10,990) | 51,021 | 7,477 | 8,799 |
| Dividends | - | (30,000) | - | - |
| Net assets at 31 December | 173,543 | 184,533 | 31,450 | 23,973 |
| Interests in joint ventures | 50% | 50% | 50% | 50% |
| | 86,772 | 92,266 | 15,725 | 11,987 |
| Unrealised profit on inventories | 593 | 1,830 | - | - |
| Carrying value of Group's interests in joint ventures | 87,365 | 94,096 | 15,725 | 11,987 |

In the previous financial year, dividends received from joint ventures amounted to RM15,000,000.

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26. DEFERRED TAX

(a) Deferred tax as at 31 December related to the following:

| Group | At 1 January 2023 RM'000 | Recognised in profit or loss (Note 15) RM'000 | Recognised in other comprehensive income RM'000 | Exchange differences RM'000 | At 31 December 2023 RM'000 |
|--|-----------------------------------|---|---|-----------------------------------|-------------------------------------|
| Deferred tax liabilities: | | | | | |
| Property, plant and equipment | 52,033 | 3,098 | - | 666 | 55,797 |
| Biological assets | 68,304 | 4,405 | - | (94) | 72,615 |
| Land use rights | 7,916 | (1,332) | - | 465 | 7,049 |
| Right-of-use assets | 15,367 | (284) | - | - | 15,083 |
| Others | 398 | (753) | - | 4 | (351) |
| | 144,018 | 5,134 | - | 1,041 | 150,193 |
| Deferred tax assets: | | | | | |
| Tax losses and unabsorbed capital allowances | (56,861) | 695 | - | (104) | (56,270) |
| Others | (6,628) | (196) | (194) | (405) | (7,423) |
| | (63,489) | 499 | (194) | (509) | (63,693) |
| | 80,529 | 5,633 | (194) | 532 | 86,500 |

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26. DEFERRED TAX (continued)

(a) Deferred tax as at 31 December related to the following (continued):

| Group | At 1 January 2022 RM'000 | Recognised in profit or loss RM'000 | Recognised in other comprehensive income RM'000 | Exchange differences RM'000 | At 31 December 2022 RM'000 |
|--|-----------------------------------|--|---|-----------------------------------|-------------------------------------|
| Deferred tax liabilities: | | | | | |
| Property, plant and equipment | 49,904 | 2,579 | - | (450) | 52,033 |
| Biological assets | 81,362 | (13,164) | - | 106 | 68,304 |
| Land use rights | 9,505 | (1,298) | - | (291) | 7,916 |
| Right-of-use assets | 11,950 | 3,417 | - | - | 15,367 |
| Others | 398 | - | - | - | 398 |
| | 153,119 | (8,466) | - | (635) | 144,018 |
| Deferred tax assets: | | | | | |
| Tax losses and unabsorbed capital allowances | (58,676) | 1,758 | - | 57 | (56,861) |
| Others | (6,672) | (494) | 263 | 275 | (6,628) |
| | (65,348) | 1,264 | 263 | 332 | (63,489) |
| | 87,771 | (7,202) | 263 | (303) | 80,529 |

NOTES TO THE FINANCIAL STATEMENTS

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26. DEFERRED TAX (continued)

(a) Deferred tax as at 31 December related to the following (continued):

| Company | At 1 January 2022 RM'000 | Recognised in profit or loss (Note 15) RM'000 | At 31 December 2022/ 1 January 2023 RM'000 | Recognised in profit or loss (Note 15) RM'000 | At 31 December 2023 RM'000 |
|--|-----------------------------------|---|---|---|-------------------------------------|
| Deferred tax liabilities: | | | | | |
| Property, plant and equipment | 5,120 | (65) | 5,055 | (77) | 4,978 |
| Biological assets | 54,958 | (9,212) | 45,746 | 624 | 46,370 |
| | 60,078 | (9,277) | 50,801 | 547 | 51,348 |
| Deferred tax assets: | | | | | |
| Tax losses and unabsorbed capital allowances | (45,995) | (1,051) | (47,046) | 1,334 | (45,712) |
| Others | (4,295) | 2,048 | (2,247) | 79 | (2,168) |
| | (50,290) | 997 | (49,293) | 1,413 | (47,880) |
| | 9,788 | (8,280) | 1,508 | 1,960 | 3,468 |

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26. DEFERRED TAX (continued)

- (a) Deferred tax as at 31 December related to the following (continued):

Presented after appropriate offsetting:

| | Group | | Company | |
|--------------------------------|----------------|----------------|----------------|----------------|
| | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| Deferred tax assets, net* | (473) | (6,026) | - | - |
| Deferred tax liabilities, net* | 86,973 | 86,555 | 3,468 | 1,508 |
| | 86,500 | 80,529 | 3,468 | 1,508 |

* The amount of set-off between deferred tax assets and deferred tax liabilities was RM63,220,000 (2022: RM57,463,000) for the Group.

- (b) Deferred tax assets have not been recognised in respect of the following items:

| | Group | |
|--|----------------|----------------|
| | 2023 RM'000 | 2022 RM'000 |
| Unused tax losses | | |
| - No expiry date | 66,080 | 63,731 |
| - Expires by 2025 to 2033 | 94,727 | 64,862 |
| Unabsorbed capital allowances | 10,781 | 9,110 |
| Other deductible temporary differences | 52,981 | 46,903 |
| | 224,569 | 184,606 |

The Group and the Company have assessed the likelihood of sufficient future profits available to recover the amounts of deductible temporary differences. Deferred tax assets of certain subsidiaries have not been recognised in respect of these items as it is not probable that taxable profits of the subsidiaries would be available against which the deductible temporary differences could be utilised. Unutilised tax losses of the subsidiaries incorporated in Malaysia can be carried forward up to 10 consecutive years of assessment immediately following the year of assessment under the tax legislation of Inland Revenue Board.

The amount and availability of these items to be carried forward up to the periods as disclosed above are subject to the agreement of the respective local tax authorities.

- (c) Unused tax losses

Unused tax losses of certain foreign subsidiaries amounting to RM59,786,000 (2022: RM40,962,000) are available for carry forward in the jurisdiction in which the foreign subsidiaries operate for a period of 5 years from the year in which those tax losses arose.

- (d) Unrecognised temporary differences relating to investments in subsidiaries

At the end of the reporting period, no deferred tax liability has been recognised for taxes that would be payable on the undistributed earnings of certain of the Group's foreign subsidiaries as the Group is able to control the timing of the reversal of temporary differences associated with the investments.

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27. TRADE AND OTHER RECEIVABLES

| | Group | | Company | |
|--|----------------|----------------|----------------|----------------|
| | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| Current | | | | |
| Trade receivables | | | | |
| Amounts due from subsidiaries | - | - | 1,093 | 4,318 |
| Third parties | 21,784 | 23,206 | 621 | 666 |
| Joint ventures | 5,488 | 1,361 | - | - |
| Retention sums on contract (Note 31) | 529 | 804 | - | - |
| | 27,801 | 25,371 | 1,714 | 4,984 |
| Less: Allowance for impairment | (1,229) | (2,124) | -* | -* |
| Trade receivables, net | 26,572 | 23,247 | 1,714 | 4,984 |
| Other receivables | | | | |
| Amounts due from related parties: | | | | |
| - subsidiaries | - | - | 8,345 | 42,381 |
| - joint ventures | 161 | 152 | 55 | 5 |
| | 161 | 152 | 8,400 | 42,386 |
| Less: Allowance for impairment | -* | -* | (273) | (273) |
| | 161 | 152 | 8,127 | 42,113 |
| Other deposits | 1,645 | 1,849 | 471 | 436 |
| Sundry receivables | 9,299 | 15,942 | 2,376 | 2,912 |
| | 11,105 | 17,943 | 10,974 | 45,461 |
| Less: Allowance for impairment | (1,463) | (1,465) | (1,270) | (1,281) |
| | 9,642 | 16,478 | 9,704 | 44,180 |
| | 36,214 | 39,725 | 11,418 | 49,164 |
| Non-current | | | | |
| Other receivables | | | | |
| Amounts due from subsidiaries | - | - | 202,998 | 258,804 |
| Plasma receivables (Note 27(b)(ii)) | 52,897 | 49,445 | - | - |
| Sundry receivables | 8,498 | 13,602 | - | - |
| | 61,395 | 63,047 | 202,998 | 258,804 |
| Less: Allowance for impairment | (13,485) | (9,101) | (4,168) | (4,471) |
| | 47,910 | 53,946 | 198,830 | 254,333 |
| Total trade and other receivables (current and non-current) | 84,124 | 93,671 | 210,248 | 303,497 |
| Add: Cash and bank balances and deposits (Note 34) | 250,138 | 375,580 | 31,207 | 42,362 |
| Total financial assets at amortised cost | 334,262 | 469,251 | 241,455 | 345,859 |

* The expected credit loss is immaterial.

NOTES TO THE FINANCIAL STATEMENTS

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27. TRADE AND OTHER RECEIVABLES (continued)

Trade and other receivables are classified as financial assets and measured at amortised cost.

(a) Trade receivables

Trade receivables are non-interest bearing and are generally on 30 to 90 days (2022: 30 to 90 days) terms. They are recognised at their original invoice amounts, which represent their fair values on initial recognition.

The ageing analysis of the Group's and of the Company's trade receivables are as follows:

| Group | 2023 | | |
|------------------------|-----------------------|----------------|-------------|
| | Gross carrying amount | Loss allowance | Net balance |
| | RM'000 | RM'000 | RM'000 |
| Current | 22,142 | (52) | 22,090 |
| Past due | | | |
| - 1 to 30 days | 2,838 | (62) | 2,776 |
| - 31 to 60 days | - | - | - |
| - 61 to 90 days | - | - | - |
| - 91 to 120 days | - | - | - |
| - More than 121 days | 2,361 | (655) | 1,706 |
| | 5,199 | (717) | 4,482 |
| Credit impaired | | | |
| Individually impaired | 460 | (460) | - |
| | 27,801 | (1,229) | 26,572 |
| | | | |
| Group | 2022 | | |
| | Gross carrying amount | Loss allowance | Net balance |
| | RM'000 | RM'000 | RM'000 |
| Current | 18,796 | (101) | 18,695 |
| Past due | | | |
| - 1 to 30 days | 3,016 | - | 3,016 |
| - 31 to 60 days | 1,171 | (26) | 1,145 |
| - 61 to 90 days | 205 | (1) | 204 |
| - 91 to 120 days | 38 | (19) | 19 |
| - More than 121 days | 671 | (503) | 168 |
| | 5,101 | (549) | 4,552 |
| Credit impaired | | | |
| Individually impaired | 1,474 | (1,474) | - |
| | 25,371 | (2,124) | 23,247 |

NOTES TO THE FINANCIAL STATEMENTS

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27. TRADE AND OTHER RECEIVABLES (continued)

(a) Trade receivables (continued)

The ageing analysis of the Group's and of the Company's trade receivables are as follows (continued):

| | 2023 | | |
|----------------|---------------------------------|--------------------------|-----------------------|
| | Gross carrying amount RM'000 | Loss allowance RM'000 | Net balance RM'000 |
| Company | | | |
| Current | 1,714 | - | 1,714 |

| | 2022 | | |
|----------------|---------------------------------|--------------------------|-----------------------|
| | Gross carrying amount RM'000 | Loss allowance RM'000 | Net balance RM'000 |
| Company | | | |
| Current | 4,984 | - | 4,984 |

Impairment losses

Impairment losses for trade receivables that do not contain a significant financing component are recognised based on the simplified approach using the lifetime expected credit losses.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group is exposed to credit risk.

