TSH RESOURCES BERHAD

Company Registration No: 197901005269 (49548-D)

(Incorporated in Malaysia under the Companies Act 1965 and deemed registered under the Companies Act 2016 of Malaysia)

INTRODUCTORY DOCUMENT DATED 20 SEPTEMBER 2023

This document is important. If you are in any doubt as to the action you should take, you should consult your legal, financial, tax or other professional adviser.

This introductory document ("**Introductory Document**") is issued by TSH Resources Berhad (the "**Company**") in connection with the secondary listing of the ordinary shares of our Company ("**Shares**") on the Main Board of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") by way of an introduction ("**Introduction**"). This Introductory Document provides information on our Company, our Group (as defined herein) and our Shares in compliance with the listing requirements of the SGX-ST.

Our Shares are and will continue to be listed and traded on the Main Market of the Bursa Malaysia Securities Berhad ("**Bursa Securities**"). An application has been made to the SGX-ST for permission to list all our issued Shares on the Main Board of the SGX-ST. Such permission for the listing of our Shares will be granted when we have been admitted to the Official List of the SGX-ST. When our Shares become tradable on the SGX-ST, they will be quoted and traded in Singapore Dollars. Our Shares will be traded in board lot sizes of 100 Shares.

We have received a letter of eligibility from the SGX-ST for the listing and quotation of all our issued Shares on the Main Board of the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any statements or opinions made or reports contained in this Introductory Document. Our Company's eligibility to list and admission to the Official List of the SGX-ST is not to be taken as an indication of the merits of the Introduction, our Company, our Group (as defined herein) and our Shares.

This Introductory Document is issued for information purposes only. Nothing in this Introductory Document constitutes or shall be construed as an offer, or an invitation or a solicitation of an offer by us or on our behalf, to the public to subscribe for or purchase, any of our Shares. No Shares shall be allotted or allocated on the basis of this Introductory Document. This Introductory Document does not constitute a prospectus under Singapore law and has not been lodged with or registered by the Monetary Authority of Singapore ("**Authority**"). The Authority assumes no responsibility for the contents of this Introductory Document. The Authority has not, in any way, considered the merits of our Shares being listed.

Investing in our Shares involves certain risks. Please carefully read the section entitled "*Risk Factors*" of this Introductory Document beginning on page 30.

Issue Manager

PrimePartners Corporate Finance Pte. Ltd.

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NOTICE TO INVESTORS

No person is authorised to give any information or to make any representation not contained in this Introductory Document and any information or representation not so contained must not be relied upon as having been authorised by or on behalf of our Company or the Issue Manager. The delivery of this Introductory Document shall not under any circumstances imply that the information herein is correct as of any date subsequent to the date hereof or constitute a representation that there has been no change or development reasonably likely to involve a material adverse change in the affairs, condition and prospects of our Company or our Shares since the date hereof. Where such changes occur and are material or required to be disclosed by law, the SGX-ST and/or any other regulatory or supervisory body or agency, our Company will make an announcement of the same on SGXNET. Recipients of this Introductory Document and all prospective investors in our Shares should take notice of such announcements and upon release of such announcements or documents shall be deemed to have notice of such changes.

No representation, warranty or covenant, express or implied, is made by our Company, the Issue Manager, or any of our or their respective affiliates, directors, officers, employees, agents, representatives or advisers as to the accuracy or completeness of the information contained herein, and nothing contained in this Introductory Document is, or shall be relied upon as, a promise, representation or covenant by our Company, the Issue Manager or any of our or their respective affiliates, directors, officers, employees, agents, representatives or advisers.

Recipients of this Introductory Document and all prospective investors in our Shares should not construe the contents of this Introductory Document as legal, business, financial or tax advice. Recipients of this Introductory Document and all prospective investors in our Shares should consult their own professional advisers as to the legal, business, financial, tax and related aspects of holding and owning our Shares.

This Introductory Document has been prepared solely for the purpose of the Introduction and may not be relied upon by any persons for purposes other than the Introduction prior to the Listing Date (as defined herein) or for any purpose whatsoever on or after the Listing Date. Nothing in this Introductory Document constitutes or shall be construed to constitute an offer, invitation or solicitation in any jurisdiction. This Introductory Document does not constitute and shall not be construed to constitute an offer, invitation or solicitation in any jurisdiction to any person to subscribe for or purchase our Shares. This Introductory Document does not constitute a prospectus under Singapore law and has not been lodged with or registered by the Authority.

The use or distribution of this Introductory Document may be prohibited or restricted by law in certain jurisdictions. Our Company and the Issue Manager require persons into whose possession this Introductory Document comes to inform themselves of and to observe any such prohibition or restriction at their own expense and without liability to our Company and the Issue Manager. Persons to whom a copy of this Introductory Document has been issued shall not circulate to any other person, reproduce or otherwise distribute this Introductory Document or any information herein for any purpose whatsoever nor permit or cause the same to occur.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements in this Introductory Document constitute forward-looking statements. Some of these statements can be identified by forward-looking terms such as "aim", "expect", "believe", "plan", "intend", "estimate", "anticipate", "may", "will" and "could" or similar words or phrases. However, please note that these words are not the exclusive means of identifying forward-looking statements. All statements other than statements of historical facts included in this Introductory Document, including those regarding our financial position and results, business strategies, plans and objectives of management for future operations (including development plans and dividends), are forward-looking statements. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. These forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future. You should not place undue reliance on any such forward-looking statements. In addition, their inclusion in this Introductory Document shall not be regarded as a representation or warranty by our Company or the Issue Manager that the plans and objectives of our Group will be achieved.

The important factors that could cause our actual results, performance or achievements to differ materially from those in the forward-looking statements and financial information include, but are not limited to:

- fluctuations in commodity and raw material prices;
- weather conditions, natural disasters and other factors;
- export and import taxes, levies, policies, tariffs and other price control measures;
- fluctuations in FFB yield and/or the yield levels of oil palm;
- customer concentration risk;
- our goals and strategies;
- our future business development, financial condition and results of operations;
- the effects of, and changes in, applicable governmental regulations and policies, including licensing requirements and domestic market obligations;
- changes or volatility in inflation, interest rates and foreign exchange rates; and
- general economic, political and business conditions in the markets where we have businesses.

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed in the sections entitled "*Risk Factors*", "*Dividend Policy*", "*Management's Discussion and Analysis of Financial Position and Results of Operations*" and "*Business*" of this Introductory Document. These forward-looking statements speak only as at the date of this Introductory Document and we do not guarantee that the information contained herein is still current after the date of this Introductory Document. Moreover, we operate in an evolving environment. New risk factors and uncertainties emerge from time to time and it is not possible for our management to predict all risk factors and uncertainties, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. We qualify all of our forward-looking statements by these cautionary statements.

Although we believe that the assumptions upon which the forward-looking statements are based are reasonable, given the risks and uncertainties that may cause our actual future results, performance or achievements to be materially different from that expected, expressed or implied by the forward-looking statements in this Introductory Document, we advise you not to place undue reliance on those statements. None of our Company, the Issue Manager, nor any other person, represents or warrants to you that our actual future results, performance or achievements will be as discussed in those statements.

Our actual future results may differ materially from those anticipated in these forward-looking statements as a result of the risks faced by us. Our Company and the Issue Manager disclaim any responsibility to update any of those forward-looking statements or publicly announce any revisions to those forward-looking statements to reflect future developments, events or circumstances for any reason, even if new information becomes available or other events occur in the future.

Forward-looking statements regarding our Company had been announced on the websites of Bursa Securities at https://www.bursamalaysia.com and our Company at https://www.tsh.com.my. Such forward-looking statements include management projections and such management projections are prospective statements and have not been audited nor reviewed by the Independent Auditors. These prospective statements may not eventually materialise and they should not be treated as audited or reviewed financial forecasts or estimates. They are not to be deemed in any way as being part of this Introductory Document or incorporated by reference in any way. Investors should exercise care when viewing such forward-looking statements. In the event of doubt, investors should consult their own professional advisers.

ENFORCEABILITY OF CIVIL LIABILITIES

We are a company incorporated with limited liability in Malaysia and most of our Directors and Executive Officers named in this Introductory Document are residents of Malaysia. Additionally, most of our assets and the assets of our Directors and Executive Officers are located in Malaysia. As a result, you may not be able to:

- effect service of process of a writ issued outside of Malaysia upon us or these persons within Malaysia without leave of court outside Malaysia; or

- enforce judgments obtained in courts outside of Malaysia against us, unless it is a judgment of a superior court of a reciprocating country (as listed in the First Schedule of the Reciprocal Enforcement of Judgments Act 1958 of Malaysia ("**REJA**")) and complies with the provisions of REJA which can then be registered in Malaysia and (subject to the judgment debtor's right to set aside the registration in Malaysia in certain circumstances) the registered foreign judgment has the same force and effect as a judgment of the High Court in Malaysia.

However, in respect of a foreign judgment which does not satisfy the requirement of REJA, such foreign judgment may be enforced by way of a common law action.

See the section entitled "*Risk Factors – Risks Relating to the Jurisdictions in which We Operate – Non-enforceability of non-Malaysia judgments may limit your ability to recover damages from us*" of this Introductory Document for further details.

INDUSTRY AND MARKET DATA

Certain market data, industry forecasts and data relating to our business used throughout this Introductory Document have been obtained from internal surveys, market research, publicly available information and industry publications. Industry publications generally state that the information contained therein has been obtained from sources believed to be reliable, but that the accuracy and completeness of the information is not guaranteed. Similarly, while we believe these industry forecasts and market research to be reliable, we have not independently verified this information and do not make any representation as to its accuracy.

We derived certain facts and statistics in this Introductory Document relating to the palm oil industry globally from various publicly available industry, government and research publications. This Introductory Document includes industry data and forecasts that we obtained from industry publications and surveys, reports of governmental agencies and internal company surveys. We have taken reasonable action to ensure that the facts and statistical data used in this Introductory Document have been extracted from these sources in their proper form and context. However, we have not verified the accuracy of the information extracted nor have we obtained the specific consent of these sources for the inclusion of such information in this Introductory Document unless otherwise specified. Our Directors are also not aware of any disclaimers made by these sources in relation to reliance on such information.

PRESENTATION OF FINANCIAL INFORMATION

This Introductory Document contains the audited consolidated financial statements of our Group for FY2020, FY2021 and FY2022, and the unaudited interim consolidated financial statements for 1Q2023, together with the related notes thereto (together the "**Consolidated Financial Statements**"), each of which has been prepared in accordance with Malaysian Financial Reporting Standards ("**MFRS**") as issued by the Malaysian Accounting Standards Board and the International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board. Further, this Introductory Document contains the unaudited interim consolidated financial statements for 1Q2022, which are included as comparative figures in the Consolidated Financial Statements, and were prepared in accordance with the MFRS. As MFRS is equivalent to IFRS, the unaudited interim consolidated financial statements for 1Q2022 and 1Q2023 have been prepared in accordance with IFRS. The unaudited pro forma financial effects of certain disposals of land based on the audited consolidated financial statements of our Group for FY2022 and the unaudited interim consolidated financial statements of our Group for 1Q2023 are set out in "*Appendix J – Financial Effects of the Remaining Disposals of Land*" to this Introductory Document for reference only.

The audited consolidated financial statements of our Group for FY2020, FY2021 and FY2022 have been audited by BDO PLT, our Independent Auditors, and should be read in conjunction with the "*Independent Auditors' Report on the Audited Financial Statements for the Financial Years Ended 31 December 2022, 2021 and 2020*" as set out in Appendix A to this Introductory Document. The unaudited interim consolidated financial statements for 1Q2023 have been reviewed, but not audited, by BDO PLT, our Independent Auditors, and should be read in conjunction with the "*Independent Auditors' Review Report on the Unaudited Financial Statements for the Three-Month Period Ended 31 March 2023*" as set out in Appendix B to this Introductory Document.

The preparation of the Consolidated Financial Statements in conformity with both MFRS and IFRS at times requires our management to make subjective estimates and judgments regarding matters that are inherently uncertain. Such estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. These estimates and judgments affect reported amounts and disclosures. Our results of operations may differ if prepared under different estimates and judgments.

We will, in accordance with the relevant laws and regulations in Singapore and Malaysia, prepare all future periodic financial reports and all audited financial statements in accordance with both MFRS and IFRS, which we will release on SGXNET.

For the purposes of Rule 607 of the Listing Manual and compliance with the disclosure requirements under the SFA, references to the "interim financial statements" in the SFR refer only to the unaudited interim consolidated financial statements for 1Q2023 in this Introductory Document. The 2Q2023 Financial Statements have been released by our Company and announced on the websites of Bursa Securities at https://www.bursamalaysia.com and our Company at https://www.tsh.com.my. For the avoidance of doubt, the 2Q2023 Financial Statements that are set out in "*Appendix I – Unaudited Consolidated Financial Statements of the Group for the Second Quarter Ended 30 June 2023 and the Half-Year Ended 30 June 2023*" to this Introductory Document are for reference only. The 2Q2023 Financial Statements were prepared in accordance with MFRS.

ATTENDANCE AND VOTING AT GENERAL MEETINGS

GENERAL MEETINGS OF THE SHAREHOLDERS

A shareholder of a company primarily listed on the SGX-ST would normally be entitled to attend and vote at a general meeting of shareholders if his name appears on the Depository Register maintained by CDP 72 hours before the general meeting. However, this entitlement will not apply to our Shareholders as we are a company incorporated in Malaysia and governed by Malaysia law and our primary listing is on Bursa Securities.

In connection with our Company's listing on the Main Board of the SGX-ST, CDP has appointed an EAN in Malaysia to hold Shares which are listed and traded on the SGX-ST for TSH Resources CDP Depositors via a CDS omnibus account. Under Malaysia law, the person whose name appears in the record of depositors maintained by Bursa Depository will be considered the registered owner of these Shares and treated as if he were a member of our Company. Thus, CDP's EAN in Malaysia will be regarded as our Shareholder in respect of our Shares which are listed and traded on the SGX-ST and registered in its name, rather than CDP, TSH Resources CDP Depositors or CDP depository agents in the Depository Register maintained by CDP. Accordingly, such TSH Resources CDP Depositors and CDP depository agents on whose behalf CDP or its nominees hold Shares through CDP's EAN in Malaysia may not be accorded the full rights of membership under Malaysia law such as voting rights, the right to appoint proxies, or the right to receive shareholder circulars, proxy forms, annual reports, prospectuses and takeover documents. TSH Resources CDP Depositors and CDP depository agents holding Shares through the CDP system may only be accorded such rights as may be accorded to CDP by CDP's EAN in Malaysia and which CDP may make available in accordance with CDP's "Terms and Conditions for Operation of Securities Account" and the "Terms and Conditions for CDP to Act as Depository for Foreign Securities", as amended from time to time. All documents issued by our Company will be made available on Bursa LINK, SGXNET and our Company's website, which will be accessible by both Shareholders and TSH Resources CDP Depositors, and such documents shall be despatched by our Company to our Shareholders upon request in accordance with all applicable rules and regulations.

VOTING INSTRUCTIONS

Under Malaysia law, only persons or entities recognised as a Shareholder will be legally entitled to attend general meetings of our Company and to vote on any matter submitted to the vote of our Shareholders at a general meeting of Shareholders. Accordingly, investors who hold Shares through the CDP system will not be able to attend such Shareholders' meetings in their own names. Nevertheless, CDP's EAN in Malaysia, as Shareholder under Malaysia law and our Constitution, is entitled to appoint an unlimited number of proxies and thus may accord such voting rights to TSH Resources CDP Depositors, who are the beneficial owners of our Shares, by executing instruments of proxies in order to give such investors the rights to attend and vote at such Shareholders' meetings. This right to appoint proxies to vote at general meetings is provided in our Constitution. CDP has made arrangements for its EAN in Malaysia to split the votes of Shares held through the CDP system and to appoint the TSH Resources CDP Depositors as proxies in accordance with Malaysia law and our Constitution.

TSH Resources CDP Depositors who are not individuals can only be represented at a general meeting of our Company if their nominees are appointed by CDP's EAN as proxies. TSH Resources CDP Depositors who are unable to personally attend general meetings of our Company may enable their nominees to attend as proxies of CDP's EAN or forward their completed forms to our Singapore Share Transfer Agent.

TSH Resources CDP Depositors who desire to exercise their voting rights under their own names with regard to our Shares that are credited to their Securities Account with CDP will be required to transfer their Shares out of the CDP system in Singapore into the Bursa Depository system (the CDS) in Malaysia at their own costs.

For the avoidance of doubt, CDP or its nominees, as bare trustees, will not be regarded as having an interest in our Shares in respect of our Shares registered in their respective names. No share certificate will be issued to the TSH Resources CDP Depositors whose names appear in the Depository Register maintained by CDP and such TSH Resources CDP Depositors will not be deemed to be members under the Malaysia Companies Act.

CORPORATE INFORMATION

Directors	Kelvin Tan Aik Pen (Chairman, Non-Independent Non-Executive Director) Tan Aik Sim (Group Managing Director) Dato' Jasmy bin Ismail (Independent Non-Executive Director) Selina binti Yeop Junior @ Lope (Independent Non-Executive Director) Natasha binti Mohd Zulkifli (Independent Non-Executive Director) Tan Aik Kiong (Group Executive Director) Yap Boon Teck (Independent Non-Executive Director) Lim Fook Hin (Non-Independent Non-Executive Director) Paul Lim Joo Heng (Independent Non-Executive Director)
Company Secretary	Wong May Fun (Malaysian Institute of Chartered Secretaries and Administrators, Registration No: 7018697 / SSM Practicing Certificate No. 202008002194)
Company Registration Number	197901005269 (49548-D)
Registered Office	Level 10, Menara TSH No. 8 Jalan Semantan Damansara Heights 50490 Kuala Lumpur, Malaysia
Principal Place of Business	Bangunan TSH TB 9, KM 7, Jalan Apas 91000 Tawau, Sabah, Malaysia
Issue Manager to the Introduction	**PrimePartners Corporate Finance Pte. Ltd.** 16 Collyer Quay #10-00 Collyer Quay Centre Singapore 049318
Legal Adviser to our Company as to Singapore Law	**Rajah & Tann Singapore LLP** 9 Straits View #06-07 Marina One West Tower Singapore 018937
Legal Adviser to our Company as to Malaysia Law	**Christopher & Lee Ong** Level 22, Axiata Tower No. 9, Jalan Stesen Sentral 5 Kuala Lumpur Sentral 50470 Kuala Lumpur, Malaysia
Legal Adviser to our Company as to Indonesia Law	**SSEK Law Firm** Mayapada Tower 1, 14th Floor Jl. Jend. Sudirman Kav. 28 Jakarta, 12920 Indonesia
Legal Adviser to the Issue Manager as to Singapore Law	**Wong Tan & Molly Lim LLC** 80 Robinson Road #17-02 Singapore 068898

Independent Auditors	**BDO PLT** Level 8, BDO @ Menara CenTARa 360 Jalan Tuanku Abdul Rahman 50100 Kuala Lumpur, Malaysia Partner-in-charge: Lum Chiew Mun (Chartered Accountant and a member of the Malaysian Institute of Accountants, the Association of Chartered Certified Accountants and the Institute of Chartered Accountants in England and Wales)
Principal Bankers	**Ambank (M) Berhad** Level 24, Bangunan AmBank Group No. 55, Jalan Raja Chulan 50200 Kuala Lumpur, Malaysia **Hong Leong Bank Berhad** Level 1, Wisma Hong Leong No. 18, Jalan Perak 50450 Kuala Lumpur, Malaysia **OCBC Bank (Malaysia) Berhad** Ground, Mezzanine & 1st Floor, Menara OCBC No. 18, Jalan Tun Perak 50050 Kuala Lumpur, Malaysia **RHB Bank Berhad** Level 7, Tower 2 & 3 RHB Centre, Jalan Tun Razak 50400 Kuala Lumpur, Malaysia **United Overseas Bank (Malaysia) Bhd** Level 2, Menara UOB Jalan Raja Laut 50350 Kuala Lumpur, Malaysia
Malaysia Share Registrar	**Boardroom Share Registrars Sdn. Bhd**. 11th Floor, Menara Symphony No. 5 Jalan Prof. Khoo Kay Kim Seksyen 13, 46200 Petaling Jaya Selangor Darul Ehsan, Malaysia
Singapore Share Transfer Agent	**Boardroom Corporate & Advisory Services Pte. Ltd.** 1 Harbourfront Avenue Keppel Bay Tower #14-07 Singapore 098632

DEFINED TERMS AND ABBREVIATIONS

This glossary contains a list of abbreviations of our subsidiaries, associated company and joint venture companies and explanations and definitions of certain terms used in this Introductory Document in connection with our business. The terms and their assigned meaning may not correspond to standard industry or common meanings or usage of these terms.

Subsidiaries, Associated Company and Joint Venture Companies

"Ekowood International"	:	Ekowood International Berhad
"Innoprise"	:	Innoprise Plantations Berhad
"PT AAI"	:	PT Andalas Agro Industri
"PT AWB"	:	PT Andalas Wahana Berjaya
"PT BCAP"	:	PT Bulungan Citra Agro Persada
"PT FDB"	:	PT Farinda Bersaudara
"PT LIN"	:	PT Laras Internusa
"PT SPMN"	:	PT Sarana Prima Multi Niaga
"PT TSS"	:	PT Teguh Swakarsa Sejahtera
"TSH Bio-Energy"	:	TSH Bio-Energy Sdn. Bhd.
"TSH Plantation"	:	TSH Plantation Sdn. Bhd.
"TSH-Wilmar"	:	TSH-Wilmar Sdn. Bhd.
"TSH-Wilmar (BF)"	:	TSH-Wilmar (BF) Sdn. Bhd.

Other Companies, Corporations or Organisations

"Authority"	:	Monetary Authority of Singapore
"BKPM"	:	Capital Investment Coordinating Board of Indonesia or *Badan Koordinasi Penanaman Modal*
"BNM"	:	Bank Negara Malaysia
"BSSB"	:	Bayu Stabil Sdn. Bhd.
"Bursa Depository"	:	Bursa Malaysia Depository Sdn. Bhd.
"Bursa Securities"	:	Bursa Malaysia Securities Berhad
"CDP"	:	The Central Depository (Pte) Limited of Singapore
"KIKI"	:	PT Kawasan Industri Kalimantan Indonesia
"KIPI"	:	PT Kalimantan Industrial Park Indonesia
"MITI"	:	Ministry of Investment, Trade and Industry (formerly known as Ministry of International Trade and Industry) of Malaysia
"MPOB"	:	Malaysian Palm Oil Board
"RSPO"	:	Roundtable on Sustainable Palm Oil
"Sabah Electricity"	:	Sabah Electricity Sdn. Bhd.
"Securities Commission"	:	Securities Commission Malaysia

"SGX-ST"	:	Singapore Exchange Securities Trading Limited
"SKSB"	:	Sharikat Keratong Sdn. Bhd.
"VGSB"	:	Velocity Gain Sdn. Bhd.
"Wilmar Group"	:	Wilmar International Limited and its subsidiaries and associated companies, but excludes TSH-Wilmar and TSH-Wilmar (BF) which are joint venture companies of our Company under 50:50 joint ventures between our Group and the Wilmar Group

General

"1Q2022"	:	The three-month financial period ended 31 March 2022
"1Q2023"	:	The three-month financial period ended 31 March 2023
"2Q2023"	:	The six-month financial period ended 30 June 2023
"2Q2023 Financial Statements"	:	The unaudited consolidated financial statements of our Group for the second quarter ended 30 June 2023 and the half-year ended 30 June 2023
"ADA"	:	Authorised Depository Agent
"ADM"	:	Authorised Direct Member
"Associate"	:	(a) In relation to any director, chief executive officer, substantial shareholder or controlling shareholder (being an individual) means: (i) his immediate family; (ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; or (iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30.0% or more; and (b) in relation to a substantial shareholder or a controlling shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30.0% or more
"Audit Committee"	:	The audit committee of our Company as at the date of this Introductory Document
"Board"	:	Our Company's board of Directors
"Bursa LINK"	:	Bursa Securities' Listing Information Network
"Bursa Listing Requirements"	:	The Main Market Listing Requirements of Bursa Securities
"CDS"	:	The Central Depository System of Malaysia
"Central Depositories Act"	:	Securities Industry (Central Depositories) Act 1991 of Malaysia, as amended, modified or supplemented from time to time

"CMSA"	:	Capital Markets and Services Act 2007 of Malaysia, as amended, modified or supplemented from time to time
"Company" or "TSH Resources"	:	TSH Resources Berhad
"Constitution"	:	The constitution of our Company
"Controlling Shareholder"	:	A person who: (a) holds directly or indirectly 15.0% or more of the total voting rights in the company; or (b) in fact exercises control over a company, as defined in the Listing Manual
"Directors"	:	Our Company's directors as at the date of this Introductory Document
"EAN"	:	Exempt authorised nominee
"ESG"	:	Environmental, social and governance
"Executive Officers"	:	The executive officers of our Company as at the date of this Introductory Document, who are also key executives as defined under the SFR
"FMA"	:	Factories and Machinery Act 1967 of Malaysia, as amended, modified or supplemented from time to time
"Foreign Exchange Policy Notices"	:	Malaysian foreign exchange policy notices administered by BNM
"Foreign Share Ownership Regulation"	:	Securities Industry (Central Depositories) (Foreign Ownership) Regulations 1996 of Malaysia, as amended, modified or supplemented from time to time
"FSA"	:	Financial Services Act 2013 of Malaysia, as amended, modified or supplemented from time to time
"FY2020"	:	Financial year ended 31 December 2020
"FY2021"	:	Financial year ended 31 December 2021
"FY2022"	:	Financial year ended 31 December 2022
"FY2023"	:	Financial year ending 31 December 2023
"FY2024"	:	Financial year ending 31 December 2024
"Group"	:	Our Company and our subsidiaries as at the date of this Introductory Document
"ICA"	:	Industrial Co-ordination Act 1975 of Malaysia, as amended, modified or supplemented from time to time
"IFM"	:	Improved Forest Management
"IFRS"	:	International Financial Reporting Standards, as issued by the International Accounting Standards Board
"Independent Directors"	:	The independent non-executive Directors of our Company as at the date of this Introductory Document

"Indonesian Environmental Law"	Law No. 32 of 2009 dated 3 October 2009 Regarding Environmental Protection and Management as amended by the Indonesian Omnibus Job Creation Law
"Indonesian Omnibus Job Creation Law"	Law No. 11 of 2022 dated 2 November 2020 Regarding Job Creation as replaced by Government Regulation in lieu of Law No. 2 of 2022 dated 30 December 2022 which has been ratified as Law under Law No. 6 of 2023 dated 31 March 2023
"Introduction"	The secondary listing by way of introduction of our Shares on the Main Board of the SGX-ST
"ISPO"	Indonesia Sustainable Palm Oil
"Issue Manager"	The issue manager to the Introduction, PrimePartners Corporate Finance Pte. Ltd.
"Latest Practicable Date"	15 September 2023, being the latest practicable date prior to the issue of this Introductory Document
"Listing Date"	The date on which trading of our Shares on the SGX-ST commences
"Listing Manual"	The listing manual of the SGX-ST
"Malaysia Companies Act"	Companies Act 2016 of Malaysia, as amended, modified or supplemented from time to time
"Malaysian Take-over Code"	Malaysian Code on Take-overs and Mergers 2016 together with the rules and practice notes issued thereunder
"Market Day"	A day on which the SGX-ST is open for trading in securities
"MFRS"	Malaysian Financial Reporting Standards, as issued by the Malaysian Accounting Standards Board
"MSPO"	Malaysian Sustainable Palm Oil
"Nomination Committee"	The nomination committee of our Company as at the date of this Introductory Document
"OSHA"	Occupational Safety and Health Act 1994 of Malaysia, as amended, modified or supplemented from time to time
"Period Under Review"	The period comprising FY2020, FY2021, FY2022 and 1Q2023
"REJA"	Reciprocal Enforcement of Judgments Act 1958 of Malaysia, as amended, modified or supplemented from time to time
"Remuneration Committee"	The remuneration committee of our Company as at the date of this Introductory Document
"Rules of Bursa Depository"	Rules of Bursa Depository as defined in Section 2 of the Central Depositories Act
"Securities Account"	A securities account maintained by a TSH Resources CDP Depositor with CDP, not including the securities sub-account
"Securities and Futures Act" or "SFA"	Securities and Futures Act 2001 of Singapore, as amended, modified or supplemented from time to time

"Service Agreements"	:	The service arrangements entered into between our Company and each of our Executive Directors, Non-Independent Non-Executive Directors and Independent Directors
"SFR"	:	Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018 of Singapore, as amended, modified or supplemented from time to time
"SGXNET"	:	Singapore Exchange Network, a system network used by listed companies in sending information and announcements to the SGX-ST or any other system network prescribed by the SGX-ST
"Shareholders"	:	Shareholders whose names appear on (a) the record of depositors maintained by Bursa Depository; and (b) the Register of Members kept in Malaysia (except Bursa Malaysia Depository Nominees Sdn. Bhd.)
"Shares"	:	Ordinary shares in the share capital of our Company
"Singapore Companies Act"	:	Companies Act 1967 of Singapore, as amended, modified or supplemented from time to time
"Singapore Take-over and Merger Laws and Regulations"	:	Sections 138, 139 and 140 of the Securities and Futures Act and the Singapore Take-over Code
"Singapore Take-over Code"	:	The Singapore Code on Take-overs and Mergers
"Substantial Shareholder"	:	A Shareholder who has an interest or interests in our Shares, where the total votes attached to those Shares is not less than 5.0% of the total votes attached to all Shares
"TSH Resources CDP Depositors"	:	Depositors holding Shares under a direct account with CDP or a securities sub-account with a Depository Agent (as defined under the Singapore Companies Act)
"U.S." or "USA"	:	United States of America
"U.S. Securities Act"	:	Securities Act of 1933 of the USA, as amended, modified or supplemented from time to time

Currencies and Units of Measurements and Others

"Ha"	:	Hectares
"MT"	:	Metric ton
"MW"	:	Megawatt
"MWp"	:	Megawatt peak
"RM" or "MYR" or "Ringgit Malaysia" or "Ringgit" or "sen"	:	The lawful currency of Malaysia
"Rupiah" or "IDR"	:	The lawful currency of the Republic of Indonesia
"S$" or "Singapore Dollar" or "cents"	:	The lawful currency of the Republic of Singapore
"sq m"	:	Square metre
"sq ft"	:	Square feet
"US$" or "US Dollar"	:	The lawful currency of the USA
"%"	:	Percentage or per centum

In this Introductory Document, unless the context otherwise requires, references to "**we**", "**our Company**" or "**the Company**" refer to TSH Resources Berhad; references to "**Group**", "**us**", "**our**", "**ourselves**" and "**our Group**" refer to our Company and our subsidiaries taken as a whole. References to our management and Directors are to the management and Directors of our Company; references to our "**Constitution**" are to the constitution of our Company; and references to "**our share capital**" are to the share capital of our Company.

The terms "**associate**", "**associated company**", "**related corporation**" and "**subsidiary**" shall have the same meanings ascribed to them respectively in the SFA, the Fourth Schedule of the SFR, the Singapore Companies Act and/or the Listing Manual, as the case may be.

The terms "**depositor**", "**depository agent**" and "**Depository Register**" shall have the meanings ascribed to them respectively in Section 81SF of the SFA.

Words importing the singular shall, where applicable, include the plural and *vice versa*, and words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall include corporations.

We maintain our accounts and publish our financial statements in Ringgit Malaysia. This Introductory Document contains conversions of certain amounts into Singapore Dollar at specified rates solely for the convenience of the reader. Unless otherwise indicated, we have made all conversions based on the following closing exchange rate quoted by Bloomberg L.P. as at the Latest Practicable Date:

S$1.00 = RM3.436

Bloomberg L.P. has not provided its consent to the inclusion of the exchange rate quoted above and other information in the sections entitled "*Market Price Information*" and "*Exchange Rates and Exchange Controls*" of this Introductory Document and is thereby not liable for such information. While we and the Issue Manager have taken reasonable actions to ensure that the above exchange rate has been reproduced in their proper form and context, neither we, the Issue Manager, nor any other party have conducted an independent review of the information or verified the accuracy of the contents of the relevant information. We do not represent that the Ringgit Malaysia or Singapore Dollar amounts referred to herein could have been or could be converted into Singapore Dollar or Ringgit Malaysia, respectively at this rate, at any particular rate or at all. Fluctuations in the exchange rates between the Singapore Dollar and the Ringgit Malaysia will affect cash dividends paid by us, if any, in Singapore Dollar. See the section entitled "*Exchange Rates and Exchange Controls*" of this Introductory Document for more information concerning the exchange rates between Singapore Dollar and Ringgit Malaysia. These translations should not be construed as representations that the relevant currency amounts have been, could have been or could be, converted into the stated currency at that or any other rate. See also the section entitled "*Risk Factors – Risks Relating to Our Industry and Business – Our performance is affected by adverse movements in foreign exchange*" of this Introductory Document for more information.

Any discrepancies in the tables, graphs and charts included herein between the listed amounts and totals thereof are due to rounding, and figures herein have been rounded to the nearest one decimal place, or where applicable, figures are rounded to the nearest whole number. Measurements in sq m are converted to sq ft and vice versa based on the conversion rate of 1.0 sq m = 10.7639 sq ft. Measurements in acres are converted to sq ft and vice versa based on the conversion rate of 1.0 acre = 43,560 sq ft.

The information on our website or any website directly or indirectly linked to such websites, is not incorporated by reference into this Introductory Document and should not be relied on.

Any reference in this Introductory Document to any statute or enactment is a reference to that statute or enactment for the time being amended or re-enacted.

Any reference to a time of day in this Introductory Document refers to Singapore time unless otherwise stated.

Various names in the Malay or Indonesian language have been translated into English names. These translations are provided solely for your convenience. The English translations may not have been registered with the relevant Malaysian or Indonesian authorities and should not be construed as representations that the English names actually represent the names in the Malay or Indonesian language.

GLOSSARY OF TECHNICAL TERMS

To facilitate a better understanding of the business of our Group, the following glossary provides a description of some of the technical terms and abbreviations related to our business, as used in this Introductory Document. The terms and abbreviations and their assigned meanings may not correspond to standard industry or common meanings or usage of these terms and should not be treated as definitive of their meanings.

"AMDAL"	:	Environmental Impact Assessment Report or *Analisa Mengenai Dampak Lingkungan* is an environmental document required to be obtained for any business activities deemed to have a material impact upon the environment, subject to further approval by the local government authority, under the Indonesian Environmental Law, details of which are set out in the section entitled "*Regulations – Indonesia*" of this Introductory Document
"B3 Waste"	:	B3 Waste or *Limbah Bahan Berbahaya dan Beracun* refers to hazardous and toxic waste as listed out under Indonesia law, the production of which from any business activities shall subject the relevant business actor to obtain additional B3 Waste management permits, details of which are set out in the section entitled "*Regulations – Indonesia*" of this Introductory Document
"CPO"	:	Crude palm oil, which is the oil extracted from the fibrous outer layer (mesocarp) of the oil palm fruit
"EHF"	:	Engineered hardwood flooring
"FFA"	:	Free fatty acids
"FFB"	:	Fresh fruit bunches, being the oil palm fruits which grow in bunches on oil palm trees, from which CPO and PK are obtained
"IMB"	:	Building Construction Permit or *Izin Mendirikan Bangunan* is an approval required to be obtained for the construction of any building, prior to the enactment of Indonesian Omnibus Job Creation Law that effectively amends Law No. 28 of 2002 dated 16 December 2004 Regarding Buildings, details of which are set out in the section entitled "*Regulations – Indonesia*" of this Introductory Document
"IUP"	:	Plantation Business Licence or *Izin Usaha Perkebunan* is a licence for any plantation activities, including any cultivation and/or manufacture activities, as issued pursuant to Law No. 39 of 2014 dated 17 October 2014 Regarding Plantation as lastly amended by the Indonesian Omnibus Job Creation Law, details of which are set out in the section entitled "*Regulations – Indonesia*" of this Introductory Document
"IUP-P"	:	Plantation Processing Business Licence or *Izin Usaha Perkebunan Pengolahan* is a licence for any plantation business activities in the form of manufacturing activities, as issued pursuant to Law No. 39 of 2014 dated 17 October 2014 Regarding Plantation as lastly amended by the Indonesian Omnibus Job Creation Law, details of which are set out in the section entitled "*Regulations – Indonesia*" of this Introductory Document
"Hak Guna Usaha" or "HGU"	:	Right to Cultivate or *Hak Guna Usaha* is the right to cultivate land that is directly controlled by the state for agriculture, fishery or farming purposes, details of which are set out in the section entitled "*Regulations – Indonesia*" of this Introductory Document
"Location Permit"	:	A permit granted by the Indonesia government to the business actor to acquire land(s) required for business needs and/or activities and also applies as permission to transfer rights and to use the land for business needs and/or activities

"NIB"	:	Business Identification Number or *Nomor Induk Berusaha*
"PBG"	:	Building Approval or *Persetujuan Bangunan Gedung* is an approval required to be obtained for the construction of any building, under Law No. 28 of 2002 dated 16 December 2002 Regarding Buildings, as amended by the Indonesian Omnibus Job Creation Law, details of which are set out in the section entitled "*Regulations – Indonesia*" of this Introductory Document
"PK"	:	Palm kernel
"PKKPR"	:	Spatial Utilisation Suitability Approval or *Persetujuan Kesesuaian Kegiatan Pemanfaatan Ruang* constitutes confirmation that the land is properly zoned for the intended business activities and approval for the company to acquire the land area, pursuant to Article 1(19) of Government Regulation No. 21 of 2021 dated 2 February 2021 Regarding the Organisation of Spatial Planning, details of which are set out in the section entitled "*Regulations – Indonesia*" of this Introductory Document
"RKL-RPL"	:	Environmental Management and Monitoring Plan or *Rencana Pengelolaan Lingkungan – Rencana Pemantauan Lingkungan* is an environmental document that is part of AMDAL which is required to be prepared for any business activities deemed to have a material impact upon the environment, subject to further approval by the local government authority, under the Indonesian Environmental Law
"SPPL"	:	Statement of Environmental Management and Monitoring Capability or *Surat Pernyataan Kesanggupan Pengelolaan dan Pemantauan Lingkungan Hidup* is an environmental document required to be issued for any business activities that have no environmental impact at all, under the Indonesian Environmental Law, details of which are set out in the section entitled "*Regulations – Indonesia*" of this Introductory Document
"UKL"	:	Environmental Management Efforts or *Upaya Pengelolaan Lingkungan Hidup* is an environmental document required to be obtained for any business activities deemed to not have a material impact upon the environment, subject to further approval by the local government authority, under the Indonesian Environmental Law, details of which are set out in the section entitled "*Regulations – Indonesia*" of this Introductory Document
"UPL"	:	Environmental Monitoring Efforts or *Upaya Pemantauan Lingkungan Hidup* is an environmental document required to be obtained for any business activities deemed to not have a material impact upon the environment, subject to further approval by the local government authority, under the Indonesian Environmental Law, details of which are set out in the section entitled "*Regulations – Indonesia*" of this Introductory Document

SUMMARY

This summary highlights information contained elsewhere in this Introductory Document and may not contain all of the information that may be important to you. You should read the summary together with the more detailed information regarding us, including our financial statements and related notes appearing elsewhere in this Introductory Document. You should carefully consider, amongst others, the matters discussed in the section entitled "Risk Factors" of this Introductory Document, before making a decision to invest in us.

OVERVIEW

We are a producer of CPO and PK, with our oil palm plantations located in Malaysia and Indonesia. We are principally engaged in cultivating oil palm trees, harvesting FFB from our oil palm plantations and processing FFB into CPO and PK for sale in Malaysia and Indonesia. Our aim is to become a leading regional supplier of CPO and PK through the expansion of our upstream and midstream oil palm plantation business and the continuous improvement of our operations, whilst also ensuring that we improve the welfare of the local communities in the areas that our Group operate in, through various corporate social responsibility programmes and environmentally friendly practices.

Our operations are located in Sabah, Malaysia and East Kalimantan, Central Kalimantan, North Kalimantan and West Sumatera in Indonesia, where we have a total oil palm planted area of 39,071 Ha and six palm oil mills, comprising two in Sabah, Malaysia and four in Indonesia. As at the Latest Practicable Date, we are operating only one of the two palm oil mills in Sabah, Malaysia in order to achieve better cost efficiency and economies of scale. We also operate a palm oil refinery and a fractionation and PK crushing plant in Sabah, Malaysia as part of a joint venture with the Wilmar Group.

The following map illustrates the locations of our oil palm plantation estates, palm oil mills and palm oil refinery:

Our total FFB production from Malaysia amounted to 61,447 MT, or approximately 6.7% of our Group's total production for FY2022, and our total FFB production from Indonesia amounted to 862,543 MT, or approximately 93.3% of our Group's total production for FY2022. Our average FFB yield per mature hectare was 24.5 MT per Ha for FY2022.

Our palm oil mills have a combined FFB processing capacity of 390 MT per hour or 2,340,000 MT per annum. We process the FFB produced by our own oil palm plantations and those purchased from local farmers pursuant to the Plasma Scheme (as defined below) in Indonesia. Our palm oil mills in Malaysia produced a total of 65,640 MT of CPO and 19,184 MT of PK during FY2022, and our palm oil mills in Indonesia produced a total of 170,842 MT of CPO and 29,716 MT of PK during FY2022.

Apart from the palm products business segment, our Group is also engaged in the other businesses segment which comprise the following divisions: (i) the wood division, which involves the manufacture and sale of downstream EHF and the operation of a forest management unit for sustainable forestry; and (ii) the bio-integration division, which involves the generation and supply of electricity from biomass and biogas power plants.

Our Group has its genesis in the cocoa business. Up until March 2023, we had operated a cocoa processing factory in Port Klang in Selangor, Malaysia to manufacture and sell cocoa products, mainly cocoa butter, for export to markets in the United States, Europe and Asia. We have since ceased the operations at the cocoa processing factory and no longer manufacture cocoa products, as we now focus on the main palm products business segment as well as the other businesses segment of our Group.

We became a member of the RSPO, a global multi-stakeholder initiative that ensures companies take ownership in producing sustainable palm oil. Being a member of the RSPO, we are committed to fulfilling RSPO requirements, including certifying all our oil palm plantation estates and palm oil mills under the RSPO principles and criteria, as well as the supply chain certification standard. We achieved our first RSPO certification in 2016 and as at the Latest Practicable Date, we have certified seven of our oil palm plantation estates and three of our five operating palm oil mills. We are also committed to the national sustainability agendas of Malaysia and Indonesia – all our oil palm plantation estates and palm oil mills in Malaysia are MSPO certified, whilst four of our Indonesia subsidiaries, namely PT AAI, PT AWB, PT FDB and PT LIN, are ISPO certified. The RSPO and ISPO certifications for the remaining operating units were delayed due to the COVID-19 pandemic and the consequent movement restrictions in both Malaysia and Indonesia. Notwithstanding that our Group has not obtained the remaining RSPO and ISPO certifications, our Group adheres to the principles and criteria outlined by the RSPO, MSPO and ISPO and hopes to obtain the remaining RSPO and ISPO certifications by 2025.

OUR COMPETITIVE STRENGTHS

Our Directors believe that our competitive strengths include the following:

We have a highly experienced and strong management team

Our Executive Directors, namely our Group Managing Director, Tan Aik Sim, and our Group Executive Director, Tan Aik Kiong, have spent a significant part of their careers at our Group and have been instrumental in the growth and success of our business. They each possess different functional expertise such as operations, engineering, finance, and sales and marketing, and these complementary skills have been critical to the management efficiency of our Group. Tan Aik Sim has played a big part in the development of our palm products business, in particular the expansion into Indonesia which has significantly enlarged our Group's operations, and he also charts the strategy for sustainable long term growth of our Group. Tan Aik Kiong oversees our Group's business and operations in Sabah, Malaysia. Each of Tan Aik Sim and Tan Aik Kiong has more than 25 years of experience in the palm products business.

Our Executive Directors are also supported by a strong management team consisting of middle management employees from our headquarters, the oil palm plantation estates and palm oil mills, who are each experienced in managing the operations at the oil palm plantations and palm oil mills. Our middle management employees carry with them a wealth of experience, many of whom are long-serving employees of our Group or have been hired from other prominent palm oil companies in Malaysia and Indonesia. Furthermore, we continuously develop our management team by strengthening their leadership and managerial capabilities through training on our Group's management approach.

We are well-positioned to benefit from established business relationships and growth in the global edible oils market

Our CPO and PK products are sold to palm oil refineries and PK crushing plants for further processing into palm-based edible oils and oleochemical products. We believe that there is potential for future revenue growth in line with the increasing demand for edible oils globally, which is expected to grow annually by approximately 6.7% between 2023 to 2028, as consumption is primarily driven by factors such as the growing demand for food arising from population and economic growth, the wide range of applications of edible oils and fats, the increasing demand from China and India as the two largest consumer markets which are expected to grow annually by approximately 10.0% and 5.3% respectively, and the emergence of Africa and Middle East as key consuming regions. CPO and PK are major agricultural commodities that are used to produce edible oils and fats, and we believe that our growth will remain in tandem with the relatively recession-proof demand for food products. Through the development and cultivation of our existing land bank, we believe we are well-positioned to benefit from the growth in the global edible oils market.

We have a strong network of business relationships with the other key players in the palm products industry in Malaysia and Indonesia. In particular, we have an established relationship with the Wilmar Group through our joint ventures for the operation of the palm oil refinery and the fractionation and PK crushing plant in Sabah, Malaysia, as well as the biomass plant in our integrated complex in Kunak in Sabah, Malaysia. During the Period Under Review, we also sold substantially all of the CPO and PK produced by our Group to companies belonging to the Wilmar Group and TSH-Wilmar, which is a joint venture company of our Group under a 50:50 joint venture between our Group and the Wilmar Group. The Wilmar Group is a global leader in the processing and merchandising of edible oils, oilseed crushing, production of oleochemicals, specialty fats, palm biodiesel and consumer pack oils, amongst others. Due to the scale of operations of the Wilmar Group, it purchases CPO and PK from various producers in Malaysia and Indonesia, including our Group. The Wilmar Group also supplies fertiliser to our Group for our oil palm plantations. We also sell CPO and PK products to other palm oil players, with whom our Group also has good business relationships. Due to the growing demand for edible oils and fats, we believe that there will be a constant demand for the CPO and PK produced by our Group. Nonetheless, we believe that an established business relationship with a large and reliable industry player like the Wilmar Group is beneficial to our Group in terms of stability, ease of business communications and effective customer and supplier management practices.

We have implemented strong sustainability initiatives and are committed to continuously improve our sustainability efforts

Our operations are steered by our vision to be a premier oil palm plantation company committed to sustainability. We have taken the initiative to integrate sustainability principles into our day-to-day operations and towards creating a structured sustainability agenda. We have implemented several initiatives to build a solid basis for our sustainability efforts, including conducting a gap analysis with reference to the Global Reporting Initiative standards, the FTSE4Good Index series and the Task Force on Climate-Related Financial Disclosures recommendations in order to ascertain our Group's current standing against the benchmarks. We have also established a sustainability framework that clearly visualises the interconnectivity of our ESG efforts and strategic priorities, and established a group sustainability policy that outlines our commitments and guiding principles. See the section entitled "*Business – Environmental, Social and Governance Initiatives*" of this Introductory Document for further information.

We are committed to minimising or eliminating negative environmental impacts through the implementation of environmental best practices such as adopting zero burning replanting, proper fire prevention methods and emergency preparedness programmes in all new and existing operations and managing energy usage and greenhouse gas emissions by optimising business activities and conducting environmental and social assessments to mitigate impacts or risks of new plantings or operations. We also ensure proper waste and effluents management in accordance with applicable regulatory requirements and limits within the countries where we operate, including that the waste and palm oil mill effluent from our oil palm plantations and palm oil mills are properly treated prior to discharge or disposal. In addition, we also adhere to our policies of no deforestation, protection of biodiversity and wildlife and no new planting on peatland regardless of depth.

Our Group has been working towards achieving sustainability certifications for the oil palm plantation estates and palm oil mills we operate across Malaysia and Indonesia. Our Group has achieved MSPO certification for all oil palm plantations and palm oil mills we currently operate in Malaysia and has also made significant progress in respect of RSPO and ISPO certifications. We have achieved RSPO certification for 44% of our oil palm plantations and 60% of the palm oil mills we currently operate, and ISPO certification for 36% of our Indonesia subsidiaries as at 31 December 2022. As at 31 December 2022, the annual production of RSPO certified sustainable palm oil constituted 29.0% of our annual production of CPO for FY2022 and the annual production of RSPO certified sustainable PK constituted 26.8% of our annual production of PK for FY2022.

We have oil palm plantations with an age profile that supports increased production

Peak production years for the oil palm trees range from nine to 20 years of age, after which, their production of FFB gradually declines. Prime mature oil palms can generally produce over 20 MT to 30 MT of FFB per Ha per year. As at 31 December 2022, the weighted average age of our Group's oil palms is 11.7 years. Our prime mature oil palms (those aged between nine to 20 years) made up approximately 59% of our planted area across our oil palm plantations in Malaysia and Indonesia, and a further 32% of our oil palms are young mature palms (those aged between four to eight years), which augurs well for our Group's FFB production in the upcoming years.

As a result of the age profile of our oil palms, our Group has maintained a consistently high average FFB yield from our oil palm plantations, which was 22.7 MT per Ha in FY2020, 22.7 MT per Ha in FY2021, 24.5 MT per Ha in FY2022 and 5.3 MT per Ha in 1Q2023. As a substantial majority of our oil palms are in their peak production years or will soon enter their peak production years, we believe that the age profile of our oil palms will support increased production of FFB, resulting in increased CPO and PK production, which are our key revenue generators. The age profile of our oil palm plantations is an important factor for the sustained growth and success of our Group.

We have land bank with new planting potential, supported by a strong balance sheet with low gearing which enables us to support development and expansion

As at 31 December 2022, we have an estimated land bank of approximately 76,400 Ha in Malaysia and Indonesia. As our planted area covers only approximately 51.1% of the estimated land bank as at 31 December 2022, we are well-positioned to increase our planted area in the coming years. However, the extent of the unplanted area suitable for new planting will depend on, amongst others, the suitability of the location, terrain and soil of the respective unplanted sites, conservation requirements and the cost-benefit analysis to be undertaken by our Group. In any case, we believe that we can increase our cultivated oil palm plantation land by another 7,000 to 10,000 Ha over the next few years. In this regard, we intend to undertake new planting at a steady pace of approximately 1,000 to 2,000 Ha per year. We will also seek opportunities to increase the size of our land bank and planted area through selective acquisitions, particularly in Indonesia.

Furthermore, we have significantly reduced our total borrowings from approximately RM1.31 billion in FY2020 to approximately RM0.56 billion in FY2022, and increased our shareholders' equity from approximately RM1.45 billion in FY2020 to approximately RM1.90 billion in FY2022. As such, we now have a strong balance sheet with a low gearing ratio, with greater financial capacity to pursue new developments and expansion opportunities. Accordingly, we believe that we will be able to leverage our strong balance sheet position and low gearing ratio to invest in, expand and further strengthen our business, which may include undertaking any strategic opportunities to acquire land bank and investing in the latest available technologies to raise productivity at our oil palm plantations and palm oil mills.

OUR BUSINESS STRATEGIES AND FUTURE PLANS

Expansion of our oil palm plantation assets

We employ a strategy of constantly evaluating our portfolio of assets and investments and where appropriate, to unlock and realise the value of our assets and investments for the benefit of our Shareholders. For instance, our Group had disposed of two oil palm plantation estates and a palm oil mill in Sabah, Malaysia in FY2022. Our Group had also entered into an agreement for the disposal of land located in Kalimantan, Indonesia, such disposal having been partially completed, with the proposed disposal of the remaining balance of the land expected to be completed in the first half of FY2024. These disposals enabled our Group to raise cash proceeds for the partial repayment of interest-bearing borrowings, thus lowering our gearing level. Part of the proceeds will also be channelled towards our Group's business operations and utilised for new planting and replanting of oil palms as well as for infrastructure works and capital expenditure. The improved gearing following the disposals will provide greater capacity to raise additional funding to accelerate the development of our Group's existing land bank of unplanted plantation lands and the replanting of oil palms.

As an experienced and established upstream oil palm company, we intend to remain focused on the upstream oil palm plantation business where we will be able to leverage on our experience and know-how. Over the next few years, we intend to develop and cultivate our existing land bank and increase our cultivated oil palm plantation land by another 7,000 to 10,000 Ha. If suitable opportunities arise, we may also acquire existing oil palm plantation estates and plantation reserve land in Malaysia and Indonesia. We believe that by assessing and selecting the right opportunities for our Group, we will be able to apply our experience and technical expertise to these new assets and by increasing our planted area, we will be able to increase our FFB production and ultimately, our CPO and PK production, to further grow our Group's revenue and profitability.

Continue to build and leverage on our sustainability credentials

We are committed to developing and promoting sustainable and ESG practices in the palm oil industry. Our mission is to be a progressive oil palm plantation enterprise with an emphasis on sustainable production, social accountability and sound environmental management. It is imperative that we embed sustainable practices into every aspect of our operations and we aim to establish a comprehensible sustainable agenda that our Group as a whole can commit to at every level, steered towards the appropriate direction by our Board. We have established a Sustainability Steering Committee at the senior management level, which comprises our Group Managing Director, Tan Aik Sim, the general manager (ESG) as well as senior management and heads of department from various departments across our Group. The Sustainability Steering Committee is tasked with managing ESG-related commitments, risks and material topics. Amongst others, the Sustainability Steering Committee leads the implementation of sustainability initiatives at management level, develops and executes material sustainability matters and sustainability-related policies and advises our Board on key sustainability issues. They are in turn supported by the Sustainability Working Group, which comprises operational representatives from each business unit and their relevant departments. The Sustainability Working Group has an active role in driving relevant ESG initiatives at the operational level and keeping our Group aligned with our goals by regularly monitoring ESG impacts, continuously engaging with key stakeholders and pushing the sustainability agenda across the value chain.

We aim to strengthen our sustainability credentials and to continue to implement sustainability initiatives to reduce our carbon footprint, which is critical to the future of our planet and humanity. Our Group already operates biomass and biogas power plants in Sabah, Malaysia, turning the waste from the palm oil value chain to renewable energy. Our 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 to supply up to 10MW of green electricity. Our biomass power plant and the methane gas recovery and utilisation projects had previously been registered under the United Nations Framework Convention for Climate Change Clean Development Mechanism which allows emission-reduction projects in developing countries to earn certified emission reduction credits. In line with our decarbonisation aspirations, we also intend to carry out similar biogas recovery projects at our four palm oil mills in Indonesia, to recover the methane gas generated from the wastewater treatment process which would otherwise be emitted into the atmosphere resulting in greenhouse gas emissions. The recovered biogas may be utilised for electricity generation for our own consumption and feeding to the electricity grid.

In addition, we had, in May 2022, commissioned a rooftop solar panel installation at Ekowood International's factory in Perak, Malaysia. We are keen to explore more solar energy projects, including those of a larger scale on our land in both Malaysia and Indonesia, as well as solar battery storage systems to provide electricity for our oil palm plantation estates and workers' quarters.

We also have plans to undertake IFM activities at our forest management unit in Sabah, Malaysia. IFM refers to forest management activities aimed at increasing carbon stock within forests and/or reducing greenhouse gas emissions from forestry activities when compared to a project baseline. We plan to enrol our proposed IFM project under a carbon registry and have it validated for carbon credits, which will help to reduce our carbon footprint.

Our Group plans to implement the abovementioned projects in the next five years, which are intended to be financed by a combination of internally generated funds and bank borrowings.

Improve our production and operational efficiencies

We have continually made efforts to mechanise, automate and refine the operations at our oil palm plantations to improve production and operational efficiencies. For example, we have adopted the mechanised grabber solution at our oil palm plantation estates for efficient loading of FFB into the evacuation transport system. The mechanised grabber has automated gripping and release mechanisms to enable precise and secure handling of FFB, which reduces damage and losses during loading. In addition, it reduces labour dependency and decreases loading time, thus resulting in faster turnaround and improved operational efficiency. We are also using battery-powered wheelbarrows for FFB evacuation at some of our oil palm plantation estates. The battery-powered wheelbarrows enable faster evacuation of FFB by reducing the physical effort required, allowing operators to transport larger quantities of FFB more efficiently. By reducing the manual effort required to push heavy loads, the use of battery-powered wheelbarrows also minimises the risk of strain-related injuries for our workers. Another example of mechanised activity is the use of tractor-mounted sprayers for mechanised spraying instead of manual application. Similarly, we continue to look at ways to enhance the efficiency of our palm oil milling activities. In this regard, we have employed the high speed separator machine to minimise oil losses during the oil recovery process, which ultimately improves the extraction rate of CPO.

Another piece of technology which we have employed to enhance the productivity of our oil palm plantation estate activities is the use of drones. We have used drones for, amongst others, infrastructure mapping, counting of oil palm trees and the identification of potential flood-prone areas. The potential uses of drone technology are extensive, and we intend to maximise the use of drone technology to further enhance the effectiveness and efficiency of our oil palm plantation operations.

We believe continuous improvements in our operational processes will drive productivity and improve efficiency, ultimately leading to a reduction in unit costs of production. Accordingly, process improvement through mechanisation and technology adoption are increasingly applied across our oil palm plantation operations. In addition, information systems for performance monitoring and reporting will continue to be upgraded to facilitate faster and more informed decision-making. In this regard, we will continue to invest in digitalisation and data encryption to minimise paperwork and ensure the integrity of our data for operational monitoring, reporting and decision-making.

Beyond investments into new technologies, machines and other implements, we recognise that it is also critical to have a systematic management approach to achieve the desired results of efficiency. As such, we will continue to provide training and continual reinforcement to our managers based on our management approach.

OUR CONTACT DETAILS

Our registered office and principal place of business are Level 10, Menara TSH, No. 8 Jalan Semantan, Damansara Heights, 50490 Kuala Lumpur, Malaysia and Bangunan TSH, TB 9, KM 7, Jalan Apas, 91000 Tawau, Sabah, Malaysia, respectively. The telephone and facsimile numbers of our registered office are +603-2084 0888 and +603-2084 0808, respectively, and the telephone and facsimile numbers of our principal place of business are +6089-912020 and +6089-913000, respectively. Our website address is https://www.tsh.com.my and our e-mail address is ir@tsh.com.my. Information contained in our website does not constitute part of and is not incorporated by reference to this Introductory Document and should not be relied on.

SUMMARY OF THE INTRODUCTION

Our Company	TSH Resources Berhad, a company incorporated with limited liability under the laws of Malaysia.
Listing on the SGX-ST	An application has been made to the SGX-ST for permission to list all of our issued Shares on the Main Board of the SGX-ST. Such permission will be granted when we have been admitted to the Official List of the SGX-ST.
Trading on the SGX-ST	Our Shares will, upon their listing and quotation on the SGX-ST, be traded on the SGX-ST under the book-entry (scripless) settlement system of CDP. Dealing in and quotation of our Shares on the SGX-ST will be in Singapore Dollars. Our Shares will be traded in board lot sizes of 100 Shares. Our Shares are currently listed and traded on the Main Market of Bursa Securities under the code: 9059.
Voting Rights	Registered owners of our Shares will be entitled to full voting rights. TSH Resources CDP Depositors' ability to vote at Shareholders' meetings will be limited. See the sections entitled "*Attendance and Voting at General Meetings – General Meetings of the Shareholders*" and "*Attendance and Voting at General Meetings – Voting Instructions*" of this Introductory Document.
Dividends	From time to time, our Board may declare dividends if our Board considers that the profits of our Company justify such payment. See the section entitled "*Dividend Policy*" of this Introductory Document for a detailed description on our dividend policy. TSH Resources CDP Depositors whose Shares are held through CDP will receive their dividends through CDP in Singapore Dollars. We will make the necessary arrangements to convert the dividends in Ringgit Malaysia into the Singapore Dollar equivalent at the prevailing exchange rate on each relevant date for CDP's onward distribution to the entitled TSH Resources CDP Depositors.
Share Capital	As at the date of this Introductory Document, our issued share capital is RM740,513,428.72 comprising 1,380,173,509 Shares (excluding 1,629,000 Shares held as treasury shares). All our issued Shares are currently listed on the Main Market of Bursa Securities. We have only one class of shares. All of our Shares are in registered form.
Market Capitalisation	The market capitalisation of our Company as at the Latest Practicable Date is approximately RM1.39 billion (approximately S$405.7 million).
Risk Factors	Prospective investors should carefully consider certain risks connected with an investment in our Shares, as discussed under the section entitled "*Risk Factors*" of this Introductory Document.

OUR LISTING ON THE SGX-ST

Upon admission to the Official List of the SGX-ST, we will be listed on both the SGX-ST and Bursa Securities, with Bursa Securities being the primary exchange on which our Shares are traded and the SGX-ST being the secondary exchange. As Bursa Securities is the primary exchange on which our Shares are traded, we are subject to and required to comply with the continuing listing obligations of Bursa Securities pursuant to the Bursa Listing Requirements and notifications issued by Bursa Securities.

An eligibility-to-list letter has been obtained from the SGX-ST for the listing of and quotation for all our issued Shares on the SGX-ST, subject to the following conditions:

(a) compliance with the SGX-ST's listing requirements;

(b) our Company maintaining our primary listing on Bursa Securities;

(c) pre-quotation disclosure of information required by the SGX-ST (which was conveyed to our Company prior to the issuance of this Introductory Document);

(d) our Company confirming that our Constitution (incorporating all amendments made to date) has been filed with Bursa Securities;

(e) our Company undertaking to comply with the following requirements as set out in Rule 217 of the Listing Manual, to: (i) release all information and documents in English to the SGX-ST at the same time as they are released to Bursa Securities; (ii) inform the SGX-ST of any issue of additional securities in a class already listed on the SGX-ST and the decision of Bursa Securities; and (iii) comply with such other listing rules as may be applied by the SGX-ST from time to time (whether before or after listing);

(f) our Company undertaking that in the event of a need for a trading halt or suspension in our Shares, our Company would request for a trading halt or suspension on all exchanges at the same time;

(g) our Company undertaking that it will ensure the appointment of a market maker for a minimum of six months from the Listing Date;

(h) the Issue Manager confirming that adequate disclosures have been made on (i) the major differences between the laws of Malaysia and Singapore on investor protection; and (ii) the key continuing listing requirements of Bursa Securities and the SGX-ST;

(i) the Issue Manager and our Company confirming that arrangements satisfactory to the SGX-ST are in place to ensure: (i) orderly trading in the market when trading begins in our Company's Shares in Singapore; and (ii) timely settlement of trades, including but not limited to, procedures for the deposit, withdrawal and registration of our Company's Shares in Singapore;

(j) the Issue Manager confirming that Rules 246(4) and 246(12) of the Listing Manual have been complied with;

(k) submission of the documents stipulated in Rules 248, 249 and 250 of the Listing Manual; and

(l) issuance of an SGXNET announcement disclosing the latest price of our Company's Shares on Bursa Securities, and the Singapore Dollar equivalent, prior to listing of our Company on the SGX-ST.

We have obtained from the SGX-ST a waiver from compliance with the following rules under the Listing Manual:

(a) Rule 210(5)(a) of the Listing Manual which requires, amongst others, that a director who has no prior experience as a director of an issuer listed on the SGX-ST must undergo training in the roles and responsibilities of a director of a listed issuer as prescribed by the SGX-ST. The waiver was sought on the basis that our Company has a primary listing on Bursa Securities and each of our Directors has the necessary experience and expertise to act as a director of a company listed on Bursa Securities;

(b) Rule 221 of the Listing Manual which requires a foreign issuer seeking admission to the Official List of the SGX-ST to have at least two independent directors resident in Singapore. The waiver was sought on the basis that (i) our Company's board composition is required to comply with the requirements under the applicable Bursa Listing Requirements. Our Board currently comprises nine directors, five of whom are considered "independent" under the present Bursa Listing Requirements and who are each prominent and experienced business people and have the capability and integrity to safeguard the interest of our Company and minority shareholders; (ii) our Company has already appointed one independent director resident in Singapore, Paul Lim Joo Heng, who was appointed as an Independent Non-Executive Director on 1 March 2023; (iii) the existing Board is relatively sizeable at nine Directors and our Company would prefer not to incur additional directors' fees in relation to the appointment of another Singapore resident independent director for the purpose of the Introduction; and (iv) our Company has an ongoing presence in Singapore by virtue of its Singapore-incorporated subsidiaries, being TSH Agri Pte. Ltd., TSH Oversea Pte. Ltd., TSH Global Plantation Pte. Ltd. and TSH Mitra Capital Pte. Ltd. To this end, any concerns which might arise from our Company only having one independent director resident in Singapore would be mitigated by our Company's existing nexus with Singapore. Our Company has also undertaken to ensure the appointment of (i) an independent director resident in Singapore (who complies with Rule 210(5)(d) of the Listing Manual); or (ii) a compliance advisory firm which is experienced in advising on compliance with the rules of the Listing Manual, is maintained at all times on a continuing basis for so long as our Company is secondary listed on the SGX-ST; and

(c) Rule 610(6) of the Listing Manual which requires this Introductory Document to disclose a statement by our Audit Committee that, after making all reasonable enquiries, and to the best of their knowledge and belief, nothing has come to the attention of our Audit Committee members to cause them to believe that the person appointed as the chief financial officer ("**CFO**") (or its equivalent rank) does not have the competence, character and integrity expected of a CFO (or its equivalent rank) of a listed issuer. As at the Latest Practicable Date, our Company has not yet appointed a CFO, following the resignation of the previous CFO on 4 August 2022. Our Board is presently identifying a suitable candidate to be appointed as CFO. In the interim period between the resignation of the previous CFO and the appointment of a new CFO, the finance department of our Group is currently being led by a Senior General Manager who joined our Company in December 2022 and three senior finance executives (a Regional Financial Controller and two General Managers). The Senior General Manager has held senior finance roles in other public listed companies prior to joining our Company. The Regional Financial Controller has been with our Group for seven years and the two General Managers have both been with our Group for 12 to 13 years. Each of them has several years of finance experience and are each proficient and familiar with our Group's business and operations. The waiver was sought on the basis that (i) our Company is primary listed on Bursa Securities and under the Bursa Listing Requirements, our Company is not required to immediately appoint a replacement CFO; (ii) our Board and our Audit Committee will require more time to identify and assess the suitability of the candidates for the CFO role, and to ensure that any prospective CFO has the competence, character and integrity required to fulfil the function of a CFO of a listed issuer; and (iii) under the present leadership of the Senior General Manager, the Regional Financial Controller and the two General Managers, the finance and accounts functions of our Group have not experienced any issues in fulfilling their responsibilities, including their reporting and continuing listing obligations under the Bursa Listing Requirements and the preparation of the audited financial statements of our Group for FY2022.

OBLIGATIONS UNDER THE LISTING MANUAL

As a foreign issuer with a secondary listing on the SGX-ST, pursuant to Rule 217 of the Listing Manual, upon the listing of our Shares on the SGX-ST, we will not be required to comply with the SGX-ST's listing rules, provided that we undertake to:

(a) release all information and documents in English to the SGX-ST at the same time as they are released to the home exchange;

(b) inform the SGX-ST of any issue of additional securities in a class already listed on the SGX-ST and the decision of the home exchange; and

(c) comply with such other listing rules as may be applied by the SGX-ST from time to time (whether before or after listing).

We have obtained confirmation from the SGX-ST that Rule 210(5)(d)(iv) of the Listing Manual, which states that a director will not be independent if he has been a director of our Company for an aggregate period of more than nine years before the Introduction, will not apply to our Company at the time of our Company's listing on the Main Board of the SGX-ST.

Further, we have obtained confirmation from the SGX-ST that the application of Chapters 9, 10 and 13 will not apply on the basis that:

(i) Chapter 10 Part E, Chapter 10 Part D, and Chapter 16 of the Bursa Listing Requirements are generally similar to Chapters 9, 10 and 13 of the Listing Manual respectively, and in certain matters may be more extensive than the provisions provided under Chapters 9, 10 and 13 of the Listing Manual. See also "*Appendix E – Comparison between the Bursa Listing Requirements and the SGX-ST Listing Manual*" to this Introductory Document;

(ii) corporate law in Malaysia is generally similar to corporate law in Singapore. See also "*Appendix D – Comparison between Malaysia Corporate Law and Singapore Corporate Law*" to this Introductory Document; and

(iii) our Company confirms that it intends to fully comply with the requirements in the Listing Manual applicable to secondary listings, namely Rules 217 and 751 of the Listing Manual.

INTRODUCTORY DOCUMENT DISCLOSURE

Pursuant to Rule 607 of the Listing Manual, this Introductory Document is required to comply with the disclosure requirements in the SFA. We have obtained from the SGX-ST the following modifications to the disclosure requirements under the Fifth Schedule to the SFR (the "**Fifth Schedule**"): (i) Paragraph 6 of Part 4 (the "**Capitalisation and Indebtedness Provision**"); (ii) Paragraphs 24 to 34 of Part 9 (the "**Pro Forma Financial Statements Provisions**"); and (iii) Paragraphs 1(b), 1 (c)(ii), 3 and 4 of Part 4, Paragraph 6(b) of Part 5, Paragraphs 2, 3, 5(b)(ii), 5(d), 9, 10, 11 and 12 of Part 6, Paragraph 21 of Part 7, Paragraphs 17, 18(b), 18(c), 22, 23 and 44 of Part 9 and Paragraph 21(h) of Part 11 (the "**Interim Financial Statements Provisions**"), for reasons that include the following:

(a) Bursa Securities is our home exchange and we are subject to a set of disclosure requirements under the applicable Malaysia laws and regulations including the Bursa Listing Requirements;

(b) disclosing information in this Introductory Document relating to the requirements under the Fifth Schedule may result in a non-parity of information between investors in Malaysia and Singapore, which may present an unfair ground and unlevel playing field between the two sets of investors. Such additional disclosures may also result in queries from Bursa Securities or even litigation;

(c) in respect of the Capitalisation and Indebtedness Provision, we are unable to provide information on the capitalisation and indebtedness of our Group as of a date no earlier than 60 days prior to the date of issuance of this Introductory Document as this information has not yet been finalised as of the date of this Introductory Document. Accordingly, information on the capitalisation and indebtedness of our Group has been disclosed as at 30 June 2023 in the section entitled "*Capitalisation and Indebtedness*" of this Introductory Document as our Company had released the unaudited consolidated financial results for the three-month period and the half-year period ended 30 June 2023 as set out in "*Appendix I – Unaudited Consolidated Financial Statements of the Group for the Second Quarter ended 30 June 2023 and the Half-Year ended 30 June 2023*" to this Introductory Document" on 23 August 2023 and it would be challenging to perform another full consolidation in order to prepare the capitalisation and indebtedness information as of a date which satisfies the 60-day requirement referred to in the Capitalisation and Indebtedness Provision, and such capitalisation and indebtedness information will include material financial information of our Company which has not been publicly disclosed;

(d) in respect of the Pro Forma Financial Statements Provisions, our Company had already disclosed the financial effects of (i) the disposal of two oil palm estates and a palm oil mill in Sabah, Malaysia in FY2022; and (ii) an agreement for the disposal of certified land (together with the uncertified land adjoining thereto) located in Kalimantan, Indonesia, of which the disposal has been partially completed, with the proposed disposal of the remaining balance of the land originally expected to be completed in FY2023 but is now expected to be completed in the first half of FY2024, via an announcement and a shareholders' circular on Bursa Securities, which specifically discloses the pro forma financial effects of such disposals based on the relevant latest audited financial statements at the time. In addition, the financial effects of the disposals which have been completed have been accounted for in the audited consolidated financial statements of our Group for FY2022, wherein the disposed assets and the corresponding gains on disposals have been derecognised and recognised respectively, while the assets under the disposals that are yet to be completed have been reclassified to 'Assets Held For Sale' in the consolidated statement of financial position of our Group as at 31 December 2022 and 31 March 2023. Further, if we are required to comply with the Pro Forma Financial Statements Provisions for the most recently completed financial year and for the period covered by the interim financial statements in this Introductory Document in respect of the Remaining Disposals, it could be potentially confusing for our Shareholders and potential investors. Differences in the disclosures will also result in non-parity of information between the various groups of investors in Malaysia and Singapore, thus potentially presenting an uneven playing field between the different groups of investors. See also the section entitled "*Management's Discussion and Analysis of Financial Position and Results of Operations – Disposals of Certain Oil Palm Plantations, Palm Oil Mill and Land During the Period Under Review and their Financial Effects*" of this Introductory Document and *"Appendix J – Financial Effects of the Remaining Disposals of Land*" to this Introductory Document for more information on such disposals; and

(e) in respect of the Interim Financial Statements Provisions which make reference to the "interim financial statements" and/or otherwise are applicable in respect of any interim period for which the financial statements relate for the purposes of the disclosure of information in this Introductory Document, (i) it would have been challenging for our Company's finance team to additionally work with our Independent Auditors for the review of the 2Q2023 Financial Statements and to undertake additional work to update the relevant disclosures in this Introductory Document with reference to 30 June 2023 within the short timeframe after the release of the 2Q2023 Financial Statements, and extensive time and resources would be expended by our Company for the purposes of a one-time disclosure in this Introductory Document; (ii) our Company is in full compliance with the applicable Bursa Listing Requirements and there is no requirement by Bursa Securities for a review by our Independent Auditors of the interim financial report that is prepared on a quarterly basis; (iii) our Shares are already primary listed on Bursa Securities and the 2Q2023 Financial Statements are publicly available on Bursa Securities and are in full compliance with Bursa Listing Requirements; and (iv) our Company is of the view that it has taken necessary measures to ensure fair and equitable treatment for all Shareholders and investors by including the 2Q2023 Financial Statements as Appendix I to this Introductory Document for reference only, and the non-inclusion of an accompanying review report and/or not additionally updating the relevant disclosures in this Introductory Document based on the 2Q2023 Financial Statements and/or with reference to 30 June 2023 is not prejudicial to the interests of the public. Accordingly, for the purposes of compliance with the Interim Financial Statements Provisions, the relevant disclosures in this Introductory Document in compliance with the Interim Financial Statements Provisions are made based on the unaudited interim consolidated financial statements for 1Q2023, which have been reviewed, but not audited, by BDO PLT, our Independent Auditors, and/or with reference to 31 March 2023 (instead of the 2Q2023 Financial Statements and/or with reference to 30 June 2023). In addition, our Board has confirmed that, to the best of our Directors' knowledge, it is not aware of any unusual event or new development included in the 2Q2023 Financial Statements that would cause the information to be disclosed in this Introductory Document to be false or misleading.

Prospective investors should consider, amongst others, the risk factors set out herein before making an investment decision. The risks described below are not the only ones we face. There may be additional risks not described below or not presently known to us or that we currently believe to be immaterial that turn out to be material. Our business, financial position, results of operations and prospects could be materially and adversely affected by any of these risks, should they occur or turn out to be material.

This Introductory Document also contains forward-looking statements which involve risks and uncertainties. The actual results of our operations may differ materially from those anticipated by these forward-looking statements due to a variety of factors including, but not limited to, the risk factors described below and elsewhere in this Introductory Document.

RISKS RELATING TO OUR INDUSTRY AND BUSINESS

Fluctuations in commodity and raw materials prices will affect our performance

Our performance is largely affected by CPO and PK prices which vary on a daily basis and as such, our Group's revenue and earnings are subject to market vagaries. In addition, the CPO and PK prices, and consequently our Group's revenue and earnings, are fundamentally dependent on the global supply and demand conditions in the world's oils and fats market, including the prices of soybean and crude oil.

Downward fluctuations in the prices of CPO and PK may adversely affect our business, financial condition, results of operations and prospects. To the extent that the international prices for CPO and PK are not sustainable, our revenue and earnings may materially decrease as we will not be able to maintain the current selling prices of our CPO and PK or may have to lower such selling prices.

Although the movement in CPO prices is beyond our Group's control, we may from time to time enter into short term forward contracts and commodity futures contracts to fix prices as a hedge against fluctuation. Whilst we do not have a formal hedging policy with respect to such financial instruments such as short term forward contracts and/or commodity futures contracts, we believe this is sufficient to hedge the risks of adverse price fluctuations based on our current scale of operations. As such, we do not have a formal hedging policy with respect to prices of our products. To the extent that these products are not sold on a forward basis or their prices are not hedged through such short term forward contracts and/or commodity futures contracts and there is a significant downward movement in trading prices of these products, our profitability will be adversely affected. There also can be no assurance that these efforts to hedge the risks will not constrain our profitability as we may not always be successful in securing sales at forward prices which are higher than the eventual future market prices of such products, nor that the hedging we employ through CPO futures will be effective, with the result that we will not have maximised profitability on such products.

Furthermore, fluctuations in the prices and supply of raw materials, which include fertilisers, may affect our business. The prices and availability of raw materials may be affected by factors such as changes in their global supply and demand, the state of the global economy, inflationary pressure, environmental regulations, tariffs, natural disasters, forest fires, weather conditions and labour unrest. Any significant fluctuation in the prices and availability of such raw materials may significantly increase our cost of sales, which may adversely affect our business, financial condition, results of operations and prospects.

Our production and supply of FFB may be adversely affected by weather conditions, natural disasters and other factors

Weather has a key impact on oil palm yields. Global warming and weather phenomena such as drought (El Nino) and prolonged rainy seasons (La Nina), in particular, have affected the weather in Malaysia and Indonesia for the last decade. Volatile and unpredictable weather patterns require our management to be meticulous and farsighted in terms of planning for our oil palm plantations. For instance, Malaysia and Indonesia experienced El Nino and dry weather conditions in 2015 and 2016 which decreased the yield of oil palm, the effects of which may only be seen months later. More recently, Malaysia and Indonesia experienced very heavy rainfall during the final quarter of FY2022 and the first quarter of FY2023. Wet weather adversely affects harvesting and crop recovery as oil palm plantations become less accessible due to poor road conditions. Any poor weather conditions, especially if continued for a prolonged period, could adversely affect our business, financial condition, results of operations and prospects.

Natural disasters such as wildfires, earthquakes, tsunamis, tidal waves or other natural disasters may adversely affect our operations, especially in certain regions in Indonesia which are located in earthquake zones and are subject to a significant geological risk. There can also be no assurance that future geological occurrences will not significantly impact the economies in the countries where we operate and in turn, materially and adversely affect our business, financial condition, results of operations and prospects.

Our performance may be affected by export and import taxes, levies, policies, tariffs and other price control measures

Our performance may also be affected by export and import taxes, levies and other restrictions. In respect of CPO products, the Minister of Finance of Indonesia stipulates regulations on export taxes and levies, which impose progressive export tax and levy rates depending on the prevailing CPO base price of export. The CPO base price of export itself is determined by the Minister of Trade of Indonesia. Through this mechanism of tariff stipulation, the Minister of Trade and Minister of Finance can regulate the cost of CPO export to control the supply of CPO domestically. As the export tax and export levy is typically passed down to FFB producers, any increase in such export tax and export levy will adversely affect the prices we can charge and, consequently, our revenue.

As at the Latest Practicable Date, the progressive export tax rate for CPO ranges from US$0 per MT (if the base price is up to US$680 per MT) up to US$288 per MT (if the base price exceeds US$1,430 per MT) and the progressive export levy rate for CPO ranges from US$55 per MT (if the base price is up to US$680 per MT) up to US$240 per MT (if the base price exceeds US$1,430 per MT). As at the Latest Practicable Date, the base price of export is set by the Minister of Trade at US$805.20 per MT, rendering an export tax rate at US$33 per MT and export levy rate at US$85 per MT. In addition to tariffs, the Indonesia government may also introduce other restrictive regulations to regulate the domestic supply of CPO. For instance, the Indonesia government enacted a temporary ban on the export of CPO on 28 April 2022 amidst a lack of supply for cooking oil, which was subsequently lifted on 23 May 2022.

In Malaysia, in a move to boost palm oil exports and expand into new markets, the Malaysia government had in 2020 granted an exemption of a portion of the export duty on CPO commencing from 1 January 2020 until a date to be determined. Between July 2020 and December 2020, the Malaysia government granted a 100% exemption on export duties for CPO, crude PK oil and processed PK oil. As at the Latest Practicable Date, the export duty for CPO is between 0% to 8%. If the Malaysia government increases the export duty of CPO, this may have an impact on Malaysia's exports of CPO.

Import tariffs, taxes and other import restrictions imposed by importing countries can also affect the demand for CPO and palm products, and can encourage the demand for other substitutes. If importing countries ban imports of CPO and palm products from the countries where we operate, or reduce taxes on substitute products such as soybean oil, the competitiveness of imported CPO and palm products could be adversely affected. This in turn may affect the demand for and prices of our CPO and palm products.

Our CPO and PK production is constrained by the fluctuations in the FFB yield of supplying oil palm estates

Our main products are CPO and PK which we produce primarily from the FFB harvests from our oil palm estates and those of smallholders. Oil palm is a perennial crop and is subjected to biological stress on a cyclical basis. Oil palms produce fruits throughout the year but there are seasonal variations. Production also varies with the age and condition of the oil palms, local environment and weather. Annual FFB yield normally experiences a cyclical pattern, with higher yields at certain intervals. An exceptionally high yielding year may be followed by gradually low-yielding years, when the oil palms produce lower output as a result of a period of production stress. Consequently, the decrease of FFB yield can be significant. In the event of a significant decrease in our FFB yield, and where we are unable to procure sufficient FFB from other suppliers, our production volume of CPO and PK may be adversely affected.

Variations in the yield levels of oil palm due to age and other factors can affect our performance

Oil palm yields are primarily influenced by its age profile. FFB can only be commercially harvested from mature oil palm crops and it generally takes three to four years from planting for an oil palm crop to mature. A typical mature oil palm will remain productive for up to 30 years. After the oil palm has passed its prime age (being the range from nine to 20 years), the harvested FFB yield is expected to decrease and such decrease will affect the performance of our oil palm plantation estates. Other factors can also affect yield, such as seed quality, estate maintenance and upkeep, pests and diseases, and soil fertility. There can be no assurance that our oil palm plantations can achieve the optimal age profile.

We are subject to customer concentration risk as we sell substantially all of the CPO and PK produced by our Group to a limited number of customers belonging to the same group of companies

During the Period Under Review, we sold substantially all of the CPO and PK produced by our Group to companies belonging to the Wilmar Group. See the section entitled "*Business – Major Customers*" of this Introductory Document for further information. The Wilmar Group accounted for approximately 45.5%, 38.8% and 49.5% of our total revenue for FY2020, FY2021 and FY2022, respectively, and approximately 38.0% and 55.6% of our total revenue for 1Q2022 and 1Q2023, respectively (which excludes transactions with TSH-Wilmar, which is a joint venture company of our Group under a 50:50 joint venture between our Group and the Wilmar Group). Due to our established and good business relationships with the various companies within the Wilmar Group, we expect that the revenue generated from the Wilmar Group will continue to comprise a significant portion of our revenue in the foreseeable future.

As such, we are subject to customer concentration risk on the Wilmar Group and there can be no assurance that we would be able to maintain good business relationships with them in the future. The companies within the Wilmar Group, including our major customers, are not obliged in any way to purchase CPO and/or PK from us in the future at a level similar to that in the past or at all. Should any of our major customers who are companies within the Wilmar Group reduce substantially the size of its transactions with us or terminate its business relationship with us entirely, we may be left with surplus CPO inventory which we may not be able to sell within a viable period. Accordingly, our business, financial condition, results of operations and prospects may be materially and adversely affected.

Any prolonged or significant disruption to our oil palm plantations and palm oil mills may affect our operations and financial results

We face a number of operational risks at our oil palm plantations and palm oil mills. Major disruptions in the supply of utilities such as water or electricity or other operational difficulties at these sites could reduce the amount or quality of the CPO and/or PK that we are able to produce. Also, our oil palm plantations and palm oil mills are subject to a number of risks, such as extreme weather conditions, fires, explosions, natural disasters, third-party interference, war or terrorism, communal unrest and mechanical failures of equipment. These hazards could also result in environmental pollution, personal injuries or wrongful death claims and other damages to properties.

Our oil palm plantations and palm oil mills may also require unscheduled downtime or unanticipated maintenance due to unforeseen breakdown in the machineries and equipment used for the operations at our oil palm plantations and palm oil mills, which could reduce our revenues and increase our costs during the affected period. Whilst we have not experienced any incidents in the past where unscheduled downtime or unforeseen breakdowns at our oil palm plantations or palm oil mills has had a material adverse impact on our Group's operations, there can be no assurance that such events will not occur in the future. Outages or extended downtime at our palm oil mills could cause an inability to continue our production, whether prolonged or within a short period, which could lead to a loss of product or diminished product quality. Any prolonged and/or significant disruption to our oil palm plantations and palm oil mills will adversely affect our business, financial condition, results of operations and prospects.

Our performance is affected by adverse movements in foreign exchange

Changes in exchange rates have affected and may continue to affect our results of operations and cash flows. Our functional reporting currency is in Ringgit Malaysia. As the selling prices of our CPO and PK and our operating expenses in Indonesia are quoted in Rupiah, foreign exchange rate fluctuations may affect our revenue and earnings. Accordingly, a weakening of the Rupiah against the Ringgit Malaysia will reduce our Group's revenue. Conversely, an appreciation in the value of Rupiah against the Ringgit Malaysia would increase our costs of operations and affect our profits. For example, one of the largest purchases by our Indonesia subsidiaries is fertiliser, which is denominated in Rupiah. As such, an appreciation in the value of Rupiah against the Ringgit Malaysia would increase our cost of fertiliser and affect our profits.

In addition, our Group has borrowings denominated in US Dollars primarily to finance our operations in Indonesia. Accordingly, a weakening of the Ringgit Malaysia against the US Dollar will increase our interest expenses on the US Dollar-denominated borrowings and also result in our Group incurring foreign exchange losses due to settlement or revaluation of the said borrowings. Approximately 19.0% and 20.6% of our Group's total borrowings were denominated in US Dollars as at 31 December 2022 and 31 March 2023, respectively.

Our Group recognised net foreign exchange gain of approximately RM1.7 million in FY2020 and net foreign exchange loss of approximately RM12.8 million and RM28.1 million in FY2021 and FY2022, respectively, and net foreign exchange loss of approximately RM4.1 million and RM4.2 million in 1Q2022 and 1Q2023, respectively. The higher foreign exchange loss in FY2021 and FY2022 was mainly attributable to losses arising from US Dollar-denominated borrowings which resulted from the general weakening of the Ringgit Malaysia against the US Dollar in FY2021 and FY2022.

Imposition of more stringent environmental and conservation regulations and policies and may be exposed to liabilities or negatively affected if we fail to comply with these regulations and policies or if there are complaints made against us

We are subject to various health and safety and environmental laws and regulations in Malaysia and Indonesia. These include requirements related to the emissions and discharge of hazardous materials into the ground, air or water from our oil palm plantations and palm oil mills, the safety and integrity of our palm oil mills, waste and effluent management and emergency planning. Changes in environmental and conservation regulations can impact the operations of palm oil industry players. Government and regulatory authorities in the countries where we operate have the power to take action for any failure to comply with environmental regulations, including the imposition of fines and the revocation of licences and permits. The imposition and enforcement of stringent environmental and conservation regulations in Malaysia and Indonesia can potentially impact planting activities, and consequently the supply of FFBs, which may materially and adversely affect our business, financial condition, results of operations and prospects.

Growth in the palm oil industry is expected to be driven in part by the expansion of demand for biofuels as part of an effort to lower global greenhouse gas emissions. However, environmental non-governmental organisations have challenged the sustainability of growth in palm oil production and whether the climate change benefits from biofuels outweigh the perceived environmental costs of increased palm oil production. It is likely that there will be continued pressure for oil palm plantations to demonstrate sustainable practices and for palm oil processors to demonstrate sustainable sourcing. It is also possible that there may be increasing limitations placed on the operation of the palm oil industry as a result of environmental and conservation regulations or legislation in producer or customer nations, as well as the internal environmental policies of companies. Accordingly, there can be no assurance that restrictions on the expansion of the palm oil industry will not be imposed or that there will be a rise in demand for palm oil as a result of climate change concerns and the demand for biofuels.

Furthermore, as an RSPO member, despite it being a voluntary initiative, we are subject to the grievance process implemented by RSPO to address any complaints lodged against us for environmental and social breaches. Any such complaints made against us may have negative effects on our reputation and may cause us to be subject to further penalties if the RSPO grievance panel concurs with the allegations made against us. For example, certain non-governmental organisations have made allegations that certain oil palm plantations in Indonesia were engaged in illegal environmental activities such as illegal deforestation and development of oil palm plantations without approved environmental impact assessments and, more recently, in illegitimate social activities such as human rights abuse and that displacement of indigenous communities have been carried out on certain oil palm plantations in Indonesia. Due to such allegations, RSPO members or our customers may decide not to purchase our sustainable certified palm products either because of their internal policies or because of pressure from these non-governmental organisations, which may adversely affect our reputation, business, financial condition, results of operations and prospects. There may also be continued pressure for oil palm plantation businesses to adopt more stringent sustainability practices. Such practices include environment-friendly and socially responsible operations and sustainable sourcing.

In addition, as a result of such laws and regulations, we may be required to purchase and install new or additional pollution control equipment or to make operational changes to limit actual or potential impacts on the environment or the health of our employees. Our principal environmental concerns relate to land and forest clearance for oil palm plantation development and emission and discharge from our palm oil mills. Whilst we have not encountered any incidents in the past where the imposition of more stringent environmental and conservation regulations and policies has had a material adverse impact on our Group's operations, any new or more stringent health and safety or environmental laws and regulations or the failure to comply with any present or future regulations could result in the assessment of damages, the imposition of fines, criminal sanctions or the suspension or cessation of our oil palm plantations, palm oil mills and operations.

In 2017, PT AAI had faced a land pollution issue whereby the wastewater discharged from the palm oil mill through its land did not meet the required quality standards. This was subsequently resolved as PT AAI undertook closer monitoring of its wastewater treatment which resulted in the wastewater discharge meeting the required quality standards. There was no penalty imposed on PT AAI by the relevant authorities. During the Period Under Review, PT AAI's treatment and disposal of wastewater was in compliance with all applicable regulations. As at the Latest Practicable Date, PT AAI has obtained the B3 Waste Management Licence for Storage Activity of B3 Waste, which allows PT AAI to perform the storage of hazardous and toxic waste. PT AAI also holds a permit for the disposal of wastewater into river and/or water bodies. Other activities such as transporting and processing B3 Waste are outsourced by PT AAI to a third party, pursuant to a cooperation agreement for the transport and processing of B3 Waste that was entered into between PT AAI and such third party. As PT AAI has been certified under ISPO, it is subject to a yearly surveillance audit by ISPO, and there have been no material adverse findings arising from such yearly surveillance audits during the Period Under Review. There are no past instances of material breaches by our Group of the Regulation of the Minister of the Environment and Forestry of the Republic of Indonesia No. 6 of 2021 on the Procedures and Requirements for the Management of Hazardous Wastes and/or Government Regulation No. 22 of 2021 on the Implementation of Environmental Protection and Management.

We are subject to the laws, regulations and policies of the countries where we operate

As we are subject to the laws, regulations and policies of the countries where we operate, we are exposed to the risk of enforcement actions and investigations due to non-compliance with such relevant laws, regulations and policies. Such laws, regulations and policies include those relating to: (i) foreign investment and administration; (ii) production safety, health and supervision; (iii) environmental protection; (iv) direct and indirect taxes; (v) subsidies; (vi) international trade flows; (vii) exchange controls and controls on the transfer of funds; (viii) restrictions on imports and exports (including trade sanctions); (ix) restrictions on asset and land ownership and use (including expropriation and nationalisation of private enterprises or confiscation of assets); (x) constraints on price increases for certain of our products; (xi) restrictions on participation of the private sector in commodities markets; (xii) intellectual property protection; (xiii) labour protection; (xiv) human rights compliance; (xv) anti-competition laws; (xvi) anti-corruption laws; (xvii) anti-money laundering laws; and (xviii) privacy and data protection. In addition, we are subject to the risk that regulatory authorities may, from time to time, impose additional standards and requirements, which could be more stringent or onerous than those which currently apply to us. Some of the countries where we operate, and may in the future operate, have relatively less developed legal systems and business practices, which may subject us to legal and regulatory uncertainty, including difficulties in complying with laws and regulations in order to establish, maintain and expand our operations in such countries.

We may also be subject to legal, regulatory, political and policy changes which we may not be able to anticipate, including disputes with local communities over land-related issues, that could adversely affect our business, financial condition, results of operations and prospects. In addition, we may experience difficulties in enforcing our rights and agreements in those countries, including those that are relating to the protection and enforcement of our intellectual property rights. Whilst we have not encountered any incidents in the past where changes to the laws, regulations and policies of the countries where we operate have had a material adverse impact on our Group's business, there can be no assurance that such changes will not result in a material adverse impact on our Group's business, financial condition, results of operations and prospects in the future. Any of the foregoing could materially or adversely affect our business, financial condition, results of operations and prospects.

We face uncertainty over our land rights

Land titles from the Indonesia government must be obtained in order to establish an oil palm plantation (in the form of *Hak Guna Usaha*) and to utilise the land as well as to secure ownership of the processing mills constructed on the land. The granting of *Hak Guna Usaha* rights over land, including renewal of such rights, involves certain procedures and government agencies, details of which are set out in the section entitled "*Regulations – Indonesia*" of this Introductory Document.

As part of the procedures leading to the grant of *Hak Guna Usaha* rights over land, the relevant government agencies will determine the allocation of such land for use as an oil palm plantation, measure such land and verify the ownership of such land. However, it may not be feasible for an oil palm plantation to be established if the proposed area has been zoned as a forest area as plantation activities are not included as non-forestry activities that may be carried out in certain forest areas (i.e. protected forest and production forest, provided that the activities do not alter the function of the forest) under the prevailing forestry law. In such event, we may either rely on an exemption (applicable for any oil palm plantations that are already developed within a forest before the currently applicable Indonesia laws and regulations came into effect) or obtain specific approval, further details of which are set out in the section entitled "*Regulations – Indonesia*" of this Introductory Document. Whilst obtaining approval for the release of the forest area and re-zoning exclusively as a plantation area will ensure that an oil palm plantation can be established on the proposed area, there can be no assurance that we will be able to obtain such approval. Furthermore, if all or part of the proposed oil palm plantation is in a designated forest area, we may also be required to apply for additional and/or different licences in connection with rights to use and occupy the land, and may also be required to enter into settlement arrangements with any occupants of the proposed area. However, there can be no assurance that we will be able to acquire the land title to the forest area even if we obtain such approval and/or licences or enter into such settlement arrangements.