The Group considers credit loss experience and observable data such as current changes and future forecasts in economic conditions by market segment of the Group as identified in Note 4 to the financial statements, based on the following common credit risk characteristics - geographic region and type of products purchased, to estimate the amount of expected impairment loss. The methodology and assumptions including any forecasts of future economic conditions are reviewed regularly.

During this process, the probability of non-payment by the trade receivables is adjusted by forward-looking information i.e. Gross Domestic Product (GDP) and crude palm oil prices and multiplied by the amount of the expected loss to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such impairments are recorded in a separate impairment account with the loss being recognised within other expenses in the consolidated statement of comprehensive income. On confirmation that the trade receivable would not be collectable, the gross carrying value of the asset would be written off against the associated impairment.

It requires management to exercise significant judgement in determining the probability of default by trade receivables and appropriate forward-looking information, after taking into consideration the effects of increasing OPR in Malaysia and interest rate in Indonesia, where applicable.

NOTES TO THE FINANCIAL STATEMENTS

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27. TRADE AND OTHER RECEIVABLES (continued)

(a) Trade receivables (continued)

Impairment losses (continued)

Movements in allowance for impairment accounts are as follows:

| Group | Lifetime ECL* allowance RM'000 | Credit impaired RM'000 | Total allowance RM'000 |
|-------------------------------|---|------------------------------|------------------------------|
| At 1 January 2023 | 650 | 1,474 | 2,124 |
| Charge for the financial year | 119 | 19 | 138 |
| Write back of impairment loss | - | (358) | (358) |
| Write-offs | - | (670) | (670) |
| Exchange differences | - | (5) | (5) |
| At 31 December 2023 | 769 | 460 | 1,229 |
| At 1 January 2022 | 1,410 | 2,292 | 3,702 |
| Charge for the financial year | - | 514 | 514 |
| Write back of impairment loss | (764) | (635) | (1,399) |
| Write-offs | - | (601) | (601) |
| Exchange differences | 4 | (96) | (92) |
| At 31 December 2022 | 650 | 1,474 | 2,124 |

* Expected credit losses.

Credit impaired refers to individually determined debtors who are in significant financial difficulties as at the end of the reporting period.

The maximum exposures to credit risk of trade receivables of the Group and of the Company are represented by the carrying amounts of trade receivables recognised in the statements of financial position. These receivables are not secured by any collateral or credit enhancement as at the end of the current financial year.

(b) Other receivables

- (i) Impairment for amounts due from subsidiaries, joint ventures, plasma receivables, other receivables and deposits are recognised based on the general approach within MFRS 9 using the forward-looking expected credit loss model. The methodology used to determine the amount of the impairment is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those in which the credit risk has not increased significantly since initial recognition of the financial asset, twelve-month expected credit losses along with gross interest income are recognised. At the end of the reporting period, the Group assesses whether there has been a significant increase in credit risk for financial assets by comparing the risk of default occurring over the expected life with the risk of default since initial recognition. For those in which credit risk had increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

27. TRADE AND OTHER RECEIVABLES (continued)

(b) Other receivables (continued)

(i) (continued)

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, while twelve-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the twelve months after the end of the reporting period. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company are exposed to credit risk.

The Group determined significant increase in credit risk based on past due information, i.e. overdue amounts more than 90 days.

The probabilities of non-payment by amounts due from subsidiaries, joint ventures, plasma receivables, other receivables and deposits are adjusted by forward-looking information and multiplied by the amount of the expected loss arising from default to determine the twelve-month or lifetime expected credit loss for amounts due from subsidiaries, joint ventures, plasma receivables, other receivables and deposits.

It requires management to exercise significant judgement in determining the probability of default by amounts due from subsidiaries, joint ventures, plasma receivables, other receivables and deposits, appropriate forward-looking information i.e. Gross Domestic Product (GDP) and crude palm oil prices, significant increase in credit risk and estimated cash flows recoverable in worst-case scenarios, after taking into consideration the effects of increasing OPR in Malaysia and interest rate in Indonesia, where applicable.

Movements in allowance for impairment accounts for current and non-current other receivables (included plasma receivables) are as follows:

| Group | 12- month ECL RM'000 | Lifetime ECL - not credit impaired RM'000 | Lifetime ECL - credit impaired RM'000 | Total allowance RM'000 |
|--------------------------------------|----------------------------|--|--|------------------------------|
| At 1 January 2023 | 195 | 9,101 | 1,270 | 10,566 |
| Charge for the financial year | 24 | - | 4,182 | 4,206 |
| Write back of impairment loss | (26) | (298) | - | (324) |
| Reclassified from stage 2 to stage 3 | - | (1,645) | 1,645 | - |
| Exchange differences | - | 500 | - | 500 |
| At 31 December 2023 | 193 | 7,658 | 7,097 | 14,948 |
| At 1 January 2022 | 289 | 8,399 | 1,270 | 9,958 |
| Charge for the financial year | - | 5,151 | - | 5,151 |
| Write back of impairment loss | (12) | - | - | (12) |
| Write-offs | (82) | (4,112) | - | (4,194) |
| Exchange differences | - | (337) | - | (337) |
| At 31 December 2022 | 195 | 9,101 | 1,270 | 10,566 |

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

27. TRADE AND OTHER RECEIVABLES (continued)

(b) Other receivables (continued)

(i) (continued)

| Company | 12-month | Lifetime ECL - | Total allowance |
|---|----------|-----------------|-----------------|
| | ECL | credit impaired | |
| | RM'000 | RM'000 | RM'000 |
| At 1 January 2023 | 11 | 1,270 | 1,281 |
| Write back of impairment loss | (11) | - | (11) |
| At 31 December 2023 | - | 1,270 | 1,270 |
| At 1 January 2022/31 December 2022 | 11 | 1,270 | 1,281 |

Credit impaired refers to individually determined debtors who are in significant financial difficulties as at the end of the reporting period.

(ii) Plasma receivables

The Indonesian government requires oil palm plantation companies to develop new plantations together with the local small landholders. This form of assistance to local small landholders is generally known as the "Plasma Scheme". Once developed, the plasma plantations are transferred to the small landholders who then operate the plasma plantations under the supervision of the developer. In line with this requirement, certain subsidiaries have commitments to develop plantations under the Plasma Scheme. The funding for the development of the plantations under the Plasma Scheme is provided by the designated banks and/or by the subsidiaries. The subsidiaries also provide corporate guarantees for the loans advanced by the banks.

The Group through this partnership scheme also provides technical assistance to the plasma farmers to maintain the productivity of plasma plantations as part of the Group's strategy to strengthen relationship with plasma farmers. This is expected to improve the repayments of plasma receivables.

The accumulated development costs net of funds received are presented as plasma receivables in the consolidated statement of financial position under the Palm Products segment. An analysis of the movements in the plasma receivables is as follows:

| | Group | |
|--|---------------|---------------|
| | 2023 | 2022 |
| | RM'000 | RM'000 |
| Balance at 1 January | 49,445 | 69,075 |
| Additional net investments/(Net repayments from) | 3,452 | (19,630) |
| | 52,897 | 49,445 |
| Less: Allowance for impairment | (13,485) | (9,101) |
| Balance at 31 December | 39,412 | 40,344 |

(iii) Non-current receivables of the Group are carried at amortised cost and the discount rates used are based on the effective interest rate of approximately 11% (2022: 11%), which are reasonable approximation of their fair values.

NOTES TO THE FINANCIAL STATEMENTS

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27. TRADE AND OTHER RECEIVABLES (continued)

(c) Amounts due from subsidiaries

Non-current amounts due from subsidiaries are interest bearing, unsecured and not payable within the next twelve (12) months. The carrying amount of non-current amounts due from subsidiaries approximates its fair value as its interest rate is priced at reasonable approximation of the market interest rate as at the end of the reporting period.

Except for the current amounts due from certain subsidiaries totalling RM7,640,000 (2022: RM41,671,000) that are interest bearing, the current amounts due from other subsidiaries are non-interest bearing, unsecured and are payable within the next twelve (12) months in cash and cash equivalents.

The effective interest rate per annum of amounts due from subsidiaries as at the end of the reporting period were as follows:

| | Company | | | |
|---|-------------|-------------|---------|---------|
| | 2023 | 2022 | 2023 | 2022 |
| | % | % | RM'000 | RM'000 |
| Floating rate | | | | |
| Current amounts due from subsidiaries | 5.01 - 5.49 | 3.44 - 4.80 | 7,640 | 41,671 |
| Non-current amount due from a subsidiary | 7.90 - 8.15 | 6.90 - 7.90 | 94,935 | 92,388 |
| Fixed rate | | | | |
| Non-current amounts due from subsidiaries | 5.50 | 5.50 | 108,063 | 166,416 |

At the end of reporting date, if interest rates had been 25 basis points higher/lower, with all other variables held constant, the Company's profit net of tax would have been RM195,000 (2022: RM255,000) higher/lower, arising mainly as a result of higher/lower interest income on amount due from subsidiaries. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

Impairment for amounts due from subsidiaries are recognised based on the general approach within MFRS 9 using the forward-looking expected credit loss model as disclosed in Note 27(b) to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

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27. TRADE AND OTHER RECEIVABLES (continued)

(c) Amounts due from subsidiaries (continued)

Movements in the allowance for impairment accounts for amounts due from subsidiaries are as follows:

| Company | 12-month ECL | Lifetime ECL - not credit impaired | Lifetime ECL - credit impaired | Total |
|---------------------------------|--------------|------------------------------------|--------------------------------|---------|
| | RM'000 | RM'000 | RM'000 | RM'000 |
| 2023 | | | | |
| At beginning of financial year | 1,132 | 3,586 | 26 | 4,744 |
| Write back of impairment losses | (303) | - | - | (303) |
| At end of financial year | 829 | 3,586 | 26 | 4,441 |
| 2022 | | | | |
| At beginning of financial year | 2,469 | 11,968 | 26 | 14,463 |
| Write back of impairment losses | (1,337) | (8,382) | - | (9,719) |
| At end of financial year | 1,132 | 3,586 | 26 | 4,744 |

(d) Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the industry sector profile of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's trade receivables at the end of reporting period are as follows:

| | Group | | | |
|-----------------------------|--------|------------|--------|------------|
| | 2023 | | 2022 | |
| | RM'000 | % of total | RM'000 | % of total |
| By industry sectors: | | | | |
| Palm products | 18,666 | 67% | 14,138 | 56% |
| Others | 9,135 | 33% | 11,233 | 44% |
| | 27,801 | 100% | 25,371 | 100% |

As at the end of the reporting period, approximately:

- 20% (2022: 5%) of the trade receivables of the Group were due from related parties.
- 52% (2022: 46%) of the trade and other receivables of the Group were due from plasma receivables.
- 98% (2022: 99%) of the trade and other receivables of the Company were due from subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS

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28. INVESTMENT SECURITIES

| | Group | | Company | |
|---|----------------|----------------|----------------|----------------|
| | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| Current | | | | |
| - Equity instruments (quoted in Malaysia) | 1 | 1 | 1 | 1 |
| Non-current | | | | |
| - Debt instruments (unquoted) | 28,044 | - | - | - |
| - Equity instruments (unquoted) | 50 | 50 | 50 | 50 |
| | 28,094 | 50 | 50 | 50 |
| | 28,095 | 51 | 51 | 51 |

- (a) The equity instruments were classified as financial assets at fair value profit or loss pursuant to MFRS 9 *Financial Instruments*.
- (b) The debt instruments were classified as financial assets at fair value through other comprehensive income pursuant to MFRS 9.
- (c) All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e. the date that the Group and the Company commit to purchase or sell the asset.
- (d) Fair value of quoted ordinary shares in Malaysia is determined by reference to the exchange quoted market bid prices at the close of the business on the end of the reporting period.
- (e) The fair value of quoted and unquoted equity instruments of the Group and of the Company is categorised as Level 1 and Level 3 respectively in the fair value hierarchy.
- (f) Unquoted debt instruments represent unquoted bonds, measured at Level 2 in the fair value hierarchy. The fair value of unquoted bonds is determined by reference to published market bid price of unquoted fixed income securities based on information provided by DBS Bank Ltd. and LGT Bank (Singapore) Ltd..
- (g) There is no transfer between levels in the hierarchy during the financial year.
- (h) The following table shows a reconciliation of Level 3 fair values:

| | Group | | Company | |
|----------------------------------|----------------|----------------|----------------|----------------|
| | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| Balance at 1 January/31 December | 50 | 50 | 50 | 50 |

- (i) Sensitivity analysis for equity price risk

At the end of the reporting period, if the FTSE Bursa Malaysia KLCI had been 5% higher/lower, with all other variables held constant, the impact to the Group's and the Company's profit net of tax would be minimal.

NOTES TO THE FINANCIAL STATEMENTS

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29. INVENTORIES

| | Group | | Company | |
|-----------------------------|--------|---------|---------|--------|
| | 2023 | 2022 | 2023 | 2022 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Cost | | | | |
| Raw materials | 9,456 | 13,723 | - | - |
| Work-in-progress | - | 4,160 | - | - |
| Finished goods | 11,382 | 32,792 | 136 | 234 |
| Oil palm nursery | 3,460 | 3,493 | 419 | 527 |
| Stores and supplies | 36,364 | 41,634 | 493 | 811 |
| | 60,662 | 95,802 | 1,048 | 1,572 |
| Net realisable value | | | | |
| Work-in-progress | 8,087 | 7,581 | - | - |
| Finished goods | 24,969 | 29,540 | - | - |
| | 33,056 | 37,121 | - | - |
| | 93,718 | 132,923 | 1,048 | 1,572 |

- (a) Oil palm and wood products are valued on the weighted average method.
- (b) During the financial year, the amount of inventories recognised as an expense in cost of sales of the Group and of the Company were RM655,509,000 (2022: RM795,693,000) and RM3,140,000 (2022: RM4,021,000) respectively.
- (c) A write off of inventories amounting to RM6,798,000 (2022: RM5,578,000) were made by the Group during the financial year, whereas the Company had written off inventories amounting to RM3,000 in the previous financial year.
- (d) A write down of inventories amounting to RM13,943,000 was made by the Group in the previous financial year.
- (e) The Group reversed RM6,375,000 in respect of inventories written down in the previous financial year that were subsequently not required due to subsequent sales of products and the increase in selling price of commodities.

30. OTHER CURRENT ASSETS

| | Group | | Company | |
|---------------------------|--------|--------|---------|--------|
| | 2023 | 2022 | 2023 | 2022 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Contract assets (Note 31) | 68 | 6 | - | - |
| Prepayments | 5,252 | 6,426 | 216 | 797 |
| | 5,320 | 6,432 | 216 | 797 |

NOTES TO THE FINANCIAL STATEMENTS

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31. CONTRACT ASSETS/(LIABILITIES)

| | Group | |
|---------------------------------|----------------|----------------|
| | 2023 RM'000 | 2022 RM'000 |
| Contract assets (Note 30): | | |
| Construction contracts | 68 | 6 |
| | 68 | 6 |
| Contract liabilities (Note 41): | | |
| Construction contracts | (33) | (197) |
| Deferred revenue | (1,264) | (700) |
| | (1,297) | (897) |
| | (1,229) | (891) |

(a) Construction contracts

| | Group | |
|--|----------------|----------------|
| | 2023 RM'000 | 2022 RM'000 |
| Supply and installation service costs incurred to date | 17,912 | 22,626 |
| Attributable profits | 2,886 | 3,574 |
| | 20,798 | 26,200 |
| Less: Progress billings | (20,763) | (26,391) |
| Contract liabilities | | |
| Construction contracts | 35 | (191) |
| Retention sums on contracts, included within trade receivables (Note 27) | 529 | 804 |
| Analysed as follows: | | |
| Contract assets | 68 | 6 |
| Contract liabilities | (33) | (197) |
| | 35 | (191) |

The Group provides flooring installation works on contract basis for timber flooring supplied to customers.

Construction contracts represent the timing differences in revenue recognition and the milestone billings. The milestone billings are structured and/or negotiated with customers to reflect physical completion of the contracts.

Contract assets are transferred to receivables when the rights to economic benefits become unconditional. This usually occurs when the Group issues billing to the customer. Contract liabilities are recognised as revenue when performance obligations are satisfied.

NOTES TO THE FINANCIAL STATEMENTS

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31. CONTRACT ASSETS/LIABILITIES (continued)

(b) Deferred revenue

A reconciliation of the deferred revenue is as follows:

| | Group | |
|---|----------------|----------------|
| | 2023 RM'000 | 2022 RM'000 |
| At 1 January | 700 | 7,623 |
| Additions during the financial year | 18,693 | 50,299 |
| Recognised as revenue during the financial year | (18,129) | (57,222) |
| At 31 December | 1,264 | 700 |

Deferred revenue represents billing to the customers for the sale of wood products, which performance obligation has not been satisfied as at the end of the reporting period.

(c) Contract value yet to be recognised as revenue

Revenue expected to be recognised in the future relating to performance obligations that are unsatisfied (or partially unsatisfied) at the end of the reporting period, are as follows:

| | Group | | |
|-------------------------|----------------|----------------|-----------------|
| | 2024 RM'000 | 2025 RM'000 | Total RM'000 |
| 31 December 2023 | | | |
| Contract liabilities | 1,297 | - | 1,297 |

| | 2023 | 2024 | Total |
|-------------------------|--------|--------|--------|
| | RM'000 | RM'000 | RM'000 |
| 31 December 2022 | | | |
| Contract liabilities | 897 | - | 897 |

(d) Impairment for contract assets are recognised based on the simplified approach within MFRS 9 using lifetime expected credit losses as disclosed in Note 27(a) to the financial statements.

(e) No expected credit loss is recognised arising from contract assets as it is negligible.

(f) There were no significant changes in the contract assets and liabilities during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

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32. DERIVATIVES

| | 2023 | | | 2022 | | |
|---------------------------------|---|------------------|-----------------------|---|------------------|-----------------------|
| | Contract/ notional amount RM'000 | Assets RM'000 | Liabilities RM'000 | Contract/ notional amount RM'000 | Assets RM'000 | Liabilities RM'000 |
| Group | | | | | | |
| Non-hedging derivatives: | | | | | | |
| Non-current | | | | | | |
| Forward currency contracts | 31,212 | 717 | - | - | - | - |
| Current | | | | | | |
| Forward currency contracts | 30,294 | 161 | - | 62,742 | 30 | (3,267) |
| Commodity futures contracts | 6,832 | 134 | - | 4,777 | - | (15) |
| | | 295 | - | | 30 | (3,282) |
| Total | | 1,012 | - | | 30 | (3,282) |
| Company | | | | | | |
| Non-hedging derivatives: | | | | | | |
| Non-current | | | | | | |
| Forward currency contracts | 31,212 | 717 | - | - | - | - |
| Current | | | | | | |
| Forward currency contracts | 30,294 | 161 | - | 50,368 | - | (3,267) |
| Total | | 878 | - | | - | (3,267) |

- (a) Derivative assets are classified as financial assets measured at fair value through profit or loss whereas derivative liabilities are classified as financial liabilities measured at fair value through profit or loss.
- (b) The Group and the Company use forward currency contracts and commodity futures contract to manage some of its transactions exposure. These contracts are not designated as cash flow or fair value hedges and are entered into for periods consistent with currency transaction exposure and fair value changes exposure. Such derivatives do not qualify for hedge accounting.
- Forward currency contracts are used to hedge the Group's loans and borrowings denominated in USD.
- (c) The commodity futures contracts are used to hedge prices fluctuation of CPO commodity.
- (d) During the financial year, the Group and the Company recognised a net gain of RM4,264,000 (2022: net loss of RM1,708,000) and net gain of RM4,145,000 (2022: net loss of RM3,267,000) respectively arising from fair value changes of derivative assets and derivative liabilities. The fair value changes are attributable to changes in foreign exchange spot and forward rate and price fluctuation of CPO commodity.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

32. DERIVATIVES (continued)

- (e) Fair value of forward currency contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles.

Fair value of outstanding commodity future contracts is calculated by reference to quoted market prices for contracts with similar maturity profiles.

- (f) The maturity profile of derivative liabilities of the Group and of the Company at the end of the previous reporting period based on contractual undiscounted repayment obligations was summarised in the table below:

| | On demand or within one year RM'000 | One to five years RM'000 | Over five years RM'000 | Total RM'000 |
|-------------------------------|--|--------------------------------|------------------------------|-----------------|
| Group | | | | |
| As at 31 December 2022 | | | | |
| Derivative liabilities | 3,282 | - | - | 3,282 |
| Company | | | | |
| As at 31 December 2022 | | | | |
| Derivative liabilities | 3,267 | - | - | 3,267 |

- (g) Commodity future contracts are categorised as Level 1 in the fair value hierarchy, whilst forward currency contracts are categorised as Level 2 in the fair value hierarchy. There is no transfer between levels in the hierarchy during the financial year.