Due to the difficulties in producing accurate maps, there can also be no assurance that the government agencies will not assign overlapping or competing rights for different uses for the same area of land. In addition, the allocation of undeveloped land for use may not always take into account the existence of protected areas such as forest area. There is therefore a risk that we may have been or be assigned rights to land which contains protected areas or is subject to restrictions that would restrict or prevent our use of such land for our intended purposes, or which there are already competing and conflicting third party land rights. Such restrictions or conflicts may limit or prevent our use of such land for our intended purposes such as oil palm cultivation. In such an event, we may not be able to proceed with our intended plans for such lands, or may lose our rights to such lands or be unable to renew our land rights over such lands as and when they expire, in which case our business, financial condition, results of operations and prospects would be adversely affected. As at the Latest Practicable Date, our Group is in the process of applying for *Hak Guna Usaha* rights over the land for four oil palm plantations, which are owned by four separate subsidiaries, located in Kalimantan, Indonesia. In the event that we are unable to obtain the *Hak Guna Usaha* rights for any or all of these four oil palm plantations, our business, financial condition, results of operations and prospects may be materially or adversely affected.

While *Hak Guna Usaha* rights have not been obtained for the four oil palm plantations owned by our four Indonesia subsidiaries (being PT Mitra Jaya Cemerlang, PT Andalas Wahana Sukses, PT Perkebunan Sentawar Membangun and PT Prima Usaha Sukses), they have obtained the relevant Location Permit, the relevant instruments for land handover and the IUP. Pursuant to Article 64(1)(b) of the Minister of Agrarian and Spatial Layout / Head of National Land Agency Regulation No. 18 of 2021 dated 27 October 2021 Regarding Procedure for the Stipulation of Management Rights and Land Rights, the exercise of control over a land and the demonstration of land rights may be evidenced by a deed / letter of relinquishment (*akta / surat bukti pelepasan hak*) or any other letter evidencing the procurement of land. The four Indonesia subsidiaries have procured the documents indicating the relinquishment and handover of land rights for the relevant lands (i.e. uncertified lands that were owned by third parties) that are utilised by them. The relinquishment and handover of land rights documents contemplate the agreement of the previous owner of the land to release its land to the relevant Indonesia subsidiaries. Such documents permit the four Indonesia subsidiaries to conduct plantation business activities on those lands without being subject to sanctions despite the lack of *Hak Guna Usaha* rights, because such documents are recognised by the aforementioned regulation as evidence of the exercise of control over those lands and demonstration of land rights. As at the Latest Practicable Date, PT Mitra Jaya Cemerlang, PT Andalas Wahana Sukses and PT Perkebunan Sentawar Membangun are conducting plantation business activities on their respective oil palm plantations notwithstanding the lack of *Hak Guna Usaha* rights, whereas PT Prima Usaha Sukses has yet to commence plantation business activities. The lack of *Hak Guna Usaha* rights does not affect the value of our Group's land in our accounts. Based on our past experience in obtaining the *Hak Guna Usaha* rights for the other oil palm plantations in Indonesia, we do not foresee any difficulty in obtaining the same for the remaining four oil palm plantations, and anticipate that the relevant Indonesia subsidiaries will obtain the *Hak Guna Usaha* rights within the next two years barring unforeseen circumstances.

We may not be able to maintain ownership of our existing lands, or extend or expand our land rights

We have experienced and may, in the future, experience land disputes. Such land disputes may arise over land ownership (for example, native customary right claims) or overlapping land usage (whereby an area of land that has been allocated by the government authorities to a party for a specific purpose (e.g. oil palm plantation) overlaps with other areas that have also been allocated by other government authorities to other parties for other purposes (e.g. mining or oil and gas) or reserved by the government for a specific purpose only (e.g. forestry)). Further, our land sites may be compulsorily acquired by the respective governments of the countries where they are located, for, amongst others, public use or due to public interest. In the event such land sites are compulsorily acquired and the net book value of the land sites to be compulsorily acquired are greater than the compensation paid in respect of the acquired lands, our business, financial condition, results of operations and prospects may be adversely affected. Whilst we have not encountered any incidents in the past where land disputes have had a material adverse impact on our Group's business, there can be no assurance that such land disputes will not result in a material adverse impact on our Group's business, financial condition, results of operations and prospects in the future.

Our HGU certificates granted by the Indonesia government are for a maximum term of 35 years and they can be extended for up to another 25 years. After the term of the extension expires, the HGU certificates can also be renewed for a maximum subsequent period of 35 years. As at the Latest Practicable Date, all our HGU certificates are still within the initial term of 35 years. Our HGU certificates will expire between December 2029 and October 2053, with most of our land rights expiring in or after 2048. In addition, we will be applying for additional HGU certificates for parcels of land in respect of which PKKPR has been obtained. If we fail to extend the term of our existing HGU certificates or obtain the HGU certificates that we applied for, we may not be able to use these lands as expected. Failure to extend the term of or obtain HGU certificates over a substantial part of our Indonesia land bank may adversely affect our business, financial condition, results of operations or prospects.

Under the National Land Code of Malaysia and the Sabah Land Ordinance (Cap. 68), if a condition to which a land is subject to is not complied with, the land may become liable for forfeiture to the state authority. Our Group operates our biomass power plant and a palm oil mill in Sabah, Malaysia on agricultural land. Pursuant to the Sabah Land Ordinance, land which is to be or has been alienated shall not be used for other than agricultural purposes except with the permission of the Minister who may impose additional premium or rent or add or substitute such terms and conditions he may think fit. In the event that our biomass power plant and/or the palm oil mill operating on such agricultural land is deemed to be operating in breach of the foregoing, the Sabah government may serve a notice on our Group to repair or make good such breach or default within a time to be limited in the notice, failing which the Sabah government may re-enter upon the land held thereunder and resume control over the whole or any portion thereof, which may adversely affect our business, financial condition, results of operation and prospects. Pursuant to the Sabah Land Ordinance, the potential penalties that our Group would be subject to in the event that the Sabah government takes regulatory action is RM10,000 or imprisonment for a term not exceeding two years, or to both.

Under the power purchase agreement dated 31 December 2021 ("**Power Purchase Agreement**") between TSH Bio-Energy and Sabah Electricity, TSH Bio-Energy is deemed to be in default in the event (i) TSH Bio-Energy fails to obtain the necessary approval from the land authority for the operation of the power plant on the agricultural land, and such failure, if capable of remedy, continues uncured for a period of 90 days after receipt of notice of such failure from Sabah Electricity. If the event of default cannot be cured with the exercise of reasonable diligence within the period of 90 days, then that period shall be extended for a further period of 180 days; or (ii) the Sabah government re-enters upon the land and resumes control (due to the failure to make good the breach or default within a time stated in the notice from the Sabah government), and such default cannot be cured with the exercise of reasonable diligence within the period of 90 days of occurrence of the event. In this regard, our Group confirms that we have not received any notice from Sabah Electricity nor the Sabah government. Accordingly, an event of default under the Power Purchase Agreement has not occurred.

If an event of default occurs and continues uncured at the end of the relevant period specified above, Sabah Electricity may terminate the Power Purchase Agreement immediately by written notice to TSH Bio-Energy and TSH Bio-Energy shall be liable to all remedies available to Sabah Electricity at law or in equity, or otherwise including compensation for monetary damages and specific performance. Further, pursuant to Section 14.1 of the Power Purchase Agreement, a force majeure event includes a failure to obtain or renew any government authorisations which (i) is beyond the reasonable control of and occurs without fault or negligence on the part of a party claiming it as a force majeure event; and (ii) causes a delay or disruption in the performance or any obligation under the Power Purchase Agreement despite all reasonable efforts of the party claiming it as a force majeure event to prevent it or mitigate its effects. If a party is unable by reason of a force majeure event to perform any obligations in the Power Purchase Agreement, then the obligations of the affected party is suspended or excused to the extent their performance is affected by the force majeure event upon notice and details of the force majeure event being given by the affected party. Further, upon the occurrence of a force majeure event, the parties shall have a right to terminate the Power Purchase Agreement in accordance with the terms therein, whereupon the Power Purchase Agreement shall cease to have any further force or effect and neither party shall have any obligation or liability to the other party save in respect of any antecedent breach.

Our Group will be applying for the necessary approval in respect of the operation of our biomass power plant and palm oil mill in Sabah, Malaysia on agricultural land. Such approval is expected to be obtained in approximately six months. To the best of our Directors' knowledge, our Directors do not foresee any difficulties with obtaining the necessary approval in respect of the above operations.

As at the Latest Practicable Date, notwithstanding that our Group is in the process of applying for the necessary approval, our Group is permitted to continue with regular operations at our biomass power plant and palm oil mill. Our Group has obtained all other necessary licences and permits for the operation of our biomass power plant and palm oil mill, which have been in operation since 1999 for the palm oil mill and 2005 for the biomass power plant, without any notification from the Sabah government restricting the operations of our biomass power plant and palm oil mill.

We may not be able to obtain, maintain or renew statutory and regulatory approvals, licences, permits and certificates required for our business due to reasons beyond our control

We require various approvals, licences, permits and certificates to operate our business and facilities. We may be required to obtain new or renew these approvals, licences, permits and certificates. See the section entitled "*Business – Material Licences and Permits*" of this Introductory Document for further details of our material licences, permits and approvals. Accordingly, our Group is subject to the purview of the relevant regulatory authorities which issues such approvals, licences, permits and certificates, which will generally have the authority to conduct audits, inspections and/or reviews on the relevant Group companies from time to time. There have been no material adverse findings or observations against our Group during the Period Under Review.

As at the Latest Practicable Date, one of our Indonesia subsidiaries, being PT AWB, is pending the issuance of the verified standard certificates in respect of its crude palm oil and crude palm kernel business activities. PT AWB has only obtained the unverified standard certificates for the said business activities. Pursuant to Article 41(12) of the BKPM Reg. 4/2021 read in conjunction with the Appendix of Minister of Industry Regulation No. 9 of 2021 dated 1 April 2021 Regarding the Standard of Business

Activities and/or Products in the Implementation of Risk-Based Business Licensing for Industrial Sector, the Online Single Submission system shall convert the status of a standard certificate from unverified to verified if the verification process takes more than seven working days. Further, based on Article 41(9) of the BKPM Reg. 4/2021, in the event that the relevant ministries, agencies or institutions do not conduct any verification within the verification period or that the verification period is exceeded, a company shall be considered to have fulfilled the requirements to carry out its business activities. In this regard, and as confirmed by the Legal Adviser to our Company as to Indonesia Law, SSEK Law Firm, the relevant regulation provides for a period of seven working days for the government to complete their verification process, otherwise a company shall be deemed to have met all the requirements to carry out its business activities and the Online Single Submission system should convert the status of the standard certificate from unverified to verified. As at the Latest Practicable Date, we have submitted all necessary documents for the verification of the standard certificates of PT AWB and the verification process has exceeded seven working days. In view of the fact that the standard certificates should be deemed verified, our Directors do not foresee any difficulties with respect to matters relating to PT AWB's standard certificates. See the section entitled "*Regulations – Indonesia*" of this Introductory Document for further details of such verified standard certificates.

Furthermore, there may be obligations and/or conditions imposed for certain of the business licences obtained by our Group. Our Group is in material compliance with all the obligations and/or conditions imposed on our business licences during the Period Under Review. No enforcement actions have been taken against our Indonesia subsidiaries arising from the foregoing as at the Latest Practicable Date. In the event that we fail to fulfil the relevant obligations and/or conditions for the business licences, the Indonesia government may impose administrative sanctions such as written warning letters, which may be escalated into the imposition of fines and suspension or revocation of the business registration of such subsidiaries if no rectification action has been taken following consecutive warning letters, which may materially or adversely affect our business, financial condition, results of operations and prospects. As at the Latest Practicable Date, our Group has not received any written warning letters from the Indonesia government in relation to our business registrations or business licences.

Failure by us to renew, maintain or obtain the required approvals, licences, permits and certificates due to reasons beyond our control may interrupt our operations, delay or prevent the implementation of any capacity expansion or new projects, and may have a material adverse effect on our business, financial condition, results of operations and prospects.

We may be subject to fines and/or other penalties for non-compliance with statutory provisions

We have not obtained the requisite building occupancy permits and/or warehouse registration certificates for some of the buildings and properties operated by our Group in Indonesia under the applicable building laws and regulations. As at the Latest Practicable Date, we have submitted applications for building occupancy permits for buildings operated by our Group in Indonesia, as applicable, and warehouse registration permits for the warehouses operated by our Group in Indonesia. See the section entitled "*Regulations – Indonesia*" of this Introductory Document for further details of the requirements relating to such building occupancy permits and warehouse registration certificates. In the event that the Indonesia government imposes any administrative sanctions (including the imposition of written warnings, the closure of the warehouse or fines ranging from IDR75 million to IDR1.2 billion depending on the period of non-compliance) on the palm oil mills and/or warehouses operated by our Group in Indonesia, our business, financial condition, results of operations and prospects may be materially or adversely affected. As at the Latest Practicable Date, our Group has not received any written sanctions from the Indonesia government in relation to such building occupancy permits and warehouse registration certificates. Our Group had submitted the relevant applications for the building occupancy permits and warehouse registration certificates and are currently pending the issuance of the relevant approvals from the Indonesia government. As these permits and certificates are currently being processed and no enforcement action has been taken against our Group since the applications for such permits and certificates were submitted, we are of the view that the imposition of sanctions by the Indonesia government is unlikely. Furthermore, sanctions are generally preceded by written warnings, and we are of the view that the Indonesia government is unlikely to issue any such written warning given that we have already made efforts to obtain the relevant permits and certificates, which are being processed by the relevant government authorities. Accordingly, our Group does not foresee any major implications to our Group's operations and/or financials in relation to such permits and certificates.

Due to inadvertent omissions and administrative oversight, some of our subsidiaries in Singapore did not comply with certain provisions of the Singapore Companies Act, such as the filing of notice of resolutions with the Accounting and Corporate Regulatory Authority of Singapore ("**ACRA**") as required under Section 186 of the Singapore Companies Act. Under the Singapore Companies Act, any company and every officer of that company who is in default shall be guilty of an offence and may be liable to, amongst others, a fine not exceeding S$1,000. While these past non-compliance with statutory provisions do not affect the validity of the resolutions passed at the general meetings and late lodgement fees have been paid by our subsidiaries in certain instances, our subsidiaries and their directors and officers may be liable for statutory penalties for such past non-compliances, although no enforcement actions have been taken against our Singapore subsidiaries in connection therewith as at the Latest Practicable Date. To the best of our Directors' knowledge, all non-compliances with the provisions of the Singapore Companies Act have been duly rectified and there are no past non-compliances which are expected to have any material adverse implication on our Group's business, financial condition, results of operations and prospects. As at the Latest Practicable Date, our Group has not received any notifications from any relevant government authorities, including ACRA, in relation to past non-compliances with the Singapore Companies Act.

We are dependent on the availability of adequate manpower

The oil palm plantation business is labour-intensive by nature. Oil palm plantations require extensive manpower in the nurturing of seedlings, palm planting, manuring, harvesting and other routine maintenance work to achieve optimal yields. The palm oil industry in Malaysia has been facing difficulty in recruiting Malaysian workers and has resorted to employing foreign workers. As such, the majority of our estate workers in our Malaysian oil palm plantations and palm oil mills are foreign workers (approximately 53% as at 31 December 2022). We adhere strictly to a policy of employing only legal workers and those above the age of 18 years.

Currently, we obtain 12-month work permits for all of our foreign workers, which may be renewed on a yearly basis (for a maximum period of 10 years). In order to obtain the necessary documents, including medical documents, for foreign workers to work in Malaysia, applications for the same must be made to the Ministry of Home Affairs, Malaysia and simultaneously, to the relevant embassies of the source countries of the foreign workers in Malaysia, which include Indonesia. If the policies on granting such necessary documents were to change in Malaysia and/or the respective source countries, and if such changes result in a more difficult process, it may be more challenging for us to maintain a sufficient workforce. Further, any change in immigration and labour policies by the Malaysia government in respect of foreign workers may affect the availability of workforce for our Malaysia operations, and in turn may affect the performance of our Group. Aside from labour shortages, the cost of recruiting foreign workers may also increase over time, which may in turn escalate our overall production cost. This was the case when the foreign worker levy in Malaysia for the plantation and agriculture sectors was increased by RM50 and RM230 per worker, respectively, to RM640 per worker on 18 March 2016.

We are reliant on experienced management personnel

Our success is dependent on the continued efforts of our senior management team, comprising our Group Managing Director, Tan Aik Sim, and our Group Executive Director, as Tan Aik Kiong, well as other experienced management and technical personnel. Our management is responsible for formulating and implementing our overall business strategy and corporate development, and have been instrumental in the growth and expansion of our Group.

In particular, our Group Managing Director, Tan Aik Sim, and our Group Executive Director, Tan Aik Kiong, have been instrumental in providing strategic leadership and vision to our Group and spearheading our business development, and have contributed significantly to our success. Currently, we have not taken up any key man insurance. The loss of the services of Tan Aik Sim and/or Tan Aik Kiong, or any of the other experienced management and technical personnel, without timely and suitable replacements or our inability to attract and retain qualified and experienced personnel could have an unfavourable impact on our business, and hence, our financial performance. Furthermore, since our industry is characterised by high demand and intense competition for experienced employees, we may need to offer compensation and other benefits that may be higher than what we currently offer in order to retain and/or attract key personnel in the future. There can be no assurance that we will be able to retain or attract the key personnel that we have or will need to achieve our business objectives.

Pests and diseases may adversely affect our operations, production and yield

Oil palms in general are not severely affected by pests and diseases. However, there are occasional outbreaks of pests, such as leaf-eating insects, and diseases, and oil palms are also more susceptible to attacks by pests and diseases during the earlier stages of their lives. If our oil palms are affected by pests and/or diseases, our operations may be materially affected.

Pests and diseases can cause lower FFB yields, and in extreme cases, these attacks could destroy large areas of oil palm crops. Fungal diseases such as Ganoderma basal stem rot, fusarium and fatal yellowing, as well as bacteria-related diseases such as endophytic bacteria are examples of diseases that typically infect oil palm crops. In addition, pests that attack oil palm crops include rats, squirrels and rhinoceros beetles. The presence of such pests and diseases in our oil palm plantations, which if not detected early or if not treated, could cause a reduction in the production and supply of FFB, which may in turn adversely affect our sales and margins, and consequently, our business, financial condition, results of operations and prospects. We take measures to control the population of pests in our oil palm plantations by destroying potential breeding grounds of pests, exterminating pests by using pest specific pesticides and other natural pest control methods such as biological control through the introduction of natural predators such as barn owls, bagworms, nettle caterpillars and beneficial plants to manage pests. We also carry out frequent inspections to ensure that the population of the pests remain below threatening levels. We also adopt various measures to prevent and/or control the spread of plant-related diseases amongst our oil palms including the use of fungicide or where appropriate, by removal of disease-stricken oil palms. Despite these measures, there can be no assurance that large-scale attacks by pests or diseases will not occur in the future and thus adversely affect our performance.

We are exposed to increasing environmental consciousness and significant competition from other products

The palm oil industry has been and may, in the future, continue to be, a target of campaigns brought by environmental groups. These environmental groups have raised concerns that oil palm plantations result in the destruction of large areas of tropical forests and wildlife habitats, and have campaigned to promote sustainable oil palm cultivation and environmentally friendly practices on oil palm plantations.

In addition, palm oil producers also face competition from substitute oils such as soybean oil and rapeseed oil, and certain countries promote farming and consumption of other edible oils, such as soybean oil, through subsidies. The edible oil business is also characterised by changes in consumer preferences influenced by various factors including health. If there is a reduction in demand for CPO and other palm products due to any of the foregoing factors, including as a result of environmental concerns, our business, financial condition, results of operations and prospects may be materially and adversely affected.

Tax disputes could expose us to liabilities

As at the Latest Practicable Date, certain Indonesia subsidiaries of our Group are currently engaged in the tax disputes relating to tax assessments with the relevant Indonesia tax authorities, further details of which are set out in the section entitled "*Management's Discussion and Analysis of Financial Position and Results of Operations – Contingent Liabilities*" of this Introductory Document. In addition to such tax disputes, there are also ongoing objections with the local tax authority on other disputed tax assessments. It is also possible that the Indonesia tax authorities may raise further material challenges to past tax positions taken by our Group or change interpretations of past regulations. These may give rise to further unexpected tax liabilities, which may materially and adversely affect our business, financial condition, results of operations and prospects. Whilst we have not encountered any incidents in the past where tax disputes have had a material adverse impact on our Group's financial condition, there can be no assurance that tax disputes will not result in a material adverse impact on our Group's financial condition and results of operations in the future.

We may be adversely affected by third parties' actions in open burning for land clearing

We adopt a strict zero-burning policy for land clearing. However, in areas where communities and/or smallholders have planted cash crops near our oil palm plantation area, we have no control over their actions on open burning in these areas. In some cases, fires occurring on peat soil or mineral soil may spread to our operations. Peat fire can travel undetected underground while on mineral soil, winds can blow sparks into our planted area. There is also a possibility that other third parties may conduct open burning in order to carry out land clearing activities near our oil palm plantation areas or commit arson that cause fires to occur in our oil palm plantations, resulting in damage to our crops or land. This may also lead to legal proceedings against us in respect of fires occurring in our oil palm plantations, which may affect our reputation and disrupt our operations, which in turn may affect our business, financial condition, results of operations and prospects. Whilst we have not encountered any incidents in the past where third parties' actions in open burning have had a material adverse impact on our Group's business, there can be no assurance that such open burning will not result in a material adverse impact on our Group's business, financial condition, results of operations and prospects in the future.

Legal disputes or proceedings could expose us to liability and negatively impact our reputation

We may, at times, be involved in potential legal disputes or proceedings that could have a material and adverse effect on our reputation, as well as our business, financial condition, results of operations and prospects. Whilst we have not encountered any incidents in the past where legal disputes or proceedings have had a material adverse impact on our Group's business, due to the inherent uncertainty of the litigation and dispute resolution process, there can be no assurance that the resolution of any particular dispute or legal proceeding will not have a material adverse effect on our future cash flow, results of operations or financial condition. We may incur substantial legal expenses due to any litigation or legal proceedings.

An outbreak of infectious or virulent diseases, if uncontrolled, may have an adverse effect on our Group's operations

An outbreak of infectious or virulent diseases, such as the COVID-19 pandemic, as well as severe acute respiratory syndrome, the H1N1 virus, avian influenza (bird flu), the Zika virus or the Ebola virus, if uncontrolled, may have a material adverse effect on the economies of certain countries and our operations. If any of our employees or the employees of our suppliers and/or customers are infected with such diseases or if a significant portion of our workforce refuses to work for fear of contracting an infectious disease, our Group, our suppliers and/or our customers may be required to shut down its operations for a period of time.

We may suffer uninsured losses or losses in excess of insured limits

We maintain insurance policies in line with general business practices where practicable, with adequate policy specifications and insured limits. Our insurance policies cover risks such as fire, machinery breakdown, burglary and public liability to protect against property damage, business interruption and general liability in countries where we operate. There are, however, certain types of losses arising from wars, acts of terrorism or acts of God that generally are not insured because they are either uninsurable or not economically insurable. Should an uninsured loss or a loss in excess of insured limits or a failure of insurers to fulfil their obligation for the sum insured occur, we could be required to pay compensation and/or lose the capital we invested in the property, as well as anticipated future revenue from that property. Any such loss could adversely affect our business, financial condition, results of operations and prospects. There can be no assurance that material losses will not occur in the future that exceed the compensation received or that adequate insurance coverage will be available in the future on commercially reasonable terms or rates.

Our borrowings and gearing levels may increase as a result of future potential acquisitions of oil palm plantation land, hence potentially affecting our financial performance

As at 31 December 2022, our total borrowings amounted to approximately RM559.1 million, which translates to a gearing of 0.29 times, based on a shareholders' equity of approximately RM1,900.8 million. As at 31 March 2023, our total borrowings amounted to approximately RM437.7 million, which translates to a gearing of 0.22 times, based on a shareholders' equity of approximately RM1,994.3 million. In the event that we identify additional feasible oil palm plantation land for acquisition, we may finance such future acquisitions through additional borrowings which may result in an increase in our gearing level. The growth and success of our Group depend on our ability to identify and acquire earnings-accretive, mature oil palm plantation land. Whilst we will properly conduct financial, operational and legal due diligence in connection with such future acquisitions to ensure that we acquire earnings-accretive, mature oil palm plantation land, which will also involve, amongst others, assessing the potential earnings to be derived from the oil palm plantation estates, age profile of the oil palm trees and any capital expenditure to be incurred, there can be no assurance that any oil palm plantation land that our Group may acquire can generate sufficient income to improve our Group's profitability to enable us to meet our financial obligations, which includes servicing our Group's borrowing costs.

We may not be able to acquire new oil palm plantation land

We compete with other plantation companies, including oil palm plantation companies, in securing suitable oil palm plantation land to carry out our expansion plans. Increasingly, more plantation companies are moving across the value chain to become integrated palm oil businesses. As we are committed to environmental conservation and due to our membership with the RSPO, any future acquisitions of suitable oil palm plantation land will take into consideration social and environmental impact in accordance with our sustainability commitment. Given these limitations, there can be no assurance that we will be able to source suitable land for expansion of our land bank in the future.

We have previously expanded our oil palm plantation estates through acquisitions and joint ventures. We may seek to grow our oil palm plantation assets in similar ways in the future, as well as by embarking on undeveloped oil palm plantation lands or entering into new partnerships. However, we may face difficulty in identifying and acquiring new mature oil palm plantation land with prime yielding trees in view of its scarcity and high market prices, and we may also not be able to secure opportunities to jointly acquire and manage such oil palm plantation lands with landowners on commercially viable profit sharing terms.

In the event that we are successful in identifying feasible oil palm plantation assets for acquisition and/or are able to secure an opportunity to enter into a joint venture arrangement to acquire and manage such oil palm plantation assets, our future acquisitions, joint ventures or partnerships may require us to make significant cash investments, issue shares or incur substantial debts. In addition, these acquisitions, partnerships or joint ventures may require significant attention from our management, which may stretch our managerial resources and disrupt our existing business. Further, any acquisition, joint ventures or partnerships could entail a number of additional risks, including higher cost arising from competition for target assets, increased issues with regulatory and compliance requirements, problems with effective integration of operations, limited influence or obligations as well as the inability to retain key personnel. Any of these risks could adversely affect our business, financial condition, results of operation and prospects.

RISKS RELATING TO THE JURISDICTIONS IN WHICH WE OPERATE

Political, economic and social conditions in the jurisdictions in which we operate may adversely affect their economies, which in turn could have a material adverse effect on our business, financial condition, results of operations and prospects

Our business, financial condition, results of operations and prospects may be adversely affected by political and social developments that are beyond our control in Malaysia and Indonesia. Such political and social uncertainties include, but are not limited to, the risks of frequent changes in government and government policy, internal conflict, nationalism, expropriation, methods of taxation and tax policy, unemployment trends and other matters that influence continued and stable business operations and customer confidence and spending.

Adverse developments in any of the jurisdictions in which we operate may include, but are not limited to, changes in political leadership, nationalisation, price and capital controls, sudden restrictive changes to government policies, introduction of new taxes on goods and services and introduction of new laws, as well as demonstrations, riots, coups and war. These may result in the nullification of contracts and/or prohibit us from continuing our business operations.

We operate in jurisdictions which have in the past experienced incidents of political and ethnic disturbances, including rioting, military coups and terrorist attacks. There can be no assurance that civil disturbances and political instability will not occur in the future. If these were to occur, such disturbances could lead to further political and economic instability as well as loss of confidence in investment in those jurisdictions, and may materially and adversely affect our business, financial condition, results of operations and prospects.

In addition, government intervention and significant changes in policies in the countries we operate in, including inflation, wage and price controls, capital controls, interest rates controls and limitations on imports or exports, may adversely affect our business, financial condition, results of operations and prospects. Economic slow-downs and global market fluctuations may also have a material adverse effect on global economic conditions and investment sentiments. Such developments could adversely affect our business, lead to a reduction in demand for our products and adversely affect our competitive position.

Any limitations on the ability of our subsidiaries to pay dividends to us could have a material adverse effect on our ability to conduct our business

We are a holding company and operate a significant part of our businesses through our operating subsidiaries in Malaysia, Indonesia and Singapore. Therefore, the availability of funds to pay dividends to our Shareholders depends upon dividends received from the subsidiaries of our Group. If our subsidiaries incur debts or losses, such indebtedness or loss may impair their ability to pay dividends or other distributions to us. As a result, our ability to pay dividends to our Shareholders will be restricted. Local laws and regulations have differing requirements and restrictions on the ability of a company to pay dividends to its shareholders.

While we have not in the past received any objections from any of the banks and financial institutions which had extended credit facilities to our Company as to the distribution of dividends by our Group, there can be no assurance that we will not face such objections in the future. Certain of our subsidiaries have entered and may in the future enter into loan facilities with various banks and financial institutions from time to time, pursuant to which the relevant subsidiary may be prohibited from making any distribution (including dividends) unless the relevant bank or financial institution has determined that such distribution will not affect the ability of that subsidiary or associated company, as the case may be, from repaying that particular loan. See the section entitled "*Dividend Policy*" of this Introductory Document for further details.

The interpretation and application of laws and regulations in the jurisdictions in which we operate involve uncertainties

The courts in certain jurisdictions in which we operate may offer less certainty as to the judicial outcome or a more protracted judicial process than is the case in more established economies. Businesses can become involved in lengthy court cases over simple issues when rulings are not clearly defined, and the poor drafting of laws and excessive delays in the legal process for resolving issues or disputes compound such problems. Accordingly, we could face risks such as (i) effective legal redress in the courts of such jurisdictions being more difficult to obtain, whether in respect of a breach of law or regulation, or in an ownership dispute; (ii) a higher degree of discretion on the part of governmental authorities and therefore less certainty; (iii) the lack of judicial or administrative guidance on interpreting applicable rules and regulations; (iv) inconsistencies or conflicts between and within various laws, regulations, decrees, orders and resolutions; or (v) relative inexperience or unpredictability of the judiciary and courts in such matters.

Enforcement of laws in some of the jurisdictions in which we operate may depend on and be subject to the interpretation placed upon such laws by the relevant local authority, and such authority may adopt an interpretation of an aspect of local law which differs from the advice that has been given to us by local lawyers or even previously by the relevant local authority itself. Furthermore, there is limited or no relevant case law providing guidance on how courts would interpret such laws and the application of such laws to our contracts, joint operations, licences, licence applications or other arrangements.

While we are not aware of any current specific instance of uncertainty in the interpretation and applications of laws and regulations that would materially affect our Group's business and/or financial position, there can be no assurance that there will be no unfavourable interpretation or application of the laws in the jurisdictions in which we operate or that such interpretation or application will not adversely affect our contracts, joint operations, licences, licence applications or other legal arrangements. In certain jurisdictions, the commitment of local businesses, government officials and agencies and the judicial system to abide by legal requirements and negotiated agreements may be less certain and more susceptible to revision or cancellation, and legal redress may be uncertain or delayed. If the existing body of laws and regulations in the countries in which we operate are interpreted or applied, or relevant discretions exercised, in an inconsistent manner by the courts or applicable regulatory bodies, this could result in ambiguities, inconsistencies and anomalies in the enforcement of such laws and regulations, which in turn could hinder our long term planning efforts and may create uncertainties in our operating environment.

Non-enforceability of non-Malaysia judgments may limit your ability to recover damages from us

Our Company is incorporated in Malaysia but we have substantial assets located in Indonesia. In addition, a majority of our Directors are non-residents of Singapore and substantially all the assets of these persons are located outside Singapore. As a result, it could be difficult to commence an action against our Company or our Directors who are non-residents of Singapore as service of process will have to be effected outside of Singapore, or to enforce a judgment obtained in the Singapore courts against our Company or Directors who are non-residents of Singapore.

Any monetary judgment obtained in a foreign court will be enforceable in the courts of Malaysia in accordance with the REJA. Subject to the provisions of REJA, only a monetary judgment obtained in a superior court of the reciprocating countries listed in the First Schedule of REJA (such as United Kingdom, Hong Kong, Singapore, New Zealand, Republic of Sri Lanka, India and Brunei) shall, upon registration with the courts of Malaysia within six years after the date of judgment or, where there have been proceedings by way of appeal against the judgment, after the date of the last judgment, have the same force and effect as if it had been a judgment originally entered or obtained, as of the date of registration, in the registering court. Nevertheless, the registered judgments may also be set aside by applications made by the party against whom a registered judgment may be enforced if the registering court is satisfied that the provisions under REJA are satisfied.

In order to pursue a claim in Malaysia against us or any of our officers or Directors, the claimant would have to bring a separate action or claim in Malaysia. While a non-Malaysia judgment could be introduced as evidence in a court proceeding in Malaysia, a Malaysian court would be free to examine new issues arising in the case. Thus, to the extent that a claimant may succeed in bringing legal actions against us outside Malaysia, such claimant's available remedies and any recovery in any Malaysian proceedings may be limited. See also the section entitled "*Enforceability of Civil Liabilities"* of this Introductory Document.

Foreign exchange regulations may have a material adverse effect on your investment

At present, the Ringgit Malaysia and Rupiah are not freely convertible to other foreign currencies, and conversion and remittance of foreign currencies are subject to the relevant foreign exchange regulations.

Malaysia

There are foreign exchange control policies in Malaysia which support the monitoring of capital flows into and out of the country in order to preserve its financial and economic stability. The foreign exchange control framework in Malaysia is governed by the FSA and the Foreign Exchange Policy Notices. These regulations regulate both residents and non-residents of Malaysia.

Under the current Foreign Exchange Policy Notices issued by BNM, non-residents are allowed to repatriate from Malaysia, funds including any income earned or proceeds from divestment of a Ringgit Malaysia asset, provided that such repatriation is made in foreign currency and the conversion of Ringgit Malaysia into foreign currency is undertaken in accordance with the Foreign Exchange Policy Notices. In the event BNM introduces any restrictions in the future, we may be affected in our ability to repatriate dividends to Singapore. See the section entitled "*Exchange Rates and Exchange Controls – Exchange Controls*" of this Introductory Document for more information.

Indonesia

Similar to Malaysia, the Indonesia government adopts several foreign exchange control laws and regulations with the aim of regulating the flow of international trade, investment, and payment. The implementation and supervision of the foreign exchange sector is conducted by Bank Indonesia.

While the current framework of foreign exchange policies does not restrict the transfer of funds (in a currency other than IDR) from Indonesia to Malaysia and Singapore, in the event Bank Indonesia introduces any restrictions in the future, we may be affected in our ability to repatriate dividends to Malaysia and Singapore. See the section entitled "*Exchange Rates and Exchange Controls – Exchange Controls*" in this Introductory Document for more information.

RISKS RELATING TO AN INVESTMENT IN OUR SHARES

As we are incorporated in Malaysia and primarily listed on Bursa Securities, we are subject to Malaysia laws and regulations

Our corporate affairs are governed by our Constitution, the laws governing corporations incorporated in Malaysia and the Bursa Listing Requirements. The rights of our Shareholders and the responsibilities of our management and our Board under Malaysia law may be different from those applicable to a company incorporated in another jurisdiction. For example, majority shareholders of Malaysian companies that are publicly listed in Malaysia do not owe fiduciary duties to minority shareholders, compared to controlling shareholders in the United States. Our public Shareholders may have more difficulty in protecting their interests in connection with actions taken by our management, members of our Board or our Substantial Shareholders than they would as shareholders of a company incorporated in another jurisdiction.

Furthermore, the nature and content of publicly available information about public companies listed on Bursa Securities and the Main Board of the SGX-ST, such as our Company, may be different from those made available by public companies in other jurisdictions. These differences may include the disclosure of beneficial ownership of equity securities of officers, directors and substantial shareholders, officer certification of disclosure and financial statements in periodic public reports, and disclosure of results of operations in periodic public reports.

As the listing of our Shares on the SGX-ST is a secondary listing, with a primary listing on Bursa Securities, we are subject to the primary regulatory oversight of Bursa Securities as the home exchange. Under the Listing Manual, a foreign issuer having a secondary listing on the SGX-ST, as is our case, need not comply with the SGX-ST's listing rules, provided that we undertake to:

- release all information and documents in English to the SGX-ST at the same time as they are released to Bursa Securities;
- inform the SGX-ST of any issue of additional securities in a class already listed on the SGX-ST and the decision of Bursa Securities in relation to the listing of these securities on Bursa Securities; and
- comply with such other listing rules as may be applied by the SGX-ST from time to time.

For example, any interested person transactions involving our Group would not be subject to the SGX-ST's requirements for disclosure or shareholders' approval. Instead, any related party transactions (as defined under the Bursa Listing Requirements) involving our Group may be subject to the Bursa Listing Requirements and the Malaysia Companies Act.

Further, the SGX-ST has confirmed the non-applicability of Chapters 9, 10 and 13 of the SGX-ST Listing Manual, subject to disclosure in this Introductory Document of a comparison between (i) the Bursa Listing Requirements and the Listing Manual; and (ii) Singapore corporate law and Malaysia corporate law. See "*Appendix D – Comparison between Malaysia Corporate Law and Singapore Corporate Law*" and "*Appendix E – "Comparison between the Bursa Listing Requirements and the SGX-ST Listing Manual*" to this Introductory Document for more information.

The SGX-ST's role in performing any regulatory, disciplinary or enforcement role against us may also be limited. Therefore, TSH Resources CDP Depositors in Singapore may have more difficulty in protecting their interests than they would as shareholders of a company incorporated in Singapore.

We may experience capital market risks and our share price may be volatile

The performance of the SGX-ST and Bursa Securities are very much dependent on external factors such as the performance of the regional and world bourses and the flows of foreign funds. Sentiments are, amongst others, driven by internal factors such as the economic and political conditions in Singapore and Malaysia as well as the growth potential of the various sectors of the economy. These factors invariably contribute to the volatility of trading volumes witnessed on the SGX-ST and Bursa Securities, thus adding risk to the market price of the listed securities.

In addition, the market price of our Shares may fluctuate significantly and rapidly in response to, amongst other factors, some of which are beyond our control:

- variations in our results of operations;
- success or failure of our management team in implementing business and growth strategies;
- gain or loss of an important business relationship;
- changes in securities analysts' recommendations, perceptions or estimates of our financial performance;
- changes in conditions affecting the industry, the general economic conditions or stock market sentiments or other events;
- changes in market valuations and share prices of companies with similar businesses to our Company that may be listed on the SGX-ST or Bursa Securities;
- additions or departures of key personnel;
- fluctuations in foreign exchange rates;
- fluctuations in stock market prices and volume; or
- involvement in litigation.

Exchange rate fluctuations may adversely affect the value of our Shares and any dividend distribution

Our Shares will be quoted in Ringgit Malaysia on the Main Market of Bursa Securities and in Singapore Dollars on the Main Board of the SGX-ST. Dividends, if any, with respect to our Shares will be declared in Ringgit Malaysia and converted to Singapore Dollars for payment in relation to Shares which are listed on the SGX-ST. Fluctuations in the exchange rates between the Ringgit Malaysia and the Singapore Dollars will affect, amongst others, the value of the dividends to be received in Singapore Dollars by investors of our Shares in Singapore. Whilst an investor who sells our Shares on the Main Market of Bursa Securities and converts the proceeds from the sale of our Shares to a currency other than Ringgit Malaysia will be subject to fluctuations in exchange rates between the converted currency and Ringgit Malaysia, similarly, an investor who sells our Shares on the Main Board of the SGX-ST and converts the proceeds from the sale of our Shares to a currency other than Singapore Dollars will be subject to fluctuations in exchange rates between the converted currency and Singapore Dollars.

See the section entitled "*Exchange Rates and Exchange Controls*" of this Introductory Document for more information.

We may not be able to pay dividends

Our ability to declare dividends in relation to our Shares will depend on our Group's future financial performance which, in turn, depends on the successful implementation of our strategies and future plans and on financial, competitive, regulatory, technical and other factors, general economic conditions, and other factors specific to our industry or specific projects, many of which are beyond our control. As our Company is a holding company, our income, and therefore our ability to pay dividends, is dependent upon the dividends and other distributions that we receive from our subsidiaries, joint ventures and associated company, which will in turn depend upon their operating results, financial condition, capital expenditure plans, applicable loan covenants, where applicable, available reserves, and any other relevant factors. See the section entitled "*Risk Factors — Risks Relating to the Jurisdictions in which We Operate — Any limitations on the ability of our subsidiaries to pay dividends to us could have a material adverse effect on our ability to conduct our business*" of this Introductory Document for more information.

Our ability to pay dividends is also subject to our having sufficient distributable reserves. In the case that we do not pay cash dividends on our Shares, you may not receive any return on an investment in our Shares unless you sell our Shares for a price greater than that which you paid for it. Further, to the extent that any dividends that we pay are converted into currencies other than Ringgit Malaysia, such dividends may be subject to any foreign exchange controls that may be in effect at the relevant time. See the section entitled "*Risk Factors — Risks Relating to the Jurisdictions in which We Operate — Foreign exchange regulations may have a material adverse effect on your investment*" of this Introductory Document for more information.

See also the sections entitled "*Dividend Policy*", "*Capitalisation and Indebtedness*" and "*Exchange Rates and Exchange Controls*" of this Introductory Document for more information.

Future sales of our Shares, and the availability of large amounts of our Shares for sale, could depress our Share price

The market price of our Shares could decline as a result of future sales of substantial amounts of our Shares or other securities relating to our Shares in the public market, or the issuance of new Shares, or the perception that such sales or issuances may occur. Future sales, or perceived sales, of substantial amounts of our Shares could also materially and adversely affect our ability to raise capital in the future at a time and at a price favourable to us. In addition, our Shareholders would experience dilution in their holdings upon issuance or sale of additional securities in the future. If additional funds are raised through the issuance of new equity or equity-linked securities of our Company other than on a *pro rata* basis to existing Shareholders, the percentage ownership of such Shareholders in our Company may be reduced.

TSH Resources CDP Depositors whose names appear in the Depository Registry maintained by the CDP will not be recognised as members of our Company and will have a limited ability to attend general meetings

Under the Malaysia Companies Act, TSH Resources CDP Depositors whose names appear in the Depository Register maintained by the CDP are not members of our Company.

In connection with our Company's listing on the Main Board of the SGX-ST, CDP has appointed an EAN in Malaysia to hold Shares which are listed and traded on the SGX-ST for TSH Resources CDP Depositors via a CDS omnibus account. Under Malaysia law and our Constitution, CDP's EAN in Malaysia will be our Shareholder in respect of our Shares which are listed and traded on the SGX-ST and registered in its name, rather than CDP or TSH Resources CDP Depositors and CDP depository agents in the Depository Register maintained by CDP. As such, TSH Resources CDP Depositors and CDP depository agents holding Shares through the CDP system may only be accorded such rights as may be accorded to CDP by CDP's EAN in Malaysia and which CDP may make available in accordance with CDP's "Terms and Conditions for Operation of Securities Account" and the "Terms and Conditions for CDP to Act as Depository for Foreign Securities", as amended from time to time. Accordingly, investors who hold Shares through the CDP system will not be able to attend general meetings of our Company in their own names.

CDP has made arrangements for its EAN in Malaysia to split the votes of Shares held through the CDP system and to appoint TSH Resources CDP Depositors who wish to attend and vote at general meetings of our Company as proxies in accordance with Malaysia law and our Constitution. TSH Resources CDP Depositors who desire to exercise their voting rights under their own names with regard to Shares that are credited to their Securities Account with CDP will be required to transfer their Shares out of the CDP system in Singapore into the CDS in Malaysia at their own costs. See also the section entitled "*Attendance and Voting at General Meetings*" of this Introductory Document.

There is no seamless trading platform between Bursa Securities and the SGX-ST

There is no seamless trading platform between Bursa Securities and the SGX-ST. Shares traded on Bursa Securities will be settled by book-entry settlement through the CDS, which will be effected in accordance with the Rules of Bursa Depository and the provisions of the Central Depositories Act. Shares traded on the SGX-ST will be settled by book-entry settlement through the CDP, which will be effected in accordance with the CDP's "Terms and Conditions for Operation of Securities Account", as amended from time to time. Therefore, there are two different sets of rules which will govern the trading and settlement of our Shares depending on which stock exchange our Shares are traded on, which may result in our Shares having different prices per share and settlement deadlines even when they are traded at the same time on each stock exchange.

In addition, there may be a time lag during the transfer of our Shares from one exchange to the other. TSH Resources CDP Depositors whose Shares are listed on the SGX-ST and who wish to trade their Shares on Bursa Securities or vice versa must follow the procedures for the transfer of their Shares between Bursa Securities and the SGX-ST to facilitate the trade. This process would involve the transfer of Shares from a CDS account with a Malaysian ADA/ADM and CDP's CDS account, which is maintained with its EAN in Malaysia and vice versa, which may take at least one Market Day (the "**Transfer Period**"). During the Transfer Period, while our Shares are transferred, Shareholders or TSH Resources CDP Depositors (as the case may be) seeking to trade their Shares will not be able to take advantage of arbitrage opportunities arising from any difference between the price of our Shares on each of Bursa Securities and the SGX-ST. In addition, although our Shares are transferable between Bursa Securities and the SGX-ST, there is no assurance that the exchanges will not impose restrictions on your ability to transfer your Shares in the future.

Negative market conditions on one market on which our Shares are listed may affect the price of our Shares on the other market

As our Shares will be listed and quoted on both Bursa Securities and the SGX-ST, prices of our Shares will be affected by general market conditions on Bursa Securities, in addition to general market conditions of the SGX-ST. There can be no assurance that any negative market conditions on the SGX-ST will not affect the price of our Shares listed and quoted on Bursa Securities and vice versa. In addition, there may be occasions when our Shares may trade on one market while the other market is closed for trading. If there are negative trading conditions on the market which is open for trading and the price of our Shares on this market declines during trading hours, investors who hold our Shares on the other market which is closed for trading will not have the opportunity to sell their Shares during the period when the price of our Shares on the other market is declining.

Overseas shareholders may not be able to participate in future rights offerings or certain other equity issues by us

If we offer or cause to be offered to our Shareholders rights to subscribe for additional Shares or any rights of any other nature, we will have the discretion as to the procedure to be followed in making such rights available to our Shareholders or in disposing of such rights for the benefit of such Shareholders and making the net proceeds available to such Shareholders. We may decide not to offer such rights to Shareholders having an address in a jurisdiction outside Malaysia and Singapore. Further, compliance with securities laws or other regulatory provisions in some jurisdictions may prevent certain investors from participating in any future rights issuances and thereby result in a dilution of their existing shareholdings. We will have no obligation to register our Shares in any other jurisdiction in order to permit other foreign investors to participate in any future rights offerings we may undertake.

For example, we may decide not to offer such rights to our Shareholders who have a registered address in the United States unless a registration statement is in effect, if a registration statement under the U.S. Securities Act is required in order for us to offer such rights to holders and sell the securities represented by such rights, or the offering and sale of such rights or the underlying securities to such holders are exempt from registration under the U.S. Securities Act. We are under no obligation to prepare or file any registration statement under the U.S. Securities Act. Accordingly, Shareholders who have a registered address in the United States may be unable to participate in rights offerings and may experience a dilution in their holdings as a result.

TSH Resources CDP Depositors may be diluted as they may not be able to participate in any additional equity fund-raising or rights issue

We may in the future require additional equity funding after the Introduction and our Shareholders and TSH Resources CDP Depositors may face dilution of their shareholdings should we issue new Shares to obtain such equity funding. Furthermore, if we were to conduct a rights issue in Malaysia only, TSH Resources CDP Depositors will not be entitled to participate in such a rights issue. Compliance with securities laws or other regulatory provisions in Singapore may prevent us from offering such rights to TSH Resources CDP Depositors without us incurring substantial additional costs (over and above any requirements we must comply with in Malaysia) involved in the offering of such rights to TSH

Resources CDP Depositors, including having to lodge an offer information statement with the Authority. If that is the case and Shares to be issued pursuant to a rights issue in Malaysia only were offered to our Shareholders at a discount, TSH Resources CDP Depositors will face dilution of their beneficial shareholdings. See the section entitled "*Description of Share Capital – Issuance of New Shares – Rights Offerings*" of this Introductory Document for more information.

Negative publicity may adversely affect our Share price

Any negative publicity or announcement involving our Group, any of our Directors, Controlling Shareholder or key personnel may adversely affect the market perception of our Company or performance of our Share price, whether or not this is justifiable. Such negative publicity or announcement may include, amongst others, involvement in insolvency proceedings and failed attempts in take-overs and joint ventures. Whilst we have not encountered any incidents in the past where negative publicity has had a material adverse impact on our Group's business, there can be no assurance that such negative publicity will not result in a material adverse impact on our Group's business, financial condition, results of operations and prospects in the future.

Malaysia laws and regulations contain provisions that could discourage a take-over of our Company

As our Company is incorporated outside Singapore and does not maintain a primary listing in Singapore, we are not subject to the provisions of the Singapore Take-over Code. A take-over bid in respect of our Company will be regulated by the Malaysian Take-over Code, which regulates the take-over of public companies and contains provisions which may deter, discourage or delay a possible take-over of our Company.

The Malaysian Take-over Code stipulates that a person and the parties acting in concert with him (if any) are required to extend a mandatory general offer of the remaining shares in our Company, if:

- the person, along with the parties acting in concert with him (if any), acquire(s), or intends to acquire, more than 33% of the voting shares or voting rights in our Company; or

- the person, along with the parties acting in concert with him (if any), already holds more than 33% but not more than 50% of the voting shares or voting rights in our Company, acquire(s), or intends to acquire, within any period of six months more than 2% of the voting shares or voting rights in our Company.

While the Malaysian Take-over Code seems to ensure equality of treatment among Shareholders, its provisions could substantially impede the ability of our Shareholders to benefit from a change of control and, as a result, may adversely affect the market price of our Shares and the ability to realise any benefits from a potential change of control.

The Introduction may not result in an active or liquid market on the SGX-ST for our Shares

As at the date hereof, there is no public market for our Shares in Singapore. We have received an eligibility-to-list letter from the SGX-ST to have all our issued Shares listed and quoted on the SGX-ST. Listing and quotation does not, however, guarantee that a trading market for our Shares on the SGX-ST will develop or, if a market does develop, the liquidity of that market for our Shares. Although we currently intend that our Shares will remain listed on the SGX-ST and Bursa Securities, there is no guarantee of the continued listing of our Shares.

The trading prices of our Shares on the SGX-ST and Bursa Securities may differ significantly due not only to currency fluctuations but also due to differences in market liquidity for our Shares, trading participants and investor bases, exchange trading systems, and other factors outside of our control. There is no guarantee that the trading prices of our Shares on the SGX-ST will be equivalent to the trading prices of our Shares on Bursa Securities.

The trading prices of our Shares could be subject to fluctuations in response to variations in our results of operations, changes in general economic conditions, changes in accounting principles or other developments affecting us, our customers or our competitors, changes in financial estimates by securities analysts, the operating and stock price performance of other companies and other events or factors, many of which are beyond our control. Volatility in the price of our Shares may be caused by factors outside of our control or may be unrelated or disproportionate to our results of operations. It may be difficult to assess our performance against either domestic or international benchmarks.

Control by our largest shareholder may limit the ability of Shareholders to influence the outcome of decisions requiring approval of Shareholders

Our Company's largest Shareholder is Kelvin Tan Aik Pen, with approximately 24.83% direct ownership as at the Latest Practicable Date, and who also has influence in our Company through his position as our Chairman. Kelvin Tan Aik Pen will be able to exercise significant influence over all matters requiring the approval of Shareholders (other than matters in which he is interested and thus required to abstain from voting), including the election of Directors and the approval of significant corporate transactions, the result of which may not be in, or may conflict with, the best interests of the Shareholders. Such concentration of ownership may also have the effect of delaying, preventing or deterring a change in control of which may benefit the minority Shareholders.

Although our Shares are currently listed on Bursa Securities and will be listed on the SGX-ST, there can be no assurance that we will remain listed on either the Bursa Securities or the SGX-ST

There can be no assurance of the continued listing of our Shares on either or both of Bursa Securities and the SGX-ST. We may not be able to continue to satisfy the Bursa Listing Requirements as well as other relevant rules, regulations and laws in Malaysia or in Singapore. Under the Bursa Listing Requirements, Bursa Securities may remove our Shares from trading on Bursa Securities. Our eligibility-to-list on the SGX-ST is conditional upon, amongst others, the maintenance of our primary listing on Bursa Securities. Thus, in the event that our Shares are removed from trading on Bursa Securities, there can be no assurance that our Shares will remain listed on the Official List of the SGX-ST. If our Shares are suspended from quotation on, or removed from trading on Bursa Securities and/or the SGX-ST, Shareholders and/or TSH Resources CDP Depositors (as the case may be) will not be able to trade their Shares on Bursa Securities and/or the SGX-ST and there can be no assurance that Shareholders and/or TSH Resources CDP Depositors (as the case may be) will be entitled to compensation or an exit offer, or should they be so entitled, that Shareholders and/or TSH Resources CDP Depositors (as the case may be) will receive realisation for their investments that they would have been able to obtain through trading their Shares on Bursa Securities or the SGX-ST. If our Shares are removed from the Official List of the SGX-ST and in the event that there is no exit offer or that the TSH Resources CDP Depositors choose not to accept an exit offer, the TSH Resources CDP Depositors whose Shares are listed on the Official List of the SGX-ST may have to transfer their Shares to Bursa Securities for disposal or trading. See the section entitled "*Clearing and Settlement*" of this Introductory Document for information on the transfer of Shares between the SGX-ST and Bursa Securities.

DIVIDEND POLICY

Statements contained in this section that are not historical facts are forward-looking statements. Such statements are subject to certain risks and uncertainties which could cause actual results to differ materially from those which may be forecasted and projected. Under no circumstances should the inclusion of such information herein be regarded as a representation, warranty or prediction with respect to the accuracy of the underlying assumptions by us, the Issue Manager, or any other person. Prospective investors are cautioned not to place undue reliance on these forward-looking statements, which speak only as at the date hereof. See the section entitled "Cautionary Note Regarding Forward-Looking Statements" of this Introductory Document for more information.

PAST DIVIDENDS

The following table shows the dividends we have declared and paid in respect of each of the three most completed financial years:

Year	Cash Dividend (sen per Share)	Total Dividend (RM'000)
FY2020	1.5	20,703
FY2021	3.0	41,406
FY2022	8.0	110,414
	2.5	34,504

DIVIDEND POLICY

From time to time, our Board may declare dividends if our Board considers that the profits of our Company justify such payment.

We have a dividend policy of distributing 20% to 30% of our annual profit attributable to owners of our Company. However, the actual dividend that our Board may recommend or declare in respect of any particular financial year or period will be subject to other factors deemed relevant by our Board, including:

(i) our Company's available cash and cash equivalents;

(ii) return on equity and retained earnings;

(iii) our Company's future cash flow requirements; and

(iv) our Company's projected capital expenditure and other investment plans.

Our Company's Constitution adopts the provision of the Malaysia Companies Act that no dividend shall be payable except out of the profits of our Company available and provided that our Company is solvent. Our Company's Constitution further provides that the Directors are authorised to set aside out of the profits of our Company and carry to reserve or reserves such sums as they think proper, before authorising any dividend.

Cash dividends on our Shares, if any, will be declared in Ringgit Malaysia and converted to Singapore Dollar for payment in relation to Shares which are listed on the SGX-ST. TSH Resources CDP Depositors whose Shares are held through CDP will receive their dividends through CDP in Singapore Dollars. We will make the necessary arrangements to convert the dividends in Ringgit Malaysia into the Singapore Dollar equivalent at the prevailing exchange rate on each relevant date for CDP's onward distribution to the entitled TSH Resources CDP Depositors. As a result, the equivalent of any dividends paid in Singapore Dollars will also be affected by changes in the exchange rate between the Ringgit Malaysia and the Singapore Dollar. Neither our Company nor CDP will be liable for any loss whatsoever arising from the conversion of the dividend entitlement of TSH Resources CDP Depositors holding their Shares through CDP from Ringgit Malaysia into the Singapore Dollar equivalent.

As our Company is a holding company, our income, and therefore our ability to pay dividends, is dependent upon the dividends and other distributions that we receive from our subsidiaries, joint ventures and associated company, which will in turn depend upon their operating results, financial condition, capital expenditure plans, applicable loan covenants, where applicable, available reserves, and any other relevant factors. See the sections entitled "*Risk Factors – Risks Relating to the Jurisdictions in which We Operate – Any limitations on the ability of our subsidiaries to pay dividends to us could have a material adverse effect on our ability to conduct our business*", "*Risk Factors – Risks Relating to an Investment in Our Shares – We may not be able to pay dividends*", "*Capitalisation and Indebtedness – Description of Material Indebtedness – Material Borrowing Terms*" and "*Exchange Rates and Exchange Controls – Exchange Controls*" of this Introductory Document for further details.

You should note that all the foregoing statements (being non-legally binding statements) are merely statements of our present intention and shall not constitute legally binding statements in respect of our Company's future dividends, which may be subject to modification (including reduction or non-declaration thereof) in the sole and absolute discretion of our Board.

No inference should or can be made from any of the foregoing statements as to our Company's actual future profitability or our Company's ability to pay dividends in any of the periods discussed.

MARKET PRICE INFORMATION

Our Company is currently listed on the Main Market of Bursa Securities. The following table shows certain pricing and trading volume information for our Shares on Bursa Securities for the three most recently completed financial years and for each of the last six months before the date of this Introductory Document. No inference should or can be made from any of the information below as to our actual share price performance or movement of our Shares. There can be no assurance that the market price of our Shares following the close of the Introduction will attain a price which is higher or lower than the range of prices set forth below or a price which is within such range.

Period	High(1)(2) (RM)	Low(1)(2) (RM)	Average Daily Trading Volume (Number of Shares)(2)
FY2020	1.56	0.57	4,485,023
FY2021	1.25	0.99	2,653,516
FY2022	1.85	0.91	5,548,324
March 2023	1.10	1.00	1,267,936
April 2023	1.05	1.02	1,490,185
May 2023	1.03	0.94	1,515,513
June 2023	0.96	0.92	1,250,364
July 2023	1.06	0.93	2,305,726
August 2023	1.05	0.99	1,695,713
September 2023 (up to the Latest Practicable Date)	1.01	0.99	1,077,248

Notes:

(1) Based on daily closing prices.

(2) Source: Bloomberg L.P.. Bloomberg L.P. has not provided its consent for the inclusion of the prices quoted and trading volumes under this section and is therefore not liable for such information. While our Company and the Issue Manager have taken reasonable actions to ensure that the above market price information has been reproduced in their proper form and context, neither our Company, the Issue Manager, nor any other party have conducted an independent review of the information or verified the accuracy of the contents of the relevant information.

The following table shows the highest and lowest prices of our Shares for each financial quarter of the two most recently completed financial years and subsequent quarters before the date of this Introductory Document.

Period	High[(1)(2)] (RM)	Low[(1)(2)] (RM)
January 2021 to March 2021	1.15	1.00
April 2021 to June 2021	1.24	1.02
July 2021 to September 2021	1.16	0.99
October 2021 to December 2021	1.25	1.04
January 2022 to March 2022	1.77	1.08
April 2022 to June 2022	1.85	1.06
July 2022 to September 2022	1.15	0.92
October 2022 to December 2022	1.20	0.91
January 2023 to March 2023	1.13	1.00
April 2023 to June 2023	1.05	0.92
July 2023 to the Latest Practicable Date	1.06	0.93

Notes:

(1) Based on daily closing prices.

(2) Source: Bloomberg L.P.. Bloomberg L.P. has not provided its consent for the inclusion of the prices quoted under this section and is therefore not liable for such information. While our Company and the Issue Manager have taken reasonable actions to ensure that the above market price information has been reproduced in their proper form and context, neither our Company, the Issue Manager, nor any other party have conducted an independent review of the information or verified the accuracy of the contents of the relevant information.

The closing price of our Shares on Bursa Securities as at the Latest Practicable Date was RM1.01. The closing price of our Shares on Bursa Securities on 19 September 2023, being the last trading day before the date of this Introductory Document, was RM1.00.

There has been no significant trading suspension that has occurred on Bursa Securities from the date of our listing on Bursa Securities to the Latest Practicable Date. Our Shares have been regularly traded on Bursa Securities.

CAPITALISATION AND INDEBTEDNESS

The following table, which should be read in conjunction with the full text of this Introductory Document, including the "*Independent Auditors' Report on the Audited Financial Statements for the Financial Years Ended 31 December 2022, 2021 and 2020*" and "*Independent Auditors' Review Report on the Unaudited Financial Statements for the Three-Month Period Ended 31 March 2023*" as set out in Appendix A and Appendix B to this Introductory Document, respectively, shows our cash and cash equivalents, capitalisation and indebtedness, which is prepared based on:

(i) our audited consolidated financial statements for FY2022; and

(ii) our unaudited consolidated financial statements for 1Q2023 and 2Q2023.

RM'000	**Audited as at 31 December 2022**	**Unaudited as at 31 March 2023**	**Unaudited as at 30 June 2023**
Cash and cash equivalents	**376,231**	**302,926**	**260,272**
Capitalisation and indebtedness			
Current:			
Secured and non-guaranteed	69,236	60,340	52,789
Non-secured and non-guaranteed	220,844	177,754	94,637
Non-secured and guaranteed	104,171	51,986	95,858
Non-current:			
Secured and non-guaranteed	123,826	111,400	101,117
Secured and guaranteed	36,034	36,250	36,311
Non-secured and guaranteed	5,000	-	-
Total indebtedness	**559,111**	**437,730**	**380,712**
Total equity	**2,132,058**	**2,241,051**	**2,347,287**
Total capitalisation and indebtedness	**2,691,169**	**2,678,781**	**2,727,999**

As at the Latest Practicable Date, save for (i) the changes in working capital, and (ii) the changes in our shareholders' equity and reserves arising from day-to-day operations in the ordinary course of business, there were no material changes to our capitalisation and indebtedness as disclosed above.

DESCRIPTION OF MATERIAL INDEBTEDNESS

The following table sets forth a summary of the material indebtedness of our Group as at 31 March 2023:

RM'000	Interest Rate	Maturity Profile	Outstanding Amount
Sukuk Murabahah Medium Term Notes (RM denominated)	Fixed	2023	90,000
Bankers' acceptances (RM denominated)	Variable	2023	9,740
Revolving credits (RM denominated)	Variable	2023	110,000
Term loan (RM denominated)	Variable	2024	20,000
Term loan (RM denominated)	Variable	2026	81,500
Term loan (USD denominated)	Variable	2025	90,240
Forest plantation term loan facility (RM denominated)	Fixed	2033	36,250
Total Loans and Borrowings			**437,730**

The following table sets forth the maturity profile of the loans and borrowings of our Group as at 31 March 2023:

	RM'000
On demand or within one year	290,080
More than 1 year and less than 2 years	51,152
More than 2 years and less than 5 years	60,248
5 years or more	36,250
Total Loans and Borrowings	**437,730**

Our loans and borrowings are generally obtained for working capital purposes, and treasury and investment purposes. As at 31 March 2023, the amount unutilised under our facilities was approximately RM578.1 million.

The amounts drawn down under the uncommitted portion of our facilities are subject to variation, reduction or cancellation by the lenders at any time, whereupon such amounts shall become due and payable.

Material Borrowing Terms

Our facilities contain various covenants and undertakings that limit certain of our subsidiaries' ability to engage in specified types of transactions including, amongst others:

- declare, make or pay dividends;
- incur additional indebtedness;
- grant any loans or guarantee to any person other than those in the ordinary course of business or outside our Group;
- sell, transfer, dispose or lease a substantial part of our assets, business or undertaking except in the ordinary course of business, on ordinary commercial terms and on an arm's length basis;
- create encumbrance, mortgage, charge, pledge, lien, right of retention, right of set off or any other security interest over any of our present or future assets, business or undertaking;
- enter into profit sharing or other similar arrangement;
- make certain investments or acquisitions;

- substantially change the nature of our business;
- amalgamate, consolidate, merge, reorganise or undertake a reduction in share capital;
- alter, delete, vary or amend their respective constitutions or constituent documents; and
- permit or undertake any change of ownership and/or management and/or guarantors.

Under the terms of our facilities, we are required to, amongst others, comply with various covenants, including satisfying and maintaining specified financial ratios. These financial ratios include requirements such as maintaining a certain debt-to-equity ratio and gearing ratio. Our ability to meet those covenants may be affected by events beyond our control and there can be no assurance that we will continue to meet these financial ratios.

Certain of the facility agreements entered into by our Company contains covenants which are tied to the shareholding interests of our Controlling Shareholder and/or which place restrictions on any change of control of our Company. The terms of the relevant facilities generally refer to any change in controlling shareholders, material change in ownership or change in control, without specifying thresholds for the shareholding interest and/or minimum percentage level of interests to be maintained or the events that would constitute a change of control of our Company. However, certain facilities have made reference to the definition of "controlling shareholder" as defined under the Bursa Listing Requirements, which defines "controlling shareholder" as any person who is, or a group of persons who together are, entitled to exercise or control the exercise of more than 33% of the voting shares in a company (or such other percentage as may be prescribed in the Malaysian Take-over Code, as being the level for triggering a mandatory general offer) or who is or are in a position to control the composition of a majority of the board of directors of such company.

There is no requirement for the Controlling Shareholder to inform our Company of any share pledging arrangement. Nonetheless, pursuant to Section 138 of the Malaysia Companies Act, a substantial shareholder is required to give notice to our Company in writing of a change in his interest in the voting shares of our Company within three days after the date of the change. Upon receipt of the notice, our Company is required to make an immediate announcement to Bursa Securities of the change in the interest of the substantial shareholder in compliance with Paragraph 9.19(17) of the Bursa Listing Requirements. Pursuant to Section 139 of the Malaysia Companies Act, a substantial shareholder is required to give notice to our Company in writing within three days after he has ceased to be a substantial shareholder of our Company. Upon receipt of the notice, our Company has to make an immediate announcement to Bursa Securities of the cessation of the substantial shareholder's interest in our Company in compliance with Paragraph 9.19(17) of the Bursa Listing Requirements.

Pursuant to Section 8(9)(b) of the Malaysia Companies Act, an interest in a share shall be disregarded as an interest if it is an interest of a person whose ordinary business includes the lending of money or the giving of financing if he holds the interest only by way of security for the purposes of a transaction entered into in the ordinary course of business in connection with the lending of money or the giving of financing. Accordingly, the entry into a share pledging arrangement would not constitute a change in interest under the Malaysia Companies Act, such that the substantial shareholder would be required to give notice to our Company of such changes.

To the best of our Directors' knowledge, as at the Latest Practicable Date, we are not in breach of any of the terms and conditions or covenants associated with any credit arrangement or bank loan, including any of our Group's loan covenants, which could materially affect our financial position and results or business operations, or the investments by our Shareholders. We are not restricted in the use of our borrowings.

EXCHANGE RATES AND EXCHANGE CONTROLS

EXCHANGE RATES

As at the Latest Practicable Date, the exchange rate between Ringgit Malaysia and Singapore Dollar (in Ringgit Malaysia per Singapore Dollar), rounded to three decimal places, is S$1.00 = RM3.436.

The following table below shows the high, low, average and period-end exchange rates between Ringgit Malaysia and Singapore Dollar (in Ringgit Malaysia per Singapore Dollar) as announced by Bloomberg L.P.. These exchange rates have been presented solely for information only. Our Company does not make any representations that the Ringgit Malaysia or Singapore Dollar amounts set forth below and referred to elsewhere in this Introductory Document could have been or could be converted into any of the respective other currencies at the rate indicated or at any other rate or at all.

	Closing Exchange Rates RM per Singapore dollar(1)			
Year/Period	**Average(2)**	**High**	**Low**	**Period End**
FY2020	3.047	3.092	2.978	3.043
FY2021	3.084	3.130	3.033	3.086
FY2022	3.191	3.376	3.063	3.283
1Q2023	3.296	3.343	3.231	3.320
2Q2023	3.339	3.472	3.231	3.440
January 2023	3.264	3.287	3.231	3.241
February 2023	3.285	3.327	3.244	3.327
March 2023	3.330	3.343	3.312	3.320
April 2023	3.323	3.340	3.309	3.337
May 2023	3.375	3.422	3.341	3.405
June 2023	3.442	3.472	3.404	3.440
July 2023	3.439	3.477	3.389	3.389
August 2023	3.414	3.435	3.389	3.435
September 2023 (up to the Latest Practicable Date)	3.435	3.441	3.427	3.436

Notes:

(1) Source: Bloomberg L.P.. Bloomberg L.P. has not provided its consent for the inclusion of the exchange rates quoted under this section and is therefore not liable for such information. While our Company and the Issue Manager have taken reasonable actions to ensure that the above exchange rates have been reproduced in their proper form and context, neither our Company, the Issue Manager, nor any other party have conducted an independent review of the information or verified the accuracy of the contents of the relevant information.

(2) The yearly or periodic average rate is calculated based on the closing rate of the exchange rate on the last business day of each month during that year or period. The monthly average rate is calculated based on the closing rate of the exchange rate on each day during that month.

Fluctuations in the exchange rate between the Singapore Dollar and Ringgit Malaysia will affect the Ringgit Malaysia equivalent of the Singapore Dollar price of our Shares on the SGX-ST and the Ringgit Malaysia value of the cash dividends paid by us in Singapore Dollar. See the section entitled "*Risk Factors – Risks Relating to an Investment in Our Shares – Exchange rate fluctuations may adversely affect the value of our Shares and any dividend distribution*" of this Introductory Document.

EXCHANGE CONTROLS

The following is a description of the exchange controls that exist in the key jurisdictions our Group operates in.

Malaysia

There are foreign exchange control policies in Malaysia which support the monitoring of capital flows into and out of the country in order to preserve its financial and economic stability. The foreign exchange control framework in Malaysia is governed by the FSA and Foreign Exchange Policy Notices. These notices regulate both residents and non-residents of Malaysia.

Under the current Foreign Exchange Policy Notices issued by BNM, non-residents are allowed to repatriate from Malaysia, funds including any income earned or proceeds from divestment of a Ringgit Malaysia asset, provided that such repatriation is made in foreign currency and the conversion of Ringgit Malaysia into foreign currency is undertaken in accordance with the Foreign Exchange Policy Notices.

Singapore

There are no exchange control restrictions in Singapore.

Indonesia

The Indonesia government adopts several foreign exchange control laws and regulations with the aim of regulating the flow of international trade, investment, and payment. The implementation and supervision of the foreign exchange sector is conducted by Bank Indonesia. Pursuant to the prevailing law on foreign exchange, Bank Indonesia has the authority to set out reporting obligations for foreign exchange activities and adopts policies to implement precautionary principles in the foreign exchange sector. As at the Latest Practicable Date, there is a monthly foreign exchange reporting obligation to Bank Indonesia for entities performing foreign exchange activities. Such reporting shall cover the following information:

- trade transaction of goods, services, and other transactions between a resident (individual or legal entity) and non-resident (individual or legal entity);
- main data on foreign loans and/or risk participation transaction;
- projected drawdown and/or repayment of foreign loans and/or risk participation transaction;
- realisation of the projected drawdown and/or repayment of foreign loans and/or risk participation transaction;
- position and changes in foreign financial asset, foreign financial liabilities, and/or risk participation transaction; and/or
- plans on the taking of new foreign loans and/or its amendment.

A Bank Indonesia regulation also requires holders of a bank account which intend to transfer funds in foreign currency with a value equivalent to more than US$100,000 to provide the bank with the supporting documents underlying the transfer of funds. Separately, Bank Indonesia prohibits the transfer of Rupiah outside Indonesia. However, up to IDR100 million can be physically taken out of Indonesia, and any amount in excess of this must be declared to Indonesia customs and obtain approval from Bank Indonesia.

While the current framework of foreign exchange policies in Indonesia does not restrict the transfer of funds (in a currency other than Rupiah from Indonesia to Malaysia and/or Singapore), in the event that the Bank Indonesia introduces any restrictions in the future, our Group may be affected in our ability to repatriate dividends to Malaysia and/or Singapore.

SELECTED CONSOLIDATED FINANCIAL INFORMATION

You should read the following selected consolidated financial information for the periods and as at the dates indicated in conjunction with the section entitled "Management's Discussion and Analysis of Financial Position and Results of Operations" of this Introductory Document, "Independent Auditors' Report on the Audited Financial Statements for the Financial Years Ended 31 December 2022, 2021 and 2020" as set out in Appendix A to this Introductory Document and "Independent Auditors' Review Report on the Unaudited Financial Statements for the Three-Month Period Ended 31 March 2023" as set out in Appendix B to this Introductory Document.

Our financial statements are reported in Ringgit Malaysia and are prepared and presented in accordance with MFRS and IFRS. Our historical results for any prior or interim periods are not necessarily indicative of results to be expected for a full fiscal year or for any future period.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Audited			Unaudited	
RM'000	**FY2020**	**FY2021**	**FY2022**	**1Q2022**	**1Q2023**
Revenue	926,003	1,188,919	1,305,999	337,349	250,298
Cost of sales	(601,870)	(713,580)	(813,070)	(198,578)	(165,560)
Gross profit	**324,133**	**475,339**	**492,929**	**138,771**	**84,738**
Other items of income					
Interest income	13,281	8,644	9,846	2,214	2,662
Dividend income	-	172	18	18	-
Other income	34,126	22,245	417,515	65,966	33,883
Net impairment write back on financial assets	222	7,825	-	255	-
Other items of expenses					
Marketing and distribution costs	(30,560)	(36,047)	(35,797)	(8,689)	(7,156)
Administrative expenses	(151,867)	(140,413)	(175,807)	(40,484)	(43,059)
Finance costs	(47,758)	(41,058)	(32,377)	(8,949)	(5,364)
Other expenses	(43,826)	(97,502)	(164,874)	(44,024)	(6,638)
Net impairment losses on financial assets	-	-	(4,254)	-	-
Share of profit of associate, net of tax	8,332	18,988	18,477	6,289	2,002
Share of profit/(loss) of joint ventures, net of tax	24,159	35,891	31,621	4,482	(6,843)
Profit before tax	**130,242**	**254,084**	**557,297**	**115,849**	**54,225**
Taxation	(39,918)	(52,071)	(32,304)	(9,149)	(16,292)
Profit for the financial year/period	**90,324**	**202,013**	**524,993**	**106,700**	**37,933**
Other comprehensive (loss)/income					
Item that may be reclassified subsequently to profit or loss:					
Foreign currency translations	(49,986)	36,261	(53,856)	6,042	73,411
Net loss on financial assets at fair value through other comprehensive income ("**FVOCI**")	-	-	-	-	(391)
Reclassification of exchange translation reserve to profit or loss	-	(1,749)	339	-	-
	(49,986)	**34,512**	**(53,517)**	**6,042**	**73,020**

RM'000	Audited FY2020	FY2021	FY2022	Unaudited 1Q2022	1Q2023
Item that may not be reclassified subsequently to profit or loss:					
Remeasurements of net defined benefit liabilities	(3,473)	1,180	1,077	-	-
Other comprehensive (loss)/income for the financial year, net of tax	**(53,459)**	**35,692**	**(52,440)**	**6,042**	**73,020**
Total comprehensive income for the financial year/period	**36,865**	**237,705**	**472,553**	**112,742**	**110,953**
Profit attributable to:					
Owners of the Company	79,487	169,415	456,407	96,476	29,428
Non-controlling interests	10,837	32,598	68,586	10,224	8,505
	90,324	**202,013**	**524,993**	**106,700**	**37,933**
Total comprehensive income attributable to:					
Owners of the Company	28,252	199,379	411,329	101,864	93,431
Non-controlling interests	8,613	38,326	61,224	10,878	17,522
	36,865	**237,705**	**472,553**	**112,742**	**110,953**
Earnings per share attributable to owners of the Company (sen per share):					
Basic earnings per share	5.76	12.27	33.07	6.99	2.13

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

RM'000	Audited			Unaudited
	As at 31 December 2020	As at 31 December 2021	As at 31 December 2022	As at 31 March 2023
Assets				
Non-current assets				
Property, plant and equipment	1,300,073	1,610,212	1,256,556	1,289,312
Right-of-use assets	391,482	288,881	255,082	258,787
Biological assets	407,746	400,762	364,842	365,119
Intangible assets	49,113	51,647	50,350	51,762
Investment in an associate	84,097	82,073	77,437	76,813
Investments in joint ventures	73,571	89,462	106,083	99,241
Deferred tax assets	2,138	4,297	6,026	506
Other receivables	40,438	74,798	53,946	57,154
Investment securities	50	50	50	24,544
Total non-current assets	**2,348,708**	**2,602,182**	**2,170,372**	**2,223,238**
Current assets				
Biological assets	9,251	17,346	13,531	16,089
Inventories	113,628	143,566	132,923	139,961
Trade and other receivables	60,433	62,988	39,725	44,916
Other current assets	6,050	25,105	6,432	9,303
Tax recoverable	5,018	5,132	8,789	11,215
Investment securities	5	3	1	1
Derivative assets	208	370	30	-
Short term funds	15,302	17,464	6,385	5,214
Cash and bank balances	147,832	279,728	375,580	303,197
	357,727	551,702	583,396	529,896
Assets held for sale	465,342	154,152	205,510	215,029
Total current assets	**823,069**	**705,854**	**788,906**	**744,925**
Total assets	**3,171,777**	**3,308,036**	**2,959,278**	**2,968,163**
Equity and Liabilities				
Current liabilities				
Loans and borrowings	690,211	521,752	394,251	290,080
Trade and other payables	77,734	204,661	142,158	162,445
Derivative liabilities	3,361	1,914	3,282	2,344
Lease liabilities	841	939	615	410
Current tax payable	8,812	22,642	16,855	17,499
	780,959	**751,908**	**557,161**	**472,778**
Liabilities associated with assets held for sale	24,396	40,553	-	-
Total current liabilities	**805,355**	**792,461**	**557,161**	**472,778**

RM'000	Audited As at 31 December 2020	As at 31 December 2021	As at 31 December 2022	Unaudited As at 31 March 2023
Non-current liabilities				
Loans and borrowings	618,984	587,573	164,860	147,650
Retirement benefits	16,427	19,158	17,324	19,364
Lease liabilities	4,079	3,188	1,320	1,221
Deferred tax liabilities	129,149	92,068	86,555	86,099
Total non-current liabilities	**768,639**	**701,987**	**270,059**	**254,334**
Total liabilities	**1,573,994**	**1,494,448**	**827,220**	**727,112**
Net assets	**1,597,783**	**1,813,588**	**2,132,058**	**2,241,051**
Equity attributable to owners of the Company				
Share capital	740,512	740,512	740,512	740,512
Treasury shares	(1,467)	(1,467)	(1,467)	(1,467)
Other reserves	(237,857)	(208,893)	(254,906)	(190,903)
Retained earnings	952,244	1,111,178	1,416,700	1,446,128
	1,453,432	1,641,330	1,900,839	1,994,270
Non-controlling interests	144,351	172,258	231,219	246,781
Total equity	**1,597,783**	**1,813,588**	**2,132,058**	**2,241,051**
Total equity and liabilities	**3,171,777**	**3,308,036**	**2,959,278**	**2,968,163**

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL POSITION AND RESULTS OF OPERATIONS

The following discussion of our results of operations and financial position should be read in conjunction with the full text of this Introductory Document, including the sections entitled "Risk Factors" and "Selected Consolidated Financial Information" of this Introductory Document and the "Independent Auditors' Report on the Audited Financial Statements for the Financial Years Ended 31 December 2022, 2021 and 2020" and the "Independent Auditors' Review Report on the Unaudited Financial Statements for the Three-Month Period Ended 31 March 2023" as set out in Appendix A and Appendix B to this Introductory Document, respectively.

This discussion contains forward-looking statements based upon current expectations that involve risks and uncertainties. Our actual results and the timing of selected events may differ from those projected in the forward-looking statements. Factors that might cause our future results to differ significantly from those projected in the forward-looking statements include, but are not limited to, those discussed below and elsewhere in this Introductory Document, particularly in the section entitled "Risk Factors" of this Introductory Document. Under no circumstances should the inclusion of such forward-looking statements herein be regarded as a representation, warranty or prediction with respect to the accuracy of the underlying assumptions by us, the Issue Manager or any other person. Investors are cautioned not to place undue reliance on these forward-looking statements that speak only as at the date hereof. See the section entitled "Cautionary Note Regarding Forward-Looking Statements" of this Introductory Document.

OVERVIEW

We are a producer of CPO and PK, with our oil palm plantations located in Malaysia and Indonesia. We are principally engaged in cultivating oil palm trees, harvesting FFB from our oil palm plantations and processing FFB into CPO and PK for sale in Malaysia and Indonesia. Our operations are located in Sabah, Malaysia and East Kalimantan, Central Kalimantan, North Kalimantan and West Sumatera in Indonesia, where we have a total oil palm planted area of 39,071 Ha and six palm oil mills, comprising two in Sabah, Malaysia and four in Indonesia. As at the Latest Practicable Date, we are operating only one of the two palm oil mills in Sabah, Malaysia in order to achieve better cost efficiency and economies of scale.

Our Group is principally engaged in the palm products business segment, which involves oil palm cultivation and processing of FFB into CPO and PK. In addition, our Group also engages in the other businesses segment which comprises the following divisions: (i) the wood division; and (ii) the bio-integration division.

PRINCIPAL COMPONENTS OF OUR STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Revenue

For the Period Under Review, our revenue comprised the following business segments:

(i) palm products business segment; and

(ii) other businesses segment, which comprise the wood division and the bio-integration division.

Our revenue amounted to RM926.0 million, RM1,188.9 million, RM1,306.0 million, RM337.3 million and RM250.3 million for FY2020, FY2021, FY2022, 1Q2022 and 1Q2023 respectively.

Revenue Recognition

(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 the 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 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 judgment is required in determining performance obligations, transaction price allocation and costs in applying the input method to recognise revenue over time.

Our 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. Our Group also estimated total contract costs in applying the input method to recognise revenue over time.

The breakdown of our revenue by business segments and geographical segments for the Period Under Review are set out in the tables below:

Revenue By Business Segments

	Audited						Unaudited			
	FY2020		FY2021		FY2022		1Q2022		1Q2023	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Palm Products	814,407	87.9	1,094,543	92.1	1,202,038	92.0	312,264	92.6	233,124	93.1
Others	111,596	12.1	94,376	7.9	103,961	8.0	25,085	7.4	17,174	6.9
Total	**926,003**	**100.0**	**1,188,919**	**100.0**	**1,305,999**	**100.0**	**337,349**	**100.0**	**250,298**	**100.0**

Revenue By Geographical Segments

	Audited						Unaudited			
	FY2020		FY2021		FY2022		1Q2022		1Q2023	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Malaysia	361,524	39.0	486,685	40.9	448,802	34.4	134,133	39.8	74,683	29.8
Indonesia	492,343	53.2	641,955	54.0	783,620	60.0	184,480	54.7	163,102	65.2
USA	49,831	5.4	30,893	2.6	40,079	3.1	11,202	3.3	5,619	2.2
Southwest Pacific	12,571	1.4	21,253	1.8	23,526	1.8	4,875	1.4	4,987	2.0
Others	9,734	1.0	8,133	0.7	9,972	0.7	2,659	0.8	1,907	0.8
Total	**926,003**	**100.0**	**1,188,919**	**100.0**	**1,305,999**	**100.0**	**337,349**	**100.0**	**250,298**	**100.0**

In general, our revenue is mainly dependent on, amongst others, the following factors:

- market price fluctuations of CPO;
- FFB yield which is influenced by weather conditions; and
- changes in laws and regulations relating to the oil palm industry in Indonesia and/or Malaysia, such as taxes, levies, and export restrictions.

See the section entitled "*Risk Factors*" of this Introductory Document for more information on the above factors and other factors that may affect our Group's revenue.

Cost of Sales

Our cost of sales amounted to RM601.9 million, RM713.6 million, RM813.1 million, RM198.6 million and RM165.6 million in FY2020, FY2021, FY2022, 1Q2022 and 1Q2023 respectively, representing approximately 65.0%, 60.0%, 62.3%, 58.9% and 66.1% of our total revenue for each corresponding financial year/period.

The following table sets out the major components of our cost of sales during the Period Under Review:

	Audited						Unaudited			
	FY2020		FY2021		FY2022		1Q2022		1Q2023	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Cost of inventories sold	585,063	97.2	696,039	97.6	795,693	97.9	195,224	98.3	162,121	97.9
Supply and installation service costs	6,457	1.1	3,695	0.5	4,048	0.5	789	0.4	293	0.2
Cost of services rendered	10,350	1.7	13,846	1.9	13,329	1.6	2,565	1.3	3,146	1.9
Total	**601,870**	**100.0**	**713,580**	**100.0**	**813,070**	**100.0**	**198,578**	**100.0**	**165,560**	**100.0**

Our cost of sales comprise:

(a) cost of inventories sold, which represented cost of raw materials and inventories sold for palm products, cocoa, and timber, direct labour cost, direct overhead cost, employee benefits expense, harvesting and collection costs, upkeep and cultivation costs, depreciation and amortisation costs;

(b) supply and installation service costs, which represented cost of materials for supply of timber, direct and indirect overhead costs, and cost of sub-contractors; and

(c) costs of services rendered, which represented employee benefits expense, transportation costs, and depreciation costs.

In general, our cost of sales is mainly influenced by the fluctuation of costs associated with the following factors:

- key raw materials such as fertilisers, pesticides and fuel;
- labour costs; and
- upkeep and maintenance activities of estates.

Gross Profit and Gross Profit Margin

Gross profit is the amount of our revenue in excess of our cost of sales, and gross profit margin is the percentage of revenue that exceeds our cost of sales.

The gross profit of our Group amounted to RM324.1 million, RM475.3 million, RM492.9 million, RM138.8 million and RM84.7 million for FY2020, FY2021, FY2022, 1Q2022 and 1Q2023 respectively, representing a gross profit margin of approximately 35.0%, 40.0%, 37.7%, 41.1% and 33.9% for each of the corresponding financial year/period.

Other Items of Income

Other items of income comprise interest income, dividend income, other income and net impairment write back on financial assets.

Interest Income

Interest income comprises interest income from plasma receivables and short term deposits.

Interest income amounted to RM13.3 million, RM8.6 million, RM9.8 million, RM2.2 million and RM2.7 million in FY2020, FY2021, FY2022, 1Q2022 and 1Q2023 respectively, representing approximately 1.4%, 0.7%, 0.8%, 0.7% and 1.1% of our Group's revenue for each corresponding financial year/period.

Dividend Income

Dividend income comprises unquoted short term investments in Malaysia.

Dividend income amounted to approximately nil, RM0.2 million, RM18,000, RM18,000 and nil in FY2020, FY2021, FY2022, 1Q2022 and 1Q2023 respectively, representing less than 0.1% of our Group's revenue for each corresponding financial year/period.

Other Income

Other income mainly comprises gain on disposal of property, plant and equipment ("**PPE**") and assets held for sale, insurance claims received and receivable, management fee, net gain on unrealised foreign exchange, and net gain from fair value adjustment of FFB.

Other income amounted to RM34.1 million, RM22.2 million, RM417.5 million, RM66.0 million and RM33.9 million in FY2020, FY2021, FY2022, 1Q2022 and 1Q2023 respectively, representing approximately 3.7%, 1.9%, 32.0%, 19.6% and 13.5% of our Group's revenue for each corresponding financial year/period.

Net Impairment Write Back on Financial Assets

Net impairment write back on financial assets relates to write back of impairment losses on trade receivables and other receivables. Further details of the net impairment write back on financial assets has been disclosed in Notes 12 and 25 of the *"Independent Auditors' Report on the Audited Financial Statements for the Financial Years Ended 31 December 2022, 2021 and 2020"* as set out in Appendix A to this Introductory Document and Notes 13 and 24 of the *"Independent Auditors' Review Report on the Unaudited Financial Statements for the Three-Month Period Ended 31 March 2023"* as set out in Appendix B to this Introductory Document.

Net impairment write back on financial assets amounted to RM0.2 million, RM7.8 million, nil, RM0.3 million and nil in FY2020, FY2021, FY2022, 1Q2022 and 1Q2023 respectively, representing less than 0.1%, 0.7%, nil, 0.1% and nil of our Group's revenue for each corresponding financial year/period.

Other Items of Expenses

Other items of expenses comprise marketing and distribution costs, administrative expenses, finance costs, other expenses and net impairment losses on financial assets.

Marketing and Distribution Costs

Marketing and distribution costs mainly comprise sales tax and transportation cost.

Marketing and distribution costs amounted to RM30.6 million, RM36.0 million, RM35.8 million, RM8.7 million and RM7.2 million in FY2020, FY2021, FY2022, 1Q2022 and 1Q2023 respectively, representing approximately 3.3%, 3.0%, 2.7%, 2.6% and 2.9% of our Group's revenue for each corresponding financial year/period.

Administrative Expenses

Administrative expenses mainly comprise depreciation and amortisation costs, employee benefits expense, directors' remuneration, legal and professional fees, utilities costs, office expenses, and office upkeep and maintenance costs.

Administrative expenses amounted to RM151.9 million, RM140.4 million, RM175.8 million, RM40.5 million and RM43.1 million in FY2020, FY2021, FY2022, 1Q2022 and 1Q2023 respectively, representing approximately 16.4%, 11.8%, 13.5%, 12.0% and 17.2% of our Group's revenue for each corresponding financial year/period.

Finance Costs

Finance costs comprise interest expenses on terms loans, revolving credits, bankers' acceptances, lease liabilities, and bank overdrafts as well as Islamic financing distribution payment on the Sukuk Ijarah Medium Term Notes ("**MTNs**"), Sukuk Murabahah MTNs, buy-back premium on the MTNs, and Sukuk Murabahah Islamic Commercial Papers ("**ICPs**"), which are partially reduced by interest expense capitalised in bearer plants and forest planting expenditure.

Finance costs amounted to RM47.8 million, RM41.1 million, RM32.4 million, RM8.9 million and RM5.4 million in FY2020, FY2021, FY2022, 1Q2022 and 1Q2023 respectively, representing approximately 5.2%, 3.5%, 2.5%, 2.7% and 2.1% of our Group's revenue for each corresponding financial year/period.

Other Expenses

Other expenses mainly comprise inventories written down, inventories written off, impairment losses on assets, loss from fair value adjustment of forest planting expenditure and FFB, realised loss on commodity future contracts and losses on foreign exchange.

Other expenses amounted to RM43.8 million, RM97.5 million, RM164.9 million, RM44.0 million and RM6.6 million in FY2020, FY2021, FY2022, 1Q2022 and 1Q2023 respectively, representing approximately 4.7%, 8.2%, 12.6%, 13.0% and 2.7% of our Group's revenue for each corresponding financial year/period.

Fair value adjustment of forest planting expenditure amounted to a gain of RM1.8 million in FY2020 and amounted to a loss of RM9.9 million and RM37.2 million in FY2021 and FY2022, respectively. Fair value loss on forest planting expenditure of RM37.2 million in FY2022 is mainly attributable to significant increase in the cost of yarding, loading and unloading of logs, as well as transportation to the port due to significantly higher fuel prices and prevailing low rubber prices. Forest planting expenditure represents industrial timber plantation expenses incurred on the development of our Group's sustainable forest management project under a sustainable forest management licence agreement with the State Government of Sabah under forest management unit at Ulu Tungud in Sabah, Malaysia. This is carried at its fair value with changes in fair value recognised in profit or loss.

Our Group will carry out a valuation exercise to reflect the fair value of our Group's forest planting expenditure within the industrial timber plantation area at the end of each financial year, and the fair value changes as recorded in the books are based on such valuation exercise carried out.

Net impairment Losses on Financial Assets

Net impairment losses on financial assets comprise impairment losses on trade receivables and other receivables. None of the parties involved in such impaired trade receivables were related to our Company's Directors, Executive Officers and/or Controlling Shareholder.

Net impairment losses on financial assets amounted to RM4.3 million in FY2022, representing approximately 0.3% of our Group's revenue for FY2022. No net impairment losses were registered for FY2020, FY2021, 1Q2022 and 1Q2023.

Share of Profit of Associate, Net of Tax

Share of profit of associate is related to share of operating result from Innoprise.

Share of profit of associate, net of tax amounted to RM8.3 million, RM19.0 million, RM18.5 million, RM6.3 million and RM2.0 million in FY2020, FY2021, FY2022, 1Q2022 and 1Q2023 respectively, representing approximately 0.9%, 1.6%, 1.4%, 1.9% and 0.8% of our Group's revenue for each corresponding financial year/period.

Share of Profit/(Loss) of Joint Ventures, Net of Tax

Share of profit/(loss) of joint ventures is related to share of operating result from TSH-Wilmar and TSH-Wilmar (BF), which are 50:50 joint venture companies of our Company with the Wilmar Group.

Share of profit of joint ventures, net of tax amounted to RM24.2 million, RM35.9 million, RM31.6 million, and RM4.5 million in FY2020, FY2021, FY2022 and 1Q2022 respectively, and share of loss of joint ventures, net of tax amounted to RM6.8 million in 1Q2023, representing approximately 2.6%, 3.0%, 2.4%, 1.3% and 2.7% of our Group's revenue for each corresponding financial year/period.

Profit Before Tax

Profit before tax amounted to RM130.2 million, RM254.1 million, RM557.3 million, RM115.8 million and RM54.2 million in FY2020, FY2021, FY2022, 1Q2022 and 1Q2023 respectively, representing approximately 14.1%, 21.4%, 42.7%, 34.3% and 21.7% of our Group's revenue for each corresponding financial year/period.

Taxation

Our Group has operations mainly in Malaysia and Indonesia with statutory tax rates ranging from 22.0% to 24.0%. Excluding share of profit/(loss) of associate and joint ventures and gain/(loss) on foreign exchange, our effective tax rates were approximately 41.5%, 24.6%, 6.0%, 8.4% and 25.8% for FY2020, FY2021, FY2022, 1Q2022 and 1Q2023 respectively. Our effective tax rates for FY2020, FY2021 and 1Q2023 were higher than the Malaysia statutory corporate tax rate of 24.0% mainly due to deferred tax assets not recognised for certain subsidiaries coupled with non-deductibility of certain expenses for taxation purpose. Our effective tax rates for FY2022 and 1Q2022 were lower than the Malaysian statutory corporate tax rate of 24.0% mainly due to reversal of temporary differences resulting from the disposals of two oil palm plantations and a palm oil mill in Sabah, Malaysia and disposal of land in Kalimantan, Indonesia.

DISPOSALS OF CERTAIN OIL PALM PLANTATIONS, PALM OIL MILL AND LAND DURING THE PERIOD UNDER REVIEW AND THEIR FINANCIAL EFFECTS

Disposal of Oil Palm Plantations and a Palm Oil Mill in Sabah, Malaysia

On 6 July 2021, our Company and two of our wholly-owned subsidiaries, namely TSH Palm Products Sdn. Bhd. and TSH Plantation, entered into the respective sale and purchase agreements with Sharikat Keratong Sdn. Bhd. ("**SKSB**") for the disposals of an oil palm plantation known as Ladang Gomantong ("**SPA 1**"), an oil palm plantation known as Ladang Ong Yah Ho ("**SPA 2**") and a palm oil mill known as Lahad Datu Palm Oil Mill ("**SPA 3**"), all located in Sabah, Malaysia, for a total cash consideration of RM248.0 million.

The disposals under SPA 2 and SPA 3 were completed on 25 March 2022 whilst the disposal under SPA 1 was completed on 6 May 2022. The financial effects of the foregoing disposals under SPA 1, SPA 2 and SPA 3 were set out in an announcement dated 6 July 2021 made by our Company on Bursa LINK, including the pro forma effects of such disposals, which were prepared based on the audited consolidated financial statements for FY2020.

The rationale for our Group's disposal of the two oil palm plantations and the palm oil mill in Sabah, Malaysia was that the value of the aforementioned properties has appreciated over the years, and our Group was in a position to realise the significant gain in value through the disposals. The disposals also provided an opportunity for our Group to unlock and realise the value of our investments in the aforementioned properties. The disposals were expected to generate cash proceeds of approximately RM248.0 million to our Group, which would enable our Group to pare down our existing borrowings and reduce our net gearing. The improved gearing would also provide greater capacity to raise additional funding to accelerate the development of our Group's remaining unplanted plantation lands which, upon maturity, will contribute positively towards our Group's financial performance. In addition, our Group would be able to save significant capital expenditure for land clearing and replanting in the coming years as a significant portion of the oil palm plantation estates are due for replanting.

Disposal of Land in Kalimantan, Indonesia

On 9 December 2021, PT BCAP, a 90% owned subsidiary of our 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 seven pieces of certified land measuring approximately 13,214.90 Ha located in Kalimantan, Indonesia, together with certain plots of uncertified land adjoining thereto. On 4 April 2022, PT BCAP, KIKI and KIPI entered into a conditional sale, purchase and compensation of land agreement for the disposal by PT BCAP of 13,214.90 Ha of certified land together with 683.36 Ha of uncertified land adjoining thereto for a total cash consideration of IDR2,428.9 billion (equivalent to approximately RM731.1 million or S$232.1 million). The financial effects of the foregoing disposals were set out in a shareholders' circular dated 7 June 2022 issued by our Company for the purpose of obtaining shareholders' approval for such disposals, including the pro forma effects of such disposals, which were prepared based on the audited consolidated financial statements for FY2021.

On 8 August 2022, the disposal of 7,817.36 Ha of certified land was completed. The disposals of the remaining balance of the land was expected to be completed in 2023 but is now expected to be completed in the first half of FY2024 ("**2023 Disposals**"). After the completion of certain agreed upon procedures of a joint survey by PT BCAP, KIKI and KIPI, it was determined that the total area of uncertified land to be transacted was 574.56 Ha instead of 683.36 Ha. On 18 January 2023, the disposal for 574.56 Ha of uncertified land was completed. Following such disposal, the remaining balance of the land to be disposed comprises 5,397.54 Ha of certified land ("**Remaining Disposals**"). The disposal completed on 18 January 2023 and the Remaining Disposals were reclassified as "*Assets Held for Sale*" in the FY2022 financial statements. The delay in the completion of the Remaining Disposals is due to KIKI's and KIPI's exercise of their options on 4 July 2023 to grant PT BCAP an extension of time on the conditional sale, purchase and compensation of land agreement of 12 months from 4 July 2023 to 4 July 2024 to complete the Remaining Disposals. This is to allow our Group a reasonable time to settle matters amicably with local villagers who have occupied some small parcels of our land so that the land can be transferred clean and unimpeded to KIKI and KIPI. In the event that our Group is unable to settle matters amicably with the local villagers prior to 4 July 2024, pursuant to Article 12.B.2.1 of the conditional sale, purchase and compensation of land agreement, PT

BCAP, KIKI and KIPI shall first reasonably discuss and mutually determine, in good faith, an alternative measure for the closing of the Remaining Disposals. If a mutual agreement cannot be reached within 30 days of the expiry of the extended timeline, either party to the agreement shall be entitled to terminate the acquisition of the relevant land. Our Group would not be liable to pay penalties to KIKI and KIPI under such circumstances.

The unaudited pro forma financial effects of the 2023 Disposals based on our Group's audited consolidated financial statements for FY2022 and the unaudited pro forma financial effects of the Remaining Disposals based on our Group's unaudited interim consolidated financial statements for 1Q2023, including the financial effects on the net asset per share and gearing of our Group and the consolidated earnings per share of our Group, are set out in "*Appendix J – Financial Effects of the Remaining Disposals of Land*" to this Introductory Document.

The rationale for our Group's disposal of the land in Kalimantan, Indonesia is as follows:

(a) the disposal is in line with our Group's strategy of constantly evaluating our portfolio of investments and, where possible, seeking opportunities to unlock and realise the value of our investments for the benefit of the shareholders of our Group;

(b) the disposal enables our Group to raise cash proceeds amounting to approximately RM731.1 million for, amongst others, partial repayment of our interest-bearing borrowings, new planting and replanting of oil palm and infrastructure works and capital expenditure; and

(c) our Group had expected to record a pro forma gain on disposal of approximately RM422.0 million pursuant to the disposal.

REVIEW OF PAST PERFORMANCE

FY2020 vs FY2021

Revenue

Our revenue increased by approximately RM262.9 million or 28.4%, from RM926.0 million in FY2020 to RM1,188.9 million in FY2021. This was mainly due to higher revenue contribution from the palm products business segment as a result of higher average selling prices of CPO and PK. Average selling prices of CPO increased from RM2,453/MT in FY2020 to RM3,570/MT in FY2021 whereas average selling prices of PK increased from RM1,378/MT in FY2020 to RM2,363/MT in FY2021. In addition, FFB production also increased from 906,546MT in FY2020 to 918,986MT in FY2021, which further supported the improvement in revenue.

The increase was however partially offset by lower revenue contribution from the other businesses segment mainly due to lower consumption of the cocoa products arising from the impact of the COVID-19 pandemic globally.

Cost of Sales

Our cost of sales increased by approximately RM111.7 million or 18.6%, from RM601.9 million in FY2020 to RM713.6 million in FY2021. This was mainly due to higher cost of purchases for FFB in line with the increase in revenue in FY2021.

Gross Profit and Gross Profit Margin

Our gross profit increased by approximately RM151.2 million or 46.6%, from RM324.1 million in FY2020 to RM475.3 million in FY2021. This was mainly due to higher average selling prices of CPO and PK and higher FFB production.

The increase was partially offset by higher operating loss from the other businesses segment, mainly due to the deteriorating contribution from the cocoa products division as a result of the slowdown of the export of cocoa butter flowing from the effects of the COVID-19 pandemic, as well as lower profit contribution from the bio-integration division attributable to lower sales of electricity following the expiry of the previous power purchase agreement. A new power purchase agreement had since been executed and the supply of electricity re-commenced in March 2022.

Based on the foregoing, our gross profit margin increased from 35.0% in FY2020 to 40.0% in FY2021.

Other Items of Income

Interest Income

Our interest income decreased by approximately RM4.6 million or 34.9%, from RM13.3 million in FY2020 to RM8.6 million in FY2021. This was mainly due to lower interest income from short term deposits and plasma receivables.

Dividend Income

Our dividend income increased by 100.0%, from nil in FY2020 to approximately RM0.2 million in FY2021. This mainly arose from dividend income from short term investment in unquoted instruments in Malaysia.

Other Income

Our other income decreased by approximately RM11.9 million or 34.8%, from RM34.1 million in FY2020 to RM22.2 million in FY2021. This was mainly due to decrease in insurance claims received and receivable as well as losses on foreign exchange and loss from fair value adjustment of forest planting expenditure which were classified as “Other Expenses”.

Net Impairment Write Back on Financial Assets

Our net impairment write back on financial assets increased by approximately RM7.6 million or 3424.8%, from RM0.2 million in FY2020 to RM7.8 million in FY2021. This was mainly due to higher write back of impairment losses on trade receivables and other receivables.

Other Items of Expenses

Marketing and Distribution Costs

Our marketing and distribution costs increased by approximately RM5.5 million or 18.0%, from RM30.6 million in FY2020 to RM36.0 million in FY2021. This was mainly due to increase in sales tax, which is in line with the increase in revenue in FY2021.

Administrative Expenses

Our administrative expenses decreased by approximately RM11.5 million or 7.5%, from RM151.9 million in FY2020 to RM140.4 million in FY2021. This was mainly due to reduction in employee benefits expense following the change in Indonesia labour laws in FY2021 that reduced employee retirement obligations.

Finance Costs

Our finance costs decreased by approximately RM6.7 million or 14.0%, from RM47.8 million in FY2020 to RM41.1 million in FY2021. This was mainly related to lower interest expense incurred on the borrowings due to settlement of loans and borrowings coupled with lower interest rates.

The decrease was partially offset by the buy-back premium on MTNs on Islamic financing instruments and interest expenses on newly issued Sukuk Murabahah ICPs.

Other Expenses

Our other expenses increased by approximately RM53.7 million or 122.5%, from RM43.8 million in FY2020 to RM97.5 million in FY2021. This was mainly due to (i) higher realised losses on commodity future contracts which increased from RM11.7 million in FY2020 to RM43.6 million in FY2021 mainly due to higher spot prices of the commodity on settlement date as compared with the forward contract prices; (ii) higher inventories written down which increased from RM1.9 million in FY2020 to RM14.2 million in FY2021 mainly attributable to write down of overgrown seedling and impairment made on CPO with high FFA; (iii) loss from fair value adjustment of forest planting expenditure of RM9.9 million in FY2021 mainly arising from fair valuation of the assets, whereas in FY2020 there was a gain from fair value adjustment of forest planting expenditure of RM1.8 million which was classified as “Other Income”; and (iv) higher losses on foreign exchange which increased from RM3.6 million in FY2020 to RM12.5 million in FY2021 mainly attributable to the strengthening of the US Dollar against the Ringgit Malaysia. The increase was slightly offset by lower inventories written-off which decreased from RM11.7 million in FY2020 to RM2.1 million in FY2021.

Share of Profit of Associate, Net of Tax

Our share of profit of associate, net of tax increased by approximately RM10.7 million or 127.9%, from RM8.3 million in FY2020 to RM19.0 million in FY2021. This was mainly due to higher average selling prices of CPO.

Share of Profit of Joint Ventures, Net of Tax

Our share of profit of joint ventures, net of tax increased by approximately RM11.7 million or 48.6%, from RM24.2 million in FY2020 to RM35.9 million in FY2021. This was mainly due to higher operating margin from the refinery and the fractionation and PK crushing plant from the joint venture with the Wilmar Group mainly as a result of higher average selling prices of refined palm oil products in FY2021 as compared with FY2020.

Profit Before Tax

Our Group’s profit before tax increased by approximately RM123.8 million or 95.1% from RM130.2 million in FY2020 to RM254.1 million in FY2021 mainly attributable to improvement in the profit contribution from the palm products business segment in line with its revenue improvement, as well as higher profit contributions from the associate and joint ventures. This was partially offset by the loss from the other businesses segment.

FY2021 vs FY2022

Revenue

Our revenue increased by approximately RM117.1 million or 9.8%, from RM1,188.9 million in FY2021 to RM1,306.0 million in FY2022. This was mainly supported by higher revenue contribution from both the palm products business segment and the other businesses segment. The improvement in revenue from the palm products business segment was mainly attributable to higher average selling prices of CPO and PK. Average selling prices of CPO increased from RM3,570/MT in FY2021 to RM4,100/MT in FY2022 whereas average selling prices of PK increased from RM2,363/MT in FY2021 to RM2,668/MT in FY2022. In addition, FFB production also increased from 918,986MT in FY2021 to 923,990MT in FY2022 despite the disposals of two oil palm plantation estates which were completed in the first half of FY2022.

Revenue from the other businesses segment also increased primarily due to higher revenue contribution from the wood division due to increase in export sales, particularly to the USA, following the global recovery from the impact of the COVID-19 pandemic.

Cost of Sales

Our cost of sales increased by approximately RM99.5 million or 13.9%, from RM713.6 million in FY2021 to RM813.1 million in FY2022. This was mainly due to higher cost of purchases for FFB and escalating cost of materials, energy and transport.

Gross Profit and Gross Profit Margin

Our gross profit increased slightly by approximately RM17.6 million or 3.7%, from RM475.3 million in FY2021 to RM492.9 million in FY2022 mainly due to higher average selling prices of CPO and PK and higher FFB production, despite the disposals of two oil palm plantation estates which were completed in the first half of FY2022.

The increase was partially offset by higher operating loss from the other businesses segment attributable to fair value loss on forest planting expenditure of RM37.2 million and impairment losses on assets of RM38.8 million as a result of impairment review.

Based on the foregoing, our gross profit margin decreased from 40.0% in FY2021 to 37.7% in FY2022.

Other Items of Income

Interest Income

Our interest income increased by approximately RM1.2 million or 13.9%, from RM8.6 million in FY2021 to RM9.8 million in FY2022. This was mainly due to higher interest income from short term deposits partially offset by decrease in interest income from plasma receivables.

Dividend Income

Our dividend income decreased slightly by approximately RM0.2 million or 89.5%, from RM0.2 million in FY2021 to approximately RM18,000 in FY2022. This was mainly due to lower dividend income from short term investment in unquoted instruments in Malaysia.

Other Income

Our other income increased by approximately RM395.3 million or 1776.9%, from RM22.2 million in FY2021 to RM417.5 million in FY2022. This was mainly due to the gain on disposals of two oil palm plantation estates and the palm oil mill in Sabah, Malaysia and disposal of land in Kalimantan, Indonesia.

Other Items of Expenses

Marketing and Distribution Costs

Our marketing and distribution costs decreased slightly by approximately RM0.2 million or 0.7%, from RM36.0 million in FY2021 to RM35.8 million in FY2022. This was mainly due to the disposal of the palm oil mill in Sabah, Malaysia during the first quarter of FY2022.

Administrative Expenses

Our administrative expenses increased by approximately RM35.4 million or 25.2%, from RM140.4 million in FY2021 to RM175.8 million in FY2022. This was mainly due to increase in travelling, accommodation and employee benefits related expenses following re-opening of cross-country borders.

Finance Costs

Our finance costs decreased by approximately RM8.7 million or 21.1%, from RM41.1 million in FY2021 to RM32.4 million in FY2022. This was mainly due to lower interest expenses incurred on the borrowings due to settlement of loans and borrowings despite increase in the interest rates.

The decrease was partially offset by the increase in buy-back premium on MTNs on Islamic financing instruments, higher interest expenses on term loans and ICPs.

Other Expenses

Our other expenses increased by approximately RM67.4 million or 69.1%, from RM97.5 million in FY2021 to RM164.9 million in FY2022. This was mainly due to higher losses from fair value adjustment of forest planting expenditure, higher losses on foreign exchange, fair value loss on forward currency contracts, impairment losses on PPE, and loss from fair value adjustment of FFB.

The increase in other expenses was partially offset by the decrease in realised loss on commodity future contracts.

Net Impairment Losses on Financial Assets

Our Group registered a net impairment loss on financial assets of RM4.3 million in FY2022, as compared to net impairment write back on financial assets of RM7.8 million in FY2021. This was mainly due to higher impairment losses made on trade receivables and other receivables.

Share of Profit of Associate, Net of Tax

Our share of profit of associate, net of tax decreased by approximately RM0.5 million or 2.7%, from RM19.0 million in FY2021 to RM18.5 million in FY2022. This was mainly due to the upward revision of minimum wage in Malaysia which came into effect in May 2022, as well as higher cost of upkeep and maintenance, especially fertiliser cost and fuel cost.

Share of Profit of Joint Ventures, Net of Tax

Our share of profit of joint ventures, net of tax decreased by approximately RM4.3 million or 11.9%, from RM35.9 million in FY2021 to RM31.6 million in FY2022. This was mainly due to lower operating margin from the fractionation and PK crushing plant from the joint venture with the Wilmar Group mainly as a result of relatively higher costs in FY2022 compared with FY2021.

Profit Before Tax

Our Group's profit before tax increased by approximately RM303.2 million or 119.3%, from RM254.1 million in FY2021 to RM557.3 million in FY2022 as a result of the gain on disposals of the two oil palm plantation estates and the palm oil mill in Sabah, Malaysia and disposal of land in Kalimantan, Indonesia of approximately RM395.3 million, partially offset by impairment losses on PPE of RM56.3 million and higher losses on foreign exchange of RM33.3 million.

1Q2022 vs 1Q2023

Revenue

Our revenue decreased by approximately RM87.1 million or 25.8%, from RM337.3 million in 1Q2022 to RM250.3 million in 1Q2023. This was mainly resulted from lower revenue contribution from both the palm products business segment and the other businesses segment. The reduction in revenue from the palm products business segment was mainly attributable to lower average selling prices of CPO and PK. Average selling prices of CPO decreased from RM4,779/MT in 1Q2022 to RM3,555/MT in 1Q2023 whereas average selling prices of PK decreased from RM3,950/MT in 1Q2022 to RM1,770/MT in 1Q2023. Nonetheless, FFB production for 1Q2023 was slightly higher compared to 1Q2022 due to higher FFB yield per hectare despite the disposal of an oil palm plantation estate which was completed in 1Q2022.

Revenue from the other businesses segment also decreased primarily due to lower demand for wood products and temporary shutdown of the biomass power plant in Sabah, Malaysia for maintenance during 1Q2023.

Cost of Sales

Our cost of sales decreased by approximately RM33.0 million or 16.6%, from RM198.6 million in 1Q2022 to RM165.6 million in 1Q2023. This was mainly due to lower cost of purchases for FFB.

Gross Profit and Gross Profit Margin

Our gross profit decreased by approximately RM54.0 million or 38.9%, from RM138.8 million in 1Q2022 to RM84.7 million in 1Q2023 mainly due to lower average selling prices of CPO and PK despite higher FFB production.

Based on the foregoing, our gross profit margin decreased from 41.1% in 1Q2022 to 33.9% in 1Q2023.

Other Items of Income

Interest Income

Our interest income increased by approximately RM0.4 million or 20.2%, from RM2.2 million in 1Q2022 to RM2.7 million in 1Q2023. This was mainly due to higher interest income from short term deposits partially offset by decrease in interest income from plasma receivables.

Dividend Income

Our dividend income decreased by approximately RM18,000 or 100%, from approximately RM18,000 in 1Q2022 to nil in 1Q2023. This was mainly due to lower dividend income from short term investment in unquoted investments in Malaysia.

Other Income

Our other income decreased by approximately RM32.1 million or 48.6%, from RM66.0 million in 1Q2022 to RM33.9 million in 1Q2023. This was mainly due to lower gain on disposal of PPE / assets held for sale recognised in 1Q2023 of RM27.5 million compared to 1Q2022 of RM53.4 million.

Apart from that, fair value gain on FFB recognised in 1Q2023 was also lower at RM1.9 million, compared to RM8.9 million recognised in 1Q2022.

Net Impairment Write Back on Financial Assets

Our net impairment write back on financial assets decreased by 100.0%, from RM0.3 million in 1Q2022 to nil in 1Q2023. This was mainly due to write back of impairment losses on trade receivables recognised in 1Q2022.

Other Items of Expenses

Marketing and Distribution Costs

Our marketing and distribution costs decreased by approximately RM1.5 million or 17.6%, from RM8.7 million in 1Q2022 to RM7.2 million in 1Q2023. This was mainly due to disposal of the palm oil mill in Sabah, Malaysia in 1Q2022 which led to lower marketing and distribution costs.

Administrative Expenses

Our administrative expenses increased by approximately RM2.6 million or 6.4%, from RM40.5 million in 1Q2022 to RM43.1 million in 1Q2023. This was mainly due to increase in travelling, accommodation and employee benefits related expenses.

Finance Costs

Our finance costs decreased by approximately RM3.6 million or 40.1%, from RM8.9 million in 1Q2022 to RM5.4 million in 1Q2023. This was mainly attributed to lower loans and borrowings balance.

Other Expenses

Our other expenses decreased by approximately RM37.4 million or 84.9%, from RM44.0 million in 1Q2022 to RM6.6 million in 1Q2023. This was mainly due to realised loss on commodity futures contracts of RM26.5 million and higher inventories written down of RM8.2 million in 1Q2022.

Share of Profit of Associate, Net of Tax

Our share of profit of associate, net of tax decreased by approximately RM4.3 million or 68.2%, from RM6.3 million in 1Q2022 to RM2.0 million in 1Q2023. This was mainly due to lower average selling prices of CPO and PK.

Share of Profit/(Loss) of Joint Ventures, Net of Tax

Our share of profit of joint ventures, net of tax has decreased by approximately RM11.3 million or 252.7%, from share of profit of approximately RM4.5 million in 1Q2022 to share of loss of RM6.8 million in 1Q2023. This was mainly due to lower operating margin from the fractionation and PK crushing plant from the joint venture with the Wilmar Group mainly as a result of relatively higher costs in 1Q2023 as compared with 1Q2022.

Profit Before Tax

Our Group's profit before tax decreased by approximately RM61.6 million or 53.2%, from RM115.8 million in 1Q2022 to RM54.2 million in 1Q2023. This was mainly due to lower average selling prices of CPO and PK and share of losses of joint ventures compared to share of profit of joint ventures in 1Q2022. Lower profit before tax was also due to lower gain on disposal of PPE / assets held for sale recognised in 1Q2023 compared to 1Q2022, realised loss on commodity future contracts and higher losses on foreign exchange recognised in 1Q2023.

REVIEW OF FINANCIAL POSITION

As at 31 December 2020

A review of our financial position as at 31 December 2020 is as follows:

Non-Current Assets

Our non-current assets of RM2,348.7 million accounted for approximately 74.1% of our total assets. Our non-current assets comprised PPE of RM1,300.1 million, biological assets of RM407.7 million, right-of-use assets ("**ROU**") of RM391.5 million, investment in an associate of RM84.1 million, investment in joint ventures of RM73.6 million, intangible assets of RM49.1 million, other receivables of RM40.4 million, deferred tax assets of RM2.1 million, and investment securities of approximately RM50,000.

PPE of RM1,300.1 million accounted for 55.4% of our non-current assets. PPE comprised bearer plants, plantation infrastructure, buildings, motor vehicles, plant, machinery and equipment, furniture, fittings and renovations and assets under construction.

Biological assets of RM407.7 million accounted for 17.4% of our non-current assets. Biological assets comprised forest planting expenditure.

ROU of RM391.5 million accounted for 16.7% of our non-current assets. ROU comprised long term leasehold land, land use rights, short term leasehold land, equipment, motor vehicles and buildings.

Investment in an associate of RM84.1 million accounted for 3.6% of our non-current assets. Investment in an associate is related to 21.94% equity investment in Innoprise.

Investment in joint ventures of RM73.6 million accounted for 3.1% of our non-current assets. Investment in joint ventures is related to TSH-Wilmar and TSH-Wilmar (BF), which are 50:50 joint venture companies of our Company with the Wilmar Group.

Intangible assets of RM49.1 million accounted for 2.1% of our non-current assets which comprised goodwill.

Other receivables of RM40.4 million (net of allowance for impairment of RM12.2 million) accounted for 1.7% of our non-current assets and comprised sundry receivables of RM11.1 million and plasma receivables of RM29.3 million under the Plasma Scheme (as defined below). Our Group's plasma receivables refer to the outstanding accumulated costs to fund the development of plantations under the Plasma Scheme (as defined below). The Plasma Scheme is principally an Indonesia government initiative for oil palm plantation operators, known as "**Inti**", to assist the local community organised in cooperatives to develop their own plantation, known as a plasma plantation. The development and management of the plasma plantation is usually financed by the Inti. In turn, the plasma plantation will sell the FFB harvested to the Inti (based on the price set by the respective local government plantation office) and the revenue stream generated will be utilised to repay the financing amount owed to the Inti ("**Plasma Scheme**").

As at 31 December 2020, the total allowance for impairment made for plasma receivables amounted to RM9.8 million.

As the development of an oil palm plantation requires a relatively long gestation period before it can generate net cash inflows, the plasma receivables can only be repaid over a longer period of time. This in turn poses credit risk to our Group and provisions must be made for prospective impairment based on the approach within MFRS 9 using the forward-looking expected credit loss model. Further details of the approach within MFRS 9 using the forward-looking expected credit loss model is set out in Note 25(b) of the *"Independent Auditors' Report on the Audited Financial Statements for the Financial Years Ended 31 December 2022, 2021 and 2020"* as set out in Appendix A to this Introductory Document. The methodology used to determine the amount of the impairment is based on whether there has been a significant increase in credit risk since the initial recognition of the plasma receivable. Due to the longer period taken to repay plasma receivables arising from the relatively long gestation period as detailed above, the credit risk of plasma receivables has increased significantly since its initial recognition. Hence, lifetime expected credit losses were recognised at the end of the financial year after assessing the expected credit losses that result from all possible default events over the expected life of the plasma receivable. An independent valuation of plasma receivables is not required under the relevant accounting standards, and accordingly, no valuations have been undertaken by our Group.

The land under the Plasma Scheme does not belong to our Group and is not included in the land bank or fixed assets of our Group. Our Group provided guarantees for the loans extended by banks to the respective cooperatives under the Plasma Scheme, where our Group undertakes and guarantees to pay and satisfy the bank on demand the principal together with interest and all other cost charges and expenses pursuant to such loan facilities. As at 31 December 2022, the total guarantees provided by our Group in respect of such bank loans under the Plasma Scheme were immaterial compared to our Group's aggregate loan facilities. No guarantee was called upon in the past. There were no revenue sharing arrangements in respect of the revenue generated from the plasma plantations.

Deferred tax assets of RM2.1 million accounted for 0.1% of our non-current assets. Deferred tax assets are mainly related to temporary differences which arose from unutilised tax losses and unabsorbed capital allowances.

Investment securities of approximately RM50,000 accounted for less than 0.1% of our non-current assets. Investment securities are related to investment in unquoted equity instruments in Malaysia.

Current Assets

Our current assets of RM823.1 million accounted for approximately 25.9% of our total assets. Our current assets comprised assets held for sale of RM465.3 million, cash and bank balances of RM147.8 million, inventories of RM113.6 million, trade and other receivables of RM60.4 million, short term funds of RM15.3 million, biological assets of RM9.3 million, other current assets of RM6.1 million, tax recoverable of RM5.0 million, derivative assets of RM0.2 million and investment securities of approximately RM5,000.

Assets held for sale of RM465.3 million accounted for 56.5% of our current assets. Assets held for sale are related to assets for the proposed disposals of two of our subsidiaries which were terminated subsequently.

Cash and bank balances of RM147.8 million accounted for 18.0% of our current assets. Cash and bank balances comprised cash and bank balances and deposits with licenced banks.

Inventories of RM113.6 million accounted for 13.8% of our current assets. Inventories comprised finished goods, raw materials, work-in-progress, oil palm nursery as well as stores and supplies.

Trade and other receivables of RM60.4 million accounted for 7.3% of our current assets. Trade and other receivables comprised trade receivables from third parties and joint ventures, retention sums on contracts, other deposits, and sundry receivables.

Short term funds of RM15.3 million accounted for 1.9% of our current assets. Short term funds are related to investment in fixed income trust fund in Malaysia.

Biological assets of RM9.3 million accounted for 1.1% of our current assets. Biological assets are related to cost of FFB prior to harvest. The changes in fair value of biological assets are based on FFB prices, which move in tandem with the CPO prices. As the price of FFB is a function of the current price of CPO, any fluctuation in CPO prices will directly impact FFB prices. In FY2020, the fair value gain on biological assets amounted to RM3.58 million. The MPOB CPO price as at the end of 2020 increased to RM3,788/MT from RM3,026/MT as at the end of 2019.

Other current assets of RM6.1 million accounted for 0.7% of our current assets. Other current assets comprised mainly prepayments.

Tax recoverable of RM5.0 million accounted for 0.6% of our current assets.

Derivative assets of RM0.2 million accounted for less than 0.1% of our current assets. Derivative assets are related to commodity future contracts to manage the risk of fluctuation in commodity prices of CPO.

Investment securities of approximately RM5,000 accounted for less than 0.1% of our current assets. Investment securities are related to investment in quoted equity instruments in Malaysia.

Non-Current Liabilities

Our non-current liabilities of RM768.6 million accounted for approximately 48.8% of our total liabilities. Our non-current liabilities comprised loans and borrowings of RM619.0 million, deferred tax liabilities of RM129.1 million, retirement benefits of RM16.4 million and lease liabilities of RM4.1 million.

Loans and borrowings of RM619.0 million accounted for 80.5% of our non-current liabilities. Non-current loans and borrowings comprised term loans, Sukuk Ijarah MTNs and Sukuk Murabahah MTNs.

Deferred tax liabilities of RM129.1 million accounted for 16.8% of our non-current liabilities. Deferred tax liabilities are mainly related to temporary differences which arose from PPE, biological assets and ROU.

Retirement benefits of RM16.4 million accounted for 2.1% of our non-current liabilities. Retirement benefits are related to additional provisions for employee service entitlements in order to meet the minimum benefits required to be paid to qualified employees, as required under Indonesia labour laws.

Lease liabilities of RM4.1 million accounted for 0.5% of our non-current liabilities. Lease liabilities are related to contractual repayment obligation which arose from lease commitments.

Current Liabilities

Our current liabilities of RM805.4 million accounted for approximately 51.2% of our total liabilities. Our current liabilities comprised loans and borrowings of RM690.2 million, trade and other payables of RM77.7 million, liabilities associated with assets held for sale of RM24.4 million, current tax payable of RM8.8 million, derivative liabilities of RM3.4 million and lease liabilities of RM0.8 million.

Loans and borrowings of RM690.2 million accounted for 85.7% of our current liabilities. Current loans and borrowings comprised term loans, bank overdrafts, revolving credits, bankers' acceptances, Sukuk Ijarah MTNs and Sukuk Murabahah MTNs.

Trade and other payables of RM77.7 million accounted for 9.7% of our current liabilities. Trade and other payables comprised mainly trade payables, contract liabilities, other deposits, financial guarantee contracts, sundry payables and accruals.

Liabilities associated with assets held for sale of RM24.4 million accounted for 3.0% of our current liabilities. Liabilities associated with assets held for sale are related to liabilities for the proposed disposals of two of our subsidiaries which were terminated subsequently.

Current tax payable of RM8.8 million accounted for 1.1% of our current liabilities.

Derivative liabilities of RM3.4 million accounted for 0.4% of our current liabilities. Derivative liabilities are related to commodity future contracts to manage the risk of fluctuation in commodity prices of CPO and cocoa as well as forward currency contracts to manage the risk of fluctuation in foreign currencies. We do not have a formal hedging policy with respect to financial instruments such as short term forward contracts and/or commodity future contracts.

Lease liabilities of RM0.8 million accounted for 0.1% of our current liabilities. Lease liabilities are related to contractual repayment obligation which arose from lease commitments.

Equity

Our total equity amounted to RM1,597.8 million comprised retained earnings of RM952.2 million, share capital of RM740.5 million, equity attributable to non-controlling interests of RM144.4 million, deficit in other reserves of RM237.9 million and treasury shares from shares bought back of RM1.5 million.

As at 31 December 2021

A review of our financial position as at 31 December 2021 is as follows:

Non-Current Assets

Our non-current assets of RM2,602.2 million accounted for approximately 78.7% of our total assets. Our non-current assets comprised PPE of RM1,610.2 million, biological assets of RM400.8 million, ROU of RM288.9 million, investment in joint ventures of RM89.5 million, investment in an associate of RM82.1 million, other receivables of RM74.8 million, intangible assets of RM51.6 million, deferred tax assets of approximately RM4.3 million, and investment securities of approximately RM50,000.

PPE of RM1,610.2 million accounted for 61.9% of our non-current assets. PPE comprised bearer plants, plantation infrastructure, buildings, motor vehicles, plant, machinery and equipment, furniture, fittings and renovation and assets under construction. The increase in PPE from RM1,300.1 million as at 31 December 2020 to RM1,610.2 million as at 31 December 2021 was mainly due to the termination of a disposal of two of our Group's subsidiaries in June 2021, whereupon the carrying value of PPE amounting to approximately RM365.2 million (of which approximately RM301.5 million is related to bearer plants) were reclassified from "assets held for sale" back to PPE.

Biological assets of RM400.8 million accounted for 15.4% of our non-current assets. Biological assets comprised forest planting expenditure.

ROU of RM288.9 million accounted for 11.1% of our non-current assets. ROU comprised long term leasehold land, land use rights, short term leasehold land, equipment, motor vehicles and buildings. The decrease in ROU from RM391.5 million as at 31 December 2020 to RM288.9 million as at 31 December 2021 was mainly due to the reclassification of the carrying value of ROU in respect of the two oil palm plantations and one palm oil mill in Sabah, Malaysia to be sold amounting to approximately RM125.6 million to "assets held for sale", as well as depreciation for the year.

Investment in joint ventures of RM89.5 million accounted for 3.4% of our non-current assets. Investment in joint ventures is related to TSH-Wilmar and TSH-Wilmar (BF), which are joint venture companies of our Company under 50:50 joint ventures with the Wilmar Group.

Investment in an associate of RM82.1 million accounted for 3.2% of our non-current assets. Investment in an associate is related to 21.94% equity investment in Innoprise.

Other receivables of RM74.8 million (net of allowance for impairment of RM8.4 million) accounted for 2.9% of our non-current assets and comprised sundry receivables of RM14.1 million and plasma receivables of RM60.7 million under the Plasma Scheme. Our Group's plasma receivables refer to the outstanding accumulated costs to fund the development of plantations under the Plasma Scheme. The Plasma Scheme is principally an Indonesia government initiative for oil palm plantation operators to assist the local community organised in cooperatives to develop their own plantation, known as a plasma plantation.

As at 31 December 2021, the total allowance for impairment made for plasma receivables amounted to RM8.4 million.

Plasma receivables increased from RM29.3 million as at 31 December 2020 to RM60.7 million as at 31 December 2021 primarily due to the termination of a disposal of two of our Group's subsidiaries in June 2021, whereupon the carrying value of plasma receivables amounting to approximately RM26.6 million was reclassified from "assets held for sale" back to plasma receivables.

Intangible assets of RM51.6 million accounted for 2.0% of our non-current assets which comprised goodwill.

Deferred tax assets of RM4.3 million accounted for 0.2% of our non-current assets. Deferred tax assets are mainly related to temporary differences which arose from unutilised tax losses and unabsorbed capital allowances.

Investment securities of approximately RM50,000 accounted for less than 0.1% of our non-current assets. Investment securities are related to investment in unquoted equity instruments in Malaysia.

Current Assets

Our current assets of RM705.9 million accounted for approximately 21.3% of our total assets. Our current assets comprised cash and bank balances of RM279.7 million, assets held for sale of RM154.2 million, inventories of RM143.6 million, trade and other receivables of RM63.0 million, other current assets of RM25.1 million, short term funds of RM17.5 million, biological assets of RM17.3 million, tax recoverable of RM5.1 million, derivative assets of RM0.4 million and investment securities of approximately RM3,000.

Cash and bank balances of RM279.7 million accounted for 39.6% of our current assets. Cash and bank balances comprised cash and bank balances and deposits with licenced banks.

Assets held for sale of RM154.2 million accounted for 21.8% of our current assets. Assets held for sale are related to assets for the proposed disposals of the two oil palm plantation estates and the palm oil mill in Sabah, Malaysia.

Inventories of RM143.6 million accounted for 20.3% of our current assets. Inventories comprised finished goods, raw materials, work-in-progress, oil palm nursery as well as stores and supplies.

Trade and other receivables of RM63.0 million accounted for 8.9% of our current assets. Trade and other receivables comprised mainly trade receivables from third parties and joint ventures, retention sums on contracts, other deposits and sundry receivables.

Other current assets of RM25.1 million accounted for 3.6% of our current assets. Other current assets mainly comprise prepayments.

Short term funds of RM17.5 million accounted for 2.5% of our current assets. Short term funds are related to investment in fixed income trust fund in Malaysia.

Biological assets of RM17.3 million accounted for 2.5% of our current assets. Biological assets are related to cost of FFB prior to harvest. The changes in fair value of biological assets are based on FFB prices, which move in tandem with the CPO prices. As the price of FFB is a function of the current price of CPO, any fluctuation in CPO prices will directly impact FFB prices. In FY2021, the fair value gain on biological assets amounted to RM4.49 million. The MPOB CPO price as at the end of 2021 increased to RM5,150/MT from RM3,788/MT as at the end of 2020.

Tax recoverable of RM5.1 million accounted for 0.7% of our current assets.

Derivative assets of RM0.4 million accounted for less than 0.1% of our current assets. Derivative assets are related to forward currency contracts to manage the risk of fluctuation in foreign currencies.

Investment securities of approximately RM3,000 accounted for less than 0.1% of our current assets. Investment securities are related to investment in quoted equity instruments in Malaysia.

Non-Current Liabilities

Our non-current liabilities of RM702.0 million accounted for approximately 47.0% of our total liabilities. Our non-current liabilities comprised loans and borrowings of RM587.6 million, deferred tax liabilities of RM92.1 million, retirement benefits of RM19.2 million and lease liabilities of RM3.2 million.

Loans and borrowings of RM587.6 million accounted for 83.7% of our non-current liabilities. Non-current loans and borrowings comprised term loans and Sukuk Murabahah MTNs.

Deferred tax liabilities of RM92.1 million accounted for 13.1% of our non-current liabilities. Deferred tax liabilities are mainly related to temporary differences which arose from PPE, biological assets and ROU.

Retirement benefits of RM19.2 million accounted for 2.7% of our non-current liabilities. Retirement benefits are related to additional provisions for employee service entitlements in order to meet the minimum benefits required to be paid to qualified employees, as required under Indonesia labour laws.

Lease liabilities of RM3.2 million accounted for 0.5% of our non-current liabilities. Lease liabilities are related to contractual repayment obligation which arose from lease commitments.

Current Liabilities

Our current liabilities of RM792.5 million accounted for approximately 53.0% of our total liabilities. Our current liabilities comprised loans and borrowings of RM521.8 million, trade and other payables of RM204.7 million, liabilities associated with assets held for sale of RM40.6 million, current tax payable of RM22.6 million, derivative liabilities of RM1.9 million and lease liabilities of RM0.9 million.

Loans and borrowings of RM521.8 million accounted for 65.8% of our current liabilities. Current loans and borrowings comprised mainly bank overdrafts, revolving credits, term loans, bankers' acceptances, and Sukuk Murabahah ICPs.

Trade and other payables of RM204.7 million accounted for 25.8% of our current liabilities. Trade and other payables comprised mainly trade payables, contract liabilities, other deposits, financial guarantee contracts, sundry payables and accruals.

Liabilities associated with assets held for sale of RM40.6 million accounted for 5.1% of our current liabilities. Liabilities associated with assets held for sale are related to liabilities for the proposed disposals of the two oil palm plantation estates and the palm oil mill in Sabah, Malaysia.

Current tax payable of RM22.6 million accounted for 2.9% of our current liabilities.

Derivative liabilities of RM1.9 million accounted for 0.2% of our current liabilities. Derivative liabilities are related to commodity future contracts to manage the risk of fluctuation in commodity prices of CPO and cocoa. We do not have a formal hedging policy with respect to financial instruments such as short term forward contracts and/or commodity future contracts.

Lease liabilities of RM0.9 million accounted for 0.1% of our current liabilities. Lease liabilities are related to contractual repayment obligation which arose from lease commitments.

Equity

Our total equity amounted to RM1,813.6 million comprised retained earnings of RM1,111.2 million, share capital of RM740.5 million, equity attributable to non-controlling interests of RM172.3 million, deficit in other reserves of RM208.9 million and treasury shares from shares bought back of RM1.5 million.

As at 31 December 2022

A review of our financial position as at 31 December 2022 is as follows:

Non-Current Assets

Our non-current assets of RM2,170.4 million accounted for approximately 73.3% of our total assets. Our non-current assets comprised PPE of RM1,256.6 million, biological assets of RM364.8 million, ROU of RM255.1 million, investment in joint ventures of RM106.1 million, investment in an associate of RM77.4 million, other receivables of RM53.9 million, intangible assets of RM50.4 million, deferred tax assets of RM6.0 million, and investment securities of approximately RM50,000.

PPE of RM1,256.6 million accounted for 57.9% of our non-current assets. PPE comprised bearer plants, plantation infrastructure, buildings, motor vehicles, plants, machinery and equipment, furniture, fittings and renovations and assets under construction. The decrease in PPE from RM1,610.2 million as at 31 December 2021 to RM1,256.6 million as at 31 December 2022 was mainly due to the reclassification of the carrying value of PPE in respect of the land in Kalimantan, Indonesia to be sold amounting to RM196.4 million to "assets held for sale", as well as depreciation for the year.

Biological assets of RM364.8 million accounted for 16.8% of our non-current assets. Biological assets comprised forest planting expenditure.

ROU of RM255.1 million accounted for 11.8% of our non-current assets. ROU comprised long term leasehold land, land use rights, short term leasehold land, equipment, motor vehicles and buildings. The decrease in ROU from RM288.9 million as at 31 December 2021 to RM255.1 million as at 31 December 2022 was mainly due to depreciation and additions and disposals throughout FY2022.

Investment in joint ventures of RM106.1 million accounted for 4.9% of our non-current assets. Investment in joint ventures is related to TSH-Wilmar and TSH-Wilmar (BF), which are 50:50 joint venture companies of our Company with the Wilmar Group.

Investment in an associate of RM77.4 million accounted for 3.6% of our non-current assets. Investment in an associate is related to 21.94% equity investment in Innoprise.

Other receivables of RM53.9 million (net of allowance for impairment of RM9.1 million) accounted for 2.5% of our non-current assets and comprised sundry receivables of RM13.6 million and plasma receivables of RM40.3 million under the Plasma Scheme. Our Group's plasma receivables refer to the outstanding accumulated costs to fund the development of plantations under the Plasma Scheme. The Plasma Scheme is principally an Indonesia government initiative for oil palm plantation operators to assist the local community organised in cooperatives to develop their own plantation, known as a plasma plantation.

As at 31 December 2022, total allowance for impairment made for plasma receivables amounted to RM9.1 million.

Plasma receivables decreased from RM60.7 million as at 31 December 2021 to RM40.3 million as at 31 December 2022 primarily due to the cancellation of plasma receivables amounting to approximately RM29.8 million pursuant to the mutual termination of the plasma agreements between PT BCAP and the cooperatives following the decision of the Indonesia government to develop PT BCAP's land into an industrial park and, consequently, PT BCAP's sale of its land to KIKI and KIPI. The above cancellation of plasma receivables was partially offset by the net increase of RM10.2 million in advance to help fund the upkeep and maintenance of the plantations under other plasma schemes.

Intangible assets of RM50.4 million accounted for 2.3% of our non-current assets which comprised goodwill.

Deferred tax assets of RM6.0 million accounted for 0.3% of our non-current assets. Deferred tax assets are mainly related to temporary differences which arose from unutilised tax losses and unabsorbed capital allowances.

Investment securities of approximately RM50,000 accounted for less than 0.1% of our non-current assets. Investment securities are related to investment in unquoted equity instruments in Malaysia.

Current Assets

Our current assets of RM788.9 million accounted for approximately 26.7% of our total assets. Our current assets comprised cash and bank balances of RM375.6 million, assets held for sale of RM205.5 million, inventories of RM132.9 million, trade and other receivables of RM39.7 million, biological assets of RM13.5 million, tax recoverable of RM8.8 million, other current assets of RM6.4 million, short term funds of RM6.4 million, derivative assets of approximately RM30,000 and investment securities of approximately RM1,000.

Cash and bank balances of RM375.6 million accounted for 47.6% of our current assets. Cash and bank balances comprised cash and bank balances and deposits with licenced banks.

Assets held for sale of RM205.5 million accounted for 26.0% of our current assets. Assets held for sale are related to assets for the proposed disposals of land in Kalimantan, Indonesia.

Inventories of RM132.9 million accounted for 16.8% of our current assets. Inventories comprised finished goods, raw materials, work-in-progress, oil palm nursery as well as stores and supplies.

Trade and other receivables of RM39.7 million accounted for 5.0% of our current assets. Trade and other receivables comprised mainly trade receivables from third parties and joint ventures, retention sums on contracts, other deposits and sundry receivables.

Biological assets of RM13.5 million accounted for 1.7% of our current assets. Biological assets are related to cost of FFB prior to harvest. The changes in fair value of biological assets are based on FFB prices, which move in tandem with the CPO prices. As the price of FFB is a function of the current price of CPO, any fluctuation in CPO prices will directly impact FFB prices. In FY2022, the fair value loss on biological assets amounted to RM3.38 million. The MPOB CPO price as at the end of 2022 decreased to RM4,046/MT from RM5,150/MT as at the end of 2021.

Tax recoverable of RM8.8 million accounted for 1.1% of our current assets.

Other current assets of RM6.4 million accounted for 0.8% of our current assets. Other current assets comprised mainly prepayments.

Short term funds of RM6.4 million accounted for 0.8% of our current assets. Short term funds are related to investment in fixed income trust fund in Malaysia.

Derivative assets of approximately RM30,000 accounted for less than 0.1% of our current assets. Derivative assets are related to forward currency contracts to manage the risk of fluctuation in foreign currencies.

Investment securities of approximately RM1,000 accounted for less than 0.1% of our current assets. Investment securities are related to investment in quoted equity instruments in Malaysia.

Non-Current Liabilities

Our non-current liabilities of RM270.1 million accounted for approximately 32.6% of our total liabilities. Our non-current liabilities comprised loans and borrowings of RM164.9 million, deferred tax liabilities of RM86.6 million, retirement benefits of RM17.3 million and lease liabilities of RM1.3 million.

Loans and borrowings of RM164.9 million accounted for 61.0% of our non-current liabilities. Non-current loans and borrowings comprised term loans.

Deferred tax liabilities of RM86.6 million accounted for 32.1% of our non-current liabilities. Deferred tax liabilities are mainly related to temporary differences which arose from PPE, biological assets and ROU.

Retirement benefits of RM17.3 million accounted for 6.4% of our non-current liabilities. Retirement benefits are related to additional provisions for employee service entitlements in order to meet the minimum benefits required to be paid to qualified employees, as required under Indonesia labour laws.

Lease liabilities of RM1.3 million accounted for 0.5% of our non-current liabilities. Lease liabilities are related to contractual repayment obligation which arose from lease commitments.

Current Liabilities

Our current liabilities of RM557.2 million accounted for approximately 67.4% of our total liabilities. Our current liabilities comprised loans and borrowings of RM394.2 million, trade and other payables of RM142.2 million, current tax payable of RM16.9 million, derivative liabilities of RM3.3 million and lease liabilities of RM0.6 million.

Loans and borrowings of RM394.2 million accounted for 70.8% of our current liabilities. Current loans and borrowings comprised mainly term loans, bank overdrafts, bankers' acceptances, revolving credits and Sukuk Murabahah MTNs.

Trade and other payables of RM142.2 million accounted for 25.5% of our current liabilities. Trade and other payables comprised mainly trade payables, contract liabilities, other deposits, financial guarantee contracts, sundry payables and accruals.

Current tax payable of RM16.9 million accounted for 3.0% of our current liabilities.

Derivative liabilities of RM3.3 million accounted for 0.6% of our current liabilities. Derivative liabilities are related to commodity future contracts to manage the risk of fluctuation in commodity prices of CPO and cocoa butter as well as forward currency contracts to manage the risk of fluctuation in foreign currencies. We do not have a formal hedging policy with respect to financial instruments such as short term forward contracts and/or commodity future contracts.

Lease liabilities of RM0.6 million accounted for 0.1% of our current liabilities. Lease liabilities are related to contractual repayment obligation which arose from lease commitments.

Equity

Our total equity amounted to RM2,132.1 million comprised retained earnings of RM1,416.7 million, share capital of RM740.5 million, equity attributable to non-controlling interests of RM231.2 million, deficit in other reserves of RM254.9 million and treasury shares from shares bought back of RM1.5 million.

As at 31 March 2023

A review of our financial position as at 31 March 2023 is as follows:

Non-Current Assets

Our non-current assets of RM2,223.2 million accounted for approximately 74.9% of our total assets. Our non-current assets comprised PPE of RM1,289.3 million, biological assets of RM365.1 million, ROU of RM258.8 million, investment in joint ventures of RM99.2 million, investment in an associate of RM76.8 million, other receivables of RM57.2 million, intangible assets of RM51.8 million, investment securities of RM24.5 million and deferred tax assets of RM0.5 million.

PPE of RM1,289.3 million accounted for 58.0% of our non-current assets. PPE comprised bearer plants, plantation infrastructure, buildings, motor vehicles, plant, machinery and equipment, furniture, fittings and renovations and assets under construction.

Biological assets of RM365.1 million accounted for 16.4% of our non-current assets. Biological assets comprised forest planting expenditure.

ROU of RM258.8 million accounted for 11.6% of our non-current assets. ROU comprised long term leasehold land, land use rights, short term leasehold land, equipment, motor vehicles and buildings.

Investment in joint ventures of RM99.2 million accounted for 4.5% of our non-current assets. Investment in joint ventures is related to TSH-Wilmar and TSH-Wilmar (BF), which are 50:50 joint venture companies of our Company with the Wilmar Group.

Investment in an associate of RM76.8 million accounted for 3.5% of our non-current assets. Investment in an associate is related to 21.94% equity investment in Innoprise.

Other receivables of RM57.2 million accounted for 2.6% of our non-current assets. Other receivables comprised sundry receivables and plasma receivables under the Plasma Scheme. Our Group's plasma receivables refer to the outstanding accumulated costs to fund the development of plantations under the Plasma Scheme. The Plasma Scheme is principally an Indonesia government initiative for oil palm plantation operators to assist the local community organised in cooperatives to develop their own plantation, known as a plasma plantation.

Intangible assets of RM51.8 million accounted for 2.3% of our non-current assets which comprised goodwill.

Investment securities of RM24.5 million accounted for 1.1% of our non-current assets. Investment securities are related to investment in unquoted debt and equity instruments in Singapore and Malaysia. Investment securities increased from RM50,000 as at 31 December 2022 to RM24.5 million as at 31 March 2023 mainly due to new investments in debt instruments.

Deferred tax assets of RM0.5 million accounted for less than 0.1% of our non-current assets. Deferred tax assets are mainly related to temporary differences which arose from unutilised tax losses and unabsorbed capital allowances.

Current Assets

Our current assets of RM744.9 million accounted for approximately 25.1% of our total assets. Our current assets comprised cash and bank balances of RM303.2 million, assets held for sale of RM215.0 million, inventories of RM140.0 million, trade and other receivables of RM44.9 million, biological assets of RM16.1 million, tax recoverable of RM11.2 million, other current assets of RM9.3 million, short term funds of RM5.2 million and investment securities of approximately RM1,000.

Cash and bank balances of RM303.2 million accounted for 40.7% of our current assets. Cash and bank balances comprised cash and bank balances and deposits with licenced banks.

Assets held for sale of RM215.0 million accounted for 28.9% of our current assets. Assets held for sale are related to assets for the proposed disposals of land in Kalimantan, Indonesia.

Inventories of RM140.0 million accounted for 18.8% of our current assets. Inventories comprised finished goods, raw materials, work-in-progress, oil palm nursery as well as stores and supplies.

Trade and other receivables of RM44.9 million accounted for 6.0% of our current assets. Trade and other receivables comprised mainly trade receivables from third parties and joint ventures, retention sums on contracts, other deposits and sundry receivables.

Biological assets of RM16.1 million accounted for 2.2% of our current assets. Biological assets are related to cost of FFB prior to harvest.

Tax recoverable of RM11.2 million accounted for 1.5% of our current assets.

Other current assets of RM9.3 million accounted for 1.2% of our current assets. Other current assets comprised mainly prepayments.

Short term funds of RM5.2 million accounted for 0.7% of our current assets. Short term funds are related to investment in fixed income trust fund in Malaysia.

Investment securities of approximately RM1,000 accounted for less than 0.1% of our current assets. Investment securities are related to investment in quoted equity instruments in Malaysia.

Non-Current Liabilities

Our non-current liabilities of approximately RM254.3 million accounted for 35.0% of our total liabilities. Our non-current liabilities comprised loans and borrowings of RM147.7 million, deferred tax liabilities of RM86.1 million, retirement benefits of RM19.4 million and lease liabilities of RM1.2 million.

Loans and borrowings of RM147.7 million accounted for 58.1% of our non-current liabilities. Non-current loans and borrowings comprised term loans.

Deferred tax liabilities of RM86.1 million accounted for 33.9% of our non-current liabilities. Deferred tax liabilities are mainly related to temporary differences which arose from PPE, biological assets and ROU.

Retirement benefits of RM19.4 million accounted for 7.6% of our non-current liabilities. Retirement benefits are related to additional provisions for employee service entitlements in order to meet the minimum benefits required to be paid to qualified employees, as required under Indonesia labour laws.

Lease liabilities of RM1.2 million accounted for 0.5% of our non-current liabilities. Lease liabilities are related to contractual repayment obligation which arose from lease commitments.

Current Liabilities

Our current liabilities of RM472.8 million accounted for 65.0% of our total liabilities. Our current liabilities comprised loans and borrowings of RM290.1 million, trade and other payables of RM162.4 million, current tax payable of RM17.5 million, derivative liabilities of RM2.3 million and lease liabilities of RM0.4 million.

Loans and borrowings of RM290.1 million accounted for 61.4% of our current liabilities. Current loans and borrowings comprised term loans, bankers' acceptances, revolving credits and Sukuk Murabahah MTNs.

Trade and other payables of RM162.4 million accounted for 34.4% of our current liabilities. Trade and other payables comprised mainly trade payables, contract liabilities, other deposits, financial guarantee contracts, sundry payables and accruals.

Current tax payables of RM17.5 million accounted for 3.7% of our current liabilities.

Derivative liabilities of RM2.3 million accounted for 0.5% of our current liabilities. Derivative liabilities are related to forward currency contracts to manage the risk of fluctuation in foreign currencies.

Lease liabilities of RM0.4 million accounted for 0.1% of our current liabilities. Lease liabilities are related to contractual repayment obligation which arose from lease commitments.

Equity

Our total equity amounted to RM2,241.1 million comprised retained earnings of RM1,446.1 million, share capital of RM740.5 million, equity attributable to non-controlling interests of RM246.8 million, deficit in other reserves of RM190.9 million and treasury shares from shares bought back of RM1.5 million.

LIQUIDITY AND CAPITAL RESOURCES

As at the Latest Practicable Date, our Group financed our operations through internal and external sources. Internal sources of funds comprise cash flows generated from operations, investment income, and proceeds from disposal of assets. External sources of funds mainly comprise loans and borrowings from banks and financial institutions and credit granted by suppliers. These cash sources have been utilised for settlement of loans and borrowings so as to improve the gearing position of our Group.

The following table sets out a summary of our Group's cash flows for the Period Under Review.

	Audited			**Unaudited**
RM'000	**FY2020**	**FY2021**	**FY2022**	**1Q2023**
Net cash flows from operating activities	234,521	393,415	207,731	47,071
Net cash flows (used in)/from investing activities	(6,433)	6,980	623,229	(1,345)
Net cash flows used in financing activities	(174,372)	(278,343)	(743,540)	(129,087)
Net increase/(decrease) in cash and cash equivalents	**53,716**	**122,052**	**87,420**	**(83,361)**
Effects of changes in exchange rates	(2,568)	2,597	(3,940)	10,056
Cash and cash equivalents at the beginning of the financial year/period	116,954	156,493	292,751	376,231
Cash and cash equivalents transferred (to)/from assets held for sale	(11,609)	11,609	-	-
Cash and cash equivalents at the end of the financial year/period	**156,493**	**292,751**	**376,231**	**302,926**

FY2020

In FY2020, our Group recorded net cash flows from operating activities of RM234.5 million, which was a result of net cash generated from operations of RM246.2 million, net working capital inflows of RM5.2 million and net income tax paid of RM16.8 million.

The net working capital inflows were mainly due to the following:

- decrease in inventories of RM30.7 million;
- increase in receivables of RM16.1 million;
- decrease in payables of RM10.4 million; and
- increase in retirement benefits obligations of RM1.0 million.

Net cash flows used in investing activities amounted to RM6.4 million, which was mainly attributable to acquisition of PPE and ROU of RM52.0 million and forest planting expenditure of RM4.1 million partially offset by dividend received of RM33.7 million, interest received of RM13.3 million and proceeds from disposal of PPE of RM1.6 million.

Net cash flows used in financing activities amounted to RM174.4 million, which was mainly attributable to net repayment of loans and borrowings of RM112.0 million, interest expense paid of RM47.3 million and dividends paid of RM13.8 million.

As at 31 December 2020, our cash and cash equivalents were RM156.5 million.

FY2021

In FY2021, our Group recorded net cash flows from operating activities of RM393.4 million, which was a result of net cash generated from operations of RM370.8 million, net working capital inflows of RM57.4 million and net income tax paid of RM34.7 million.

The net working capital inflows were mainly due to the following:

- increase in payables of RM115.8 million;
- increase in inventories of RM35.5 million;
- increase in receivables of RM20.3 million; and
- decrease in retirement benefits obligations of RM2.7 million.

Net cash flows from investing activities amounted to RM7.0 million, which was mainly attributable to dividend received of RM41.2 million, interest received of RM8.6 million, withdrawals of deposits with maturity over three months of RM2.1 million, and proceeds from disposal of PPE of RM1.2 million, partially offset by acquisition of PPE and ROU of RM42.3 million and forest planting expenditure of RM3.9 million.

Net cash flows used in financing activities amounted to RM278.3 million, which was mainly attributable to net repayment of loans and borrowings of RM214.6 million, interest expense paid of RM40.8 million and dividends paid of RM21.9 million.

As at 31 December 2021, our cash and cash equivalents were RM292.8 million.

FY2022

In FY2022, our Group recorded net cash flows from operating activities of RM207.7 million, which was a result of net cash generated from operations of RM354.7 million, net working capital outflows of RM57.8 million and net income tax paid of RM89.2 million.

The net working capital outflows were mainly due to the following:

- decrease in payables of RM73.9 million;
- increase in inventories of RM8.6 million;

- decrease in receivables of RM24.6 million; and
- increase in retirement benefits obligations of RM0.1 million.

Net cash flows from investing activities amounted to RM623.2 million, which was mainly attributable to proceeds from disposal of PPE and assets of RM659.3 million, dividends received of RM38.1 million, and interest received of RM9.8 million, and partially offset by acquisition of PPE and ROU of RM81.7 million and forest planting expenditure of RM2.4 million.

Net cash flows used in financing activities amounted to RM743.5 million, which was mainly attributable to repayment of loans and borrowings of RM556.0 million, dividends paid of RM154.1 million, interest expense paid of RM32.2 million and repayment of lease interest and liabilities of RM1.2 million.

As at 31 December 2022, our cash and cash equivalents were RM376.2 million.

1Q2023

In 1Q2023, our Group recorded net cash flows from operating activities of RM47.1 million, which was a result of net cash generated from operations of RM59.3 million, net working capital inflows of RM1.8 million and net income tax paid of RM14.0 million.

The net working capital inflows were mainly due to the following:

- increase in payables of RM22.9 million;
- increase in inventories of RM5.9 million; and
- increase in receivables of RM15.2 million.

Net cash flows used in investing activities amounted to RM1.3 million, which was mainly attributable to purchases of financial assets carried at FVOCI of RM24.5 million, and acquisition of PPE and ROU of RM10.5 million, partially offset by proceeds from disposal of assets of RM28.9 million, interest received of RM2.7 million and dividend received of RM2.6 million.

Net cash flows used in financing activities amounted to RM129.1 million, which was mainly attributable to net repayment of term loans, MTNs and other borrowings of RM121.5 million, interest expense paid of RM5.3 million and dividends paid of RM2.0 million.

As at 31 March 2023, our cash and cash equivalents were RM302.9 million.

In assessing whether our Group has sufficient working capital, our Directors have considered the following:

(a) our Group had recorded net current liabilities of RM423.2 million and RM200.2 million as at 31 December 2020 and 31 December 2021 respectively, excluding the assets held for sale and liabilities associated with assets held for sale. This was mainly due to significant short term borrowings and long term borrowings due within a year as at the end of the financial year. Notwithstanding the net current liabilities positions referred to above, our Group had unutilised credit facilities of RM468.6 million and RM376.8 million as at 31 December 2020 and 31 December 2021 respectively, so as to enable our Group to meet its debt obligations as and when they fall due. In addition, our Group had expected to achieve further liquidity position improvement due to cash flow generated from operations and cash flow generated from the proposed disposals of assets;

    As at 31 December 2022 and 31 March 2023, our Group was in a positive working capital position of RM26.2 million and RM57.1 million, respectively;

(b) our Group had recorded positive equity positions of RM1,597.8 million, RM1,813.6 million, RM2,132.1 million and RM2,241.1 million as at 31 December 2020, 31 December 2021, 31 December 2022 and 31 March 2023, respectively;

(c) our Group had recorded net profits of RM90.3 million, RM202.0 million, RM525.0 million, RM106.7 million and RM37.9 million in FY2020, FY2021, FY2022, 1Q2022 and 1Q2023, respectively;

(d) our Group had generated positive net cash flows from operating activities of RM234.5 million, RM393.4 million, RM207.7 million, RM39.3 million and RM47.1 million in FY2020, FY2021, FY2022, 1Q2022 and 1Q2023, respectively;

(e) our Group had cash and cash equivalents of approximately RM376.2 million and RM302.9 million as at 31 December 2022 and 31 March 2023, respectively; and

(f) our Group has unutilised credit facilities of up to approximately RM578.1 million as at 31 March 2023. For more details, see the section entitled "*Capitalisation and Indebtedness*" of this Introductory Document.

Taking into account the factors above, our Directors are of the reasonable opinion that, after having made due and careful enquiry, the working capital available to our Group as at the date of this Introductory Document is sufficient for our present requirements and for at least 12 months after the listing of our Company on the Main Board of the SGX-ST.

The material change in the price-earnings ratio from FY2020 to FY2022 was mainly due to an increase in the net profit from RM90.3 million in FY2020 to RM202.0 million in FY2021 (an increase of approximately 124%) and subsequently to RM525.0 million in FY2022 (an increase of approximately 160%). The significant increase in net profit in FY2022 was mainly due to gains on the disposals of two oil palm plantations and one palm oil mill in Sabah, Malaysia and the disposal of land in Kalimantan, Indonesia amounting to approximately RM395.3 million.

CAPITAL EXPENDITURE AND DIVESTMENTS AND COMMITMENTS

Capital Expenditure and Divestments

The capital expenditures and divestments made by our Group during the Period Under Review and up to the Latest Practicable Date were as follows:

RM'000	FY2020	FY2021	FY2022	1Q2023	From 1 April 2023 to the Latest Practicable Date
Capital Expenditure (at net book value)					
Acquisition of PPE					
- Bearer plants(1)	22,253	9,220	10,510	2,391	4,652
- Assets under construction	18,885	14,563	22,570	3,649	10,795
- Plant machinery and equipment	8,165	11,376	15,837	2,843	9,845
- Motor vehicles	1,688	1,551	8,438	685	1,132
- Others	1,323	5,702	4,318	482	1,342
	52,314	42,412	61,673	10,050	27,766
Addition of ROU	2,457	982	21,547(2)	594	3,800
Forest planting expenditure(3)	4,418	4,125	2,501	572	1,293
Total	**59,189**	**47,519**	**85,721**	**11,216**	**32,859**
Capital Divestments (at net book value)					
Disposal of PPE	1,249	814	30,543	253	367
Disposal of ROU	-	-	28,948	-	-
Disposal of assets held for sale	-	-	163,415	1,111	-
Total	**1,249**	**814**	**222,906**(4)	**1,364**	**367**

Notes:

(1) The capital expenditure on bearer plants associated with plantation expenditure, which represents the total cost incurred from land clearing to the point of harvesting.

(2) The increase in ROU was mainly due to additional incidental cost incurred for the land use rights arising from the payment of compensation incidental to the disposal of land in Kalimantan, Indonesia. The compensation is principally for settlement with the local villagers who have occupied small parcels of our land so that the land can be transferred clean and unimpeded to the purchasers.

(3) Forest planting expenditure represents industrial timber plantation expenses incurred on the development of our Group's sustainable forest management project under a sustainable forest management licence agreement ("**SFMLA**") with the State Government of Sabah under the forest management unit at Ulu Tungud in Sabah, Malaysia. Pursuant to the SFMLA, (i) our Group is entitled to undertake the managing, planting and silvicultural treatments of natural and plantation forests or timber trees, and the felling, cutting, collecting, removing and converting of trees and other forest produce, logs and timbers within the licenced area in accordance with sound forestry practices and principles; (ii) our Group shall prepare and submit an annual work plan for approval to implement the forest management plan and shall apply silvicultural treatments and conduct enrichment planting activities pursuant to the requirements specified in the forest management plan; and (iii) all marketable trees which have been felled shall be subject to royalty specified in the Forest Rules 1969, as amended from time to time.

(4) The increase was mainly due to the disposals of a palm oil mill and oil palm plantations in Sabah, Malaysia and disposal of land in Kalimantan, Indonesia which were completed in FY2022.

In FY2020, our total capital expenditure incurred was RM59.2 million, comprising RM52.3 million which was mainly incurred for acquisition of PPE in Malaysia and Indonesia such as (i) bearer plants which represents the total cost incurred from land clearing to the point of harvesting; and (ii) assets under construction.

In FY2021, our capital expenditure incurred decreased by RM11.7 million from RM59.2 million in FY2020 to RM47.5 million in FY2021 which was mainly due to a drop in the cost incurred for (i) bearer plants; and (ii) assets under construction, in Malaysia and Indonesia respectively.

In FY2022, our capital expenditure incurred increased by RM38.2 million from RM47.5 million in FY2021 to RM85.7 million in FY2022 which was mainly due to (i) the substantial increase in ROU resulting by additional incidental cost incurred for the land use rights in Indonesia; and (ii) acquisition of PPE such as assets under construction, motor vehicle and plant machinery and equipment in Malaysia and Indonesia.

The above capital expenditures were primarily financed by internally generated resources.

Capital Commitments

As at 31 December 2022, 31 March 2023 and the Latest Practicable Date, the capital commitments of our Group were as follows:

RM'000	As at 31 December 2022	As at 31 March 2023	As at the Latest Practicable Date
Capital expenditure:			
PPE			
- Approved and contracted for	13,580	19,177	18,829
- Approved but not contracted for	31,719	72,304	55,019
Total	**45,299**	**91,481**	**73,848**

As at 31 December 2022 and 31 March 2023, capital commitments related to the balance of capital expenditure that our Group has committed for PPE.

As at the Latest Practicable Date, the capital commitments related to the acquisition of plant, machineries and equipment, construction of plantation infrastructure and buildings and motor vehicles. We expect to finance these capital commitments by internally generated resources.

Operating Lease Commitments

Following our Group's adoption of the new lease standard MFRS 16 in FY2019, where leases are capitalised on the statement of financial position by recognising a ROU and a corresponding lease liability, our Group does not have any operating lease commitments as at 31 December 2022, 31 March 2023 and the Latest Practicable Date.

CONTINGENT LIABILITIES

As at the Latest Practicable Date, certain Indonesia subsidiaries of our Group are currently engaged in disputes relating to tax assessments with the relevant Indonesia tax authorities, including the following tax disputes:

- PT SPMN, a subsidiary of our 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 RM4,406,051 (including penalty and interest). Based on consultation with our tax consultants, our Group is of the opinion that PT SPMN has a valid defence against the said assessments by the relevant tax office;

- PT TSS, a subsidiary of our 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 RM8,330,065 (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 RM9,242,672 for fiscal year 2019. Based on consultation with our tax consultants, our Group is of the opinion that PT TSS has a valid defence against the said assessments by the relevant tax office;

- PT AAI, a subsidiary of our 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 RM1,044,505 (including penalty). Based on consultation with our tax consultants, our Group is of the opinion that PT AAI has a valid defence against the said assessments by the relevant tax office;

- PT BCAP, a subsidiary of our 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 RM1,064,675 (including penalty and interest). Based on consultation with our tax consultants, our Group is of the opinion that PT BCAP has a valid defence against the said assessments by the relevant tax office; and

- PT FDB, a subsidiary of our 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 23 amounting to equivalent RM8,272,948 (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 approximately RM12,109,839 (including penalty and interest) for fiscal year 2020. Based on consultation with our tax consultants, our Group is of the opinion that PT FDB has a valid defence against the said assessments by the relevant tax office.

In addition to the above, there are also ongoing objections with the local tax authority on other disputed tax assessments, which our Group is of the view that it has valid explanations to justify. In accordance with *MFRS 137 Provisions, Contingent Liabilities and Contingent Assets*, our Group discloses the contingent liabilities relating to the tax cases of our 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.

Based on consultations with and the advice of our Group's tax consultants, who, having performed detailed reviews of the relevant documents, have advised that our Group has valid defences, strong cases against the relevant Indonesia tax authorities' assessments and a high probability of winning the disputes relating to the abovementioned tax assessments, we are of the opinion that the relevant subsidiaries of our Group have a valid defence against the abovementioned tax assessments with the relevant Indonesia tax authorities. Accordingly, as at the Latest Practicable Date, our Group does not have any contingent liabilities which may have a material effect on the financial position and profitability of our Group.

No provision has been made for the abovementioned tax assessments with the relevant Indonesia tax authorities.

INFLATION

Our financial performance for the Period Under Review was not materially affected by inflation on a group basis.

FOREIGN EXCHANGE EXPOSURE

Accounting Treatment of Foreign Currencies

Our operations are mainly in Malaysia and Indonesia. The functional currencies of our Malaysia and Indonesia subsidiaries are Ringgit Malaysia and Rupiah respectively. Revenues and expenses of our Group's Malaysia companies are mainly denominated in Ringgit Malaysia, while those of our Group's Indonesia companies are mainly denominated in Rupiah. The entities in our Group also transact in currencies other than their respective functional currencies. Currency risk arises within entities in our Group when transactions are denominated in foreign currencies such as US Dollar, Australian Dollar, Sterling Pound, Euro, and Singapore Dollar.

Our Group also has borrowings denominated in US Dollar primarily to finance our operations in Indonesia. As CPO is traded globally in US Dollars, the strengthening of the US Dollar against the Ringgit Malaysia or Rupiah will normally translate to higher revenue in Ringgit Malaysia or Rupiah. Thus, such US Dollar borrowings provide a hedge against the foreign exchange exposure. Accordingly, a weakening of the Ringgit Malaysia against the US Dollar will increase our interest expenses on the US Dollar-denominated borrowings and also result in our Group incurring foreign exchange losses due to settlement or revaluation of the said borrowings.

In addition, our Group is exposed to currency translation risk on the net assets in foreign subsidiaries. Our Group's net assets are not hedged as our currency positions are considered to be long term in nature.

We currently do not have a formal hedging policy with respect to foreign currency exposure. However, we closely monitor our foreign currency exposure and may consider hedging through forward contracts to mitigate our foreign currency exposure should the need arise.

Our net foreign exchange losses/(gains) for FY2020, FY2021, FY2022, 1Q2022 and 1Q2023 were as follows:

RM'000	FY2020	FY2021	FY2022	1Q2022	1Q2023
Net realised loss/(gain) from forward currency contracts	122	858	(1,273)	(187)	(44)
Net realised losses on foreign exchange	3,528	1,743	29,729	119	592
Net fair value (gain)/loss on forward currency contracts	(413)	(549)	3,607	(208)	(893)
Net unrealised (gain)/loss on foreign exchange	(4,902)	10,755	(3,944)	4,337	4,518
Net foreign exchange (gain)/loss	**(1,665)**	**12,807**	**28,119**	**4,061**	**4,173**
As a percentage of revenue (%)	0.2%	1.1%	2.2%	1.2%	1.7%
As a percentage of profit before tax (%)	1.3%	5.0%	5.0%	3.5%	7.7%

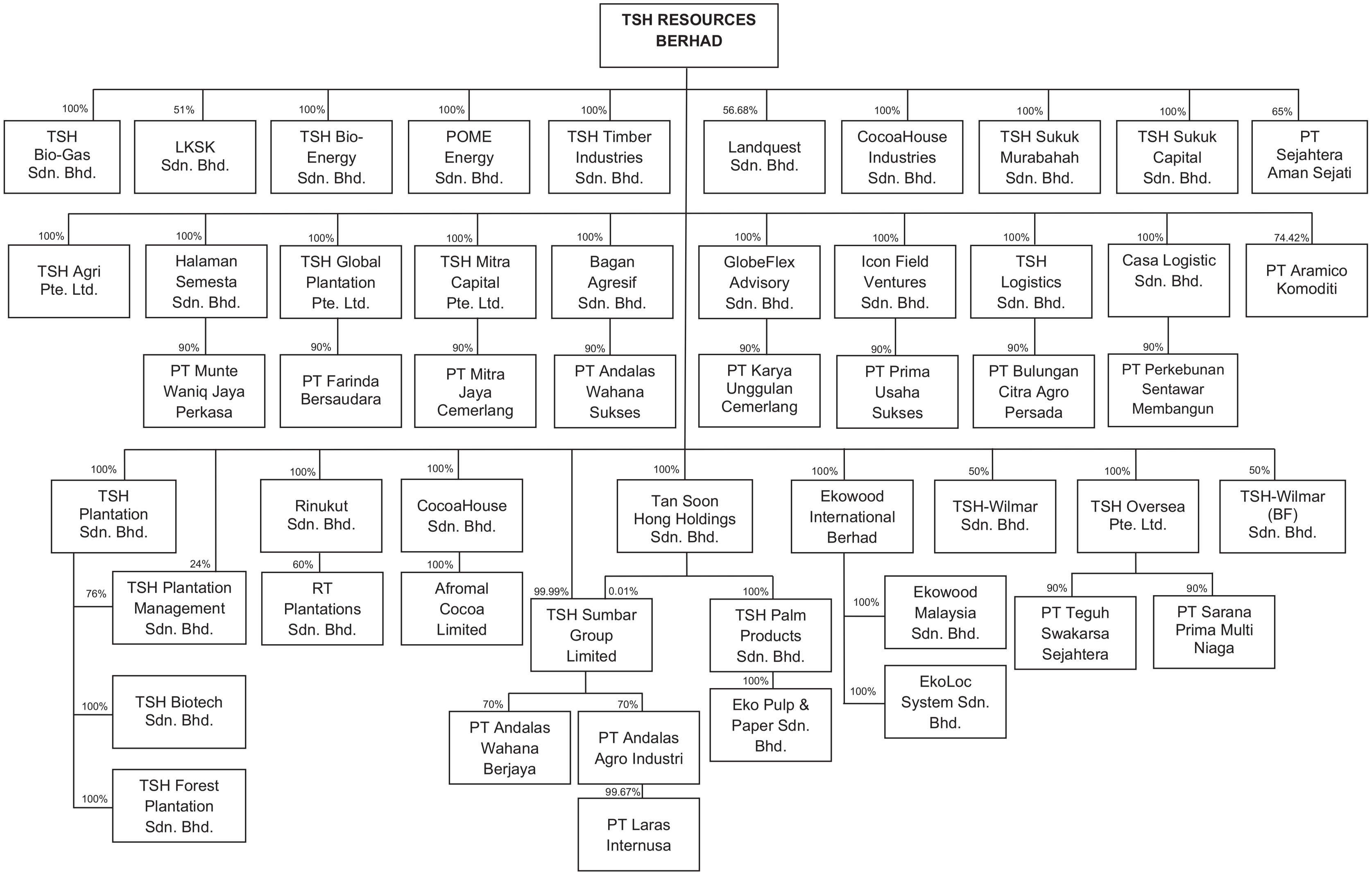
SIGNIFICANT ACCOUNTING POLICY CHANGES

During FY2020, FY2021 and FY2022, our Group adopted the new or revised MFRS that are relevant to its operations and effective for each financial year respectively. Changes to our Group's accounting policies have been made as required in accordance with the relevant transitional provisions in the respective MFRS framework. The adoption of the new or revised MFRS including amendments to

MFRS 9, MFRS 139, MFRS 7, MFRS 4, MFRS 16 Interpretations ("**MFRS INT**") during the Period Under Review did not result in any substantial changes to our Group's accounting policies and has no material effect on the amounts reported for the respective financial years. Save as disclosed in this section of this Introductory Document, our Company will not be adopting any new accounting policies in the near future which may have a material impact on our Group's financials.

See the "*Independent Auditors' Report on the Audited Financial Statements for the Financial Years Ended 31 December 2022, 2021 and 2020*" and "*Independent Auditors' Review Report on the Unaudited Financial Statements for the Three-Month Period Ended 31 March 2023*" as set out in Appendix A and Appendix B to this Introductory Document, respectively, for details of our Group's accounting policies.

GROUP STRUCTURE



OVERVIEW

We are a producer of CPO and PK, with our oil palm plantations located in Malaysia and Indonesia. We are principally engaged in cultivating oil palm trees, harvesting FFB from our oil palm plantations and processing FFB into CPO and PK for sale in Malaysia and Indonesia. Our aim is to become a leading regional supplier of CPO and PK through the expansion of our upstream and midstream oil palm plantation business and the continuous improvement of our operations, whilst also ensuring that we improve the welfare of the local communities in the areas that our Group operate in, through various corporate social responsibility programmes and environmentally friendly practices.

Our operations are located in Sabah, Malaysia and East Kalimantan, Central Kalimantan, North Kalimantan and West Sumatera in Indonesia, where we have a total oil palm planted area of 39,071 Ha and six palm oil mills, comprising two in Sabah, Malaysia and four in Indonesia. As at the Latest Practicable Date, we are operating only one of the two palm oil mills in Sabah, Malaysia in order to achieve better cost efficiency and economies of scale. We also operate a palm oil refinery and a fractionation and PK crushing plant in Sabah, Malaysia as part of a joint venture with the Wilmar Group.

The following map illustrates the locations of our oil palm plantation estates, palm oil mills and palm oil refinery:

Our total FFB production from Malaysia amounted to 61,447 MT, or approximately 6.7% of our Group's total production for FY2022, and our total FFB production from Indonesia amounted to 862,543 MT, or approximately 93.3% of our Group's total production for FY2022. Our average FFB yield per mature hectare was 24.5 MT per Ha for FY2022.

Our palm oil mills have a combined FFB processing capacity of 390 MT per hour or 2,340,000 MT per annum. We process the FFB produced by our own oil palm plantations and those purchased from local farmers pursuant to the Plasma Scheme in Indonesia. Our palm oil mills in Malaysia produced a total of 65,640 MT of CPO and 19,184 MT of PK during FY2022, and our palm oil mills in Indonesia produced a total of 170,842 MT of CPO and 29,716 MT of PK during FY2022.

Apart from the palm products business segment, our Group is also engaged in the other businesses segment which comprise the following divisions: (i) the wood division, which involves the manufacture and sale of downstream EHF and the operation of a forest management unit for sustainable forestry; and (ii) the bio-integration division, which involves the generation and supply of electricity from biomass and biogas power plants.

Our Group has its genesis in the cocoa business. Up until March 2023, we had operated a cocoa processing factory in Port Klang in Selangor, Malaysia to manufacture and sell cocoa products, mainly cocoa butter, for export to markets in the United States, Europe and Asia. We have since ceased the operations at the cocoa processing factory and no longer manufacture cocoa products, as we now focus on the main palm products business segment as well as the other businesses segment of our Group.

We became a member of the RSPO, a global multi-stakeholder initiative that ensures companies take ownership in producing sustainable palm oil. Being a member of the RSPO, we are committed to fulfilling RSPO requirements, including certifying all our oil palm plantation estates and palm oil mills under the RSPO principles and criteria, as well as the supply chain certification standard. We achieved our first RSPO certification in 2016 and as at the Latest Practicable Date, we have certified seven of our oil palm plantation estates and three of our five operating palm oil mills. We are also committed to the national sustainability agendas of Malaysia and Indonesia – all our oil palm plantation estates and palm oil mills in Malaysia are MSPO certified, whilst four of our Indonesia subsidiaries, namely PT AAI, PT AWB, PT FDB and PT LIN, are ISPO certified. The RSPO and ISPO certifications for the remaining operating units were delayed due to the COVID-19 pandemic and the consequent movement restrictions in both Malaysia and Indonesia. Notwithstanding that our Group has not obtained the remaining RSPO and ISPO certifications, our Group adheres to the principles and criteria outlined by the RSPO, MSPO and ISPO and hopes to obtain the remaining RSPO and ISPO certifications by 2025.

OUR HISTORY

Our Company was incorporated as a private limited company in Malaysia on 7 August 1979 and had its beginnings in the cocoa business. As our business grew, our Company subsequently obtained a listing on the Second Board of the Kuala Lumpur Stock Exchange on 31 January 1994, before transferring to the Main Board of the Kuala Lumpur Stock Exchange (now known as the Main Market of Bursa Securities) on 12 June 2000. At the time of listing in 1994, our Group was a major player in the cocoa industry in Malaysia, being the single largest exporter of cocoa beans and products in Malaysia.

Our Group embarked on an expansion phase and ventured into the palm oil industry in Sabah, Malaysia in the 1990s and subsequently in Kalimantan and Sumatera, Indonesia in the 2000s. In 2006, our Group sought to further expand our palm products business segment by venturing further downstream into operating a palm oil refinery and a fractionation and PK crushing plant in Sabah, Malaysia through a joint venture with the Wilmar Group.

Our Group is now principally engaged in oil palm cultivation and processing of FFB into CPO and PK, which is otherwise known as our palm products business segment. Our palm products business segment accounted for approximately 87.9%, 92.1% and 92.0% of our Group's total revenue for FY2020, FY2021 and FY2022, respectively, and for approximately 92.6% and 93.1% of our Group's total revenue for 1Q2022 and 1Q2023, respectively.

As at 31 December 2022, our Group has planted approximately 39,071 Ha of oil palms in Malaysia and Indonesia with a weighted average age of approximately 11.7 years. As at the Latest Practicable Date, our Group also operates five palm oil mills, comprising one in Sabah, Malaysia, two in Kalimantan, Indonesia and two in Sumatera, Indonesia.

As at 31 December 2022, we have an estimated land bank for oil palm cultivation of approximately 76,400 Ha in Malaysia and Indonesia. This is based on the area of land for which land titles, HGU certificates, relevant land parcel maps or PKKPR have been issued as part of the process of obtaining the relevant HGU, or right to use. Our planted area covers approximately only 51.1% of the estimated land bank as at 31 December 2022. The extent of the unplanted area suitable for new planting will depend on, amongst others, the suitability of the location, terrain and soil of the respective unplanted sites, conservation requirements and the cost-benefit analysis to be undertaken by our Group. However, we believe that we can increase our cultivated oil palm plantation land by another 7,000 to 10,000 Ha over the next few years.

Key Milestones

The table below sets forth key milestones in our Group's history:

Year	Event
1986	• Acquired a 50% stake in Styrocon Development Sdn. Bhd. (now known as TSH Plantation) which owned plantation land measuring approximately 600 acres situated in Kunak in the district of Tawau in Sabah, Malaysia.
1989	• Acquired the remaining 50% stake in Styrocon Development Sdn. Bhd. (now known as TSH Plantation), resulting in TSH Plantation becoming our wholly-owned subsidiary.
1994	• Our Company was listed on the Second Board of the Kuala Lumpur Stock Exchange (now known as Bursa Securities). • Acquired plantation lands measuring 53.74 acres located at Mile 15 ½ Apas Road, Tawau in Sabah, Malaysia.
1997	• Acquired LKSK Sdn. Bhd. which owned 2,387 acres of plantation land located in Tawau in Sabah, Malaysia. • Was granted a 100-year licence by the State Government of Sabah to manage approximately 123,385 Ha of forest land in Ulu Tungud Forest Reserve, District of Beluran in Sabah, Malaysia as part of a sustainable forest management programme which includes activities involving a mixture of conservation, forest rehabilitation, tree plantation and sustainable harvesting.
1999	• Commenced operations of the Kunak Palm Oil Mill in Sabah, Malaysia.
2000	• Our Company was transferred from the Second Board to the Main Board of the Kuala Lumpur Stock Exchange (now known as Bursa Securities).
2001	• Acquired 93.40 acres of agricultural land situated at Tingkayu in the District of Lahad Datu in Sabah, Malaysia.
2002	• Entered into a Renewable Energy Purchase Agreement with Sabah Electricity, a subsidiary of Tenaga Nasional Berhad, to enable our Group to enter into the renewable energy business which utilises waste products from our palm oil mills. • Purchased approximately 208 acres of agricultural land at Lahad Datu/Kunak Road in the District of Kunak in Sabah, Malaysia.
2003	• Acquired PT Andalas Investa Lestari (now known as PT Andalas Agro Industri) that owned 27 Ha of land located in West Sumatera, Indonesia. • Acquired Landquest Sdn. Bhd., which owned 435 Ha of plantation land planted with oil palm.
2004	• Acquired PT AWB, which had obtained the Location Permit for 7,600 Ha of plantation land located in West Sumatera, Indonesia.
2005	• Commenced operations of the biomass power plant located in Tawau in Sabah, Malaysia. • Commenced operations of the Kinali Palm Oil Mill of PT AAI.
2006	• Entered into a joint venture with the Wilmar Group to jointly develop a palm oil refinery and a PK crushing plant in Tawau in Sabah, Malaysia and commenced operations of the palm oil refinery. • Entered into a joint venture with the Wilmar Group to jointly develop a cogeneration plant and undertake an electricity and steam project to carry on the business as an operator of cogeneration plant and sale of electricity and steam.

Year	Event
	● Acquired PT TSS which had obtained the Location Permit for 17,000 Ha of land located in East Kalimantan, Indonesia of which 10,282 Ha were certified as HGU. ● Acquired PT LIN which owned 7,000 Ha of HGU land located in West Sumatera, Indonesia, of which 4,200 Ha had been planted with oil palm.
2007	● Commenced operations of the PK crushing plant under the joint venture with the Wilmar Group in Tawau in Sabah, Malaysia. ● Acquired PT SPMN, which had approximately 7,100 Ha of land with HGU located in Central Kalimantan, Indonesia, of which 6,000 Ha had been planted with oil palm.
2008	● Commenced operations of the palm oil mill owned by PT SPMN located in Central Kalimantan, Indonesia. ● Acquired PT FDB which had obtained the Location Permit for 15,000 Ha of land located in East Kalimantan, Indonesia.
2009	● Acquired PT Mitra Jaya Cemerlang which had obtained the Location Permit for 15,000 Ha of land located in Central Kalimantan, Indonesia.
2011	● Acquired PT Munte Waniq Jaya Perkasa which had obtained the Location Permit for 11,500 Ha of land located in East Kalimantan, Indonesia.
2012	● Entered into a Renewable Energy Power Purchase Agreement with Sabah Electricity to sell the renewable energy generated and delivered from the renewable energy installation and metered by Sabah Electricity for a period of nine years. ● Commenced operations of the palm oil mill owned by PT FDB located in East Kalimantan, Indonesia.
2013	● Acquired PT Andalas Wahana Sukses which had obtained the Location Permit for 5,180 Ha of land located in East Kalimantan, Indonesia. ● Acquired PT Perkebunan Sentawar Membangun which had obtained the Location Permit for 5,084 Ha of land located in East Kalimantan, Indonesia.
2014	● Acquired PT Prima Usaha Sukses which had obtained the Location Permit for 9,000 Ha of land located in Central Kalimantan, Indonesia. ● Acquired Rinukut Plantations Sdn. Bhd. (now known as RT Plantations Sdn. Bhd.) which has the rights to undertake development of oil palm plantation in the locality of Gunung Rara/Kalabakan in Sabah, Malaysia, of which 1,279 Ha had been planted. ● Our Group became a member of RSPO.
2015	● Commenced operations of the biogas plant in Tawau in Sabah, Malaysia.
2016	● Obtained RSPO certification for the palm oil mill and estate owned by PT SPMN in Indonesia.
2018	● Obtained RSPO certification for the Kunak Palm Oil Mill, Maju Sawit Estate, Wakuba Estate, LKSK Estate and Landquest Estate in Sabah, Malaysia. ● Commenced operations of the palm oil mill owned by PT AWB located in West Sumatera, Indonesia.
2019	● Obtained MSPO certification for all our palm oil mills and oil palm plantation estates in Sabah, Malaysia. ● Obtained RSPO certification for the Sabahan Palm Oil Mill and Sabahan Estate located in Sabah, Malaysia. ● Obtained RSPO certification for the palm oil mill owned by PT AAI and the oil palm plantation estate owned by PT LIN in West Sumatera, Indonesia.

Year	Event
2021	● Signed a Power Purchase Agreement with Sabah Electricity to sell renewable energy generated to Sabah Electricity for a period of 10 years. ● Obtained ISPO certification for all the palm oil mills and oil palm plantation estates owned by PT AAI, PT AWB and PT LIN in West Sumatera, Indonesia.
2022	● Obtained ISPO certification for the palm oil mill and oil palm plantation estate owned by PT FDB in East Kalimantan, Indonesia.

OUR AWARDS AND CERTIFICATIONS

The table below sets forth the awards and certifications obtained by our Group since 2013:

Year	Award / Certification	Awarding Body
2023	Timber Industry Award (Floorboards) awarded to Ekowood International	Malaysian Timber Industry Board
	Zero Accident Award awarded to PT LIN for achieving 1,955,960 working hours without accidents (between 1 January 2020 and 31 December 2022)	The Regent of West Pasaman (*Bupati Pasaman Barat*)
	Certificate of Compliance awarded to TSH Resources for complying with the requirements for Timber Harvesting Operation, Industrial Tree Plantation (ITP) Development, Rubber Cup Lump Production and Silviculture Treatment under the Annual Work Plan 2022	Sabah Forestry Department
2022	Zero Accident Award awarded to PT AAI for achieving 607,761 working hours without accidents (between 1 January 2019 and 31 December 2021)	Minister of Manpower, Indonesia
	Zero Accident Award awarded to PT FDB for achieving 6,463,380 working hours without accidents (between 1 January 2020 and 31 December 2021)	Minister of Manpower, Indonesia
	Certificate of Compliance awarded to TSH Resources for complying with the requirements for Timber Harvesting Operation, Rubber Cup Lump Production and Silviculture Treatment under the Annual Work Plan 2021	Sabah Forestry Department
	Certificate of Compliance awarded to RT Plantations Sdn. Bhd. for complying with the requirements of Agroforestry Development under the Annual Work Plan 2021	Sabah Forestry Department
	Certificate of Compliance awarded to RT Plantations Sdn. Bhd. for complying with the requirements of the Sabah Timber Legality Assessment System Principle 1-4	Sabah Forestry Department
2021	Zero Accident Award awarded to PT LIN for achieving 8,127,968 working hours without accidents (between 1 January 2018 and 31 December 2020)	Minister of Manpower, Indonesia
	Zero Accident Award awarded to PT LIN for achieving 8,127,968 working hours without accidents (between 1 January 2018 and 31 December 2020)	Governor of West Sumatera
	Certificate of Compliance awarded to TSH Resources for complying with the requirements for Timber Harvesting Operation and Rubber Latex Production and Silviculture Treatment under the Annual Work Plan 2020	Sabah Forestry Department

Year	Award / Certification	Awarding Body
	Certificate of Compliance awarded to TSH Resources for complying with the requirements for Timber Harvesting Operation and Rubber Latex Production under the Annual Work Plan 2019	Sabah Forestry Department
2020	Zero Accident Award awarded to PT AAI for achieving 596,953 working hours without accidents (between 1 January 2017 and 31 December 2019)	Minister of Manpower, Indonesia
	Zero Accident Award awarded to PT LIN for achieving 6,193,108 working hours without accidents (between 1 January 2017 and 31 December 2019)	Minister of Manpower, Indonesia
	Zero Accident Award awarded to PT LIN for achieving 6,193,108 working hours without accidents (between 1 January 2017 and 31 December 2019)	Governor of West Sumatera
	Zero Accident Award awarded to PT SPMN (between 1 January 2020 to 31 December 2020)	Governor of Central Kalimantan
2019	Certificate of Compliance awarded to TSH Resources for compliance with the requirements for Industrial Tree Plantation Development, Silviculture Treatment, Rubber Latex Production and Timber Harvesting Operation under the Annual Work Plan 2018	Sabah Forestry Department
	Zero Accident Award awarded to PT AAI for achieving 616,099 working hours without accidents (between 1 January 2016 and 31 December 2018)	Minister of Manpower, Indonesia
2018	Certificate of Compliance awarded to RT Plantations Sdn. Bhd. for compliance with the requirements for agroforestry development under the Annual Work Plan 2017	Sabah Forestry Department
	Zero Accident Award awarded to PT AAI for achieving 616,099 working hours without accidents (between 1 January 2016 and 31 December 2018)	Minister of Manpower, Indonesia
	Zero Accident Award awarded to PT LIN for achieving 7,234,004 working hours without accidents (between 1 January 2015 and 31 December 2017)	Minister of Manpower, Indonesia
2017	Best Managed Plantation in Sabah awarded to LKSK Sdn. Bhd.	Malaysian Palm Oil Board
2016	Brand of the Year awarded to Ekowood International for Home & Garden – Flooring – Malaysia	World Branding Awards
2015	Highest Profit Growth Company Award awarded to TSH Resources	The Edge Billion Ringgit Club
	Best Performing Stock (Plantation Sector) awarded to TSH Resources	The Edge Billion Ringgit Club
2014	Highest Profit Growth Company Award awarded to TSH Resources	The Edge Billion Ringgit Club
2013	Best Performing Stock (Plantation Sector) awarded to TSH Resources	The Edge Billion Ringgit Club

OUR COMPETITIVE STRENGTHS

Our Directors believe that our competitive strengths include the following:

We have a highly experienced and strong management team

Our Executive Directors, namely our Group Managing Director, Tan Aik Sim, and our Group Executive Director, Tan Aik Kiong, have spent a significant part of their careers at our Group and have been instrumental in the growth and success of our business. They each possess different functional expertise such as operations, engineering, finance, and sales and marketing, and these complementary skills have been critical to the management efficiency of our Group. Tan Aik Sim has played a big part in the development of our palm products business, in particular the expansion into Indonesia which has significantly enlarged our Group's operations, and he also charts the strategy for sustainable long term growth of our Group. Tan Aik Kiong oversees our Group's business and operations in Sabah, Malaysia. Each of Tan Aik Sim and Tan Aik Kiong has more than 25 years of experience in the palm products business.