33. SHORT TERM FUNDS

| | Group | | Company | |
|--|----------------|----------------|----------------|----------------|
| | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| At fair value through profit or loss | | | | |
| Investment in fixed income trust funds in Malaysia | 5,349 | 6,385 | 155 | 150 |

- (a) Investment in fixed income trust funds in Malaysia represent investments in highly liquid money market instruments, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value.
- (b) Fair values of short term funds are determined by reference to the quoted prices at the close of business at the end of each reporting period.
- (c) Short term funds are categorised as Level 1 in the fair value hierarchy. There is no transfer between levels in the hierarchy during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

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34. CASH AND BANK BALANCES

| | Group | | Company | |
|------------------------------|----------------|----------------|----------------|----------------|
| | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| Cash at banks and on hand | 239,263 | 336,797 | 25,515 | 36,702 |
| Deposits with licensed banks | 10,875 | 38,783 | 5,692 | 5,660 |
| Cash and bank balances | 250,138 | 375,580 | 31,207 | 42,362 |

- (a) Cash and bank balances are classified as financial assets and measured at amortised cost.
- (b) Deposits are made for varying periods of between one day and one year depending on the immediate cash requirements of the Group and the Company and earn interests at the respective short-term deposit rates.

The effective interest rate of deposits with both licensed banks of the Group and of the Company ranged from 2.50% to 3.50% (2022: 1.60% to 3.75%) and 2.70% to 3.00% (2022: 1.70% to 2.70%) per annum respectively.

- (c) Deposits with licensed banks of the Group amounting to RM3,957,000 (2022: RM4,772,000) are pledged as securities for bank guarantees facilities granted.
- (d) For the purpose of the consolidated statements of cash flows, cash and cash equivalents comprise the following:

| | Group | | Company | |
|---|----------------|----------------|----------------|----------------|
| | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| Cash and bank balances and deposits | 250,138 | 375,580 | 31,207 | 42,362 |
| Short term funds (Note 33) | 5,349 | 6,385 | 155 | 150 |
| Less: | | | | |
| Bank overdrafts (Note 39) | - | (469) | - | - |
| Deposits pledged with licensed banks | (3,957) | (4,772) | - | - |
| Deposits with maturity of over 3 months | (496) | (493) | - | - |
| Cash and cash equivalents | 251,034 | 376,231 | 31,362 | 42,512 |

- (e) Sensitivity analysis for cash and bank balances at the end of the reporting period is not presented as fixed rate instrument is not affected by changes in interest rates.
- (f) No expected credit loss is recognised arising from deposits with licensed banks because the probability of default by these financial institutions is negligible.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

35. ASSETS HELD FOR SALE

- (a) On 4 April 2022, PT Bulungan Citra Agro Persada ("PT BCAP"), a 90% owned subsidiary of the Company entered into a conditional sale, purchase and compensation of land agreement ("CSPA") with PT Kawasan Industri Kalimantan Indonesia ("KIKI") and PT Kalimantan Industrial Park Indonesia ("KIPI") for the proposed disposal by PT BCAP of 13,214.90 hectares of certificated land together with 683.36 hectares of uncertified land adjoining thereto (collectively referred to as "the Sale Land") for a total cash consideration of IDR2,428.86 billion (or equivalent to approximately RM731,090,000).

On 8 August 2022, the disposal of 7,817.36 hectares of the Sale Land was completed.

On 18 January 2023, the disposal for 574.56 hectares of the uncertified land was completed for cash consideration amounted to RM28,717,000, which is subject to 2.5% tax on the cash consideration amounted to RM718,000 and this has been recognised in administrative expenses within Statements of Comprehensive Income during the financial year. The Group recorded a gain on disposal of RM27,604,000 in the financial statements.

On 4 July 2023, KIKI and KIPI had respectively exercised their options to grant BCAP an Extended Long Stop Date period of the CSPA of 12 months from 4 July 2023 to 4 July 2024.

The proposed disposal of the remaining of the Sale Land is expected to be completed within the next twelve (12) months and has continued to be classified as assets held for sale.

- (b) In financial year 2021, on 6 July 2021, the Company and two (2) of its wholly-owned subsidiaries, namely TSH Palm Products Sdn. Bhd. ("TSHPP") and TSH Plantation Sdn. Bhd. ("TSHP") had entered into sale and purchase agreements with Sharikat Keratong Sdn. Bhd. for the disposal of two (2) oil palm estates and a palm oil mill for a total consideration of RM248,000,000. Both the estates and the palm oil mill were part of the palm products segment of the Group and were reclassified as assets held for sale.

In the previous financial year, the Group completed the disposals for total cash considerations of RM248,000,000 and a total gain on disposal of RM84,585,000 had been recorded in the financial statements.

- (c) As at the end of financial year, the assets held for sale of the Group are as follows:

| Group | 2023 RM'000 | 2022 RM'000 |
|-------------------------------|----------------|----------------|
| ASSETS | | |
| Non-current assets | | |
| Property, plant and equipment | 208,560 | 196,416 |
| Right-of-use assets | 12,293 | 9,094 |
| Assets held for sale | 220,853 | 205,510 |

NOTES TO THE FINANCIAL STATEMENTS

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36. SHARE CAPITAL AND TREASURY SHARES

| | Number of ordinary shares | | Amount | |
|------------------------------------|--|----------------------------|--|------------------------------|
| | Share capital (Issued and fully paid with no par value) '000 | Treasury shares '000 | Share capital (Issued and fully paid with no par value) RM'000 | Treasury shares RM'000 |
| At 1 January 2023/31 December 2023 | 1,381,803 | (1,629) | 740,512 | (1,467) |
| At 1 January 2022/31 December 2022 | 1,381,803 | (1,629) | 740,512 | (1,467) |

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one (1) vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

Treasury shares

Reacquired shares are classified as treasury shares, recognised based on the amount of consideration paid and presented as a deduction from total equity.

This amount relates to the acquisition cost of treasury shares. The shareholders of the Company, by an ordinary resolution passed in an annual general meeting held on 23 May 2023, renewed their approval for the Company's plan to repurchase its own ordinary shares. The Directors of the Company are committed to enhancing the value of the Company for its shareholders and believe that the repurchase plan can be applied in the best interests of the Company and its shareholders.

The Company did not repurchase any of its issued ordinary shares from the open market during the financial year.

Of the total 1,381,803,000 (2022: 1,381,803,000) issued and fully paid ordinary shares as at 31 December 2023, 1,629,000 (2022: 1,629,000) are held as treasury shares by the Company. As at 31 December 2023, the number of outstanding ordinary shares in issue after set off is therefore 1,380,174,000 (2022: 1,380,174,000) ordinary shares.

NOTES TO THE FINANCIAL STATEMENTS

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37. OTHER RESERVES

| Group | Capital reserve RM'000 | Foreign currency translation reserve RM'000 | Share of associate reserve RM'000 | Fair value reserve RM'000 | Total RM'000 |
|---|---------------------------|--|--------------------------------------|------------------------------|-----------------|
| At 1 January 2023 | 9,630 | (264,636) | 100 | - | (254,906) |
| Other comprehensive income/(loss): | | | | | |
| Foreign currency translations | - | 86,193 | - | - | 86,193 |
| Net loss on financial assets measured at FVOCI | - | - | - | (261) | (261) |
| Cumulative loss on financial assets measured at FVOCI reclassified to profit or loss upon disposal | - | - | - | 97 | 97 |
| At 31 December 2023 | 9,630 | (178,443) | 100 | (164) | (168,877) |
| At 1 January 2022 | 9,630 | (218,623) | 100 | - | (208,893) |
| Other comprehensive (loss)/ income: | | | | | |
| Foreign currency translations | - | (46,352) | - | - | (46,352) |
| Reclassification of exchange translation reserve to profit or loss arising from dissolution of foreign subsidiaries | - | 339 | - | - | 339 |
| At 31 December 2022 | 9,630 | (264,636) | 100 | - | (254,906) |

The nature and purpose of each category of reserve are as follows:

(a) Capital reserve

This reserve comprises all the amounts capitalised arising from the redemption of non-cumulative redeemable preference shares in the subsidiaries and cancellation of treasury shares.

(b) Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency. It is also used to record the exchange differences arising from monetary items, which form part of the Group's net investment in foreign operations, where the monetary item is denominated in either the functional currency of the reporting entity or the foreign operation.

(c) Share of associate reserve

This reserve represents the Group's share of reserve of the associate arising from the share options granted by the associate to its employees.

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31 DECEMBER 2023

37. OTHER RESERVES (continued)

(d) Fair value reserve

This reserve is used to record fair value changes arising from the Group's investments in financial instruments measured at FVOCI.

38. RETAINED EARNINGS

The Company may distribute dividends out of its entire retained earnings under the single-tier system.

39. LOANS AND BORROWINGS

| | Group | | Company | |
|-----------------------------------|----------------|----------------|----------------|----------------|
| | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| Short term borrowings | | | | |
| Secured: | | | | |
| Term loans | 52,294 | 69,236 | 52,294 | 69,236 |
| | 52,294 | 69,236 | 52,294 | 69,236 |
| Unsecured: | | | | |
| Bank overdrafts | - | 469 | - | - |
| Bankers' acceptances | 40,863 | 16,046 | - | - |
| Revolving credits | 93,000 | 198,500 | 62,000 | 104,500 |
| Term loans | 5,000 | 20,000 | 5,000 | 20,000 |
| Sukuk Murabahah Medium Term Notes | - | 90,000 | - | - |
| | 138,863 | 325,015 | 67,000 | 124,500 |
| | 191,157 | 394,251 | 119,294 | 193,736 |
| Long term borrowings | | | | |
| Secured: | | | | |
| Term loans | 110,963 | 159,860 | 110,963 | 159,860 |
| | 110,963 | 159,860 | 110,963 | 159,860 |
| Unsecured: | | | | |
| Term loans | - | 5,000 | - | 5,000 |
| | - | 5,000 | - | 5,000 |
| | 110,963 | 164,860 | 110,963 | 164,860 |

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

39. LOANS AND BORROWINGS (continued)

| | Group | | Company | |
|-----------------------------------|----------------|----------------|----------------|----------------|
| | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| Total borrowings | | | | |
| Bank overdrafts | - | 469 | - | - |
| Bankers' acceptances | 40,863 | 16,046 | - | - |
| Revolving credits | 93,000 | 198,500 | 62,000 | 104,500 |
| Terms loans | 168,257 | 254,096 | 168,257 | 254,096 |
| Sukuk Murabahah Medium Term Notes | - | 90,000 | - | - |
| | 302,120 | 559,111 | 230,257 | 358,596 |

- (a) Borrowings are classified as financial liabilities and measured at amortised cost.
- (b) The effective interest rates per annum of loans and borrowings as at the end of the reporting period were as follows:

| | Group | | Company | |
|-----------------------------------|-------------|-------------|-------------|-------------|
| | 2023 % | 2022 % | 2023 % | 2022 % |
| Floating rate | | | | |
| Bank overdrafts | - | 7.07 - 7.65 | - | - |
| Bankers' acceptances | 3.87 - 4.35 | 4.14 - 4.33 | - | - |
| Revolving credits | 4.19 - 4.91 | 3.73 - 4.30 | 4.19 - 4.29 | 3.73 - 3.86 |
| Terms loans | 3.00 - 7.12 | 3.00 - 6.19 | 3.00 - 7.12 | 3.00 - 6.19 |
| Fixed rate | | | | |
| Sukuk Murabahah Medium Term Notes | - | 5.30 | - | - |

- (c) In the previous financial year, the Sukuk Murabahah Medium Term Notes comprised the following tranches:

| Tranche no. | Coupon rates | Maturity | 2022 RM'000 |
|--|--------------|----------|----------------|
| Sukuk Murabahah Medium Term Notes | | | |
| Tranche 2 | 5.30% | 2023 | 90,000 |

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

39. LOANS AND BORROWINGS (continued)

(d) The borrowings of the Group and of the Company are secured by the following:

- (i) A letter of negative pledge over the assets of the Company with certain bankers;
- (ii) Certain landed properties of the Group as follows: and

| | Group | |
|--------------------------------|----------------|----------------|
| | 2023 RM'000 | 2022 RM'000 |
| Property, plant and equipment: | | |
| - buildings | 3,963 | 4,189 |
| - bearer plants | 88,152 | 79,237 |
| Land use rights | 1,151 | 1,307 |
| | 93,266 | 84,733 |

(iii) Biological assets of the Company amounted to approximately RM110,174,000 (2022: RM116,883,000).

(e) Sukuk Murabahah Medium Term Notes

TSH Sukuk Murabahah Sdn. Bhd., a wholly owned subsidiary of the Company, issued the first series of Sukuk Murabahah Medium Term Notes amounted to RM90,000,000, in nominal value, for tenure of 7 years in June 2016. In the financial year 2021, the Company issued the second series of Sukuk Murabahah Medium Term Notes amounted to RM60,000,000, in nominal value for tenure of 5 years.

During the financial year, the Group redeemed the first series of Sukuk Murabahah Medium Term Notes amounted to RM90,000,000.

In the previous financial year, the Group redeemed the second series of Sukuk Murabahah Medium Term Notes amounted to RM60,000,000.

The unutilised portion of the Sukuk Murabahah Medium Term Notes as at 31 December 2023 amounted to RM150,000,000 (2022: RM60,000,000).

(f) The maturity of the term loans is as follows:

| | Group | | Company | |
|---|----------------|----------------|----------------|----------------|
| | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| Not later than 1 year | 57,294 | 89,236 | 57,294 | 89,236 |
| Later than 1 year and not later than 2 years | 53,212 | 55,974 | 53,212 | 55,974 |
| Later than 2 years and not later than 5 years | 21,000 | 72,852 | 21,000 | 72,852 |
| Later 5 years or more | 36,751 | 36,034 | 36,751 | 36,034 |
| | 168,257 | 254,096 | 168,257 | 254,096 |

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

39. LOANS AND BORROWINGS (continued)

- (g) The carrying amounts of the current portion of loans and borrowings are reasonable approximation of fair value due to the insignificant impact of discounting.

The fair values of non-current loans and borrowings that carry floating interest rates approximate their carrying amounts as they are repriced to market interest rates on or near the reporting date.

In the previous financial year, the carrying amounts of Sukuk Murabahah Medium Term Notes, which bore fixed interest rates were reasonable approximation of their fair values and would not be significantly different from the values that would eventually be settled.

The fair value of borrowings is categorised as Level 2 in the fair value hierarchy. There is no transfer between levels in the hierarchy during the financial year.

- (h) The maturity profile of loans and borrowings of the Group and of the Company at the end of the reporting period based on contractual undiscounted repayment obligations is summarised in the table below:

| | On demand or within one year RM'000 | One to five years RM'000 | Over five years RM'000 | Total RM'000 |
|-------------------------------|--|--------------------------------|------------------------------|-----------------|
| Group | | | | |
| As at 31 December 2023 | | | | |
| Loans and borrowings | 197,493 | 77,746 | 41,769 | 317,008 |
| As at 31 December 2022 | | | | |
| Loans and borrowings | 406,057 | 137,336 | 41,299 | 584,692 |
| Company | | | | |
| As at 31 December 2023 | | | | |
| Loans and borrowings | 125,630 | 77,746 | 41,769 | 245,145 |
| As at 31 December 2022 | | | | |
| Loans and borrowings | 203,157 | 137,336 | 41,299 | 381,792 |

- (i) At the end of the reporting period, if interest rates had been 25 basis points lower/higher, with all other variables held constant, the Group's and the Company's profit net of tax would have been RM572,000 (2022: RM719,000) and RM437,000 (2022: RM681,000) higher/lower respectively, arising mainly as a result of lower/higher interest expense (net of interest expense capitalised) on loans and borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

39. LOANS AND BORROWINGS (continued)

(j) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's and the Company's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's and the Company's statements of cash flows as cash flows from financing activities.

| | 1.1.2023 RM'000 | Cash flows RM'000 | Non-cash changes* RM'000 | 31.12.2023 RM'000 |
|---|--------------------|----------------------|--------------------------------|----------------------|
| Group | | | | |
| Bankers' acceptances | 16,046 | 24,817 | - | 40,863 |
| Revolving credits | 198,500 | (105,500) | - | 93,000 |
| Terms loans | 254,096 | (88,519) | 2,680 | 168,257 |
| Sukuk Murabahah Medium Term Notes | 90,000 | (90,000) | - | - |
| Loans and borrowings | 558,642 | (259,202) | 2,680 | 302,120 |
| Company | | | | |
| Revolving credits | 104,500 | (42,500) | - | 62,000 |
| Terms loans | 254,096 | (88,519) | 2,680 | 168,257 |
| Loans and borrowings | 358,596 | (131,019) | 2,680 | 230,257 |
| | | | | |
| | 1.1.2022 RM'000 | Cash flows RM'000 | Non-cash changes* RM'000 | 31.12.2022 RM'000 |
| Group | | | | |
| Bankers' acceptances | 51,883 | (35,837) | - | 16,046 |
| Revolving credits | 292,783 | (94,283) | - | 198,500 |
| Terms loans | 564,585 | (315,925) | 5,436 | 254,096 |
| Sukuk Murabahah Medium Term Notes | 150,000 | (60,000) | - | 90,000 |
| Sukuk Murabahah Islamic Commercial Papers | 50,000 | (50,000) | - | - |
| Loans and borrowings | 1,109,251 | (556,045) | 5,436 | 558,642 |
| Company | | | | |
| Revolving credits | 250,283 | (145,783) | - | 104,500 |
| Terms loans | 564,585 | (315,925) | 5,436 | 254,096 |
| Loans and borrowings | 814,868 | (461,708) | 5,436 | 358,596 |

* Represents foreign exchange differences.

NOTES TO THE FINANCIAL STATEMENTS

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40. RETIREMENT BENEFITS

| | Group | |
|---|----------------|----------------|
| | 2023 RM'000 | 2022 RM'000 |
| At 1 January | 17,324 | 19,158 |
| Charge for the year recognised in profit or loss | 5,346 | 1,077 |
| Interest cost | 1,325 | 1,167 |
| Current service cost | 4,770 | 4,131 |
| Past service cost | (749) | (4,221) |
| Recognised in other comprehensive income: | | |
| Actuarial gains arising from changes in assumption in respect of: | | |
| - current year | 870 | (1,340) |
| | 870 | (1,340) |
| Actual benefit payment | (1,522) | (975) |
| Exchange differences | 964 | (596) |
| At 31 December | 22,982 | 17,324 |
| The amounts recognised on the statements of financial position are determined as follows: | | |
| Present value of obligations | 22,982 | 17,324 |
| Net liabilities | 22,982 | 17,324 |

- (a) The Group provides additional provisions for employee service entitlements in order to meet the minimum benefits required to be paid to qualified employees, as required under the Indonesian Labour Law No. 6/2023 (the "Labour Law"). The said additional provisions, which are unfunded, are estimated using actuarial calculations. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.
- (b) The Group's obligation under the defined benefit plan is determined based on the latest actuarial valuations by an independent actuary in December 2023.
- (c) Principal actuarial assumptions used at the end of the reporting period in respect of the Group's defined benefit plans are as follows:

| | 2023 % | 2022 % |
|------------------------------------|-----------|-----------|
| Discount rate | 6.75 | 7.50 |
| Expected return of salary increase | 4.00 | 4.00 |

NOTES TO THE FINANCIAL STATEMENTS

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40. RETIREMENT BENEFITS (continued)

- (d) The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as at the end of the reporting period, assuming if all other assumptions were held constant:

| | | 31 December 2023 Impact on defined benefits obligation Increase/ (Decrease) RM'000 | 31 December 2022 Impact on defined benefits obligation Increase/ (Decrease) RM'000 |
|--------------------|-------|---|---|
| Discount rate | + 1% | 5,454 | 4,457 |
| | - 1% | (4,046) | (3,408) |
| Future salary | + 1% | 5,938 | 4,916 |
| | - 1% | (3,563) | (2,949) |
| Mortality | + 10% | 6,333 | 5,243 |
| | - 10% | (5,278) | (4,370) |
| Disable or illness | + 5% | 6,069 | 5,025 |
| | - 5% | (5,542) | (4,588) |

41. TRADE AND OTHER PAYABLES

| | Group | | Company | |
|--------------------------------|----------------|----------------|----------------|----------------|
| | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| Current | | | | |
| Trade payables | | | | |
| Third parties | 26,786 | 31,671 | - | - |
| Other payables | | | | |
| Amounts due to subsidiaries | - | - | 112,919 | 195,569 |
| Accruals | 36,157 | 44,799 | 5,936 | 6,514 |
| Contract liabilities (Note 31) | 1,297 | 897 | - | - |
| Other deposits | 18,036 | 17,124 | 373 | 409 |
| Sundry payables | 41,126 | 47,570 | 6,644 | 7,110 |
| Financial guarantee contracts | 73 | 97 | 255 | 504 |
| | 96,689 | 110,487 | 126,127 | 210,106 |
| | 123,475 | 142,158 | 126,127 | 210,106 |

NOTES TO THE FINANCIAL STATEMENTS

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41. TRADE AND OTHER PAYABLES (continued)

| | Group | | Company | |
|---|----------------|----------------|----------------|----------------|
| | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| Total trade and other payables | 123,475 | 142,158 | 126,127 | 210,106 |
| Add: Lease liabilities (Note 20) | 1,375 | 1,935 | 55 | 78 |
| Add: Loans and borrowings (Note 39) | 302,120 | 559,111 | 230,257 | 358,596 |
| Total financial liabilities carried at amortised cost | 426,970 | 703,204 | 356,439 | 568,780 |

Trade and other payables are classified as financial liabilities and measured at amortised cost.