Our Executive Directors are also supported by a strong management team consisting of middle management employees from our headquarters, the oil palm plantation estates and palm oil mills, who are each experienced in managing the operations at the oil palm plantations and palm oil mills. Our middle management employees carry with them a wealth of experience, many of whom are long-serving employees of our Group or have been hired from other prominent palm oil companies in Malaysia and Indonesia. Furthermore, we continuously develop our management team by strengthening their leadership and managerial capabilities through training on our Group's management approach.

We are well-positioned to benefit from established business relationships and growth in the global edible oils market

Our CPO and PK products are sold to palm oil refineries and PK crushing plants for further processing into palm-based edible oils and oleochemical products. We believe that there is potential for future revenue growth in line with the increasing demand for edible oils globally, which is expected to grow annually by approximately 6.7% between 2023 to 2028[1], as consumption is primarily driven by factors such as the growing demand for food arising from population and economic growth, the wide range of applications of edible oils and fats, the increasing demand from China and India as the two largest consumer markets which are expected to grow annually by approximately 10.0%[2] and 5.3%[3] respectively, and the emergence of Africa and Middle East as key consuming regions. CPO and PK are major agricultural commodities that are used to produce edible oils and fats, and we believe that our growth will remain in tandem with the relatively recession-proof demand for food products. Through the development and cultivation of our existing land bank, we believe we are well-positioned to benefit from the growth in the global edible oils market.

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1 The information is derived from the Statista website (https://www.statista.com/outlook/cmo/food/oils-fats/edible-oils/worldwide), data accessed on 2 August 2023. Statista has not provided consent, for the purposes of Section 249 of the SFA, to the inclusion of the above information in this Introductory Document and is therefore not liable for such information under Sections 253 and 254 of the SFA. While our Company and the Issue Manager have taken reasonable actions to ensure that the above information has been reproduced in its proper form and context, and that the information has been extracted accurately and fairly, none of our Company, the Issue Manager or any other party has conducted an independent review of the information or verified the accuracy of the contents of the relevant information.

2 The information is derived from the Statista website (https://www.statista.com/outlook/cmo/food/oils-fats/edible-oils/china), data accessed on 2 August 2023. Statista has not provided consent, for the purposes of Section 249 of the SFA, to the inclusion of the above information in this Introductory Document and is therefore not liable for such information under Sections 253 and 254 of the SFA. While our Company and the Issue Manager have taken reasonable actions to ensure that the above information has been reproduced in its proper form and context, and that the information has been extracted accurately and fairly, none of our Company, the Issue Manager or any other party has conducted an independent review of the information or verified the accuracy of the contents of the relevant information.

3 The information is derived from the Statista website (https://www.statista.com/outlook/cmo/food/oils-fats/edible-oils/india), data accessed on 2 August 2023. Statista has not provided consent, for the purposes of Section 249 of the SFA, to the inclusion of the above information in this Introductory Document and is therefore not liable for such information under Sections 253 and 254 of the SFA. While our Company and the Issue Manager have taken reasonable actions to ensure that the above information has been reproduced in its proper form and context, and that the information has been extracted accurately and fairly, none of our Company, the Issue Manager or any other party has conducted an independent review of the information or verified the accuracy of the contents of the relevant information.

We have a strong network of business relationships with the other key players in the palm products industry in Malaysia and Indonesia. In particular, we have an established relationship with the Wilmar Group through our joint ventures for the operation of the palm oil refinery and the fractionation and PK crushing plant in Sabah, Malaysia, as well as the biomass plant in our integrated complex in Kunak in Sabah, Malaysia. During the Period Under Review, we also sold substantially all of the CPO and PK produced by our Group to companies belonging to the Wilmar Group and TSH-Wilmar, which is a joint venture company of our Group under a 50:50 joint venture between our Group and the Wilmar Group. The Wilmar Group is a global leader in the processing and merchandising of edible oils, oilseed crushing, production of oleochemicals, specialty fats, palm biodiesel and consumer pack oils, amongst others. Due to the scale of operations of the Wilmar Group, it purchases CPO and PK from various producers in Malaysia and Indonesia, including our Group. The Wilmar Group also supplies fertiliser to our Group for our oil palm plantations. We also sell CPO and PK products to other palm oil players, with whom our Group also has good business relationships. Due to the growing demand for edible oils and fats, we believe that there will be a constant demand for the CPO and PK produced by our Group. Nonetheless, we believe that an established business relationship with a large and reliable industry player like the Wilmar Group is beneficial to our Group in terms of stability, ease of business communications and effective customer and supplier management practices.

We have implemented strong sustainability initiatives and are committed to continuously improve our sustainability efforts

Our operations are steered by our vision to be a premier oil palm plantation company committed to sustainability. We have taken the initiative to integrate sustainability principles into our day-to-day operations and towards creating a structured sustainability agenda. We have implemented several initiatives to build a solid basis for our sustainability efforts, including conducting a gap analysis with reference to the Global Reporting Initiative standards, the FTSE4Good Index series and the Task Force on Climate-Related Financial Disclosures recommendations in order to ascertain our Group's current standing against the benchmarks. We have also established a sustainability framework that clearly visualises the interconnectivity of our ESG efforts and strategic priorities, and established a group sustainability policy that outlines our commitments and guiding principles. See the section entitled "*Business – Environmental, Social and Governance Initiatives*" of this Introductory Document for further information.

We are committed to minimising or eliminating negative environmental impacts through the implementation of environmental best practices such as adopting zero burning replanting, proper fire prevention methods and emergency preparedness programmes in all new and existing operations and managing energy usage and greenhouse gas emissions by optimising business activities and conducting environmental and social assessments to mitigate impacts or risks of new plantings or operations. We also ensure proper waste and effluents management in accordance with applicable regulatory requirements and limits within the countries where we operate, including that the waste and palm oil mill effluent from our oil palm plantations and palm oil mills are properly treated prior to discharge or disposal. In addition, we also adhere to our policies of no deforestation, protection of biodiversity and wildlife and no new planting on peatland regardless of depth.

Our Group has been working towards achieving sustainability certifications for the oil palm plantation estates and palm oil mills we operate across Malaysia and Indonesia. Our Group has achieved MSPO certification for all oil palm plantations and palm oil mills we currently operate in Malaysia and has also made significant progress in respect of RSPO and ISPO certifications. We have achieved RSPO certification for 44% of our oil palm plantations and 60% of the palm oil mills we currently operate, and ISPO certification for 36% of our Indonesia subsidiaries as at 31 December 2022. As at 31 December 2022, the annual production of RSPO certified sustainable palm oil constituted 29.0% of our annual production of CPO for FY2022 and the annual production of RSPO certified sustainable PK constituted 26.8% of our annual production of PK for FY2022.

We have oil palm plantations with an age profile that supports increased production

Peak production years for the oil palm trees range from nine to 20 years of age, after which, their production of FFB gradually declines. Prime mature oil palms can generally produce over 20 MT to 30 MT of FFB per Ha per year. As at 31 December 2022, the weighted average age of our Group's oil palms is 11.7 years. Our prime mature oil palms (those aged between nine to 20 years) made up approximately 59% of our planted area across our oil palm plantations in Malaysia and Indonesia, and a further 32% of our oil palms are young mature palms (those aged between four to eight years), which augurs well for our Group's FFB production in the upcoming years.

As a result of the age profile of our oil palms, our Group has maintained a consistently high average FFB yield from our oil palm plantations, which was 22.7 MT per Ha in FY2020, 22.7 MT per Ha in FY2021, 24.5 MT per Ha in FY2022 and 5.3 MT per Ha in 1Q2023. As a substantial majority of our oil palms are in their peak production years or will soon enter their peak production years, we believe that the age profile of our oil palms will support increased production of FFB, resulting in increased CPO and PK production, which are our key revenue generators. The age profile of our oil palm plantations is an important factor for the sustained growth and success of our Group.

We have land bank with new planting potential, supported by a strong balance sheet with low gearing which enables us to support development and expansion

As at 31 December 2022, we have an estimated land bank of approximately 76,400 Ha in Malaysia and Indonesia. As our planted area covers only approximately 51.1% of the estimated land bank as at 31 December 2022, we are well-positioned to increase our planted area in the coming years. However, the extent of the unplanted area suitable for new planting will depend on, amongst others, the suitability of the location, terrain and soil of the respective unplanted sites, conservation requirements and the cost-benefit analysis to be undertaken by our Group. In any case, we believe that we can increase our cultivated oil palm plantation land by another 7,000 to 10,000 Ha over the next few years. In this regard, we intend to undertake new planting at a steady pace of approximately 1,000 to 2,000 Ha per year. We will also seek opportunities to increase the size of our land bank and planted area through selective acquisitions, particularly in Indonesia.

Furthermore, we have significantly reduced our total borrowings from approximately RM1.31 billion in FY2020 to approximately RM0.56 billion in FY2022, and increased our shareholders' equity from approximately RM1.45 billion in FY2020 to approximately RM1.90 billion in FY2022. As such, we now have a strong balance sheet with a low gearing ratio, with greater financial capacity to pursue new development and expansion opportunities. Accordingly, we believe that we will be able to leverage our strong balance sheet position and low gearing ratio to invest in, expand and further strengthen our business, which may include undertaking any strategic opportunities to acquire land bank and investing in the latest available technologies to raise productivity at our oil palm plantations and palm oil mills.

OUR BUSINESS STRATEGIES AND FUTURE PLANS

Expansion of our oil palm plantation assets

We employ a strategy of constantly evaluating our portfolio of assets and investments and where appropriate, to unlock and realise the value of our assets and investments for the benefit of our Shareholders. For instance, our Group had disposed of two oil palm plantation estates and a palm oil mill in Sabah, Malaysia in FY2022. Our Group had also entered into an agreement for the disposal of land located in Kalimantan, Indonesia, such disposal having been partially completed, with the proposed disposal of the remaining balance of the land expected to be completed in the first half of FY2024. These disposals enabled our Group to raise cash proceeds for the partial repayment of interest-bearing borrowings, thus lowering our gearing level. Part of the proceeds will also be channelled towards our Group's business operations and utilised for new planting and replanting of oil palms as well as for infrastructure works and capital expenditure. The improved gearing following the disposals will provide greater capacity to raise additional funding to accelerate the development of our Group's existing land bank of unplanted plantation lands and the replanting of oil palms.

As an experienced and established upstream oil palm company, we intend to remain focused on the upstream oil palm plantation business where we will be able to leverage our experience and know-how. Over the next few years, we intend to develop and cultivate our existing land bank and increase our cultivated oil palm plantation land by another 7,000 to 10,000 Ha. If suitable opportunities arise, we may also acquire existing oil palm plantation estates and plantation reserve land in Malaysia and Indonesia. We believe that by assessing and selecting the right opportunities for our Group, we will be able to apply our experience and technical expertise to these new assets and by increasing our planted area, we will be able to increase our FFB production and ultimately, our CPO and PK production, to further grow our Group's revenue and profitability.

Continue to build and leverage on our sustainability credentials

We are committed to developing and promoting sustainable and ESG practices in the palm oil industry. Our mission is to be a progressive oil palm plantation enterprise with an emphasis on sustainable production, social accountability and sound environmental management. It is imperative that we embed sustainable practices into every aspect of our operations and we aim to establish a comprehensible sustainable agenda that our Group as a whole can commit to at every level, steered towards the appropriate direction by our Board. We have established a Sustainability Steering Committee at the senior management level, which comprises our Group Managing Director, Tan Aik Sim, the general manager (ESG) as well as senior management and heads of department from various departments across our Group. The Sustainability Steering Committee is tasked with managing ESG-related commitments, risks and material topics. Amongst others, the Sustainability Steering Committee leads the implementation of sustainability initiatives at management level, develops and executes material sustainability matters and sustainability-related policies and advises our Board on key sustainability issues. They are in turn supported by the Sustainability Working Group, which comprises operational representatives from each business unit and their relevant departments. The Sustainability Working Group has an active role in driving relevant ESG initiatives at the operational level and keeping our Group aligned with our goals by regularly monitoring ESG impacts, continuously engaging with key stakeholders and pushing the sustainability agenda across the value chain.

We aim to strengthen our sustainability credentials and to continue to implement sustainability initiatives to reduce our carbon footprint, which is critical to the future of our planet and humanity. Our Group already operates biomass and biogas power plants in Sabah, Malaysia, turning the waste from the palm oil value chain to renewable energy. Our 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 to supply up to 10MW of green electricity. Our biomass power plant and the methane gas recovery and utilisation projects had previously been registered under the United Nations Framework Convention for Climate Change Clean Development Mechanism which allows emission-reduction projects in developing countries to earn certified emission reduction credits. In line with our decarbonisation aspirations, we also intend to carry out similar biogas recovery projects at our four palm oil mills in Indonesia, to recover the methane gas generated from the wastewater treatment process which would otherwise be emitted into the atmosphere resulting in greenhouse gas emissions. The recovered biogas may be utilised for electricity generation for our own consumption and feeding to the electricity grid.

In addition, we had in May 2022 commissioned a rooftop solar panel installation at Ekowood International's factory in Perak, Malaysia. We are keen to explore more solar energy projects, including those of a larger scale on our land in both Malaysia and Indonesia, as well as solar battery storage systems to provide electricity for our oil palm plantation estates and workers' quarters.

We also have plans to undertake IFM activities at our forest management unit in Sabah, Malaysia. IFM refers to forest management activities aimed at increasing carbon stock within forests and/or reducing greenhouse gas emissions from forestry activities when compared to a project baseline. We plan to enrol our proposed IFM project under a carbon registry and have it validated for carbon credits, which will help to reduce our carbon footprint.

Our Group plans to implement the abovementioned projects in the next five years, which are intended to be financed by a combination of internally generated funds and bank borrowings.

Improve our production and operational efficiencies

We have continually made efforts to mechanise, automate and refine the operations at our oil palm plantations to improve production and operational efficiencies. For example, we have adopted the mechanised grabber solution at our oil palm plantation estates for efficient loading of FFB into the evacuation transport system. The mechanised grabber has automated gripping and release mechanisms to enable precise and secure handling of FFB, which reduces damage and losses during loading. In addition, it reduces labour dependency and decreases loading time, thus resulting in faster turnaround and improved operational efficiency. We are also using battery-powered wheelbarrows for FFB evacuation at some of our oil palm plantation estates. The battery-powered wheelbarrows enable faster evacuation of FFB by reducing the physical effort required, allowing operators to transport larger quantities of FFB more efficiently. By reducing the manual effort required to push heavy loads, the use of battery-powered wheelbarrows also minimises the risk of strain-related injuries for our workers. Another example of mechanised activity is the use of tractor-mounted sprayers for mechanised spraying instead of manual application. Similarly, we continue to look at ways to enhance the efficiency of our palm oil milling activities. In this regard, we have employed the high speed separator machine to minimise oil losses during the oil recovery process, which ultimately improves the extraction rate of CPO.

Another piece of technology which we have employed to enhance the productivity of our oil palm plantation estate activities is the use of drones. We have used drones for, amongst others, infrastructure mapping, counting of oil palm trees and the identification of potential flood-prone areas. The potential uses of drone technology are extensive, and we intend to maximise the use of drone technology to further enhance the effectiveness and efficiency of our oil palm plantation operations.

We believe continuous improvements in our operational processes will drive productivity and improve efficiency, ultimately leading to a reduction in unit costs of production. Accordingly, process improvement through mechanisation and technology adoption are increasingly applied across our oil palm plantation operations. In addition, information systems for performance monitoring and reporting will continue to be upgraded to facilitate faster and more informed decision-making. In this regard, we will continue to invest in digitalisation and data encryption to minimise paperwork and ensure the integrity of our data for operational monitoring, reporting and decision-making.

Beyond investments into new technologies, machines and other implements, we recognise that it is also critical to have a systematic management approach to achieve the desired results of efficiency. As such, we will continue to provide training and continual reinforcement to our managers based on our management approach.

OUR BUSINESS

Our Group is principally engaged in the palm products business segment, which involves oil palm cultivation and processing of FFB into CPO and PK. In addition, our Group is also engaged in the other businesses segment, which comprise the following divisions: (i) the wood division; and (ii) the bio-integration division.

Palm Products Business

We are principally engaged in cultivating oil palm trees, harvesting FFB from our oil palm plantations and processing FFB into CPO and PK for sale in Malaysia and Indonesia. Under the palm products business segment, we have a total oil palm planted area of 39,071 Ha and six palm oil mills, comprising two in Sabah, Malaysia and four in Indonesia. As at the Latest Practicable Date, we are operating only one of the two palm oil mills in Sabah, Malaysia in order to achieve better cost efficiency and economies of scale. We also operate a palm oil refinery and a fractionation and PK crushing plant in Sabah, Malaysia as part of a joint venture with the Wilmar Group.

Our main products are CPO and PK, which are derived primarily from the FFB harvested from our oil palm plantations or purchased from local farmers pursuant to the Plasma Scheme in Indonesia, and are processed at the palm oil mills located in Malaysia and Indonesia. PK are by-products extracted from the oil palm nuts that are produced in the course of CPO production. The sale of CPO contributed approximately 71.6%, 73.7% and 72.5% to our Group’s revenue for FY2020, FY2021 and FY2022, respectively, and approximately 68.4% and 76.0% to our Group’s revenue for 1Q2022 and 1Q2023, respectively. The sale of PK contributed approximately 8.5%, 10.3% and 10.1% to our Group’s revenue for FY2020, FY2021 and FY2022, respectively, and approximately 12.4% and 7.5% to our Group’s revenue for 1Q2022 and 1Q2023, respectively.

Oil Palm Plantations

Our oil palm plantations are strategically located in the regions of Sabah, Malaysia and Kalimantan and Sumatera, Indonesia. The high mineral content in the soil and high average rainfall levels in these areas are well-suited for rapid oil palm growth. Most of our oil palm plantations are located on flat or mildly undulating terrain, which reduces the cost of planting, maintenance and harvesting. As at the Latest Practicable Date, our Group's land bank and planted area are set out below:

Location	**Land Bank (Ha)**	**Planted Area (Ha)**
Malaysia		
Sabah	4,378	3,334
Indonesia		
East Kalimantan	39,830	14,142
Central Kalimantan	16,288	9,337
North Kalimantan	5,398	3,333
West Sumatera	10,506	8,925
Total	**76,400**	**39,071**

On average, an oil palm tree has a commercial life span of approximately 25 to 30 years. Oil palm trees require approximately three years to mature, and typically do not reach peak production of FFB until after approximately eight years after planting. Peak production years for the oil palm trees range from nine to 20 years of age, after which, their production of FFB gradually declines. As at 31 December 2022, we had 37,774 Ha of mature (being oil palms above three years old) and 1,297 Ha of immature (being oil palms up to three years old) oil palm plantations under cultivation. As at 31 December 2022, the weighted average age of our Group's oil palm trees is 11.7 years.

The following table sets out the age profile of the oil palm trees planted at our oil palm plantations across Malaysia and Indonesia as at 31 December 2022:

	Age Profile of Oil Palm Trees			
	0 to 3 years (Ha)	**4 to 8 years (Ha)**	**9 to 20 years (Ha)**	**More than 20 years (Ha)**
Malaysia	502	1,605	340	887
Indonesia	795	10,818	22,526	1,598
Total	**1,297**	**12,423**	**22,866**	**2,485**

The key activities and processes of our Group's operations at our oil palm plantations are as follows:

(i) Nursery and Planting

Germinated seeds are first carefully selected and purchased from established seed producers before being delivered to the nurseries located at our oil palm plantations. We first plant the germinated seeds in batches in the pre-nurseries at our oil palm plantations. After approximately three months in the pre-nursery, selected oil palm seedlings are transferred for planting in the main nurseries, which are designated fields within the estate. We grow our oil palm seedlings in our main nurseries for six to seven months and seedlings that have grown sufficiently well are selected for transplantation.

We plant approximately 124 to 140 oil palm trees per Ha, to ensure that our oil palms have sufficient space for growth and receive adequate sunlight cover. The area surrounding each young oil palm plant is free from other vegetation which may compete for fertiliser, water and sunlight. The young oil palm plants are planted about nine metres apart, in equilateral triangle patterns, on a normal density scale.

(ii) Upkeeping

Proper plant management is vital in ensuring optimal FFB yield. The yield from our oil palm plantations depends on a variety of factors, including the quality of the oil palm seed, the soil and climatic conditions, the amount of fertiliser used, the management of the oil palm plantation (including pruning, plant-per-hectare, weeding and pest-control) and the harvesting and processing of the FFB at the optimum time.

During the growing period, workers are required to take care of the oil palm plantation and perform upkeeping activities such as weeding, sanitation, pest and disease management, water management and soil fertilisation. In addition, establishment of leguminous cover crop is essential to maintain moisture, prevent soil erosion and increase soil fertility. Integrated pest management promotes the use of self-sustaining and biological control agents such as barn owls, bagworms, nettle caterpillars and beneficial plants to manage pests. If the method of introducing a natural enemy or predator is not sufficient to control the pests, environmentally friendly pesticides are used.

(iii) Harvesting

Our oil palm trees first reach commercial maturity approximately after three to four years from planting, yielding between 2 MT to 6 MT of FFB per Ha, and remain commercially viable for up to 25 to 30 years. While we generally begin harvesting oil palm trees when they reach maturity, we occasionally begin harvesting immature oil palm trees from as soon as 24 months onwards. As our oil palm trees continue to mature, the yields of FFB increase, generally reaching peak production in years nine through 20. The yield of our oil palm trees at peak production is approximately 20 MT to 30 MT of FFB per Ha. As at 31 December 2022, we estimate that approximately 59% of the oil palms cultivated in our oil palm plantations had reached peak production age.

We harvest when there is optimum bunch ripeness, which is determined when there are minimally three detached loose fruits at the palm circle. Harvesting is done manually at manageable and practical intervals of 10 to 12 days. Harvesting occurs all year round which produces an uninterrupted supply of oil. The FFB are collected manually and subsequently sent to the palm oil mills by trucks. The loose fruits are also collected, segregated, quantified and transported to the palm oil mills.

We aim to fully process all FFB and loose fruits within 24 hours after harvesting to minimise the build-up of FFAs that can potentially reduce the quality of CPO produced. As such, the proximity of our palm oil mills to our oil palm plantation estates is crucial to maintain the quality of our CPO, as well as to optimise our transportation cost.

(iv) Replanting

Normally, at the end of the commercial life span of the oil palm tree, the land upon which it is planted will be cleared and prepared for replanting. In determining whether a hectare of land should be cleared for replanting, our Group will take into account several factors, including the age profile of the oil palm trees, the yield of the oil palm trees and the height of the oil palm trees.

We have continued our efforts to mechanise, automate and refine our oil palm plantation operations in order to improve productivity, reduce worker dependency and decrease operational costs. This is primarily driven by (i) the use of a mechanised grabber solution at our oil palm plantation estates for efficient loading of FFB into the evacuation transport system; (ii) the use of battery-powered wheelbarrows to enable faster evacuation of FFB; (iii) the use of tractor-mounted mechanical sprayers and mechanical mist blowers for the application of weedicide and pesticide, respectively, instead of manual application; and (iv) the use of drones for, amongst others, infrastructure mapping, counting of oil palm trees and identification of potential flood-prone areas.

Our FFB production grew by approximately 0.5% in FY2022 compared to FY2021, with an increase from 918,986 MT in FY2021 to 923,990 MT in FY2022, and which translated to an average FFB yield of 24.5 MT per Ha for FY2022. Over the next few years, as a result of our progressive replantation of oil palm trees and expansion on our oil palm plantations, we expect our FFB yields to improve and CPO and PK production to increase as more of our oil palm trees mature and reach peak production age.

Palm Oil Mills

Our Group has six palm oil mills, with two in Sabah, Malaysia, two in Kalimantan, Indonesia and two in Sumatera, Indonesia. However, we currently only operate one of the two palm oil mills in Sabah, Malaysia. Due to the declining FFB production in Sabah as a whole in recent years, we decided to channel the processing of all FFB to only one mill to achieve better cost efficiency and economies of scale. We have strategically located our palm oil mills such that they are in close proximity with our oil palm plantations, which ensures that our FFB arrives at our mills with minimal spoilage and reduces our transportation costs. Our mills are also in close proximity with plasma farmers and third party FFB producers, from whom we purchase FFB to maximise the capacity utilisation of our mills.

Our palm oil mills are capable of operating at full capacity of 45 MT to 75 MT per hour. In general, our palm oil mills operate with two shifts of eight hours each, and will operate until the daily inventory of FFB has been fully processed. Our Group ensures that all our palm oil mills are subject to maintenance at least once every week, to ensure that our machineries are kept in good working condition for the production of high quality CPO and that any faults can be identified early.

We have also built permanent housing for employees and workers in our oil palm plantation estates and at our palm oil mills so as to reduce the turnover time between working shifts, thereby increasing competitiveness, as well as to provide convenience to our employees and workers.

The key activities and processes of our Group's operations at our palm oil mills are as follows:

(i) Sterilising and Threshing

FFB undergo sterilisation, whereby they are placed in a steel cage and cooked under pressurised steam at a desired setting. The sterilisation process deactivates the enzyme, which in turn causes the oil palm fruit to breakdown and softens the FFB, which then loosens the fruits from the stalk of the FFB.

The softened FFB is then sent for threshing, whereby they are rolled and threshed in a revolving slated steel drum to separate the fruits from the bunch stalk. The fruits are then transported to the fruit digester.

(ii) Fruit Digestion

The fruits are fed into a steel vessel known as a fruit digester. Steam is injected and steering arms are used to loosen the fibre from the nuts of the fruits. The oil extracted from this process is sent for purification.

(iii) Pressing

The fibre nuts mash is placed in a perforated press cage and pressed. The oil and moisture from the fibre nuts mash is squeezed out, leaving a compacted mass known as the press cake. The oil extracted from this pressing process is sent for purification, whereas the press cake is sent for depericarping to separate the fibre from the PK nuts.

(iv) Purification

The oil collected from the fruit digestion and pressing processes is sieved to remove any remnant fibre and nut particles, before being collected in a tank. Steam is injected into the tank, and the resulting oil water mixture is left to settle for approximately five hours. On settling, clean oil will collect at the top of the tank, while oil sludge will settle at the bottom of the tank.

The clean oil is collected and sent for centrifuging in a high speed centrifuge to separate any impurities from the oil. The oil is then passed through a vacuum drier to reduce its moisture content. The purified oil obtained from these processes is known as CPO, which is then stored in the oil storage tanks pending delivery to our customers. The liquid waste generated by the process is applied as fertiliser in our oil palm plantations.

(v) Depericarper Separation

The press cake from the pressing process is fed into a rotating steel drum known as a depericarper to separate the nuts from the fibre. This process is carried out with the aid of a fibre cyclone. Fibre cyclone is a device used to pull up the fibre to the cyclone. Light particles are drained and fibre gets settled. The fibre is then transferred to the boiler as boiler fuel.

(vi) Drying

The nuts that emerge from the depericarper separation process are destoned and stored in a nut silo for drying. The drying process causes the cracking and separation of the PK from the nut shell.

(vii) Nut Cracking and Winnowing

The dried nuts are fed into mills to crack the nutshells. The cracked nuts are then fed into a blowing machine known as a winnower. The lighter shell fragments and any remaining fibre are blown off by air-jets, leaving behind only the PK with parts of the nutshell still attached.

(viii) Hydro-cyclone

The PK with parts of the nutshell still attached are then placed in a hydro-cyclone, where water is pumped in at a high pressure to separate the PK from the remaining portions of the nutshells. The PK are then collected and sent to storage, before they are delivered to our customers.

Processing Capacity and Utilisation Rates

The following table sets out the FFB processing capacity and utilisation rates of our palm oil mills operated on a consolidated basis for FY2020, FY2021, FY2022 and 1Q2023:

	FY2020			FY2021			FY2022			1Q2023		
	Maximum Processing Capacity per Annum[(1)] (MT)	**Actual Processed Volume (MT)**	**Utilisation Rate[(2)]**	**Maximum Processing Capacity per Annum[(1)] (MT)**	**Actual Processed Volume (MT)**	**Utilisation Rate[(2)]**	**Maximum Processing Capacity per Annum[(1)] (MT)**	**Actual Processed Volume (MT)**	**Utilisation Rate[(2)]**	**Maximum Processing Capacity per Annum[(1)] (MT)**	**Actual Processed Volume (MT)**	**Utilisation Rate[(2)]**
PT AAI	360,000	152,769	42%	360,000	155,075	43%	360,000	140,427	39%	360,000	32,026	36%
PT SPMN	270,000	230,532	85%	270,000	234,059	87%	270,000	237,953	88%	270,000	49,214	73%
PT FDB	360,000	278,498	77%	360,000	297,509	83%	360,000	321,988	89%	360,000	66,172	74%
PT AWB	270,000	126,769	47%	270,000	126,638	47%	270,000	151,414	56%	270,000	33,262	49%
Kunak Palm Oil Mill	450,000	302,178	67%	450,000	303,521	67%	450,000	324,142	72%	450,000	78,978	70%
Sabahan Palm Oil Mill[(3)]	360,000	119,456	33%	360,000	74,412	21%	360,000	27,576	8%	–	–	–
Lahad Datu Palm Oil Mill[(4)]	270,000	100,167	37%	270,000	77,937	29%	270,000	9,764	4%	–	–	–

Notes:

(1) Our maximum FFB processing capability takes into account what we believe to be the optimum FFB processing capacity having regard to the designed capacity of our palm oil mill, and has been calculated based on our palm oil mill operating 300 days a calendar year and a maximum of 20 hours a day across three shifts.

(2) The utilisation rates are determined by dividing the actual FFB processed volume for the year / period by the maximum FFB processing capacity per annum.

(3) We have ceased operations at the Sabahan Palm Oil Mill in June 2022 as we decided to channel the processing of FFB to only one mill in Sabah, Malaysia.

(4) Completion of the disposal of the Lahad Datu Palm Oil Mill took place on 25 March 2022.

Typically, FFB production for the first half of the year is relatively lower compared to the second half of the year as FFB production in our oil palm plantations tends to increase in the second half of the year as a result of rainfall patterns. Accordingly, there was a decrease in the utilisation rate of our palm oil mills in 1Q2023, compared to FY2022.

Oil Extraction Rates

Our Group achieved CPO extraction rates of approximately 20.1%, 20.0%, 19.5%, and 19.8% and PK extraction rates of approximately 4.3%, 4.1%, 4.0% and 4.0% based on FFB weight for FY2020, FY2021, FY2022 and 1Q2023, respectively. The waste material derived from the FFB following extraction of CPO and PK is used as a fertiliser in our oil palm plantations. We primarily produce high quality CPO with FFA content below 5%.

The following table sets out the details of our palm oil mills extraction rates for FY2020, FY2021, FY2022 and 1Q2023:

	Extraction Rates at our Palm Oil Mills							
	Malaysia[3]				Indonesia[4]			
	FY2020	FY2021	FY2022	1Q2023	FY2020	FY2021	FY2022	1Q2023
FFB processed (MT)	521,801	455,869	361,482	78,978	788,568	813,281	851,782	180,674
CPO produced (MT)	99,539	85,439	65,640	14,324	163,861	168,435	170,842	37,130
CPO extraction rate[1]	19.1%	18.7%	18.2%	18.1%	20.8%	20.7%	20.1%	20.6%
PK produced (MT)	28,324	24,018	19,184	4,133	27,741	28,377	29,716	6,224
PK extraction rate[2]	5.4%	5.3%	5.3%	5.2%	3.5%	3.5%	3.5%	3.4%

Notes:

(1) CPO extraction rate is calculated based on the ratio of the total weight of CPO produced to the total weight of FFB processed.

(2) PK extraction rate is calculated based on the ratio of the total weight of PK produced to the total weight of FFB processed.

(3) The extraction rates for FY2020 and FY2021 were derived based on the three palm oil mills in Sabah, Malaysia namely, Kunak Palm Oil Mill, Lahad Datu Palm Oil Mill and Sabahan Palm Oil Mill. The disposal of the Lahad Datu Palm Oil Mill was completed in March 2022, whereas we ceased the operations of Sabahan Palm Oil Mill in June 2022. Accordingly, the extraction rates for FY2022 were based on production of the palm oil mills while we were operating them. The extraction rate for 1Q2023 was derived based on only one palm oil mill in Sabah, Malaysia.

(4) The extraction rates for FY2020, FY2021, FY2022 and 1Q2023 were derived based on the four palm oil mills in Indonesia.

We expect that we will further improve our CPO extraction rates as our oil palm plantations expand, the duration of handling and transportation of the FFB to our palm oil mills is reduced, and our Group implements quality control procedures to reduce oil loss both during the transportation of FFB from our oil palm plantations to our palm oil mills and at our palm oil mills during the extraction process.

Refinery

We have also established a refinery and a fractionation and PK crushing plant in Kunak in Sabah, Malaysia under our joint venture with the Wilmar Group which mainly involves the refining of CPO and crushing of PK to support our upstream activities. The refinery is designed with a capacity of 2,700 MT per day for the continuous processing of CPO. The process of physical oil refining involves removal of FFA present in crude or de-gummed oil by distillation using steam sparging under a high vacuum and high temperature. The continuous physical refining process consists of bleaching and deodorisation.

The bleaching stage consists of degumming and adsorptive cleaning with bleaching earth while the deodorisation stage comprises deacidification, deodorisation and thermal decomposition of carotenoids:

(i) Degumming

First, phosphoric acid with 85% concentration is added to the CPO stream and this acid will be mixed in an acid mixer, which will then enter the degumming tank to precipitate gum and other impurities.

(ii) Bleaching

Oil from the degumming tank will enter the bleacher and be mixed with bleaching earth. The resultant mixture is then agitated using steam sparging. Gum precipitation, coloured materials and metal content in the oil will be absorbed by the bleaching earth.

(iii) Deodorisation

Oil will be heated to deodorisation temperatures with a series of heat exchangers to remove fatty acid. The oil will next go through a series of heat removal to bring the temperature down to a range of 55°C to 65°C, before it goes to the polishing filter for final filtration.

The resulting refined, bleached and deodorised palm oil product is then sent to a storage tank, ready for use in an array of products.

The operations of the refinery are overseen by the Wilmar Group, who provide, amongst others, the technical expertise relating to the construction of the refinery and the PK crushing plant and technical advice on the operations of the physical refining and dry fractionation plants, whereas our Group mainly oversees certain processes such as liaising with the relevant government authorities on licencing matters for the establishment and operation of the business, procuring raw materials and providing administrative and accounting support. As the refinery is operated by TSH-Wilmar, which is a joint venture company of our Company under a 50:50 joint venture between our Group and the Wilmar Group, and our Group does not oversee the operations of the refinery nor is the refinery a material fixed asset of our Group, we do not directly collect and/or track data relating to the processing capacity and utilisation rate of the refinery.

Other Businesses

Apart from the main palm products business segment, the Group is also involved in the other businesses segment which comprises the following divisions:

(i) ***Wood Division***: Manufacture and sale of downstream wood products, specifically EHF as well as the operation of a forest management unit for sustainable forestry; and

(ii) ***Bio-integration Division***: Generation and supply of electricity from biomass and biogas power plants.

The total revenue generated from these other businesses segment contributed to approximately 12.1%, 7.9% and 8.0% of our Group's total revenue in FY2020, FY2021 and FY2022, respectively, and approximately 7.4% and 6.9% of our Group's total revenue in 1Q2022 and 1Q2023, respectively. See the section entitled "*Management's Discussion and Analysis of Financial Position and Results of Operations – Principal Components of Our Statement of Profit or Loss and Other Comprehensive Income – Revenue – Revenue by Business Segments*" of this Introductory Document for a breakdown of the revenue contribution from the above business segments.

Wood Division – Engineered Hardwood Flooring

Our Group is involved in the manufacturing, designing, promotion, and marketing of EHF under the *Ekowood* brand name. The manufacturing and export of EHF are undertaken by our Group's wholly-owned subsidiary, Ekowood International, from our factory and office which are located in Gopeng in Perak, Malaysia. With over 25 years of operating track record, the *Ekowood* brand name is not only a recognised EHF name in Malaysia but also has well-established export markets in the United States, Europe and Australia.

With sustainability being the integral part of our Group's businesses for EHF, Ekowood International has been assessed and certified as meeting the requirements of the Forest Stewardship Council ® Chain of Custody. We are also certified by the Programme for the Endorsement of Forest Certification Chain of Custody. The EHF factory is located within an approximately 40-acre land in Perak, Malaysia that employs advanced machinery and has successfully developed the "cross-grain technology" to produce highly functional yet sustainable and aesthetically pleasing products.

<u>Production Capacity and Utilisation Rate</u>

The following table sets out the production capacity and utilisation rate for the EHF factory under Ekowood International for FY2020, FY2021, FY2022 and 1Q2023:

	Rated Throughput (m^2/hour)	**Maximum Processing Capacity per Annum(1) (m^2)**	**Actual Processed Volume (m^2)**	**Utilisation Rate(2)**
FY2020	120	792,000	401,015	50.63%
FY2021	120	792,000	465,377	58.76%
FY2022	120	792,000	543,967	68.68%
1Q2023	120	792,000	53,745	27.14%

Notes:

(1) Our maximum processing capacity throughput is based on pressline production and takes into account what we believe to be the optimum processing capacity having regard to the designed capacity of the factory, and has been calculated based on the factory operating 330 days a calendar year and a maximum of 20 hours a day for three shifts.

(2) The utilisation rates are determined by dividing the actual processed volume for the period by the maximum processing capacity per annum.

There was a decrease in the utilisation rate of the EHF factory from FY2022 to 1Q2023, which was mainly due to a decrease in exports to markets such as the United States and Australia.

Wood Division – Sustainable Forestry

In 1997, our Group was awarded 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 in Sabah, Malaysia, also known as Forest Management Unit 4. In 2016, approximately 28,375 Ha of the forestry land was excised for conservation and reclassified as a Class I protection forest identified as Meliau Range Forest Reserve and Bukit Monkobo and Bukit Mentapok Forest Reserve. As a result, the land area under our Group's management was reduced to its current area of 95,010 Ha. This is part of our 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.

Our Group is presently focused on forest rehabilitation through enrichment planting and "silviculture" on severely logged over and degraded forests. As at 31 December 2022, about 33,120 Ha of logged areas have been rehabilitated through enrichment planting and silviculture.

Bio-Integration Division

Our Group also contributes toward greening the energy mix of Malaysia which has been heavily dependent on fossil fuel. By leveraging on various by-products along the palm oil value chain, our Group has diversified into the renewable energy business. Our integrated complex in Kunak in Sabah, Malaysia is complete with both biomass and biogas power plants to leverage the potential commercial bio-waste products within the palm oil industry. All of our Group's renewable energy projects are registered as Clean Development Mechanism projects under the United Nations Framework Convention for Climate Change.

Biomass Power Plants

Our 14MW biomass cogeneration plant ("**TSH Biomass Plant**") is the first biomass power plant in Malaysia that is connected to the grid and has a renewable energy power purchase agreement with Sabah Electricity to supply up to 10MW of green electricity. The entire integrated complex runs on renewable green energy generated by the biomass cogeneration plant and solid by-products from the palm oil mills operated by our Group are used to generate electricity and industrial steam. The revenue contribution to our Group from TSH Bio-Energy, being the entity operating the TSH Biomass Plant, was approximately RM10.9 million, RM6.5 million and RM6.2 million in FY2020, FY2021 and FY2022, respectively, which contributed approximately 1.2%, 0.5% and 0.5% of our Group's revenue in FY2020, FY2021 and FY2022, respectively. Accordingly, the TSH Biomass Plant is considered not material to our Group's operations, assets or liabilities. See also the section entitled "*Risk Factors – Risks Relating to Our Industry and Business – We may not be able to maintain ownership of our existing lands, or extend or expand our land rights*" of this Introductory Document for further details on the risks arising from the TSH Biomass Plant being operated on agricultural land.

Further, by way of a joint venture with the Wilmar Group, we have in February 2007 set up a 30 MT per hour biomass plant ("**TSH-Wilmar Biomass Plant**") in Malaysia which produces steam for the refinery. Under this joint venture, the Wilmar Group provides technical expertise relating to the construction and operations of the biomass cogeneration plant, whereas our Group mainly oversees certain processes such as liaising with the relevant government authorities on licencing matters for the establishment and operation of the business, procuring raw materials and providing administrative and accounting support. As the TSH-Wilmar Biomass Plant is operated by TSH-Wilmar, and our Group does not oversee the operations of the TSH-Wilmar Biomass Plant nor is the TSH-Wilmar Biomass Plant a material fixed asset of our Group, we do not directly collect and/or track data relating to the processing capacity and utilisation rate of the TSH-Wilmar Biomass Plant.

Biogas Power Plant

Similarly, the 3 MW biogas power plant ("**TSH Biogas Plant**") is another initiative of our 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.

Net Energy Output and Utilisation Rates

The net energy output and utilisation rates of the TSH Biomass Plant and the TSH Biogas Plant operated by our Group in FY2020, FY2021, FY2022 and 1Q2023 are as follows:

	Net Energy Output(1)				**Utilisation Rate(2)**			
	FY2020	**FY2021**	**FY2022**	**1Q2023**	**FY2020**	**FY2021**	**FY2022**	**1Q2023**
TSH Biomass Plant	56,090 MWh	42,502 MWh	40,528 MWh	10,633 MWh	69.0%	60.7%	56.3%	64.4%
TSH Biogas Plant	14,314 MWh	13,285 MWh	14,111 MWh	3,554 MWh	71.4%	83.0%	99.5%	91.7%

Notes:
(1) Net energy output is the actual energy output generated for the year/period.
(2) The utilisation rates are determined by dividing the net energy output for the year/period by the total budgeted output.

QUALITY ASSURANCE

We believe that the effective maintenance of our oil palms starting from planting and up to commercial maturity plays an essential role in increasing the yield of the FFB we obtain from our oil palm plantations. We have implemented quality control procedures at each stage of the production process to ensure that the quality of our palm products, being CPO and PK, meets our customers' expectations. Quality control begins at the seed selection stage and continues through land clearing, planting, harvesting, transporting and processing of FFB to the storing of the CPO and PK.

Harvesting and Transporting FFB

The raw materials required by our Group in our production process mainly comprise FFB. We take targeted steps to ensure the health of our oil palms, including ensuring that oil palms are fertilised efficiently and correctly, ensuring that there is minimal erosion of fertilisers during rain by burying fertilisers in the soil around each oil palm, ensuring that oil palms are protected from pests and diseases, ensuring that excess leaves are trimmed regularly to prevent wastage of nutrients in the oil palms, and ensuring the area surrounding each young oil palm is free from other vegetation (which may compete with the young oil palm for fertiliser, water and sunlight).

At the oil palm plantations, harvesting of FFB is done only when an appropriate quantity of palm fruitlets becomes detached from the FFB, which indicates that the FFB are ripe for harvest. On receiving the FFB at our palm oil mills, visual checks are done on the ripeness and readiness of the FFB for processing. The FFB and loose fruits are processed at our mills within 24 hours of harvesting to minimise the build-up of FFA to avoid compromising the quality of the CPO extracted.

Milling Process

We closely monitor the efficiency of the production process and the oil loss during the extraction process at our palm oil mills. We monitor the quality of our products at each of our palm oil mills by conducting random sample checks at each production stage to ensure that the CPO produced will comply with industry standards set by the Palm Oil Refiners Association of Malaysia, including standards requiring the FFA content of the CPO to be not more than 5%.

Finished Products

A final round of sample testing is done on our CPO and PK prior to their delivery, to check for moisture content, impurities and FFA levels, amongst others. Such tests are conducted to ensure that only products which meet the requisite quality requirements are delivered to our customers.

We believe that the quality of our CPO and PK is crucial to our continued growth and we therefore accord high priority to quality control. We place strong emphasis on achieving a consistent quality in our CPO and PK with the involvement and commitment from all levels of management and staff.

SALES AND MARKETING

We sell the CPO and PK domestically within Malaysia and Indonesia, either ex-mill or free on board to refineries. All CPO and PK produced in Malaysia are sold to TSH-Wilmar, a joint venture company of our Company under a 50:50 joint venture between our Group and the Wilmar Group. In Indonesia, the CPO and PK are also mainly sold to the Wilmar Group. The sales and marketing team, which is led by our Group Executive Director, Tan Aik Kiong, maintains strong working relationships with our customers, evidenced by the regular communication and easy access to each other's management as well as long standing relationship we have with the Wilmar Group.

The CPO selling prices in Malaysia are determined with reference to the prices published by the MPOB whereas those in Indonesia are based on PT Kharisma Pemasaran Bersama Nusantara auction market price.

MAJOR CUSTOMERS

We identify a major customer as one who accounted for 5.0% or more of our Group's total revenue in any of FY2020, FY2021, FY2022 and 1Q2023. The following table sets out the customers which accounted for 5.0% or more of our total revenue for FY2020, FY2021, FY2022 and 1Q2023:

Major Customer	Products	Percentage of our Group's Revenue (%)			
		FY2020	FY2021	FY2022	1Q2023
TSH-Wilmar(1)	CPO and PK	32.4	36.4	30.2	26.1
PT Multi Nabati Sulawesi(2)	CPO	22.8	28.2	18.2	21.0
PT Wilmar Nabati Indonesia(2)	Majority CPO	19.2	8.6	1.3	-
PT Multimas Nabati Asahan(2)	CPO	1.9	0.1	16.2	19.0
PT Sinar Alam Permai(2)	Majority CPO	-	-	11.6	13.8
Customer A(3)	CPO	-	7.0	1.4	-

Notes:
(1) TSH-Wilmar is a 50:50 joint venture between our Group and the Wilmar Group.
(2) These entities are part of the Wilmar Group.
(3) Customer A is a leading vegetable oil processor in the region focusing on midstream refining and downstream processing.

See the section entitled "*Risk Factors – Risks Relating to Our Industry and Business – We are subject to customer concentration risk as we sell substantially all of the CPO and PK produced by our Group to a limited number of customers belonging to the same group of companies*" of this Introductory Document for further information.

Save as disclosed above, there are no other customers which contributed more than 5.0% of our Group's revenue for the Period Under Review.

As at the Latest Practicable Date and to the best of our knowledge, none of our Directors, Executive Officers, Substantial Shareholders or their Associates has any interest, direct or indirect, in any of our major customers.

MAJOR SUPPLIERS

Our main suppliers for our palm products business are fertiliser suppliers.

The following table sets out the supplier which accounted for 5.0% or more of our Group's total cost of sales for FY2020, FY2021, FY2022 and 1Q2023:

Major Supplier	Products	Percentage of our Group's Cost of Sales (%)			
		FY2020	FY2021	FY2022	1Q2023
PT Sasco Indonesia(1)	Fertiliser	1.2	n.m.(1)	0.9	8.1

Note:
(1) Not meaningful as the figure is negligible.

Save as disclosed above, there are no other suppliers which contributed more than 5.0% of our Group's total cost of sales for the Period Under Review.

As at the Latest Practicable Date and to the best of our knowledge, none of our Directors, Executive Officers, Substantial Shareholders or their Associates has any interest, direct or indirect, in any of our major suppliers.

CREDIT MANAGEMENT

Credit Terms to our Customers

Our Group generally extends credit terms of between 30 days and 90 days to our customers. The credit terms extended to our customers may differ on a case-by-case basis as we grant credit terms based on, amongst others, creditworthiness, level of risk involved, size of order, payment history records and length of relationship with the customer. For instance, we may sell to certain customers on cash terms until they have demonstrated a prompt payment track record, following which we may extend the appropriate credit terms. We may also request for upfront payments in cash from some of our customers.

Specific provision is made when the recoverability of an outstanding debt is in doubt. We may also write off an outstanding debt when we are certain that a customer is unable to meet its financial obligations.

Our trade receivables' turnover days during the FY2020, FY2021, FY2022 and 1Q2023 were as follows:

	FY2020(1)	**FY2021(1)**	**FY2022(1)**	**1Q2023(2)**
Trade receivables' turnover days	10	10	6	10

Notes:

(1) For FY2020, FY2021 and FY2022, the trade receivables' turnover days is computed based on the following formula: (Ending trade receivables balance / Revenue) x 365 days

(2) For 1Q2023, the trade receivables' turnover days is computed based on the following formula: (Ending trade receivables balance / Revenue) x 90 days

We monitor our Group's collection of payments as well as trade receivables past due on a regular basis. At the end of each financial year and at the end of 1Q2023, all known bad debts had been written off and adequate provision had been made for doubtful debts in the financial statements.

Credit Terms from our Suppliers

Our suppliers usually grant us credit terms of between 30 days and 60 days. The credit terms granted to us differ as the terms depend on, amongst others, the size of our order and the length of dealing with the supplier. In respect of certain suppliers such as diesel suppliers, we are usually required to pay cash on delivery.

Our trade payables' turnover days during the FY2020, FY2021, FY2022 and 1Q2023 were as follows:

	FY2020(1)	**FY2021(1)**	**FY2022(1)**	**1Q2023(2)**
Trade payables' turnover days(1)	10	10	9	9

Notes:

(1) For FY2020, FY2021 and FY2022, the trade payables' turnover days is computed based on the following formula: (Ending trade payables balance / Revenue) x 365 days

(2) For 1Q2023, the trade payables' turnover days is computed based on the following formula: (Ending trade payables balance / Revenue) x 90 days

INVENTORY MANAGEMENT

Our inventories comprise raw materials, work-in-progress, finished goods, oil palm nursery and stores and supplies. We conduct a full count of our inventories at the end of each financial year. We also conduct inventory count on selected inventories at least once a month. For the storage of our inventories, we undertake prudent measures to ensure that inventories that are flammable or susceptible to quality deterioration are properly and safely stored.

Generally, we review our inventory levels monthly to ensure that we are able to meet the needs of our customers expeditiously. We may also review our inventory level when large orders are received to manage our stocks of raw materials accordingly. In respect of raw materials, we maintain an inventory level sufficient to meet production requirements, taking into account the factors such as the number of orders outstanding.

Our inventory turnover days during the FY2020, FY2021, FY2022 and 1Q2023 were as follows:

	FY2020(1)	FY2021(1)	FY2022(1)	1Q2023(2)
Inventory turnover days	60	73	77	76

Notes:

(1) For FY2020, FY2021 and FY2022, inventory turnover days are computed based on the following formula: (Ending inventory balance / Cost of sales) x 365 days

(2) For 1Q2023, inventory turnover days for finished goods are computed based on the following formula: (Ending inventory balance / Cost of sales) x 90 days

At the end of each financial year and at the end of 1Q2023, inventories had been written down to its net realisable value and adequate provision had been made for stocks obsolescence in the financial statements.

RESEARCH AND DEVELOPMENT

Due to the nature of our business, we have not carried out any material research and development during the Period Under Review and our research and development-related expenses were not significant during the Period Under Review.

INTELLECTUAL PROPERTY RIGHTS

We recognise the importance of protecting and enforcing our intellectual property rights, and we rely on registered trademarks to protect our intellectual property rights.

Save as disclosed below, we do not own or use any other registered trademarks, designs, patents, internet domain names or intellectual property which is material to our business or profitability. Save for royalties payable by our Group for the use of certain patents and trademarks in respect of our EHF business, we have not paid or received royalties for any other licence or use of an intellectual property. During the Period Under Review and up to the Latest Practicable Date, we did not have any disputes or any other pending legal proceedings concerning intellectual property rights.

As at the Latest Practicable Date, the following material trademarks have been registered by our Group:

Trademark	Place of Registration	Registered Owner	Trademark / Application Number	Class	Registration Date	Expiry Date
Stylised Word Mark	Malaysia	TSH Resources	08002019	31(3)	4 February 2008	4 February 2028
Stylised Word Mark	Malaysia	TSH Resources	08002020	44(4)	4 February 2008	4 February 2028
Word & Figurative	Malaysia	Ekowood International	96015121	19(1)	16 December 1996	16 December 2023
Stylised Word Mark	Malaysia	Ekowood International	96007885	19(1)	17 July 1996	17 July 2033
Word & Figurative	Malaysia	Ekowood International	05004517	20(2)	28 March 2005	28 March 2025

Notes:
(1) Class 19: Rubberwood products namely timber flooring strips and partitions.
(2) Class 20: Furniture.
(3) Class 31: Agricultural and horticultural relating to cocoa and oil palm; forestry products live animals; foodstuff for animals.
(4) Class 44: Agriculture, horticulture and forestry services.

Web Domains

As at the Latest Practicable Date, the following web domains have been registered by our Group:

Web Domain	Registered Owner	Registration Date	Expiry Date
tsh.com.my	TSH Resources	30 June 2000	30 June 2024
tsh.my	TSH Resources	21 June 2010	21 June 2024
ekowoodmalaysia.com	Ekowood Malaysia Sdn. Bhd.	7 June 2004	6 June 2024
ekowood.com.my	Ekowood International	12 December 2002	12 December 2023
ekowood.com	Ekowood International	22 November 1999	21 November 2023
rinukut.com	RT Plantations Sdn. Bhd.	30 October 2013	30 October 2023
rinukut.com.my	RT Plantations Sdn. Bhd.	31 October 2013	31 October 2023
tsh.sg	TSH Agri Pte. Ltd.	6 February 2018	6 February 2024

MATERIAL LICENCES AND PERMITS

Our Group's principal business activities are located in Malaysia and Indonesia, and we are subject to regulation by various laws, regulations and government agencies. These regulations require us to possess various licences or approvals to carry out our manufacturing and distribution activities.

As at the Latest Practicable Date, our Group has obtained all material approvals, licences and permits, and is in compliance with the laws and regulations that would materially affect our business operations. See the section entitled "*Regulations*" of this Introductory Document for further information.

Malaysia

The following table sets out key details of the material approvals, licences and permits in respect of our businesses in Malaysia as at the Latest Practicable Date:

Licence Holder	Licencing Body	Licence Name	Licence Number	Effective Date	Expiry Date
TSH Resources	Sandakan Municipal Council	Trading Licence	A 450390 (T No.: 305049)	9 January 2023	31 December 2023
	Licencing Department of Telupid District Office	Trading Licence	TPD/2020/1121	2 March 2023	31 December 2023
	Tawau Municipal Council	Trading Licence	T: CTRPT-TL02-00002007	10 January 2022	31 December 2023
	Kuala Lumpur City Hall	Business Premise Licence	DBKL.JPPP/ 03787/03/2017/PR01	25 February 2023	24 February 2024
Ekowood International	Ministry of Investment, Trade and Industry of Malaysia ("**MITI**")	Manufacturing Licence	A010018 (Serial No. A 022398)	20 September 1994	-
	MITI	Manufacturing Licence	A010018) (Serial No. A 022399)	24 December 2002	-
	MITI	Manufacturing Licence	A010018 (Serial No. A 022400)	17 October 2003	-
	Malaysian Timber Industry Board	Registration Certificate (Exporter, Supplier and Wood Processor)	3947	3 March 2023	31 March 2024
TSH Plantation Management Sdn. Bhd.	Tawau Municipal Council	Trading Licence	R24211/04	20 December 2022	31 December 2023
	Licencing Department of Kunak District Office	Trading Licence	1177/2023	12 January 2023	31 December 2023
	MPOB	MPOB Licence	617806002000	1 December 2022	30 November 2023
	MPOB	MPOB Licence	617854002000	1 January 2023	31 December 2023
	MPOB	MPOB Licence	508719104000	1 June 2023	31 May 2024

Licence Holder	Licencing Body	Licence Name	Licence Number	Effective Date	Expiry Date
Tan Soon Hong Holdings Sdn. Bhd.	Tawau Municipal Council	Trading Licence	T: CTRPT-TL02-00005423	20 December 2022	31 December 2023
	MPOB	MPOB Licence	275753101000	1 May 2020	30 April 2025
TSH Forest Plantation Sdn. Bhd.	Sandakan Municipal Council	Trading Licence	A 450389 (T No.: 305047)	9 January 2023	31 December 2023
	Licencing Department of Telupid District Office	Trading Licence	TPD/2020/1120	2 March 2023	31 December 2023
TSH Plantation	MPOB	MPOB Licence	505944815000	1 September 2023	31 August 2024
	MPOB	MPOB Licence	508718204000	1 June 2023	31 May 2024
	Licencing Department of Kunak District Office	Trading Licence	KNK/2020/2563	12 January 2023	31 December 2023
	Tawau Municipal Council	Trading Licence	T: CTRPT-TL02-00005422	20 December 2022	31 December 2023
Landquest Sdn. Bhd.	MPOB	MPOB Licence	502362102000	1 November 2022	31 October 2023
	Tawau Municipal Council	Trading Licence	T: CTRPT-TL02-00005425	20 December 2022	31 December 2023
	Licencing Department of Semporna District Office	Trading Licence	SPA/2020/4477	10 January 2023	31 December 2023
LKSK Sdn. Bhd.	MPOB	MPOB Licence	503210802000	1 September 2023	31 August 2024
	MPOB	MPOB Licence	618102111000	1 April 2023	31 March 2024
	Tawau Municipal Council	Trading Licence	T: CTRPT-TL02-00005426	20 December 2022	31 December 2023
TSH Bio-Energy Sdn. Bhd.	Tawau Municipal Council	Trading Licence	T: CTRPT-TL02-00005412	20 December 2022	31 December 2023
	Energy Commission	Licence for Public Installation	LA12/1/1/54 (IPP)	27 January 2022	26 January 2032
TSH Biotech Sdn. Bhd.	Tawau Municipal Council	Trading Licence	T: CTRPT-TL02-00005418	20 December 2022	31 December 2023
	MPOB	MPOB Licence	524598022000	1 November 2022	31 October 2023
	MPOB	MPOB Licence	525590011000	1 January 2023	31 December 2023
TSH Bio-Gas Sdn. Bhd.	Tawau Municipal Council	Trading Licence	T: CTRPT-TL02-00005417	20 December 2022	31 December 2023
	Energy Commission	Licence for Generation and Supply of Electricity	LRE12/1/6/213 (BG)	16 April 2015	15 April 2031
	Sustainable Energy Development Authority Malaysia	Feed-In Approval	G2014050009	17 April 2015	16 April 2031
RT Plantations Sdn. Bhd.	Tawau Municipal Council	Trading Licence	R48151/13	20 December 2022	31 December 2023
	MPOB	MPOB Licence	593691111000	1 February 2023	31 January 2024
	MPOB	MPOB Licence	608723002000	1 March 2023	29 February 2024

Indonesia

The following table sets out key details of the material approvals, licences and permits in respect of our businesses in Indonesia as at the Latest Practicable Date:

Licence Holder	Licencing Body	Licence Name	Licence Number	Effective Date	Expiry Date
PT AAI	Minister of Investment / Head of BKPM	Business Identification Number (NIB)	9120301452454	25 April 2019[(1)]	-
	West Pasaman Regent	Plantation Processing Business Licence (IUP-P)	188.45/1225/BUP-PASBAR/2013	24 December 2013[(1)]	-
	Head of Capital Investment and One-Stop Integrated Service of West Pasaman Regency	Waste Management Licence for the Storage Activity of B3 Waste	503/05/IPLB3/DPMPTSP/X-2019	7 October 2019	7 October 2024
	Chairman of Investment and One-Stop Integrated Service Office of West Pasaman Regency	Licence for Waste Water Disposal to Water or Source of Water	503/04/DPMPTSP/II-2019	20 February 2019	20 February 2024
	Pasaman Mayor	Ratification Letter of Environment Management Documents[(4)]	008/01/PLH/2003	28 May 2003[(1)]	-
PT AWB	Minister of Investment / Head of BKPM	Business Identification Number (NIB)	8120101842941	24 August 2018[(1)]	-
	Dharmasraya's Regent	Plantation Business Licence (IUP)	188/45/211/KPTS-BPT-2005	5 August 2005[(1)]	-
	Minister of Investment / Head of BKPM on behalf of the Minister of Industry	Unverified Standard Certificate	81201018429410002[(6)]	15 February 2022[(5)]	-
	Minister of Investment / Head of BKPM on behalf of the Minister of Industry	Unverified Standard Certificate	81201018429410003[(6)]	3 August 2023[(5)]	-
	Minister of Agrarian and Spatial Planning	Spatial Utilisation Suitability Approval (PKKPR)	29122110211310007 for KBLI 01262	15 February 2022[(1)]	-
	Minister of Agrarian and Spatial Planning	Spatial Utilisation Suitability Approval (PKKPR)	29122110211310005 for KBLI 10431	15 February 2022[(1)]	-
	Minister of Agrarian and Spatial Planning	Spatial Utilisation Suitability Approval (PKKPR)	03082310211310014 for KBLI 10432	3 August 2023[(1)]	-
	West Sumatera Governor	Ratification to the Environmental Permit (AMDAL and RKL-RPL)[(4)]	660/1147/2007	21 May 2007[(1)]	-

Licence Holder	Licencing Body	Licence Name	Licence Number	Effective Date	Expiry Date
PT Andalas Wahana Sukses	Minister of Investment / Head of BKPM	Business Identification Number (NIB)	8120001940935	3 September 2018[(1)]	-
	Minister of Agrarian and Spatial Planning / Head of National Land Agency	Spatial Utilisation Suitability Approval (PKKPR)	29032210216408013	29 March 2022	29 March 2025
	East Kutai Regent	Plantation Business Licence (IUP)	500/185/Eko.2-VIII/2009	24 August 2009[(1)]	-
	East Kutai Regent	Ratification to Environmental Permit (AMDAL and RKL-RPL)[(4)]	188.4.45/489/HK/VIII/2009	24 August 2009[(1)]	-
PT Karya Unggulan Cemerlang	Minister of Investment / Head of BKPM	Business Identification Number (NIB)	9120105510563	27 December 2022[(1)]	-
	BKPM	Business Licence	595/1/IU/I/PMA/ PERDAGANGAN/2011	5 September 2011	-
	BKPM	Statement of Environmental Management and Monitoring Capability (SPPL)[(4)]	N/A	19 May 2023	-
PT LIN	Minister of Investment / Head of BKPM	Business Identification Number (NIB)	8120004812745	24 August 2018[(1)]	-
	West Pasaman Regent	Plantation Business Licence (IUP)	188.45/256/BUP-PASBAR/ 2007	9 May 2007[(1)]	-
	West Pasaman Regent	Plantation Business Licence (IUP)	188.45/597/BUP-PASBAR/ 2008	30 December 2008[(1)]	-
	West Pasaman Regent	Plantation Business Licence (IUP)	188.45/445/BUP-PASBAR/ 2010	24 August 2010[(1)]	-
	West Pasaman Regent	Plantation Business Licence (IUP)	188.45/446/BUP-PASBAR/ 2010	24 August 2010[(1)]	-
	Forestry and Plantation Department	Ratification to Environmental Permit (AMDAL and RKL-RPL)[(4)]	121/Menhut-II/2000	21 December 2000[(1)]	-
	Head of One Stop Investment and Service Office of Pasaman Barat Regency	Spatial Utilisation Suitability Approval (PKKPR)	30032210211312001 for KBLI 01262	30 March 2022[(1)]	-
PT Mitra Jaya Cemerlang	Minister of Investment / Head of BKPM	Business Identification Number (NIB)	8120002812809	20 August 2018[(1)]	-
	Katingan Regent	Plantation Business Licence (IUP)	525.21/369/KPTS/XII/2012	6 December 2012[(1)]	-
	Minister of Agrarian and Spatial Planning	Spatial Utilisation Suitability Approval (PKKPR)	04032210216206012	4 March 2022[(1)]	-
	Katingan Regent	Ratification to Environmental Permit (AMDAL and RKL-RPL)[(4)]	173 of 2009	18 June 2009[(1)]	-

Licence Holder	Licencing Body	Licence Name	Licence Number	Effective Date	Expiry Date
PT BCAP	Minister of Investment / Head of BKPM	Business Identification Number (NIB)	8120016272309	20 December 2018[1]	-
	Bulungan Regent	Plantation Business Licence (IUP)	521/07/Distan-III/VI/2005	6 June 2005[1]	-
	Minister of Agrarian and Spatial Planning	Spatial Utilisation Suitability Approval (PKKPR)	15032210216501003 for KBLI 01262	15 March 2022	15 March 2025
	Environmental Impact Control Agency of Bulungan Regency	Ratification to AMDAL and RKL-RPL[4]	013/SK/BPDL-S.4/VIII/2006	30 August 2006[1]	-
PT FDB	Minister of Investment / Head of BKPM	Business Identification Number (NIB)	8120002851331	13 August 2018[1]	-
	BKPM	Location Permit	N/A	15 August 2018	-
	Minister of Agrarian and Spatial Planning	Spatial Utilisation Suitability Approval (PKKPR)	16032210216407002	20 January 2022[1]	-
	West Kutai Regent	Plantation Business Licence (IUP) (and amendment)	503/1043/Eko.TU-P/X/2005 (and 525.29/K.1243/2015)	28 October 2005[1] (and 24 July 2015[1])	-
	Ministry of Agriculture of Indonesia	Plantation Business Licence (IUP)	1937/1/IU/PMA/2017	29 December 2017[1]	-
	Head of Mining and Environmental Office of West Kutai Regency	Environmental Permit (RKL-RPL)[4]	540/01/AMDAL/III/2016	23 March 2006	-
	Environmental Office of West Kutai Regency	Environmental Management Efforts Plan (UKL) and Environmental Monitoring Efforts Plan (UPL)[4]	660.5/004/UKL & UPL/BLH – KBR/V/2011	20 May 2011	-
	West Kutai Regent	Operational Licence on the Management of Hazardous and Toxic Waste (Producer)[4]	660.34/09/DPMPTSP-III.SP/II/2021	11 February 2021	11 February 2026
	West Kutai Regent	Operational Licence on the Disposal of Waste Water to the Soil[4]	660.1/45/DPMPTSP-III.SP/V/2021	18 May 2021	18 May 2026
	Minister of Investment / Head of BKPM	Operational Licence on the Management of Hazardous and Toxic Waste (Producer)[4]	N/A	11 February 2021	11 February 2026
	Minister of Investment / Head of BKPM	Operational Licence on the Disposal of Waste Water to the Soil[4]	N/A	18 May 2021	18 May 2026
PT Munte Waniq Jaya Perkasa	Minister of Investment / Head of BKPM	Business Identification Number (NIB)	8120005892477	27 August 2018[1]	-
	Kutai Barat Regent	Plantation Business Licence – Cultivation (IUP)	525.29/K.2195/2014	9 December 2014[1]	-
	Kutai Barat Regent	Environmental Permit (AMDAL and RKL-RPL)[4]	660.5/001.1/AMDAL-VI/2009	22 June 2009[1]	-
	Minister of Agrarian and Spatial Planning	Spatial Utilisation Suitability Approval (PKKPR)	29032210216407014 for KBLI 01262	29 March 2022	29 March 2025

Licence Holder	Licencing Body	Licence Name	Licence Number	Effective Date	Expiry Date
PT Perkebunan Sentawar Membangun	Minister of Investment / Head of BKPM	Business Identification Number (NIB)	9120506852728	22 August 2019[(1)]	-
	Minister of Investment / Head of BKPM	Spatial Utilisation Suitability Approval (PKKPR)	31032210216407017	31 March 2022	31 March 2025
	West Kutai Regent	Plantation Business Licence – Cultivation (IUP)	525.29/K.024/2017	7 March 2017[(1)]	-
	Head of Mining and Environmental Office of West Kutai Regency	Environmental Permit (AMDAL and RKL-RPL)[(4)]	660.1/07/SK.AMDAL/IV/ 2007	4 April 2007	-
	Head of Mining and Environmental Office of West Kutai Regency	Environmental Permit (AMDAL and RKL-RPL)[(4)]	660.1/07/Rek.AMDAL/ IV/ 2007	4 April 2007	-
	Head of Investment and Integrated One-Stop Services of West Kutai Regency	Environmental Permit (AMDAL and RKL-RPL)[(4)]	666.4/K.67/2017	17 July 2017	-
	Head of Investment and Integrated One-Stop Services of West Kutai Regency	Environmental Permit (AMDAL and RKL-RPL)[(4)]	666.5/K.68/2017	17 July 2017[(2)]	-
PT Prima Usaha Sukses	Minister of Investment / Head of BKPM	Business Identification Number (NIB)	9120304432646	24 April 2019[(1)]	-
	Katingan Regent	Plantation Business Licence (IUP)	525.21/148/KPTS/IV/2012	26 April 2012	-
	Minister of Agrarian and Spatial Planning	Spatial Utilisation Suitability Approval (PKKPR)	1103221021620613	11 March 2022[(1)]	-
	Katingan Regent	Environmental Permit[(4)]	373 Tahun 2017	2 October 2017[(1)]	-
PT SPMN	Minister of Investment / Head of BKPM	Business Identification Number (NIB)	8120117261572	17 December 2018[(1)]	-
	BKPM	Plantation Business Licence (IUP)	70/1/IU/PMA/2018	26 January 2018[(1)]	-
	Regional Government of Kotawaringin Timur Regency	Plantation Processing Business Licence (IUP-P)	527/50/UT/2008	29 January 2008	-
	Regent of Kotawaringin Timur	Plantation Business Licence (IUP)	525.26/233/IX/EKBANG/ 2004	18 September 2004[(1)]	-
	Environmental Impact Control Agency of Kotawaringin Timur Regency	Environmental Permit (AMDAL and RKL-RPL)[(4)]	44/Komisi-Kotim/XII/2005	22 December 2005[(1)]	-
	Head of Capital Investment and One-Stop Integrated Service Agency of Kotawaringin Timur Regency	Management Licence for the Temporary Storage Activity of B3 Waste[(4)]	017/DPMPTSP-PT/LB3/IX/ 2018	18 September 2018	18 September 2023[(7)]
	Minister of Agrarian and Spatial Planning	Spatial Utilisation Suitability Approval (PKKPR)	09032210216202009 for KBLI 01262	15 March 2022	15 March 2025
	Minister of Agrarian and Spatial Planning	Spatial Utilisation Suitability Approval (PKKPR)	09032210216202010 for KBLI 10431	15 March 2022	15 March 2025

Licence Holder	Licencing Body	Licence Name	Licence Number	Effective Date	Expiry Date
PT TSS	Minister of Investment / Head of BKPM	Business Identification Number (NIB)	9120408872529	22 August 2019[(1)]	-
	West Kutai Regent	Plantation Business Licence (IUP)	503/480/Eko.TU-P/XII/2006	19 December 2006[(1)]	-
	Minister of Agrarian and Spatial Planning	Spatial Utilisation Suitability Approval (PKKPR)	17032210216407004	17 March 2022[(1)]	-
	Head of Mining and Environmental Service Office of Sendawar	Environmental Permit (AMDAL)[(4)]	540/12/Sekret.Amdal/IX/2006	22 September 2006[(3)]	-
	Head of Capital Investment and One-Stop Integrated Services of West Pasaman Regency	Temporary Storage of Hazardous Waste Licence[(4)]	668.4/281/DPMPTSP-TU/II/2019	27 February 2019	27 February 2024

Notes:

(1) Such licence and/or permit is valid throughout the operation of the respective company's business activities.

(2) The validity period of such permit is the same as the validity period of the respective company's business licence.

(3) Such licence and/or permit is valid for so long as the environmental documents (e.g. environmental impact assessment, plan for environmental management and monitoring) of the company remains suitable as a basis of its environmental management activities.

(4) Indicates the maintenance of the appropriate environmental permits to commence business operations.

(5) The standard certificate shall permit the respective company to carry out its respective business activities as of the verification date. Thereafter, the standard certificate shall remain valid throughout the operation of the respective company's business activities.

(6) These standard certificates are currently pending verification by the relevant authorities. See the section entitled "*Risk Factors – Risks Relating to Our Industry and Business – We may not be able to obtain, maintain or renew statutory and regulatory approvals, licences, permits and certificates required for our business due to reasons beyond our control*" and "*Regulations – Indonesia*" of this Introductory Document for further details.

(7) We have applied for an extension of this licence, and the application is being processed by the relevant authority as at the Latest Practicable Date. We do not foresee any difficulties in obtaining an extension of this licence as the application is procedural and administrative in nature, and we have submitted all necessary documents for the purposes of the application.

In respect of the abovementioned licences, permits or approvals where the remaining validity is less than 12 months, the application for renewal of such licences, permits or approvals is procedural or administrative in nature and these are renewed on an annual basis. We do not foresee any difficulties in renewing the abovementioned licences, permits or approvals when they expire.

MATERIAL PROPERTIES AND FIXED ASSETS

Properties Owned by our Group in Malaysia

As at the Latest Practicable Date, our Group owns the following properties in Malaysia:

Group Entity	Property / Location	Approximate Land Area	Use	Tenure
TSH Resources	HS(D) 9868, Lot 8, Mukim Kuala Lumpur, District of Kuala Lumpur, State of Wilayah Persekutuan KL	1,486.4 sq m	Office building	26 February 1977 to 25 February 2076 (Leasehold of 99 years)
	Country Lease 105466635, District of Tawau, Mile 4 Apas Road Locality, Sabah	1,784.0 sq m	Rented to Global Success Enterprise to be used as warehouse[(1)]	24 February 1926 to 23 February 2925 (Leasehold of 999 years)
	Country Lease 105466644, District of Tawau, Mile 4 Apas Road Locality, Sabah	2,063.9 sq m	Rented to Global Success Enterprise to be used as warehouse[(1)]	24 February 1926 to 23 February 2925 (Leasehold of 999 years)
	Country Lease 105466653, District of Tawau, Mile 4 Apas Road Locality, Sabah	2,260.2 sq m	Rented to Global Success Enterprise to be used as warehouse[(1)]	24 February 1926 to 23 February 2925 (Leasehold of 999 years)
	Country Lease 105466662, District of Tawau, Mile 4 Apas Road Locality, Sabah	808.3 sq m	Vacant	24 February 1926 to 23 February 2925 (Leasehold of 999 years)
	Lease No. 105311617, Mukim of Tinagat, District of Tawau, State of Sabah	2.54 acres	Office and store	2 June 1931 to 1 June 2930 (Leasehold of 999 years)
	Lease No. 105311626, Mukim of Tinagat, District of Tawau, State of Sabah	3.76 acres	Vacant	24 April 1931 to 23 April 2930 (Leasehold of 999 years)
	Geran 97149, Lot 10669, Mukim Durian Sebatang, District of Hilir Perak, State of Perak	146.3175 sq m	Vacant	Freehold
	Geran 97150, Lot 10670, Mukim Durian Sebatang, District of Hilir Perak, State of Perak	146.3175 sq m	Vacant	Freehold
TSH Plantation	Country Lease 245337160, Country Lease 245339191, Country Lease 245337151, Country Lease 245337204, Country Lease 245337197 and Country Lease 245337188, District of Lahad Datu, Sabahan Locality	93.44 acres	Palm oil mill	1 January 1974 to 31 December 2072 (Leasehold of 99 years)
TSH Plantation Management Sdn. Bhd.	Country Lease 105392989, District of Tawau, M.41, Tawau-Kunak Road Locality, Sabah / Mile 41, Kunak-Tawau Highway, 91000 Tawau, Sabah	136.5 Ha	Oil palm plantation, mill and power plant	1 January 1969 to 31 December 2067 (Leasehold of 99 years)

Group Entity	Property / Location	Approximate Land Area	Use	Tenure
	Country Lease 105392998, District of Tawau, M.41, Tawau-Kunak Road Locality, Sabah / Mile 41, Kunak-Tawau Highway, 91000 Tawau, Sabah	98.72 Ha	Oil palm plantation	1 January 1969 to 31 December 2067 (Leasehold of 99 years)
	Country Lease 245338587, District of Lahad Datu, M.27, Lahad Datu/ Kunak Road Locality, Sabah / Mile 27, Lahad Datu-Kunak Highway, 91200 Kunak, Sabah	208 acres	Oil palm plantation	1 January 1979 to 31 December 2077 (Leasehold of 99 years)
Ekowood International	Pajakan Negeri 331089, Lot No. 227244, Mukim Teja, Daerah Kampar, Negeri Perak	7,855 sq m	Factory and office	27 March 1996 to 26 March 2056 (Leasehold of 60 years)
	Pajakan Negeri 331104, Lot No. 227245, Mukim Teja, Daerah Kampar, Negeri Perak	9,043 sq m	Factory and office	27 March 1996 to 26 March 2056 (Leasehold of 60 years)
	Pajakan Negeri 331119, Lot No. 227246, Mukim Teja, Daerah Kampar, Negeri Perak	9,621 sq m	Factory and office	27 March 1996 to 26 March 2056 (Leasehold of 60 years)
	Pajakan Negeri 331128, Lot No. 227247, Mukim Teja, Daerah Kampar, Negeri Perak	10,092 sq m	Factory and office	27 March 1996 to 26 March 2056 (Leasehold of 60 years)
	Pajakan Negeri 331134, Lot No. 227248, Mukim Teja, Daerah Kampar, Negeri Perak	8,304 sq m	Factory and office	27 March 1996 to 26 March 2056 (Leasehold of 60 years)
	Pajakan Negeri 331139, Lot No. 227249, Mukim Teja, Daerah Kampar, Negeri Perak	8,278 sq m	Factory and office	27 March 1996 to 26 March 2056 (Leasehold of 60 years)
	Pajakan Negeri 331149, Lot No. 227250, Mukim Teja, Daerah Kampar, Negeri Perak	8,207 sq m	Factory and office	27 March 1996 to 26 March 2056 (Leasehold of 60 years)
	Pajakan Negeri 214516, Lot No. 213065, Mukim Sungai Raya, Daerah Kinta, Negeri Perak	8,637 sq m	Factory and office	29 September 1995 until 28 September 2055 (Leasehold of 60 years)
	Pajakan Negeri 214517, Lot No. 213066, Mukim Sungai Raya, Daerah Kinta, Negeri Perak	7,655 sq m	Factory and office	29 September 1995 until 28 September 2055 (Leasehold of 60 years)
	Pajakan Negeri 214518, Lot No. 213067, Mukim Sungai Raya, Daerah Kinta, Negeri Perak	7,812 sq m	Factory and office	29 September 1995 until 28 September 2055 (Leasehold of 60 years)
	Pajakan Negeri 214519, Lot No. 213068, Mukim Sungai Raya, Daerah Kinta, Negeri Perak	8,153 sq m	Factory and office	29 September 1995 until 28 September 2055 (Leasehold of 60 years)
	Pajakan Negeri 214520, Lot No. 213069, Mukim Sungai Raya, Daerah Kinta, Negeri Perak	8,320 sq m	Factory and office	29 September 1995 until 28 September 2055 (Leasehold of 60 years)
	Pajakan Negeri 214521, Lot No. 213070, Mukim Sungai Raya, Daerah Kinta, Negeri Perak	7,899 sq m	Factory and office	29 September 1995 until 28 September 2055 (Leasehold of 60 years)

Group Entity	Property / Location	Approximate Land Area	Use	Tenure
	Pajakan Negeri 214522, Lot No. 213071, Mukim Sungai Raya, Daerah Kinta, Negeri Perak	8,207 sq m	Factory and office	29 September 1995 until 28 September 2055 (Leasehold of 60 years)
	Pajakan Negeri 214523, Lot No. 213072, Mukim Sungai Raya, Daerah Kinta, Negeri Perak	8,633 sq m	Factory and office	29 September 1995 until 28 September 2055 (Leasehold of 60 years)
	Pajakan Negeri 214524, Lot No. 213073, Mukim Sungai Raya, Daerah Kinta, Negeri Perak	7,971 sq m	Factory and office	29 September 1995 until 28 September 2055 (Leasehold of 60 years)
	Pajakan Negeri 214525, Lot No. 213074, Mukim Sungai Raya, Daerah Kinta, Negeri Perak	8,712 sq m	Factory and office	29 September 1995 until 28 September 2055 (Leasehold of 60 years)
	Pajakan Negeri 214528, Lot No. 213075, Mukim Sungai Raya, Daerah Kinta, Negeri Perak	10,246 sq m	Factory and office	29 September 1995 until 28 September 2055 (Leasehold of 60 years)
	Pajakan Negeri 214530, Lot No. 213076, Mukim Sungai Raya, Daerah Kinta, Negeri Perak	9,148 sq m	Factory and office	29 September 1995 until 28 September 2055 (Leasehold of 60 years)
LKSK Sdn. Bhd.	Country Lease 105365955, District of Tawau, Balung Locality, Sabah	2,387 acres	Oil palm plantation	1 January 1977 to 31 December 2075 (Leasehold of 99 years)
Tan Soon Hong Holdings Sdn. Bhd.	Country Lease 105348954, Country Lease 105348945, Country Lease 105351040 and Country Lease 105336267, District of Tawau, Sabah(2)	53.74 acres	Oil palm plantation	Country Lease 105348954 and Country Lease 105348945: 1 January 1976 to 31 December 2074 Country Lease 105351040: 1 January 1977 to 31 December 2075 Country Lease 105336267: 1 January 1975 to 31 December 2073 (Leasehold of 99 years)
Landquest Sdn. Bhd.	Country Lease 125319244, Kalumpang Locality, District of Semporna, Sabah	1,078.221 acres	Oil palm plantation	1 January 1981 to 31 December 2079 (Leasehold of 99 years)

Notes:

(1) A warehouse erected on the listed properties is rented to Global Success Enterprise for a term of five years commencing from 1 July 2019 to 30 June 2024. The rental amount charged by our Company is currently RM22,000 per month.

(2) Country Lease 105348954, Country Lease 105348945 and Country Lease 105351040, all of District of Tawau, Sabah were involved in 'acquisition process' for the construction of the Tawau – Sandakan Km 7 to Km 28 Road, Tawau New Airport Highway (Part 2) pursuant to the following gazettes issued and published by the Government of Sabah:

(a) Gazette No. 202_2000 dated 2 February 2000 published on 30 March 2000 and 13 April 2000; and

(b) Gazette No. 315_2000 dated 2 February 2000 published on 11 May 2000 and 25 May 2000.

The affected area of Country Lease 105348954, Country Lease 105348945 and Country Lease 105351040 are approximately 0.80 Ha, 0.53 Ha and 0.58 Ha, respectively.

Properties Owned by our Group in Indonesia

As at the Latest Practicable Date, our Group owns the following properties in Indonesia:

Group Entity	Property / Location	Approximate Land Area	Use	Tenure	Encumbrances	Certificate
PT AAI	Kinali District, Pasaman Regency, West Sumatera	281,437 sq m	Palm oil mill	8 January 2004 to 24 September 2034	–	Right to Build (*Hak Guna Bangunan* or "**HGB**") Certificate No. 4 dated 24 January 2004
PT AWB	Dharmasraya Regency, West Sumatera	3,096.7574 Ha	Oil palm plantation	18 October 2018 to 18 October 2053	–	Cultivation Right Certificate (*Sertifikat Hak Guna Usaha* or "**HGU Certificate**") No. 19 dated 20 December 2018
PT BCAP	Desa Tanah Kuning, Tanjung Palas Timur Sub-District, Bulungan Regency, North Kalimantan Province	487.32 Ha	Oil palm plantation	25 July 2011 to 3 October 2046	–	HGU Certificate No. 32 dated 17 November 2011
	Desa Tanah Kuning, Tanjung Palas Timur Sub-District, Bulungan Regency, North Kalimantan Province	3,341.95 Ha	Oil palm plantation	25 July 2011 to 3 October 2046	–	HGU Certificate No 33 dated 17 November 2011
	Desa Tanah Kuning, Tanjung Palas Timur Sub-District, Bulungan Regency, North Kalimantan Province	1,568.26 Ha	Oil palm plantation	25 July 2011 to 3 October 2046	–	HGU Certificate No 35 dated 17 November 2011
PT FDB	Village of Penawai, Bekokong Makmur, Subdistrict of Bongan, Jempang, West Kutai Regency, East Kalimantan	5,148 Ha	Oil palm plantation	3 November 2009 to 18 February 2045	–	HGU Certificate No. 09 dated 19 February 2010
	Village of Jambuk, Muara Gusik, Penawai, Tanjung Sari, Bongan Subdistrict, West Kutai Regency, East Kalimantan	5,460 Ha	Oil palm plantation	3 November 2009 to 24 February 2045	–	HGU Certificate No. 10 dated 25 February 2010

Group Entity	Property / Location	Approximate Land Area	Use	Tenure	Encumbrances	Certificate
	Village of Jambuk Makmur, Bongan Subdistrict, West Kutai Regency, East Kalimantan Timur	4 Ha	Oil palm plantation	3 November 2009 to 24 February 2045	–	HGU Certificate No. 34 dated 25 February 2010
	Resak Village, Bongan Sub-district, West Kutai Regency, East Kalimantan	223 Ha	Oil palm plantation	3 November 2009 to 24 February 2045	–	HGU Certificate No. 11 dated 25 February 2010
	Village of Muara Siram, Siram Jaya, Resak Kampung, Bongan Sub-district, West Kutai Regency, East Kalimantan	1,258 Ha	Oil palm plantation	3 November 2009 to 24 February 2045	–	HGU Certificate No. 12 dated 25 February 2010
PT Karya Unggulan Cemerlang	Unit 5-6 of the 11th Floor of APL Tower, Tanjung Duren Selatan, Grogol Petamburan, West Jakarta	Unit 5: 261.43 sq m Unit 6: 291.44 sq m	Headquarters	22 August 2017 onwards	–	Ownership Right to Apartment Units (*Hak Milik Atas Satuan Rumah Susun*) No. 09510/11/OFFICE and No. 09509/11/OFFICE, both dated 8 April 2015
PT LIN	Langgam, Pasaman, Sumatera Barat	7,000 Ha	Oil palm plantation	2 August 1994 to 31 December 2029	Security to guarantee up to US$54,000,000 credit facility between our Company and OCBC Bank (Malaysia) Berhad	HGU Certificate No. 59 dated 21 March 1995
	Pasaman, Sumatera Barat	100 Ha	Oil palm plantation	3 November 1999 to 29 November 2034	–	HGU Certificate No. 13 dated 29 November 1999
	Kinali, Pasaman Barat, Sumatera Barat	173 Ha	Oil palm plantation	3 February 2009 to 16 February 2044	Security to guarantee up to US$54,000,000 credit facility between our Company and OCBC Bank (Malaysia) Berhad	HGU Certificate No. 19 dated 16 February 2009
	Kinali, Pasaman Barat, Sumatera Barat	136 Ha	Oil palm plantation	3 February 2009 to 16 February 2044	Security to guarantee up to US$54,000,000 credit facility between our Company and OCBC Bank (Malaysia) Berhad	HGU Certificate No. 20 dated 16 February 2009
PT Munte Waniq Jaya Perkasa	Kenyanyan, Rikong, Kiyaq, and Muara Ponak Villages, Siluq Ngurai District, Kutai Barat Regency, Kalimantan Timur Province	696.32 Ha	Oil palm plantation	23 October 2013 to 23 October 2048	–	HGU Certificate No. 44 dated 11 November 2013
	Kenyanyan, Rikong, Kiyaq, and Muara Ponak Villages, Siluq Ngurai District, Kutai Barat Regency, Kalimantan Timur Province	1,413.34 Ha	Oil palm plantation	23 October 2013 to 23 October 2048	–	HGU Certificate No. 45 dated 11 November 2013
	Kenyanyan, Rikong, Kiyaq, and Muara Ponak Villages, Siluq Ngurai District, Kutai Barat Regency, Kalimantan Timur Province	606.54 Ha	Oil palm plantation	23 October 2013 to 23 October 2048	–	HGU Certificate No. 46 dated 11 November 2013

Group Entity	Property / Location	Approximate Land Area	Use	Tenure	Encumbrances	Certificate
	Kenyanyan, Rikong, Kiyaq, and Muara Ponak Villages, Siluq Ngurai District, Kutai Barat Regency, Kalimantan Timur Province	2,714.99 Ha	Oil palm plantation	23 October 2013 to 23 October 2048	–	HGU Certificate No. 47 dated 11 November 2013
	Kenyanyan, Rikong, Kiyaq, and Muara Ponak Villages, Siluq Ngurai District, Kutai Barat Regency, Kalimantan Timur Province	851 Ha	Oil palm plantation	23 October 2013 to 23 October 2048	–	HGU Certificate No. 48 dated 11 November 2013
	Kenyanyan, Rikong, Kiyaq, and Muara Ponak Villages, Siluq Ngurai District, Kutai Barat Regency, Kalimantan Timur Province	27.06 Ha	Oil palm plantation	23 October 2013 to 23 October 2048	–	HGU Certificate No. 49 dated 11 November 2013
	Kenyanyan, Rikong, Kiyaq, and Muara Ponak Villages, Siluq Ngurai District, Kutai Barat Regency, Kalimantan Timur Province	48.11 Ha	Oil palm plantation	23 October 2013 to 23 October 2048	–	HGU Certificate No. 50 dated 11 November 2013
	Kenyanyan, Rikong, Kiyaq, and Muara Ponak Villages, Siluq Ngurai District, Kutai Barat Regency, Kalimantan Timur Province	451.98 Ha	Oil palm plantation	23 October 2013 to 23 October 2048	–	HGU Certificate No. 51 dated 11 November 2013
	Kenyanyan, Rikong, Kiyaq, and Muara Ponak Villages, Siluq Ngurai District, Kutai Barat Regency, Kalimantan Timur Province	250.36 Ha	Oil palm plantation	23 October 2013 to 23 October 2048	–	HGU Certificate No. 52 dated 11 November 2013
	Kenyanyan, Rikong, Kiyaq, and Muara Ponak Villages, Siluq Ngurai District, Kutai Barat Regency, Kalimantan Timur Province	62 Ha	Oil palm plantation	23 October 2013 to 23 October 2048	–	HGU Certificate No. 53 dated 11 November 2013
	Kenyanyan, Rikong, Kiyaq, and Muara Ponak Villages, Siluq Ngurai District, Kutai Barat Regency, Kalimantan Timur Province	12.69 Ha	Oil palm plantation	23 October 2013 to 23 October 2048	–	HGU Certificate No. 54 dated 11 November 2013
	Kenyanyan, Rikong, Kiyaq, and Muara Ponak Villages, Siluq Ngurai District, Kutai Barat Regency, Kalimantan Timur Province	35.51 Ha	Oil palm plantation	23 October 2013 to 23 October 2048	–	HGU Certificate No. 55 dated 11 November 2013
	Muara Ponak, Kenyanyan, Rikong, and Kiyaq Villages, Siluq Ngurai District, Kutai Barat Regency, Kalimantan Timur Province	28.06 Ha	Oil palm plantation	4 November 2016 to 4 November 2051	–	HGU Certificate No. 00118 dated 19 January 2017
	Muara Ponak, Kenyanyan, Rikong, and Kiyaq Villages, Siluq Ngurai District, Kutai Barat Regency, Kalimantan Timur Province	817.73 Ha	Oil palm plantation	4 November 2016 to 4 November 2051	–	HGU Certificate No. 00119 dated 19 January 2017

Group Entity	Property / Location	Approximate Land Area	Use	Tenure	Encumbrances	Certificate
PT SPMN	Pelantaran, Pundu, and Batarau Villages, Cempaga Hulu and Parenggean Districts, Kotawaringin Timur Regency, Central Kalimantan Province	7,114.14 Ha	Oil palm plantation	15 May 2006 to 14 May 2041	–	HGU Certificate No. 34 dated 7 July 2006
PT TSS	Muara Siam Village, Bongan District, West Kutai Regency, East Kalimantan Province	10,282 Ha	Oil palm plantation	13 July 2005 to 13 July 2040	–	HGU Certificate No. 1 dated 13 July 2005

Properties Leased by our Group

The following table summarises the information relating to material properties that we lease, as at the Latest Practicable Date:

Group Entity	Lessor	Location	Land Area / Built-up Area (sq m)	Lease Term	Usage	Rental per annum
TSH Agri Pte. Ltd.	Ubi Techpark Pte. Ltd.	10 Ubi Crescent, #01-16, Singapore 408564	129 sq m	1 October 2022 to 30 September 2025	B1 Industrial, i.e. clean and light industrial usage	S$58,338

To the best of our Directors' knowledge, there are no regulatory requirements or environmental issues that materially affect our utilisation of the above material fixed assets, save as disclosed under the section entitled "*Regulations*" of this Introductory Document.

EMPLOYEES

As at 31 March 2023, we had 7,673 employees. The number of full-time employees of our Group as at 31 December 2020, 2021 and 2022, respectively, and as at 31 March 2023, by job function, by activity type and by geography, are as follows:

Job Function	As at 31 December			As at
	2020	2021	2022	31 March 2023
Board of Directors	10	10	9	10[(1)]
Management	286	245	210	319
Executives	191	207	249	199
Non-Executives	490	452	428	364
Labour	6,672	6,601	6,655	6,781
Total[(2)]	**7,649**	**7,515**	**7,551**	**7,673**

Activity Type	As at 31 December			As at
	2020	2021	2022	31 March 2023
Management	13	13	13	13
Finance, Tax & Legal	81	78	77	77
HR, Admin & IT	93	89	86	83
Operations	81	79	78	84
Production	256	264	251	225
Estate & Mill	7,125	6,992	7,046	7,191
Total[(2)]	**7,649**	**7,515**	**7,551**	**7,673**

Geography	As at 31 December			As at
	2020	2021	2022	31 March 2023
Malaysia	1,570	1,429	1,083	1,042
Indonesia	6,077	6,084	6,464	6,627
Singapore	2	2	4	4
Total[(2)]	**7,649**	**7,515**	**7,551**	**7,673**

Notes:

(1) Chew Siew Yeng, who was an independent non-executive director of our Company, had resigned at the conclusion of the annual general meeting of our Company held on 23 May 2023.

(2) We employed a significant number of temporary employees. The total number of employees as at 31 December 2020, 2021 and 2022, and 31 March 2023 included 349, 376, 443 and 361 temporary employees, respectively.

Some of our oil palm plantation estates have established labour unions for the employees. However, none of our employees are covered by any collective bargaining agreements and/or collective wage agreements. We hold regular employee meetings with employee representatives of such labour unions where suggestions and comments on various aspects of our management are provided for us to consider making the appropriate adjustments and improvements. We believe that we maintain a good working relationship with our employees and we did not experience any significant labour disputes or any difficulty in recruiting staff during the Period Under Review and up to the Latest Practicable Date. There has not been any incidence of work stoppages or labour disputes which affected our operations during the Period Under Review and up until the Latest Practicable Date.

The oil palm plantation business is labour-intensive by nature and we believe that our employees are our most valuable asset as they contribute to the continuing success and viability of our Group, and a highly engaged workforce will increase team performance and motivation, which will boost our direct and indirect performance. We place a strong emphasis on training our employees to equip them with the requisite skills and knowledge to be able to perform their respective job functions at an optimal level, as well as providing opportunities for career development, employee welfare and benefits and work-life balance. Some of the initiatives implemented by our Group for employees of our oil palm plantation operations include housing improvements, annual medical check-ups, provision of safety equipment, minimum wage policies, internal audit and grievance procedures, provision of school transportation for children of schooling age and the formation of committees to ensure that a decent living wage is implemented.