(a) Trade payables

Trade payables are non-interest bearing and the normal trade credit terms granted to the Group and the Company range from 30 to 60 days (2022: 30 to 60 days).

(b) Other deposits

Include in other deposits of the Group were downpayments received amounted to IDR59,209,000,000 or equivalent to RM17,644,000 (2022: IDR59,209,000,000 or equivalent to RM16,697,000) for the proposed disposals as disclosed in Note 46.1 to the financial statements.

(c) Amounts due to subsidiaries

Except for the current amounts due to certain subsidiaries totalling RM61,911,000 (2022: RM148,819,000) that are interest bearing, the current amounts due to other subsidiaries are non-interest bearing, unsecured and are payable within the next twelve (12) months.

The effective interest rate per annum of amounts due to subsidiaries as at the end of the reporting period were as follows:

| | Company | | | |
|-------------------------------------|-------------|-------------|----------------|----------------|
| | 2023 % | 2022 % | 2023 RM'000 | 2022 RM'000 |
| Floating rate | | | | |
| Current amounts due to subsidiaries | 5.01 - 5.49 | 3.44 - 4.80 | 61,911 | 58,819 |
| Fixed rate | | | | |
| Current amounts due to subsidiaries | - | 5.30 | - | 90,000 |

NOTES TO THE FINANCIAL STATEMENTS

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41. TRADE AND OTHER PAYABLES (continued)

(c) Amounts due to subsidiaries (continued)

At the end of reporting date, if interest rates had been 25 basis points lower/higher, with all other variables held constant, the Company's profit net of tax would have been RM118,000 (2022: RM112,000) higher/lower, arising mainly as a result of lower/higher interest expense on amount due to subsidiaries. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

Sensitivity analysis for fixed rate interest bearing amounts due to subsidiaries as at the end of the reporting period is not presented as they are not affected by changes in interest rates.

(d) Financial guarantees contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument.

Financial guarantee contracts are recognised as financial liabilities at the time the guarantees are issued. The liability is initially measured at fair value and subsequently at the higher of the amount determined in accordance with the expected loss model under MFRS 9 and the amount initially recognised less amortisation.

The fair value of financial guarantees is determined based on the present value of the difference in cash flows between the contractual payments required under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

The nominal amounts of financial guarantees provided by the Group and by the Company are as follows:

| | Group | | Company | |
|--|----------------|----------------|----------------|----------------|
| | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| Banking facilities granted to subsidiaries | - | - | 50,000 | 98,756 |
| Guarantee given to a financial institution under a Plasma Scheme | 24,227 | 30,745 | 10,815 | 18,495 |

The movement of the financial guarantee contracts during the financial year is as follows:

| | Group | | Company | |
|---|----------------|----------------|----------------|----------------|
| | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| At 1 January | 97 | 144 | 504 | 287 |
| Fair value changes on financial guarantee contracts | (24) | (47) | (249) | 217 |
| At 31 December | 73 | 97 | 255 | 504 |

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

41. TRADE AND OTHER PAYABLES (continued)

- (e) The maturity profile of the trade and other payables of the Group and of the Company at the end of the reporting period based on contractual undiscounted repayment obligations is summarised in the table below:

| | On demand or within one year RM'000 | One to five years RM'000 | Over five years RM'000 | Total RM'000 |
|-------------------------------|--|--------------------------------|------------------------------|-----------------|
| Group | | | | |
| As at 31 December 2023 | | | | |
| Trade and other payables | 123,475 | - | - | 123,475 |
| As at 31 December 2022 | | | | |
| Trade and other payables | 142,158 | - | - | 142,158 |
| Company | | | | |
| As at 31 December 2023 | | | | |
| Trade and other payables | 129,501 | - | - | 129,501 |
| As at 31 December 2022 | | | | |
| Trade and other payables | 215,438 | - | - | 215,438 |

42. COMMITMENTS

Capital expenditure as at the end of the reporting period is as follows:

| | Group | | Company | |
|---------------------------------|----------------|----------------|----------------|----------------|
| | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| Capital expenditure: | | | | |
| Property, plant and equipment: | | | | |
| Approved and contracted for | 13,707 | 13,580 | 170 | 819 |
| Approved but not contracted for | 48,593 | 31,719 | 875 | 739 |
| | 62,300 | 45,299 | 1,045 | 1,558 |

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

43. SIGNIFICANT RELATED PARTY DISCLOSURES

(a) Identities 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 operating 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.

The Group has related party relationship with its direct and indirect subsidiaries, associate, joint ventures, Directors and key management personnel.

In addition to the transactions detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year:

| | Note | 2023 RM'000 | 2022 RM'000 |
|---|-------|----------------|----------------|
| Group | | | |
| Joint ventures: | | | |
| Sales of crude palm oil | (i) | (229,411) | (338,201) |
| Sales of palm kernel | (i) | (31,588) | (56,099) |
| Transportation fees received | (i) | (953) | (966) |
| Sale of laran plantlet & plantable to a subsidiary of an associate | (i) | (887) | (685) |
| Purchase of fresh fruit bunches from a subsidiary of an associate | (ii) | - | 2,525 |
| Purchase of fresh fruit bunches from a company in which the family member of a Director of the Company has equity interests | (ii) | 1,820 | 3,075 |
| Purchase of fresh fruit bunches from spouse of a Director | (ii) | 980 | 1,391 |
| Company | | | |
| Transactions with subsidiaries: | | | |
| Sales of fresh fruit bunches | (i) | - | (2,036) |
| Interest income | (iii) | (16,837) | (30,105) |
| Interest expense on advances | (iii) | 7,093 | 13,625 |
| Management fees received | | (22,224) | (23,776) |
| Dividend income | | (78,252) | (127,285) |
| Rental income | (i) | (2,290) | (2,435) |
| Management fees paid | | 3,300 | 5,381 |
| Transactions with an associate: | | | |
| Dividends received | | (9,981) | (23,113) |
| Transactions with joint ventures: | | | |
| Dividends received | | - | (15,000) |

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

43. SIGNIFICANT RELATED PARTY DISCLOSURES (continued)

(a) Identities of related parties (continued)

- (i) The sales of products, rental and rendering of services to subsidiaries, subsidiary of an associate, and joint ventures were made according to the published prices, market value or negotiation between both parties and other conditions.
- (ii) The purchase of fresh fruit bunches from a subsidiary of an associate and/or a company in which the family member of a Director of the Company has equity interests and/or spouse of a Director were made according to the published prices.
- (iii) The interest income and expense arose from the amounts due from/to subsidiaries. Further details are disclosed in Note 27 and Note 41 to the financial statements.

Information regarding outstanding balances arising from related party transactions as at 31 December 2023 is disclosed in Note 27 and Note 41 to the financial statements.

(b) Compensation of key management personnel

The remuneration of Directors, which also includes the members of key management during the year was as follows:

| | Group | | Company | |
|------------------------------|----------------|----------------|----------------|----------------|
| | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| Short-term employee benefits | 4,794 | 6,394 | 4,732 | 6,329 |
| Post-employment benefits: | | | | |
| Defined contribution plan | 722 | 1,361 | 715 | 903 |
| | 5,516 | 7,755 | 5,447 | 7,232 |

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

44. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs

44.1 New MFRSs adopted during the current financial year

The Group and the Company adopted the following Standard and Amendments of the MFRS Framework that were issued by the Malaysian Accounting Standards Board ("MASB") during the financial year:

| Title | Effective Date |
|--|---------------------------------|
| MFRS 17 <i>Insurance Contracts</i> | 1 January 2023 |
| Amendments to MFRS 17 <i>Initial Application of MFRS 17 and MFRS 9 - Comparative Information</i> | 1 January 2023 |
| Amendments to MFRS 101 <i>Disclosure of Accounting Policies</i> | 1 January 2023 |
| Amendments to MFRS 108 <i>Definition of Accounting Estimates</i> | 1 January 2023 |
| Amendments to MFRS 112 <i>Deferred tax related to Assets and Liabilities arising from a Single Transaction</i> | 1 January 2023 |
| Amendments to MFRS 112 <i>International Tax Reform - Pillar Two Model Rules</i> | Refer paragraph 98M of MFRS 112 |

The adoption of the above Standard and Amendments did not have any material effect on the financial performance or position of the Group and of the Company.

44.2 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2024

The following are Amendments of the MFRS Framework that have been issued by the MASB but have not been early adopted by the Group and the Company:

| Title | Effective Date |
|---|----------------|
| Amendments to MFRS 16 <i>Lease liability in a sale and leaseback</i> | 1 January 2024 |
| Amendments to MFRS 101 <i>Classification of Liabilities as Current or Non-current</i> | 1 January 2024 |
| Amendments to MFRS 101 <i>Non-current Liabilities with Covenants</i> | 1 January 2024 |
| Amendments to MFRS 107 and MFRS 7 <i>Supplier Finance Arrangements</i> | 1 January 2024 |
| Amendments to MFRS 121 <i>Lack of Exchangeability</i> | 1 January 2025 |
| Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> | Deferred |

The Group and the Company are in the process of assessing the impact of implementing these Amendments, since the effects would only be observable for the future financial years.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