We also conduct regular operational and management meetings and briefings, annual appraisals for staff and executives, and other employee wellness activities.

INSURANCE

As at the Latest Practicable Date, we maintain the following comprehensive insurance policies to cover, amongst others, our risks relating to:

- fire insurance for our palm oil mills, plant and machinery, offices, warehouses and labour quarters;
- public liability insurance to cover any liabilities arising out of bodily injury or property damage in connection with our trade or business;
- machinery breakdown insurance for the machinery used in our palm oil mills and our factories, including boilers and pressure vessels;
- insurance for our employees, including group personal accident insurance, group hospital and surgical insurance and directors and officers' liability insurance;
- all risks insurance to cover the loss or damage to real and personal property, including furniture fixtures and fittings, office and trade equipment, plant and machinery and other physical properties;
- burglary insurance for our palm oil mills, refineries, factories, offices and warehouses; and
- goods-in-transit insurance for our oil palm and other products.

Based on the overall assessment of the operating risk for our present business operations, we are of the view that our insurance coverage is adequate and is in line with industry practice. As our business expands, we will continue to regularly review and assess our risk portfolio and adjust our insurance coverage based on our needs and industry practice.

See also the section entitled "*Risk Factors – Risks Relating to Our Industry and Business – We may suffer uninsured losses or losses in excess of insured limits*" of this Introductory Document for further details.

COMPETITION

We operate in a competitive and export-oriented industry. Competition is based on factors such as pricing, product quality, brand recognition, distribution reach and operating history. Whilst we firmly believe ourselves to be an established plantation company, we face competition from other oil palm cultivators in Malaysia and Indonesia. We believe we are able to compete against other cultivators due to our established reputation as a reliable manufacturer, the characteristics and consistent quality of our products, our competitive pricing and our relationships with existing customers.

To the best of our Directors' knowledge, none of our Directors, Controlling Shareholder or any of their respective Associates has any interest, direct or indirect, in any of our competitors.

See the section entitled "*Risk Factors – Risks Relating to Our Industry and Business – We are exposed to increasing environmental consciousness and significant competition from other products*" of this Introductory Document for further details on the competitive risks we face in our business.

SEASONALITY

Generally, FFB production in our oil palm plantations tends to increase in the second half of the year, as a result of the rainfall patterns. Accordingly, this will result in higher sales of our palm products in the second half of each financial year. However, this trend may be adversely affected by extreme rainfall and weather patterns such as El Nino and La Nina.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE INITIATIVES

Environmental Policies

Our Group places a strong emphasis on environmental conservation and is committed to operating in a manner that minimises our potential impact on the environment. We recognise that the conduct of our business activities can impact communities and are mindful of our duty to uphold environmentally responsible practices. We have an environmental policy which articulates our commitment to and measures taken for the preservation of our environment, such as:

Industry Certifications. Our Group joined the RSPO in November 2014, and has continually worked towards achieving sustainability certification for our oil palm plantation estates and palm oil mills across Malaysia and Indonesia. Our Group has achieved MSPO certification for all our plantations and mills in Malaysia and has also made significant progress in respect of RSPO and ISPO certifications, with RSPO certification for 44% of our oil palm plantations and 67% of our palm oil mills, and ISPO certification for 36% of our Indonesia subsidiaries as at 31 December 2022.

Responsible Planting. Our Group recognises the growing concerns surrounding the impacts of climate change and that our Group has a role to play in reducing or minimising greenhouse gas emissions. We endeavour to minimise or eliminate negative environmental impacts through the implementation of environmental best practices, including our commitment of no deforestation, no planting on peat by applying the high carbon stock approach methodology and no clearing of any areas of primary forest or areas regarded as being of high conservation value or high biodiversity value.

Water Conservation and Efficient Water Usage. We closely monitor our water usage in order to identify areas in which we can reduce our consumption and improve the efficiency of our processes. Our Indonesian and Sabah palm oil operations primarily determine their water management approaches in accordance with the regulatory requirements as well as the recommendations provided by the RSPO, MSPO and ISPO. For instance, as part of our water conservation effort, riparian reserves, which act as a filter to preserve the quality of water entering water bodies, are preserved at our oil palm plantation estates.

Focus on Renewable Energy. A substantial amount of biomass by-products are produced as a result of our oil palm plantation activities. Our Group recycles palm biomass, including pruned fronds, aged trunks, processed palm oil effluent and empty fruit bunches back into the soil as organic fertiliser. We also use other forms of biomass, such as fibre and shells as renewable energy sources to create steam and electricity for our mill processing. As at 31 December 2022, 98% of the energy requirements for our palm oil mills can be met using renewable energy. The TSH Biogas Plant has also been successfully installed at our mill in Sabah, Malaysia to capture methane gas and reduce greenhouse gas emissions from palm oil mill effluent. Separately, our subsidiary, Ekowood International, has also invested significantly to install 1.50 MWp solar panels during the course of FY2022, which has significantly reduced its energy offtake from the grid.

Dedicated Approach to Reducing Greenhouse Gas Emissions and Decarbonisation. As part of our efforts to reduce greenhouse gas emissions, our Group has developed a comprehensive greenhouse gas inventory that includes Scope 1 emissions data (which covers direct emissions caused by non-mechanical sources such as diesel usage, open lagoon and fertiliser use) and Scope 2 emissions data (which covers indirect emissions associated with electricity generated from the grid) for the period from the financial year ended 31 December 2019 to FY2022 to determine our Group's total emissions. Our Group will use this data to determine our baseline year for implementing carbon footprint reduction before undertaking decarbonisation efforts such as the implementation of solar power generation, diesel reduction plans and methane capture through the use of biogas facilities. It is noted that our Group's total emissions for FY2022 had decreased by 3% from the previous year.

***Proper Waste and Effluents Management*.** Our Group practises proper waste and effluents management in accordance with the applicable regulatory requirements and limits within the countries in which we operate, being Malaysia and Indonesia. We have implemented systems to ensure that the waste and palm oil mill effluent from our oil palm plantations are properly treated prior to their discharge or disposal. We are also committed to protecting the water and soil quality of the areas in which we operate by preventing contamination or pollution through the implementation of best practices in waste management.

***Air Pollution Control*.** Our Group recognises that the smoke emitted from our boilers is a significant air pollutant. To mitigate this emission, we have installed electrostatic precipitators that remove fine particles (such as dust and ashes) and unburned carbon dioxide from smoke to release clean air into the atmosphere. We have also implemented an environmental protection policy which prohibits any open burning and the use of fire for land clearing, which would cause significant pollution. Instead, our Group utilises a zero burning land clearing method, which is a method of treating felled biomass in land clearing operations for agricultural development, by shredding the biomass in the land and allowing it to degrade naturally without using fire. This method is superior to the conventional "slash and burn" method, as it enhances soil quality, permits quick tree generation, and is not weather-reliant.

Social Responsibility, Health and Safety

We place significant emphasis on the health and safety of our employees and strive to create a safe work environment that ensures the well-being of our employees. Due to the labour-intensive nature of our business activities, instilling a zero-harm culture is critical to our Group. We strive to create a safe work environment that ensures the health and well-being of all employees, workers and visitors involved in our operations. Our Group has maintained zero fatalities throughout FY2022 and we will continue to strive for zero workplace injuries and fatalities across all our operations.

In terms of workplace safety, we are compliant with the local occupational safety and health ("**OSH**") regulations for our Malaysia and Indonesia operations. Each of the operations has established their own respective OSH management systems which guide the implementation of the relevant initiatives and are reviewed regularly to ensure effectiveness. To further reduce OSH risks, our Group has developed additional standard operating procedures ("**SOPs**") tailored for high-risk work activities at specific operating units. Our safety and health officers carry out hazard identification, risk assessment and risk control ("**HIRARC**") to identify work-related hazards, and such findings from the HIRARC will then be used to improve our OSH management system, control measures and training requirements.

We educate all our employees on the relevant safety controls by conducting safety induction training to all new joiners prior to commencing work and regularly providing refresher training to all existing employees. Regular training is conducted on a variety of topics, including first aid, firefighting, safe chemical handling and emergency response procedures. Further, we provide access to educational materials in our employees' native language to ensure they are up to date with the standard requirements and best practices.

Access to healthcare is a key pillar of our company policy, and we pay close attention to our employees' health. Each of our oil palm plantation estates and palm oil mills has a clinic staffed by trained medical professionals to tend to the medical needs of our employees, as well as an ambulance on call in case of an emergency. For our oil palm plantation workers handling chemical or operating premix stations, we provide annual medical check-ups to evaluate their health and provide additional recommendations if any adverse health issues are detected. Having identified wildfires during the dry season as a major risk in FY2022, our Group has actively taken steps to establish dedicated firefighting and wildfire monitoring teams throughout all our Indonesian estates and mills, with each oil palm plantation establishing its own emergency response team, in order to mitigate such risk.

Our Human Rights and Responsible Business Practices Policy guides us in upholding the protection of human rights and labour standards for our staff. We are committed to eliminating human rights violations and conducting business ethically based on five focus areas:

No Child Labour Policy. Our No Child Labour Policy supplements our Group's Human Rights and Responsible Business Practices Policy by stipulating our Group's commitment to prevent child labour within our workforce.

Freedom of Association & Collective Bargaining. We respect employees' rights to engage in collective bargaining under our Freedom of Association Policy, and formed the Workplace Welfare Committee to represent their interests when a union is not present.

Formal Grievance Mechanism. We recognise each individual's right to dignity and have established a grievance mechanism for workers to report on unfair working conditions, recruitment practices, or any other human rights issues.

Decent Living Wage. All employees are fairly remunerated in accordance with local labour laws and RSPO requirements, with each estate having a Decent Living Wage Committee in place to ensure compliance.

Free, Prior and Informed Consent ("FPIC"). Prior to any new planting project, FPIC must be obtained to ensure relevant local communities are informed about the potential impact and remediation actions taken, as well as have a clear avenue to negotiate the conditions of said project.

Corporate Governance Policies

We remain committed to fulfilling our duties as a responsible corporate citizen by adopting a holistic approach to uphold high ethical standards in our business practices. We utilise online platforms to ensure our employees are familiar with our Code of Ethics, as well as our Anti-Bribery and Corruption Policy, through actions such as conducting virtual training and circulating reminder emails.

We have implemented a suite of policies to instil ethics and integrity in all business practices, in compliance with relevant laws and best practices. All policies have received Board approval and are publicly available on our corporate website:

Anti-Bribery and Corruption Policy**.** We maintain a strict zero-tolerance approach to any acts of bribery or corruption when discharging our duties. The Anti-Bribery and Corruption Policy establishes the guideline for all employees to identify and prevent corruption risks across all business activities. The policy encompasses commitment from all levels and undergoes periodic review to keep abreast of relevant developments in regulations or industry standards.

Whistle-Blowing Policy. In line with best corporate governance practices, the Whistle-Blowing Policy provides a confidential avenue for individuals to raise concerns on suspected illegal or unethical behaviours without fear of repercussions. The identity of the whistleblower will be kept confidential and will only be released on a need-to-know basis to facilitate the investigation process.

Transparency Policy. The Transparency Policy emphasises openness and accountability in our Group's business practices. In accordance with the policy, we aim to provide the public with relevant information that is easily accessible and understandable.

FUTURE OUTLOOK AND PROSPECTS

Global growth is expected to slow down in 2023 compared to 2022. The rebound from the reopening of the economies is waning, and growth would likely be weighed down by tighter global financial conditions and high inflation. Central banks, especially in advanced economies, have already made several rounds of monetary policy adjustments to contain inflation. This has led to significant spillovers to emerging market economies, through weaker currencies, tighter financial conditions and slower exports. Inflation is likely remain above average amid elevated cost of raw materials, energy and transport and tight labour markets.

At the beginning of 2023, CPO price movement has been mostly range-bound between RM3,700 and RM4,300 per MT after a volatile 2022. It downtrended to below RM3,400 per MT in the second quarter of 2023, before recovering to the current level of approximately RM3,700 per MT. It remains susceptible to uncertainties of external macroeconomic factors and risks stemmed from further escalations of geopolitical tensions such as the belligerence between Russia and Ukraine. However, our Group expects the emergence of El Nino and Indonesia's recent expansion of its mandatory biodiesel program with 35% palm oil content, known as B35, to keep CPO price firm in the near term. In addition, based on seasonality of crop yield, our Group is also expecting a higher crop yield in the second half of 2023 compared to the first half of 2023.

As such, barring any unforeseen circumstances, our Group is optimistic about achieving satisfactory performance for year 2023.

Our Board also remains optimistic on the long term prospects of the palm oil industry. Our Board believes with global population and per capita income growth, the demand for palm oil will remain resilient in the years to come as it is the most efficient and competitively priced vegetable oil.

Save as disclosed above and in the sections entitled "*Risk Factors*" and "*Management's Discussion and Analysis of Financial Position and Results of Operations*" of this Introductory Document and the "*Independent Auditors' Report on the Audited Financial Statements for the Financial Years Ended 31 December 2022, 2021 and 2020*" and "*Independent Auditors' Review Report on the Unaudited Financial Statements for the Three-Month Period Ended 31 March 2023*" and the respective related notes thereto set out in Appendix A and Appendix B to this Introductory Document, to the best of our Board's knowledge and belief, there are no other known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on our revenue, profitability, liquidity or capital resources for at least FY2023 and FY2024, or that may cause financial information disclosed in this Introductory Document to be not necessarily indicative of our future operating results or financial condition.

ORDER BOOK

Due to the nature of the palm products business segment, we do not maintain an order book in respect of such business. It is not practical to maintain an order book as the volume of CPO and PK to be sold cannot be determined too far in advance, given that it is dependent on FFB production.

The other businesses segment contributed to approximately 12.1%, 7.9%, 8.0% and 7.4% of our Group's revenue for FY2020, FY2021, FY2022 and 1Q2023, respectively. As the other businesses segment is significantly smaller than the palm products business segment, it is not meaningful to maintain an order book for such other businesses.

CORPORATE SOCIAL RESPONSIBILITY

Our Group's approach to corporate social responsibility is centred on the preservation of natural resources, protecting the environment and building communities in which we serve. In the spirit of continuous improvement, we are constantly reviewing our approach to corporate social responsibility and challenging ourselves to contribute more, to ensure that we are able to meet needs as they arise.

Community

The Plasma Scheme is designed to develop scheme smallholders among the local community in Indonesia. Under the scheme, government agencies, business or cooperatives help develop smallholders through different ways, such as providing them seed stock, fertilisers, pesticides, training and loans. Our Group has assisted in establishing 14 smallholder cooperatives under the Plasma Scheme in Indonesia.

Our Group's role in the scheme includes:

- managing the plantation for scheme smallholders;
- educating the cooperative scheme smallholders on oil palm planting and business;
- assisting the scheme smallholders to obtain financing for their projects; and
- educating and assisting scheme smallholders in implementing sustainable business practices.

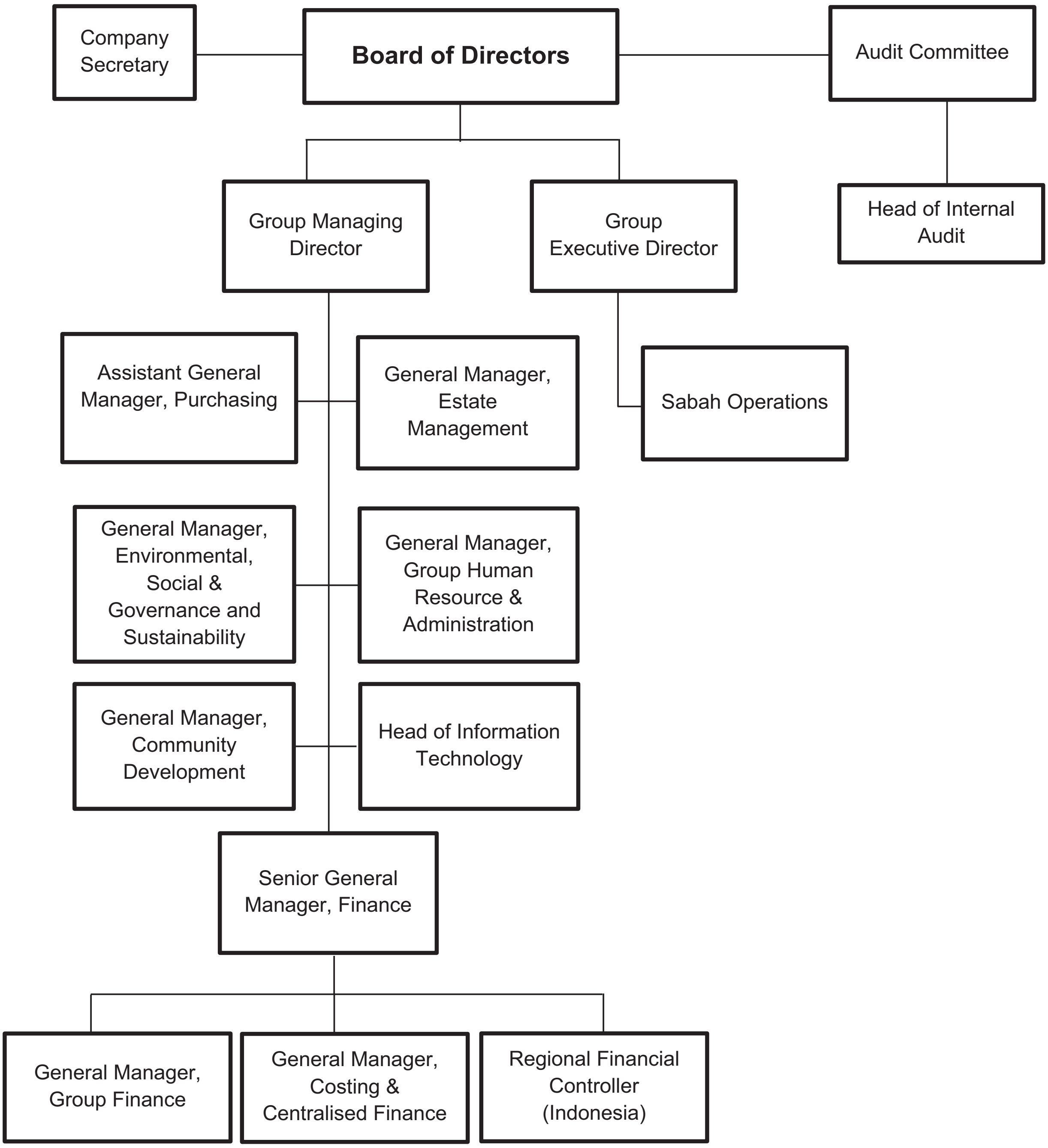
We also assist them in obtaining RSPO certification and have set target timelines. We are committed to certify these smallholders and small growers under RSPO by 2027.

In Indonesia, we have also actively supported many community programmes as part of our initiatives to improve the livelihood of the surrounding community. In particular, our Group has placed great emphasis on education, disaster relief and/or preparedness (including firefighting equipment & training), arts, culture and heritage, sports and health, religious activities and infrastructure development. Due to the COVID-19 pandemic, our Group reached out to the communities surrounding our oil palm plantations to support them with food, personal protective equipment and sanitisation products contributions.

For FY2022, we also contributed over RM2.3 million in monetary donations to various schools, hospitals and charity homes in and around our areas of operation, in support of the elderly, abused, orphaned and otherwise underprivileged members of our society.

MANAGEMENT REPORTING STRUCTURE

The management and reporting structure reflecting the reporting lines and functional responsibilities of our Executive Directors and Executive Officers are set out in the chart below:



DIRECTORS

Our Directors are entrusted with the responsibility for the overall management of our Group, with our day-to-day operations being entrusted to our Executive Directors.

The particulars of our Directors are set out below:

Name	Age	Address	Position
Kelvin Tan Aik Pen	66	c/o Level 10, Menara TSH No. 8 Jalan Semantan Damansara Heights 50490 Kuala Lumpur, Malaysia	Chairman, Non-Independent Non-Executive Director
Tan Aik Sim	59	c/o Level 10, Menara TSH No. 8 Jalan Semantan Damansara Heights 50490 Kuala Lumpur, Malaysia	Group Managing Director
Dato' Jasmy bin Ismail	60	c/o Level 10, Menara TSH No. 8 Jalan Semantan Damansara Heights 50490 Kuala Lumpur, Malaysia	Independent Non-Executive Director
Selina binti Yeop Junior @ Lope	54	c/o Level 10, Menara TSH No. 8 Jalan Semantan Damansara Heights 50490 Kuala Lumpur, Malaysia	Independent Non-Executive Director
Natasha binti Mohd Zulkifli	49	c/o Level 10, Menara TSH No. 8 Jalan Semantan Damansara Heights 50490 Kuala Lumpur, Malaysia	Independent Non-Executive Director
Tan Aik Kiong	63	c/o Level 10, Menara TSH No. 8 Jalan Semantan Damansara Heights 50490 Kuala Lumpur, Malaysia	Group Executive Director
Yap Boon Teck	68	c/o Level 10, Menara TSH No. 8 Jalan Semantan Damansara Heights 50490 Kuala Lumpur, Malaysia	Independent Non-Executive Director
Lim Fook Hin	74	c/o Level 10, Menara TSH No. 8 Jalan Semantan Damansara Heights 50490 Kuala Lumpur, Malaysia	Non-Independent Non-Executive Director
Paul Lim Joo Heng	68	c/o Level 10, Menara TSH No. 8 Jalan Semantan Damansara Heights 50490 Kuala Lumpur, Malaysia	Independent Non-Executive Director

Experience of our Board

Information on the areas of responsibility, the business and working experience of each of our Directors is set out below:

Kelvin Tan Aik Pen is the Chairman, Co-Founder and a Non-Independent Non-Executive Director of our Company. He has been a Director of our Company since his appointment to our Board on 17 January 1986. He also sits on the board of a number of private companies.

Kelvin started in the cocoa trading business in 1977 around Bagan Datoh, Perak, Malaysia. Anticipating that national production of cocoa would be centred in the east coast of Sabah, Malaysia, he made a decisive step to expand to Tawau in 1986. Recognising that dependency on trading of a commodity would not be sustainable and profitable in the long term, he made another far-reaching decision with positive consequences on the development of our Company. 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, Malaysia. It soon became a major player in the cocoa industry in Malaysia, and the single largest exporter of cocoa beans and products in the country.

Backed by his experience in integrated development in cocoa, he embarked on a similar approach with oil palm. In the 1990s, Kelvin established oil palm plantations and palm oil mills in Sabah, Malaysia. To enhance the economic and environmental sustainability of our 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 the Wilmar Group as a partner. Kelvin expanded our operations to Indonesia in 2003, which now has approximately 36,000 Ha of oil palms and four palm oil mills.

Under Kelvin's stewardship, our Group has grown by leaps and bounds from a small cocoa trading house to our listing on the Second Board of the Kuala Lumpur Stock Exchange in 1994, before being subsequently elevated to the Main Board of the Kuala Lumpur Stock Exchange (now known as the Main Market of Bursa Securities) in 2000. He has transformed our Group into a successful leading regional integrated oil palm plantation player with upstream and downstream activities.

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 Honorary Director of Sabah Chinese High School. As recognition for his many contributions to environmental conservation and forestry, he was conferred an Honorary Doctorate in Philosophy (Agroforestry) by Universiti Malaysia Sabah on 3 September 2006.

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 the Darjah Dato' Paduka Mahkota Perak (DPMP) award that carries the title Dato' by the Sultan of Perak, Sultan Azlan Shah.

Tan Aik Sim was appointed as Group Managing Director on 1 January 2009 after serving as Chief Executive Officer since 1 September 2006. He was appointed to our Board on 27 February 1992. He is also the Group Managing Director of Ekowood International and sits on the board of various subsidiary companies of our Group. He obtained Bachelor's Degrees in both Economics and Engineering from Monash University, Australia in 1988.

He joined our Group in 1989 and over the years has been heavily involved in the various business units and their 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 our Group in 1994.

He was appointed the Chief Executive Officer of Ekowood International 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 with in the EHF industry.

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

Dato' Jasmy bin Ismail was appointed as an Independent Non-Executive Director of our Company on 4 June 2014. He also serves as the Chairman of our Remuneration Committee and member of our Audit Committee.

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 2000, Dato' Jasmy co-founded Symphony Global Technologies Sdn. Bhd. and was involved in the formulation of Symphony House Berhad which was then listed on Bursa Securities 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. and held the position until 2007. He was also an Independent Non-Executive Director of Malaysia Building Society Berhad up to February 2018.

He is currently an Independent Non-Executive Deputy Chairman of Symphony Life Berhad. He is also an 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.

Selina binti Yeop Junior @ Lope was appointed as an Independent Non-Executive Director of our Company on 14 August 2015. She also serves as the Chairperson of our Nomination Committee.

She is the Chief Executive Officer of Salina & Associates PR Sdn. Bhd., a boutique Public Relations agency based in Selangor, Malaysia. She obtained a Diploma in Public Relations from Stamford College, Kuala Lumpur, Malaysia. She is an active member of the British Malaysia Chamber of Commerce and was instrumental in the launch of its women's wing.

She started her career at Chase Perdana Bhd in Kuala Lumpur as Head of Corporate Communications, following her stint at advertising giant Peter Beaumont & Friends, Kuala Lumpur. She has received the Pingat Ahli Mahkota Perak from Sultan Azlan Shah in 2008 for her numerous contributions to the field of public relations in the state of Perak, Malaysia.

She has co-authored two books entitled "Success in Small and Medium Business: The IPO Debut" and "Small Business Success Stories" in aid of underserved single mothers.

Natasha binti Mohd Zulkifli was appointed as an Independent Non-Executive Director of our Company on 2 July 2018. 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 Malaysia government, in Johor, Malaysia. 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 in strengthening 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 school 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 Malaysia government awarded Natasha as the inaugural winner of the Outstanding Woman of the Year in Rail Award.

Tan Aik Kiong is the Group Executive Director of our Company. He was appointed to our Board on 25 November 1987. He sits on the board of various subsidiary companies of our Group and holds directorships in other private limited companies. He is currently the Managing Director of Innoprise Plantations Berhad, a company listed on the Main Market of Bursa Securities.

He obtained a Master's Degree in Civil Engineering, majoring in Construction Management, from the Oklahoma State University, United States of America. Prior to joining our Company, he was attached to Prudential Bache Ltd., an established brokerage and commission house and subsequently with Ameroid Services Pte. Ltd., an independent warehousing company in Singapore.

Yap Boon Teck was appointed as an Independent Non-Executive Director of our Company on 15 December 2015. He also serves as the Chairman of our Audit Committee and member of our Nomination 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 size accounting and audit firm in the United Kingdom and medium to large local accounting and audit firms 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 the KIP group of companies as Chief Executive Officer. He resigned from the KIP group of companies on 31 May 2017.

He joined 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 to date.

Lim Fook Hin was appointed as an Executive Director of our Company on 9 May 1997. On 1 February 2016, he was redesignated as a Non-Independent Non-Executive Director. He also serves as a member of our Audit Committee, Remuneration Committee and Nomination Committee. He also sits on the board of some subsidiary companies within our 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 in 1978 and was seconded to Sarawak Oil Palm Sdn. Bhd. as Company Secretary.

He joined 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 the Chief Executive of United Palm Oil Industries PLC, a company listed on the Stock Exchange of Thailand before joining our Group in 1997.

Paul Lim Joo Heng was appointed as an Independent Non-Executive Director of our Company 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 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, CM Energy Tech Co., Ltd. (formerly known as CMIC Ocean En-Tech Holdings Co., Ltd.) ("**CM Energy**") which from 2009 till 2019 he served as 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 CMIC (now CM Energy), from 2007 to 2008 he served as VP Finance at Yantai Raffles Shipyard Limited ("**YRS**"), a Singaporean owned group with shipyard facilities located in Yantai, Shandong, China and prior to 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.

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 our Company from 1993 to 1998.

Listed Company Experience

As our Company is listed on Bursa Securities, all of our Directors have experience as a director of a public listed company.

In accordance with the requirements under the SGX-ST's listing rules, all of our Directors have been briefed on the roles and responsibilities of a director of a public listed company in Singapore.

Other Principal Directorships of our Directors

The list of present and past directorships held by our Directors in the last five years preceding the Latest Practicable Date, excluding those held in our Company, is set out in "*Appendix G – List of Past and Present Principal Directorships*" to this Introductory Document.

Significant Changes in Percentage of Ownership

The following table sets out the significant changes in the percentage of ownership of our Directors and Substantial Shareholders, being a shareholder who is known by us to beneficially own 5.0% or more of our issued Shares in the last three years up to the Latest Practicable Date:

Director or Substantial Shareholder	Percentage of Ownership in our Company (%)				
	As of 31 December 2020	As of 31 December 2021	As of 31 December 2022	As of 31 March 2023	As at the Latest Practicable Date
Directors					
Kelvin Tan Aik Pen	15.26	17.98	24.37	24.69	24.83
Tan Aik Sim	3.87	3.87	3.87	3.87	4.01
Tan Aik Kiong	4.02	4.02	4.02	4.02	4.71
Substantial Shareholders (who are not Directors)					
Tan Aik Yong	3.91	3.91	5.07	5.07	5.21
Employees Provident Fund Board(1)	7.35	6.32	–	–	–

Note:

(1) The Employees Provident Fund Board ceased to be a Substantial Shareholder on 17 February 2022.

Save as disclosed above, there has not been any significant changes in the percentage of ownership of any other Director or Substantial Shareholder in the last three years up to the Latest Practicable Date.

Terms of Office

Our Directors do not currently have a fixed term of office. Each Director is required to retire from office once every three years. At each annual general meeting, one-third of the Directors then in office (or, if their number is not a multiple of three, the number nearest to one-third) shall retire from office by rotation. A retiring Director shall be eligible for re-election. Our Directors to retire every year shall be those, subject to retirement by rotation, who have been longest in office since their last re-election or appointment.

Following our listing on the SGX-ST, we will make announcements on SGXNET and Bursa LINK on any appointment or cessation of service of a Director.

EXECUTIVE OFFICERS

Our Group does not have any key executive officers. As stated in the section entitled "*Our Listing on the SGX-ST*" of this Introductory Document, our Company has not appointed a new CFO as at the Latest Practicable Date and we have obtained a waiver from the SGX-ST in respect of Rule 610(6) of the Listing Manual in accordance thereto.

Our day-to-day operations are entrusted to our Group Managing Director, Tan Aik Sim and our Group Executive Director, Tan Aik Kiong.

They are capably supported by the respective management teams in charge of each of our oil palm plantations and palm oil mills across Malaysia and Indonesia, as well as the members of our Group's finance department, which include a Senior General Manager who joined our Company in December 2022 and three senior finance executives (a Regional Financial Controller and two General Managers). The Senior General Manager has held senior finance roles in other public listed companies prior to joining our Company. The Regional Financial Controller has been with our Group for seven years and the two General Managers have both been with our Group for 12 to 13 years. Each of them has several years of finance experience and are each proficient and familiar with our Group's business and operations.

FAMILY RELATIONSHIPS

Kelvin Tan Aik Pen (Chairman, Non-Independent Non-Executive Director), who is also a Substantial Shareholder, Tan Aik Sim (Group Managing Director) and Tan Aik Kiong (Group Executive Director) are siblings.

Tan Aik Yong is a Substantial Shareholder of our Company and he is the brother of Kelvin Tan Aik Pen, Tan Aik Sim and Tan Aik Kiong.

Save as disclosed above, there are no family relationships between any of our Directors or Executive Officers or any of our Substantial Shareholders.

CORPORATE GOVERNANCE

We recognise the importance of corporate governance and the maintenance of high standards of accountability to our Shareholders.

We have three board committees, namely our Audit Committee, our Nomination Committee and our Remuneration Committee.

Audit Committee

Our Audit Committee comprises Yap Boon Teck, Dato' Jasmy bin Ismail and Lim Fook Hin. The Chairman of our Audit Committee is Yap Boon Teck.

The principal objectives of our Audit Committee are to assist our Board in discharging its statutory duties and responsibilities relating to accounting and reporting practices of our Company and subsidiaries. Our Audit Committee is responsible for, amongst others, reviewing and monitoring the system of internal controls and the audit process, and to ensure that our Company's financial statements comply with the applicable financial reporting standards to ensure the reliability of the financial statements.

The duties and responsibilities of our Audit Committee are as follows:

(a) to review with the external auditors (i) their audit plan; (ii) their evaluation of the system of internal controls; and (iii) their audit report;

(b) to review and assess the suitability and independence of the external auditors and to review the external auditors' performance on an annual basis based on the following four key areas after completion of the year-end audit: (i) quality of service; (ii) sufficiency of resources; (iii) communication with management; and (iv) independence, objectivity and professionalism. Our Audit Committee may request for our Group Managing Director and/or CFO to join the assessment;

(c) to review the adequacy of our Audit Committee's policies and procedures for the provision of non-audit services by our Group's auditors;

(d) to obtain a written confirmation from the external auditors on an annual basis or at any time as our Audit Committee may request, confirming 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;

(e) to discuss with the external auditors before the audit commences, the nature and scope of the audit and ensure co-ordination where more than one audit firm is involved;

(f) to review the assistance given by the employees of our Company to the external auditors;

(g) to review the adequacy of the scope, functions, competency and resources of the internal audit function and that it has the necessary authority to carry out its work;

(h) to review the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;

(i) to review any appraisal or assessment of the performance of members of the internal audit function;

(j) to review any appointment or termination of senior staff members of the internal audit function;

(k) to take cognisance of resignation of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning;

(l) to review any major findings of internal investigations and management's response;

(m) to review the quarterly results and year-end financial statements, prior to the approval by our Board, focusing particularly on:

  (i) any changes in or implementation of major accounting policy and practices;

  (ii) major judgmental areas;

  (iii) significant adjustments resulting from the audit;

  (iv) the going concern assumption;

  (v) significant and unusual events; and

  (vi) compliance with accounting standards and other legal requirements;

(n) to discuss problems and reservations arising from the interim and final audits and any matter the external auditors may wish to discuss (in the absence of management, where necessary);

(o) to review the external auditor's management letter and management's response;

(p) to review any related party transaction and conflict of interest situation that may arise within our Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity;

(q) to consider the audit fee of the external auditors;

(r) to consider the appointment of the external auditors and any letter of resignation from the external auditors of our Company and to deal with any questions of resignation or dismissal;

(s) to review whether there is reason (supported by grounds) to believe that our Company's external auditors are not suitable for re-appointment;

(t) to recommend the nomination of a person or persons as external auditors;

(u) to promptly report to Bursa Securities if a matter reported by our Audit Committee to our Board has not been satisfactorily resolved resulting in a breach of the Bursa Listing Requirements; and

(v) to consider other topics, as defined by our Board.

The Audit Committee's scope of reviewing any major findings of internal investigations and management's response will include reviewing any reporting of fraud, corruption, criminal offence, failure to comply with a legal or regulatory obligation, miscarriage of justice and endangerment of an individual's health and safety or environment under the Whistle-Blowing Policy.

Opinion of our Board and our Audit Committee Pursuant to Rule 610(5) of the Listing Manual

Our 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 our Company's assets, and is supported by our Audit Committee to ensure the risks in our Group are identified and managed with appropriate risk management system.

Our Board has established a framework and policies to ensure that risk management and internal controls across the various risk classes are managed within the risk appetite set by our Board. To ensure their continuous effectiveness, the framework and policies are reviewed periodically, and when there are significant regulatory changes.

Our Company has established an adequately resourced in-house internal audit function which reports directly to our Audit Committee. Risk management is an on-going process facilitated by the internal audit department. The assessments together with mitigating measures are presented to our Audit Committee on a quarterly basis for deliberation. The internal audit department communicates regularly with the members of our Audit Committee and the Head of Internal Audit is invited to attend meetings of our Audit Committee. Internal audit activities, all of which are risk-based, are performed by a team of appropriate, qualified and experienced employees.

Our Company has put in place a comprehensive system of internal controls which is embodied within the Standard Operating Procedures covering financial controls, operational and compliance controls and risk management. Our Company will continue to review, add on or update the system to be in line with the changes in the operating environment. Our 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 our Group's internal control and risk management are presented in the Statement on Risk Management and Internal Control.

In view of certain approvals not having been obtained, past corporate secretarial non-compliances and several disputes relating to tax assessments, our Group has put in place measures to prevent and/or minimise the recurrences of such issues, including, but not limited to, assigning dedicated teams to oversee licencing and permit matters across all business units, performing close follow-ups with the professional corporate secretarial agents to assist with the day-to-day oversight of corporate secretarial matters and obtaining advice from tax consultants on tax-related matters and tax compliance functions.

In addition to routine business, our Audit Committee through the internal audit function, actively reviews whether the systems in place are being followed, the risk register at every meeting as on-going process for risk identification, assessment and mitigation on our Group's operation and audit findings are discussed with the management for execution and implementation.

Our Audit Committee assists our Board in reviewing the adequacy and integrity of our Group's financial administration and reporting, internal control and risk management systems. In addition, the Head of Internal Audit also undertook independent assessment of the system of internal control and assured our Audit Committee that no material issue or major deficiency had been noted which posed a high risk to the overall system of internal control under review.

Based on the internal controls established and maintained by our Group, work performed by the internal and external auditors, and reviews performed by management, our Board, after making all reasonable enquiries and to the best of their knowledge and belief, is of the opinion that the internal controls (including financial, operational, compliance and information technology controls) and risk management systems are adequate and effective. Our Audit Committee concurs with our Board's opinion on the adequacy and effectiveness of our Group's internal controls (including financial, operational, compliance and information technology controls) and risk management systems.

Nomination Committee

Our Nomination Committee comprises Selina binti Yeop Junior @ Lope, Yap Boon Teck and Lim Fook Hin. The Chairperson of our Nomination Committee is Selina binti Yeop Junior @ Lope.

Our Nomination Committee is involved in the appointment of new Directors to our Board. A formal and transparent procedure has been established for the appointment of new Directors to our Board. Our Nomination Committee is empowered to identify and recommend suitable Directors to fill new positions created by expansion and vacancies that occur by resignation, retirement or for any other reason.

The duties and responsibilities of our Nomination Committee are as follows:

(a) to recommend to our Board, candidates for all directorships to be filled by our Shareholders or our Board. In making its recommendations, our Nomination Committee will not be guided solely by gender but rather the candidates' skills, knowledge, expertise and experience, professionalism, integrity and in the case of candidates for the position of Independent Non-Executive Directors, our Nomination Committee will also evaluate the candidates' ability to discharge such responsibilities/functions as expected from Independent Non-Executive Directors;

(b) to consider, in making its recommendations, candidates for directorships proposed by our Group Managing Director and, within the bounds of practicability, by any other senior executive or any Director or Shareholder;

(c) to recommend to our Board, Directors to fill the seats on our board committees;

(d) to assist our Board in an annual review of the required mix of skills and experience and other qualities, including core competencies which Non-Executive Directors should bring to our Board and this should be disclosed in the annual report;

(e) to annually assess the effectiveness of our Board as a whole, our board committees and the contribution of each individual Director, including the Independent Non-Executive Directors and the Group Managing Director;

(f) to assess the desirable balance in Board membership, considering the structure and development of an excessive number of directorships;

(g) to assess the desirable number of Independent Directors;

(h) to consider the possible representation of interest groups;

(i) to conduct periodic discussion with our Board on succession planning for our Chairman, Group Managing Director and other members of senior management and to identify potential successor candidates for these roles based on the recommendations from our Chairman and Group Managing Director along with a review of any development plans recommended for such individuals; and

(j) such other responsibilities as may be delegated by our Board from time to time.

Remuneration Committee

Currently, our Remuneration Committee comprises Dato' Jasmy bin Ismail and Lim Fook Hin. The Chairman of our Remuneration Committee is Dato' Jasmy bin Ismail.

Our Remuneration Committee's primary responsibility is to assist our Board in their responsibilities in assessing the remuneration packages of the Executive Directors and senior management staff by reviewing, assessing and recommending to our Board their remuneration packages in all forms.

The duties and responsibilities of our Remuneration Committee are as follows:

(a) to assist our Board in determining a framework or broad policy for the remuneration of the Executive Directors and senior management staff;

(b) to determine, along with our Board as a whole, the remuneration package of the Non-Executive Directors, including the Non-Executive Chairman, taking into consideration fee levels and trends for similar positions in the market, time commitment required from the Director as well as any additional responsibilities undertaken by such Director. The Non-Executive Directors should abstain from discussing their own remuneration;

(c) to review and recommend to our Board the remuneration of the Executive Directors and senior management staff in all its forms, drawing from outside advice as necessary. The Executive Directors play no part in deciding their own remuneration and the Directors concerned shall abstain from all discussion pertaining to their remuneration;

(d) to review and recommend annual salary increments and bonuses of Executive Directors and senior management staff;

(e) to review and recommend to our Board on all aspects of any share option schemes and other incentive schemes (if any) to be established by our Company, including but not limited to (subject always to the rules of those schemes and any applicable legal and Bursa Listing Requirements):

   (i) the selection of those eligible Directors of our Company and subsidiary companies and senior management to whom options should be granted;

   (ii) the numbers of shares over which options are to be granted; and

   (iii) the imposition of any objective condition which must be complied with before any option may be exercised; and

(f) to consider other benefits or changes in those benefits granted to the Directors and senior management and report any conclusions to our Board.

ARRANGEMENTS OR UNDERSTANDINGS

None of our Directors or Executive Officers has any arrangement or understanding with any of our Substantial Shareholders, customers or suppliers or other persons, pursuant to which he or she was appointed as a Director or as an Executive Officer, as the case may be.

REMUNERATION

The compensation paid by our Company and our subsidiaries to each of our Directors and each of our Executive Officers for services rendered by them in all capacities to our Company and our related corporations for FY2021 and FY2022 and expected to be payable by our Company and our subsidiaries to each of these Directors and Executive Officers for services rendered by them in all capacities to our Company and our related corporations for FY2023, in remuneration bands[(1)], are as follows:

Directors	FY2021[(1)(2)]	FY2022[(1)(2)]	FY2023 (estimated)[(1)(2)(3)]
Kelvin Tan Aik Pen	C	G	D
Tan Aik Sim	E	F	D
Dato' Jasmy bin Ismail	A	A	A
Selina binti Yeop Junior @ Lope	A	A	A
Natasha binti Mohd Zulkifli	A	A	A
Tan Aik Kiong	C	C	B
Yap Boon Teck	A	A	A
Lim Fook Hin	A	A	A
Paul Lim Joo Heng[(4)]	-	A	A

Notes:

(1) Remuneration bands:
- Band A means remuneration below the equivalent of S$250,000.
- Band B means remuneration between the equivalent of S$250,001 and S$500,000.
- Band C means remuneration between the equivalent of S$500,001 and S$750,000.
- Band D means remuneration between the equivalent of S$750,001 and S$1,000,000.
- Band E means remuneration between the equivalent of S$1,000,001 and S$1,250,000.
- Band F means remuneration between the equivalent of S$1,250,001 and S$1,500,000.
- Band G means remuneration between the equivalent of S$1,500,001 and S$1,750,000.

(2) Remuneration bands for FY2021 and FY2022 are based on the average exchange rate for FY2021 and FY2022, respectively, while the remuneration band for FY2023 was calculated based on the exchange rate as at the Latest Practicable Date.

(3) The estimated amount of remuneration for FY2023 excludes any bonus or profit-sharing plan or any other profit-linked agreement or arrangement as such bonuses are discretionary in nature.
(4) Paul Lim Joo Heng was appointed as a Director of our Company on 1 March 2023. He was appointed as a director of two of our Singapore subsidiaries, TSH Agri Pte. Ltd. and TSH Oversea Pte. Ltd, in 2018 and 2021, respectively, and he received compensation for such services from FY2022.

The compensation paid by our Company and our subsidiaries to each employee of our Group who is an immediate family member of our Directors or chief executive officer of our Company for FY2021 and FY2022, and whose remuneration exceeds S$50,000 during the relevant financial year, in remuneration band[(1)], is as follows:

Employee	FY2021	FY2022
Tan Ek Huat[(2)]	A	A

Notes:
(1) Remuneration Band A means remuneration between the equivalent of S$100,000 and S$150,000, based on the average exchange rate for FY2021 and FY2022.
(2) Tan Ek Huat is the brother of Kelvin Tan Aik Pen, Tan Aik Sim and Tan Aik Kiong.

Save as disclosed above, there are no other employees of our Group who is an immediate family member of our Directors or chief executive officer of our Company for FY2021 and FY2022, and whose remuneration exceeds S$50,000 during the relevant financial year.

Past compensation figures include benefits-in-kind and any deferred compensation accrued for the financial year in question and payable at a later date. The estimated amount of compensation in the current financial year excludes any bonus or profit-sharing plan or any other profit-linked agreement or arrangement as such bonuses are discretionary in nature and are determined by our Board at the end of each financial year, taking into account our Company's performance for that financial year.

We do not have in place any formal bonus or profit-sharing plan or any other profit-linked agreement or arrangement with any of our employees and bonus is expected to be paid on a discretionary basis.

There are no existing or proposed service contracts entered into or to be entered into by our Company or our subsidiaries with any of our employees, Directors and key executives which provide for compensation in the form of stock options.

Pension and Retirement Plans

Other than amounts set aside and as disclosed in the section entitled "*Management's Discussion and Analysis of Financial Position and Results of Operations – Principal Components of Our Statement of Profit or Loss and Other Comprehensive Income – Administrative Expenses*" of this Introductory Document, no amounts have been set aside or accrued by our Company or our subsidiaries to provide for pension, retirement or similar benefits for our employees, Directors and key executives.

SERVICE AGREEMENTS

Our Company has entered into separate service arrangements (each, a "**Service Agreement**") with our Executive Directors, Non-Independent Non-Executive Directors and Independent Directors, none of which contains any fixed terms nor provides for benefits upon termination of employment.

The Service Agreements provide that it is expected that each Director will continue to serve in their capacity as director until their retirement in accordance with our Company's Constitution, unless earlier terminated in accordance with our Company's Constitution or the provisions of applicable law, or such Directors' resignation from his or her position by written notice to our Company.

The Service Agreements also contain restrictions on the disclosure of confidential information, including trade secrets and information relating to the business or finance of our Company or our Group.

Pursuant to the terms of their respective Service Agreements, each of Kelvin Tan Aik Pen, Tan Aik Sim, Tan Aik Kiong and Lim Fook Hin shall be entitled to remuneration, which shall be subject to our Company's remuneration policy and procedures, including our policy on Non-Independent Directors' benefits, which shall be reviewed by our Remuneration Committee and recommended by our Board for the approval of Shareholders at our Company's annual general meeting.

None of the Service Agreements contain any non-compete undertakings.

Save for the Service Agreements of Tan Aik Sim and Tan Aik Kiong, it is expressly stated that the Directors will not be entitled to any compensation or damages for loss of office howsoever arising.

Further, none of our Directors has entered, or proposes to enter, into any service agreement with our Company or any subsidiary or subsidiary entity of our Company which provides for benefits upon termination of employment.

DESCRIPTION OF SHARE CAPITAL

Our corporate affairs are governed by our Constitution, the Malaysia Companies Act and the CMSA. The following is a summary of the material provisions of our Constitution insofar as they relate to the material terms of our share capital.

The Malaysia Companies Act differs from laws applicable to Singapore companies and their shareholders. A comparison of certain aspects of the Malaysia Companies Act applicable to us and the Singapore Companies Act applicable to Singapore companies is set out in "*Appendix D – Comparison between Malaysia Corporate Law and Singapore Corporate Law*" to this Introductory Document.

The summary below does not purport to be complete and is qualified in its entirety by reference to our Constitution and the applicable provisions of the Malaysia Companies Act and the CMSA.

OUR SHARE CAPITAL

As at the Latest Practicable Date and the date of this Introductory Document, our issued and paid-up share capital is RM740,513,428.72 comprising 1,380,173,509 Shares (excluding 1,629,000 Shares held as treasury shares). We have only one class of shares. All of our Shares are in registered form.

The rights and privileges attached to our Shares are stated in the Constitution of our Company. There are no founder, management or deferred shares. None of our Substantial Shareholders and Directors have interests which carry different voting rights from our Shares.

TRANSFER OF SHARES

Our Constitution provides that all transfers of securities deposited with the Bursa Depository shall be effected in accordance with the Malaysia Companies Act, the Central Depositories Act and the Rules of Bursa Depository.

The transfer of any securities or class of securities of our Company which have been deposited with the Bursa Depository shall be by way of book entry by the Bursa Depository in accordance with the Rules of Bursa Depository. The Bursa Depository may in its absolute discretion refuse to register any transfer that does not comply with the Central Depositories Act and the Rules of Bursa Depository.

The transfer of the beneficial ownership of any securities or class of securities of our Company held by CDP's EAN which does not result in a transfer of the securities or class of securities of our Company to or from the foreign omnibus account which CDP maintains with its EAN in Malaysia shall be in accordance with the rules and regulations of the SGX-ST.

LIMITATION ON FOREIGN OWNERSHIP OF SHARES

There are limits to foreign ownership of shares in a public company in Malaysia as provided under the Foreign Share Ownership Regulation. The Foreign Share Ownership Regulation enables an issuer to establish written procedures to govern the determination of entitlement to rights and obligations in respect of or arising from the restricted shares which are shares with a quota, restriction or limit on the ownership of Shares by a foreigner imposed on a company by its constitution or any other constituent documents ("**Restricted Shares**").

Our Shares are, however, not Restricted Shares and unless and until our Shares are designated as "Restricted Shares", our Shares are not subject to the Foreign Share Ownership Regulation. We currently have no intention of designating our shares as "Restricted Shares". Shareholders' approval would be required to designate our Shares as "Restricted Shares", as it would entail amendments to be made to our Company's Constitution.

ISSUANCE OF NEW SHARES

In accordance with the Bursa Listing Requirements, our Company must not issue any Shares or convertible securities if the total number of those Shares or convertible securities, when aggregated with the total number of any such shares or convertible securities issued during the preceding 12 months, exceeds 10.0% of the total number of issued Shares (excluding treasury shares) of our Company except where our Shares or convertible securities are issued with prior shareholder approval in a general meeting of the precise terms and conditions of the issue.

Our Company must also ensure that our Shares are not priced at more than a 10.0% discount to the weighted average market price of our Shares for the five market days immediately before the price-fixing date and such Shares are not placed to an interested Director, interested major shareholder, interested chief executive or interested person connected with a Director, major Shareholder or chief executive and nominee corporations, unless the names of the ultimate beneficiaries are disclosed. An announcement is to be made to Bursa Securities relating to a proposed new issue of securities by our Company. Such an announcement will be released simultaneously on the SGXNET.

RIGHTS OFFERINGS

In the event of a rights offering by our Company in Malaysia, our Company (in its absolute discretion) may, to the extent compliant with Malaysia law and where reasonably practicable to do so under Malaysia securities market practice, make arrangements for our Shares allotted to CDP (through CDP's EAN) to be sold to TSH Resources CDP Depositors as soon as reasonably practicable after dealings in such Shares commence and are distributed by CDP among TSH Resources CDP Depositors in proportion to the respective number of Shares standing to the credit of their respective Securities Account with CDP as at the record date for the determination of allotment of such Shares in a rights offering by our Company. The net proceeds from such sale, after deduction of all expenses therefrom, will be pooled and thereafter paid by CDP to our Company.

Where such Shares are sold, they will be sold at such price or prices as our Company may, in its absolute discretion, decide, and no TSH Resources CDP Depositor shall have any claim whatsoever against our Company or CDP in respect of such sale or proceeds thereof or our Shares. Shareholders should note that the special arrangements described above would apply only to allotments to CDP (through CDP's EAN). However, our Company reserves the right to make similar arrangements for Shares which would otherwise have been allotted to certain other Shareholders as soon as practicable after dealings in our Shares commence, where the holders of such Shares are restricted or prohibited by the laws of the jurisdiction in which they are located or resident from participating in the Malaysia rights offering.

PRE-EMPTIVE RIGHTS

Our Constitution provides that, subject to the contrary that may be given by our Company in general meeting, any new Shares or other convertible securities shall before they are issued, be offered to such persons as at the date of the offer are entitled to receive notices from our Company of general meetings in proportion, as nearly as the circumstances admit, to the amount of the existing Shares or securities to which they are entitled.

Such offer shall be made by notice specifying the number of Shares or securities offered and limiting a time within which the offer, if not accepted, will be deemed to be declined, and after the expiration of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept our Shares or securities offered, our Directors may, dispose of the same in such manner as they think most beneficial to our Company. Our Directors may likewise dispose of any such new Shares or securities as aforesaid which, (by reason of the ratio which the new Shares or securities bear to Shares or securities held by the persons entitled to an offer of new Shares or securities), cannot in the opinion of our Directors be conveniently offered under our Constitution.

SUBSTANTIAL SHAREHOLDING DISCLOSURE – SINGAPORE

We are not a "corporation" as defined in Section 130 of the SFA. Accordingly, our Company and TSH Resources CDP Depositors will not be subject to the provisions of Division 1 of Part 7 of the SFA regulating substantial shareholding reporting obligations.

SUBSTANTIAL SHAREHOLDINGS AND DISCLOSURE NOTIFICATIONS – MALAYSIA

Every Substantial Shareholder (which includes all natural persons whether resident or non-resident in Malaysia or whether a Malaysian citizen or non-citizen and all bodies corporate whether incorporated as carrying on business in Malaysia or otherwise) is required to give, within three days after becoming a Substantial Shareholder, a notice in prescribed form to our Company. The notice must be given even if he has ceased to be a Substantial Shareholder before the expiration of the said three days.

Any changes in interest in the substantial shareholding (including any acquisition or disposal of Shares in our Company) must also be notified to our Company in a prescribed form within three days after the date of change in the interest.

Likewise, every Shareholder who ceases to be a Substantial Shareholder must notify our Company within three days after he ceases to be a Substantial Shareholder.

Section 142 of the Malaysia Companies Act provides that a person who holds voting shares in a company, being voting shares in which a non-resident has an interest, is required to give notice to the non-resident in a prescribed form notifying the non-resident of the above disclosure requirement within 14 days of it/him/her becoming the registered holder of our Shares as nominee of the non-resident. In addition, if such nominee who holds voting shares in our Company knows or has reasonable grounds for believing that the interest of the non-resident in our Shares is an interest that the non-resident holds for another person, the person who holds voting shares in our Company is required to direct the non-resident to give the prescribed notice to that person. A "non-resident" means a person who is not a resident in Malaysia or a body corporate that is not incorporated in Malaysia. Our Shares that are traded on the SGX-ST will be scripless shares held by CDP's EAN for and on behalf of persons who maintain, either directly or through CDP depository agents, Securities Accounts with CDP. CDP or its nominees is a bare trustee of such Shares and, will as such, not be giving such notices.

The Substantial Shareholder may apply to the Companies Commission of Malaysia to extend the time for giving the notice of three days to give notice of his substantial shareholding or changes thereto.

The penalty for non-compliance of the above reporting requirement under the Malaysia Companies Act is a fine not exceeding RM1.0 million and, in the case of a continuing offence, to a further fine not exceeding RM1,000.00 for each day during which the offence continues after conviction.

In addition, a Malaysian court may on the application of the Companies Commission of Malaysia make the following order with respect to Substantial Shareholders who breach the above reporting requirements:

(a) restrain the Substantial Shareholder from disposing of any interest in Shares in which he is a Substantial Shareholder;

(b) restrain a person who is entitled to be registered as the holder of the relevant Shares from disposing of those Shares;

(c) restrain the exercise of any voting or other rights attached to our Shares in which the Substantial Shareholder has an interest;

(d) direct our Company not to make payment or to defer making payment of any sum due from our Company in respect of any Share in which the Substantial Shareholder has an interest;

(e) direct the sale of all or any of our Shares in which the Substantial Shareholder has an interest;

(f) direct our Company not to register the transfer or transmission of specified Shares;

(g) order that any exercise of voting or other rights attached to specified Shares in which the Substantial Shareholder has an interest be disregarded; or

(h) direct our Company or any other person to refrain from doing a specified act for the purposes of securing compliance with any other order made under Section 145 of the Malaysia Companies Act.

DIVIDENDS

Our Constitution provides that subject to the rights of persons entitled to shares with special rights as to dividends, all dividends shall be declared and paid according to the amounts paid or credited as paid on our Shares, but no amount paid on a Share in advance of calls shall be treated as paid on the Share.

Our Directors may authorise a distribution of dividend at such time and in such amount as our Directors consider appropriate, if our Directors are satisfied that our Company will be solvent immediately after the distribution is made.

No unpaid dividend shall bear interest as against our Company. Our Directors may retain the dividends payable upon Shares in respect of which any person is entitled to become a member under the provisions on transmission of shares, or which any person is entitled to transfer under those provisions, until such person shall become a member in respect of such Shares or shall transfer the same.

Our Company must immediately announce on Bursa LINK and SGXNET any recommendation or declaration of a dividend, specifying the amount per Share, the mode and date of payment which is within one month from the books closing date, whether the dividend is taxable, and where a dividend reinvestment scheme is applicable to that dividend, to state its applicability and the amount of the dividend per Share which will be subject to the scheme. Where there is a variation in an interim or a final dividend or distribution for the corresponding period in the previous year, our Directors must state the reasons for the variation at the time of the recommendation or declaration. In instances where dividends are not declared, the recommendation or decision of our Company is also to be announced to Bursa Securities.

GENERAL MEETINGS OF THE SHAREHOLDERS

Under our Constitution, an annual general meeting shall be held once in every year within six months of our Company's financial year end and not more than fifteen months after the last preceding annual general meeting, at such time and place as may be determined by our Directors.

The above-mentioned general meetings shall be called "**Annual General Meetings**". All other meetings shall be called "**Extraordinary General Meetings**".

Our Directors may, by resolution whenever they think fit, and shall on requisition in accordance with the Malaysia Companies Act, convene an Extraordinary General Meeting.

The notices convening meetings shall specify the place, day and hour of the meeting, and shall be given to all members at least 14 days before the meeting or at least 21 days before the meeting where any special resolution is to be proposed or where it is an Annual General Meeting.

Notice of every general meeting shall, subject to the provisions of the Foreign Share Ownership Regulation, be given to depositors whose names appear on the record of depositors maintained by Bursa Depository and/or CDP (except Bursa Depository or CDP or their nominees in their capacity as bare trustee). Any general meeting to be held must be announced to the Bursa Securities and on the SGXNET as required under the Bursa Listing Requirements and the Listing Manual respectively.

All documents issued by our Company will be made available on Bursa LINK, SGXNET and our Company's website, which will be accessible by both Shareholders and TSH Resources CDP Depositors, and such documents shall be despatched by our Company to our Shareholders upon request, subject to compliance with all applicable rules and regulations.

VOTING RIGHTS

Our Constitution provides that subject to the Foreign Share Ownership Regulation, a depositor shall not be regarded as a member entitled to attend any general meeting and to speak and vote unless his name appears in the record of depositors provided by the Bursa Depository as at the latest date which is reasonably practical which shall not be less than three market days before the general meeting.

No business shall be transacted at any general meeting unless a quorum is present. Two members present in person or by proxy or representative in accordance with the Malaysia Companies Act shall constitute a quorum at any general meeting.

Any resolution set out in the notice of any general meeting, or in any notice of resolution which may properly be moved and is intended to be moved at any general meeting shall be voted by poll. No poll shall be demanded on the election of a chairman of a general meeting which shall be carried out by a show of hands.

In the case of an equality of votes, the chairman of the general meeting shall be entitled to a second or casting vote.

Subject to our Constitution and any right or restriction for the time being attached to any classes of shares, at meetings of members or classes of members, each member entitled to vote may vote in person or by proxy or by attorney or other duly authorised representative, and on a poll every member present in person or by proxy or by attorney or other duly authorised representative shall have one vote for each Share he holds which all calls due to our Company have been paid.

A proxy need not be a member of our Company and there is no restriction as to the qualification of the proxy. Where a member of our Company is an EAN which holds Shares for multiple beneficial owners in one securities account, there is no limit to the number of proxies which the EAN may appoint in respect of each such securities account it holds. Pursuant to our Constitution, all Shareholders are entitled to appoint not more than two proxies to attend the same meeting. Where a member appoints two proxies, he shall specify the proportion of his shareholdings to be represented by each proxy, failing which the appointment shall be invalid.

PREFERENCE SHARES

Under our Constitution and subject to the Malaysia Companies Act, our Company shall have power to issue preference shares on such terms and conditions, or at the option of our Company shall be liable to be redeemed on such terms and manner as our Company may determine. Our Company may issue further preference shares ranking equally with or in priority to preference shares already issued.

Preference shareholders shall have the same rights as Shareholders with regards to receiving notices, reports and audited accounts and attending general meetings of our Company. Preference shareholders shall also have the right to vote at any general meeting of our Company convened:

(a) when the dividend or part of the dividend on the preference share is in arrears for more than six months;

(b) on a proposal to reduce our Company's share capital;

(c) on a proposal for the disposal of the whole of our Company's property, business and undertaking;

(d) on a proposal that affects rights attached to the preference share;

(e) on a proposal to wind up our Company; or

(f) on any other proposals during the winding up of our Company.

FINANCIAL STATEMENTS

Under our Constitution, our Directors shall cause true accounts to be kept of all sums of money received and expended by our Company including the matters in respect of which such receipt or expenditure takes place, all sales and purchase of goods by our Company and the assets and liabilities of our Company.

Our Directors, shall from time to time, in accordance with the Malaysia Companies Act and the Bursa Listing Requirements, cause to be prepared and to be laid before our Company in general meeting such audited financial statements and reports or other information. A copy of the financial statement and reports which is to be laid before our Company in annual general meeting together with the Auditors' report and Directors' report shall not more than 4 months after the close of the financial year and not less than 21 days before the date of the annual general meeting be sent to every member of, and every holder of debentures of our Company and to every other person who is entitled to receive notices from our Company under the provisions of the Malaysia Companies Act or our Constitution.

Our Company must immediately announce on Bursa LINK and SGXNET any change in our financial year-end.

LIQUIDATION RIGHTS

Under our Constitution, if our Company shall be wound up, the liquidator may, with the sanction of a special resolution of our Company, divide among the members in specie or any part of the assets of our Company and may for that purpose set such value as he deems fair upon any property to be divided and may determine how the division shall be carried out as between the members or different classes of members. The liquidator, may, with such sanction vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator shall think fit, but so that no member shall be compelled to accept any Shares in respect of which there is a liability.

ACQUISITION BY US OF OUR SHARES

Under our Constitution and subject to the provisions of the Malaysia Companies Act, the Central Depositories Act, the Rules of the Depository (as defined in the Central Depositories Act) and the Bursa Listing Requirements and the regulations and guidelines of such other stock exchange which our Shares are listed or traded or the foreign depository for the time being in force, our Company may, with the sanction of our members in a general meeting, purchase our own Shares.

The Bursa Listing Requirements provides that our Company must not purchase our own Shares unless our Shareholders have given an authorisation to our Directors to make such purchase(s) by way of ordinary resolution which has been passed at a general meeting and subject to Sections 112, 113 and 127 of the Malaysia Companies Act. Further, our Company must not purchase our own Shares on Bursa Securities if that purchase will result in it breaching the public shareholding spread requirement.

An announcement must be made to Bursa Securities of any decision by our Directors to submit to Shareholders a proposal for our Company to be authorised to purchase our own Shares and the outcome of the general meeting, immediately following such meeting.

Any purchase of our own Shares, or resale of our treasury shares is effected only on the market of Bursa Securities. Our Company must not purchase our own Shares or hold any of our own Shares as treasury shares if this results in the aggregate of our Shares purchased or held exceeding 10.0% of our total number of issued shares. The purchase price of our own Shares must not be more than 15.0% above the weighted average market price for our Shares for the five market days immediately before the purchase.

The source of funds must be wholly out of retained profits of our Company and for the purpose of calculating the total amount of retained profits available for effecting a share buy-back, our Company must not use the amount of retained profits available on a group basis.

We must announce to Bursa Securities not later than 6.30 p.m. on the day the purchase is made. As an alternative to a share buy-back, our Company may reduce our capital by undertaking a reduction of capital as allowed under Section 115 of the Malaysia Companies Act. The capital reduction has to be authorised by our Constitution, approved by a special resolution by our Shareholders and confirmed by the Malaysian High Court or supported by a solvency statement.

TAKE-OVERS

As our Company is incorporated outside Singapore and does not maintain a primary listing in Singapore, we are not subject to the provisions of the Singapore Take-over Code. However, our Company is subject to take-over provisions under Malaysia law and the Malaysian Take-over Code.

The Malaysian Take-over Code, together with the rules and practice notes issued thereunder is a piece of subsidiary legislation containing the principles and rules governing the conduct of all persons or parties involved in a take-over offer, merger or compulsory acquisition that may delay, deter or prevent a future take-over or change in control of our Company. An acquirer who has obtained control in our Company or held more than 33.0% but not more than 50.0% of the voting shares or voting rights of our Company and such acquirer acquires in any period of six months more than 2.0% of the voting Shares or voting rights of our Company is required to make a mandatory general offer for the remaining Shares in accordance with the Malaysian Take-over Code.

An "**acquirer**" is defined in the CMSA as:

(a) a person who acquires or proposes to acquire control in a company whether the acquisition is effected by the person or by an agent; or

(b) two or more persons who, acting in concert with one another, acquire or propose to acquire control in a company, whether the acquisition is effected by the persons or by an agent.

"**Control**" is defined in the CMSA as the acquisition or holding of, or entitlement to exercise or control the exercise of, voting shares or voting rights of more than 33% in a company.

"**Persons acting in concert**" is defined in the CMSA as a reference to persons who, pursuant to an agreement, arrangement or understanding, co-operate to:

(a) acquire jointly, or severally voting shares of a company for the purpose of obtaining control of that company; or

(b) act jointly or severally for the purpose of exercising control over a company.

In determining whether a person is acting in concert, the Securities Commission will take into consideration the following circumstances:

(a) Shareholders coming together to co-operate as a group;

(b) Shareholders voting together on a resolution;

(c) Shareholders requisitioning or attempting to requisition for a board control-seeking proposal in a general meeting; or

(d) agreements between our Company, or our Directors, and our Shareholders which restrict our Shareholders or our Directors from either offering for, or accepting an offer for, our Shares or from increasing or reducing shareholdings.

The CMSA presumes certain persons to be acting in concert unless the contrary is established. The list of persons presumed to be acting in concert in the CMSA extends to:

(i) a corporation and its related and associate corporations;

(ii) a corporation and any of its directors, or the close relative of any of its directors, or the spouse of any such director or any such relative, or any related trusts;

(iii) a corporation and any pension fund established by it;

(iv) a person and any investment company, unit trust or other fund whose investments such person manages on a discretionary basis;

(v) a financial adviser and its client which is a corporation, where the financial adviser manages on a discretionary basis the corporation's funds and has ten per centum or more of the voting shares in that corporation;

(vi) a person who owns or controls twenty per centum or more of the voting shares of a corporation falling within paragraph (i) and any close relative of such person, or the spouse of such person or any such relative, or any related trusts together with one or more persons falling within paragraph (i);

(vii) partners of a partnership;

(viii) an individual and any person who is accustomed to act in accordance with the instructions of the individual, and the close relative of, companies controlled by, or related trusts of, the individual; and

(ix) a person, other than a licenced bank or a prescribed institution, who, directly or indirectly, provides finance or financial assistance in connection with an acquisition of voting shares or voting rights, with a person who receives such finance or financial assistance.

For the takeover offer obligation, CDP's EAN or its nominee will be exempted from making the above mandatory general offer on the premise that it is a mere bare trustee and is holding Shares for the beneficial owners. Thus, if you acquire Shares in our Company and reach the aforesaid thresholds, the mandatory general obligation may be triggered upon you.

SHAREHOLDERS AND SHARE-BASED INCENTIVES

OWNERSHIP STRUCTURE

The table below sets out the shareholdings of each Director who has an interest in our Shares, and each Substantial Shareholder, being a shareholder who is known by us to beneficially own 5.0% or more of our issued Shares, as at the Latest Practicable Date.

	Shares owned as at the Latest Practicable Date(1)					
	Direct Interest		Deemed Interest		Total	
	No. of Shares	%(2)	No. of Shares	%(2)	No. of Shares	%(2)
Directors						
Kelvin Tan Aik Pen(3)	342,708,887	24.83	–	–	342,708,887	24.83
Tan Aik Sim(3)	55,281,134	4.01	–	–	55,281,134	4.01
Dato' Jasmy bin Ismail	–	–	–	–	–	–
Selina binti Yeop Junior @ Lope	–	–	–	–	–	–
Natasha binti Mohd Zulkifli	–	–	–	–	–	–
Tan Aik Kiong(3)(5)	57,348,265	4.16	7,638,275	0.55	64,986,540	4.71
Yap Boon Teck	–	–	–	–	–	–
Lim Fook Hin(4)	1,882,000	0.14	220,000	0.02	2,102,000	0.16
Paul Lim Joo Heng	–	–	–	–	–	–
Substantial Shareholder (who is not a Director)						
Tan Aik Yong(3)	71,859,287	5.21	–	–	71,859,287	5.21
Others						
Public (excluding immediate family and directors of our subsidiaries, but including employees)	725,424,560	52.56				

Notes:

(1) No new Shares will be issued pursuant to our secondary listing on the Main Board of the SGX-ST by way of Introduction.

(2) Calculated based on 1,380,173,509 Shares (excluding 1,629,000 Shares held as treasury shares) as at the Latest Practicable Date.

(3) Tan Aik Yong is a sibling of Kelvin Tan Aik Pen, Tan Aik Sim and Tan Aik Kiong.

(4) Based on changes in directors' interest notifications filed on Bursa Securities, Lim Fook Hin is not deemed interested in any Shares. However, based on Section 4 of the SFA, Lim Fook Hin is deemed interested in 220,000 Shares held by a nominee company. The interest in shares provisions under Section 8 of the Malaysia Companies Act and Section 4 of the Securities and Futures Act do not materially differ. See also "*Appendix D – Comparison between Malaysia Corporate Law and Singapore Corporate Law*" to this Introductory Document for further information.

(5) Based on the changes in substantial shareholder's interest and changes in directors' interest notifications filed on Bursa Securities, Tan Aik Kiong is not deemed interested in any Shares. However, based on Section 4 of the SFA, Tan Aik Kiong is deemed interested in the 7,638,275 Shares arising from his capacity as the administrator of his deceased father's estate.

CONTROL OF OUR COMPANY

Save as disclosed above in the section entitled "Shareholders and Share-Based Incentives" of this Introductory Document, to the best of the knowledge of our Directors, our Company is not directly or indirectly owned or controlled whether severally or jointly, by any other person or government and there is no known arrangement, the operation of which may, at a subsequent date, result in a change in the control of our Company.

To the best of our knowledge, there are no trust arrangements among our Directors, Substantial Shareholders, or with any other third-party as at the date of this Introductory Document.

To the best of our knowledge, save as disclosed above, there are no other Directors or employees holding 5.0% or more of our Shares. There are no Shares that are held by or on behalf of our Company or by our subsidiaries.

Our Shares held by our Directors and Substantial Shareholders described above do not have any interests or carry any different voting rights from our Shares held by the public.

Our Company is not aware of any contractual undertaking provided by any party to observe a moratorium on the transfer or disposal of any Shares.

INTERESTED PERSON TRANSACTIONS AND POTENTIAL CONFLICTS OF INTEREST

For purposes of this section, the following definitions will apply:

"**our Group**" means:

(a) our Company;

(b) a subsidiary of our Company that is not listed on the SGX-ST or any approved exchange; or

(c) an associated company of our Company that is not listed on the SGX-ST or any approved exchange and which our Group and our interested person(s) have control.

"**approved exchange**" means a stock exchange that has rules which safeguard the interests of shareholders against interested person transactions according to similar principles in Chapter 9 of the Listing Manual.

"**interested person**" means:

(a) a director, chief executive officer, or controlling shareholder of our Company; or

(b) an associate of any such director, chief executive officer, or controlling shareholder.

Certain terms such as "**associate**", "**control**", "**controlling shareholder**", and "**interested person**" used in this section have the meanings as provided in the Listing Manual and in the SFR, unless the context specifically requires the application of the definitions in one or the other as the case may be.

In general, transactions between our Group and any of our interested persons would constitute interested person transactions for the purposes of Chapter 9 of the Listing Manual. Details of the present and ongoing transactions as well as past transactions between our Group and our interested persons which are material in the context of the Introduction are set out below. Save as disclosed in this section, there are no interested person transactions that are material in the context of the Introduction for the Period Under Review and for the period from 1 April 2023 up to the Latest Practicable Date.

A transaction which value is less than S$100,000 is not considered material and is not taken into account for the purposes of aggregation in this section.

PAST INTERESTED PERSON TRANSACTIONS

Details of the past transactions between our Group and interested persons which are material in the context of the Introduction for the Period Under Review and for the period from 1 April 2023 up to the Latest Practicable Date are as follows:

Purchase of FFB from Velocity Gain Sdn. Bhd.

We have in the past purchased FFB from Velocity Gain Sdn. Bhd. ("**VGSB**"). Tan Aik Kiong, our Group Executive Director, is a director of VGSB and Tan Aik Kiong's son, Tan Min Shen, holds a 30% shareholding interest in VGSB. Cheong Sau Kum and Lim Bek Yee, the spouse and daughter of Lim Fook Hin, our Non-Independent Non-Executive Director, respectively, together hold a 45% shareholding interest in VGSB. Accordingly, VGSB is an interested person.

VGSB had completed the disposal of its oil palm plantation land on 19 April 2023. The aggregate amounts paid by our Group to VGSB for the purchase of FFB for the Period Under Review and for the period from 1 April 2023 up to 18 April 2023 are as follows:

Aggregate amounts paid to VGSB	FY2020 (RM)	FY2021 RM)	FY2022 (RM)	1Q2023 (RM)	1 April 2023 to 18 April 2023 (RM)
Purchase of FFB	1,016,738	1,558,319	1,800,597	305,943	90,431

The purchases of FFB from VGSB were made with reference to the prevailing market price of the FFB. VGSB constitutes one of the many suppliers of FFB to our Group, and we only acquire FFB from VGSB at prices that are no more favourable than that offered to other sellers of FFB. As such, the purchases of FFB from VGSB were on an arm's length basis and on normal commercial terms, and not prejudicial to the interests of our Company or our minority Shareholders.

We do not intend to enter into transactions of the above nature with VGSB following the Introduction as VGSB had completed the disposal of its oil palm plantation land on 19 April 2023.

PRESENT AND ONGOING INTERESTED PERSON TRANSACTIONS

Details of the present and ongoing transactions between our Group and interested persons which are material in the context of the Introduction for the Period Under Review and for the period from 1 April 2023 up to the Latest Practicable Date are as follows:

Purchase of FFB from Bayu Stabil Sdn. Bhd.

Our Group purchases FFB from Bayu Stabil Sdn. Bhd. ("**BSSB**"). Chin Chui Fong, who is the spouse of Tan Aik Kiong, our Group Executive Director, is a director of BSSB and holds a 33.34% shareholding interest in BSSB. Accordingly, BSSB is an interested person.

The aggregate amounts paid by our Group to BSSB for the purchase of FFB for the Period Under Review and for the period from 1 April 2023 up to the Latest Practicable Date are as follows:

Aggregate amounts paid to BSSB	FY2020 (RM)	FY2021 (RM)	FY2022 (RM)	1Q2023 (RM)	1 April 2023 to the Latest Practicable Date (RM)
Purchase of FFB	790,227	1,300,459	1,274,292	262,323	814,824

The purchases of FFB from BSSB were made with reference to the prevailing market price of the FFB. BSSB constitutes one of the many suppliers of FFB to our Group, and we only acquire FFB from BSSB at prices that are no more favourable than that offered to other sellers of FFB. As such, the purchases of FFB from BSSB were on an arm's length basis and on normal commercial terms, and not prejudicial to the interests of our Company or our minority Shareholders.

REVIEW PROCEDURES FOR FUTURE INTERESTED PERSON TRANSACTIONS

As the listing of our Shares on the SGX-ST is a secondary listing, with a primary listing on Bursa Securities, we are subject to the primary regulatory oversight of Bursa Securities as the home exchange. As such, any interested person transactions involving our Group would not be subject to the SGX-ST's requirements for disclosure or shareholder approval. Instead, any related party transactions (as defined under the Bursa Listing Requirements) involving our Group may be subject to the Bursa Listing Requirements and the Malaysia Companies Act.

Our Audit Committee reviews any related party transactions that may arise within our Group. Our Audit Committee periodically reviews the procedures set by our Company to monitor related party transactions to ensure that these transactions are carried out on normal commercial terms not more favourable to the related party than those generally available to the third parties dealing at arm's length and are not to the detriment of our Company's minority shareholders, and in accordance with the Bursa Listing Requirements. All reviews by our Audit Committee are reported to our Board for its further action.

POTENTIAL CONFLICTS OF INTEREST

Save as disclosed below, none of our Directors nor our Controlling Shareholder or any of their Associates has any interest, direct or indirect:

(a) in any transactions to which our Company or any of our Subsidiaries was or is a party;

(b) in any entity carrying on the same business or dealing in similar products which competes materially and directly with the existing business of our Group, save for any interests in quoted or listed securities which do not exceed 5.0% of the total amount of issued securities in that class; and

(c) in any company that is our customer or supplier of goods or services, save for any interests in quoted or listed securities which do not exceed 5.0% of the total amount of issued securities in that class.

Our Directors and Controlling Shareholder and their respective Associates in the future may hold as financial investments, whether directly or by way of deemed interest, not more than a 5.0% interest in quoted or listed securities of companies that are in similar businesses as our Group, provided there is no board representation or involvement by such persons in the day-to-day management or operations in such entities.

Interests of Kelvin Tan Aik Pen, our Chairman and Non-Independent Non-Executive Director

Kelvin Tan Aik Pen, our Chairman and Non-Independent and Non-Executive Director, indirectly holds an effective interest of 34.2% in a company which operates an oil palm plantation in Johor, Malaysia. Kelvin Tan Aik Pen is not involved in the day-to-day management and operations of such company. We believe that there does not exist any conflicts of interest arising from the foregoing as there is no overlap in the geographic region of the businesses of such company and our Group, given that the oil palm plantation of such company is not situated near the oil palm plantations and palm oil mills operated by our Group in Sabah, Malaysia, and furthermore, the businesses of such company and our Group are distinguishable and of different scales. Our Audit Committee will review any conflict of interest situation that may arise from time to time and will review and assess the processes and measures for the management and mitigation of such conflicts.

Interests of Tan Aik Kiong, our Group Executive Director

Tan Aik Kiong, our Group Executive Director, is a director of VGSB and Tan Aik Kiong's son, Tan Min Shen, holds a 30% shareholding interest in VGSB. Prior to the disposal of its oil palm plantation land in Sabah, Malaysia on 19 April 2023, VGSB sold FFB to our Group as set out above in the section entitled "*Interested Person Transactions and Potential Conflicts of Interest – Past Interested Person Transactions – Purchase of FFB from Velocity Gain Sdn. Bhd.*" of this Introductory Document. We believe that there does not exist any conflicts of interest arising from the foregoing as the FFB produced by VGSB from its oil palm plantation land was sold, amongst others, to our Group with reference to the prevailing market price of the FFB and on an arm's length basis and on normal commercial terms and furthermore, VGSB had already disposed of its oil palm plantation land.

Chin Chui Fong, who is the spouse of Tan Aik Kiong, our Group Executive Director, is a director of BSSB and holds a 33.34% shareholding interest in BSSB. BSSB operates an oil palm plantation land in Sabah, Malaysia and sells FFB to our Group as set out above in the section entitled "*Interested Person Transactions and Potential Conflicts of Interest – Present and Ongoing Interested Person Transactions – Purchase of FFB from Bayu Stabil Sdn. Bhd.*" of this Introductory Document. We believe that there does not exist any conflicts of interest arising from the foregoing as the FFB produced by BSSB from its oil palm plantation land is sold to our Group with reference to the prevailing market price of the FFB, on an arm's length basis and on normal commercial terms.

Interests of Lim Fook Hin, our Non-Independent Non-Executive Director

Lim Fook Hin, our Non-Independent Non-Executive Director, indirectly holds an effective interest of 1.8% in the same abovementioned company which operates an oil palm plantation in Johor, Malaysia. Lim Fook Hin is involved in the day-to-day management and operations of such company. Lim Bek Yee, the daughter of Lim Fook Hin, also holds a 10% shareholding interest in another company which operates an oil palm plantation in Lahad Datu in Sabah, Malaysia. Lim Bek Yee is not involved in the day-to-day management and operations of such company. We believe that there does not exist any conflicts of interest arising from the foregoing as (a) there is no overlap in the geographic region of the businesses of such companies and our Group, given that the oil palm plantations of such companies are not situated near the oil palm plantations and palm oil mills operated by our Group in Sabah, Malaysia; (b) in respect of Lim Bek Yee's interest in the company which operates an oil palm plantation in Sabah, Malaysia, she is not involved in the day-to-day management and operations of such company, and there is no overlap in the businesses of such company and our Group given that these are located in different areas of Sabah, Malaysia; and (c) the businesses of such companies and our Group are distinguishable and of different scales. Our Audit Committee will review any conflict of interest situation that may arise from time to time and will review and assess the processes and measures for the management and mitigation of such conflicts.

Cheong Sau Kum and Lim Bek Yee, the spouse and daughter of Lim Fook Hin, our Non-Independent Non-Executive Director, respectively, together hold a 45% shareholding interest in VGSB. Prior to the disposal of its oil palm plantation land in Sabah, Malaysia on 19 April 2023, VGSB sold FFB to, amongst others, our Group as set out above in the section entitled "*Interested Person Transactions and Potential Conflicts of Interest – Past Interested Person Transactions – Purchase of FFB from Velocity Gain Sdn. Bhd.*" of this Introductory Document. We believe that there does not exist any conflicts of interest arising from the foregoing as the FFB produced by VGSB from its oil palm plantation land was sold, amongst others, to our Group with reference to the prevailing market price of the FFB, on an arm's length basis and on normal commercial terms. Furthermore, VGSB had already disposed of its oil palm plantation land.

INTERESTS OF EXPERTS

None of the experts named in this Introductory Document:

(a) is employed on a contingent basis by our Company or any of our subsidiaries;

(b) has a material interest, whether direct or indirect, in our Shares or the shares of our subsidiaries; or

(c) has a material economic interest, whether direct or indirect, in our Company.

INTERESTS OF THE ISSUE MANAGER

In the reasonable opinion of our Directors, our Company does not have any material relationship with the Issue Manager, in relation to the Introduction.

REGULATIONS

We operate in a highly regulated industry. The following description is a summary of material laws and regulations applicable to our business. The regulations and policies set out below are not exhaustive and are only intended to provide general information to the investors and are neither designed nor intended to be a substitute for professional advice. Prospective investors should consult their own advisers regarding the implication of these regulations on our business, and consequently their investment in our Company.

We are subject to all relevant laws and regulations of the countries where our business operations are located and may be affected by policies which may be introduced by the relevant governments from time to time. Our Directors believe that, as at the Latest Practicable Date, we have obtained all requisite approvals and are in compliance with all approvals, licences, permits, laws and regulations that would materially affect our business operations, save as disclosed in this Introductory Document. The following sets out the relevant laws and regulations which are generally applicable to our business:

MALAYSIA

See the section entitled "*Business – Material Licences and Permits*" of this Introductory Document for information on the licences and permits material to our operations in Malaysia.

Malaysian Palm Oil Board Act 1998

The Malaysian Palm Oil Board Act 1998 ("**MPOB Act**") empowers the MPOB to govern and regulate the palm oil business. It emphasises on the composition and the powers of the MPOB, which was established to promote and develop the oil palm industry of Malaysia and to develop national objectives, policies and priorities for the orderly development and administration of the oil palm industry of Malaysia. In addition, the MPOB is also responsible for regulating, registering and coordinating all activities relating to planting, production, harvesting, extraction, processing, storage, transportation, use, consumption and marketing of oil palm and its products.

MPOB (Licensing) Regulations 2005

Pursuant to Section 78 of the MPOB Act, the palm oil licenced activities are regulated by the MPOB (Licensing) Regulations 2005. These regulations prescribe the procedures and the relevant forms for applications for licences to produce, sell, store, purchase, export or import of oil palm planting material, oil palm fruit, palm kernel and other palm oil produce.

As our Malaysian main business revolves around palm oil, these regulations must be adhered to ensure smooth and legitimate operations whether in producing or manufacturing palm products.

MPOB (Quality) Regulations 2005

The purpose of the MPOB (Quality) Regulations 2005 is to control and determine the quality of all activities in the palm oil industry. These activities include, amongst others, production and management of oil palm planting material; grading and milling of oil palm fruit; and processing, handling, storage and transportation of palm oil products. Quality declarations for the export, import and internal trade of palm oil products will be made to the MPOB in order to determine whether such products conform to the type and quality of palm oil products that may be sold, exported and imported or specified in the contract for sale relating to such products. Furthermore, the MPOB may set conditions on the sale of palm oil products.

MPOB (Registration of Contracts) Regulations 2005

The MPOB (Registration of Contracts) Regulations 2005 provide for the registration of contracts in relation to the sale and purchase of oil palm products and the details of such contracts (other than contracts for palm oleochemicals which need not be registered but excludes international contracts for export of palm oleochemicals). It is a requirement under the regulations to ensure such contracts are specifically tailored for palm oil business. The MPOB must be informed of such contracts based on the procedures laid out under these regulations.

MPOB (Compounding of Offences) Regulations 2005

Under the MPOB (Compounding of Offences) Regulations 2005, all offences committed under the MPOB Act and regulations enacted under the MPOB Act that are specified in this Regulation (i.e. MPOB (Licensing) Regulations 2005 and MPOB (Registration of Contracts) Regulations 2005), may be compounded by the Director-General of the MPOB.

Malaysian Timber Industry Board (Incorporation) Act 1973

Pursuant to Section 13(1) of the Malaysian Timber Industry Board (Incorporation) Act 1973 ("**MTIB Act**"), no person shall carry on any activity as an exporter, importer, supplier, grader, processor, trader, operator or a jetty operator with respect to timber unless he is registered in accordance with MTIB Act. Pursuant to Section 2 of the MTIB Act, "**trader**" means a person who carries on the business of selling, trading, distributing or marketing of timber for the purpose of domestic market and "**timber**" includes plywood, veneered panels, densified wood, fibreboard and reconstituted wood products. Any person who contravenes the need for registration shall be guilty of an offence and shall, on conviction, be liable to a fine not exceeding RM250,000.00 or to imprisonment for a term not exceeding 3 years or to both.

Wood-Based Industries (State Legislatures Competency) Act 1984

Under the Wood-Based Industries (State Legislatures Competency) Act 1984 which came into force upon the adoption of the National Forestry Act 1984, the Malaysia State Governments have the authority to pass laws with respect to the establishment and operation of wood-based industries. In Perak, Section 3(1) of the Wood-Based Industries Enactment 1987 ("**Enactment**") provides that no person shall site, construct, erect, establish, operate or maintain a wood-based industry, except under and in accordance with a licence issued to him by the Perak State Authority and signed by the Director. A person carrying out the activities stipulated under Section 3(1) of the Enactment without a valid licence is guilty of an offence shall on conviction be liable to a fine not exceeding RM25,000.00 or to imprisonment for a term not exceeding 2 years or to both such fine and imprisonment.

Section 23 of the Enactment provides that where a person charged with an offence under the Enactment is a body corporate, every person, who at the time of the commission of such offence is a director or officer of that body corporate may be charged jointly in the same proceedings with the body corporate, and where the body corporate is convicted of such offence, every such director or officer shall be deemed to be guilty of the offence unless he proves that the offence was committed without his knowledge and that he took reasonable precautions to prevent its commission.

Construction Industry Development Board Act 1994

The Construction Industry Development Board Act 1994 ("**CIDB Act**") which applies throughout Malaysia, regulates the establishment of the Construction Industry Development Board Malaysia ("**CIDB**"), and provides for its function relating to the construction industry and for matters connected therewith.

Pursuant to the CIDB Act, a contractor is a person who carries out or completes or undertakes to carry out or complete any construction works. For the purpose of the CIDB Act, any person who has been awarded or executed any contracts for construction works, or has undertaken to carry out, manage or complete any construction works, or has carried out, managed or completed any construction works, shall be deemed to be a contractor unless proven otherwise.

In Malaysia, a contractor must register with the CIDB and hold a valid certificate of registration issued by the CIDB under the CIDB Act in order to carry out or complete, undertake to carry out or complete any construction works or hold himself as a contractor. Failure to register with the CIDB constitutes an offence and, on conviction, the party in breach of the CIDB Act may be liable to a fine of not less than RM10,000.00 but not more than RM100,000.00.

Certificate of Fitness for Occupation ("CF") / Certificate of Completion and Compliance ("CCC")

The Street, Drainage and Building (Amendment) Act 2007 ("**Act A1286**") provides that without prejudice to any penalty that may be imposed, the erection of a building without any approved plans and specifications by the local authority under Act A1286 immediately before the date of coming into operation of Act A1286 shall be subject to the provisions of the Street, Drainage and Building Act 1974 ("**Act 133**") (as if Act 133 has not been amended by Act A1286) provided that (a) an application for the approval of the plans and specifications of the building is made to the local authority on or after the date of coming into operation of Act A1286; and (b) the application referred to in paragraph (a) is approved.

In respect of factories erected prior to 12 April 2007:

Under the relevant by-laws, no person shall occupy or permit to be occupied any building or any part thereof, unless a CF for such building has been issued. Failure to comply with such a requirement under the by-laws amounts to an offence under Act 133 which carries a fine not exceeding RM10,000.00 and a further fine of RM250.00 for every day during which the offence is continued.

<u>Factories erected without building plans</u>

Act 133 prior to Act A1286 provides that no person shall commence the erection of a building unless such work is commenced within twelve months from the date on which the plans and specifications of such building were approved by the local authority. Any person who commences erection of a building in contravention of this requirement shall be liable on conviction to a fine not exceeding RM10,000.00 and shall also be liable to a further fine of RM250.00 for every day during which the offence is continued after conviction.

<u>Factories erected without planning permission</u>

The Town and Country Planning Act 1976 provides that a person who, whether at his own instance or at the instance of another person commences, undertakes, or carries out, or permits to be commenced, undertaken, or carried out, any development without a valid planning permission commits an offence and is liable, on conviction, to a fine not exceeding RM500,000.00 or to imprisonment for a term not exceeding 2 years or to both and, in the case of a continuing offence, to a further fine which may extend to RM5,000.00 for each day during which the offence continues after the first conviction for the offence.

In respect of factories erected on or after 12 April 2007:

Pursuant to Act 133 (duly incorporating the amendments in Act A1286), any person who occupies or permits to be occupied any building or any part thereof without a CCC shall be liable to a fine not exceeding RM250,000.00 or to imprisonment for a term not exceeding 10 years or to both.

<u>Factories erected without building plans</u>

Act 133 provides that no person shall commence the erection of a building unless such work is commenced within twelve months from the date on which the plans and specifications of such building were approved by the local authority. Any person who commences erection of a building in contravention of this requirement shall be liable on conviction to a fine not exceeding RM50,000.00 or to imprisonment for a term not exceeding 3 years or to both and shall also be liable to a further fine of RM1,000.00 for every day during which the offence is continued after conviction.

<u>Factories erected without planning permission</u>

The Town and Country Planning Act 1976 provides that a person who, whether at his own instance or at the instance of another person commences, undertakes, or carries out, or permits to be commenced, undertaken, or carried out, any development without a valid planning permission commits an offence and is liable, on conviction, to a fine not exceeding RM500,000.00 or to imprisonment for a term not exceeding 2 years or to both and, in the case of a continuing offence, to a further fine which may extend to RM5,000.00 for each day during which the offence continues after the first conviction for the offence.

Business Licences

The business licences are issued by the respective local municipals in accordance with their own by-laws. These by-laws are issued pursuant to the Local Government Act 1976 ("**LGA**") which provides that a local authority may, by by-law, rule or regulations prescribe for the breach of any by-law, rule or regulation a fine not exceeding RM2,000.00 or a term of imprisonment not exceeding 1 year or to both and in the case of a continuing offence a sum not exceeding RM200.00 for each day during which such offence is continued after conviction. Section 109 of the LGA further provides that every person who is guilty of any offence against the LGA or any by-law, rule or regulation for which no penalty is expressly provided shall on conviction be liable to a fine not exceeding RM2,000.00 or to a term of imprisonment not exceeding 1 year or to both.

Industrial Co-Ordination Act 1975

Pursuant to Section 3(1) of the Industrial Co-Ordination Act 1975 ("**ICA**"), no person shall engage in any manufacturing activity unless he is issued a licence in respect of such manufacturing activity by MITI. The Industrial Co-Ordination (Exemption) Order 1976 provides that the Minister of International Trade and Industry exempts from all provisions of the ICA manufacturing activities with shareholders' funds of less than RM2.5 million and with less than 75 employees.

The ICA defines "**manufacturing activity**" as "the making, altering, blending, ornamenting, finishing or otherwise treating or adapting any article or substance with a view to its use, sale, transport, delivery or disposal and includes the assembly of parts and ship repairing but shall not include any activity normally associated with retail or wholesale trade".

A licence will have to be obtained for the manufacture of specified products at each separate manufacturing site. Licences are typically issued in accordance with national economic and social objectives and to promote the orderly development of manufacturing activities in Malaysia. They are issued by the MITI, subject to conditions of the licence and are non-transferable save with the prior approval of MITI.

Sales Tax Act 2018

The Sales Tax Act 2018 ("**Sales Tax Act**") regulates the sales tax chargeable and levied on all taxable goods:

(a) manufactured in Malaysia by a registered manufacturer and sold, used or disposed of by him; or

(b) imported into Malaysia by any person.

The various rates of sales tax to be charged and levied under the Sales Tax Act is fixed by the Minister of Finance and is an ad valorem tax.

Service Tax Act 2018

The Service Tax Act 2018 ("**Service Tax Act**") regulates the service tax chargeable and levied on any taxable services provided in Malaysia by a registered person in carrying on its business or any imported taxable service. The rate of service tax to be charged and levied on a taxable service other than relating to credit card or charge card services is presently 6.0% under the Service Tax (Rate of Tax) Order 2018. Any person who provides taxable services is liable to be registered under the Service Tax Act if the total value of his taxable services for a period of 12 months exceeds or will exceed the prescribed value of taxable services under the Service Tax.

Environmental Quality Act 1974

The Environmental Quality Act 1974 ("**EQA**") and the regulations and orders made thereunder are legislation related to the prevention, abatement, control of pollution and enhancement of the environment in Malaysia. The EQA states, inter alia, that the acceptable conditions for the emission, discharge or deposit of environmentally hazardous substances, pollutants or waste, or the emission of noise into any area, segment or element of the environment may be specified by regulations. The Director General of Environment ("**Director General**") has been appointed to administer the EQA and any regulations and orders made thereunder through the Department of Environment.