45. CONTINGENT LIABILITIES

- 45.1 PT Sarana Prima Multi Niaga ("PT SPMN"), a subsidiary of the Group submitted judicial reviews to the Supreme Court of Republic of Indonesia on the Notices of Tax Underpaid Assessment received for fiscal year 2011 showing underpayments on Value Added Tax and Withholding Tax Articles 4(2) and 23 amounting to equivalent RM4,305,000 (including penalty and interest). In March 2023, the Supreme Court of Republic of Indonesia ruled in favour in PT SPMN in relation to one of the Notices of Tax Underpaid on Withholding Tax Articles 23. Based on consultation with the tax consultant, the Group is of the opinion that PT SPMN has a valid defence against the said Tax Office's assessments.
- 45.2 PT Teguh Swakarsa Sejahtera ("PT TSS"), a subsidiary of the Group has an outstanding appeal at the local Tax Court on the Notice of Tax Underpaid Assessment received for fiscal year 2016 showing an underpayment of Corporate Income Tax amounting to equivalent RM8,139,000 (including penalty and interest). In June 2023, PT TSS submitted a tax appeal to the Local Tax Court on Tax Loss Carry Forward amounting to approximately RM9,031,000 for fiscal year 2019. Based on consultation with the tax consultants, the Group is of the opinion that PT TSS has a valid defence against the said Tax Office's assessments.
- 45.3 PT Andalas Agro Industri ("PT AAI"), a subsidiary of the Group has outstanding appeals at the local Tax Court on the Notices of Tax Underpaid Assessment received for fiscal year 2019 showing underpayments of Value Added Tax amounting to equivalent RM1,021,000 (including penalty). In October 2023, PT AAI has won the said assessment and the tax court has granted PT AAI the said Value Added Tax which will be refunded from the Tax Office.
- 45.4 PT Bulungan Citra Agro Persada ("PT BCAP"), a subsidiary of the Group has outstanding appeals at the local Tax Court on Notices of Tax Underpaid Assessment received for fiscal year 2019 showing underpayments on Value Added Tax and Withholding Tax Articles 4(2) and 21 amounting to equivalent RM1,040,000 (including penalty and interest). Based on consultation with the tax consultant, the Group is of the opinion that PT BCAP has a valid defence against the said Tax Office's assessments.
- 45.5 PT Farinda Bersaudara ("PT FDB"), a subsidiary of the Group has outstanding appeals at the local Tax Court on Notices of Tax Underpaid Assessment received for fiscal year 2019 showing underpayments on Value Added Tax and Withholding Tax Articles 4(2) and 21 amounting to equivalent RM8,083,000 (including penalty and interest). In August 2023, PT FDB submitted a tax appeal to the local Tax Court on Corporate Income Tax, Value Added Tax and Withholding Tax Articles 4(2) amounting to equivalent RM11,832,000 (including penalty and interest) for fiscal year 2020. Based on consultation with the tax consultants, the Group is of the opinion that PT FDB has a valid defence against the said Tax Office's assessments.
- 45.6 In December 2023, PT Andalas Wahana Sukses ("PT AWS"), a subsidiary of the Group submitted a tax appeal to the local Tax Court on Notices of Tax Underpaid Assessment received for fiscal year 2020 showing underpayments on Corporate Income Tax and Withholding Tax Articles 23 amounting to RM5,345,000 (including penalty and interest). Based on consultation with the tax consultant, the Group is of the opinion that PT AWS has a valid defence against the said Tax Office's assessments.

Other than the above, there are also ongoing objections with the local tax authority on certain disputed tax assessments, which the Group is of the view that it has valid explanations to justify.

In accordance with MFRS 137 Provisions, Contingent Liabilities and Contingent Assets, the Group discloses the contingent liabilities relating to the tax cases of the subsidiaries in Indonesia as there is a present obligation that arose from past event, although the amounts of obligation could not be measured with sufficient reliabilities at this juncture.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

46. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

46.1 On 4 April 2022, PT Bulungan Citra Agro Persada ("PT BCAP"), a 90% owned subsidiary of the Company entered into a conditional sale, purchase and compensation of land agreement ("CSPA") with PT Kawasan Industri Kalimantan Indonesia ("KIKI") and PT Kalimantan Industrial Park Indonesia ("KIPI") for the proposed disposal by PT BCAP of 13,214.90 hectares of certificated land together with 683.36 hectares of uncertified land adjoining thereto (collectively referred to as "the Sale Land") for a total cash consideration of IDR2,428.86 billion (or equivalent to approximately RM731,090,000).

On 8 August 2022, the disposal of 7,817.36 hectares of the Sale Land was completed.

On 18 January 2023, the disposal for 574.56 hectares of the uncertified land was completed for cash consideration amounted to RM28,717,000, which is subject to 2.5% tax on the cash consideration amounted to RM718,000 and this has been recognised in administrative expenses within Statements of Comprehensive Income during the financial year. The Group recorded a gain on disposal of RM27,604,000 in the financial statements.

On 4 July 2023, KIKI and KIPI had respectively exercised their options to grant BCAP an Extended Long Stop Date period of the CSPA of 12 months from 4 July 2023 to 4 July 2024.

The proposed disposal of the remaining of the Sale Land is expected to be completed within the next twelve (12) months and has continued to be classified as assets held for sale.

46.2 On 21 July 2023, the Company announced its intention to undertake a secondary listing of and quotation for its entire issued ordinary shares on the Main Board of SGX-ST by way of introduction ("Proposed Secondary Listing").

On 26 September 2023, the Proposed Secondary Listing was completed following the listing of and quotation for the entire issued share capital of the Company on the Main Board of the SGX-ST. The shares are and will continue to be listed on the Main Market of Bursa Securities, which will remain as the primary stock exchange on which the shares are listed.

ANALYSIS OF SHAREHOLDINGS

AS AT 15 MARCH 2024

Issued Share Capital : 1,380,173,509 ordinary shares (net of 1,629,000 treasury shares)

Class of Shares : Ordinary shares

Voting Rights : One vote per ordinary share

1. ANALYSIS BY SIZE OF SHAREHOLDINGS

| Size of shareholdings | | No. of shareholders | % | No. of shares held | % |
|------------------------|---------------|---------------------|--------|--------------------|------------|
| 1 | - 99 | 348 | 3.42 | 12,212 | Negligible |
| 100 | - 1,000 | 978 | 9.61 | 569,197 | 0.04 |
| 1,001 | - 10,000 | 5,016 | 49.32 | 26,425,904 | 1.91 |
| 10,001 | - 100,000 | 3,153 | 31.00 | 103,604,714 | 7.51 |
| 100,001 | - 69,008,674* | 674 | 6.63 | 926,881,124 | 67.16 |
| 69,008,675 and above** | | 2 | 0.02 | 322,680,358 | 23.38 |
| Total | | 10,171 | 100.00 | 1,380,173,509 | 100.00 |

* Less than 5% of issued shares

** 5% and above of issued shares

2. DIRECTORS' SHAREHOLDINGS

| Name | No. of shares held | | | |
|-----------------------------|--------------------|-------|-----------|------|
| | Direct | % | Indirect* | % |
| Datuk Kelvin Tan Aik Pen | 342,708,887 | 24.83 | - | - |
| Dato' Aik Sim, Tan | 55,281,134 | 4.01 | - | - |
| Dato' Jasmy bin Ismail | - | - | - | - |
| Natasha binti Mohd Zulkifli | - | - | - | - |
| Yap Boon Teck | - | - | - | - |
| Velayuthan a/l Tan Kim Song | - | - | - | - |
| Paul Lim Joo Heng | - | - | - | - |
| Tan Aik Kiong | 57,348,265 | 4.16 | 27,125 | ** |
| Lim Fook Hin | 2,102,000 | 0.15 | 500,000 | 0.04 |

* Deemed interested by virtue of Section 59(11)(c) of the Companies Act 2016

** Negligible

3. SUBSTANTIAL SHAREHOLDERS

| Name | No. of shares held | % |
|--------------------------|--------------------|-------|
| Datuk Kelvin Tan Aik Pen | 342,708,887 | 24.83 |
| Tan Aik Yong | 71,859,287 | 5.21 |

ANALYSIS OF SHAREHOLDINGS

AS AT 15 MARCH 2024

4. THIRTY (30) LARGEST SHAREHOLDERS

| Name | No. of shares held | % |
|--|--------------------|-------|
| 1. Citigroup Nominees (Asing) Sdn. Bhd. Exempt AN for The Central Depository (Pte.) Limited | 250,398,600 | 18.14 |
| 2. Tan Aik Pen | 72,281,758 | 5.24 |
| 3. Tan Aik Yong | 55,910,287 | 4.05 |
| 4. Tan Aik Sim | 55,281,134 | 4.01 |
| 5. Tan Aik Kiong | 48,303,050 | 3.50 |
| 6. Citigroup Nominees (Asing) Sdn. Bhd. Exempt AN for UBS AG Singapore | 47,409,862 | 3.44 |
| 7. UOB Kay Hian Nominees (Asing) Sdn. Bhd. Exempt AN for UOB Kay Hian Pte. Ltd. | 46,410,358 | 3.36 |
| 8. Tan Ah Seng | 39,518,444 | 2.86 |
| 9. Lembaga Tabung Haji | 39,461,100 | 2.86 |
| 10. CIMB Group Nominees (Asing) Sdn. Bhd. Exempt AN for DBS Bank Ltd. | 38,483,958 | 2.79 |
| 11. Tan Ek Huat | 32,163,423 | 2.33 |
| 12. Tan Aik Pen | 30,000,000 | 2.17 |
| 13. iFAST Nominees (Asing) Sdn. Bhd. Exempt AN for iFAST Financial Pte. Ltd. | 28,117,500 | 2.04 |
| 14. Tan Aik Hwa | 23,441,139 | 1.70 |
| 15. AmanahRaya Trustees Berhad Public Islamic Opportunities Fund | 21,395,100 | 1.55 |
| 16. DB (Malaysia) Nominee (Tempatan) Sendirian Berhad Deutsche Trustees Malaysia Berhad for Eastspring Investments Small Cap Fund | 14,028,300 | 1.02 |
| 17. AmanahRaya Trustees Berhad Public SmallCap Fund | 13,585,550 | 0.98 |
| 18. UOB Kay Hian Nominees (Asing) Sdn. Bhd. Exempt AN for UOB Kay Hian Pte. Ltd. | 13,100,000 | 0.95 |
| 19. Teo Han Ching @ Teo Jin Hwa | 11,805,000 | 0.86 |
| 20. Cartaban Nominees (Asing) Sdn. Bhd. Exempt AN for LGT Bank AG | 11,096,500 | 0.80 |

ANALYSIS OF SHAREHOLDINGS

AS AT 15 MARCH 2024

4. THIRTY (30) LARGEST SHAREHOLDERS (continued)

| Name | No. of shares held | % |
|--|-----------------------|------|
| 21. Tan Aik Hwa | 10,744,355 | 0.78 |
| 22. Cartaban Nominees (Asing) Sdn. Bhd. SSBT Fund WTAU for WisdomTree Emerging Markets SmallCap Dividend Fund | 10,038,000 | 0.73 |
| 23. Tan Aik Yong | 9,304,000 | 0.67 |
| 24. AmanahRaya Trustees Berhad Public Islamic Select Treasures Fund | 8,975,200 | 0.65 |
| 25. Tan Aik Yong | 6,250,000 | 0.45 |
| 26. Tan Aik Pen | 5,427,129 | 0.39 |
| 27. Citigroup Nominees (Tempatan) Sdn. Bhd. Employees Provident Fund Board | 5,316,000 | 0.39 |
| 28. Cartaban Nominees (Asing) Sdn. Bhd. SSBT Fund TCT9 for California State Teachers Retirement System | 5,082,600 | 0.37 |
| 29. HSBC Nominees (Tempatan) Sdn. Bhd. HSBC (M) Trustee Bhd for Manulife Investment Al-Faid | 4,737,400 | 0.34 |
| 30. Teo Han Ching @ Teo Jin Hwa | 4,700,000 | 0.34 |

LIST OF TOP 10 PROPERTIES HELD BY TSH GROUP

AS AT 31 DECEMBER 2023

| Location | Description | Area | Existing use | Tenure | Approximate age of building (years) | Net book value as at 31.12.23 RM | Date of Acquisition/ (Date of last revaluation) |
|---|-----------------|-----------|----------------------------|---|-------------------------------------|----------------------------------|---|
| Desa Penawai, Bekokong Makmur, Kecamatan Bongon Jempang & Desa Jambuk, Muara Gusik Penawai, Tanjung Sari, Kecamatan Bongon & Desa Jambuk Makmur, Kecamatan Bongon Desa Muara Siram, Siram Jaya, Resak Kampung, Kecamatan Bongon, Desa Resak, Kecamatan Bongon, Kabupaten Kutai Barat, Provinsi Kalimantan Timur | Plantation land | 12,628 Ha | Oil Palm Plantation & Mill | 35-year lease expiring on 18.02.2045 for land under Desa Penawai, Bekokong Makmur & 35-year lease expiring on 24.02.2045 for land under Desa Resak, Desa Jambuk, Muara Gusik, Penawai, Tanjung Sari, Desa Jambuk Makmur, Desa Muara Siram, Siram Jaya dan Resak Kampung | 11 years (mill) | 222,811,613 | 26.12.2008 |
| Desa Tanah Kuning & Desa Mangkupati Kecamatan Tanjung Palas Timur Kabupaten Bulungan Provinsi Kalimantan Utara | Plantation land | 5,398 Ha | Oil Palm Plantation | 35-year lease expiring on 03.10.2046 | Not applicable | 221,384,353 | 16.08.2011 |
| Desa Samba Katung, Samba Bakumpai Telok Petak Puti, Tewang Panjang, Tumbang Lahang Kecamatan Katingan Tengah & Desa Tura Tumbang Tanjung, Kecamatan Pulau Malan Kabupaten Katingan, Provinsi Kalimantan Tengah | Plantation land | 3,386 Ha | Oil Palm Plantation | Pending | Not applicable | 135,434,016 | 29.10.2009 |
| Kabupaten Dharmasraya, Provinsi Sumatera Barat | Plantation land | 3,197 Ha | Oil Palm Plantation & Mill | 35-year lease expiring on 18.10.2053 & 30-year lease expiring on 22.09.2051 | 6 years (mill) | 131,790,302 | 29.12.2005 |
| Desa Muara Siram, Kecamatan Bongon Kabupaten Kutai Barat Provinsi Kalimantan Timur | Plantation land | 10,282 Ha | Oil Palm Plantation | 35-year lease expiring on 13.07.2040 | Not applicable | 119,555,252 | 01.04.2006 |

LIST OF TOP 10 PROPERTIES HELD BY TSH GROUP

AS AT 31 DECEMBER 2023

| Location | Description | Area | Existing use | Tenure | Approximate age of building (years) | Net book value as at 31.12.23 RM | Date of Acquisition/ (Date of last revaluation) |
|---|-----------------|-------------|----------------------------|---|-------------------------------------|----------------------------------|---|
| Desa Langgam/Katiagan, Kecamatan Pasaman Kabupaten Pasaman & Nagari Kinali, Kecamatan Kinali Kabupaten Pasaman Barat, Provinsi Sumatera Barat | Plantation land | 7,309 Ha | Oil Palm Plantation | 35-year lease expiring on 31.12.2029 for land under Desa Langgam Katiagan & 35-year lease expiring on 16.02.2044 for land under Nagari Kinali | Not applicable | 103,873,785 | 01.05.2006 |
| Desa Rantau Makmur, Tanjung Labu Kecamatan Rantau Pulung Kabupaten Kutai Timur Kalimantan Timur | Plantation land | 4,211 Ha | Oil Palm Plantation | Pending | Not applicable | 101,457,467 | 22.02.2013 |
| Desa Pelantaran, Pundu & Bajarau Kecamatan Cempaga Hulu & Parenggean Kabupaten Kotawaringin Timur Provinsi Kalimantan Tengah | Plantation land | 7,114 Ha | Oil Palm Plantation & Mill | 35-year lease expiring on 15.05.2041 | 13 years (mill) | 100,733,654 | 12.04.2007 |
| Desa Muara Ponak, Kenyanyan, Rikong, Kiyaq Kecamatan Siluq Ngurai Kabupaten Kutai Barat, Provinsi Kalimantan Timur | Plantation land | 8,016 Ha | Oil Palm Plantation | 35-year lease expiring on 22.10.2048 35-year lease expiring on 04.11.2051 | Not applicable | 89,778,460 | 18.10.2011 |
| Title No. CL105365955 Kalumpang, Tawau Sabah | Plantation land | 2,387 acres | Oil palm plantation | Leasehold land from 01.01.1977 to 31.12.2075 | Not applicable | 42,884,993 | (11.12.2015) |

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TSH RESOURCES BERHAD
 Registration No. 197901005269 (49548-D)
 (Incorporated in Malaysia)

PROXY FORM

| | | |
|------------------------|-----------------|-----------------|
| CDS Account No. | | |
| Contact No. | Shareholder: | |
| | Proxy Holder 1: | Proxy Holder 2: |

I/We _____ ^NRIC/Company No.: _____
 (FULL NAME IN CAPITAL LETTERS)

of _____
 (FULL ADDRESS)

being *a member/members of TSH RESOURCES BERHAD hereby appoint _____
 (FULL NAME IN CAPITAL LETTERS)

_____ ^NRIC/Passport No.: _____

Email Address : _____ of _____
 (FULL ADDRESS)

and/or ^failing him/her _____ ^NRIC/Passport No.: _____
 (FULL NAME IN CAPITAL LETTERS)

Email address: _____ of _____
 (FULL ADDRESS)

or failing ^him/her, THE CHAIRMAN OF THE MEETING as ^my/our proxy to attend, speak and vote for ^me/us on ^my/our behalf at the 44th Annual General Meeting ("44th AGM") of the Company to be held on a fully virtual basis through live streaming and online remote voting via the online meeting platform at [https://meeting.boardroomlimited.my/\(Domain Registration No. with MYNIC-D6A357657\)](https://meeting.boardroomlimited.my/(Domain Registration No. with MYNIC-D6A357657)) on Monday, 20 May 2024 at 10.00 a.m. and any adjournment thereof and to vote as indicated below:

| | | *FOR | *AGAINST |
|----------------------|---|-------------|-----------------|
| Resolution 1 | To approve payment of Directors' fees of RM281,077 for the financial year ended 31 December 2023 | | |
| Resolution 2 | To approve payment of Directors' benefits (excluding Directors' fees) of up to an aggregate amount of RM2,200,000 from the date immediately after the 44 th AGM of the Company to the date of the next annual general meeting of the Company in 2025 | | |
| Resolution 3 | To re-elect the following Directors who are retiring in accordance with Clause 100 of the Company's Constitution: (a) Tan Aik Kiong | | |
| Resolution 4 | (b) Lim Fook Hin | | |
| Resolution 5 | (c) Yap Boon Teck | | |
| Resolution 6 | To re-elect Velayuthan a/l Tan Kim Song who is retiring in accordance with Clause 97 of the Company's Constitution | | |
| Resolution 7 | To reappoint BDO PLT as the Company's auditors and to authorise Directors to fix their remuneration | | |
| Resolution 8 | To approve the proposed authority to issue shares and waiver of pre-emptive rights | | |
| Resolution 9 | To approve the Proposed Renewal of the Authority for Share Buy-Back | | |
| Resolution 10 | To retain Dato' Jasmy bin Ismail as an Independent Non-Executive Director | | |

* Please indicate with an "X" in the space provided for each resolution. Unless voting instructions are indicated in the space above, the proxy will vote or abstain as he/she thinks fit and if no name is inserted in the space for the name of proxy, the Chairman of the meeting will act as proxy.

^ Strike out whichever is inapplicable.

Signed this _____ day of _____ 2024

 Signature/Common Seal of Appointor

| No. of shares held |
|--------------------|
| |

| % of shareholdings to be represented by the proxies: | | |
|--|---------------|---|
| | No. of shares | % |
| Proxy 1 | | |
| Proxy 2 | | |
| Total | | |

Notes:

1. The 44th AGM of the Company will be conducted on a fully virtual basis through live streaming and online remote voting via Remote Participation and Electronic Voting ("RPEV") facilities provided by Boardroom Share Registrars Sdn. Bhd.. Please follow the procedures provided in the Administrative Guide which is available on the Company's website at <https://www.tsh.com.my/investor-relations/shareholders-meeting/> in order to register, participate and vote remotely.
2. Pursuant to the latest Guidance Note and Frequently Asked Questions on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission of Malaysia, all meeting participants of a fully virtual general meeting including the Chairman of the meeting, members of the Board, senior management and shareholders are to participate in the meeting online, and an online meeting platform can be recognised as the meeting venue or place under Section 327(2) of the Companies Act 2016 provided that the online platform is located in Malaysia.
3. With the RPEV facilities, you may exercise your right as a member of the Company to participate (including posing questions to the Company) and vote at the 44th AGM. If you are unable to participate, you are strongly encouraged to appoint the Chairman of the meeting as your proxy to attend and vote on your behalf at the 44th AGM.
4. Only depositors whose names appear in the Record of Depositors as at 13 May 2024 will be regarded as members and be entitled to attend, speak and vote at the meeting.
5. A member of the Company entitled to attend and vote at the meeting is entitled to appoint not more than two proxies to attend and vote in his stead. Where a member appoints two proxies, the appointments shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy. A proxy may but need not be a member of the Company.

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**AFFIX
STAMP**

Boardroom Share Registrars Sdn. Bhd.

11th Floor, Menara Symphony
No. 5 Jalan Prof. Khoo Kay Kim
Seksyen 13, 46200 Petaling Jaya
Selangor

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6. If the Proxy Form is returned without any indication as to how the proxy shall vote, the proxy will vote or abstain as he thinks fit and if no names are inserted in the space for the name of proxy, the Chairman of the meeting will act as proxy.
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.
8. The instrument appointing a proxy shall be in writing under the hand of the depositor or his attorney duly authorised in writing or if such appointor is a corporation, under its common seal. If you wish to appoint a proxy to attend and vote on your behalf at the 44th AGM, you may deposit the duly completed and signed Proxy Form at the office of the Company's share registrar, Boardroom Share Registrars Sdn. Bhd. at 11th Floor, Menara Symphony, No. 5 Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor not later than 48 hours before the time appointed for holding this meeting or adjourned meeting. Alternatively, you may lodge your Proxy Form electronically through Boardroom Smart Investor Portal at <https://investor.boardroomlimited.com> by logging in and selecting "**Submit eProxy Form**" not later than 48 hours before the time appointed for holding this meeting or adjourned meeting. Please follow the procedures provided in the Administrative Guide in order to participate in the 44th AGM.
9. Pursuant to Paragraph 8.29A of Bursa Securities Main Market Listing Requirements, all resolutions set out in the Notice of 44th AGM will be put to vote by poll.

www.tsh.com.my

TSH RESOURCES BERHAD

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