The Minister charged with the responsibility of environmental protection may also issue a prohibition order to the owner or occupier of any industrial plant or process to prevent its continued operation and the release of environmentally hazardous substances, pollutants or wastes either absolutely or conditionally or for such period as he may direct or until requirements to make remedy as directed by him have been complied with.

Factories and Machinery Act 1967

The Factories and Machinery Act 1967 ("**FMA**") relates to the control of factories with respect to matters regarding safety, health and welfare of persons therein, and the registration of machinery currently under operation. Under the FMA, various regulations such as the Factories and Machinery (Safety, Health and Welfare) Regulations, 1970 (Revised-1983) and the Factories and Machinery (Notification, Certificate of Fitness and Inspection) Regulations, 1970 have been passed.

Section 34(2)(a) of the FMA provides that "No person shall except with the written permission of the Inspector begin to use any premises as a factory until one month after he has served on the Inspector a written notice in the prescribed form."

Further, Section 36(1) of the FMA provides that:

"No person shall install or caused to be installed –

(a) any machinery in any factory; or

(b) any machinery in respect of which a certificate of fitness is prescribed,

except with the written approval of the Inspector."

Other regulations made under the FMA include the following:

(a) Factories and Machinery (Noise Exposure) Regulations 1989. These regulations cover matters such as the permissible exposure limit, exposure monitoring, methods of compliance, hearing protection devices and audiometric testing programme; and

(b) Factories and Machinery (Notification, Certificate of Fitness and Inspection) Regulations 1970. These regulations provide, inter alia, for the notification of the operation of factory and use of machinery, the types of machinery which require certificates of fitness, and the procedures for the inspection of factories and machineries by Inspectors who are appointed pursuant to Section 4 of the FMA.

Under the FMA, any person who contravenes the provisions of the FMA or any regulation made under the FMA shall on conviction of an offence be liable to a fine or imprisonment or to both.

Occupational Safety and Health Act 1994

The OSHA contains provisions for securing the safety, health and welfare of persons at work, for protecting others against risks to safety or health in connection with the activities of persons at work, the establishment of the National Council for Occupational Safety and Health, and for matters connected therewith. Under the OSHA, various regulations such as the Occupational Safety and Health (Safety and Health Committee) Regulations 1996 and the Occupational Safety and Health (Notification of Accident, Dangerous Occurrence, Occupational Poisoning and Occupational Disease) Regulations 2004 have been passed.

The OSHA applies to various industries which includes manufacturing and wholesale and retail trades and sets out, amongst others, the general duties of employers and self-employed persons to their employees, general duties of designers, manufacturers, importers and suppliers of plants and substances, the prohibition of their use and general duties of employees.

Under Section 16 of the OSHA, it is provided that except in such cases as may be prescribed, it shall be the duty of every employer and every self-employed person to prepare and as often as may be appropriate revise a written statement of his general policy with respect to the safety and health at work of his employees, the organisation and arrangements for the time being in force for carrying out that policy, and to bring the statement and any revision of it to the notice of all his employees.

Breaches of the OSHA are punishable by fines, imprisonment or to both.

INDONESIA

See the section entitled "*Business – Material Licences and Permits*" of this Introductory Document for information on the licences and permits material to our operations in Indonesia.

Minimum Capital and Investment

The Minister of Investment / Capital Investment Coordinating Board (*Badan Koordinasi Penanaman Modal* or "**BKPM**") Regulation No. 4 of 2021 dated 22 June 2021 Regarding Guidelines and Procedures for Risk-Based Business Licensing Services and Investment Facilities ("**BKPM Reg. 4/2021**") provides any foreign direct investment company conducting business in Indonesia to have a total investment of more than IDR10,000,000,000, excluding land and building, for each five-digit Indonesian Business Classification Code (*Klasifikasi Baku Lapangan Usaha Indonesia*) ("**KBLI**") code per project location. In practice, the BKPM would require that the minimum investment value be reflected in the authorised capital of the relevant company. In addition to the rule on minimum total investment, the BKPM Reg. 4/2021 requires a foreign direct investment company to have at least IDR10,000,000,000 of issued and paid-up capital.

For clarity, business activities in Indonesia are categorised into several classifications, namely the KBLI, and further classified into smaller groups based on the KBLI code. The classification generally utilised by the Indonesia government for the purpose related to the business licensing matters and the implementation of laws and regulations refers to the five-digit KBLI code classification.

Failure to adjust the authorised capital may subject the foreign direct investment company to administrative sanctions in the form of written warnings (three times) up to revocation of business licence pursuant to BKPM Regulation No. 5 of 2021 dated 2 June 2021 Regarding ("**BKPM Reg. 5/2021**"). However, such requirements shall not apply to any holder of business licence issued and valid prior to the enactment of BKPM Reg. 4/2021 provided that the holder does not conduct corporate actions which result in the changes of data of the company in the BKPM system and business licence.

Spatial Planning Law

Prior to commencing with any business activities, including plantation activities, the relevant business actor must first ensure that the planned activities are aligned with the designated purpose of the land area reflected in the applicable spatial layout plan. Under Law No. 26 of 2007 dated 26 April 2007 Regarding Spatial Layout as amended by the Indonesian Omnibus Job Creation Law, the spatial layout plan is determined on a national, provincial and regency/municipal level. Each spatial layout plan shall not contravene with each other and shall be implemented accordingly. Every region has a different spatial layout plan governing the intended use of land in the region enshrined in a regional regulation.

The suitability of the planned activities with the applicable national and regional spatial layout plan is evidenced by the Spatial Layout Suitability (*Kesesuaian Kegiatan Pemanfaatan Ruangan* or "**KKPR**") confirmation or approval issued by the regional government through the Online Single Submission ("**OSS**") system. Further, the KKPR confirmation or approval are deemed as one of the mandatory housekeeping licences to which without the KKPR confirmation or approval, the relevant business actor shall be unable to obtain the business licences required for the operation of their business activities, including activities with respect to the plantation business activities.

Pursuant to Government Regulation No. 21 of 2021 dated 2 February 2021 Regarding the Implementation of the Spatial Plan ("**GR 21/2021**"), any person utilising any area without the required KKPR confirmation or approval or other such documents evidencing its compliance towards the applicable regional and national spatial layout plan may be subject to the imposition of the administrative sanctions, amongst others, in form of (a) written warning; (b) administrative fines; and/or (c) temporary suspension of activities.

Risk-Based Business Licence

Following the enactment of the Indonesian Omnibus Job Creation Law, the Indonesia government has implemented a new business licensing system with a risk-based assessment approach. Under the Government Regulation No. 5 of 2021 dated 2 February 2021 Regarding the Implementation of Risk-Based Business Licensing ("**GR 5/2021**"), all business licences in Indonesia, identified by its KBLI and the business scale, are further classified into the risk posed (i.e., low risk, medium risk, and high risk). Consequently, the business licences are also modulated on the business risk identification for each KBLI. A low risk business activity will only require the business actor to obtain a Business Identification Number (*Nomor Induk Berusaha* or "**NIB**"). Whereas for medium-to-high risk business activities, aside from NIB, a verified standard certificate is necessary to carry out the activities. An unverified standard certificate indicates that a company has submitted all the application documents to obtain a standard certificate, but the application is yet to be or is being assessed by the authority. A verified standard certificate means that the government has approved and verified the standard certificate of a company, which allows such company to carry out the business activities licenced under the verified standard certificate. Lastly, to carry out a high risk business activity, the relevant business actor is obligated to obtain NIB and a business licence (*izin usaha*). The type of business licence (*izin usaha*) is determined in the applicable laws and regulations of each business sector.

Generally, the risk level of an integrated palm oil plantation business activity is a high risk level. Therefore, the operation thereof requires the NIB and business licence, namely the Plantation Business Licence (*Izin Usaha Perkebunan* or "**IUP**") pursuant to Law No. 39 of 2014 dated 17 October 2014 Regarding Plantation as lastly amended by the Indonesian Omnibus Job Creation Law ("**Plantation Law**"). The IUP shall be issued by the regional government through the OSS system.

Under GR 5/2021, any parties carrying out any form of plantation activities without the proper business licence may be imposed with administrative sanction in the form of temporary suspension, penalties in the amount of IDR 1,000,000 times the land area in hectares, and/or coercion from the Indonesia Central Government to relinquish the land title accordingly.

Granting of Land Title over Plantation Area

As a rule of thumb, the principles and basic provisions of the land law now in force in Indonesia are contained in the Law No. 5 of 1960 dated 24 September 1960 Regarding Basic Agrarian Law ("**Agrarian Law**"). Prior to the enactment of the Agrarian Law, Indonesia recognised two entirely separate systems of land law based on the Dutch Civil Code (later compiled into the Indonesian Civil Code) and Indonesian customary law (also known as Adat law), the latter of which varies from one region to another based on local customs. The Agrarian Law abolishes this distinction and integrates all land rights in Indonesia to one singular system, with the applicable Adat Law conforming to the basic principles set forth in the Agrarian Law. We will explain further below on certified land and uncertified land under Indonesia law.

Certified Land

Article 19 of the Agrarian Law provides that the Indonesia government conducts land certification to ensure legal certainty. The National Land Agency (*Badan Pertanahan Nasional* or "**BPN**") acts as the governmental authority responsible for the measurement, registration in the land records (*buku tanah*), bookkeeping, and issuance of proof of ownership of land in Indonesia.

There are several types of land titles under the Agrarian Law, distinguished based on the holder of title, the purpose of the title of the land, and the term of the title, namely: Right of Ownership/Freehold Land (*Hak Milik*), Right to Build (*Hak Guna Bangunan*), Right to Manage (*Hak Pengelolaan*), Right to Use (*Hak Pakai*) and Right of Cultivation (*Hak Guna Usaha* or "**HGU**"). Aside from the foregoing, the Agrarian Law also recognises the existence of secondary titles, i.e., titles granted by holders of the above five titles based on mutual agreement.

The acquisition of certified land is done by executing a land sale and purchase deed (*Akta Jual Beli Tanah* or "**AJB**") before a Land Deed Official (*Pejabat Pembuat Akta Tanah* or "**PPAT**"). The AJB must then be registered with the BPN. In practice, the process of acquisition of certified land title is usually straightforward, in contrast to uncertified land, which we shall explain briefly below.

Uncertified Land

In addition to the above certified titles, in Indonesia (particularly in rural areas) there exist large areas of land which have not been registered and certified under the Agrarian Law. The rights to these areas are still governed by Adat law. Adat rules vary significantly from one area to another. However, in general, uncertified land may be possessed by individuals under Adat-based proprietary rights.

There are several types of written evidence of rights to uncertified land that are recognised for land registration purposes. Land rights originating from the conversion of old rights are proven by evidence on the existence of such rights in the form of written evidence, witness statements and/or statements from the relevant parties. In the event the above written evidences are not complete or no longer available, the authentication of occupancy or possession over the uncertified land may be made by statement of witnesses or statement of applicant which truth can be trusted according to the adjudication committee of BPN. One of the most common challenges to acquiring an uncertified land is identifying the true owner of the land.

Indonesia companies acquiring uncertified land will usually convert such land into certified land (e.g. conversion to HGB or HGU title, as applicable depending on the purpose of the land utilisation) to ensure legal certainty of the ownership of the land through relinquishment of rights by the original owner by virtue of a Right Relinquishment Deed (*Akta Pelepasan Hak* or "**APH**") in favour of the buyer. An APH is made before PPAT. With the APH, the buyer may then apply to the local office of the BPN for one of the formal titles to land recognised under the Agrarian Law and obtain a formal certificate of title.

Title of Land for Plantation Area

Based on the Plantation Law, in carrying out its plantation business activities, a company may obtain land title over the plantation area in the form of the Right of Ownership / Freehold Land ("**Hak Milik**"), the Right to Cultivate (*Hak Guna Usaha* or "**HGU**") and the Right to Use ("**Hak Pakai**"). Generally, the land title granted for plantation activities is HGU.

Below is the short description of those relevant land titles:

- Hak Milik: This is the most complete right over land recognised in the Agrarian Law. It is similar to fee simple or absolute title in common law jurisdictions. It is granted without a limit of time and can only be owned by Indonesian individuals, or few Indonesia legal entities specifically authorised to hold such title. Most companies are not eligible to own Right of Ownership titles.

- HGU: Used principally for plantations, HGU is defined as the right to cultivate land that is directly controlled by the state for agriculture, fishery, or farming purposes. The activities of agriculture include plantation, food crops, and horticultural crops. HGU may be granted to an Indonesian citizen or a legal entity duly established and existing under the Indonesia laws and having its domicile in Indonesia, over a state-owned land or land under Right to Manage / *Hak Pengelolaan* ("**HPL**"). In the event that the HGU title is granted upon the latter land type, it shall result in the HGU title being the secondary title of the land aside from the primary title (i.e., the Right to

Manage / *Hak Pengelolaan*). The HGU title is valid for an initial period of up to 35 years and can be extended to a maximum period of 25 years. It may be renewed for a period of maximum 35 years.

- Hak Pakai: Used principally as a subsidiary title over HGB or other freehold land. This title gives the holder the right to use a plot of land, either on state land, land under HPL title, or land with a Right of Ownership title. Right to Use can be owned by persons who are Indonesian citizens, corporations established under Indonesia law and domiciled in Indonesia, foreign legal entities with representatives in Indonesia, religious and social bodies, and foreigners. Right to Use obtained on state land and land under HPL title may be granted a maximum period of 30 years, extended for a maximum period of 20 years, and renewed for a maximum period of 30 years. Meanwhile, the Right to Use title over Right of Ownership land may be granted for a maximum period of 30 years and may be renewed with a deed granting the Right to Use over the Right of Ownership.

In the event that the land intended to be utilised as plantation area is still an uncertified land, the company is required to file a land title registration application to the competent land office to be granted with HGU over the land. Generally, the process of obtaining HGU over the plantation area are as follows:

- Zoning Requirements**:** Article 76(1) of Government Regulation No. 18 of 2021 dated 1 February 2021 Regarding Right to Manage, Land Title, Apartment Units, and Land Registration ("**GR 18/2021**") mandates any land usage in Indonesia to be carried out in accordance to the designated zoning requirements stipulated by the national and regional government. If the land is properly zoned for the intended business activities, the company acquiring the land shall obtain a Spatial Utilisation Suitability Approval (*Persetujuan Kesesuaian Kegiatan Pemanfaatan Ruang* or "**PKKPR**"), which constitutes confirmation that the land is properly zoned for the intended business activities and approval for the company to acquire the land area, pursuant to Article 1(19) of Government Regulation No. 21 of 2021 dated 2 February 2021 Regarding the Organisation of Spatial Planning ("**GR 21/2021**").

  Prior to the enactment of the Indonesian Omnibus Job Creation Law and GR 21/2021, the Indonesia government's approval and/or confirmation on the intended use of the land for any business activities (i.e. plantation business activities) is Location Permit. For completeness, the Location Permit was further listed as one of the requirements to obtain IUP before obtaining the Land Title (i.e. HGU) for its plantation business activities.

  Pertaining to plantation activities, if the proposed area is zoned as a forest area then the proposed project may not be feasible in such area, as the prevailing forestry law does not include plantation activities as non-forestry activities that may be carried in certain forest areas (i.e., protected forest and production forest, provided that the activities do not alter the function of the forest). There are two alternatives in this case. Firstly, the forestry law provides an exemption for palm oil plantations that are already developed within a forest area prior to the introduction of the Indonesian Omnibus Job Creation Law. For such plantation, an application for the release of forest area shall be submitted. The relevant Minister regulating the forestry field may then issue an approval for the release of forest area and the area may then be zoned as plantation area. Alternatively, if the forest area is not released or rezoned, such plantation which sits in the forest area may apply for an approval for the utilisation of forest for non-forestry activities, provided that the plantation pays administrative fine imposed against the plantation for carrying out activities within forestry areas. However, under this approach, the palm oil plantation which sits on the forest area may only operate for a maximum period of 25 years.

  In obtaining the PKKPR (previously the Location Permit), the company is required to submit a digital map of the land which shall be used by the competent land office as one of the considerations on whether to approve or reject such PKKPR application. Previously, the land map (*peta bidang tanah*) shall be an inseparable attachment to the Location Permit. However, as of the enactment of the Indonesian Omnibus Job Creation Law, only the land demarcation coordinates is attached to the PKKPR. The PKKPR shall be obtained and submitted as a prerequisite for the Land Title Registration Application.

- Land Title Registration Application: Upon the obtainment of PKKPR, the company may file a written application letter to obtain the HGU alongside any supporting documents (such as identification documents of the company). The application is submitted to the competent land regional office.

- Data Collection and Inspection of the Land:

  Physical Land Measurement (Land Survey): Should the submitted application is deemed sufficient and complete by the competent land office, its officials shall commence physical measurement of the land concerned. This physical measurement is done through a land survey process, which shall be carried out by the land office officials upon serving prior written notice to the applicant no later than 10 days after the submission of the application, pursuant to Article 80 of Minister of Agrarian Affairs/Head of National Land Agency Regulation No. 3 of 1997 dated 8 October 1998 Regarding Provisions on the Implementation of Government Regulation No. 24 of 1997 regarding Land Registration, as amended ("**BPN Reg. 3/1997**").

  Prior to the land survey, and upon obtainment of approval from the holders of neighbouring land titles, the applicant must install physical demarcation marks (*tanda batas*) along the land's boundaries, pursuant to Article 19A of BPN Reg. 3/1997. The installation of physical demarcation marks shall be documented through picture files, accompanied by information on the location, coordinates or geotagging.

  Completion of the installation of demarcation marks shall be stipulated in a Statement Letter on Boundary Marks Installation (*Surat Pernyataan Pemasangan Tanda Batas*) and Approval from the Neighbouring Land Title Holder in the form prescribed under BPN Reg. 3/1997.

  After the land survey, the regional land office will then prepare the Minutes of Land Measurement (*Berita Acara Pengukuran*) and will issue the map describing the results of the land measurements and land demarcations, known as the Land Parcel Map (*Peta Bidang Tana*h) while also taking the land demarcation list of PKKPR or land map attached to the Location Permit (as applicable) into consideration. Based on the above-mentioned documents, the land office shall issue a Measurement Letter (*Surat Ukur*) reflecting the official and final measurement and mapping of the land.

  Judicial Data: The applicant shall submit the proof of entitlement to obtain HGU over the land as the judicial data to be examined by the local land office, pursuant to Article 23 of GR 24/1997. All of the foregoing will then be further examined by the land officials. Should the submitted documents be deemed as sufficient, the land officials will proceed to the next step.

  Pursuant to Article 86 of BPN Reg. 3/1997, the local land office shall announce the collected and inspected physical and judicial data on the information board and/or official website of the land office and the office of the head of the village or sub-district where the land is located. The announcement shall remain posted for 30 calendar days.

- Grant of HGU and Issuance of the Land Certificate: If there are no claims filed over the land within the 30-day announcement period, the physical data and judicial data shall be ratified by the head of the local land office and the applicant shall be granted a land title over the land, i.e., HGU, in accordance with BPN Reg. 3/1997. The granting of HGU shall be recorded in the land book (*buku tanah)* kept by the regional land office, and the title holder will be granted a HGU certificate issued by the land office as proof of its land title after the repayment of the due tax or duty with respect to the granting of HGU.

The HGU will be granted for a maximum period of 35 years, extendable to an additional period of up to 25 years and may be renewed for a maximum period of another 35 years. The process of extending and renewing the HGU within the given timeline will only require the original HGU certificate and other supporting documents, mainly comprised the applicant's constitutional documents or personal data. Additionally, no further land survey is required for this process unless the applicant has informed the local Land Office that there has been any changes to the land measurement or demarcation which may materially impact the entitlement over the land.

However, if the land title holder fails to submit the due extension or renew application within the provided timeline, the HGU shall be deemed to cease and consequently the land returns to become a state-owned land, to which the HGU holder has the priority right to obtain a HGU title over the land as the last land title holder over the land.

Plantation Law and its Implementing Regulations

The Plantation Law and its implementing regulations provides several material limitations and obligations upon the IUP Holder, as elaborated below.

Minimum and Maximum Plantation Area

Government Regulation No. 26 of 2021 dated 2 February 2021 Regarding the Implementation of Agricultural Sector ("**GR 26/2021**") requires each palm oil plantation company to utilise an aggregate amount of the plantation area in Indonesia covering no less than 6,000 Ha and no more than 100,000 Ha. Any plantation company who is found to be incompliance with this requirement shall be liable on conviction to a fine which shall be calculated with the formula of the excess or shortage of the required plantation area in hectare times the Sales Value of Taxable Object (*Nilai Jual Objek Pajak* or "**NJOP**") times two. The referred NJOP is reflected in the Land and Building Tax Notification circulated by the regional government.

Plasma Area Obligation

Article 58 of the Plantation Law and Article 15(1) of MOAg Regulation No. 98/Permentan/OT.140/9/2013 dated 2 October 2013 Regarding Guidelines for Plantation Business Licensing, as amended by MOAg Regulation No. 29/Permentan/KB.410/5/2016 dated 6 June 2016, and MOAg Regulation No. 21/PERMENTAN/KB.410/6/2017 dated 7 June 2017 ("**MOAg Reg. 98/2013**") provides that any holder of IUP for cultivation activities is obligated to facilitate a community plantation development to at least 20% of the total plantation area cultivated by the company within three years as of the granting of the land title over the relevant plantation area. The aforementioned area dedicated for the community plantation development is commonly known as the plasma area of the plantation site.

The fulfilment of the plasma area obligation shall be reported to the Minister of Agriculture ("**MOAg**") and the local regional government pursuant with the Plantation Law. Failure to comply shall subject the IUP holder to an administrative sanction in the form of a fine, temporary suspension from plantation business activities, and/or revocation of plantation business licence.

Notwithstanding the above, under Article 60 and 61 of MOAg Reg. 98/2013, any company which has obtained IUP and land title upon its plantation site prior to 28 February 2007 is exempt from the above requirement provided that it has entered into any development arrangement with local plantations in the form of a Community Nucleus Company (*Perusahaan Inti Rakyat* or "**PIR**") – Plantation, PIR – Transmigration, PIR – Primary Cooperation Credit or other plasma cooperation arrangement. The foregoing arrangements shall be acknowledged by the local plantation office and the local regional government.

Local Partnership Obligation

Under MOAg Reg. 98/2013, any holder of IUP (whether for cultivation and/or processing activities) is required to enter into partnership with the local plantations, labourers, and community. Nonetheless, the laws and regulations fail to stipulate the deadline for the fulfilment of the foregoing requirement. Consequently, the compliance with the requirement shall be subject to the discretion and monitoring authority of the government.

Any failure to comply with this requirement shall be subject to up to three written warnings, issued in two months increments, and should no rectification be carried out after the provided time period under the third warning letter, the IUP shall be revoked and the rights to land shall be proposed to be revoked to the competent authority in accordance with MOAg Reg. 98/2013.

Digital Map Submission Obligation

Pursuant to MOAg Reg. 98/2013, any holder of IUP must submit a digital map of the location of the plantation business licence at a scale of 1:100,000 or 1:50,000 along with the complete coordinates to the Directorate General of Plantation and Geospatial Information Agency (*Badan Informasi Geospasial* or "**BIG**").

Any failure to the above obligation makes the company holding IUP to be subject to administrative sanctions in the form of three warning letters and/or revocation of IUP and proposal for the land title of the plantation area to be revoked. Considering that the regulation does not provide further provisions with respect to the deadline of the fulfilment of this requirement, the enforcement shall be subject to the discretion of the competent supervisory authority.

Other Requirements

Aside from the above-mentioned obligations, any IUP holders are also obligated to have human resources, facilities, infrastructure and systems for land clearing without burning and fire control and for controlling plant pest organism with respect to the operation of its plantation business activities in accordance with MOAg Reg. 98/2013. Incompliance to the foregoing shall subject the IUP holders to administrative sanction in the form of three warning letters and/or IUP revocation alongside proposal from the MOAg to have the land rights upon the plantation area be revoked.

Environmental Approvals

As a general principle, under the Indonesian Environmental Law, the operation of any business activities which may impact the surrounding environment are required to obtain an environmental approval. The environmental approval shall be granted upon the assessment of the environmental documents by the central and regional government. Such environmental documents shall be in the form of AMDAL for any activities deemed to have a material impact upon the environment or UKL-UPL for any activities deemed to not have a material impact upon the environment. In categorising the activities requiring AMDAL or UKL-UPL, several factors are taken into account, including the types of activities (i.e. KBLI), the total area of the utilised space or land and the necessity to procure groundwater resources.

Additionally, should the activities have no environmental impact at all, the business actor is only required to issue a Statement of Environmental Management and Monitoring Capability (*Surat Pernyataan Kesanggupan Pengelolaan dan Pemantauan Lingkungan Hidup* or "**SPPL**"). Such SPPL shall be integrated in the NIB of the relevant company or business actor. In general, any plantation activities are considered to have material environmental impacts, thus, its operation commonly requires an assessment in the form of AMDAL to be further confirmed and approved by the central and regional government (i.e. the environmental approval).

Aside from the environmental documents, GR 22/2021 further stipulates that any person producing hazardous and toxic waste (*Limbah Bahan Berbahaya dan Beracun* or "**B3 Waste**") shall reflect the details on the management, storage, transport and disposal of B3 Waste in the Technical Details attached as an appendix of the environmental approval. Such Technical Details were generally known as B3 Permits prior to the Indonesian Omnibus Job Creation Law. In the event the plantation activities produce B3 Waste, it shall be subject to this requirement.

Any plantation company who operates its business activities without the relevant environmental licences shall be imposed with the administrative sanctions, in the form of written warnings, government coercion (i.e. temporary suspension of business operations, closing of wastewater disposal, confiscation of tools that cause environmental violations), fines, suspension of business licence and revocation of business licence.

Reporting Obligations Pertaining to Plantation Business Activities

In the course of its business operations, there are several periodic and incidental reporting obligations imposed by the relevant laws upon the plantation company. The general summary of the main reporting obligations in particular are as follows:

Capital Investment Activity Report (Laporan Kegiatan Penanaman Modal or "LKPM")

As mentioned above, through the BKPM Reg. 4/2021, the Indonesia government has imposed several limitations with respect to the business activities carried out by any foreign direct investment companies in Indonesia, including the minimum investment requirements. In enforcing such limitations, the current business licensing system (i.e., OSS system) requires all business actors to input the investment plan in the submission of the business licence application.

Under BKPM Reg. 4/2021, all business actors holding an NIB are required to realise the investment plan in the course of its business and must disclose such investment realisation by submitting a quarterly report to the BKPM. The submitted quarterly report is the LKPM.

Moreover, the relevant business actor must also make sure that the investment realisation is not suspended for more than four consecutive reporting periods, as reflected in the submitted LKPM. However, no provisions are sighted in the prevailing regulations which put a deadline in realisation of the total amount of the investment plan, hence, the business actor shall not be found to be in violation of the aforementioned obligation so long as there is an investment realisation activity within the reporting period, no matter how small the amount is.

Under BKPM Reg. 5/2021, any foreign direct investment company carrying out its business activities in Indonesia without complying to this requirement is subjected to administrative sanctions including a written warning, temporary suspension of business activities, revocation of business licence or revocation of supporting business licence.

Plantation Development Report

The Plantation Law and its implementing regulations requires any IUP holders to report the progress of its plantation business development to the licence issuer and copied to the MOAg through the local regional office of the Directorate General of Plantation. The report shall be submitted once every six months in the form determined by each regional government holding the jurisdiction over the plantation site. Pursuant to MOA Reg. 98/2013, any IUP holders who fails to submit the above-mentioned semesterly report shall be subject to administrative sanction in the form of three warning letters and/or IUP revocation alongside proposal from the MOAg to have the land rights upon the plantation area be revoked.

Environmental Report

GR 22/2021 provides that any holders of environmental licence or approval are required to submit a semesterly report on the fulfilment of the requirements and obligations under the environmental licence or approval. Any failure to comply to this requirement shall be liable on being convicted of administrational sanctions including written warnings, enforcement by the government, administrative fines, suspension of the business licence, and/or the revocation of the relevant business licence.

ISPO Certificate Obligation

To ensure that the palm oil plantation business activities in Indonesia are carried out in an economically viable, socio-culturally viable and environmentally friendly based on the applicable laws and regulations, the MOAg has enacted the ISPO certification system. The ISPO certification system encompasses certain principles and criteria which underlie the assessment of the plantation business activities in Indonesia. Such assessment may only be conducted by a licenced ISPO Certification Body (*Lembaga Sertifikasi ISPO*). Should the assessed plantation business activity be found to conform with the applicable ISPO principles and criteria, such activity will be declared as a sustainable palm oil plantation activity and the ISPO Certification Body will issue an ISPO certificate upon the plantation company.

With the implementation of MOAg Regulation No. 38 of 2020 dated 16 November 2020 Regarding the Implementation of Certification of Sustainable Palm Oil Plantations in Indonesia (“**MOAg Reg. 38/2020**”), an ISPO certificate is a mandatory documentation to be obtained by all palm oil plantation companies in Indonesia. Pursuant to Article 58(1) of the MOAg 38/2020, a plantation company which does not hold an ISPO certificate may be imposed with progressive sanctions in the form of a one-time written reprimand (with a six-month period for rectification), temporary suspension for six months, and revocation of its business licence. In practice, based on several consultations with the ISPO Certification Body in Indonesia, plantation companies will generally be given until 2025 to process their ISPO certificate.

Supporting Licensing Obligations for Plantation Companies

Building Approval (Persetujuan Bangunan Gedung or “PBG”)

The Government Regulation No. 16 of 2021 dated 2 February 2021 Regarding the Implementing Regulation of Law No. 28 of 2002 dated 16 December 2002 Regarding Building Construction (“**Building Law**”) (“**GR 16/2021**”) obligates any building owners to obtain PBG for each of its building prior to commencing construction. Previously, the approval was known as Building Construction Permit (*Izin Mendirikan Bangunan* or “**IMB**”) and such IMBs issued prior to GR 16/2021 shall remain valid until the expiration date stipulated thereunder.

Building Occupancy Permit (Sertifikat Laik Fungsi or “SLF”)

GR 16/2021 provides that any building owner must obtain SLF upon the completion of the construction of the relevant buildings. The SLF shall be issued by the regional government through the Building Management Information System (*Sistem Informasi Manajemen Bangunan Gedung* or “**SIMBG**”).

Any person who utilises a building without SLF may be subject to administrative sanctions in the form of written reprimand, restriction of activity, suspension of or temporary ban on activity, and/or demolition of the building.

Warehouse Registration Certificate (Tanda Daftar Gudang or “TDG”)

Every owner of a warehouse is required to obtain a TDG by registering the warehouse to the local Trade Service Office for each of its warehouses pursuant to Minister of Trade Regulation No. 90/M-DAG/PER/12/2014 of 2014 dated 18 December 2014 Regarding the Warehouse Organisation and Development, as amended (“**MOT Reg 90/2014**”). Any person utilising a warehouse without TDG shall be liable to sanctions in the form of two written warnings, closure of the warehouse, or fines, the amount of which ranges from IDR75 million to IDR1.2 billion, depending on the period (from one day to more than 300 days).

TAXATION

The following discussion is limited to a general description of certain tax consequences in the jurisdictions described below with respect to the ownership of our Shares. It does not purport to be comprehensive nor exhaustive and is not intended to be and does not constitute legal or tax advice. This summary is based on current tax laws in Malaysia, Singapore and Indonesia, and is subject to changes in such laws, or in the interpretation thereof. Such changes may be retrospective. While the comments are considered to be a correct interpretation of existing laws in force as at the Latest Practicable Date, no assurance can be given that courts or fiscal authorities responsible for the administration of such laws will agree with this interpretation or that changes in such laws will not occur.

The discussion below is not intended to constitute a complete analysis of all the tax consequences relating to the acquisition, ownership and disposal of our Shares by any person. Each prospective investor in our Shares should therefore consult its own tax advisers concerning the tax consequences of an investment in our Shares. Neither our Company, our Directors, the Issue Manager nor any other person involved in this Introduction accepts responsibility for any tax effects or liabilities resulting from the purchase, ownership or disposition of our Shares.

MALAYSIA TAXATION

Tax Residence

Under Malaysia tax law, a company is regarded as a resident if the management and control of its affairs is exercised in Malaysia. There is a considerable body of case law which shows that management and control will vest in the place where the directors meet and make major decisions. In practice, the Malaysian Inland Revenue Board will generally consider the location of our Board of directors' meetings and the nature of decisions made at the directors' meeting when ascertaining a company's tax residence status. Resident companies are generally subject to Malaysia income tax at the prevailing corporate tax rate of 24% except for resident companies with a paid up capital in ordinary shares of RM2.5 million or less and is not related to a company with a paid up capital in ordinary shares of more than RM2.5 million at the beginning of the basis period for a Year of Assessment ("**YA**"), which are entitled to the following preferential tax rates:

YA	Rate
YA 2020 to YA 2022	17% for the first RM600,000 and 24% for any sum in excess of RM600,000
YA 2023	15% for the first RM150,000, 17% for subsequent RM450,000 and 24% for any sum in excess of RM600,000

Effective from YA 2020, an additional condition is imposed on companies before they are entitled to the preferential tax rate, which requires that the gross income from source or sources consisting of a business shall not exceed RM50 million for the basis period for that YA. This additional condition consists of two parts, i.e. the taxpayer must first have income from a business source, and that business income does not exceed RM50 million.

Pursuant to the Income Tax Act 1967, income tax is charged on income of any person accruing in or derived from Malaysia or received in Malaysia from outside Malaysia. Prior to 1 January 2022, income of any person derived from sources outside Malaysia and received in Malaysia is exempted from tax. The above exemption does not apply to a resident company carrying on the business of banking, insurance or sea or air transport. With effect from 1 January 2022, income derived from sources outside Malaysia and received in Malaysia by any person who is a resident in Malaysia is subject to tax at the prevailing tax rates. Such income received in Malaysia by a resident is subject to tax at a concessionary tax rate of 3% of gross for the period from 1 January 2022 to 30 June 2022. In addition, dividend income received in Malaysia from outside Malaysia by a resident company is exempted from tax from 1 January 2022 until 31 December 2026, subject to the fulfilment of qualifying conditions.

Non-resident companies are subject to the prevailing flat corporate tax rate of 24% of their chargeable income, except for interest (other than interest income which are exempted from tax under Schedule 6 of the Income Tax Act 1967) and royalty income, which are taxed at 15% and 10% respectively. These rates of 15% and 10% may be reduced under the double taxation agreement between Malaysia and the country of residence of the recipients of the interest and royalty income.

The rules for determining the tax residence of individuals in Malaysia are complex, but are generally based on the physical presence of the individuals in Malaysia. From YA2020 to YA2023, a resident individual is subject to tax at rates ranging from 0% to 30% and entitled to certain personal reliefs and tax rebates. A non-resident individual is subject to tax at a flat rate of 30% from YA2020 to YA2023 and is not entitled to any personal relief or tax rebates.

Income Tax

As our Shares are listed on the Main Market of Bursa Securities, any proceeds arising from the sale, assignment, transfer or other disposition of our Shares that constitute income to the holder of our Shares will likely to be derived from Malaysia. Its taxability depends on whether the holder of our Shares has a permanent establishment or place of business in Malaysia, if so, the proceeds will be regarded as business income (instead of capital gains) and subject to Malaysia income tax where the holder is in the business of trading or dealing in our Shares.

Stamp Duty

Stamp duty will not apply to any instrument of transfer of securities in companies listed on Bursa Securities where the transaction is undertaken through the existing scripless book entry system maintained by the Bursa Depository. However, these shares are transacted by way of contract notes, which are subject to a stamp duty at the following rates:

- 0.15% capped at RM1,000 for contract notes executed on or after 1 January 2022 to 12 July 2023; and

- 0.10% capped at RM1,000 for contract notes executed on or after 13 July 2023 until 12 July 2028.

Tax on Dividends

Prior to 2008, Malaysia adopted an imputation system of taxation for resident companies. The Finance Act 2007 introduced a shift to a single-tier system which has completely phased out the imputation system with effect from 1 January 2014.

The single-tier system has removed the dividend franking requirements for Malaysia resident companies, i.e. they will no longer be required to deduct tax on dividends paid to shareholders. The tax paid by a Malaysia resident company constitutes a final tax and dividends paid by our Company are tax exempt in the hands of the shareholders.

Tax exempt dividends can also be distributed from the exempt income account without deduction of tax by Malaysia companies enjoying certain tax incentives or receiving tax exempt dividends or foreign-source income or had chargeable income for YA 2000 (preceding year basis) on which tax payable was waived. Our Company has several exempt income accounts from which tax-exempt dividends may be distributed. Malaysia law generally provides for a two-tier exemption, i.e. the Malaysia company may distribute tax exempt dividends to its shareholders, which may, if it is a Malaysia resident company, in turn distribute tax-exempt dividends to its shareholders. Thereafter, any dividends paid out by the last mentioned shareholder (being a company) would no longer be tax-exempt.

No Malaysia withholding taxes are imposed on dividends paid from Malaysia corporations to non-resident shareholders.

Capital Gains Tax/Real Property Gains Tax

Currently, there is no Malaysia tax on capital gains arising from the disposal of securities (including shares, bonds and loan stock) of companies which are not Real Property Companies ("**RPC**"). At this juncture, our Company is not an RPC.

Gains on the disposal of shares in an RPC are subject to real property gains tax. Under the Real Property Gains Tax Act 1976, in the case where a company is the disposer, gains on disposal within 3 years after the date of acquisition is taxed at 30%, gains on disposal in the 4th year after the date of acquisition is taxed at 20%, gains on disposal in the 5th year after the date of acquisition is taxed at 15% and gains on disposal in the 6th and subsequent years after the date of acquisition is taxed at 10%.

Relief from Taxation

Recipients of dividends or other Malaysia income who are residents in countries having tax treaties with Malaysia are advised to consult their own tax advisers on whether they may claim double taxation relief in accordance with such treaties (or under domestic legislation) if such income is taxed in their respective countries.

Holders of Shares are advised to consult their own tax advisers concerning the Malaysia tax implications of holding, exchanging, selling, assigning, transferring or otherwise disposing of our Shares.

SINGAPORE TAXATION

Singapore Income Tax

Corporate income tax

A company is regarded as a tax resident in Singapore if the control and management of its business is exercised in Singapore. Control and management is defined as the making of decisions on strategic matters, such as those concerning the company's policy and strategy. Generally, the location of a company's board of directors' meetings where strategic decisions are made determines where the control and management of that company is exercised. However, under certain scenarios, holding board meetings in Singapore may not be sufficient and other factors will be considered to determine if the control and management of the business is indeed exercised in Singapore.

Corporate taxpayers (both resident and non-resident) are subject to Singapore income tax on income accrued in or derived from Singapore (i.e. Singapore-sourced) and income received in Singapore from outside Singapore (i.e. foreign-sourced income received or deemed received in Singapore) unless specifically exempt from income tax.

Foreign-sourced income is deemed to be received in Singapore when it is:

(a) remitted to, transmitted or brought into Singapore;

(b) used to pay off any debt incurred in respect of a trade or business carried on in Singapore; or

(c) used to purchase any movable property brought into Singapore.

Foreign-sourced income in the form of branch profits, dividends and service fee income ("**specified foreign income**") received or deemed received in Singapore by a Singapore tax resident company are exempted from Singapore tax provided that the following qualifying conditions are met:

(a) such income is subject to tax of a similar character to income tax under the law of the territory from which such income is received;

(b) at the time such income is received in Singapore, the highest rate of tax of a similar character to income tax (by whatever name called) levied under the law of the territory from which such income is received is at least 15.0%; and

(c) the Comptroller of Income Tax ("**the Comptroller**") is satisfied that the tax exemption would be beneficial to the recipient of the specified foreign income.

The prevailing corporate income tax rate in Singapore is 17.0%. With effect from the year of assessment 2020, 75% of up to the first S$10,000, and 50% of up to the next S$190,000 of a company's chargeable income (otherwise subject to normal taxation) is exempt from corporate tax. The remaining chargeable income that exceeds S$200,000 will be fully taxable at the prevailing corporate tax rate.

Individual Income Tax

An individual taxpayer (both resident and non-resident) is subject to Singapore income tax on income accrued in or derived from Singapore. Foreign-sourced income received or deemed received by an individual is exempt from income tax in Singapore except for such income received through a partnership in Singapore.

An individual is regarded as a tax resident in Singapore if in the calendar year preceding the year of assessment, he was physically present in Singapore or exercised an employment in Singapore (other than as a director of a company) for 183 days or more, or if he ordinarily resides in Singapore.

With effect from Year of Assessment 2024, a Singapore tax resident individual is subject to tax at the progressive resident rates, ranging from 0% to 24.0%, after deductions of qualifying personal reliefs where applicable. A non-Singapore tax resident individual is taxed at the tax rate of 24.0% with effect from Year of Assessment 2024 except that Singapore employment income and certain income are taxable at reduced withholding rates. Singapore employment income of non-resident individuals is taxed at a flat rate of 15.0% or at progressive resident rates, whichever yields a higher tax. A non-resident individual (other than a director) exercising a short term employment in Singapore for not more than 60 days may be exempt from tax in Singapore. All foreign-sourced income received in Singapore by an individual is exempt from Singapore income tax.

Dividend Distributions

Singapore adopted the one-tier corporate tax system from 1 January 2003. Under the one-tier corporate tax system, the tax paid by a Singapore resident company on its corporate profits is a final tax. Dividends payable by the Singapore resident company to its shareholders are exempt from Singapore income tax in the hands of the shareholders.

There is no withholding tax on the dividend payments to both resident and non-resident shareholders.

Foreign shareholders receiving tax exempt (one-tier) dividends are advised to consult their tax advisors to take into account the tax laws of their respective countries of residence and the applicability of any double taxation agreement which their country of residence may have with Singapore.

Capital Gains Tax

Singapore currently does not impose tax on capital gains. However, gains arising from the disposal of our Shares which are considered gains derived from any trade, business, vocation or profession carried on by that person, if accruing in or derived from Singapore, may be taxable as such gains are considered revenue in nature. Gains derived from the sale of our Shares may also be taxable if they constitute any gains or profits of any income nature under Section 10(1)(g) of the Income Tax Act 1947 ("**Income Tax Act**").

Any gains from the disposal of our Shares, if regarded as capital gains, are not taxable in Singapore unless the seller is regarded as having derived gains of an income nature in Singapore, in which case, the disposal gains would be taxable.

Section 13W of the Income Tax Act provides a safe harbour in the form of an exemption of gains or profits arising from the disposal of ordinary shares. To qualify for the tax exemption, the divesting company must be both the legal and beneficial owner of the ordinary shares which are disposed of and must have legally and beneficially held at least 20.0% of the ordinary shares in the investee company for a continuous period of at least 24 months ending on the date immediately prior to the date of disposal of such shares. Such tax exemption is applicable for disposals between 1 June 2012 and 31 December 2027 (both dates inclusive).

The exemption prescribed under Section 13W of the Income Tax Act is not applicable under the following scenarios:

(a) the disposal(s) of shares the gains or profits of which are included as part of the income of an insurer company;

(b) the disposal of shares before 1 June 2022 in a company that is:

  (i) is in the business of trading Singapore immovable properties; or

  (ii) principally carries on the activity of holding Singapore immovable properties,

  other than property development, where the shares are not listed on a stock exchange in Singapore or elsewhere;

(c) the disposal of shares on or after 1 June 2022 not listed on a stock exchange in Singapore or elsewhere, being shares in a company that the Comptroller is satisfied —

  (i) is in the business of trading immovable properties situated whether in Singapore or elsewhere;

  (ii) principally carries on the activity of holding immovable properties situated whether in Singapore or elsewhere; or

  (iii) has undertaken property development on Singapore or elsewhere, except where —

    (A) the immovable property developed is used by the company to carry on its trade or business (including the business of letting immovable properties), not being a business mentioned in sub-paragraph (i); and

    (B) the company did not undertake any property development in Singapore or elsewhere for a period of at least 60 consecutive months before the disposal of shares; or

(d) the disposal(s) of shares by a partnership, limited partnership and limited liability partnership one or more of the partners of which is a company or are companies.

Shareholders who have adopted, or who are required to adopt, the Singapore Financial Reporting Standards (International) ("**SFRS(I)**") 9 (Financial Instruments) which replaces the existing SFRS(I) 1-39 (Financial Instruments – Recognition and Measurement) for accounting purposes may be required to recognise gains or losses in accordance with the provisions of SFRS(I) 9 regardless of any disposal of our Shares being made. If so, the gain or loss on our Shares may be taxed or allowed as a deduction for Singapore income tax purposes notwithstanding being unrealised.

Shareholders are advised to consult their accounting and tax advisers on the Singapore tax consequences on their subscription, purchase, holding and disposal of our Shares.

Bonus Shares

Any bonus shares received by our Shareholders are not taxable in Singapore.

Stamp Duty

There is no stamp duty payable on the subscription, allotment or holding of our Shares.

Stamp duty is payable on the executed instrument of transfer for the transfer of our Shares at 0.2% on the consideration for, or market value of our Shares, whichever is higher.

The purchaser is liable for stamp duty, unless there is an agreement to the contrary.

No stamp duty is payable if no dutiable document relating to the share transfer is executed or if the instrument of transfer is executed outside Singapore. However, stamp duty may be payable if the dutiable document which is executed outside Singapore is subsequently received in Singapore.

Stamp duty is not applicable to electronic transfers of our Shares through the scripless trading system operated by CDP, if such transfers are not pursuant to an instrument of transfer entered into.

Pursuant to recent amendments to the Stamp Duties Act 1929, stamp duty is payable on certain electronic instruments that effect a transfer of interest in our Shares, where such instruments are regarded or deemed to be executed in Singapore, or executed outside Singapore and received in Singapore. In this regard, an electronic instrument that is executed outside Singapore is received in Singapore if (a) it is retrieved or accessed by a person in Singapore; (b) an electronic copy of it is stored on a device (including a computer) and brought into Singapore; or (c) an electronic copy of it is stored on a computer in Singapore.

Goods and Services Tax ("GST")

The sale of our Shares by a GST-registered investor belonging in Singapore through an SGX-ST member or to another person belonging in Singapore is an exempt supply not subject to GST. Any GST incurred by the investor in making this exempt supply is not recoverable from the Comptroller of GST.

Where our Shares are sold by a GST-registered investor to a person belonging outside Singapore, the sale is a taxable supply subject to GST at zero-rate if certain conditions are met. Any GST incurred by a GST-registered investor in the making of this supply in the course of or furtherance of a business may be recoverable from the Comptroller of GST.

Services such as brokerage, handling and clearing charges rendered by a GST-registered person to an investor belonging in Singapore in connection with the investor's purchase, sale or holding of our Shares will be subject to GST at the prevailing standard rate of 8% with effect from 1 January 2023. The GST rate will increase to 9% with effect from 1 January 2024. Similar services rendered to an investor belonging outside Singapore may be subject to GST at zero-rate if certain conditions are met.

Investors should seek their own tax advice on the recoverability of GST incurred on expenses in connection with purchase and sale of our Shares.

Estate Duty

Singapore estate duty has been abolished with effect from 15 February 2008.

INDONESIA TAXATION

Income Tax

Companies incorporated or domiciled in Indonesia are subject to income tax on worldwide income. Foreign tax may be claimed as a tax credit subject to a limitation rule.

Corporate tax is imposed at a flat rate of 22%. This rate applies to Indonesia companies and foreign companies operating in Indonesia through a permanent establishment, effective as of the tax year of 2022. The tax rate is reduced by three percentage points for listed companies that have at least 40% of their paid up capital traded on the stock exchange.

Further, small-and-medium enterprises (SMEs) with annual revenues not exceeding IDR50 billion may apply a 50% lower tax rate that is proportionally imposed on the taxable income of a fraction of the gross turnover of up to IDR4.8 billion.

Tax incentives are granted to certain qualifying resident companies investing in certain types of businesses or regions. The tax incentives consist of the following:

- Accelerated depreciation and amortisation;
- Carry forward of a tax loss for a period of 10 years, subject to certain conditions;
- Reduced tax rate of 10% (or lower rate under a double tax treaty) for dividends paid to non-residents; and
- Investment allowance in the form of reduction of net income by 30% of the amount invested in land and buildings, and plant and equipment. This allowance may be claimed at a rate of 5% each year over a six-year period.

To qualify for the above tax incentives, the investment must be a new investment or an investment for the purpose of expanding a current business.

Moreover, a super tax deduction may be given for activities with certain characteristics. Deductibility of a maximum of 300% may be given for costs incurred for certain research and development activities performed in Indonesia, while deductibility of a maximum of 200% is provided for costs incurred for vocational activities.

Taxation of Dividends

Dividend income may be tax exempt, whether it is received from within or outside Indonesia. Domestically sourced dividends received by a corporate resident are tax exempt.

Foreign sourced dividends received by a corporate resident that fulfils the requirements are tax exempt. Tax exemption treatment is given on the condition that the dividends are invested domestically for at least three years on specific investment instruments. The treatment is also applicable for foreign dividends, where the shares are traded on the stock exchange in a particular country. If they are not listed on the stock exchange, the total amount of invested dividends should be at least equal to 30% of the taxpayer's income after tax. Should the amount of investment fall short of the threshold, the gap will be taxed according to the relevant laws. On the contrary, if the investment amount exceeds the requested level, the whole of the dividends is exempt from income tax.

Dividends remitted overseas are subject to a final 20% withholding tax, unless an applicable tax treaty provides a lower rate. Under the current tax treaty between Indonesia and Singapore, the reduced withholding tax rate on future dividend distributions from an Indonesia subsidiary is 10% on condition that the dividend recipient has a minimum of 25% of the payer of the dividend's capital, otherwise a tax rate of 15% should apply.

Dividends received by Indonesian individuals are subject to a final tax with a maximum rate of 10%.

Capital Gains

A 0.1% final withholding tax is imposed on proceeds of sales of publicly listed shares through the Indonesia stock exchange. An additional tax at a rate of 0.5% of the share value is levied on sales of founder shares associated with a public offering. Founder shareholders must pay the 0.5% tax within one month after the shares are listed. Founder shareholders that do not pay the tax by the due date are subject to income tax on the gains at the ordinary income tax rates.

Capital gains derived by residents are included in taxable income and are subject to tax at the normal income tax rate. Capital gains derived by non-residents are subject to tax at a rate of 20%. The law provides that the 20% tax is imposed on an amount of deemed income. The Minister of Finance of Indonesia established the deemed income for sales of unlisted shares. The deemed income equals 25% of the gross sale proceeds, resulting in an effective tax rate of 5% of the gross sale proceeds. This rule applies to residents of non-treaty countries and to residents of treaty countries if the applicable treaty allows Indonesia to tax the income.

Sale or transfer by non-residents of shares in conduit companies or special purpose companies established or resided in tax haven jurisdictions that have special relationships with an Indonesia entity or an Indonesia permanent establishment of foreign entity, is deemed to be a sale or transfer of shares of the Indonesia entity or the permanent establishment. The regulation provides that the Indonesia income tax applicable on the transaction will be 5% of gross sale proceeds. The 5% rate is derived from application of 20% cross-border withholding tax under Article 26 of the Income Tax Law on a profit that is deemed to be 25% of gross sale proceed. Tax treaty rule will be superseded if the seller of the shares is a tax resident of a country having tax treaty with Indonesia.

Value-added Tax

VAT rates amount to 11% effective from 1 April 2022 and will be increased to 12% by no later than 1 January 2025, while the 0% VAT rate continues to apply to exports of certain goods, as applicable. The tax is collected by "VAT-able firms" (entities which deliver taxable goods or services). These firms are required to submit monthly VAT returns.

VAT Relief

Certain imports or domestic procurement of strategic taxable goods may be VAT exempt. They include machinery and factory tools, certain livestock, agricultural, plantation, forestry or fishery, animal feeds, craft raw materials in the form of granulated silver and/or silver bars, and liquified natural gas. Further, VAT exemption or non-collectible VAT also provided for free trade zones, special economic zones, and bonded area.

Stamp Duty

Unless specific subscription or shareholder agreement is needed for allotment or issuance of shares, there is no stamp duty required on the allotment or issuance of shares.

Estate Duty

Land and Building tax is imposed on individuals, companies or organisations that have certain rights to or obtain benefits from land, or possess, control or obtain benefits from ownership of land and buildings. The tax is based on the government assessed value (rateable value) of the land and buildings as determined by the Ministry of Finance. Land value is reassessed every three years in most areas and every year in rapidly developing areas. The current tax on land and buildings located within any area used for plantation, forestry and mining business activities is set at 0.5% of the rateable value, while the land and buildings tax in general (for the area outside plantation, forestry and mining area) shall be at a maximum of 0.5% of the rateable value.

CLEARING AND SETTLEMENT

A letter of eligibility has been obtained from the SGX-ST for the listing and quotation of our Shares. Upon admission to the Official List of the SGX-ST, we will be listed on both the SGX-ST and Bursa Securities, with Bursa Securities being the primary exchange and the SGX-ST being the secondary exchange on which our Shares may be traded. Our Shares are quoted in Ringgit Malaysia on Bursa Securities, and will be quoted in Singapore Dollars on the SGX-ST. For the purpose of trading on the SGX-ST, a board lot of our Shares will comprise 100 Shares.

CDP, a wholly-owned subsidiary of the Singapore Exchange Limited, is incorporated under the laws of Singapore and acts as a depository and clearing organisation. CDP holds securities for its account holders and facilitates the clearance and settlement of securities transactions between account holders through electronic book-entry changes in the Securities Accounts maintained by such account holders with CDP.

TRADING, SETTLEMENT AND REGISTRATION OF SHARES

Investors who, prior to the commencement of trading of our Shares on the SGX-ST, transfer Shares from Bursa Securities to the SGX-ST, should note that they will not be able to trade those Shares on the SGX-ST until the commencement of trading of our Shares on the SGX-ST. The principal register of our Shareholders will be maintained in Malaysia. There will not be a branch register in Singapore.

The transfers of our Shares between the SGX-ST and Bursa Securities will be carried out on a scripless basis. The procedures for the transfer of our Shares between Bursa Securities and the SGX-ST and for the deposition and withdrawal of our shares in the CDP system to facilitate trading on Bursa Securities and the SGX-ST are set out in the following paragraphs.

CLEARING AND SETTLEMENT ON THE SGX-ST

Upon listing and quotation on the SGX-ST, Shares that are traded on the SGX-ST will be cleared and settled under the book-entry (scripless) settlement system of CDP, and all dealings in and transactions of our Shares through the SGX-ST will be effected in accordance with CDP's "Terms and Conditions for Operation of Securities Account" and the "Terms and Conditions for CDP to Act as Depository for Foreign Securities", as amended from time to time.

Our Shares that are traded on the SGX-ST will be scripless shares held by CDP's EAN in Malaysia for and on behalf of persons who maintain, either directly or through CDP depository agents, Securities Accounts with CDP. Under Malaysia law, CDP's EAN in Malaysia will be regarded as our Shareholder in respect of our Shares registered in their name. See the section entitled "*Attendance and Voting at General Meetings – Voting Instructions*" for more information about how investors who hold Shares through CDP are treated under Malaysia law. For the avoidance of doubt, CDP or its nominees, as bare trustees, will not be regarded as having an interest in our Shares in respect of our Shares registered in their respective names.

Transactions on the SGX-ST in our Shares under the book-entry (scripless) settlement system will be reflected by the seller's Securities Account being debited with the number of Shares sold and the buyer's Securities Account being credited with the number of Shares acquired and no transfer stamp duty is currently payable for the transfer of Shares that are settled on a book-entry (scripless) basis.

CLEARING FEES

A Singapore clearing fee for the trading of Shares on the SGX-ST is payable at the rate of 0.0325% of the transaction value. The clearing fee, instruments of transfer deposit fees and share withdrawal fee that CDP may charge may be subject to GST at the prevailing rate of 8.0% (or such other rate prevailing from time to time).

Dealings in our Shares will be carried out in Singapore Dollars and will be effected for settlement in CDP on a scripless basis. Settlement of trades on a normal "ready" basis on the SGX-ST generally takes place on the second Market Day following the transaction date and payment for the securities is generally settled on the same day. CDP holds securities on behalf of investors in Securities Accounts. An investor may open a direct account with CDP or a sub-account with any CDP depository agent. A CDP depository agent may be a member company of the SGX-ST, bank, merchant bank or trust company.

DEALING OF SHARES ON THE SGX-ST

Dealing of Shares on the SGX-ST should be conducted with member companies of the SGX-ST by investors who hold direct Securities Accounts with CDP or a sub-account with a CDP depository agent. Investors whose Shares are not held through CDP and who wish to trade their Shares on the SGX-ST must first arrange to transfer their Shares into their own Securities Account with CDP. Such a Securities Account can be held by the investor either directly with CDP or indirectly through CDP depository agents in Singapore.

Dealings in, and transactions of, Shares on the SGX-ST will be due for settlement on the second Market Day following the date of transaction (T+2 or the "**Settlement Date**"). Investors should ensure that there are sufficient Shares in their direct Securities Account with CDP or their sub-account with a CDP depository agent on the Settlement Date. Settlement of dealings through the CDP direct Securities Account or sub-account with a CDP depository agent shall be made in accordance with CDP's "Terms and Conditions for Operation of Securities Account" and the "Terms and Conditions for CDP to Act as Depository for Foreign Securities", as amended from time to time.

MECHANISM FOR TRANSFER OF SHARES FROM CDP IN SINGAPORE TO BURSA DEPOSITORY IN MALAYSIA

Please note that in all cases of transfers referred to in this section, there should not be any change or difference, or purported change or difference, in the beneficial owner of our Shares before and after transfers.

Please note that the transfer process and/or fees payable are subject to change from time to time. For further information or copies of the relevant transfer forms, please contact CDP (or your CDP depository agent in Singapore, as the case may be) and the Malaysian ADA/ADM (as defined in the Rules of Bursa Depository) with which you have opened a CDS account. For the avoidance of doubt, all fees and taxes (including stamp duties) incurred during the transfer process shall be borne by the relevant investor.

Transfer of Shares for trading from the SGX-ST to the Main Market of Bursa Securities will be carried out on a scripless basis. Additionally, if you wish to trade your Shares on the Main Market of Bursa Securities, please follow the procedures set out below:

(i) Please ensure that you have opened a CDS account with a Malaysian ADA/ADM before you (or your CDP depository agent in Singapore, as the case may be) submit a transfer request to CDP.

(ii) You (whether directly or through your CDP depository agent in Singapore, as the case may be) must notify the Malaysian ADA/ADM with which you have a CDS account to receive the transfer of your Shares from the foreign omnibus account which CDP maintains with its EAN in Malaysia. You should check with your relevant Malaysian ADA/ADM on the documents (if any) that you are required to submit to them.

(iii) Concurrently, you must do the following:

    (a) if your Shares are held through a direct Securities Account with CDP, then you must submit the following to CDP:

        (1) CDP prescribed cross border transfer request form, duly completed in good order and signed; and

        (2) Proof of payment by attaching a screenshot of payment duly made for applicable fees and expenses. All bank charges are to be borne by the investor; or

(b) if your Shares are held through a securities sub-account with a CDP depository agent, then you must instruct your CDP depository agent to submit the transfer request to CDP electronically. Applicable fees and expenses will be charged to such CDP depository agent acting on behalf of the investor.

For investors holding Shares through a direct Securities Account, CDP reserves the right to reject any transfer request form if payment of the applicable fees and expenses is not made/insufficient or where the particulars/information provided are incomplete or inaccurate. CDP will instruct its EAN in Malaysia through Society for Worldwide Interbank Financial Telecommunication (SWIFT) messages to transfer our Shares, and CDP's EAN shall take all actions necessary to effect the transfer of Shares from the foreign omnibus account which CDP maintains with its EAN in Malaysia to your CDS account. Upon the transfer to such CDS account being effected successfully, Shares held by the investor in their direct Securities Account or through their securities sub-account with a CDP Depository Agent will be debited. CDP will inform the investor via the CDP notifications of such debit from their direct Securities Account. You will also receive a confirmation on the transfer of Shares into your CDS account either from Bursa Depository or your Authorised Nominee (as defined below) who maintains your CDS account. You should note that the process to transfer your Shares from CDP will take at least one Market Day to complete. Shareholders are advised to check and ensure such transfers are completed before they trade in their Shares on Bursa Securities.

MECHANISM FOR TRANSFER OF SHARES FROM BURSA DEPOSITORY IN MALAYSIA TO CDP IN SINGAPORE

Please note that in all cases of transfers referred to in this section, there should not be any change or difference, or purported change or difference, in the beneficial owner of our Shares before and after transfers.

Please note that the transfer process and/or fees payable are subject to change from time to time. For further information or copies of the relevant transfer forms, please contact CDP (or your CDP depository agent in Singapore, as the case may be) and the Malaysian ADA/ADM with which you have opened a CDS account. For the avoidance of doubt, all fees and taxes (including stamp duties) incurred during the transfer process shall be borne by the relevant investor.

If you wish to trade your Shares on the SGX-ST, please follow the procedures set out below:

(i) Please ensure that you have either an opened direct Securities Account with CDP or sub-account with a CDP depository agent in Singapore before a transfer request is submitted.

(ii) You (whether directly or through your CDP depository agent, as the case may be) must provide instructions to the Malaysian ADA/ADM with which you have a CDS account to transfer your Shares from your CDS account to the foreign omnibus account which CDP maintains with its EAN in Malaysia. You should check with your relevant Malaysian ADA/ADM on the documents and fees that you are required to submit to them.

(iii) Concurrently, whether your Shares are held in your CDS account or are held by an authorised nominee (the "**Authorised Nominee**") in an authorised nominee or exempt authorised nominee CDS account, you (or your CDP depository agent in Singapore, as the case may be) must submit the following to CDP:

(a) CDP prescribed cross border transfer request form; duly completed in good order and signed; or electronically to CDP if via your CDP depository agent; and

(b) Proof of payment by attaching a screenshot of payment duly made for applicable fees and expenses. All bank charges are to be borne by the investor. If submitted via your CDP depository agent in Singapore, fees and expenses will be charged to such depository agent instead.

In the event your Authorised Nominee is maintaining an omnibus CDS account with Bursa Depository, a confirmation is required from the Authorised Nominee stating that you are the beneficial owner of our Shares in that particular CDS account.

For investors holding Shares through a direct Securities Account, CDP reserves the right to reject any transfer request form if payment of the applicable fees and expenses is not made/insufficient or where the particulars/information provided are incomplete or inaccurate. If the transfer request forms and the relevant documents are in order, the Malaysian ADA/ADM with which you have opened a CDS account shall take all actions necessary to effect the transfer of Shares from your CDS account to the foreign omnibus account which CDP maintains with its EAN in Malaysia. Upon the transfer from such CDS account being effected successfully, our Shares will be credited by CDP to their direct Securities Account or sub-account with a CDP depository agent. CDP will inform the investor via the CDP notifications of such credit to their direct Securities Account. You will also receive a confirmation on the transfer of Shares out of your CDS account either from Bursa Depository or your Authorised Nominee who maintains your CDS account.

CDP holds all of its Shares in a foreign omnibus account through CDP's EAN in Malaysia. Hence, the transfer of Shares from an investor's CDS account to CDP's foreign omnibus account maintained by its EAN in Malaysia is regarded as an investment in foreign currency assets that would require shareholders to also comply with the Foreign Exchange Policy Notices issued by BNM. Shareholders who are residents of Malaysia for the purposes of the Foreign Exchange Policy Notices and subject to the prevailing Foreign Exchange Policy Notices in relation to the permitted thresholds for investment abroad may be required to seek the prior approval of BNM should they wish to transfer their Shares from Bursa Securities for trading on the SGX-ST. There is no restriction for a non-resident of Malaysia (for the purpose of the Foreign Exchange Policy Notices) to subscribe for or purchase securities in Malaysia. Please refer to "*Appendix H – Summary of Relevant BNM Rules on Investment in Foreign Currency Assets*" for a brief description of the applicable foreign exchange rules issued by BNM. You are advised to seek further clarification from your own adviser.

You should note that transfer of Shares to CDP will take at least one Market Day to complete. Shareholders are advised to check and ensure such transfers are completed before they trade in our Shares on the SGX-ST.

If you do not have a direct Securities Account or a sub-account with any CDP depository agent in Singapore, you should:

(a) apply for your direct Securities Account online using MyInfo or via the online form if you would like to open a direct CDP account; or

(b) contact your preferred CDP depository agent if you would like to open a sub-account.

Please refer to CDP's website at https://investors.sgx.com/dashboard should you require more information.

LEGAL MATTERS

Certain legal matters in connection with the Introduction will be passed upon for our Company by Rajah & Tann Singapore LLP with respect to matters of Singapore law, Christopher & Lee Ong with respect to matters of Malaysia law and SSEK Law Firm with respect to matters of Indonesia law.

Certain legal matters in connection with the Introduction will be passed upon for the Issue Manager by Wong Tan & Molly Lim LLC with respect to matters of Singapore law.

Each of Rajah & Tann Singapore LLP, Christopher & Lee Ong and Wong Tan & Molly Lim LLC does not make, or purport to make, any statement in this Introductory Document and is not aware of any statement in this Introductory Document which purports to be based on a statement made by it and each of them makes no representation, express or implied, regarding, and to the extent permitted by law takes no responsibility for, any statement in or omission from this Introductory Document.

Save as disclosed in the section entitled "*Risk Factors – Risks Relating to Our Industry and Business – We may not be able to obtain, maintain or renew statutory and regulatory approvals, licences, permits and certificates required for our business due to reasons beyond our control*" of this Introductory Document and solely in respect of the statement in the form of confirmation made by SSEK Law Firm, SSEK Law Firm does not make, or purport to make, any statement in this Introductory Document which purports to be based on a statement made by it and it makes no representation, express or implied, regarding, and to the extent permitted by law takes no responsibility for, any statement in or omission from this Introductory Document.

INDEPENDENT AUDITORS

BDO PLT, the Independent Auditors, has given and has not withdrawn its written consent to the issue of this Introductory Document with the inclusion herein of (i) its name and all references thereto; (ii) the "*Independent Auditors' Report on the Audited Financial Statements for the Financial Years Ended 31 December 2022, 2021 and 2020*" set out in Appendix A to this Introductory Document; and (iii) the "*Independent Auditors' Review Report on the Unaudited Financial Statements for the Three-Month Period Ended 31 March 2023*" set out in Appendix B to this Introductory Document, in the form and context in which they are included in this Introductory Document and to act in such capacity in relation to this Introductory Document.

The above reports were prepared for the purpose of inclusion in this Introductory Document.

GENERAL INFORMATION

INFORMATION ON DIRECTORS AND CONTROLLING SHAREHOLDER

1. As at the date of this Introductory Document, none of our Directors, Executive Officers or Controlling Shareholder has:

   (a) at any time during the last 10 years, had an application or a petition under any bankruptcy laws of any jurisdiction filed against him or her or against a partnership of which he or she was a partner at the time when he or she was a partner or at any time within two years from the date he or she ceased to be a partner;

   (b) at any time during the last 10 years, had an application or a petition under any law of any jurisdiction filed against an entity (not being a partnership) of which he or she was a director or an equivalent person or a key executive, at the time when he or she was a director or an equivalent person or a key executive of that entity or at any time within two years from the date he or she ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency;

   (c) any unsatisfied judgment against him or her;

   (d) ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty, which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he or she is aware) for such purpose;

   (e) ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach;

   (f) at any time during the last 10 years, had judgment entered against him or her in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his or her part, or been the subject of any civil proceedings (including any pending civil proceedings of which he or she is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part;

   (g) ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust;

   (h) ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust;

   (i) ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him or her from engaging in any type of business practice or activity;

   (j) ever, to his or her knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:

      (i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere;

(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere;

(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or

(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere;

in connection with any matter occurring or arising during the period when he or she was so concerned with the entity or business trust; or

(k) been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Authority or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere.

LITIGATION

2. From time to time, our Group companies may be party to or the subject of litigation, arbitration or administrative proceedings. Save as disclosed in the section entitled "*Management's Discussion and Analysis of Financial Position and Results of Operations – Contingent Liabilities"* of this Introductory Document, as at the Latest Practicable Date, neither our Company nor any of our subsidiaries is engaged in any legal or arbitration proceedings as plaintiff or defendant, including those which are pending or known to be contemplated, which may have or have had in the 12 months before the date of this Introductory Document, a material effect on the financial position or the profitability, of our Group.

SUBSIDIARIES

3. The details of our subsidiaries are set out in "*Appendix F – Our Subsidiaries*" to this Introductory Document.

4. None of our Independent Directors sits on the board of directors of our principal subsidiaries based in jurisdictions outside Singapore.

SHARE CAPITAL

5. As at the date of this Introductory Document, there is only one class of Shares in the capital of our Company. All of our Shares are in registered form. The rights and privileges attached to our Shares are stated in the Constitution of our Company. There are no founder, management or deferred shares. Substantial Shareholders of our Company are not entitled to any different voting rights from the other Shareholders.

6. Save as disclosed below, there were no changes in the issued and paid-up capital of our Company and each entity in our Group within the three years preceding the Latest Practicable Date.

Ekowood Malaysia Sdn. Bhd.				
Date of Issue / Change	**Number of Shares Issued / Changed**	**Issue Price / Consideration**	**Resultant issued and paid-up Share Capital**	**Purpose of Issue / Change**
13 May 2022	1,500,000 preference shares redeemed	RM1,500,000 from the capital of Ekowood Malaysia Sdn. Bhd.	RM28,300,000	To return excess funds to Ekowood International
24 August 2022	1,200,000 preference shares redeemed	RM1,200,000 from the capital of Ekowood Malaysia Sdn. Bhd.	RM27,100,000	To return excess funds to Ekowood International
29 November 2022	2,700,000 preference shares redeemed	RM2,700,000 from the capital of Ekowood Malaysia Sdn. Bhd.	RM24,400,000	To return excess funds to Ekowood International
8 March 2023	800,000 preference shares redeemed	RM800,000 from the capital of Ekowood Malaysia Sdn. Bhd.	RM23,600,000	To return excess funds to Ekowood International
31 March 2023	7,000,000 redeemable convertible preference shares allotted	RM7,000,000 cash	RM30,600,000	To provide funds to Ekowood Malaysia Sdn. Bhd. for the purpose of redeeming 7,000,000 preference shares from Ekowood International
31 March 2023	7,000,000 preference shares redeemed	RM7,000,000 from the capital of Ekowood Malaysia Sdn. Bhd.	RM23,600,000	To provide funds to Ekowood International for Ekowood International's operational needs

Ekowood International				
Date of Issue / Change	**Number of Shares Issued / Changed**	**Issue Price / Consideration**	**Resultant issued and paid-up Share Capital**	**Purpose of Issue / Change**
31 March 2023	3,200,000 preference shares redeemed	RM3,200,000 from the capital of Ekowood International	RM87,854,541	Return of excess funds

TSH Forest Plantation Sdn. Bhd.				
Date of Issue / Change	**Number of Shares Issued / Changed**	**Issue Price / Consideration**	**Resultant issued and paid-up Share Capital**	**Purpose of Issue / Change**
22 December 2020	Allotment of 2,700,000 ordinary shares	RM2,700,000	RM50,394,000	Injection of equity share capital
22 December 2021	Allotment of 3,640,000 ordinary shares	RM3,640,000	RM54,034,000	Injection of equity share capital
27 December 2021	Allotment of 4,750,000 ordinary shares	RM4,750,000	RM58,784,000	Injection of equity share capital
20 December 2022	Allotment of 3,500,000 ordinary shares	RM3,500,000	RM62,284,000	Injection of equity share capital

TSH Bio-Gas Sdn. Bhd.				
Date of Issue / Change	**Number of Shares Issued / Changed**	**Issue Price / Consideration**	**Resultant issued and paid-up Share Capital**	**Purpose of Issue / Change**
30 June 2023	7,700,000 preference shares redeemed out of capital	RM7,700,000	RM7,840,000	N/A

PT AAI				
Date of Issue / Change	**Number of Shares Issued / Changed**	**Issue Price / Consideration**	**Resultant issued and paid-up Share Capital**	**Purpose of Issue / Change**
25 May 2023	Issuance of 15,000,000 Seri B shares	IDR15,000,000,000	IDR19,200,000,000	To comply with the minimum capitalisation requirements applicable for a foreign investment company

PT AWB				
Date of Issue / Change	**Number of Shares Issued / Changed**	**Issue Price / Consideration**	**Resultant issued and paid-up Share Capital**	**Purpose of Issue / Change**
23 May 2023	Issuance of 15,000,000 Seri B shares	IDR15,000,000,000	IDR20,000,000,000	To comply with the minimum capitalisation requirements applicable for a foreign investment company

PT Karya Unggulan Cemerlang				
Date of Issue / Change	**Number of Shares Issued / Changed**	**Issue Price / Consideration**	**Resultant issued and paid-up Share Capital**	**Purpose of Issue / Change**
8 April 2022	Issuance of 7,500 shares	IDR7,500,000,000	IDR10,000,000,000	N/A

PT FDB				
Date of Issue / Change	**Number of Shares Issued / Changed**	**Issue Price / Consideration**	**Resultant issued and paid-up Share Capital**	**Purpose of Issue / Change**
13 November 2021	Reduction of issued and paid-up capital from IDR74,000,000,000, comprising 73,000 Seri A shares and 1,000 Seri B shares to IDR73,000,000,000, comprising 73,000 ordinary shares	N/A	IDR73,000,000,000	Capital reduction and declassification of shares

PT Mitra Jaya Cemerlang				
Date of Issue / Change	**Number of Shares Issued / Changed**	**Issue Price / Consideration**	**Resultant issued and paid-up Share Capital**	**Purpose of Issue / Change**
5 October 2022	Issuance of 500,000 Seri B shares	IDR500,000,000	IDR65,500,000,000	Additional funding

PT TSS				
Date of Issue / Change	**Number of Shares Issued / Changed**	**Issue Price / Consideration**	**Resultant issued and paid-up Share Capital**	**Purpose of Issue / Change**
4 February 2021	Issuance of 125,000,000,000 Seri A shares	IDR125,000,000,000	IDR155,500,000,000	Increase of the issued and paid-up capital

PT Perkebunan Sentawar Membangun				
Date of Issue / Change	**Number of Shares Issued / Changed**	**Issue Price / Consideration**	**Resultant issued and paid-up Share Capital**	**Purpose of Issue / Change**
18 October 2022	Issuance of 100 Seri B Shares	IDR100,000,000	IDR66,100,000,000	Increase of issued and paid-up capital and the classification of shares of the company

TSH Agri Pte. Ltd.				
Date of Issue / Change	**Number of Shares Issued / Changed**	**Issue Price / Consideration**	**Resultant issued and paid-up Share Capital**	**Purpose of Issue / Change**
17 December 2021	Allotment of 2,700,000 ordinary shares	S$2,700,000	S$3,000,000	To increase shareholder equity

TSH Oversea Pte. Ltd.				
Date of Issue / Change	**Number of Shares Issued / Changed**	**Issue Price / Consideration**	**Resultant issued and paid-up Share Capital**	**Purpose of Issue / Change**
7 June 2023	Redemption of 8,128,058 preference shares	US$8,128,058 redeemed out of capital	S$10,000 and US$33,213,750	Return of excess funds

CocoaHouse Industries Sdn. Bhd				
Date of Issue / Change	Number of Shares Issued / Changed	Issue Price / Consideration	Resultant issued and paid-up Share Capital	Purpose of Issue / Change
26 November 2020	Cancellation of 2,490,000 ordinary shares	RM3,132,420	RM12,580	Capital was in excess of the company's needs

GlobeFlex Advisory Sdn. Bhd.				
Date of Issue / Change	Number of Shares Issued / Changed	Issue Price / Consideration	Resultant issued and paid-up Share Capital	Purpose of Issue / Change
29 March 2022	Issuance of 1,984,500 non-cumulative redeemable convertible preference shares	RM1,984,500	RM3,044,502	Investment in subsidiary

Halaman Semesta Sdn. Bhd.				
Date of Issue / Change	Number of Shares Issued / Changed	Issue Price / Consideration	Resultant issued and paid-up Share Capital	Purpose of Issue / Change
24 August 2020	Issuance of 2,830,000 non-cumulative redeemable convertible preference shares	RM2,830,000	RM22,927,002	Capital contribution in subsidiary

Icon Field Ventures Sdn. Bhd.				
Date of Issue / Change	Number of Shares Issued / Changed	Issue Price / Consideration	Resultant issued and paid-up Share Capital	Purpose of Issue / Change
9 December 2021	Issuance of 45,000 non-cumulative redeemable convertible preference shares	RM45,000	RM3,950,002	For working capital of PT Prima Usaha Sukses and settlement of inter-company borrowings

Rinukut Sdn. Bhd.				
Date of Issue / Change	Number of Shares Issued / Changed	Issue Price / Consideration	Resultant issued and paid-up Share Capital	Purpose of Issue / Change
9 December 2021	Issuance of 420,000 non-cumulative redeemable convertible preference shares	RM420,000	RM520,000	Working capital and funding of investment in RT Plantations Sdn. Bhd.

TSH Logistics Sdn. Bhd.				
Date of Issue / Change	Number of Shares Issued / Changed	Issue Price / Consideration	Resultant issued and paid-up Share Capital	Purpose of Issue / Change
30 September 2022	Redemption of 78,428,000 non-cumulative redeemable convertible preference shares	RM78,428,000	RM15,462,100	Redemption

TSH Timber Industries Sdn. Bhd.				
Date of Issue / Change	**Number of Shares Issued / Changed**	**Issue Price / Consideration**	**Resultant issued and paid-up Share Capital**	**Purpose of Issue / Change**
30 November 2021	Redemption of 1,099,000 non-cumulative redeemable convertible preference shares	RM1,099,000	RM1,251,000	Redemption

TSH Biotech Sdn. Bhd.				
Date of Issue / Change	**Number of Shares Issued / Changed**	**Issue Price / Consideration**	**Resultant issued and paid-up Share Capital**	**Purpose of Issue / Change**
14 July 2023	Redemption of 2,139,000 non-cumulative redeemable convertible preference shares	RM2,139,000	RM35,999,922	Redemption

7. As at the Latest Practicable Date, no option to subscribe for or purchase any Shares or other securities or securities-based derivatives contracts of, our Company or our subsidiaries has been granted to any person.

MATERIAL CONTRACTS

8. The dates of, parties to and general nature of the material contracts (not being contracts entered into in the ordinary course of business) entered into by our Company or our subsidiaries, during the two years preceding the date of this Introductory Document, and the amount of any consideration passing to or from our Company or any of our subsidiaries, as the case may be, under such contracts are as follows:

   (a) our Company and our two wholly-owned subsidiaries, namely TSH Palm Products Sdn. Bhd. and TSH Plantation, had on 6 July 2021, entered into the following respective sale and purchase agreements with SKSB:

      (i) sale and purchase agreement between our Company and SKSB for the proposed disposal of the oil palm plantation land measuring approximately 2,489 acres together with all the oil palms, estate office, living quarters/houses, structure, tractors, estate equipment and furniture thereat known as Ladang Gomantong, for a cash consideration of RM76.0 million;

      (ii) sale and purchase agreement between TSH Palm Products Sdn. Bhd. and SKSB for the proposed disposal of the oil palm plantation land measuring approximately 4,942 acres together with all the oil palms, estate office, living quarters/houses, structure, tractors, estate equipment and furniture thereat known as Ladang Ong Yah Ho, for a cash consideration of RM152.0 million; and

      (iii) sale and purchase agreement between TSH Plantation and SKSB for the proposed disposal of 1 palm oil mill equipped with plant and machinery, together with furniture, vehicle and heavy machinery known as Lahad Datu Palm Oil Mill for a cash consideration of RM20.0 million.

   (b) PT BCAP, a subsidiary of our Company, had on 4 April 2022 entered into a conditional sale, purchase and compensation of land agreement with KIKI and KIPI for the proposed disposal of seven pieces of agricultural land measuring approximately 13,214.90 Ha located in Kalimantan, Indonesia together with certain plots of uncertified land adjoining thereto for a total cash consideration of IDR2,428.86 billion.

See the section entitled "*Management's Discussion and Analysis of Financial Position and Results of Operations – Disposals of Certain Oil Palm Plantations, Palm Oil Mill and Land During the Period Under Review and their Financial Effects*" of this Introductory Document for further information on the above material contracts.

MISCELLANEOUS

9. There has not been any public take-over offer, by a third party in respect of our Shares or by our Company in respect of the shares of another corporation or the units of a business trust, which has occurred during FY2022 and up to the Latest Practicable Date.

10. Save as disclosed in the sections entitled "*Dividend Policy*", "*Business – Seasonality*", "*Business – Future Outlook and Prospects*", "*Appendix I – Unaudited Consolidated Financial Statements of the Group for the Second Quarter Ended 30 June 2023 and the Half-Year Ended 30 June 2023*" and "*Appendix J – Financial Effects of the Remaining Disposals of Land*" of this Introductory Document, our Directors are not aware of any event which has occurred since 1 April 2023 and up to the Latest Practicable Date, which may have a material effect on the financial position and results of our Group.

11. Save as disclosed in the sections entitled "*Risk Factors*" and "*Business*" of this Introductory Document, our business and/or profitability is not materially dependent on any patent, licence, industrial, commercial or financial contract (including a contract with a customer or supplier) or new manufacturing process.

12. The names, addresses and professional qualifications (including any membership in a professional body) of the auditors of our Company are set out below:

Name and Address	Professional Body	Partner-in-Charge / Professional Qualifications
BDO PLT Level 8, BDO @ Menara CenTARa 360 Jalan Tuanku Abdul Rahman 50100 Kuala Lumpur, Malaysia	Registered with the Malaysian Institute of Accountants and Audit Oversight Board in Malaysia	Lum Chiew Mun (Chartered Accountant and a member of the Malaysian Institute of Accountants, the Association of Chartered Certified Accountants and the Institute of Chartered Accountants in England and Wales)

CONSENTS

13. PrimePartners Corporate Finance Pte. Ltd., the Issue Manager, has given and has not withdrawn its written consent to the issue of this Introductory Document with the inclusion herein of its name and all references thereto, in the form and context in which they are included in this Introductory Document and to act in such capacity in relation to this Introductory Document.

14. SSEK Law Firm, the Legal Adviser to our Company as to Indonesia Law, has given and has not withdrawn its written consent to the issue of this Introductory Document with the inclusion herein of its name and all references thereto, and certain statements attributable to it in the section entitled "*Risk Factors – Risks Relating to Our Industry and Business – We may not be able to obtain, maintain or renew statutory and regulatory approvals, licences, permits and certificates required for our business due to reasons beyond our control*" of this Introductory Document which were prepared for the purpose of incorporation in this Introductory Document, in the form and context in which they are included in this Introductory Document and to act in such capacity in relation to this Introductory Document.

RESPONSIBILITY STATEMENT BY OUR DIRECTORS

15. The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Introductory Document and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Introductory Document constitutes full and true disclosure of all material facts about the Introduction, our Company and our subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Introductory Document misleading. Where information in this Introductory Document has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Introductory Document in its proper form and context.

RESPONSIBILITY STATEMENT BY THE ISSUE MANAGER

16. To the best of the knowledge and belief of PrimePartners Corporate Finance Pte. Ltd., this Introductory Document constitutes full and true disclosure of all material facts about the Introduction, our Company and our subsidiaries, and PrimePartners Corporate Finance Pte. Ltd. is not aware of any facts the omission of which would make any statements in this Introductory Document misleading.

DOCUMENTS AVAILABLE FOR INSPECTION

17. Copies of the following documents may be inspected at 16 Collyer Quay, 10-00 Collyer Quay Centre, Singapore 049318 during normal business hours for a period of six months from the date of this Introductory Document:

(a) our Constitution;

(b) the letters of consent referred to in the sections entitled "*Independent Auditors*" and "*General Information – Consents*" of this Introductory Document;

(c) the "*Independent Auditors' Report on the Audited Financial Statements for the Financial Years Ended 31 December 2022, 2021 and 2020*" as set out in Appendix A to this Introductory Document;

(d) the "*Independent Auditors' Review Report on the Unaudited Financial Statements for the Three-Month Period Ended 31 March 2023*" as set out in Appendix B to this Introductory Document;

(e) the respective audited financial statements of our Company and each of our subsidiaries, where applicable, for FY2020, FY2021 and FY2022, and the unaudited interim consolidated financial statements for 1Q2023, and in respect of the Singapore subsidiaries, all notes, reports or information relating to such financial statements which are required to be prepared under the Singapore Companies Act;

(f) the service agreements entered into between each of our Executive Directors, Non-Independent Non-Executive Directors and Independent Directors and our Company referred to in the section entitled *"Management and Corporate Governance – Service Agreements*" of this Introductory Document; and

(g) the material contracts referred to in paragraph 8 above.

TSH RESOURCES BERHAD (197901005269 (49548 - D))

(Incorporated in Malaysia)

INDEPENDENT AUDITORS' REPORT ON THE AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2022, 2021 AND 2020

TSH RESOURCES BERHAD
(Incorporated in Malaysia)

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TSH RESOURCES BERHAD
(Incorporated in Malaysia)

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 7 to 107 have been drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting 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 TSH Resources Berhad and its subsidiaries ("the Group") as at 31 December 2020, 31 December 2021 and 31 December 2022 and of the financial performance and cash flows of the Group for the financial years ended 31 December 2020, 31 December 2021 and 31 December 2022.

On behalf of the Board,

....	....
Tan Aik Sim	**Tan Aik Kiong**
Director	Director

Kuala Lumpur
20 September 2023

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TSH RESOURCES BERHAD (Incorporated in Malaysia)

The Board of Directors
TSH Resources Berhad
Level 10, Menara TSH
No. 8 Jalan Semantan
Damansara Heights
50490 Kuala Lumpur.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of TSH Resources Berhad and its subsidiaries (collectively known as the "Group"), which comprise the consolidated statements of financial position as at 31 December 2020, 31 December 2021 and 31 December 2022 of the Group, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows of the Group for the financial years ended 31 December 2020, 31 December 2021 and 31 December 2022, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 7 to 107.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2020, 31 December 2021 and 31 December 2022, and of their financial performance and cash flows for the financial years ended 31 December 2020, 31 December 2021 and 31 December 2022 in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") 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 Consolidated 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 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.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
TSH RESOURCES BERHAD (continued)
(Incorporated in Malaysia)**

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the Group for the current financial year. These matters were addressed in the context of our audit of the consolidated financial statements of the Group 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 2022, the Group had plasma receivables amounted to RM40,344,000 (2021: RM60,676,000; 2020: RM29,827,000), which was net of impairment losses of RM9,101,000 (2021: RM8,399,000; 2020: RM9,818,000). The details of plasma receivables and its credit risks have been disclosed in Note 25(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.

Audit response

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

<u>Impairment assessment of plasma receivables</u>

(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 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 periods, taking 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, taking into consideration the effects of increasing interest rate in Indonesia on discount rate applied by the Group;

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
TSH RESOURCES BERHAD (continued)
(Incorporated in Malaysia)**

Key Audit Matters (continued)

a. Impairment of plasma receivables (continued)

Audit response (continued)

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

Impairment assessment of plasma receivables (continued)

(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.

Responsibilities of the Directors for the Consolidated Financial Statements

The Directors of the Company are responsible for the preparation of consolidated financial statements of the Group that give a true and fair view in accordance with MFRSs, IFRSs 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 consolidated financial statements of the Group that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements of the Group, the Directors are responsible for assessing the ability of the Group 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 to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements of the Group 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 consolidated financial statements.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
TSH RESOURCES BERHAD (continued)
(Incorporated in Malaysia)

Auditors' Responsibilities for the Audit of the Consolidated 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 consolidated financial statements of the Group, 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.

(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 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 consolidated financial statements of the Group 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 to cease to continue as a going concern.

(e) Evaluate the overall presentation, structure and content of the consolidated financial statements of the Group, including the disclosures, and whether the consolidated financial statements of the Group 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 consolidated financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TSH RESOURCES BERHAD (continued)
(Incorporated in Malaysia)

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements (continued)

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 consolidated financial statements of the Group 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.

Restriction on Distribution and Use

This report is made solely to you as a body and for the inclusion in the Introductory Document to be issued in connection with the listing of the Company's ordinary shares on the Singapore Exchange Securities Trading Limited by way of an introduction.

BDO PLT
201906000013 (LLP0018825-LCA) & AF 0206
Chartered Accountants

Lum Chiew Mun
03039/04/2025 J
Chartered Accountant

Kuala Lumpur
20 September 2023

TSH RESOURCES BERHAD
(Incorporated in Malaysia)

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2022, 2021 AND 2020

	Note	2022 RM'000	2021 RM'000	2020 RM'000
Revenue	6	1,305,999	1,188,919	926,003
Cost of sales	7	(813,070)	(713,580)	(601,870)
Gross profit		492,929	475,339	324,133
Other items of income				
Interest income	8	9,846	8,644	13,281
Dividend income	9	18	172	-
Other income	10	417,515	22,245	34,126
Net impairment write back on financial assets	12	-	7,825	222
Other items of expenses				
Marketing and distribution costs		(35,797)	(36,047)	(30,560)
Administrative expenses		(175,807)	(140,413)	(151,867)
Finance costs	11	(32,377)	(41,058)	(47,758)
Other expenses		(164,874)	(97,502)	(43,826)
Net impairment losses on financial assets	12	(4,254)	-	-
Share of profit of associate, net of tax		18,477	18,988	8,332
Share of profit of joint ventures, net of tax		31,621	35,891	24,159
Profit before taxation	12	557,297	254,084	130,242
Taxation	15	(32,304)	(52,071)	(39,918)
Profit for the financial year		524,993	202,013	90,324

TSH RESOURCES BERHAD
(Incorporated in Malaysia)

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2022, 2021 AND 2020 (continued)

	Note	2022 RM'000	2021 RM'000	2020 RM'000
Other comprehensive (loss)/income				
Item that may be reclassified subsequently to profit or loss:				
Foreign currency translations	15(d)	(53,856)	36,261	(49,986)
Reclassification of exchange translation reserve to profit or loss	15(d)	339	(1,749)	-
		(53,517)	34,512	(49,986)
Item that may not be reclassified subsequently to profit or loss:				
Remeasurements of net defined benefit liabilities	15(d)	1,077	1,180	(3,473)
Other comprehensive (loss)/ income for the financial year, net of tax		(52,440)	35,692	(53,459)
Total comprehensive income for the financial year		472,553	237,705	36,865
Profit attributable to owners of the Company		456,407	169,415	79,487
		456,407	169,415	79,487
Profit attributable to non-controlling interests		68,586	32,598	10,837
		524,993	202,013	90,324
Total comprehensive income attributable to:				
Owners of the Company		411,329	199,379	28,252
Non-controlling interests		61,224	38,326	8,613
		472,553	237,705	36,865

TSH RESOURCES BERHAD
(Incorporated in Malaysia)

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2022, 2021 AND 2020 (continued)

	Note	2022 RM'000	2021 RM'000	2020 RM'000
Earnings per share attributable to owners of the Company (sen per share):				
Basic earnings per share	16	33.07	12.27	5.76
Diluted earnings per share	16	33.07	12.27	5.76

The accompanying notes form an integral part of the consolidated financial statements.

TSH RESOURCES BERHAD
(Incorporated in Malaysia)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2022, 2021 AND 2020

	Note	2022 RM'000	2021 RM'000	2020 RM'000
ASSETS				
Non-current assets				
Property, plant and equipment	18	1,256,556	1,610,212	1,300,073
Right-of-use assets	19	255,082	288,881	391,482
Biological assets	20	364,842	400,762	407,746
Intangible assets	21	50,350	51,647	49,113
Investment in an associate	22	77,437	82,073	84,097
Investments in joint ventures	23	106,083	89,462	73,571
Deferred tax assets	24	6,026	4,297	2,138
Other receivables	25	53,946	74,798	40,438
Investment securities	26	50	50	50
		2,170,372	2,602,182	2,348,708
Current assets				
Biological assets	20	13,531	17,346	9,251
Inventories	27	132,923	143,566	113,628
Trade and other receivables	25	39,725	62,988	60,433
Other current assets	28	6,432	25,105	6,050
Tax recoverable		8,789	5,132	5,018
Investment securities	26	1	3	5
Derivative assets	30	30	370	208
Short term funds	31	6,385	17,464	15,302
Cash and bank balances	32	375,580	279,728	147,832
		583,396	551,702	357,727
Assets held for sale	33	205,510	154,152	465,342
TOTAL CURRENT ASSETS		788,906	705,854	823,069
TOTAL ASSETS		2,959,278	3,308,036	3,171,777
EQUITY AND LIABILITIES				
Equity attributable to owners of the Company				
Share capital	34	740,512	740,512	740,512
Treasury shares	34	(1,467)	(1,467)	(1,467)
Other reserves	35	(254,906)	(208,893)	(237,857)
Retained earnings	36	1,416,700	1,111,178	952,244
		1,900,839	1,641,330	1,453,432
Non-controlling interests		231,219	172,258	144,351
TOTAL EQUITY		2,132,058	1,813,588	1,597,783

TSH RESOURCES BERHAD
(Incorporated in Malaysia)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2022, 2021 AND 2020 (continued)

	Note	2022 RM'000	2021 RM'000	2020 RM'000
LIABILITIES				
Non-current liabilities				
Loans and borrowings	37	164,860	587,573	618,984
Retirement benefits	38	17,324	19,158	16,427
Lease liabilities	19	1,320	3,188	4,079
Deferred tax liabilities	24	86,555	92,068	129,149
		270,059	701,987	768,639
Current liabilities				
Loans and borrowings	37	394,251	521,752	690,211
Trade and other payables	39	142,158	204,661	77,734
Derivative liabilities	30	3,282	1,914	3,361
Lease liabilities	19	615	939	841
Current tax payable		16,855	22,642	8,812
		557,161	751,908	780,959
Liabilities associated with assets held for sale	33	-	40,553	24,396
TOTAL CURRENT LIABILITIES		557,161	792,461	805,355
TOTAL LIABILITIES		827,220	1,494,448	1,573,994
TOTAL EQUITY AND LIABILITIES		2,959,278	3,308,036	3,171,777

The accompanying notes form an integral part of the consolidated financial statements.

TSH RESOURCES BERHAD
(Incorporated in Malaysia)
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2022, 2021 AND 2020

			<---- Attributable to owners of the Company ---->								
				<-Non-distributable->		Distributable	<---- Non-distributable ---->				
2022	**Note**	**Equity, total RM'000**	**Equity attributable to owners of the 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**	**Non-controlling interests RM'000**
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											
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	15(d)	339	339	-	-	-	339	-	339	-	-
Remeasurements of net defined benefit liabilities	15(d)	1,077	935	-	-	935	-	-	-	-	142
Other comprehensive loss for the financial year, net of tax		(52,440)	(45,078)	-	-	935	(46,013)	-	(46,013)	-	(7,362)
Total comprehensive income for the financial year		472,553	411,329	-	-	457,342	(46,013)	-	(46,013)	-	61,224
Transactions with owners											
Dividends paid on ordinary shares	17	(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

TSH RESOURCES BERHAD
(Incorporated in Malaysia)
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2022, 2021 AND 2020 (continued)

			<---- Attributable to owners of the Company ---->								
				<-Non-distributable->		Distributable	<---- Non-distributable ---->				
2021	**Note**	**Equity, total RM'000**	**Equity attributable to owners of the 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**	**Non-controlling interests RM'000**
Balance as at 1 January 2021		1,597,783	1,453,432	740,512	(1,467)	952,244	(237,857)	9,630	(247,587)	100	144,351
Profit for the financial year		202,013	169,415	-	-	169,415	-	-	-	-	32,598
Other comprehensive income											
Foreign currency translations		36,261	30,713	-	-	-	30,713	-	30,713	-	5,548
Reclassification of exchange translation reserve to profit or loss upon disposal of a foreign subsidiary	15(d)	(1,749)	(1,749)	-	-	-	(1,749)	-	(1,749)	-	-
Remeasurements of net defined benefit liabilities	15(d)	1,180	1,000	-	-	1,000	-	-	-	-	180
Other comprehensive income for the financial year, net of tax		35,692	29,964	-	-	1,000	28,964	-	28,964	-	5,728
Total comprehensive income for the financial year		237,705	199,379	-	-	170,415	28,964	-	28,964	-	38,326
Transactions with owners											
Dividends paid on ordinary shares	17	(20,703)	(20,703)	-	-	(20,703)	-	-	-	-	-
Dividends paid to non-controlling interests		(1,197)	-	-	-	-	-	-	-	-	(1,197)
Changes in equity interests in subsidiaries		-	9,222	-	-	9,222	-	-	-	-	(9,222)
Total transactions with owners		(21,900)	(11,481)	-	-	(11,481)	-	-	-	-	(10,419)
Balance as at 31 December 2021		1,813,588	1,641,330	740,512	(1,467)	1,111,178	(208,893)	9,630	(218,623)	100	172,258

TSH RESOURCES BERHAD
(Incorporated in Malaysia)
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2022, 2021 AND 2020 (continued)

			<--- Attributable to owners of the Company --->								
				<-Non-distributable->		Distributable	<--- Non-distributable --->				
2020	**Note**	**Equity, total RM'000**	**Equity attributable to owners of the 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**	**Non-controlling interests RM'000**
Balance as at 1 January 2020		1,574,720	1,438,982	740,512	(1,467)	890,032	(190,095)	9,630	(199,825)	100	135,738
Profit for the financial year		90,324	79,487	-	-	79,487	-	-	-	-	10,837
Other comprehensive loss											
Foreign currency translations		(49,986)	(47,762)	-	-	-	(47,762)	-	(47,762)	-	(2,224)
Remeasurements of net defined benefit liabilities	15(d)	(3,473)	(3,473)	-	-	(3,473)	-	-	-	-	-
Other comprehensive loss for the financial year, net of tax		(53,459)	(51,235)	-	-	(3,473)	(47,762)	-	(47,762)	-	(2,224)
Total comprehensive income/(loss) for the financial year		36,865	28,252	-	-	76,014	(47,762)	-	(47,762)	-	8,613
Transactions with owners											
Dividends paid on ordinary shares	17	(13,802)	(13,802)	-	-	(13,802)	-	-	-	-	-
Total transactions with owners		(13,802)	(13,802)	-	-	(13,802)	-	-	-	-	-
Balance as at 31 December 2020		1,597,783	1,453,432	740,512	(1,467)	952,244	(237,857)	9,630	(247,587)	100	144,351

The accompanying notes form an integral part of the consolidated financial statements.

TSH RESOURCES BERHAD
(Incorporated in Malaysia)

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2022, 2021 AND 2020

	Note	2022 RM'000	2021 RM'000	2020 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax		557,297	254,084	130,242
Adjustments for:				
Amortisation of biological assets	20	1,181	1,181	1,181
Bad debts written off	12	241	3,012	1,377
Depreciation of property, plant and equipment	12	90,725	98,797	93,026
Depreciation of right-of-use assets	12	10,076	11,253	11,252
Dividend income	9	(18)	(172)	-
Fair value loss/(gain) on forward currency contracts	12,10	3,607	(549)	(413)
Fair value loss on investment securities	12	2	2	1
Fair value gain on commodity future contracts	10	(1,899)	(2,318)	(305)
Gain on disposal of:				
- property, plant and equipment	10	(312,007)	(358)	(368)
- assets held for sale	10	(84,585)	-	-
Gain on lease reassessments	10	(169)	-	-
Gain on remeasurement of financial guarantee contracts	39(d)	(47)	(68)	(60)
Impairment losses on:				
- property, plant and equipment	18	56,253	-	-
- goodwill	21	211	-	-
- trade receivables	25(a)	514	443	802
- other receivables	25(b)	5,151	3,994	1,834
Interest expense	11	32,377	41,058	47,758
Interest income	8	(9,846)	(8,644)	(13,281)
Inventories written down	27(d)	13,943	14,191	1,930
Inventories written off	27(c)	5,578	4,136	14,002
Loss/(Gain) from fair value adjustment of forest planting expenditure	20	37,240	9,928	(1,793)
Loss on disposal of a subsidiary	12	-	491	-
Losses arising from dissolution of subsidiaries	12	341	-	-
Net loss/(gain) from fair value adjustment of fresh fruit bunches	20	3,383	(4,490)	(3,581)
Net unrealised foreign exchange (gain)/loss		(3,944)	10,755	(4,902)
Property, plant and equipment written off	18	454	1,298	2,815
Right-of-use asset written off	19	193	-	-
Rent concessions	19	(1)	(79)	-
Share of profit of associate		(18,477)	(18,988)	(8,332)
Share of profit of joint ventures		(31,621)	(35,891)	(24,159)
Subtotal		(201,144)	128,982	118,784

TSH RESOURCES BERHAD
(Incorporated in Malaysia)

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2022, 2021 AND 2020 (continued)

	Note	2022 RM'000	2021 RM'000	2020 RM'000
Subtotal (continued)		(201,144)	128,982	118,784
Write back of impairment losses on:				
- trade receivables	25(a)	(1,399)	(4,267)	(1,806)
- other receivables	25(b)	(12)	(7,995)	(1,052)
Total adjustments		(202,555)	116,720	115,926
Operating cash flows before changes in working capital		354,742	370,804	246,168
Changes in working capital				
(Increase)/Decrease in inventories		(8,567)	(35,500)	30,663
Decrease/(Increase) in receivables		24,569	(20,269)	(16,118)
(Decrease)/Increase in payables		(73,874)	115,812	(10,417)
Increase/(Decrease) in retirement benefits obligations		102	(2,693)	1,045
Total changes in working capital		(57,770)	57,350	5,173
Cash flows from operations		296,972	428,154	251,341
Income tax paid		(91,780)	(43,433)	(21,945)
Income tax refunded		2,539	8,694	5,125
Net cash flows from operating activities		207,731	393,415	234,521
CASH FLOWS FROM INVESTING ACTIVITIES				
Additions of right-of-use assets		(20,630)	(947)	(2,335)
Dividends received from:				
- associate	22(d)	23,113	21,012	4,727
- joint ventures	23(c)	15,000	20,000	29,000
- short term investments	9	18	172	-
Forest planting expenditure		(2,388)	(3,878)	(4,106)
Interest received		9,846	8,644	13,281
(Placement)/Withdrawals of deposits with maturity of over 3 months		(3)	2,145	(65)
Proceeds from disposal of:				
- property, plant and equipment		411,325	1,172	1,617
- assets held for sale		248,000	-	-
Purchase of property, plant and equipment		(61,052)	(41,340)	(49,630)
Withdrawals of pledged deposits		-	-	1,078
Net cash flows from/(used in) investing activities		623,229	6,980	(6,433)

TSH RESOURCES BERHAD
(Incorporated in Malaysia)

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2022, 2021 AND 2020 (continued)

	Note	2022 RM'000	2021 RM'000	2020 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividends paid	17	(151,820)	(20,703)	(13,802)
Dividends paid to non-controlling interests		(2,263)	(1,197)	-
Interest paid		(32,190)	(40,843)	(47,336)
Net repayments of bankers' acceptances	37(l)	(35,837)	(48,324)	(29,607)
Net repayments of foreign currency import loan	37(l)	-	-	(196)
Net (repayments)/drawdowns of revolving credits	37(l)	(94,283)	7,131	22,614
Net (repayments)/drawdowns of Sukuk Murabahah Islamic Commercial Papers	37(l)	(50,000)	50,000	-
Net repayments of Sukuk Ijarah Medium Term Notes	37(l)	-	(245,000)	(30,000)
Net repayments of Sukuk Murabahah Medium Term Notes	37(l)	(60,000)	-	-
Net (repayments)/drawdowns of term loans	37(l)	(315,925)	21,616	(74,768)
Payments of lease interest	19(k)	(187)	(215)	(422)
Payments of lease liabilities	19(k)	(1,035)	(808)	(855)
Net cash flows used in financing activities		(743,540)	(278,343)	(174,372)
Net increase in cash and cash equivalents		87,420	122,052	53,716
Effects of exchange rate changes		(3,940)	2,597	(2,568)
Cash and cash equivalents as at beginning of financial year		292,751	156,493	116,954
Cash and cash equivalents transferred from/(to) assets held for sale	33	-	11,609	(11,609)
Cash and cash equivalents as at end of financial year	32(d)	376,231	292,751	156,493

The accompanying notes form an integral part of the consolidated financial statements.

TSH RESOURCES BERHAD
(Incorporated in Malaysia)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2022, 31 DECEMBER 2021 AND 31 DECEMBER 2020**

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.

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 years ended 31 December 2020, 31 December 2021 and 31 December 2022 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.

2. PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding, oil palm cultivation 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 and biogas power 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 stated in Note 45 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 have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") 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 42.1 to the financial statements.

The financial statements of the Group have been prepared under the historical cost convention except as otherwise stated in the financial statements.

3. BASIS OF PREPARATION (continued)

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). In addition, the Group 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 has the ability to meet their obligations as and when they fall due and the Group has not defaulted on any obligations due or payable to financial institutions or creditors.

The Directors are confident that the Group 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.

4. SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services, and has two reportable operating segments as follows:

(i) Palm products - the operation of oil palm plantations, manufacture and sale of crude palm oil and palm kernel; and
(ii) Others - 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 and biogas power plants.

Except as indicated above, no other business units have been aggregated to form the above reportable operating segments.

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 which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group financing (including finance costs), income taxes, share of profit of associate and share of profit of joint ventures are managed on a group basis and are not allocated to operating segments.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

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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)
Share of profit of associate	18,477	-	-		18,477
Share of profit of joint ventures	27,221	4,400	-		31,621
Other material non-cash items	(16,957)	(46,063)	-	(b)	(63,020)
Segment profit	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 (including liabilities associated with assets held for sale)	133,247	31,537	662,436	(f)	827,220

4. SEGMENT INFORMATION (continued)

	Palm products RM'000	Others RM'000	Adjustment and eliminations RM'000	Notes	Total RM'000
2021					
Revenue					
External customers	1,094,543	94,376	-		1,188,919
Inter-segment	18,298	-	(18,298)	(a)	-
Total revenue	1,112,841	94,376	(18,298)		1,188,919
Results					
Interest income	74,171	1,022	(66,549)		8,644
Dividend income	172	-	-		172
Depreciation and amortisation	(96,060)	(15,171)	-		(111,231)
Gain on disposal of property, plant and equipment	323	35	-		358
Share of profit of associate	18,988	-	-		18,988
Share of profit of joint ventures	32,728	3,163	-		35,891
Other material non-cash items	(12,677)	(12,499)	-	(b)	(25,126)
Segment profit	284,020	(10,376)	(19,560)	(c)	254,084
Assets:					
Additions to non-current assets (including assets held for sale) *	32,285	15,199	-	(d)	47,484
Segment assets (including assets held for sale)	2,214,283	718,590	375,163	(e)	3,308,036
Segment liabilities (including liabilities associated with assets held for sale)	200,281	40,534	1,253,633	(f)	1,494,448

* *Included additions to assets held for sale amounted to RM2,206,000.*

4. SEGMENT INFORMATION (continued)

	Palm products RM'000	Others RM'000	Adjustment and eliminations RM'000	Notes	Total RM'000
2020					
Revenue					
External customers	814,407	111,596	-		926,003
Inter-segment	14,434	-	(14,434)	(a)	-
Inter-operation sales	15,250	-	(15,250)		-
Total revenue	844,091	111,596	(29,684)		926,003
Results					
Interest income	87,754	1,874	(76,347)		13,281
Depreciation and amortisation	(91,329)	(14,130)	-		(105,459)
Gain on disposal of property, plant and equipment	365	3	-		368
Share of profit of associate	8,332	-	-		8,332
Share of profit of joint ventures	20,680	3,479	-		24,159
Other material non-cash items	8,832	(16,363)	-	(b)	(7,531)
Segment profit	142,372	19,890	(32,020)	(c)	130,242
Assets:					
Additions to non-current assets (including assets held for sale) *	41,020	17,797	-	(d)	58,817
Segment assets (including assets held for sale)	2,134,610	730,524	306,643	(e)	3,171,777
Segment liabilities (including liabilities associated with assets held for sale)	79,388	41,608	1,452,998	(f)	1,573,994

* *Included additions to assets held for sale amounted to RM5,909,000.*

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:

	2022 RM'000	2021 RM'000	2020 RM'000
Fair value (loss)/gain on forward currency contracts	(3,607)	549	413
Fair value gain on commodity future contracts	1,899	2,318	305
Inventories written down	(13,943)	(14,191)	(1,930)
Inventories written off	(5,578)	(4,136)	(14,002)
Impairment losses on goodwill	(211)	-	-
(Loss)/Gain from fair value adjustments of forest planting expenditure	(37,240)	(9,928)	1,793
Net (loss)/gain from fair value adjustments of fresh fruit bunches	(3,383)	4,490	3,581
Net write back on trade receivables	885	3,824	1,004
Net unrealised foreign exchange gain/(loss)	3,944	(10,755)	4,902
Net (impairment losses)/write back on other receivables	(5,139)	4,001	(782)
Property, plant and equipment written off	(454)	(1,298)	(2,815)
Right-of-use assets written off	(193)	-	-
	(63,020)	(25,126)	(7,531)

(c) The following items are (deducted from)/added to segment profit to arrive at "Profit before tax" presented in the statements of comprehensive income:

	2022 RM'000	2021 RM'000	2020 RM'000
Share of profit of associate	18,477	18,988	8,332
Share of profit of joint ventures	31,621	35,891	24,159
Finance costs	(32,377)	(41,058)	(47,758)
Unallocated corporate expenses	(54,604)	(33,381)	(16,753)
	(36,883)	(19,560)	(32,020)

(d) Additions to non-current assets (including assets held for sale) consist of:

	2022 RM'000	2021 RM'000	2020 RM'000
Property, plant and equipment	61,673	42,412	52,314
Biological assets	2,501	4,125	4,418
Right-of-use assets - land use rights	20,586	947	2,085
	84,760	47,484	58,817

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:

	2022 RM'000	2021 RM'000	2020 RM'000
Investment in an associate	77,437	82,073	84,097
Investments in joint ventures	106,083	89,462	73,571
Tax recoverable	8,789	5,132	7,233
Deferred tax assets	6,026	4,297	6,624
Unallocated amounts	86,573	194,199	135,118
	284,908	375,163	306,643

(f) The following items are added to segment liabilities to arrive at total liabilities reported in the statements of financial position:

	2022 RM'000	2021 RM'000	2020 RM'000
Deferred tax liabilities	86,555	132,621	133,075
Loans and borrowings	559,111	1,109,325	1,309,195
Unallocated amounts	16,770	11,687	10,728
	662,436	1,253,633	1,452,998

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		
	2022 RM'000	2021 RM'000	2020 RM'000	2022 RM'000	2021 RM'000	2020 RM'000
Malaysia	448,802	486,685	361,524	1,008,207	1,235,624	1,239,883
Indonesia	783,620	641,955	492,343	1,307,653	1,441,560	1,468,845
United States of America	40,079	30,893	49,831	-	-	1
Southwest Pacific	23,526	21,253	12,571	-	-	-
Others	9,972	8,133	9,734	-	5	5
	1,305,999	1,188,919	926,003	2,315,860	2,677,189	2,708,734

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 2022, 31 December 2021 and 31 December 2020.

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 1.25 level (2021: 1.25; 2020: 1.5) is met. In addition, over the near to medium term, the Group seeks to maintain a net debt/equity ratio at below 1.0 level.

	2022 RM'000	**2021 RM'000**	**2020 RM'000**
Loans and borrowings	559,111	1,109,325	1,309,195
Less: Cash and bank balances	(375,580)	(279,728)	(159,441)^
Less: Short term funds	(6,385)	(17,464)	(15,302)
Net debt	177,146	812,133	1,134,452
Total equity	2,132,058	1,813,588	1,597,783
Debt*/equity ratio	0.26	0.61	0.82
Net debt/equity ratio	0.08	0.45	0.71

* *Represents loans and borrowings.*
^ *Included cash and bank balances of RM11,609,000 in disposal group held for sale (Note 33 to the financial statements).*

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 years ended 31 December 2022, 31 December 2021 and 31 December 2020.

(b) Financial risk management

The Group is 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, Senior General Manager 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 does not apply hedge accounting.

5. CAPITAL AND FINANCIAL RISK MANAGEMENT (continued)

(b) Financial risk management (continued)

(i) Credit risk

The Group'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 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 25 to the financial statements.

(ii) Liquidity risk

The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and financial liabilities. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

Management continuously strive to re-balance the Group's short term and long term borrowings to reflect the long term nature of the Group's business. While the Group is in net current assets position due to realisation of the cash flow generated from the disposals of assets and paring down of loan and borrowings, the Company is still in net current liabilities position. In this regard, the Group diligently manages its debt maturity profile, operating cash flows and various sources of funding after taking into 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 Group also ensures it has sufficient undrawn credit facilities available to complement its overall liquidity management. As at 31 December 2022, the Group has RM482,113,000 (2021: RM376,848,000; 2020: RM468,600,000) in unused credit facilities.

In addition, 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. Barring any unforeseen circumstances, the Group is not aware of any other matters that may impact the liquidity risk of the Group, including consideration of the potential effects, if any, arising from the Russia-Ukraine war.

At the end of the reporting period, approximately 71% (2021: 47%; 2020: 53%) of the Group'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 19, 30, 37 and 39 to the financial statements.

(iii) Interest rate risk

The Group's exposure to interest rate risk arises primarily from its 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 19, 25, 31, 32, 37 and 39 to the financial statements.

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), Sterling Pound (GBP), Euro (EUR), Indonesian Rupiah (IDR) and Singapore Dollar (SGD). The foreign currencies in which these transactions are denominated are mainly USD.

Approximately 94% (2021: 96%; 2020: 92%) of the Group's sales and 95% (2021: 96%; 2020: 93%) 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 2022, the Group hedged 7% (2021: 13%; 2020: 52%) and 47% (2021: Nil; 2020: Nil) of its foreign currency denominated sales and loans and borrowings respectively, for which firm commitments existed at the end of the reporting period, extending to August 2023 (2021: September 2022; 2020: May 2021) and November 2023 (2021: Nil; 2020: Nil) respectively.

The currency exposure profiles of financial assets and financial liabilities are as follows:

Group	USD RM'000	AUD RM'000	GBP RM'000	EUR RM'000	IDR RM'000	SGD RM'000
2022						
Financial assets in foreign currencies						
Trade and other receivables	2,781	3,142	-	287	74,429	351
Other current assets	-	-	-	-	580	58
Cash and bank balances	1,909	324	-	88	221,629	501
Financial liabilities in foreign currencies						
Loans and borrowings	(106,062)	-	-	-	-	-
Trade and other payables	(2,146)	(153)	(96)	(405)	(92,344)	(880)

5. CAPITAL AND FINANCIAL RISK MANAGEMENT (continued)

(b) Financial risk management (continued)

(iv) Foreign currency risk (continued)

The currency exposure profiles of financial assets and financial liabilities are as follows (continued):

	USD RM'000	AUD RM'000	GBP RM'000	EUR RM'000	IDR RM'000	SGD RM'000
2021						
Financial assets in foreign currencies						
Trade and other receivables	4,448	3,584	-	1,974	107,067	44
Other current assets	-	-	-	-	600	6
Cash and bank balances	10,370	-	-	-	131,042	310
Financial liabilities in foreign currencies						
Loans and borrowings	(438,899)	-	-	-	-	-
Trade and other payables	(10,556)	(225)	-	(666)	(114,025)	(46)

	USD RM'000	AUD RM'000	GBP RM'000	EUR RM'000	IDR RM'000	SGD RM'000
2020						
Financial assets in foreign currencies						
Trade and other receivables	4,564	1,920	-	1,706	51,931	9
Other current assets	-	-	-	-	254	-
Cash and bank balances	9,743	-	-	-	94,247	1,205
Financial liabilities in foreign currencies						
Loans and borrowings	(446,239)	-	-	-	-	-
Trade and other payables	(6,291)	(162)	(23)	(1,126)	(22,364)	(814)

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 and SGD exchange rates against the respective functional currency of the Group entities, with all other variables held constant.

		Profit net of tax		
		2022 RM'000	2021 RM'000	2020 RM'000
USD/RM	- strengthened by 5%	(3,934)	(16,516)	(16,652)
	- weakened by 5%	3,934	16,516	16,652
AUD/RM	- strengthened by 5%	114	128	67
	- weakened by 5%	(114)	(128)	(67)
GBP/RM	- strengthened by 5%	(4)	-	(1)
	- weakened by 5%	4	-	1
EUR/RM	- strengthened by 5%	(1)	50	22
	- weakened by 5%	1	(50)	(22)
IDR/RM	- strengthened by 5%	375	1,546	2,077
	- weakened by 5%	(375)	(1,546)	(2,077)
SGD/RM	- strengthened by 5%	(9)	2	3
	- weakened by 5%	9	(2)	(3)

(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 26 to the financial statements.

6. REVENUE

	2022 RM'000	2021 RM'000	2020 RM'000
Revenue from contracts with customers:			
- Sales of oil palm products	1,202,038	1,094,543	814,407
- Sales of wood products	74,400	56,918	39,979
- Revenue from supply of electricity	11,696	11,658	16,424
- Sales of cocoa products	5,546	7,919	39,031
- Sales of timber and latex	7,112	11,189	6,064
- Revenue from supply and installation services	4,369	4,087	7,466
- Sales of ramets and laran plantlet and plantable	838	2,605	2,632
	1,305,999	1,188,919	926,003

6. REVENUE (continued)

	2022 RM'000	2021 RM'000	2020 RM'000
Timing of revenue recognition			
- Over time	4,369	4,087	7,466
- At a point in time	1,301,630	1,184,832	918,537
	1,305,999	1,188,919	926,003

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.

7. COST OF SALES

	2022 RM'000	2021 RM'000	2020 RM'000
Cost of inventories sold	795,693	696,039	585,063
Supply and installation service costs	4,048	3,695	6,457
Cost of services rendered	13,329	13,846	10,350
	813,070	713,580	601,870

8. INTEREST INCOME

	2022 RM'000	2021 RM'000	2020 RM'000
Interest income from:			
Plasma receivables	3,237	4,469	6,172
Short-term deposits	6,609	4,175	6,193
Others	-	-	916
	9,846	8,644	13,281

Interest income

Interest income is recognised on an accrual basis using the effective interest method.

9. DIVIDEND INCOME

	2022 RM'000	2021 RM'000	2020 RM'000
Dividend income from:			
Short term investments (unquoted in Malaysia)	18	172	-

Dividend income

Dividend income is recognised when the Group's right to receive payment is established.

10. OTHER INCOME

	2022 RM'000	2021 RM'000	2020 RM'000
Fair value gain on forward currency contracts	-	549	413
Fair value gain on commodity future contracts	1,899	2,318	305
Fair value gain on short term funds	10	18	5
Gain from fair value adjustment of forest planting expenditure (Note 20)	-	-	1,793
Gain on disposal of:			
- property, plant and equipment	312,007	358	368
- assets held for sale (Note 33(b))	84,585	-	-
Gain on lease reassessments	169	-	-
Gain on redemption of short term funds	-	15	-
Gain on remeasurement of financial guarantees contracts (Note 39(d))	47	68	60
Insurance claims received and receivable	5,732	6,874	17,217
Management fee	4,110	3,128	2,680
Net gain from fair value adjustment of fresh fruit bunches (Note 20)	-	4,490	3,581
Net gain on foreign exchange			
- realised	-	-	93
- unrealised	3,944	-	4,902
Realised gain from forward currency contracts	1,273	-	-
Rent concessions (Note 19)	1	79	-
Rental income	1,007	1,138	1,294
Sales of scrap iron	910	338	174
Miscellaneous	1,821	2,872	1,241
	417,515	22,245	34,126

10. OTHER INCOME (continued)

Rental income

Rental income is recognised on a straight line basis over the period of tenancy.

11. FINANCE COSTS

	2022 RM'000	2021 RM'000	2020 RM'000
Interest expense on:			
Bank overdrafts	34	45	90
Bankers' acceptances	636	1,783	3,185
Lease liabilities	187	215	422
Revolving credits	4,679	9,582	10,718
Term loans	15,944	11,626	17,065
Others	20	17	510
	21,500	23,268	31,990
Islamic financing distribution payment:			
Sukuk Ijarah Medium Term Notes	-	8,623	13,512
Sukuk Murabahah Medium Term Notes	6,607	7,541	7,851
Buy-back premium on Medium Term Notes	3,120	1,819	-
Sukuk Murabahah Islamic Commercial Papers	1,330	840	-
	11,057	18,823	21,363
Total finance costs	32,557	42,091	53,353
Less: Interest expense capitalised in bearer plants and forest planting expenditure	(180)	(1,033)	(5,595)
Net finance costs	32,377	41,058	47,758

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 RM53,000 (2021: 52,000; 2020: RM4,520,000) and under biological assets of the Group amounted to RM127,000 (2021: 981,000; 2020: RM1,075,000) at interest rates ranging from 6.90% to 7.90% (2021: 3.00% to 6.90%; 2020: 3.00% to 8.15%).

12. PROFIT BEFORE TAXATION

(a) Other than those disclosed elsewhere in the financial statements, the following items have been included in arriving at profit before taxation:

	Note	2022 RM'000	2021 RM'000	2020 RM'000
Amortisation of biological assets	20	1,181	1,181	1,181
Auditors' remuneration:				
BDO PLT				
- statutory audits:				
- current year		531	520	543
- over provision in prior years		-	(2)	-
- other services				
- current year		123	115	99
- over provision in prior years		(1)	(1)	-
Other auditors				
- statutory audits:				
- current year		327	319	279
- under/(over) provision in prior years		4	(53)	(49)
Bad debts written off		241	3,012	1,377
Depreciation of property, plant and equipment		90,725	98,797	93,026
Depreciation of right-of-use assets		10,076	11,253	11,252
Employee benefits expense	13	113,207	105,954	109,435
Fair value loss on investment securities		2	2	1
Fair value loss on forward currency contracts		3,607	-	-
Inventories written down	27	13,943	14,191	1,930
Inventories written off	27	5,578	4,136	14,002
Impairment losses on:				
- property, plant and equipment	18	56,253	-	-
- goodwill	21	211	-	-
Loss from fair value adjustment of forest planting expenditure	20	37,240	9,928	-
Loss from fair value adjustment of fresh fruit bunches	20	3,383	-	-
Loss on disposal of a subsidiary		-	491	-
Losses arising from dissolution of subsidiaries		341	-	-
Net loss on foreign exchange:				
- realised		29,729	1,743	3,621
- unrealised		-	10,755	-
Non-Executive Directors' remuneration	14	5,596	2,713	2,590
Property, plant and equipment written off		454	1,298	2,815
Right-of-use assets written off		193	-	-
Realised loss on commodity future contracts		9,072	43,602	11,666
Realised loss on forward currency contracts		-	858	122
Rental expenses on premises		260	205	170

12. PROFIT BEFORE TAXATION (continued)

(b) Net impairment (losses)/write back on financial assets recognised in profit or loss were as follows:

	Note	2022 RM'000	2021 RM'000	2020 RM'000
Impairment losses on:				
- trade receivables	25(a)	(514)	(443)	(802)
- other receivables	25(b)	(5,151)	(3,994)	(1,834)
		(5,665)	(4,437)	(2,636)
Write back of impairment losses on:				
- trade receivables	25(a)	1,399	4,267	1,806
- other receivables	25(b)	12	7,995	1,052
		1,411	12,262	2,858
Net impairment (losses)/write back on financial assets		(4,254)	7,825	222

13. EMPLOYEE BENEFITS EXPENSE

	Note	2022 RM'000	2021 RM'000	2020 RM'000
Wages and salaries		100,266	96,183	97,470
Contributions to defined contribution plan		5,216	4,454	4,415
Social security contributions		8,178	7,567	7,647
Increase/(Decrease) in liability for defined benefit plan		1,077	(528)	6,318
		114,737	107,676	115,850
Less: Amount capitalised in bearer plants		(773)	(862)	(5,309)
Less: Amount capitalised in forest planting expenditure	20(a)	(757)	(860)	(1,106)
		113,207	105,954	109,435

Included in employee benefits expense of the Group are Executive Directors' remuneration amounting to RM7,333,000 (2021: RM6,169,000; 2020: RM6,168,000) as further disclosed in Note 14 to the financial statements.

14. DIRECTORS' REMUNERATION

The details of remuneration received and receivable by Directors of the Company during the financial year are as follows:

	Note	2022 RM'000	2021 RM'000	2020 RM'000
Executive:				
Salaries and bonus		5,972	5,184	5,159
Other emoluments		1,361	985	1,009
Total Executive Directors' remuneration (excluding benefits-in-kind)	13	7,333	6,169	6,168
Estimated money value of benefits-in-kind		422	401	394
Total Executive Directors' remuneration (including benefits-in-kind)		7,755	6,570	6,562
Non-Executive:				
Fees		294	271	198
Salaries		4,149	1,480	1,462
Other emoluments		1,153	962	930
Total Non-Executive Directors' remuneration (excluding benefits-in-kind)	12	5,596	2,713	2,590
Estimated money value of benefits-in-kind		289	230	217
Total Non-Executive Directors' remuneration (including benefits-in-kind)		5,885	2,943	2,807
Total Directors' remuneration		13,640	9,513	9,369

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		
	2022	2021	2020
Executive Directors:			
RM1,350,000 - RM1,400,000	1	-	-
RM1,400,001 - RM1,450,000	-	-	1
RM1,450,001 - RM1,500,000	-	1	-
RM1,700,001 - RM1,750,000	-	-	1
RM1,750,001 - RM1,800,000	1	1	-
RM3,300,001 - RM3,350,000	-	1	-
RM3,350,001 - RM3,400,000	-	-	1
RM4,600,000 - RM4,650,000	1	-	-
Non-Executive Directors:			
Below RM50,000	2	2	5
RM50,001 - RM100,000	3	3	-
RM350,001 - RM400,000	-	1	1
RM600,000 - RM650,000	1	-	-
RM2,200,001 - RM2,250,000	-	-	1
RM2,300,001 - RM2,350,000	-	1	-
RM4,950,000 - RM5,000,000	1	-	-

15. TAXATION

(a) Major components of taxation

The major components of taxation for the financial years ended 31 December 2022, 31 December 2021 and 31 December 2020 are:

	2022 RM'000	2021 RM'000	2020 RM'000
Statements of comprehensive income:			
Current income tax:			
- Malaysian income tax	7,237	9,725	8,419
- Foreign tax	57,473	41,181	21,983
- Real Property Gains Tax (RPGT)	15,102	-	-
	79,812	50,906	30,402
(Over)/Under provision in prior years:			
- Malaysian income tax	(204)	(236)	49
- Foreign income tax	451	-	-
	247	(236)	49
Deferred tax			
- Origination and reversal of temporary differences	(47,938)	(894)	4,374
- Under provision in prior years	183	2,295	5,093
	(47,755)	1,401	9,467
Taxation recognised in profit and loss	32,304	52,071	39,918

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2021: 24%; 2020: 24%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

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15. TAXATION (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 2022, 31 December 2021 and 31 December 2020 is as follows:

	2022 RM'000	**2021 RM'000**	**2020 RM'000**
Profit before tax	557,297	254,084	130,242
Tax at Malaysian statutory tax rate of 24% (2021: 24%; 2020: 24%)	133,751	60,980	31,258
Different tax rates in other countries	(10,755)	(4,136)	(1,621)
Tax effects in respect of:			
Non-deductible expenses	24,474	13,732	9,532
Income not subject to taxation	(90,100)	(5,665)	(4,745)
Share of profit of associate	(4,434)	(4,557)	(2,000)
Share of profit of joint ventures	(7,589)	(8,614)	(5,798)
Effect of utilisation of previously unrecognised tax losses and unabsorbed allowances	(211)	(1,053)	(879)
Effect of different tax rate for small and medium scale company	(14)	(11)	(12)
Effect of investment cost in subsidiaries eligible for tax deduction	(840)	(874)	(648)
Effect of reduction in tax rate in Indonesian subsidiaries	-	-	(2,522)
Crystallisation of deferred tax upon disposal of assets held for sale	(33,651)	-	-
Deferred tax assets not recognised	6,141	210	12,211
Real Property Gain Tax ("RPGT")	15,102	-	-
Under/(Over) provision of income tax expense in prior years	247	(236)	49
Under provision of deferred tax in prior years	183	2,295	5,093
Taxation recognised in profit and loss	32,304	52,071	39,918

The above reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction.

(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.

15. TAXATION (continued)

(c) Value-added tax ("VAT") (continued)

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
At 31 December 2022			
Item that may be reclassified to profit or loss in subsequent periods:	(53,856)	-	(53,856)
Foreign currency translations			
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
At 31 December 2021			
Item that may be reclassified to profit or loss in subsequent periods:			
Foreign currency translations	36,261	-	36,261
Reclassification of exchange translation reserve to profit or loss upon disposal of a foreign subsidiary	(1,749)	-	(1,749)
	34,512	-	34,512
Item that may not be reclassified to profit or loss in subsequent periods:			
Remeasurement of net retirement benefit obligations	1,456	(276)	1,180
At 31 December 2020			
Item that may be reclassified to profit or loss in subsequent periods:			
Foreign currency translations	(49,986)	-	(49,986)
Item that may not be reclassified to profit or loss in subsequent periods:			
Remeasurement of net retirement benefit obligations	(4,286)	813	(3,473)

16. 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		
	2022	**2021**	**2020**
Profit attributable to owners of the Company used in the computation of basic or diluted earnings per share (RM'000)	456,407	169,415	79,487
Weighted average number of ordinary shares in issue ('000)	1,380,174	1,380,174	1,380,174
Basic earnings per ordinary share (sen)	33.07	12.27	5.76

(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.

17. DIVIDENDS

	Group and Company		
	2022 RM'000	**2021 RM'000**	**2020 RM'000**
Recognised during the year:			
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	-	-
First and final single tier dividend for financial year ended 31 December 2020 of 1.5 sen per ordinary share	-	20,703	-
First and final single tier dividend for financial year ended 31 December 2019 of 1.0 sen per ordinary share	-	-	13,802
	151,820	20,703	13,802

At the forthcoming Annual General Meeting, a final single tier dividend in respect of the financial year ended 31 December 2022 of 2.5 sen per ordinary share will be proposed for shareholders' approval in accordance with the Company's Constitution. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2023.

18. PROPERTY, PLANT AND EQUIPMENT

Group	Bearer plants RM'000	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
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 33)	(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

18. PROPERTY, PLANT AND EQUIPMENT (continued)

Group	Bearer plants RM'000	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
2021								
Carrying amount								
Balance as at 1 January 2021	873,474	34,407	229,235	3,861	112,818	34,167	12,111	1,300,073
Additions	9,220	211	4,401	1,551	11,376	1,090	14,563	42,412
Disposals	-	-	-	(401)	(413)	-	-	(814)
Write-offs	(62)	(24)	(904)	-	(288)	(20)	-	(1,298)
Reclassifications	-	5,955	4,336	-	3,639	-	(13,930)	-
Reclassified from assets held for sale (Note 33)	301,520	30,785	27,793	285	4,688	141	-	365,212
Reclassified to assets held for sale (Note 33)	-	(198)	(16,448)	(647)	(5,213)	(254)	(845)	(23,605)
Depreciation charged for the financial year	(50,949)	(9,358)	(14,298)	(2,085)	(21,746)	(1,111)	-	(99,547)
Exchange differences	23,623	1,096	2,427	30	540	20	43	27,779
Balance as at 31 December 2021	1,156,826	62,874	236,542	2,594	105,401	34,033	11,942	1,610,212

18. PROPERTY, PLANT AND EQUIPMENT (continued)

Group	Bearer plants RM'000	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
2020								
Carrying amount								
Balance as at 1 January 2020	1,232,489	68,934	274,276	6,560	121,985	34,395	16,743	1,755,382
Additions	22,253	114	686	1,688	8,165	523	18,885	52,314
Disposals	-	-	-	(1,028)	(218)	(3)	-	(1,249)
Write-offs	(47)	(152)	(1,882)	-	(714)	(14)	(6)	(2,815)
Reclassifications	-	7,643	2,226	-	12,969	553	(23,391)	-
Reclassified to assets held for sale (Note 33)	(301,520)	(30,785)	(27,793)	(285)	(4,688)	(141)	-	(365,212)
Depreciation charged for the financial year	(43,081)	(9,629)	(14,562)	(2,996)	(23,809)	(1,119)	-	(95,196)
Exchange differences	(36,620)	(1,718)	(3,716)	(78)	(872)	(27)	(120)	(43,151)
Balance as at 31 December 2020	873,474	34,407	229,235	3,861	112,818	34,167	12,111	1,300,073

18. PROPERTY, PLANT AND EQUIPMENT (continued)

Group	At 31.12.2022 Cost RM'000	Accumulated depreciation RM'000	Accumulated impairment losses RM'000	Carrying amount 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

Group	At 31.12.2021 Cost RM'000	Accumulated depreciation RM'000	Accumulated impairment losses RM'000	Carrying amount RM'000
Bearer plants	1,409,513	(252,687)	-	1,156,826
Plantation infrastructure	127,887	(65,013)	-	62,874
Buildings	361,408	(124,866)	-	236,542
Motor vehicles	44,204	(41,610)	-	2,594
Plant, machinery and equipment	426,021	(320,620)	-	105,401
Furniture, fittings and renovation	60,201	(25,143)	(1,025)	34,033
Assets under construction	196,806	-	(184,864)	11,942
	2,626,040	(829,939)	(185,889)	1,610,212

18. PROPERTY, PLANT AND EQUIPMENT (continued)

	At 31.12.2020			
Group	**Cost RM'000**	**Accumulated depreciation RM'000**	**Accumulated impairment losses RM'000**	**Carrying amount RM'000**
Bearer plants	1,002,959	(129,485)	-	873,474
Plantation infrastructure	65,396	(30,989)	-	34,407
Buildings	333,583	(104,348)	-	229,235
Motor vehicles	46,527	(42,666)	-	3,861
Plant, machinery and equipment	410,143	(297,325)	-	112,818
Furniture, fittings and renovation	59,197	(24,003)	(1,027)	34,167
Assets under construction	196,992	-	(184,881)	12,111
	2,114,797	(628,816)	(185,908)	1,300,073

18. PROPERTY, PLANT AND EQUIPMENT (continued)

(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.

(c) Depreciation capitalised under bearer plants and biological assets during the financial year was as follows:

	2022 RM'000	2021 RM'000	2020 RM'000
Property, plant and equipment			
Bearer plants (Note 18(d))	304	457	1,581
Biological assets			
Forest planting expenditure (Note 20(a))	99	234	290

(d) Included in bearer plants during the financial year are:

	2022 RM'000	2021 RM'000	2020 RM'000
Depreciation of property, plant and equipment (Note 18(c))	304	457	1,581
Depreciation of right-of-use assets (Note 19(d))	317	360	804
Interest expense	53	52	4,209
Employee benefits expense	773	540	4,549

(e) Management estimates the useful lives of plant and machinery to be between 3 to 14 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.

18. PROPERTY, PLANT AND EQUIPMENT (continued)

(e) (continued)

Sensitivity analysis for depreciation rate

	Profit net of tax		
		Group	
	2022 RM'000	2021 RM'000	2020 RM'000
Depreciation rate			
- increased by 10%	(2,057)	(2,175)	(2,381)
- decreased by 10%	2,057	2,175	2,381

(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.

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:

	2022	2021	2020
CPO price (RM/MT)	3,800	3,600	2,800
Pre-tax discount rates (%)	10.00 - 13.00	9.00 - 11.50	8.00 - 10.00

(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.

The Group had determined that the recoverable amount of the bearer plant in respect of a loss making subsidiary in Indonesia is lower than its carrying amount. Accordingly, impairment loss amounted to RM17,414,000(2021: Nil; 2020: Nil) has been recognised within other expenses in the Statements of Comprehensive Income during the financial year.

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) 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 have been recognised within other expenses in the Statements of Comprehensive Income during the financial year.

19. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The Group 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	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 33)	-	(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

19. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)

The Group 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
2021							
Carrying amount							
At 1 January 2021	214,792	171,868	688	97	3,969	68	391,482
Additions	-	947	-	-	35	-	982
Depreciation charged for the financial year	(2,505)	(8,339)	(189)	(9)	(744)	(36)	(11,822)
Reclassified from assets held for sale (Note 33)	-	30,650	-	-	-	-	30,650
Reclassified to assets held for sale (Note 33)	(125,640)	-	-	-	-	-	(125,640)
Exchange differences	-	3,167	-	-	3	-	3,170
Reassessments	-	-	-	-	59	-	59
At 31 December 2021	86,647	198,293	499	88	3,322	32	288,881

19. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)

The Group 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
2020							
Carrying amount							
At 1 January 2020	218,217	212,828	835	48	1,705	103	433,736
Additions	-	2,085	40	-	332	-	2,457
Reclassified to assets held for sale (Note 33)	-	(30,650)	-	-	-	-	(30,650)
Depreciation charged for the financial year	(3,425)	(7,691)	(187)	(23)	(717)	(35)	(12,078)
Exchange differences	-	(4,704)	-	-	(2)	-	(4,706)
Reassessments	-	-	-	72	2,651	-	2,723
At 31 December 2020	214,792	171,868	688	97	3,969	68	391,482

19. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)

The Group as lessee (continued)

Right-of-use assets (continued)

	At 31.12.2022		
Group	**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

	At 31.12.2021		
Group	**Cost RM'000**	**Accumulated depreciation RM'000**	**Carrying amount RM'000**
Long term leasehold land	100,095	(13,448)	86,647
Land use rights	292,867	(94,574)	198,293
Short term leasehold land	1,506	(1,007)	499
Equipment	203	(115)	88
Buildings	6,052	(2,730)	3,322
Motor vehicle	176	(144)	32
	400,899	(112,018)	288,881

	At 31.12.2020		
Group	**Cost RM'000**	**Accumulated depreciation RM'000**	**Carrying amount RM'000**
Long term leasehold land	234,298	(19,506)	214,792
Land use rights	244,257	(72,389)	171,868
Short term leasehold land	1,506	(818)	688
Equipment	217	(120)	97
Buildings	5,953	(1,984)	3,969
Motor vehicle	176	(108)	68
	486,407	(94,925)	391,482

19. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)

The Group 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
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
2021					
Carrying amount					
At 1 January 2021	1,126	97	3,629	68	4,920
Additions	-	-	35	-	35
Lease payments	(190)	(31)	(770)	(32)	(1,023)
Interest expense	46	4	163	2	215
Reassessments	-	-	59	-	59
Rent concessions*	-	-	(79)	-	(79)
At 31 December 2021	982	70	3,037	38	4,127
2020					
Carrying amount					
At 1 January 2020	1,051	53	1,727	99	2,930
Additions	40	-	82	-	122
Lease payments	(216)	(31)	(995)	(35)	(1,277)
Interest expense	251	3	164	4	422
Reassessments	-	72	2,651	-	2,723
At 31 December 2020	1,126	97	3,629	68	4,920

* *Variable lease payments arose from COVID-19 related rent concessions recognised in other operating income were RM79,000.*

19. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)

The Group as lessee (continued)

Lease liabilities (continued)

	2022 RM'000	2021 RM'000	2020 RM'000
Non-current liabilities	1,320	3,188	4,079
Current liabilities	615	939	841
Total lease liabilities	1,935	4,127	4,920
Lease liabilities owing to financial institutions	-	38	68
Lease liabilities owing to non-financial institutions	1,935	4,089	4,852
	1,935	4,127	4,920

(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 34 to 908 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

(b) Included in land use rights of the Group are prepayments amounting to RM34,083,000 (2021: RM34,503,000; 2020: RM29,633,000), which the Group has yet to obtain the titles to use the rights as at the end of the reporting period.

(c) The Group has 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 applies the "short-term lease" and "lease of low-value assets" exemptions for these leases.

19. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)

The Group as lessee (continued)

(d) Depreciation capitalised under bearer plants and biological assets during the financial year is as follows:

	2022 RM'000	2021 RM'000	2020 RM'000
Property, plant and equipment			
Bearer plants (Note 18(d))	317	360	804
Biological assets			
Forest planting expenditure (Note 20(a))	14	13	22

(e) The following are the amounts recognised in profit or loss:

	2022 RM'000	2021 RM'000	2020 RM'000
Depreciation charge of right-of-use assets (included in cost of sales and administrative expenses)	10,076	11,253	11,252
Interest expense on lease liabilities (included in finance costs)	187	215	422
Expense relating to short-term leases (included in administration expenses)	260	205	170
Rent concessions	(1)	(79)	-
	10,522	11,594	11,844

(f) During the financial year, the Group had total cash outflow for leases of RM1,482,000 (2021: RM1,228,000; 2020: RM1,447,000).

(g) The Group leases several lease contracts that included extension and termination options. These were used to maximise operational flexibility in terms of managing the assets used in the operations of the Group. Management exercised significant judgement in determining whether these extension and termination options were reasonably certain to be exercised.

The following were the undiscounted potential future rental payments that are not included in the lease term:

Group	Within five years RM'000	Total RM'000
2021		
Extension options expected not to be exercised	25	25
2020		
Extension options expected not to be exercised	25	25

19. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)

The Group as lessee (continued)

(h) 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:

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 2022						
Lease liabilities						
Fixed rates	2.35% - 5.58%	615	394	440	486	1,935
31 December 2021						
Lease liabilities						
Fixed rates	2.35% - 5.58%	939	898	1,913	377	4,127
31 December 2020						
Lease liabilities						
Fixed rates	2.35% - 5.58%	841	1,028	2,437	614	4,920

(i) 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.

(j) The table below summarises the maturity profile of the lease liabilities of the Group at the end of the reporting period based on contractual undiscounted repayment obligations as follows:

Group	On demand or within one year RM'000	One to five years RM'000	More than five years RM'000	Total RM'000
31 December 2022				
Lease liabilities	700	977	564	2,241
31 December 2021				
Lease liabilities	1,112	3,026	539	4,677
31 December 2020				
Lease liabilities	1,099	3,815	723	5,637

19. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)

The Group as lessee (continued)

(k) 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		
	2022 RM'000	**2021 RM'000**	**2020 RM'000**
At 1 January	4,127	4,920	2,930
Additions	917	35	122
Cash flows			
- Payments of lease liabilities	(1,035)	(808)	(855)
- Payments of lease interest	(187)	(215)	(422)
Non-cash flows			
- Interest expense	187	215	422
- Reassessments	(2,084)	59	2,723
- Rent concessions	(1)	(79)	-
- Exchange differences	11	-	-
At 31 December	1,935	4,127	4,920

The Group as lessor

The Group has 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 has aggregate future minimum lease receivable as at the end of each reporting period as follows:

	2022 RM'000	**2021 RM'000**	**2020 RM'000**
Not later than 1 year	836	878	997
Later than 1 year but not later than 2 years	497	782	337
Later than 2 years but not later than 3 years	138	470	264
Later than 3 years but not later than 4 years	62	-	132
	1,533	2,130	1,730

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20. 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 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
At 1 January 2021	316,820	95,650	412,470
Additions during the financial year	4,125	-	4,125
Loss from fair value adjustment (Note 12)	(9,928)	-	(9,928)
At 31 December 2021	311,017	95,650	406,667
At 1 January 2020	310,609	95,650	406,259
Additions during the financial year	4,418	-	4,418
Gain from fair value adjustment (Note 10)	1,793	-	1,793
At 31 December 2020	316,820	95,650	412,470
Accumulated amortisation			
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)
Accumulated amortisation			
At 1 January 2021	-	(4,724)	(4,724)
Amortisation for the year:			
Recognised in profit or loss (Note 12)	-	(1,181)	(1,181)
At 31 December 2021	-	(5,905)	(5,905)
At 1 January 2020	-	(3,543)	(3,543)
Amortisation for the year:			
Recognised in profit or loss (Note 12)	-	(1,181)	(1,181)
At 31 December 2020	-	(4,724)	(4,724)

20. BIOLOGICAL ASSETS (continued)

Group	Forest planting expenditure (At fair value) RM'000	Forest planting expenditure (At cost) RM'000	Total RM'000
Net carrying amount:			
At cost/valuation			
At 31 December 2022	276,278	88,564	364,842
At 31 December 2021	311,017	89,745	400,762
At 31 December 2020	316,820	90,926	407,746

	2022 RM'000	2021 RM'000	2020 RM'000
Current assets			
At fair value			
Fresh fruit bunches			
At beginning of financial year	17,346	9,251	9,304
Changes in fair value less costs to sell	(3,383)	4,490	3,581
Reclassified from/(to) assets held for sale (Note 33(c))	-	3,334	(3,334)
Exchange differences	(432)	271	(300)
At end of financial year	13,531	17,346	9,251

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 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. This 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 2022.

For areas beyond the Industrial Timber Plantation, direct and related cost incurred and capitalised under biological assets will be amortised over the remaining concession period.

20. BIOLOGICAL ASSETS (continued)

(a) Forest planting expenditure (continued)

(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.

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	2022: 10% - 15% (2021: 10% - 15%) (2020: 10% - 15%)	The higher the discount rate, the lower the fair value.
		(b) Estimated yield - rubber (kg/Ha)	2022: 750 - 1,960 (2021: 490 - 1,960) (2020: 490 - 1,960)	The higher the yield rate, the higher the fair value.
		- wood/timber (M^3/Ha)	2022: 108 - 144 (2021: 108 - 144) (2020: 120 - 160)	
		(c) Estimated price - rubber (RM/KG)	2022: 6.50 (2021: 6.50) (2020: 6.50)	The higher the price, the higher the fair value.
		- wood/timber (RM/M^3)	2022: 350 - 425 (2021: 350 - 425) (2020: 350 - 425)	

20. BIOLOGICAL ASSETS (continued)

(a) Forest planting expenditure (continued)

(iii) Included in forest planting expenditure incurred during the financial year are:

	2022 RM'000	2021 RM'000	2020 RM'000
Depreciation of property, plant and equipment (Note 18(c))	99	234	290
Depreciation of right-of-use assets (Note 19(d))	14	13	22
Interest expense (Note 11)	127	981	1,075
Employee benefits expense (Note 13)	757	860	1,106

(iv) The fair value of forest planting expenditure of the Group 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 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.

(ii) During the financial year, the Group harvested approximately 924,000 tonnes (2021: 919,000 tonnes; 2020: 907,000 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 RM2,117,000 (2021: RM2,521,000; 2020: RM1,458,000) respectively.

There were no transfers between all three (3) levels of the fair value hierarchy during the financial year.

(c) Carrying amounts of biological assets pledged as securities for liabilities amounted to approximately RM116,883,000 (2021: RM118,208,000; 2020: RM117,765,000).

21. INTANGIBLE ASSETS

Goodwill

	RM'000
Group	
Cost:	
At 31 December 2019 and 1 January 2020	61,380
Reclassified to assets held for sale (Note 33)	(6,790)
Exchange differences	(977)
At 31 December 2020 and 1 January 2021	53,613
Reclassified from assets held for sale (Note 33	6,790
Reclassified to assets held for sale (Note 33)	(4,907)
Exchange differences	651
At 31 December 2021 and 1 January 2022	56,147
Exchange differences	(1,086)
At 31 December 2022	55,061
Accumulated impairment:	
At 1 January 2020/January 2021/1 January 2022	(4,500)
Impairment during the financial year	(211)
At 31 December 2022	(4,711)
Net carrying amount	
At 31 December 2022	50,350
At 31 December 2021	51,647
At 31 December 2020	49,113

Impairment tests for goodwill

The carrying amounts of goodwill allocated to each CGU are as follows:

	2022 RM'000	2021 RM'000	2020 RM'000
Segments:			
Palm products	45,792	46,906	44,372
Others	4,558	4,741	4,741
	50,350	51,647	49,113

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.

21. INTANGIBLE ASSETS (continued)

Goodwill (continued)

The key assumptions applied to the cash flow projections are as follows:

	2022	2021	2020
CPO price (RM/MT)	3,800	3,600	2,800
Pre-tax discount rates (%)	10.00 - 13.00	9.00 -11.50	8.00 - 10.00

The calculations of value-in-use for the CGU are most sensitive to the following assumptions:

<u>Palm products segment:</u>

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.

<u>Others segment:</u>

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 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.

22. INVESTMENT IN AN ASSOCIATE

	2022 RM'000	2021 RM'000	2020 RM'000
Quoted shares in Malaysia, at cost	61,259	61,259	61,259
Share of post-acquisition reserves	16,178	20,814	22,838
	77,437	82,073	84,097
Fair value of investment in an associate for which there is published price quotation	167,046	135,528	122,921

(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.

22. INVESTMENT IN AN ASSOCIATE (continued)

(b) The details of the associate are as follows:

Name of associate	Principal place of business/ Country of incorporation	Principal activities	Effective interest 2022 %	2021 %	2020 %
Innoprise Plantations Berhad *	Malaysia	Operation of oil palm plantations and palm oil mill, and producer and supplier of renewable energy	21.94	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

	2022 RM'000	2021 RM'000	2020 RM'000
Assets and liabilities			
Current assets	49,016	68,525	44,657
Non-current assets	354,300	354,430	359,110
Total assets	403,316	422,955	403,767
Current liabilities	27,796	19,089	16,272
Non-current liabilities	72,069	79,285	53,688
Total liabilities	99,865	98,374	69,960
Net assets	303,451	324,581	333,807

(ii) Summarised statements of comprehensive income

	2022 RM'000	2021 RM'000	2020 RM'000
Results			
Revenue	270,219	229,999	153,793
Profit for the year	85,089	87,069	36,898
Total comprehensive income	85,089	87,069	36,898

22. 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):

(iii) Reconciliation of the summarised financial information presented above to the carrying amount of the Group's interest in associate.

	2022 RM'000	2021 RM'000	2020 RM'000
Net assets at 1 January	324,581	333,807	317,376
Total comprehensive income	85,089	87,069	36,898
Transaction with owners	(106,219)	(96,295)	(20,467)
Net assets at 31 December	303,451	324,581	333,807
Interest in associate (%)	21.94%	21.94%	21.94%
	66,577	71,213	73,237
Goodwill	10,860	10,860	10,860
Carrying value of Group's interest in associate	77,437	82,073	84,097

(iv) Dividends received from associate during the financial year amounted to RM23,113,000 (2021: RM21,012,000; 2020: RM4,727,000).

(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.

23. INVESTMENTS IN JOINT VENTURES

	2022 RM'000	2021 RM'000	2020 RM'000
Unquoted shares, at cost	20,750	20,750	20,750
Share of post-acquisition reserves	85,333	68,712	52,821
	106,083	89,462	73,571

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.

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.

23. INVESTMENTS IN JOINT VENTURES (continued)

(a) Details of the joint ventures are as follows:

Name of joint ventures	Principal place of business/ Country of incorporation	Principal activities	Effective interest 2022 %	2021 %	2020 %
TSH-Wilmar Sdn. Bhd.*	Malaysia	Operation of palm oil refinery mill and kernel crushing plant	50	50	50
TSH-Wilmar (BF) Sdn. Bhd.*	Malaysia	Operation of a power plant	50	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.		
	2022 RM'000	2021 RM'000	2020 RM'000	2022 RM'000	2021 RM'000	2020 RM'000
Non-current assets	51,821	53,238	54,378	12,581	13,135	11,072
Cash and cash equivalents	49,208	54,209	42,549	2,825	188	129
Other current assets	312,489	273,245	155,949	10,953	4,955	306
Total current assets	361,697	327,454	198,498	13,778	5,143	435
Total assets	413,518	380,692	252,876	26,359	18,278	11,507
Current liabilities (excluding trade and other payables and provisions)	156,481	152,952	62,580	117	75	384
Trade and other payables and provisions	65,996	57,918	45,617	1,034	2,379	1,569
Total current liabilities	222,477	210,870	108,197	1,151	2,454	1,953
Non-current liabilities (excluding trade and other payables and provisions)	6,508	6,310	6,449	1,235	650	706
Total liabilities	228,985	217,180	114,646	2,386	3,104	2,659
Net assets	184,533	163,512	138,230	23,973	15,174	8,848

23. 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.		
	2022 RM'000	**2021 RM'000**	**2020 RM'000**	**2022 RM'000**	**2021 RM'000**	**2020 RM'000**
Revenue	2,611,867	2,279,613	1,647,482	25,263	20,877	21,311
Depreciation and amortisation	(2,541)	(2,534)	(2,686)	(908)	(311)	(309)
Interest income	1,270	832	1,257	152	31	120
Interest expense	(4,554)	(2,378)	(3,109)	-	(3)	(2)
Profit before tax	66,174	85,043	53,730	11,585	8,330	9,320
Tax expense	(15,153)	(19,761)	(12,409)	(2,786)	(2,004)	(2,361)
Profit after tax, represent total comprehensive income	51,021	65,282	41,321	8,799	6,326	6,959

(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.		
	2022 RM'000	**2021 RM'000**	**2020 RM'000**	**2022 RM'000**	**2021 RM'000**	**2020 RM'000**
Net assets at 1 January	163,512	138,230	146,909	15,174	8,848	9,889
Profit for the year	51,021	65,282	41,321	8,799	6,326	6,959
Dividends	(30,000)	(40,000)	(50,000)	-	-	(8,000)
Net assets at 31 December	184,533	163,512	138,230	23,973	15,174	8,848
Interests in joint ventures	50%	50%	50%	50%	50%	50%
	92,266	81,756	69,115	11,987	7,587	4,424
Unrealised profit on inventories	1,830	119	32	-	-	-
Carrying value of Group's interests in joint ventures	94,096	81,875	69,147	11,987	7,587	4,424

Dividends received from joint ventures during the financial year amounted to RM15,000,000 (2021: RM20,000,000; 2020: RM29,000,000).

24. DEFERRED TAX

(a) Deferred tax as at 31 December related to the following:

Group	At 1 January 2020 RM'000	Recognised in profit or loss (Note 15) RM'000	Recognised in other comprehensive income RM'000	Reclassified to liabilities associated with assets held for sale (Note 33) RM'000	Exchange differences RM'000	At 31 December 2020 RM'000
Deferred tax liabilities:						
Property, plant and equipment	52,282	4,044	-	(4,868)	(205)	51,253
Biological assets	82,287	291	-	(801)	(60)	81,717
Land use rights	12,257	(1,377)	-	355	(261)	10,974
Right-of-use assets	44,454	(688)	-	-	-	43,766
Others	398	-	-	-	-	398
	191,678	2,270	-	(5,314)	(526)	188,108
Deferred tax assets:						
Tax losses and unabsorbed capital allowances	(64,146)	3,816	-	3,968	276	(56,086)
Others	(9,701)	3,381	(813)	1,906	216	(5,011)
	(73,847)	7,197	(813)	5,874	492	(61,097)
	117,831	9,467	(813)	560	(34)	127,011

24. DEFERRED TAX (continued)

(a) Deferred tax as at 31 December related to the following (continued):

Group	At 1 January 2021 RM'000	Recognised in profit or loss (Note 15) RM'000	Recognised in other comprehensive income RM'000	Reclassified from liabilities associated with assets held for sale (Note 33) RM'000	Reclassified to liabilities associated with assets held for sale (Note 33) RM'000	Exchange differences RM'000	At 31 December 2021 RM'000
Deferred tax liabilities:							
Property, plant and equipment	51,253	2,940	-	4,868	(9,349)	192	49,904
Biological assets	81,717	(1,204)	-	801	-	48	81,362
Land use rights	10,974	(1,288)	-	(355)	-	174	9,505
Right-of-use assets	43,766	(489)	-	-	(31,327)	-	11,950
Others	398	-	-	-	-	-	398
	188,108	(41)	-	5,314	(40,676)	414	153,119
Deferred tax assets:							
Tax losses and unabsorbed capital allowances	(56,086)	1,348	-	(3,968)	123	(93)	(58,676)
Others	(5,011)	94	276	(1,906)	-	(125)	(6,672)
	(61,097)	1,442	276	(5,874)	123	(218)	(65,348)
	127,011	1,401	276	(560)	(40,553)	196	87,771

24. 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 (Note 15) 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

24. DEFERRED TAX (continued)

(a) Deferred tax as at 31 December related to the following (continued):

Presented after appropriate offsetting:

	2022 RM'000	2021 RM'000	2020 RM'000
Deferred tax assets, net*	(6,026)	(4,297)	(2,138)
Deferred tax liabilities, net*	86,555	92,068	129,149
	80,529	87,771	127,011

* The amount of set-off between deferred tax assets and deferred tax liabilities was RM57,463,000 (2021: RM61,051,000; 2020: RM58,959,000) for the Group.

(b) Deferred tax assets have not been recognised in respect of the following items:

	2022 RM'000	2021 RM'000	2020 RM'000
Unused tax losses			
- No expiry date	66,884	48,542	39,452
- Expires by 2024 to 2031	74,735	81,899	82,292
Unabsorbed capital allowances	8,948	965	8,544
Other deductible temporary differences	39,023	33,474	33,155
	189,590	164,880	163,443

The Group has 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 RM10,357,000 (2021: RM10,399,000; 2020: RM12,372,000) and RM40,962,000 (2021: RM47,181,000; 2020: RM40,673,000) are available for carry forward in the jurisdiction in which the foreign subsidiaries operate for a period of 20 years and 5 years respectively 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.

25. TRADE AND OTHER RECEIVABLES

	2022 RM'000	2021 RM'000	2020 RM'000
Current			
Trade receivables			
Third parties	23,206	30,153	26,337
Joint ventures	1,361	4,778	6,242
Retention sums on contract (Note 29)	804	893	1,279
	25,371	35,824	33,858
Less: Allowance for impairment	(2,124)	(3,702)	(7,428)
Trade receivables, net	23,247	32,122	26,430
Other receivables			
Amounts due from related parties:			
- joint ventures	152	241	203
	152	241	203
Less: Allowance for impairment	-	-	-
	152	241	203
Plasma receivables (Note 25(b)(ii))	-	-	502
Other deposits	1,849	1,562	1,472
Sundry receivables	15,942	30,622	33,287
	17,943	32,425	35,464
Less: Allowance for impairment	(1,465)	(1,559)	(1,461)
	16,478	30,866	34,003
	39,725	62,988	60,433
Non-current			
Other receivables			
Plasma receivables (Note 25(b)(ii))	49,445	69,075	39,143
Sundry receivables	13,602	14,122	13,508
	63,047	83,197	52,651
Less: Allowance for impairment	(9,101)	(8,399)	(12,213)
	53,946	74,798	40,438
Total trade and other receivables (current and non-current)	93,671	137,786	100,871
Add: Cash and bank balances and deposits (Note 32)	375,580	279,728	147,832
Total financial assets at amortised cost	469,251	417,514	248,703

* *The expected credit loss is immaterial.*

25. 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 (2021: 30 to 90 days; 2020: 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 trade receivables are as follows:

	2022		
Group	**Gross carrying amount RM'000**	**Loss allowance RM'000**	**Net balance RM'000**
Current	18,796	(435)	18,361
Past due			
- 1 to 30 days	3,016	-	3,016
- 31 to 60 days	1,171	(24)	1,147
- 61 to 90 days	205	(1)	204
- 91 to 120 days	38	(9)	29
- More than 121 days	671	(181)	490
	5,101	(215)	4,886
Credit impaired			
Individually impaired	1,474	(1,474)	-
	25,371	(2,124)	23,247

	2021		
Group	**Gross carrying amount RM'000**	**Loss allowance RM'000**	**Net balance RM'000**
Current	20,962	(217)	20,745
Past due			
- 1 to 30 days	5,711	(109)	5,602
- 31 to 60 days	735	(27)	708
- 61 to 90 days	1,027	(46)	981
- 91 to 120 days	23	(8)	15
- More than 121 days	5,074	(1,003)	4,071
	12,570	(1,193)	11,377
Credit impaired			
Individually impaired	2,292	(2,292)	-
	35,824	(3,702)	32,122

25. TRADE AND OTHER RECEIVABLES (continued)

(a) Trade receivables (continued)

The ageing analysis of the Group's trade receivables are as follows (continued):

	2020		
	Gross carrying amount RM'000	**Loss allowance RM'000**	**Net balance RM'000**
Current	20,460	(576)	19,884
Past due			
- 1 to 30 days	3,674	(226)	3,448
- 31 to 60 days	904	(57)	847
- 61 to 90 days	292	(86)	206
- 91 to 120 days	279	(80)	199
- More than 121 days	2,806	(960)	1,846
	7,955	(1,409)	6,546
Credit impaired			
Individually impaired	5,443	(5,443)	-
	33,858	(7,428)	26,430

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 and the Company are 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.

25. TRADE AND OTHER RECEIVABLES (continued)

(a) Trade receivables (continued)

The ageing analysis of the Group's trade receivables are as follows (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 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
At 1 January 2021	1,985	5,443	7,428
Charge for the financial year	-	443	443
Write back of impairment loss	(577)	(3,690)	(4,267)
Exchange differences	2	96	98
At 31 December 2021	1,410	2,292	3,702
At 1 January 2020	1,429	8,904	10,333
Charge for the financial year	586	216	802
Write back of impairment loss	(30)	(1,776)	(1,806)
Written off	-	(1,997)	(1,997)
Exchange differences	-	96	96
At 31 December 2020	1,985	5,443	7,428

* *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 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 other receivables (included plasma receivables) 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.

25. 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 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 probability of non-payment by other receivables 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 other receivables.

It requires management to exercise significant judgement in determining the probability of default by other 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, 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 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
At 1 January 2021	190	8,602	4,882	13,674
Charge for the financial year	99	3,895	-	3,994
Write back of impairment loss	-	(5,567)	(2,428)	(7,995)
Reclassified from Stage 3 to Stage 2	-	1,216	(1,216)	-
Reclassified from assets held for sale	-	57	-	57
Exchange differences	-	196	32	228
At 31 December 2021	289	8,399	1,270	9,958
At 1 January 2020	109	9,086	4,048	13,243
Charge for the financial year	81	818	935	1,834
Write back of impairment loss	-	(970)	(82)	(1,052)
Reclassified to assets held for sale	-	(57)	-	(57)
Exchange differences	-	(275)	(19)	(294)
At 31 December 2020	190	8,602	4,882	13,674

Credit impaired refers to individually determined debtors who are in significant financial difficulties as at the end of the reporting period.

25. TRADE AND OTHER RECEIVABLES (continued)

(b) Other receivables (continued)

(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	
	2022 RM'000	**2021 RM'000**	**2020 RM'000**
Balance at 1 January	69,075	39,645	66,861
Additional net investments/(Net repayments from)	(19,630)	2,810	(596)
Reclassified from/(to) assets held for sale	-	26,620	(26,620)
	49,445	69,075	39,645
Less: Allowance for impairment	(9,101)	(8,342)	(9,875)
Less: Reclassified (from)/to assets held for sale	-	(57)	57
Balance at 31 December	40,344	60,676	29,827

(iii) In the previous financial years, included in sundry receivables of the Group were value-added-tax receivables amounted to RM7,540,000 (2020: RM9,765,000), of which IDR14,200,000,000 (equivalent to RM4,146,000) is relating to the proposed disposal as disclosed in Note 44.2 to the financial statements.

(iv) 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% (2021: 11%; 2020: 11%), which are reasonable approximation of their fair values.

25. TRADE AND OTHER RECEIVABLES (continued)

(c) 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					
	2022		**2021**		**2020**	
	RM'000	**% of total**	**RM'000**	**% of total**	**RM'000**	**% of total**
By industry sectors:						
Palm products	14,138	56%	23,361	65%	16,052	47%
Others	11,233	44%	12,463	35%	17,806	53%
	25,371	100%	35,824	100%	33,858	100%

As at the end of the reporting period, approximately:

- 5% (2021: 13%; 2020: 18%) of the trade receivables of the Group were due from related parties.
- 46% (2021: 46%; 2020: 32%) of the trade and other receivables of the Group were due from plasma receivables.

26. INVESTMENT SECURITIES

	2022 RM'000	**2021 RM'000**	**2020 RM'000**
Group			
Current			
- Equity instruments (quoted in Malaysia)	1	3	5
Non-current			
- Equity instruments (unquoted)	50	50	50
Total investment securities	51	53	55

(a) The equity instruments were classified as financial assets at fair value through profit or loss pursuant to MFRS 9 *Financial Instruments*.

(b) All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e. the date that the Group commits to purchase or sell the asset.

(c) 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.

(d) The fair value of quoted and unquoted equity instruments of the Group is categorised as Level 1 and Level 3 respectively in the fair value hierarchy. There is no transfer between levels in the hierarchy during the financial year.

26. INVESTMENT SECURITIES (continued)

(e) The amount of quoted and unquoted shares is immaterial to the Group.

(f) The following table shows a reconciliation of Level 3 fair values:

	2022 RM'000	2021 RM'000	2020 RM'000
Balance at 1 January/ 31 December	50	50	50

(g) 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.

27. INVENTORIES

	2022 RM'000	2021 RM'000	2020 RM'000
Cost			
Raw materials	13,723	7,752	10,759
Work-in-progress	4,160	2,234	1,966
Finished goods	32,792	32,770	12,185
Oil palm nursery	3,493	15,044	17,761
Stores and supplies	41,634	40,649	26,330
	95,802	98,449	69,001
Net realisable value			
Work-in-progress	7,581	5,606	6,930
Finished goods	29,540	39,511	37,697
	37,121	45,117	44,627
	132,923	143,566	113,628

(a) Cocoa products are valued on the first-in first-out method whereas 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 was RM795,693,000 (2021: RM696,039,000; 2020: RM585,063,000).

(c) A write off of inventories amounting to RM5,578,000 (2021: RM4,136,000; 2020: RM14,002,000) was made by the Group during the financial year.

(d) A write down of inventories to net realisable value of RM13,943,000 (2021: RM14,191,000; 2020: RM1,930,000) was made by the Group during the financial year.

28. OTHER CURRENT ASSETS

	2022 RM'000	2021 RM'000	2020 RM'000
Contract assets (Note 29)	6	384	1,674
Prepayments	6,426	24,721	4,376
	6,432	25,105	6,050

(a) In the previous financial year, included in prepayments of the Group was Real Property Gains Tax ("RPGT") paid of RM16,297,000 and land premium paid of the Group amounted to RM6,384,000 for the disposals as disclosed in Note 44.1 to the financial statements.

29. CONTRACT ASSETS/LIABILITIES

		Group	
	2022 RM'000	2021 RM'000	2020 RM'000
Contract assets (Note 28):			
Construction contracts	6	384	1,674
	6	384	1,674
Contract liabilities (Note 39):			
Construction contracts	(197)	(243)	(1,601)
Deferred revenue	(700)	(7,623)	(1,494)
	(897)	(7,866)	(3,095)
	(891)	(7,482)	(1,421)

(a) Construction contracts

		Group	
	2022 RM'000	2021 RM'000	2020 RM'000
Supply and installation service costs incurred to date	22,626	29,943	36,507
Attributable profits	3,574	5,848	6,450
	26,200	35,791	42,957
Less: Progress billings	(26,391)	(35,650)	(42,884)
Contract liabilities			
Construction contracts	(191)	141	73
Advances received on contracts, included within other payables (Note 39)	-	(82)	(57)
Retention sums on contracts, included within trade receivables (Note 25)	804	893	1,279
Analysed as follows:			
Contract assets	6	384	1,674
Contract liabilities	(197)	(243)	(1,601)
	(191)	141	73

29. CONTRACT ASSETS/LIABILITIES (continued)

(a) Construction contracts (continued)

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.

(b) Deferred revenue

A reconciliation of the deferred revenue is as follows:

	Group		
	2022 RM'000	**2021 RM'000**	**2020 RM'000**
At 1 January	7,623	1,494	3,279
Additions during the financial year	50,299	38,177	17,804
Recognised as revenue during the financial year	(57,222)	(32,048)	(19,589)
At 31 December	700	7,623	1,494

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		
31 December 2022	**2023 RM'000**	**2024 RM'000**	**Total RM'000**
Contract liabilities	897	-	897
31 December 2021	**2022 RM'000**	**2023 RM'000**	**Total RM'000**
Contract liabilities	7,866	-	7,866
31 December 2020	**2021 RM'000**	**2022 RM'000**	**Total RM'000**
Contract liabilities	3,095	-	3,095

(d) Impairment for contract assets are recognised based on the simplified approach within MFRS 9 using lifetime expected credit losses as disclosed in Note 25(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.

30. DERIVATIVES

	Contract /notional amount RM'000	Assets RM'000	Liabilities RM'000
Group			
2022			
Non-hedging derivatives:			
Current			
Forward currency contracts	62,742	30	(3,267)
Commodity futures contracts	4,777	-	(15)
		30	(3,282)
2021			
Non-hedging derivatives:			
Current			
Forward currency contracts	15,256	370	-
Commodity futures contracts	70,259	-	(1,914)
		370	(1,914)
2020			
Non-hedging derivatives:			
Current			
Forward currency contracts	15,620	-	(179)
Commodity futures contracts	55,252	208	(3,182)
		208	(3,361)

(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 uses 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 sales denominated in GBP and loans and borrowings denominated in USD.

(c) The commodity futures contracts are used to hedge prices fluctuation of CPO and cocoa commodity.

(d) During the financial year, the Group recognised a net loss of RM1,708,000 (2021: net gain of RM2,867,000; 2020: net gain of RM718,000) 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.

(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.

30. DERIVATIVES (continued)

(f) The maturity profile of derivative liabilities of the Group 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 2022				
Derivative liabilities	3,282	-	-	3,282
As at 31 December 2021				
Derivative liabilities	1,914	-	-	1,914
As at 31 December 2020				
Derivative liabilities	3,361	-	-	3,361

(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.

31. SHORT TERM FUNDS

	2022 RM'000	2021 RM'000	2020 RM'000
At fair value through profit or loss			
Investment in fixed income trust funds in Malaysia	6,385	17,464	15,302

(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) The weighted average effective interest rate of the short term funds as at the end of the reporting period of the Group are 0.68% (2021: 1.10%; 2020: 1.03%).

(d) Sensitivity analysis for short term funds at the end of the reporting period is not presented as fixed rate instruments are not affected by changes in interest rate.

(e) 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.

32. CASH AND BANK BALANCES

	2022 RM'000	2021 RM'000	2020 RM'000
Cash at banks and on hand	336,797	273,660	139,176
Deposits with licensed banks	38,783	6,068	8,656
Cash and bank balances	375,580	279,728	147,832

(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 earn interests at the respective short-term deposit rates.

The effective interest rate of deposits with both licensed banks of the Group ranged from 1.60% to 3.75% (2021: 1.30% to 4.00%; 2020: 1.55% to 5.25%) per annum.

(c) Deposits with licensed banks of the Group amounting to RM4,772,000 (2021: RM3,877,000; 2020: RM3,797,000) 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:

	2022 RM'000	2021 RM'000	2020 RM'000
Cash and bank balances and deposits	375,580	279,728	147,832
Short term funds (Note 31)	6,385	17,464	15,302
Less:			
Bank overdrafts (Note 37)	(469)	(74)	(209)
Deposits pledged with licensed banks	(4,772)	(3,877)	(3,797)
Deposits with maturity of over 3 months	(493)	(490)	(2,635)
Cash and cash equivalents	376,231	292,751	156,493

(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.

33. ASSETS HELD FOR SALE AND LIABILITIES ASSOCIATED WITH 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).

33. ASSETS HELD FOR SALE AND LIABILITIES ASSOCIATED WITH ASSETS HELD FOR SALE (continued)

(a) (continued)

On 8 August 2022, the Group completed the disposal of 7,817.36 hectares of the Sale Land for cash consideration amounted to RM408,483,000, which is subject to 2.5% tax on the cash consideration amounted to RM10,212,000, 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 RM310,666,000 in the financial statements.

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

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

(b) In the previous financial year, 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 (hereafter collectively referred to as "Proposed Disposal"). 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.

During the current 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 and liabilities associated with assets held for sale of the Group are as follows:

Group	Note	2022 RM'000	2021 RM'000	2020 RM'000
ASSETS				
Non-current assets				
Property, plant and equipment (Note 18)	(i)	196,416	23,605	365,212
Right-of-use assets (Note 19)		9,094	125,640	30,650
Intangible assets (Note 21)		-	4,907	6,790
Deferred tax assets	(ii)	-	-	4,486
Other receivables		-	-	26,563
		205,510	154,152	433,701
Current assets				
Biological assets (Note 20)		-	-	3,334
Inventories		-	-	13,767
Trade and other receivables		-	-	619
Other current assets		-	-	97
Tax recoverable		-	-	2,215
Cash and bank balances		-	-	11,609
		-	-	31,641
Assets held for sale		205,510	154,152	465,342

33. ASSETS HELD FOR SALE AND LIABILITIES ASSOCIATED WITH ASSETS HELD FOR SALE (continued)

(c) As at the end of financial year, the assets held for sale and liabilities associated with assets held for sale of the Group are as follows (continued):

Group	Note	2022 RM'000	2021 RM'000	2020 RM'000
LIABILITIES				
Non-current liabilities				
Retirement benefits (Note 38)		-	-	6,431
Deferred tax liabilities	(ii)	-	40,553	3,926
		-	40,553	10,357
Current liabilities				
Trade and other payables		-	-	12,781
Derivative liabilities		-	-	1,258
		-	-	14,039
Liabilities associated with assets held for sale		-	40,553	24,396

(i) Included in bearer plants during the financial year are:

	2022 RM'000	Group 2021 RM'000	2020 RM'000
Depreciation of property, plant and equipment	-	59	299
Depreciation of right-of-use assets	-	196	-
Interest expense	-	-	311
Employee benefits expense	-	322	760

(ii) Presented after appropriate offsetting:

	2022 RM'000	Group 2021 RM'000	2020 RM'000
Deferred tax assets, net*	-	-	(4,486)
Deferred tax liabilities, net*	-	40,553	3,926
	-	40,553	(560)

-

* The amount of set-off between deferred tax assets and deferred tax liabilities was RM123,000 for the assets held for sale.

(d) In financial year 2020, on August 2020, the Group entered into conditional sale and purchase agreements with Taiko Plantations Pte. Ltd., an indirect subsidiary of Kuala Lumpur Kepong Berhad for the disposal of 90% of the issued and paid-up ordinary shares in PT Farinda Bersaudara ("FDB") and PT Teguh Swakarsa Sejahtera ("TSS").

On 22 June 2021, the disposal had been terminated as there were conditions precedent that had not been satisfied and had not been waived within the Fulfilment Period. Accordingly, the assets held for sale and liabilities associated with assets held for sale have been reclassified to respective assets and liabilities categories

34. 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 2022/ 31 December 2022	1,381,803	(1,629)	740,512	(1,467)
At 1 January 2021/ 31 December 2021	1,381,083	(1,629)	740,512	(1,467)
At 1 January 2020/ 31 December 2020	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 26 May 2022, 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 1,381,802,509 (2021: 1,381,802,509; 2020: 1,381,802,509) issued and fully paid ordinary shares as at 31 December 2022 1,629,000 (2021: 1,629,000; 2020: 1,629,000) are held as treasury shares by the Company. As at 31 December 2022, the number of outstanding ordinary shares in issue after set off is therefore 1,380,173,509 (2021: 1,380,173,509; 2020: 1,380,173,509) ordinary shares.

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35. OTHER RESERVES

Group	Capital reserve RM'000	Foreign currency translation reserve RM'000	Share of associate reserve RM'000	Total RM'000
At 1 January 2022	9,630	(218,623)	100	(208,893)
Other comprehensive loss:				
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)
At 1 January 2021	9,630	(247,587)	100	(237,857)
Other comprehensive income:				
Foreign currency translations	-	30,713	-	30,713
Reclassification of exchange translation reserve to profit or loss upon disposal of a foreign subsidiary	-	(1,749)	-	(1,749)
At 31 December 2021	9,630	(218,623)	100	(208,893)
At 1 January 2020	9,630	(199,825)	100	(190,095)
Other comprehensive loss:				
Foreign currency translations	-	(47,762)	-	(47,762)
At 31 December 2020	9,630	(247,587)	100	(237,857)

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.

36. RETAINED EARNINGS

The Company may distribute dividends out of its entire retained earnings under the single tier system.

37. LOANS AND BORROWINGS

	2022 RM'000	2021 RM'000	2020 RM'000
Short term borrowings			
Secured:			
Term loans	69,236	69,723	43,943
	69,236	69,723	43,943
Unsecured:			
Bank overdrafts	469	74	209
Bankers' acceptances	16,046	51,883	100,207
Revolving credits	198,500	292,783	281,822
Term loans	20,000	57,289	54,030
Sukuk Ijarah Medium Term Notes	-	-	150,000
Sukuk Murabahah Medium Term Notes	90,000	-	60,000
Sukuk Murabahah Islamic Commercial Papers	-	50,000	-
	325,015	452,029	646,268
	394,251	521,752	690,211
Long term borrowings			
Secured:			
Term loans	159,860	377,996	317,895
	159,860	377,996	317,895
Unsecured:			
Term loans	5,000	59,577	116,089
Sukuk Ijarah Medium Term Notes	-	-	95,000
Sukuk Murabahah Medium Term Notes	-	150,000	90,000
	5,000	209,577	301,089
	164,860	587,573	618,984
Total borrowings			
Bank overdrafts	469	74	209
Bankers' acceptances	16,046	51,883	100,207
Revolving credits	198,500	292,783	281,822
Terms loans	254,096	564,585	531,957
Sukuk Ijarah Medium Term Notes	-	-	245,000
Sukuk Murabahah Medium Term Notes	90,000	150,000	150,000
Sukuk Murabahah Islamic Commercial Papers	-	50,000	-
	559,111	1,109,325	1,309,195

37. LOANS AND BORROWINGS (continued)

(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:

	2022 %	**2021 %**	**2020 %**
Floating rate			
Bank overdrafts	7.07 - 7.65	5.99 - 6.65	5.99 - 7.65
Bankers' acceptances	4.14 - 4.33	2.22 - 2.76	2.19 - 4.05
Revolving credits	3.73 - 4.30	1.61 - 5.60	1.48 - 5.03
Terms loans	3.00 - 6.19	1.51 - 3.81	1.50 - 6.20
Fixed rate			
Sukuk Ijarah Medium Term Notes	-	-	5.05 - 5.30
Sukuk Murabahah Medium Term Notes	5.30	5.30 - 5.60	5.10 - 5.30
Sukuk Murabahah Islamic Commercial Papers	-	4.35	-

(c) The Sukuk Murabahah Medium Term Notes, Sukuk Murabahah Islamic Commercial Papers and Sukuk Ijarah Medium Term Notes comprise the following tranches:

Tranche no.	**Coupon rates**	**Maturity**	**2022 RM'000**	**2021 RM'000**	**2020 RM'000**
Sukuk Murabahah Medium Term Notes					
Tranche 1	5.10%	2021	-	-	60,000
Tranche 2	5.30%	2023	90,000	90,000	90,000
Tranche 3	5.60%	2026	-	60,000	-
			90,000	150,000	150,000
Sukuk Murabahah Islamic Commercial Papers					
Tranche 1	4.35%	2022	-	50,000	-
Sukuk Ijarah Medium Term Notes					
Tranche 25	5.30%	2023	-	-	15,000
Tranche 26	5.10%	2021	-	-	35,000
Tranche 27	5.05%	2021	-	-	115,000
Tranche 28	5.10%	2022	-	-	50,000
Tranche 29	5.10%	2023	-	-	30,000
			-	-	245,000

37. LOANS AND BORROWINGS (continued)

(d) The borrowings of the Group are secured by the following:

(i) A letter of negative pledge over the assets of the Company with certain bankers; and

(ii) Certain landed properties of the Group as follows:

		Group	
	2022	**2021**	**2020**
	RM'000	**RM'000**	**RM'000**
Property, plant and equipment:			
- buildings	4,189	47,399	52,893
- bearer plants	79,237	173,381	301,623
Land use rights	1,307	12,278	18,313
	84,733	233,058	372,829

(iii) Biological assets of the Company amounted to approximately RM116,883,000 (2021: RM118,208,000; 2020: RM117,765,000).

(e) Sukuk Ijarah Medium Term Notes

The Sukuk Programme was structured under the Shariah principle of Ijarah. TSH Sukuk Ijarah Sdn. Bhd., a wholly owned subsidiary of the Company, was the issuer of this programme.

In the previous financial year, the Group had fully redeemed the Sukuk Ijarah Medium Term Notes Programme.

(f) 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 previous financial year, 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 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 2022 amounted to RM60,000,000 (2021: Nil; 2020: Nil).

(g) Sukuk Murabahah Islamic Commercial Papers

In the previous financial year, TSH Sukuk Murabahah Sdn. Bhd issued the first series of Sukuk Murabahah Islamic Commercial Papers amounted RM50,000,000 in nominal value, for tenure of 1 year.

During the financial year, the Group had fully redeemed the Sukuk Murabahah Islamic Commercial Papers.

37. LOANS AND BORROWINGS (continued)

(h) The maturity of the term loans is as follows:

	2022 RM'000	2021 RM'000	2020 RM'000
Not later than 1 year	89,236	127,012	97,973
Later than 1 year and not later than 2 years	55,974	192,935	112,044
Later than 2 years and not later than 5 years	72,852	209,482	287,662
Later 5 years or more	36,034	35,156	34,278
	254,096	564,585	531,957

(i) 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.

The carrying amounts of Sukuk Murabahah Medium Term Notes, Sukuk Murabahah Islamic Commercial Papers and Sukuk Ijarah Medium Term Notes, which bear fixed interest rates are 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.

(j) The maturity profile of loans and borrowings of the Group 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 2022				
Loans and borrowings	406,057	137,336	41,299	584,692
As at 31 December 2021				
Loans and borrowings	543,548	581,946	41,299	1,166,793
As at 31 December 2020				
Loans and borrowings	727,954	625,561	42,505	1,396,020

(k) 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 profit net of tax would have been RM719,000 (2021: RM1,770,000; 2020: RM1,542,000) 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.

37. LOANS AND BORROWINGS (continued)

(l) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's statements of cash flows as cash flows from financing activities.

	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

	1.1.2021 RM'000	Cash flows RM'000	Non-cash changes* RM'000	31.12.2021 RM'000
Group				
Bankers' acceptances	100,207	(48,324)	-	51,883
Revolving credits	281,822	7,131	3,830	292,783
Terms loans	531,957	21,616	11,012	564,585
Sukuk Murabahah Medium Term Notes	150,000	-	-	150,000
Sukuk Murabahah Islamic Commercial Papers	-	50,000	-	50,000
Sukuk Ijarah Medium Term Notes	245,000	(245,000)	-	-
Loans and borrowings	1,308,986	(214,577)	14,842	1,109,251

	1.1.2020 RM'000	Cash flows RM'000	Non-cash changes* RM'000	31.12.2020 RM'000
Group				
Bankers' acceptances	129,814	(29,607)	-	100,207
Foreign currency import loan	196	(196)	-	-
Revolving credits	263,604	22,614	(4,396)	281,822
Terms loans	611,728	(74,768)	(5,003)	531,957
Sukuk Murabahah Medium Term Notes	150,000	-	-	150,000
Sukuk Ijarah Medium Term Notes	275,000	(30,000)	-	245,000
Loans and borrowings	1,430,342	(111,957)	(9,399)	1,308,986

* *Represents foreign exchange differences.*

38. RETIREMENT BENEFITS

	Group 2022 RM'000	Group 2021 RM'000	Group 2020 RM'000
At 1 January	19,158	16,427	18,140
Charge for the year recognised in profit or loss	1,077	(528)	6,318
Interest cost	1,167	1,551	1,251
Current service cost	4,131	3,355	5,023
Past service cost	(4,221)	(5,434)	44
Recognised in other comprehensive income:			
Actuarial (gains)/losses arising from changes in assumption in respect of:			
- current year	(1,340)	(1,456)	4,286
	(1,340)	(1,456)	4,286
Actual benefit payment	(975)	(2,165)	(5,273)
Reclassified from/(to) liabilities associated with assets held for sale (Note 33)	-	6,431	(6,431)
Exchange differences	(596)	449	(613)
At 31 December	17,324	19,158	16,427
The amounts recognised on the statements of financial position are determined as follows:			
Present value of obligations	17,324	19,158	16,427
Net liabilities	17,324	19,158	16,427

(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. 2/2022 (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 2022.

(c) Principal actuarial assumptions used at the end of the reporting period in respect of the Group's defined benefit plans are as follows:

	2022 %	2021 %	2020 %
Discount rate	7.50	7.50	7.50
Expected return of salary increase	4.00	4.00	4.00

38. 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 2022 Impact on defined benefits obligation Increase/(Decrease) RM'000	31 December 2021 Impact on defined benefits obligation Increase/(Decrease) RM'000	31 December 2020 Impact on defined benefits obligation Increase/(Decrease) RM'000
Discount rate	+ 1%	4,457	3,830	4,156
	- 1%	(3,408)	(2,929)	(3,178)
Future salary	+ 1%	4,916	4,225	4,584
	- 1%	(2,949)	(2,535)	(2,750)
Mortality	+ 10%	5,243	4,506	4,889
	- 10%	(4,370)	(3,755)	(4,075)
Disable or illness	+ 5%	5,025	4,319	4,686
	- 5%	(4,588)	(3,943)	(4,278)

39. TRADE AND OTHER PAYABLES

	2022 RM'000	2021 RM'000	2020 RM'000
Current			
Trade payables			
Third parties	31,671	31,918	24,866
Other payables			
Accruals	44,799	44,562	19,234
Advances received on contracts (Note 29)	-	82	57
Contract liabilities (Note 29)	897	7,866	3,095
Other deposits	17,124	67,086	816
Sundry payables	47,570	53,003	29,454
Financial guarantee contracts	97	144	212
	110,487	172,743	52,868
	142,158	204,661	77,734
Total trade and other payables	142,158	204,661	77,734
Add: Lease liabilities (Note 19)	1,935	4,127	4,920
Add: Loans and borrowings (Note 38)	559,111	1,109,325	1,309,195
Total financial liabilities carried at amortised cost	703,204	1,318,113	1,391,849

39. TRADE AND OTHER PAYABLES (continued)

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 range from 30 to 60 days (2021: 30 to 60 days; 2020: 30 to 60 days).

(b) Other deposits

Included in other deposits of the Group are deposits received of RM24,800,000 and RM7,600,000 respectively and down payments received of the Group amounted to IDR142,000,000,000 (or equivalent to RM41,464,000) for the proposed disposals as disclosed in Note 44.1 and Note 44.2 to the financial statements. These deposits received have been charged out following the completion of the proposed disposals except for down payments received amounted to IDR59,209,000,000 (or equivalent to RM16,697,000) pending for the completion of the Sale Land as disclosed in Note 44.2 to the financial statements

(c) 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 is as follows:

	2022 RM'000	2021 RM'000	2020 RM'000
Banking facilities granted to subsidiaries	-	-	-
Guarantee given to a financial institution under a Plasma Scheme	30,745	48,168	88,564

The movement of the financial guarantee contracts during the financial year is as follows:

	2022 RM'000	2021 RM'000	2020 RM'000
At 1 January	144	212	272
Fair value changes on financial guarantee contracts	(47)	(68)	(60)
At 31 December	97	144	212

39. TRADE AND OTHER PAYABLES (continued)

(d) The maturity profile of the trade and other payables of the Group 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 2022				
Trade and other payables	142,158	-	-	142,158
As at 31 December 2021				
Trade and other payables	204,661	-	-	204,661
As at 31 December 2020				
Trade and other payables	77,734	-	-	77,734

40. COMMITMENTS

Capital expenditure as at the end of the reporting period is as follows:

	2022 RM'000	2021 RM'000	2020 RM'000
Capital expenditure:			
Property, plant and equipment:			
Approved and contracted for	13,580	20,031	20,336
Approved but not contracted for	31,719	61,058	45,819
	45,299	81,089	66,155

41. 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.

41. RELATED PARTY DISCLOSURES (continued)

(a) Identities of related parties (continued)

In addition to the transactions detailed elsewhere in the financial statements, the Group had the following transactions with related parties during the financial year:

	Note	2022 RM'000	2021 RM'000	2020 RM'000
Group				
Joint ventures:				
Sales of crude palm oil	(i)	(338,201)	(371,730)	(262,596)
Sales of palm kernel	(i)	(56,099)	(60,744)	(37,527)
Transportation fees received	(i)	(966)	(1,180)	(993)
Sales of shell		(13)	(116)	-
Sales of cut pressed empty fruit bunches		(255)	-	-
Purchase of shell		141	-	-
Sales of BEO fertiliser to a subsidiary of an associate	(i)	(61)	(40)	(63)
Sales of boiler ash to a subsidiary of an associate	(i)	-	(20)	(3)
Sale of laran plantlet & plantable to a subsidiary of an associate	(i)	(685)	(871)	(577)
Provision of agronomy service to a subsidiary of an associate	(i)	-	-	(220)
Purchase of fresh fruit bunches from a subsidiary of an associate	(ii)	2,525	1,138	-
Purchase of tissue culture oil palm (ramets) from a subsidiary of an associate	(ii)	-	140	-
Rental of premises paid to spouse of a Director	(iii)	16	16	16
Purchase of fresh fruit bunches from a company in which certain Directors of the Company and their family members have equity interests	(iii)	3,075	2,858	1,807
Purchase of fresh fruit bunches from spouse of a Director	(iii)	1,391	1,096	600
Transportation fees received from a Company in which certain Directors of the Company and their family members have equity interests	(iii)	-	(13)	(24)

(i) The sales of products, rental and rendering of services to related parties were made according to the published prices and conditions offered to the major customers of the Group and of the Company.

(ii) The purchase of products from related parties were made according to the published prices and conditions offered by these related parties to their major customers.

(iii) The Directors consider that the rental paid and purchase of fresh fruit bunches from a company in which certain Directors of the Company and their family members have equity interests and/or spouse of Director were made according to the published prices and conditions similar to those offered to the major customers of the suppliers.

Information regarding outstanding balances arising from related party transactions as at 31 December 2022 is disclosed in Note 25 and Note 39 to the financial statements.

41. RELATED PARTY DISCLOSURES (continued)

(b) Compensation of key management personnel

The remuneration of Directors, which also includes the members of key management during the year was as follows:

	2022 RM'000	2021 RM'000	2020 RM'000
Short-term employee benefits	6,394	5,585	5,553
Post-employment benefits:			
Defined contribution plan	1,361	985	1,009
	7,755	6,570	6,562

42. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs

42.1 New MFRSs adopted during the current financial year

The Group adopted the following Standards of the MFRS Framework that were issued by the Malaysian Accounting Standards Board ("MASB") during the financial year:

Title	Effective Date
Annual Improvements to MFRS Standards 2018 - 2020	1 January 2022
Amendments to MFRS 3 *Reference to the Conceptual Framework*	1 January 2022
Amendments to MFRS 116 *Property, Plant and Equipment - Proceeds before Intended Use*	1 January 2022
Amendments to MFRS 137 *Onerous Contracts - Cost of Fulfilling a Contract*	1 January 2022

Adoption of the above Standards did not have any material effect on the financial performance or position of the Group.

42.2 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2023

The following are Standards of the MFRS Framework that have been issued by the MASB but have not been early adopted by the Group:

Title	Effective Date
MFRS 17 *Insurance Contracts*	1 January 2023
Amendments to MFRS 17 *Insurance Contracts*	1 January 2023
Amendments to MFRS 17 *Initial Application of MFRS 17 and MFRS 9 - Comparative Information*	1 January 2023
Amendments to MFRS 101 *Disclosure of Accounting Policies*	1 January 2023
Amendments to MFRS 108 *Definition of Accounting Estimates*	1 January 2023
Amendments to MFRS 112 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*	1 January 2023
Amendments to MFRS 16 *Lease liability in a sale and leaseback*	1 January 2024
Amendments to MFRS 101 *Classification of Liabilities as Current or Non-current*	1 January 2024
Amendments to MFRS 101 *Non-current Liabilities with Covenants*	1 January 2024
Amendments to MFRS 10 and MFRS 128 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	Deferred

The Group is in the process of assessing the impact of implementing these Standards, since the effects would only be observable for future financial years.

43. CONTINGENT LIABILITIES

43.1 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 RM4,999,000 (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 consultants, the Group is of the opinion that PT SPMN has a valid defence against the said Tax Office's assessments.

43.2 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 RM7,702,000 (including penalty and interest). 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 assessment.

44.3 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 RM966,000 (including penalty). Based on consultation with the tax consultants, the Group is of the opinion that PT AAI has a valid defence against the said Tax Office's assessments.

43.4 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 RM2,023,000 (including penalty and interest). Based on consultation with the tax consultants, the Group is of the opinion that PT BCAP has a valid defence against the said Tax Office's assessments.

43.5 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 RM7,649,000 (including penalty and interest). 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.

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.

44. SIGNIFICANT EVENTS DURING AND SUBSEQUENT TO THE FINANCIAL YEAR

44.1 On 6 July 2021, the Group entered into three Sale and Purchase Agreements with Sharikat Keratong Sdn. Bhd. ("SKSB") for the disposals of Ladang Ong Yah Ho, Lahad Datu Palm Oil Mill and Ladang Gomantong. The disposals of Ladang Ong Yah Ho, Lahad Datu Palm Oil Mill were completed on 25 March 2022 whereas the disposal of Ladang Gomantong was completed on 6 May 2022 in accordance with respective Sale and Purchase Agreements and a total gain on disposal of RM84,585,000 had been recorded in the financial statements.

44.2 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 Group completed the disposal of 7,817.36 hectares of the Sale Land for cash consideration amounted to RM408,483,000, which is subject to 2.5% tax on the cash consideration amounted to RM10,212,000, 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 RM310,666,000 in the financial statements.

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

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

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45. GENERAL INFORMATION

(a) 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 2022 %	2021 %	2020 %	% of ownership held by non-controlling interest 2022 %	2021 %	2020 %
Held by the Company:								
TSH Plantation Sdn. Bhd. [i]	Malaysia	Operation of palm oil mills and investment holding	100	100	100	-	-	-
CocoaHouse Industries Sdn. Bhd. [i]	Malaysia	Dormant	100	100	100	-	-	-
CocoaHouse Sdn. Bhd. [i]	Malaysia	Manufacture and sale of cocoa products and investment holding	100	100	100	-	-	-
Ekowood International Berhad [i]	Malaysia	Manufacture and sale of downstream wood products	100	100	100	-	-	-
TSH Bio-Gas Sdn. Bhd. [i]	Malaysia	Operation of biogas power plant	100	100	100	-	-	-
LKSK Sdn. Bhd. [i]	Malaysia	Oil palm plantations	51	51	51	49	49	49
Tan Soon Hong Holdings Sdn. Bhd. [i]	Malaysia	Oil palm plantations and investment holding	100	100	100	-	-	-
TSH Bio-Energy Sdn. Bhd. [i]	Malaysia	Operation of a power plant	100	100	100	-	-	-
TSH Timber Industries Sdn. Bhd. [i]	Malaysia	Dormant	100	100	100	-	-	-
POME Energy Sdn. Bhd. [i]	Malaysia	Dormant	100	100	100	-	-	-
Landquest Sdn. Bhd. [i]	Malaysia	Oil palm plantations	56.68	56.68	56.68	43.32	43.32	43.32
TSH Sumbar Group Limited [iv]	Seychelles	Investment holding	100	100	100	-	-	-
PT Aramico Komoditi [iv/v]	Indonesia	Dormant	74.42	74.42	74.42	25.58	25.58	25.58
TSH Logistics Sdn. Bhd. [i]	Malaysia	Investment holding	100	100	100	-	-	-
Polar Vertix Sdn. Bhd. [ii]	Malaysia	Dormant	100	100	100	-	-	-
TSH Oversea Pte. Ltd. [iv]	Singapore	Investment holding	100	100	100	-	-	-
TSH Sukuk Ijarah Sdn. Bhd. [v]	Malaysia	Undertake of Islamic Securities transactions	-	100	100	-	-	-

45. GENERAL INFORMATION (continued)

(a) 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 2022 %	2021 %	2020 %	% of ownership held by non-controlling interest 2022 %	2021 %	2020 %
Held by the Company (continued):								
TSH Global Plantation Pte. Ltd. [iv]	Singapore	Investment holding	100	100	100	-	-	-
TSH Mitra Capital Pte. Ltd. [iv]	Singapore	Investment holding	100	100	100	-	-	-
GlobeFlex Advisory Sdn. Bhd. [i]	Malaysia	Investment holding	100	100	100	-	-	-
Halaman Semesta Sdn. Bhd. [i]	Malaysia	Investment holding	100	100	100	-	-	-
Bagan Agresif Sdn. Bhd. [i]	Malaysia	Investment holding	100	100	100	-	-	-
Casa Logistic Sdn. Bhd. [i]	Malaysia	Investment holding	100	100	100	-	-	-
Rinukut Sdn. Bhd. [i]	Malaysia	Investment holding	100	100	70	-	-	30
TSH Sukuk Capital Sdn. Bhd. [i]	Malaysia	Dormant	100	100	-	-	-	-
TSH Sukuk Murabahah Sdn. Bhd. [i]	Malaysia	Undertake of Islamic Securities transactions	100	100	100	-	-	-
Icon Field Ventures Sdn. Bhd. [i]	Malaysia	Investment holding	100	100	100	-	-	-
TSH Agri Pte. Ltd. [iv]	Singapore	Management services and trading of goods	100	100	100	-	-	-
PT Kalimantan Industrial Park Indonesia [iv] (f.k.a. PT Aman Mulia Gemilang)	Indonesia	Dormant	-	-	65	-	-	35
PT Sejahtera Aman Sejati [ii/iv]	Indonesia	Dormant	65	65	-	35	35	-
Held through Ekowood International Berhad								
TSH Products Sdn. Bhd. [v]	Malaysia	Dormant	-	100	100	-	-	-
Ekowood Iberica, S.L. [ii/iii]	Spain	Dormant	99.96	99.96	99.96	0.04	0.04	0.04
Ekowood Malaysia Sdn. Bhd. [i]	Malaysia	Supply and installation of timber flooring	100	100	100	-	-	-
EkoLoc System Sdn. Bhd. [i]	Malaysia	Sub-licensing of strip lock system	100	100	100	-	-	-
Ekowood (USA) Inc. [ii/iii]	United States of America	Trading of wood products	100	100	100	-	-	-
Ekowood S.A. [iv]	Luxembourg	Dormant	-	-	70	-	-	30

45. GENERAL INFORMATION (continued)

(a) 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		
			2022 %	2021 %	2020 %	2022 %	2021 %	2020 %
Held through TSH Plantation Sdn. Bhd.								
TSH Plantation Management Sdn. Bhd. [i]	Malaysia	Operation of a palm oil mill	100	100	100	-	-	-
TSH Biotech Sdn. Bhd. [i]	Malaysia	Undertake oil palm ramets and other tissue culture projects	100	100	100	-	-	-
TSH Forest Plantation Sdn. Bhd. [i]	Malaysia	Forest plantation	100	100	100	-	-	-
Held through CocoaHouse Sdn. Bhd.								
PT Sinar Bersatu [ii/iv]	Indonesia	Dormant	99	99	99	1	1	1
Afromal Cocoa Limited [ii/ iv]	Ghana	Dormant	100	100	100	-	-	-
Held through Tan Soon Hong Holdings Sdn. Bhd.								
TSH Palm Products Sdn. Bhd. [i]	Malaysia	Oil palm plantations and investment holding	100	100	100	-	-	-
Held through TSH Palm Products Sdn. Bhd.								
Eko Pulp & Paper Sdn. Bhd. [i]	Malaysia	Hiring business	100	100	100	-	-	-
Held through TSH Sumbar Group Limited								
PT Andalas Agro Industri [iv]	Indonesia	Operation of a palm oil mill and investment holding	70	70	70	30	30	30
PT Andalas Wahana Berjaya [iv]	Indonesia	Oil palm plantations and operation of a palm oil mill	70	70	70	30	30	30
Held through TSH Oversea Pte. Ltd.								
PT Sarana Prima Multi Niaga [iv]	Indonesia	Oil palm plantations and operation of a palm oil mill	90	90	90	10	10	10
PT Teguh Swakarsa Sejahtera [iv]	Indonesia	Oil palm plantations	90	90	90	10	10	10
Held through PT Andalas Agro Industri								
PT Laras Internusa [iv]	Indonesia	Oil palm plantations	69.77	69.77	69.77	30.23	30.23	30.23

45. GENERAL INFORMATION (continued)

(a) 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 2022 %	2021 %	2020 %	% of ownership held by non-controlling interest 2022 %	2021 %	2020 %
Held through TSH Global Plantation Pte. Ltd.								
PT Farinda Bersaudara [iv]	Indonesia	Oil palm plantations and operation of a palm oil mill	90	90	90	10	10	10
Held through TSH Mitra Capital Pte. Ltd.								
PT Mitra Jaya Cemerlang [iv]	Indonesia	Oil palm plantations	90	90	90	10	10	10
Held through GlobeFlex Advisory Sdn. Bhd.								
PT Karya Unggulan Cemerlang [iv]	Indonesia	Provision of management services	90	90	90	10	10	10
Held through TSH Logistics Sdn. Bhd.								
PT Bulungan Citra Agro Persada [iv]	Indonesia	Oil palm plantations	90	90	90	10	10	10
Held through Halaman Semesta Sdn. Bhd.								
PT Munte Waniq Jaya Perkasa [iv]	Indonesia	Oil palm plantations	90	90	90	10	10	10
Held through Bagan Agresif Sdn. Bhd.								
PT Andalas Wahana Sukses [iv]	Indonesia	Oil palm plantations	90	90	90	10	10	10
Held through Casa Logistic Sdn. Bhd.								
PT Perkebunan Sentawar Membangun [iv]	Indonesia	Oil palm plantations	90	90	90	10	10	10
Held through Rinukut Sdn. Bhd.								
RT Plantations Sdn. Bhd. [i]	Malaysia	Oil palm plantations	60	60	42	40	40	58
Held through Icon Field Ventures Sdn. Bhd.								
PT Prima Usaha Sukses [iv]	Indonesia	Oil palm plantations	90	90	90	10	10	10

i Audited by BDO PLT, Malaysia.

ii These subsidiaries were placed under members' voluntary winding-up/strike off.

iii Audited by BDO PLT, Malaysia for the purpose of consolidation in the financial statements of the Group.

iv Not audited by BDO PLT or member firms of BDO International.

v Struck off and did not have any material effect to the financial performance.

45. GENERAL INFORMATION (continued)

(b) 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.		
	2022 RM'000	2021 RM'000	2020 RM'000	2022 RM'000	2021 RM'000	2020 RM'000	2022 RM'000	2021 RM'000	2020 RM'000
Assets and liabilities									
Non-current assets	343,638	301,347	351,568	410,376	367,467	277,298	279,431	293,386	294,632
Current assets	82,624	52,731	41,991	59,883	36,180	41,627	24,129	30,991	16,634
Total assets	426,262	354,078	393,559	470,259	403,647	318,925	303,560	324,377	311,266
Current liabilities	30,632	30,208	14,925	25,319	22,618	11,638	23,313	49,062	1,349
Non-current liabilities	6,906	7,075	138,427	6,027	6,690	6,878	1,598	305,290	352,505
Total liabilities	37,538	37,283	153,352	31,346	29,308	18,516	24,911	354,352	353,854
Net assets/(liabilities)	388,724	316,795	240,207	438,913	374,339	300,409	278,649	(29,975)	(42,588)
Carrying amounts of NCI	116,729	94,653	71,399	44,035	37,397	29,852	27,865	(2,998)	(4,259)

45. GENERAL INFORMATION (continued)

(b) Material partly-owned subsidiaries (continued)

(i) Summarised statements of financial position (continued)

	LKSK Sdn. Bhd.			Landquest Sdn. Bhd.			Subsidiary of Rinukut Sdn. Bhd.		
	2022 RM'000	2021 RM'000	2020 RM'000	2022 RM'000	2021 RM'000	2020 RM'000	2022 RM'000	2021* RM'000	2020 RM'000
Assets and liabilities									
Non-current assets	41,543	40,441	40,712	31,575	31,228	30,662	84,252	86,246	88,704
Current assets	4,793	5,540	3,091	2,276	2,546	2,232	6,257	7,748	5,973
Total assets	46,336	45,981	43,803	33,851	33,774	32,894	90,509	93,994	94,677
Current liabilities	1,035	1,202	451	1,862	2,048	1,906	2,793	1,794	6,333
Non-current liabilities	9,199	8,912	8,885	5,754	5,465	5,159	92,388	99,880	96,990
Total liabilities	10,234	10,114	9,336	7,616	7,513	7,065	95,181	101,674	103,323
Net assets/(liabilities)	36,102	35,867	34,467	26,235	26,261	25,829	(4,672)	(7,680)	(8,646)
Carrying amounts of NCI	21,551	21,436	20,750	10,836	10,848	10,656	7,902	6,699	15,608

45. GENERAL INFORMATION (continued)

(b) Material partly-owned subsidiaries (continued)

(ii) Summarised statements of comprehensive income

	Subsidiaries of TSH Sumbar Group Limited			Subsidiaries of TSH Oversea Pte. Ltd.			Subsidiary of TSH Logistics Sdn. Bhd.		
	2022	2021	2020	2022	2021	2020	2022	2021	2020
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Results									
Revenue	269,275	213,480	165,269	230,667	186,095	139,921	60,716	58,748	35,513
Profit/(Loss) for the year	88,176	71,348	40,042	83,463	61,847	29,430	323,452	14,000	(17,484)
Total comprehensive income/(loss) for the year	88,346	71,653	38,733	83,680	62,231	28,351	323,473	14,189	(17,843)
Profit/(Loss) allocated to NCI	26,662	21,610	11,787	8,346	6,185	2,943	32,345	1,400	(1,748)
Total comprehensive income/(loss) allocated to NCI	26,605	21,600	11,628	8,327	6,222	2,835	32,325	1,336	(1,867)

	LKSK Sdn. Bhd.			Landquest Sdn. Bhd.			Subsidiary of Rinukut Sdn. Bhd.		
	2022	2021	2020	2022	2021	2020	2022	2021*	2020
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Results									
Revenue	12,944	9,915	6,886	4,381	3,062	2,050	29,492	23,522	10,858
Profit/(Loss) for the year	4,234	3,399	1,318	675	942	305	3,008	784	(4,266)
Total comprehensive income/(loss) for the year	4,234	3,399	1,318	675	942	305	3,008	784	(4,266)
Profit/(Loss) allocated to NCI	2,075	1,666	646	292	408	132	1,203	314	(2,473)
Total comprehensive income/(loss) allocated to NCI	2,075	1,666	646	292	408	132	1,203	314	(2,473)

45. GENERAL INFORMATION (continued)

(b) Material partly-owned subsidiaries (continued)

(iii) Summarised cash flows

	Subsidiaries of TSH Sumbar Group Limited			Subsidiaries of TSH Oversea Pte. Ltd.			Subsidiary of TSH Logistics Sdn. Bhd.		
	2022 RM'000	2021 RM'000	2020 RM'000	2022 RM'000	2021 RM'000	2020 RM'000	2022 RM'000	2021 RM'000	2020 RM'000
Net cash flows from operating activities	108,912	99,065	77,026	75,993	75,401	52,254	30,262	25,568	7,151
Net cash flows (used in)/from investing activities	(25,875)	(64,538)	(34,042)	(14,401)	(51,164)	(49,344)	268,504	38,935	926
Net cash flows (used in)/from financing activities	(45,778)	(29,718)	(39,096)	(31,003)	(1,982)	(6,253)	(296,006)	(58,292)	(8,613)
Net increase/(decrease) in cash and cash equivalents	37,259	4,809	3,888	30,589	22,255	(3,343)	2,760	6,211	(536)
Effect of exchange rate changes	(699)	321	(359)	(1,004)	145	(322)	(381)	101	(161)
Cash and cash equivalents at beginning of the year	20,401	15,271	11,742	29,302	6,902	10,567	11,125	4,813	5,510
Cash and cash equivalents at end of the year	56,961	20,401	15,271	58,887	29,302	6,902	13,504	11,125	4,813

	LKSK Sdn. Bhd.			Landquest Sdn. Bhd.			Subsidiary of Rinukut Sdn. Bhd.		
	2022 RM'000	2021 RM'000	2020 RM'000	2022 RM'000	2021 RM'000	2020 RM'000	2022 RM'000	2021 RM'000	2020 RM'000
Net cash flows from operating activities	6,018	4,934	2,106	2,033	1,378	681	15,995	10,047	3,658
Net cash flows (used in)/from investing activities	(1,950)	(643)	587	(1,573)	(751)	(629)	(1,858)	(1,213)	(5,837)
Net cash flows (used in)/from financing activities	(4,000)	(2,000)	-	(700)	(500)	-	(14,138)	(8,211)	1,843
Net increase/(decrease) in cash and cash equivalents	68	2,291	2,693	(240)	127	52	(1)	623	(336)
Effect of exchange rate changes	-	-	-	-	-	-	-	-	-
Cash and cash equivalents at beginning of the year	5,388	3,097	404	316	189	137	1,102	479	815
Cash and cash equivalents at end of the year	5,456	5,388	3,097	76	316	189	1,101	1,102	479

TSH Resources Berhad
Registration No: 197901005269 (49548 - D)

TSH RESOURCES BERHAD (197901005269 (49548 - D))

(Incorporated in Malaysia)

INDEPENDENT AUDITORS' REPORT AND UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023

TSH RESOURCES BERHAD
(Incorporated in Malaysia)

STATEMENT BY DIRECTORS

We, Tan Aik Sim and Tan Aik Kiong, being two of the directors of TSH Resources Berhad, do hereby state that, in the opinion of the Board of Directors, to the best of their knowledge, nothing has come to their attention which may render the accompanying unaudited interim consolidated financial statements together with notes thereto are drawn up with the Malaysian Financial Reporting Standards 134 for the financial period from 1 January 2023 to 31 March 2023 to be false or misleading.

On behalf of the Board,

....	....
Tan Aik Sim	**Tan Aik Kiong**
Director	Director

Kuala Lumpur
20 September 2023

INDEPENDENT AUDITOR'S REVIEW REPORT ON THE UNAUDITED INTERIM FINANCIAL INFORMATION FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2023 TO 31 MARCH 2023

The Board of Directors
TSH Resources Berhad
Level 10, Menara TSH
No.8 Jalan Semantan
Damansara Heights
50490 Kuala Lumpur

Dear Sirs,

TSH RESOURCES BERHAD AND ITS SUBSIDIARIES ("THE GROUP")
REVIEW OF INTERIM FINANCIAL INFORMATION FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2023 TO 31 MARCH 2023

We have reviewed the accompanying interim financial information of the Group, which comprises the consolidated statement of financial position as at 31 March 2023, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the financial period from 1 January 2023 to 31 March 2023 ("Interim Financial Information").

The Board of Directors are responsible for the preparation and presentation of the Interim Financial Information in accordance with Malaysian Financial Reporting Standards ("MFRSs") 134, Interim Financial Reporting. Our responsibility is to express a conclusion on this Interim Financial Information based on our review.

We conducted our review in accordance with International Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*, issued by the International Auditing and Assurance Standards Board. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying unaudited interim consolidated financial statements is not prepared, in all material respects, in accordance with MFRS 134, Interim Financial Reporting.

Yours faithfully,

BDO PLT
20 September 2023

TSH RESOURCES BERHAD
(Incorporated in Malaysia)

UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023

		Unaudited Three-Month Ended 31 March	
	Note	2023 RM'000	2022 RM'000
Revenue	7	250,298	337,349
Cost of sales	8	(165,560)	(198,578)
Gross profit		84,738	138,771
Other items of income			
Interest income	9	2,662	2,214
Dividend income	10	-	18
Other income	11	33,883	65,966
Net impairment write back on financial assets	13	-	255
Other items of expenses			
Marketing and distribution costs		(7,156)	(8,689)
Administrative expenses		(43,059)	(40,484)
Finance costs	12	(5,364)	(8,949)
Other expenses		(6,638)	(44,024)
Share of profit of associate, net of tax		2,002	6,289
Share of (loss)/profit of joint ventures, net of tax		(6,843)	4,482
Profit before taxation	13	54,225	115,849
Taxation	15	(16,292)	(9,149)
Profit for the financial period		37,933	106,700

TSH RESOURCES BERHAD
(Incorporated in Malaysia)

UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023 (continued)

		Unaudited Three-Month Ended 31 March	
	Note	2023 RM'000	2022 RM'000
Other comprehensive income income			
Item that may be reclassified subsequently to profit or loss:			
Foreign currency translations		73,411	6,042
Net loss on financial assets at fair value through other comprehensive income ("FVOCI")		(391)	-
Other comprehensive income for the financial period		73,020	6,042
Total comprehensive income for the financial period		110,953	112,742
Profit attributable to			
Owners of the Company		29,428	96,476
Non-controlling interests		8,505	10,224
		37,933	106,700
Total comprehensive income attributable to:			
Owners of the Company		93,431	101,864
Non-controlling interests		17,522	10,878
		110,953	112,742
Earnings per share attributable to owners of the Company (sen per share):			
Basic earnings per share	16	2.13	6.99
Diluted earnings per share	16	2.13	6.99

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

TSH RESOURCES BERHAD
(Incorporated in Malaysia)

UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2023

	Note	Unaudited 31 March 2023 RM'000	Audited 31 December 2022 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	17	1,289,312	1,256,556
Right-of-use assets	18	258,787	255,082
Biological assets	19	365,119	364,842
Intangible assets	20	51,762	50,350
Investment in an associate	21	76,813	77,437
Investments in joint ventures	22	99,241	106,083
Deferred tax assets	23	506	6,026
Other receivables	24	57,154	53,946
Investment securities	25	24,544	50
		2,223,238	2,170,372
Current assets			
Biological assets	19	16,089	13,531
Inventories	26	139,961	132,923
Trade and other receivables	24	44,916	39,725
Other current assets	27	9,303	6,432
Tax recoverable		11,215	8,789
Investment securities	25	1	1
Derivative assets	28	-	30
Short term funds	29	5,214	6,385
Cash and bank balances	30	303,197	375,580
		529,896	583,396
Assets held for sale	31	215,029	205,510
TOTAL CURRENT ASSETS		744,925	788,906
TOTAL ASSETS		2,968,163	2,959,278
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital	32	740,512	740,512
Treasury shares	32	(1,467)	(1,467)
Other reserves	33	(190,903)	(254,906)
Retained earnings	34	1,446,128	1,416,700
		1,994,270	1,900,839
Non-controlling interests		246,781	231,219
TOTAL EQUITY		2,241,051	2,132,058

TSH RESOURCES BERHAD
(Incorporated in Malaysia)

UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2023 (continued)

	Note	Unaudited 31 March 2023 RM'000	Audited 31 December 2022 RM'000
LIABILITIES			
Non-current liabilities			
Loans and borrowings	35	147,650	164,860
Retirement benefits		19,364	17,324
Lease liabilities	18	1,221	1,320
Deferred tax liabilities	23	86,099	86,555
		254,334	270,059
Current liabilities			
Loans and borrowings	35	290,080	394,251
Trade and other payables	36	162,445	142,158
Derivative liabilities	28	2,344	3,282
Lease liabilities	18	410	615
Current tax payable		17,499	16,855
TOTAL CURRENT LIABILITIES		472,778	557,161
TOTAL LIABILITIES		727,112	827,220
TOTAL EQUITY AND LIABILITIES		2,968,163	2,959,278

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

TSH RESOURCES BERHAD
(Incorporated in Malaysia)
UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023

		<---- Attributable to owners of the Company ---->								
			<-Non-distributable->		Distributable	<---- Non-distributable ---->				
2022 (Unaudited)	**Equity, total RM'000**	**Equity attributable to owners of the 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**	**Non-controlling interests 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 period	106,700	96,476	-	-	96,476	-	-	-	-	10,224
Other comprehensive income										
Foreign currency translations	6,042	5,388	-	-	-	5,388	-	5,388	-	654
Other comprehensive income for the financial period, net of tax	6,042	5,388	-	-	-	5,388	-	5,388	-	654
Total comprehensive income for the financial period	112,742	101,864	-	-	96,476	5,388	-	5,388	-	10,878
Transactions with owners										
Dividends paid to non-controlling interests	(980)	-	-	-	-	-	-	-	-	(980)
Total transactions with owners	(980)	-	-	-	-	-	-	-	-	(980)
Balance as at 31 March 2022	1,925,350	1,743,194	740,512	(1,467)	1,207,654	(203,505)	9,630	(213,235)	100	182,156

TSH RESOURCES BERHAD
(Incorporated in Malaysia)
UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023 (continued)

			<---------- Attributable to owners of the Company ----------							>	
			<-Non-distributable->		Distributable		<---------- Non-distributable			---------->	
2023 (Unaudited)	**Equity, total RM'000**	**Equity attributable to owners of the 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**	**Fair value reserve RM'000**	**Share of associate reserve RM'000**	**Non-controlling interests 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	(264,636)	-	100	231,219
Profit for the financial period	37,933	29,428	-	-	29,428	-	-	-	-	-	8,505
Other comprehensive income											
Foreign currency translations	73,411	64,394	-	-	-	64,394	-	64,394	-	-	9,017
Fair value loss on financial assets	(391)	(391)	-	-	-	(391)	-	-	(391)	-	-
Other comprehensive income for the financial period, net of tax	73,020	64,003	-	-	-	64,003	-	64,394	(391)	-	9,017
Total comprehensive income for the financial period	110,953	93,431	-	-	29,428	64,003	-	64,394	(391)	-	17,522
Transactions with owners											
Dividends paid to non-controlling interests	(1,960)	-	-	-	-	-	-	-	-	-	(1,960)
Total transactions with owners	(1,960)	-	-	-	-	-	-	-	-	-	(1,960)
Balance as at 31 March 2023	2,241,051	1,994,270	740,512	(1,467)	1,446,128	(190,903)	9,630	(200,242)	(391)	100	246,781

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

TSH RESOURCES BERHAD
(Incorporated in Malaysia)

UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023

	Unaudited Three-Month Ended 31 March	
	2023 RM'000	**2022 RM'000**
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	54,225	115,849
Adjustments for:		
Amortisation and depreciation	24,568	27,131
Dividend income	-	(18)
Fair value gain on commodity future contracts	(15)	(899)
Gain from fair value adjustment of fresh fruit bunches ("FFB")	(1,920)	(8,856)
Interest expense	5,364	8,949
Interest income	(2,662)	(2,214)
Inventories written off	404	358
Net gain on disposal of assets held for sale and property, plant and equipment	(27,548)	(53,363)
Net impairment write back on financial assets	-	(255)
Net unrealised foreign exchange loss	3,625	4,129
Property, plant and equipment written off	20	127
Share of profit of associate	(2,002)	(6,289)
Share of (loss)/profit of joint ventures	6,843	(4,482)
(Write back of inventories written down)/Inventories written down	(1,566)	8,167
Total adjustments	5,111	(27,515)
Operating cash flows before changes in working capital	59,336	88,334
Changes in working capital		
Increase in inventories	(5,875)	(35,232)
Increase in receivables	(15,235)	(11,921)
Increase in payables	22,875	5,972
Total changes in working capital	1,765	(41,181)
Cash flows from operations	61,101	47,153
Net income tax paid	(14,030)	(7,882)
Net cash flows from operating activities	47,071	39,271
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions of right-of-use assets	(536)	-
Dividends received	2,627	6,322
Forest planting expenditure	(559)	(424)
Interest received	2,662	2,214
Proceeds from disposal of assets held for sale and property, plant and equipment	28,914	159,502
Purchase of financial assets at FVOCI	(24,525)	-
Purchase of property, plant and equipment	(9,928)	(13,603)
Net cash flows (used in)/from investing activities	(1,345)	154,011

TSH RESOURCES BERHAD
(Incorporated in Malaysia)

UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023 (continued)

	Unaudited Three-Month Ended 31 March 2023 RM'000	2022 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid to non-controlling interests	(1,960)	(980)
Interest paid	(5,345)	(8,902)
Net repayments of term loans and medium term notes	(26,658)	(12,692)
Net repayments of other borrowings	(94,805)	(121,800)
Payments of lease liabilities and interest	(319)	(281)
Net cash flows used in financing activities	(129,087)	(144,655)
Net (decrease)/increase in cash and cash equivalents	(83,361)	48,627
Effects of exchange rate changes	10,056	510
Cash and cash equivalents as at beginning of financial period	376,231	292,751
Cash and cash equivalents as at end of financial period	302,926	341,888

Cash and cash equivalents comprise the following:

	Unaudited Three-Month Ended 31 March 2023 RM'000	2022 RM'000
Cash and bank balances and deposits	303,197	340,446
Short term funds	5,214	5,996
Less:		
Bank overdrafts	-	(187)
Deposits pledged with licensed banks	(4,992)	(3,877)
Deposits with maturity of over 3 months	(493)	(490)
Cash and cash equivalents	302,926	341,888

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

TSH RESOURCES BERHAD
(Incorporated in Malaysia)

NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 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.

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 unaudited interim consolidated financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 12 July 2023.

2. PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding, oil palm cultivation 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 and biogas plants, forest plantation, manufacture and sales of cocoa products and downstream wood products and other related business activities. There have been no significant changes in the nature of these activities of the Group and of the Company during the financial period.

3. BASIS OF PREPARATION

The unaudited interim consolidated financial statements for the three-month period ended 31 March 2023 have been prepared in accordance with MFRS 134 Interim Financial Reporting issued by the Malaysian Accounting Standards Board.

The unaudited interim consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group's audited consolidated financial statements for the financial years ended 31 December 2020, 2021 and 2022.

The unaudited interim consolidated financial statements for the three-month period ended 31 March 2023 comprise the Company and its subsidiaries and the interests of the Group in an associate and joint ventures. These unaudited interim 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.

3. BASIS OF PREPARATION (continued)

(a) Summary of significant accounting policies

The accounting policies and methods of computation used in the unaudited interim consolidated financial statements are consistent with those applied in the audited consolidated financial statements for the financial years ended 31 December 2020, 2021 and 2022. These accounting policies are set out in respective notes to the audited consolidated financial statements for the financial years ended 31 December 2020, 2021 and 2022.

(b) Use of judgements and estimates

The critical accounting judgements and key sources of estimation uncertainty made by management remains unchanged from the audited consolidated financial statements for the financial years ended 31 December 2020, 2021 and 2022.

4. SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services, and has two reportable operating segments as follows:

(i) Palm products - the operation of oil palm plantations, manufacture and sale of crude palm oil and palm kernel; and
(ii) Others - 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 and biogas plants.

Except as indicated above, no other business units have been aggregated to form the above reportable operating segments.

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 which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group financing (including finance costs), income taxes, share of profit of associate and share of profit of joint ventures are managed on a group basis and are not allocated to operating segments.

Transfer prices between operating segments are on an arm’s length basis in a manner similar to transactions with third parties.

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4. SEGMENT INFORMATION (continued)

	Palm products RM'000	Others RM'000	Adjustment and eliminations RM'000	Notes	Total RM'000
31 March 2023					
Revenue					
External customers	233,124	17,174	-		250,298
Total revenue	233,124	17,174	-		250,298
Results					
Gain on disposal of assets held for sale	27,604	-	-		27,604
Segment profit	78,128	(3,263)	(20,640)	(a)	54,225
Assets:					
Segment assets (including assets held for sale)	2,085,154	610,958	272,051	(b)	2,968,163
Segment liabilities	160,511	29,332	537,269	(c)	727,112

4. SEGMENT INFORMATION (continued)

	Palm products RM'000	Others RM'000	Adjustment and eliminations RM'000	Notes	Total RM'000
31 March 2022					
Revenue					
External customers	312,264	25,085	-		337,349
Total revenue	312,264	25,085	-		337,349
Results					
Gain on disposal of assets held for sale	53,225	-	-		53,225
Segment profit	129,410	(4,303)	(9,258)	(a)	115,849
Assets:					
Segment assets (including assets held for sale)	2,153,667	705,653	420,204	(b)	3,279,524
Segment liabilities	209,958	39,669	1,104,547	(c)	1,354,174

4. SEGMENT INFORMATION (continued)

Notes: Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements.

(a) The following items are (deducted from)/added to segment profit to arrive at "Profit before tax" presented in the statements of comprehensive income:

	Unaudited Three-Month Ended 31 March	
	2023	**2022**
	RM'000	**RM'000**
Share of profit of associate	2,002	6,289
Share of (loss)/profit of joint	(6,843)	4,482
Finance costs	(5,364)	(8,949)
Loss on foreign exchange	(4,173)	(4,061)
Unallocated corporate expenses	(6,262)	(7,019)
	(20,640)	(9,258)

(b) The following items are added to segment assets to arrive at total assets reported in the statements of financial position:

	Unaudited Three-Month Ended 31 March	
	2023	**2022**
	RM'000	**RM'000**
Investment in an associate	76,813	82,058
Investments in joint ventures	99,241	93,944
Tax recoverable	11,215	2,959
Deferred tax assets	506	3,077
Unallocated amounts	84,276	238,166
	272,051	420,204

(c) The following items are added to segment liabilities to arrive at total liabilities reported in the statements of financial position:

	Unaudited Three-Month Ended 31 March	
	2023	**2022**
	RM'000	**RM'000**
Deferred tax liabilities	86,099	109,630
Loans and borrowings	437,730	979,130
Unallocated amounts	13,440	15,787
	537,269	1,104,547

4. SEGMENT INFORMATION (continued)

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 Unaudited Three-Month Ended 31 March		Non-current assets Unaudited Three-Month Ended 31 March	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Malaysia	74,683	134,133	998,114	1,125,683
Indonesia	163,102	184,480	1,357,949	1,435,165
United States of America	5,619	11,202	-	-
Southwest Pacific	4,987	4,875	-	-
Others	1,907	2,659	-	5
	250,298	337,349	2,356,063	2,560,853

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 period/year ended 31 March 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 1.25 level is met. In addition, over the near to medium term, the Group seeks to maintain a net debt/equity ratio at below 1.0 level.

	31 March 2023 (Unaudited) RM'000	31 December 2022 (Audited) RM'000
Loans and borrowings	437,730	559,111
Less: Cash and bank balances	(303,197)	(375,580)
Less: Short term funds	(5,214)	(6,385)
Net debt	129,319	177,146
Total equity	2,241,051	2,132,058
Debt*/equity ratio	0.20	0.26
Net debt/equity ratio	0.06	0.08

* *Represents loans and borrowings.*

5. CAPITAL AND FINANCIAL RISK MANAGEMENT (continued)

(a) Capital management (continued)

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 period/year ended 31 March 2023 and 31 December 2022.

(b) Financial risk management

The Group is 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, Senior General Manager 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 does not apply hedge accounting.

(i) Credit risk

The Group'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 minimises 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.

(ii) Liquidity risk

The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and financial liabilities. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

Management continuously strive to re-balance the Group's short term and long term borrowings to reflect the long term nature of the Group's business. The Group is in net current assets position due to realisation of the cash flow generated from the disposals of assets and paring down of loan and borrowings. The Group 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 Group also ensures it has sufficient undrawn credit facilities available to complement its overall liquidity management. As at 31 March 2023, the Group has RM578,063,000 in unused credit facilities.

5. CAPITAL AND FINANCIAL RISK MANAGEMENT (continued)

(b) Financial risk management (continued)

(ii) Liquidity risk (continued)

In addition, 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. Barring any unforeseen circumstances, the Group is not aware of any other matters that may impact the liquidity risk of the Group, including consideration of the potential effects, if any, arising from the Russia-Ukraine war.

(iii) Interest rate risk

The Group's exposure to interest rate risk arises primarily from its loans and borrowings. The Group's policy is to manage interest cost using a mix of fixed and floating rate debts.

(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), Sterling Pound (GBP), Euro (EUR), Indonesian Rupiah (IDR) and Singapore Dollar (SGD). The foreign currencies in which these transactions are denominated are mainly USD.

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.

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5. CAPITAL AND FINANCIAL RISK MANAGEMENT (continued)

(b) Financial risk management (continued)

(iv) Foreign currency risk (continued)

The currency exposure profiles of financial assets and financial liabilities are as follows:

Group	USD RM'000	AUD RM'000	GBP RM'000	EUR RM'000	IDR RM'000	SGD RM'000
31 March 2023 (Unaudited)						
Financial assets in foreign currencies						
Trade and other receivables	7,341	2,786	24	623	77,550	11
Cash and bank balances	2,049	83	-	139	255,979	419
Financial liabilities in foreign currencies						
Loans and borrowings	(90,240)	-	-	-	-	-
Trade and other payables	(480)	-	-	(9)	(116,413)	(243)

Group	USD RM'000	AUD RM'000	GBP RM'000	EUR RM'000	IDR RM'000	SGD RM'000
31 December 2022 (Audited)						
Financial assets in foreign currencies						
Trade and other receivables	2,781	3,142	-	287	74,429	351
Other current assets	-	-	-	-	580	58
Cash and bank balances	1,909	324	-	88	221,629	501
Financial liabilities in foreign currencies						
Loans and borrowings	(106,062)	-	-	-	-	-
Trade and other payables	(2,146)	(153)	(96)	(405)	(92,344)	(880)

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.

6. FAIR VALUE OF FINANCIAL INSTRUMENTS

(a) The Group uses the following hierarchy in determining the fair value of all financial instruments carried at fair value:

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

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 – Unobservable inputs for the asset or liability.

(b) As at the end of financial period/year, the Group held the following financial instruments that are measured at fair value:

31 March 2023 (Unaudited)	**Level 1 RM'000**	**Level 2 RM'000**	**Level 3 RM'000**	**Total RM'000**
Financial Assets:				
Non-current assets:				
Financial assets at fair value through profit or loss:				
- Investment securities (Unquoted) (Note 25)	-	-	50	50
Financial assets at fair value through other comprehensive income:				
- Investment securities (Unquoted) (Note 25)	-	24,494	-	24,494
Current assets:				
Financial assets at fair value through profit or loss:				
- Investment securities (quoted in Malaysia) (Note 25)	1	-	-	1
- Short term funds (Note 29)	5,214	-	-	5,214
Financial Liabilities:				
Current liabilities:				
Financial assets at fair value through profit or loss:				
- Derivative liabilities (Note 28)	-	(2,344)	-	(2,344)

6. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

(b) As at the end of financial period/year, the Group held the following financial instruments that are measured at fair value: (continued)

31 December 2022 (Audited)	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Financial Assets:				
Non-current assets:				
Financial assets at fair value through profit or loss:				
- Investment securities (Unquoted) (Note 25)	-	-	50	50
Current assets:				
Financial assets at fair value through profit or loss:				
- Investment securities (quoted in Malaysia) (Note 25)	1	-	-	1
- Derivative assets (Note 28)	-	30	-	30
- Short term funds (Note 29)	6,385	-	-	6,385
Financial Liabilities:				
Current liabilities:				
Financial assets at fair value through profit or loss:				
- Derivative liabilities (Note 28)	(15)	(3,267)	-	(3,282)

(c) There is no transfer between levels in the hierarchy during the financial period.

7. REVENUE

	Unaudited Three-Month Ended 31 March 2023 RM'000	2022 RM'000
Revenue from contracts with customers:		
- Sales of oil palm products	233,124	312,263
- Sales of wood products	12,520	19,028
- Revenue from supply of electricity	3,105	1,930
- Sales of cocoa products	275	226
- Sales of timber and latex	629	2,641
- Revenue from supply and installation services	363	974
- Sales of ramets and laran plantlet and plantable	282	287
	250,298	337,349
Timing of revenue recognition		
- Over time	363	974
- At a point in time	249,935	336,375
	250,298	337,349

8. COST OF SALES

	Unaudited Three-Month Ended 31 March 2023 RM'000	2022 RM'000
Cost of inventories sold	162,121	195,224
Supply and installation service costs	293	789
Cost of services rendered	3,146	2,565
	165,560	198,578

9. INTEREST INCOME

	Unaudited Three-Month Ended 31 March 2023 RM'000	2022 RM'000
Interest income from:		
Plasma receivables	718	1,049
Investment securities	188	-
Short-term deposits	1,756	1,165
	2,662	2,214

10. DIVIDEND INCOME

	Unaudited Three-Month Ended 31 March 2023 RM'000	2022 RM'000
Dividend income from:		
Short term investments (unquoted in Malaysia)	-	18

11. OTHER INCOME

	Unaudited Three-Month Ended 31 March 2023 RM'000	2022 RM'000
Fair value gain on forward currency contracts	893	208
Fair value gain on commodity future contracts	15	899
Fair value gain on short term funds	55	3
Insurance claims received and receivable	142	244
Management fee	1,028	1,193
	2,133	2,547

11. OTHER INCOME (continued)

	Unaudited Three-Month Ended 31 March	
	2023	2022
	RM'000	RM'000
Net gain from fair value adjustment of fresh fruit bunches	1,920	8,856
Net gain on disposal of assets held for sale and property, plant and equipment	27,548	53,363
Realised gain from forward currency contracts	44	187
Rental income	256	210
Sales of scrap iron	198	407
Write back of impairment losses on inventories	1,566	-
Miscellaneous	218	396
	33,883	65,966

12. FINANCE COSTS

	Unaudited Three-Month Ended 31 March	
	2023	2022
	RM'000	RM'000
Interest expense on:		
Bank overdrafts	10	6
Bankers' acceptances	136	290
Lease liabilities	19	47
Revolving credits	1,162	1,879
Term loans	2,699	3,255
Others	219	219
	4,245	5,696
Islamic financing distribution payment:		
Sukuk Medium Term Notes	1,189	2,759
Sukuk Murabahah Islamic Commercial Papers	-	536
	1,189	3,295
Total finance costs	5,434	8,991
Less: Interest expense capitalised in bearer plants and forest planting expenditure	(70)	(42)
Net finance costs	5,364	8,949

13. PROFIT BEFORE TAXATION

(a) Other than those disclosed elsewhere in the financial statements, the following items have been included in arriving at profit before taxation:

	Unaudited Three-Month Ended 31 March 2023 RM'000	2022 RM'000
Inventories written down	-	8,167
Inventories written off	404	358
Net loss on foreign exchange:		
- realised	592	119
- unrealised	4,518	4,337
Non-Executive Directors' remuneration	1,702	857
Property, plant and equipment written off	20	127
Realised loss on commodity future contracts	-	26,503

(b) Net impairment (losses)/write back on financial assets recognised in profit or loss were as follows:

	Unaudited Three-Month Ended 31 March 2023 RM'000	2022 RM'000
Impairment losses on:		
- other receivables	-	(167)
	-	(167)
Write back of impairment losses on:		
- trade receivables	-	422
	-	422
Net impairment write back on financial assets	-	255

14. DIRECTORS' REMUNERATION

The details of remuneration received and receivable by Directors of the Company during the financial year are as follows:

	Unaudited Three-Month Ended 31 March 2023 RM'000	2022 RM'000
Executive:		
Salaries and bonus	1,966	2,101
Other emoluments	244	285
Total Executive Directors' remuneration (excluding benefits-in-kind)	2,210	2,386
Estimated money value of benefits-in-kind	37	85
Total Executive Directors' remuneration (including benefits-in-kind)	2,247	2,471

14. DIRECTORS' REMUNERATION (continued)

The details of remuneration received and receivable by Directors of the Company during the financial year are as follows: (continued)

	Note	Unaudited Three-Month Ended 31 March 2023 RM'000	2022 RM'000
Non-Executive:			
Fees		78	73
Salaries		1,132	465
Other emoluments		492	319
Total Non-Executive Directors' remuneration (excluding benefits-in-kind)	13	1,702	857
Estimated money value of benefits-in-kind		69	41
Total Non-Executive Directors' remuneration (including benefits-in-kind)		1,771	898
Total Directors' remuneration		4,018	3,369

15. TAXATION

The major components of taxation for the financial period ended 31 March 2023 and financial year ended 31 December 2022 are:

	Unaudited Three-Month Ended 31 March 2023 RM'000	2022 RM'000
Statements of comprehensive income:		
Current income tax:		
- Malaysian income tax	982	4,785
- Foreign tax	10,871	12,941
- Real Property Gain Tax ("RPGT")	-	13,320
	11,853	31,046
Under/(Over) provision in prior years:		
- Malaysian income tax	2	-
- Foreign income tax	(40)	(63)
	(38)	(63)
Deferred tax		
- Origination and reversal of temporary differences	4,120	(21,834)
- Under provision in prior years	357	-
	4,477	(21,834)
Taxation recognised in profit and loss	16,292	9,149

15. TAXATION (continued)

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.

16. 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 period by the weighted average number of ordinary shares outstanding during the financial period after deducting treasury shares.

	Unaudited Three-Month Ended 31 March	
	2023	**2022**
Profit attributable to owners of the Company used in the computation of basic or diluted earnings per share (RM'000)	29,428	96,476
Weighted average number of ordinary shares in issue ('000)	1,380,174	1,380,174
Basic earnings per ordinary share (sen)	2.13	6.99

(b) Diluted

Diluted earnings per ordinary share for the financial period is calculated by dividing the profit attributable to owners of the Company for the financial period by the weighted average number of ordinary shares outstanding during the financial period 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.

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17. PROPERTY, PLANT AND EQUIPMENT

	Bearer plants RM'000	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 (Unaudited)								
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	2,391	122	75	685	2,843	285	3,649	10,050
Disposals	-	-	-	(25)	(228)	-	-	(253)
Write-offs	-	-	-	-	(6)	(14)	-	(20)
Reclassifications	-	489	61	-	546	(7)	(1,089)	-
Reclassified to assets held for sale	-	-	-	-	-	(14)	-	(14)
Depreciation charged for the financial period	(10,128)	(2,211)	(3,051)	(883)	(5,283)	(307)	-	(21,863)
Exchange differences	36,269	2,121	4,191	248	1,598	40	389	44,856
Balance as at 31 March 2023	883,586	58,621	185,071	7,435	106,616	34,065	13,918	1,289,312

17. PROPERTY, PLANT AND EQUIPMENT

	Bearer plants RM'000	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
2022 (Audited)								
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	(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

17. PROPERTY, PLANT AND EQUIPMENT (continued)

	At 31.03.2023 (Unaudited)			
	Cost RM'000	Accumulated depreciation RM'000	Accumulated impairment losses RM'000	Carrying amount RM'000
Bearer plants	1,181,312	(280,434)	(17,292)	883,586
Plantation infrastructure	134,531	(75,910)	-	58,621
Buildings	356,196	(137,085)	(34,040)	185,071
Motor vehicles	46,303	(38,868)	-	7,435
Plant, machinery and equipment	445,171	(333,756)	(4,799)	106,616
Furniture, fittings and renovation	59,918	(24,828)	(1,025)	34,065
Assets under construction	198,782	-	(184,864)	13,918
	2,422,213	(890,881)	(242,020)	1,289,312

	At 31.12.2022 (Audited)			
	Cost RM'000	Accumulated depreciation RM'000	Accumulated impairment losses RM'000	Carrying amount 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

18. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The Group as lessee

Right-of-use assets

	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 (Unaudited)						
Carrying amount						
At 1 January 2023	84,874	168,307	710	97	1,094	255,082
Additions	-	536	-	-	58	594
Depreciation charged for the financial period	(396)	(1,842)	(34)	(6)	(269)	(2,547)
Reclassified to assets held for sale	-	(294)	-	-	-	(294)
Exchange differences	-	5,950	-	-	14	5,964
Reassessments	-	-	-	-	(12)	(12)
At 31 March 2023	84,478	172,657	676	91	885	258,787

18. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The Group as lessee

Right-of-use assets

	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 (Audited)							
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	-	(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

18. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)

The Group as lessee (continued)

Right-of-use assets (continued)

	------------- At 31.03.2023 (Unaudited) -----------		
	Cost RM'000	**Accumulated depreciation RM'000**	**Carrying amount RM'000**
Long term leasehold land	99,818	(15,340)	84,478
Land use rights	270,205	(97,548)	172,657
Short term leasehold land	826	(150)	676
Equipment	238	(147)	91
Buildings	3,334	(2,449)	885
Motor vehicle	176	(176)	-
	374,597	(115,810)	258,787

	--------------- At 31.12.2022 (Audited) ------------		
	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

Lease liabilities

	Short term leasehold land RM'000	**Equipment RM'000**	**Buildings RM'000**	**Total RM'000**
2023 (Unaudited)				
Carrying amount				
At 1 January 2023	1,175	78	682	1,935
Lease payments	(47)	(7)	(265)	(319)
Interest expense	11	1	7	19
Reassessments	-	-	(12)	(12)
Exchange difference	-	-	8	8
At 31 March 2023	1,139	72	420	1,631

18. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)

The Group as lessee (continued)

Lease liabilities (continued)

	Short term leasehold land RM'000	Equipment RM'000	Buildings RM'000	Motor vehicle RM'000	Total RM'000
2022 (Audited)					
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

Represented by:

	31 March 2023 (Unaudited) RM'000	31 December 2022 (Audited) RM'000
Non-current liabilities	1,221	1,320
Current liabilities	410	615
Total lease liabilities	1,631	1,935
Lease liabilities owing to non-financial institutions	1,631	1,935
	1,631	1,935

(a) 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:

	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 March 2023 (Unaudited)						
Lease liabilities						
Fixed rates	3.66% - 5.58%	410	368	389	464	1,631

18. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)

The Group as lessee (continued)

Lease liabilities (continued)

(a) 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: (continued)

	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 2022 (Audited)						
Lease liabilities						
Fixed rates	2.35% - 5.58%	615	394	440	486	1,935

(b) The table below summarises the maturity profile of the lease liabilities of the Group 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
31 March 2023 (Unaudited)				
Lease liabilities	489	891	537	1,917
31 December 2022 (Audited)				
Lease liabilities	700	977	564	2,241

19. BIOLOGICAL ASSETS

	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 period	572	-	572
At 31 March 2023 (Unaudited)	276,850	95,650	372,500

19. BIOLOGICAL ASSETS (continued)

	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 2022	311,017	95,650	406,667
Additions during the financial year	2,501	-	2,501
Loss from fair value adjustment	(37,240)	-	(37,240)
At 31 December 2022 (Audited)	276,278	95,650	371,928
Accumulated amortisation			
At 1 January 2023	-	(7,086)	(7,086)
Amortisation for the period:			
Recognised in profit or loss	-	(295)	(295)
At 31 March 2023 (Unaudited)	-	(7,381)	(7,381)
At 1 January 2022	-	(5,905)	(5,905)
Amortisation for the year:	-		
Recognised in profit or loss	-	(1,181)	(1,181)
At 31 December 2022	-	(7,086)	(7,086)
Net carrying amount:			
At cost/valuation			
At 31 March 2023 (Unaudited)	276,850	88,269	365,119
At 31 December 2022 (Audited)	276,278	88,564	364,842

	31 March 2023 (Unaudited) RM'000	31 December 2022 (Audited) RM'000
Current assets		
At fair value		
Fresh fruit bunches		
At beginning of financial period/year	13,531	17,346
Changes in fair value less costs to sell	1,920	(3,383)
Exchange differences	638	(432)
At end of financial period/year	16,089	13,531

20. INTANGIBLE ASSETS

Goodwill

	31 March 2023 (Unaudited) RM'000	31 December 2022 (Audited) RM'000
Cost:		
Balance at beginning of financial period/year	55,061	56,147
Exchange differences	1,412	(1,086)
Balance at end of financial period/year	56,473	55,061
Accumulated impairment:		
Balance at beginning of financial period/year	(4,711)	(4,500)
Impairment during the financial period/year	-	(211)
Balance at end of financial period/year	(4,711)	(4,711)
Net carrying amount:		
Balance at end of financial period/year	51,762	50,350

The carrying amounts of goodwill allocated to each CGU are as follows:

	31 March 2023 (Unaudited) RM'000	31 December 2022 (Audited) RM'000
Segments:		
Palm products	47,204	45,792
Others	4,558	4,558
	51,762	50,350

21. INVESTMENT IN AN ASSOCIATE

	31 March 2023 (Unaudited) RM'000	31 December 2022 (Audited) RM'000
Quoted shares in Malaysia, at cost	61,259	61,259
Share of post-acquisition reserves	15,554	16,178
	76,813	77,437
Fair value of investment in an associate for which there is published price quotation	143,933	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.

21. INVESTMENT IN AN ASSOCIATE (continued)

(b) The details of the associate are as follows:

Name of associate	Principal place of business/ Country of incorporation	Principal activities	Effective interest 31 March 2023 (Unaudited) %	31 December 2022 (Audited) %
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 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.

22. INVESTMENTS IN JOINT VENTURES

	31 March 2023 (Unaudited) RM'000	31 December 2022 (Audited) RM'000
Quoted shares in Malaysia, at cost	20,750	20,750
Share of post-acquisition reserves	78,491	85,333
	99,241	106,083

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.

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 31 March 2023 (Unaudited) %	31 December 2022 (Audited) %
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.

23. DEFERRED TAX

Deferred tax as at 31 March 2023 and 31 December 2022 related to the following:

	At 1 January 2023 RM'000	Recognised in profit or loss RM'000	Exchange differences RM'000	At 31 March 2023 (Unaudited) RM'000
Deferred tax liabilities	144,018	6,256	907	151,181
Deferred tax assets	(63,489)	(1,779)	(320)	(65,588)
	80,529	4,477	587	85,593

	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 (Audited) RM'000
Deferred tax liabilities	153,119	(8,466)	-	(635)	144,018
Deferred tax assets	(65,348)	1,264	263	332	(63,489)
	87,771	(7,202)	263	(303)	80,529

23. DEFERRED TAX (continued)

Deferred tax as at 31 March 2023 and 31 December 2022 related to the following: (continued)

Presented after appropriate offsetting:

	31 March 2023 (Unaudited) RM'000	31 December 2022 (Audited) RM'000
Deferred tax assets, net*	(506)	(6,026)
Deferred tax liabilities, net*	86,099	86,555
	85,593	80,529

* The amount of set-off between deferred tax assets and deferred tax liabilities was RM65,082,000 (2022: RM57,463,000) for the Group

24. TRADE AND OTHER RECEIVABLES

	31 March 2023 (Unaudited) RM'000	31 December 2022 (Audited) RM'000
Current		
Trade receivables		
Third parties	24,321	23,206
Joint ventures	5,719	1,361
Retention sums on contract	799	804
	30,839	25,371
Less: Allowance for impairment	(2,128)	(2,124)
Trade receivables, net	28,711	23,247
Other receivables		
Amounts due from related parties:		
- associate	52	-
- joint ventures	189	152
	241	152
Less: Allowance for impairment	-	-
	241	152
Other deposits	2,549	1,849
Sundry receivables	14,880	15,942
	17,670	17,943
Less: Allowance for impairment	(1,465)	(1,465)
	16,205	16,478
	44,916	39,725

24. TRADE AND OTHER RECEIVABLES (continued)

	31 March 2023 (Unaudited) RM'000	31 December 2022 (Audited) RM'000
Non-current		
Other receivables		
Plasma receivables	52,445	49,445
Sundry receivables	14,230	13,602
	66,675	63,047
Less: Allowance for impairment	(9,521)	(9,101)
	57,154	53,946
Total trade and other receivables (current and non-current)	102,070	93,671
Add: Cash and bank balances and deposits	303,197	375,580
Total financial assets at amortised cost	405,267	469,251

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.

Impairment losses

Movements in allowance for impairment accounts are as follows:

	Lifetime ECL* allowance RM'000	Credit impaired RM'000	Total allowance RM'000
At 1 January 2023	650	1,474	2,124
Exchange differences	-	4	4
At 31 March 2023 (Unaudited)	650	1,478	2,128
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 (Audited)	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 is 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.

24. TRADE AND OTHER RECEIVABLES (continued)

(b) Other receivables

(i) 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
Exchange differences	-	420	-	420
At 31 March 2023 (Unaudited)	195	9,521	1,270	10,986
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 (Audited)	195	9,101	1,270	10,566

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:

	31 March 2023 (Unaudited) RM'000	31 December 2022 (Audited) RM'000
Balance at beginning of financial period/year	49,445	69,075
Additional net investments/(Net repayments from)	3,000	(19,630)
	52,445	49,445
Less: Allowance for impairment	(9,521)	(9,101)
Balance at end of financial period/year	42,924	40,344

24. TRADE AND OTHER RECEIVABLES (continued)

(c) 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:

	31 March 2023 (Unaudited)		31 December 2022 (Audited)	
	RM'000	% of total	RM'000	% of total
By industry sectors:				
Palm products	17,017	55%	14,138	56%
Others	13,822	45%	11,233	44%
	30,839	100%	25,371	100%

25. INVESTMENT SECURITIES

	31 March 2023 (Unaudited) RM'000	31 December 2022 (Audited) RM'000
Current		
- Equity instruments (quoted in Malaysia)	1	1
Non-current		
- Debt instruments (unquoted)	24,494	-
- Equity instruments (unquoted)	50	50
	24,544	50
Total investment securities	24,545	51

26. INVENTORIES

	31 March 2023 (Unaudited) RM'000	31 December 2022 (Audited) RM'000
Cost		
Raw materials	11,607	13,723
Work-in-progress	-	4,160
Finished goods	34,176	32,792
Oil palm nursery	3,540	3,493
Stores and supplies	60,748	41,634
	110,071	95,802
Net realisable value		
Work-in-progress	8,286	7,581
Finished goods	21,604	29,540
	29,890	37,121
	139,961	132,923

27. OTHER CURRENT ASSETS

	31 March 2023 (Unaudited) RM'000	31 December 2022 (Audited) RM'000
Contract assets	-	6
Prepayments	9,303	6,426
	9,303	6,432

28. DERIVATIVES

	31 March 2023 (Unaudited)			31 December 2022 (Audited)		
	Contract/ notional amount RM'000	Assets RM'000	Liabilities RM'000	Contract/ notional amount RM'000	Assets RM'000	Liabilities RM'000
Non-hedging derivatives:						
Current						
Forward currency contracts	41,525	-	(2,344)	62,742	30	(3,267)
Commodity futures contracts	-	-	-	4,777	-	(15)
		-	(2,344)		30	(3,282)

(a) The Group 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 sales denominated in GBP and loans and borrowings denominated in USD.

(b) The commodity futures contracts are used to hedge prices fluctuation of CPO and cocoa commodity.

(c) 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.

(d) The maturity profile of derivative liabilities of the Group 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
As at 31 March 2023 (Unaudited)				
Derivative liabilities	2,344	-	-	2,344
As at 31 December 2022 (Audited)				
Derivative liabilities	3,282	-	-	3,282

28. DERIVATIVES (continued)

(e) The fair value hierarchy of derivative assets and liabilities are categorised and disclosed in Note 6 to the financial statements.

29. SHORT TERM FUNDS

	31 March 2023 (Unaudited) RM'000	31 December 2022 (Audited) RM'000
At fair value through profit or loss		
Investment in fixed income trust funds in Malaysia	5,214	6,385

(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) The fair value hierarchy of short term funds are categorised and disclosed in Note 6 to the financial statements.

30. CASH AND BANK BALANCES

	31 March 2023 (Unaudited) RM'000	31 December 2022 (Audited) RM'000
Cash at banks and on hand	196,704	336,797
Deposits with licensed banks	106,493	38,783
Cash and bank balances	303,197	375,580

(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 earn interests at the respective short-term deposit rates.

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31. 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 certified land was completed.

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

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

(b) As at the end of financial year, the assets held for sale of the Group are as follows:

	31 March 2023 (Unaudited) RM'000	**31 December 2022 (Audited) RM'000**
ASSETS		
Non-current assets		
Property, plant and equipment	206,286	196,416
Right-of-use assets	8,743	9,094
Assets held for sale	215,029	205,510

32. 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 March 2023	1,381,803	(1,629)	740,512	(1,467)
At 1 January 2022/31 December 2022	1,381,083	(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.

32. SHARE CAPITAL AND TREASURY SHARES (continued)

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 26 May 2022, 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 period.

Of the total 1,381,802,509 (2022: 1,381,802,509) issued and fully paid ordinary shares as at 31 March 2023, 1,629,000 (2022: 1,629,000) are held as treasury shares by the Company. As at 31 March 2023, the number of outstanding ordinary shares in issue after set off is therefore 1,380,173,509 (2022: 1,380,173,509) ordinary shares.

33. OTHER RESERVES

	Capital reserve RM'000	Foreign currency translation reserve RM'000	Fair Value reserve RM'000	Share of associate reserve RM'000	Total RM'000
At 1 January 2023	9,630	(264,636)	-	100	(254,906)
Other comprehensive income:					
Foreign currency translations	-	64,394	-	-	64,394
Net loss on financial assets at FVOCI	-	-	(391)	-	(391)
At 31 March 2023 (Unaudited)	9,630	(200,242)	(391)	100	(190,903)
At 1 January 2022	9,630	(218,623)	-	100	(208,893)
Other comprehensive 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 (Audited)	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.

33. OTHER RESERVES (continued)

The nature and purpose of each category of reserve are as follows: (continued)

(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) Fair value reserve

The fair value reserve includes the cumulative net change in the fair value through other comprehensive income investment held until the investment is derecognised.

(d) 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.

34. RETAINED EARNINGS

The Company may distribute dividends out of its entire retained earnings under the single tier system.

35. LOANS AND BORROWINGS

	31 March 2023 (Unaudited) RM'000	31 December 2022 (Audited) RM'000
Short term borrowings		
Secured:		
Term loans	60,340	69,236
	60,340	69,236
Unsecured:		
Bank overdrafts	-	469
Bankers' acceptances	9,740	16,046
Revolving credits	110,000	198,500
Term loans	20,000	20,000
Sukuk Murabahah Medium Term Notes	90,000	90,000
	229,740	325,015
	290,080	394,251

35. LOANS AND BORROWINGS (continued)

	31 March 2023 (Unaudited) RM'000	31 December 2022 (Audited) RM'000
Long term borrowings		
Secured:		
Term loans	147,650	159,860
	147,650	159,860
Unsecured:		
Term loans	-	5,000
	-	5,000
	147,650	164,860
Total borrowings		
Bank overdrafts	-	469
Bankers' acceptances	9,740	16,046
Revolving credits	110,000	198,500
Terms loans	227,990	254,096
Sukuk Murabahah Medium Term Notes	90,000	90,000
	437,730	559,111

(a) Borrowings are classified as financial liabilities and measured at amortised cost.

(b) The Sukuk Murabahah Medium Term Notes comprise the following tranche:

Tranche no.	Coupon rates	Maturity	31 March 2023 (Unaudited) RM'000	31 December 2022 (Audited) RM'000
Sukuk Murabahah Medium Term Notes				
Tranche 2	5.30%	2023	90,000	90,000

(c) The maturity of the term loans is as follows:

	31 March 2023 (Unaudited) RM'000	31 December 2022 (Audited) RM'000
Not later than 1 year	80,340	89,236
Later than 1 year and not later than 2 years	51,152	55,974
Later than 2 years and not later than 5 years	60,248	72,852
Later 5 years or more	36,250	36,034
	227,990	254,096

35. LOANS AND BORROWINGS (continued)

(d) 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.

The carrying amounts of Sukuk Murabahah Medium Term Notes, which bear fixed interest rates are reasonable approximation of their fair values and would not be significantly different from the values that would eventually be settled.

(e) The maturity profile of loans and borrowings of the Group 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 March 2023 (Unaudited)				
Loans and borrowings	300,836	118,218	40,784	459,838
As at 31 December 2022 (Audited)				
Loans and borrowings	406,057	137,336	41,299	584,692

36. TRADE AND OTHER PAYABLES

	31 March 2023 (Unaudited) RM'000	31 December 2022 (Audited) RM'000
Current		
Trade payables		
Third parties	24,694	31,671
Other payables		
Accruals	63,617	44,799
Contract liabilities	4,698	897
Other deposits	17,894	17,124
Sundry payables	51,445	47,570
Financial guarantee contracts	97	97
	137,751	110,487
Total trade and other payables	162,445	142,158
Add: Lease liabilities	1,631	1,935
Add: Loans and borrowings	437,730	559,111
Total financial liabilities carried at amortised cost	601,806	703,204

36. TRADE AND OTHER PAYABLES (continued)

(a) Trade payables

Trade payables are non-interest bearing and the normal trade credit terms granted to the Group ranges from 30 to 60 days (2022: 30 to 60 days).

(b) 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 are as follows:

	31 March 2023 (Unaudited) RM'000	**31 December 2022 (Audited) RM'000**
Guarantee given to a financial institution under a Plasma Scheme	29,290	30,745

37. COMMITMENTS

Capital expenditure as at the end of the reporting period is as follows:

	31 March 2023 (Unaudited) RM'000	**31 December 2022 (Audited) RM'000**
Capital expenditure:		
Property, plant and equipment:		
Approved and contracted for	19,177	13,580
Approved but not contracted for	72,304	31,719
	91,481	45,299

38. RELATED PARTY DISCLOSURES

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 had the following significant transactions with related parties during the financial period/year:

	31 March 2023 (Unaudited) RM'000	31 December 2022 (Audited) RM'000
Group		
Joint ventures:		
Sales of crude palm oil	(57,499)	(338,201)
Sales of palm kernel	(7,835)	(56,099)

39. CONTINGENT LIABILITIES

As at the latest practicable date, certain Indonesian subsidiaries of our Group are currently engaged in the tax disputes relating to tax assessments with the relevant Indonesian tax authorities, including the following material tax disputes:

39.1 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 RM4,449,396 (including penalty and interest). Based on consultation with the tax consultants, the Group is of the opinion that PT SPMN has a valid defence against the said Tax Office's assessments.

39.2 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 RM8,412,012 (including penalty and interest). In June 2023, PT TSS submitted tax appeal at the local Tax Court on the Tax Loss Carry Forward of RM9,333,597 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 assessment.

39.3 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 RM1,054,781 (including penalty). Based on consultation with the tax consultants, the Group is of the opinion that PT AAI has a valid defence against the said Tax Office's assessments.

39.4 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 RM1,075,149 (including penalty and interest). Based on consultation with the tax consultants, the Group is of the opinion that PT BCAP has a valid defence against the said Tax Office's assessments.

39. CONTINGENT LIABILITIES (continued)

39.5 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 RM8,354,333 (including penalty and interest). 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.

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.

40. SIGNIFICANT EVENTS SUBSEQUENT TO THE FINANCIAL PERIOD

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 certified land was completed.

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

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

APPENDIX C – SUMMARY OF OUR CONSTITUTION

1. DIRECTORS

(a) Power of Interested Directors to Vote (Regulations 120 and 121)

A Director shall comply with the provisions of the Malaysia Companies Act in connection with the disclosure of his shareholding and interest in the Company and his interest in any contract or proposed contract with the Company and in connection with the disclosure of the fact and the nature, character and extent of any office or possession of any property whereby whether directly or indirectly duties or interests might be created in conflict with his duty or interest as a Director of the Company. Such Director shall not vote in respect of any contract or proposed contract or arrangement in which he has, directly or indirectly an interest (and if he shall do so his vote shall not be counted), nor shall his vote be counted for the purpose of any resolution regarding the same.

A Director notwithstanding his interest may, provided that none of the other Directors present disagree, be counted in the quorum present at any meeting:

(i) where he or any other Director is appointed to hold any office or place of profit under the Company;

(ii) where the Directors resolve to exercise any of the rights of the Company, (whether by the exercise of voting rights or otherwise) to appoint or concur in the appointment of a Director to hold any office or place of profit under any other company or where the terms of any such appointment are considered; or

(iii) where any decision is taken upon any contract or arrangement in which he is in any way interested provided always that he has complied with Section 221 and all other relevant provisions of the Malaysia Companies Act, the Bursa Listing Requirements and of this Constitution.

(b) Remuneration (Regulations 123 and 125)

The fees and any benefits payable to the Directors including any compensation for loss of employment of a Director or former Director shall be determined by ordinary resolution of the Company in general meeting and such remuneration shall be divided among the Directors in such proportions and manner as the Directors may determine, subject to the following:

(i) fees payable to non-executive Directors shall be paid by a fixed sum and not by a commission on or percentage of profits or turnover;

(ii) salaries payable to executive Directors may not include a commission on or percentage of turnover;

(iii) fees payable to Directors shall not be increased except pursuant to a resolution passed at a general meeting where notice of the proposed increase has been given in the notice convening the meeting; and

(iv) any fee paid to an alternate Director shall be agreed upon between himself and the Director nominating him and shall be paid out of the remuneration of the latter.

The Directors may award special remuneration out of the funds of the Company, by way of a fixed sum or otherwise, to any Director going or residing outside Malaysia in the interest of the Company, or undertaking any work additional to that usually required of Directors of the Company.

(c) Borrowing Powers (Regulation 110 and 111)

The Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property and uncalled capital or any part thereof, and to issue debentures, debenture stock and other securities, whether outright or as security for any debt, liability or obligation of the Company or any related company or any related third party subject to the relevant laws, provided that the Directors shall not borrow any money or mortgage or charge any of the Company's undertaking, property or any uncalled capital or to issue debentures and other securities whether outright or as security for any debt, liability or obligation of an unrelated third party.

(d) **Retirement Age Limit**

There is no age limit of retirement for Directors under the Company's Constitution.

(e) **Qualification of a Director (Regulation 105)**

The Company may from time to time by ordinary resolution alter the qualifications for the Directors.

2. SHARE RIGHTS, PREFERENCES AND RESTRICTIONS

(a) **Class of Shares (Regulations 16 and 25)**

Currently, the share capital of the Company consists of only ordinary Shares.

Under the Constitution of the Company, the Company shall, subject to the Malaysia Companies Act, have the power to issue preference shares on such terms and conditions, or at the option of the Company are liable to be redeemed on such terms and in such manner as the Company may by ordinary resolution determine. The Company shall have the power to issue preference capital ranking equally with or in priority to preference shares already issued.

Preference shareholders shall have the same rights as ordinary shareholders as regards receiving notices, reports and audited accounts and attending general meetings of the Company. Preference shareholders shall also have the right to vote at any meeting convened for the purpose of approving:

(i) a proposal to reduce the Company's share capital;

(ii) a proposal for the disposal of the whole of the Company's property, business and undertaking;

(iii) a proposal that affects rights attached to their share;

(iv) a proposal to wind up the Company or any other proposals during the winding up of the Company; or

(v) when the dividend or part of the dividend on the preference shares is in arrears for more than six months.

The rights attached to any class of shares (unless otherwise provided by the terms of issue of the shares of that class) may, whether or not the Company is being wound up, be varied or abrogated with the consent in writing of the holders of three-fourths of the issued shares of that class, or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class.

<u>Voting rights of Members (Regulation 70, 73, 85, 87, 88 and 94)</u>

As to voting rights for ordinary Shares, subject to the Foreign Share Ownership Regulation and any relevant regulations (where applicable), a depositor shall not be regarded as a member entitled to attend any general meeting and to speak and vote unless he is treated as if he was a member pursuant to Section 35 of the Central Depositories Act but excludes the Bursa Depository or its nominees in its capacity as a bare trustee and his name appears in the record of depositors provided by the Bursa Depository to the Company as at the latest date which is reasonably practicable which shall not be less than 3 market days before the general meeting.

Shareholders are entitled to receive at least 14 days' notice in writing for every general meeting convened for the purpose of passing an ordinary resolution, and at least 21 days' notice in writing for every meeting convened for the purpose of passing a special resolution or an annual general meeting. The notices convening meetings shall specify the place, day and hour of the meeting. Any notice of a meeting called to consider special business shall be accompanied by a statement regarding the effect of any proposed resolution in respect of such special business.

Every Shareholder holding shares conferring the right to attend and vote is entitled to appoint not more than 2 proxies to attend and vote at the meeting and there is no restriction as to the qualification of the proxy. Where a Shareholder of the Company is an EAN which holds shares for multiple beneficial owners in one securities account ("**Omnibus Account**"), there is no limit to the number of proxies which the EAN may appoint in respect of each Omnibus Account it holds.

Subject to any special terms as to voting for the time being attached to any shares or classes of shares, on a resolution to be decided on a poll, a holder of ordinary shares or preference shares who is personally present or by proxy and entitled to vote shall be entitled to one vote for every share held by the Shareholder upon which all calls due to the Company have been paid. A Shareholder or his proxy shall be entitled to vote on a show of hands or on a poll, on any question, at any general meeting.

Declaration of Dividends (Regulation 147, 148, 149 and 151)

The Directors may authorise a distribution of dividend at such time and in such amount as the Directors consider appropriate, if the Directors are satisfied that the Company will be solvent immediately after the distribution is made.

The Directors in authorising a distribution of dividend may direct payment of such a dividend either in whole or in part by the distribution of specific assets and in particular of paid-up shares, treasury shares, debentures, debenture stock of the Company or in any one or more of such ways, and where any difficulty arises in regard to the distribution, the Directors may settle the same as they think expedient.

Any dividend, or bonus may be paid by cheque or warrant sent by ordinary post to the registered address of the Shareholder or by direct crediting or transfer or by such other electronic means of remittance to the bank account provided by the Shareholder to the Bursa Depository from time to time.

No unpaid dividends or bonuses shall bear interest as against the Company.

(b) **Change in Capital**

Alteration of Capital (Regulation 11)

The Company may by special resolution consolidate and divide, convert all or any of its paid-up shares into stock and reconvert that stock into paid-up shares or sub-divide its existing shares or any of the shares.

Reduction of Capital (Regulation 12)

The Company may, subject to the Malaysia Companies Act by special resolution, reduce its share capital.

Increase of Capital (Regulation 13)

The Company may from time to time whether all the shares for the time being issued shall have been fully paid up or not, by ordinary resolution increase its capital by the creation and issue of new shares, such new capital to be of such amount to be divided into shares of such respective amounts and to carry such rights or to be subject to such conditions or restrictions in regard to dividend, return of capital or otherwise as the Company may direct in the resolution authorising such increase.

Purchase Own Shares (Regulation 20)

Subject to all relevant rules, regulations and guidelines for the time being in force which shall include where applicable, the Malaysia Companies Act, the Central Depositories Act, the Bursa Listing Requirements, the Rules of Bursa Depository and the legislation, rules, regulations, guidelines and other requirements of such other foreign stock exchange on which the Company is listed or approved to be listed or the foreign depository, as the case may be ("**Relevant Regulations**"), the Company may with the sanction of an ordinary resolution of the Shareholders in a general meeting, purchase its own shares.

(c) **Modification of Rights (Regulation 25)**

If the share capital of the Company is divided into different classes of shares, the special rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may be varied or abrogated with the consent in writing of the holders of three-fourths of the issued shares of that class, or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class.

To every such separate general meeting, all the provisions of the Constitution relating to general meetings of the Company or to the proceedings shall apply, except that the quorum shall be 2 persons at least holding or representing by proxy one-third of the issued shares of the class, but in any adjourned meeting of such holders where quorum is not present, those persons who are present shall be a quorum.

(d) **Unclaimed Dividend and its Distribution (Regulation 149)**

All dividends unclaimed, shall be dealt with by the Company in accordance with the provisions of the Unclaimed Moneys Act, 1965 including any amendments or re-enactments thereto that may be made from time to time.

3. LIMITATION ON THE RIGHT TO OWN SHARES, INCLUDING LIMITATIONS ON THE RIGHT OF NON-RESIDENT OR FOREIGN SHAREHOLDERS TO HOLD OR EXERCISE VOTING RIGHTS ON THE SHARES

(a) **Transfer of Shares (Regulation 53)**

With the exception of transfer in favour of the Bursa Depository and foreign depository or their nominee company, including a foreign depository’s EAN, as the case may be, (save and except for the transfer of beneficial ownership of any deposited security held through an Omnibus Account) and subject to the provisions of the Relevant Regulations for the time being in force, the Directors may decline to register any transfer of shares where the Company has a lien on the share or the proposed transferee is an infant, bankrupt or person of unsound mind and in all cases the decision of the Directors shall be final.

(b) **Votes of a member with unsound mind (Regulation 90)**

A member of the Company who is of unsound mind or whose person or estate is liable to be dealt with in any way under the law relating to mental disorder may vote by his committee, receiver, curator bonis, or other legal representatives or guardian or such other person who has been properly appointed to manage his estate. Any one of such person may vote either personally or by proxy or by attorney.

(c) **Votes by legal representative of a bankrupt or deceased member (Regulation 91)**

The legal representative of a deceased Shareholder or the person entitled to any share in consequence of the death or bankruptcy of any Shareholder may vote at any general meeting in respect thereof in the same manner as if he were the registered holder of such share provided that 48 hours at least before the time of holding the meeting or adjourned meeting as the case may be at which he proposes to vote, he shall satisfy the Directors of his right to any share in consequence of the death or bankruptcy of any Shareholder or his appointment as executor or administrator, as the case may be, unless the Directors shall have previously admitted his right to vote.

APPENDIX D – COMPARISON BETWEEN MALAYSIA CORPORATE LAW AND SINGAPORE CORPORATE LAW

No.	SINGAPORE CORPORATE LAW	MALAYSIA CORPORATE LAW
Power of Directors to Allot and Issue Shares		
1.	Section 161: Approval of company required for issue of shares by directors The power to issue shares in a company is usually vested with the directors of that company subject to any restrictions in the constitution of that company. However, notwithstanding anything to the contrary in the constitution of a company, prior approval of the company at a general meeting is required to authorise the directors to exercise any power of the company to issue shares, or the share issue is void under the Singapore Companies Act. Such approval need not be specific but may be general and, once given, will only continue in force until the conclusion of the next annual general meeting or the expiration of the period within which the next annual general meeting is required by law to be held, whichever is the earlier, provided that such approval has not been previously revoked or varied by the company in a general meeting.	Section 75: Exercise of power of directors to allot shares or grant rights The provision requiring approval of company for issue of shares by directors in the Malaysia Companies Act is the same as in Singapore except that in Malaysia the directors of a company shall not be required to obtain the prior approval of the company in a general meeting to issue shares where: (a) an allotment of shares, or grant of rights, under an offer is made to the members of the company in proportion to the members' shareholdings; (b) an allotment of shares, or grant of rights, on a bonus issue of shares is made to the members of the company in proportion to the members' shareholdings; (c) an allotment of shares is made to a promoter of a company that the promoter has agreed to take; or (d) the shares which are to be issued as consideration or part consideration for the acquisition of shares or assets by the company and members of the company have been notified of the intention to issue the shares at least 14 days before the date of issue of the shares.
Power of Directors to Dispose of the Company's or its Subsidiaries' Assets		
2.	Section 157A: Powers of directors The Singapore Companies Act provides that the business of a company is to be managed by, or under the direction or supervision of, the directors. The directors may exercise all the powers of a company except any power that the Singapore Companies Act or the constitution of the company require the company to exercise in general meeting.	Section 211: Functions of board The Malaysia Companies Act provides that the business and affairs of a company shall be managed by, or under the direction of, the board of directors. The board of directors has all the powers necessary for managing and for directing and supervising the management of the business and affairs of the company subject to any modification, exception or limitation contained in the Malaysia Companies Act or in the constitution of association of the company.

3.	<u>Section 160: Approval of company required for disposal by directors of company's undertaking or property</u> Under the Singapore Companies Act, prior approval of the company at a general meeting is required before the directors can carry into effect any proposals for disposing of the whole or substantially the whole of the company's undertaking or property notwithstanding anything in the company's constitution.	<u>Section 223: Approval of company required for disposal by directors of company's undertaking or property</u> The Malaysia Companies Act provides that notwithstanding anything contained in the constitution of a company, the directors shall not enter or carry into effect any arrangement or transaction for the acquisition of an undertaking or property of a substantial value or the disposal of a substantial portion of the company's undertaking or property unless the entering into the arrangement or transaction is made subject to the approval of the company by way of a resolution or the carrying into effect of the arrangement or transaction has been approved by the company by way of a resolution. For the purposes of the above:- (a) the term "undertaking or property" includes the whole or substantially the whole of the rights, including developmental rights, benefits or control in the undertaking or property; (b) in the case of a company where all or any of its shares are quoted on a stock exchange, or its subsidiary, the term "substantial value" or "substantial portion" shall mean the same value prescribed in the listing requirements of the stock exchange where approval of the shareholders at a general meeting is required; and (c) in the case of an unlisted subsidiary whose holding company is a listed company, the directors of such holding company shall procure the shareholders' approval of the holding company in a general meeting for the arrangement or transaction by the unlisted subsidiary in addition to the shareholders' approval of the unlisted subsidiary in a general meeting procured by the directors of the unlisted subsidiary. Where an arrangement or transaction is carried into effect in contravention of the Malaysia Companies Act, the arrangement or transaction shall be void except in favour of any person dealing with the company for valuable consideration and without actual notice of the contravention.

Loan to Directors		
4.	<u>Section 162: Loans and quasi-loans to directors, credit transactions and related arrangements</u> A company (other than an exempt private company) is prohibited from, *inter alia*, (a) making a loan or quasi-loan[4] to a director of the company or a director of a related corporation (a "**relevant director**") (and to the spouse or natural, step or adopted children of a relevant director); (b) entering into any guarantee or providing any security in connection with a loan or quasi-loan to a relevant director; (c) entering into a credit transaction[5] as creditor for the benefit of a relevant director; (d) entering into any guarantee or providing any security in connection with a credit transaction entered into by any person for the benefit of a relevant director; (e) taking part in an arrangement under which (i) another person enters into a transaction that, if it had been entered into by the company, would have been a restricted transaction under paragraph (a), (b), (c), (d) or (f); and (ii) that person, pursuant to the arrangement, obtains a benefit from the company or a related corporation; or (f) arranging the assignment to the company, or assumption by the company, of any rights, obligations or liabilities under a transaction that, if it had been entered into by the company, would have been a restricted transaction under paragraphs (a) to (e) (the "**restricted transactions**"), except in the following circumstances, where a transaction which would otherwise be a restricted transaction is: • (subject to, *inter alia,* the approval of the company in a general meeting) made to or for the benefit of a relevant director to meet expenditure incurred or to be incurred by him for the purposes of the company or for the purpose of enabling him to properly perform his duties as an officer of the company;	<u>Section 224: Loans to director</u> The prohibition on loans to directors and the exemptions are similar with Singapore except that in Malaysia, Section 224 of the Malaysia Companies Act does not make specific prohibition on quasi-loans to a director of the company or a director of a related corporation nor does it have similar provisions as Section 162 (c), (d), (e) and (f) of the Singapore Companies Act.

4 A quasi-loan means a transaction under which one party (the "**creditor**") agrees to pay, or pays otherwise than in pursuance of an agreement, a sum for another (the "**borrower**") or agrees to reimburse, or reimburses otherwise than in pursuance of an agreement, expenditure incurred by another party for the borrower (i) on terms that the borrower (or a person on his behalf) will reimburse the creditor; or (ii) in circumstances giving rise to a liability on the borrower to reimburse the creditor.

5 A credit transaction means a transaction under which one party (the "**creditor**") (i) supplies any goods or disposes of any immovable property under a hire-purchase agreement or a conditional sale agreement; (ii) leases or hires any immovable property or goods in return for periodic payments; or (iii) otherwise disposes of immovable property or supplies goods or services on the understanding that payment (whether in a lump sum or instalments or by way of periodic payments or otherwise) is to be deferred.

	• (subject to, *inter alia,* the approval of the company in a general meeting) made to or for the benefit of a relevant director who is engaged in the full-time employment of the company or a related corporation for the purpose of purchasing or otherwise acquiring a home occupied or to be occupied by that director, except that not more than one such restricted transaction may be outstanding at any time; • made to or for the benefit of a relevant director who is engaged in the full-time employment of the company or a related corporation where the company has at a general meeting approved of a scheme for the making of such transaction to or for the benefit of employees of the company and the restricted transaction is in accordance with that scheme; or • made to or for the benefit of a relevant director in the ordinary course of business of a company whose ordinary business includes the lending of money or the giving of guarantees in connection with loans, quasi-loans or credit transactions made or entered into by other persons if the activities of that company are regulated by any written law relating to banking, finance companies or insurance or are subject to supervision by the Monetary Authority of Singapore.	
5.	Section 163: Approval of company required for loans and quasi-loans to, and credit transactions for benefit of, persons connected with directors of lending company, etc. A company (the "**firstmentioned company**") (other than an exempt private company) is also prohibited from, *inter alia,* (i) making a loan or quasi-loan to another company, a limited liability partnership or a variable capital company; (ii) entering into any guarantee or providing any security in connection with a loan or quasi-loan made to another company, a limited liability partnership or a variable capital company by a third-party; (iii) entering into a credit transaction as creditor for the benefit of another company, a limited liability partnership or a variable capital company; and (iv) entering into any guarantee or providing any security in connection with a credit transaction entered into by any person for the benefit of another company, a limited liability partnership or a variable capital company, if the director(s) of the firstmentioned company (and the spouse, natural, step and adopted children of such director(s)), individually or collectively, have an interest in 20% or more of the total voting power in the	Section 225: Prohibition of loans to persons connected with directors The prohibitions of loans or giving of guarantee or any security in connection with a loan to persons connected with directors of the lending company is more extensive than the Singapore equivalent in that:- (a) the Malaysian provisions not only prohibit loans to family members of the director (which also includes his brother, sister and the spouse of his child, brother or sister) but also extend to a body corporate which is associated with that director, a trustee of a trust in which the director or his family is a beneficiary or a partner of that director or a partner of a person connected with that director; (b) loans to corporations who are accustomed or obliged to act in accordance with the wishes of that director is also prohibited;

	other company, the limited liability partnership or the variable capital company (as the case may be), unless there is prior approval by the company in general meeting for the making of, provision for or entering into the loan, quasi-loan, credit transaction, guarantee or security (as the case may be) at which the interested director(s) and his or their family members abstained from voting. This prohibition does not apply to: • anything done by a company where the other company (where that company is incorporated in Singapore or otherwise) or variable capital company is its subsidiary, holding company or a subsidiary of its holding company; or • a company whose ordinary business includes the lending of money or the giving of guarantees in connection with loans made by other persons, to anything done in the ordinary course of that business if the activities of that company are regulated by any written law relating to banking, finance companies or insurance or are subject to supervision by the Monetary Authority of Singapore.	(c) a body corporate is deemed to be a person connected with that director if that director and persons connected to him are entitled to exercise not less than 20% of the voting rights of the body corporate.
Giving of Financial Assistance to Purchase the Company's or its Holding Company's Shares		
6.	Section 76: Company financing dealing in its own shares, etc. Generally, a public company or a company whose holding company or ultimate holding company is a public company is prohibited from giving financial assistance to any person directly or indirectly for the purpose of, or in connection with, the acquisition or proposed acquisition of that company's shares or shares in its holding company or ultimate holding company. Financial assistance includes the making of a loan, the giving of a guarantee, the provision of security, and the release of a debt or obligation. Certain transactions are specifically provided by the Singapore Companies Act as transactions not to be prohibited. These include a distribution of a company's assets by way of dividends lawfully made, a distribution in the course of a company's winding up, a payment made by a company pursuant to a reduction	Section 123: Financial assistance by a company in dealings in its own shares, etc. The general principles as decided by both Malaysia and Singapore courts on the prohibition of the giving of financial assistance by a company for the purchase of its own shares are similar for Malaysia and Singapore. The Malaysia Companies Act provides that except as is otherwise expressly provided, a company shall not give any financial assistance, whether directly or indirectly and whether by means of a loan, guarantee or the provision of security or otherwise, for the purpose of or in connection with a purchase or subscription made or to be made by any person of or for any shares in the company or, where the company is a subsidiary, in its holding company or in any way purchase, deal in or lend money on its own shares.

	of capital in accordance with the Singapore Companies Act, the giving by a company in good faith and in the ordinary course of commercial dealing of any representation, warranty or indemnity in relation to an offer to the public of, or an invitation to the public to subscribe for or purchase shares in the company, and the entering into by the company, in good faith and in the ordinary course of commercial dealing, of an agreement with a subscriber for shares in the company permitting the subscriber to make payments for the shares by instalments. The Singapore Companies Act further provides that a company can give financial assistance in certain circumstances, including but not limited to: (i) where the amount of financial assistance does not exceed 10.0% of the aggregate of the total paid-up capital and reserves of the company as disclosed in the most recent financial statements of the company and the company receives fair value in connection with the financial assistance; (ii) where the financial assistance does not materially prejudice the interests of the company, its shareholders or the company's ability to pay its creditors; and (iii) where the financial assistance is approved unanimously by the shareholders of the company present and voting either in person or by proxy at the relevant meeting, or if the resolution is proposed to be passed by written means, by all the members of the company, provided that certain conditions and procedures under the Singapore Companies Act are also complied with. Where the company is a subsidiary of a listed corporation or a subsidiary whose ultimate holding company is incorporated in Singapore, the listed corporation or the ultimate holding company, as the case may be, is also required to pass a special resolution to approve the giving of the financial assistance.	Section 126: Financial assistance not exceeding ten per centum of shareholders' funds The Malaysia provision on financial assistance however, is different from the Singapore provision in that a company whose shares are not quoted on a stock exchange can give financial assistance if: (a) the directors resolve that the company may give assistance, the giving of the assistance is in the best interest of the company and the terms and conditions under which the assistance is to be given are just and reasonable to the company; (b) the directors make a solvency statement that complies with the provisions in relation to the giving of the assistance ("**Solvency Statement**"); (c) the aggregate amount of the assistance and any other financial assistance given that has not been repaid does not exceed 10.0% of the aggregate of the issue of shares and reserves of the company; (d) the company received fair value in connection with the giving of the assistance; and (e) the assistance is given not more than 12 months after the day on which the Solvency Statement is made. Section 125: General exceptions Some of the exceptions include the following:- (a) the lending of money by the company in the ordinary course of its business if the lending of money is part of the ordinary business of a company; (b) the provision by a company, in accordance with any scheme for the time being in force, of money for the purchase of or subscription for

		fully-paid shares in the company or its holding company, being a purchase or subscription by trustees of or for shares to be held by or for the benefit of employees of the company or a subsidiary of the company, including any director holding a salaried employment or office in the company or a subsidiary of the company; or (c) the giving of financial assistance by a company to persons, other than directors, *bona fide* in the employment of the company or of a subsidiary of the company with a view to enabling those persons to purchase fully-paid shares in the company or its holding company to be held by such persons by way of beneficial ownership.
Interest in Shares		
7.	Section 4 of the SFA: Interest in securities Under Section 4 of the Securities and Futures Act, an "interest in shares" or "interest in securities" includes any: (a) shares or securities held in a person's own name; (b) shares or securities held by a corporation, or shares or securities in which a corporation is deemed to have an interest, and either (i) the corporation or its directors are accustomed or under an obligation (whether formal or informal) to act in accordance with a person's directions, instructions or wishes; or (ii) that person has a controlling interest in such corporation; (c) shares or securities held by a corporation, or any shares or securities in which a corporation is deemed to have an interest (other than by virtue of this sub-paragraph (c)), and a person and/or his/its associates are entitled to exercise or control the exercise of 20% or more of the voting rights of the shares in such corporation; (d) shares or securities over which a person has entered into a contract to purchase;	Section 8: Interests in shares Under Section 8 of the Malaysia Companies Act, a person shall be deemed to have an interest in shares in the following circumstances: (a) where any property held in trust consists of or includes shares in which a person knows or has reasonable grounds for believing that he has an interest in the shares, he shall be deemed to have such interest; (b) a person shall be deemed to have an interest in a share where a body corporate has an interest in a share and: (i) the body corporate is, or its directors are accustomed, or is under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of that person in relation to that share; (ii) that person has a controlling interest in the body corporate; or (iii) that person or his associates, or that person and his associates are entitled to exercise or control the exercise of

	(e) shares or securities over which a person has the right (otherwise than by reason of having an interest under a trust) to require any transfer to be made to him/it or to his/its order (whether the right is exercisable presently or in the future and whether on the fulfilment of a condition or not); (f) shares or securities over which a person has the option to acquire (whether the right is exercisable presently or in the future and whether on the fulfilment of a condition or not); (g) shares or securities over which a person is entitled to exercise or control the exercise of any voting or other rights; (h) shares or securities over which a person has the authority (whether formal or informal, or express or implied) to dispose of, or to exercise control over the disposal of (it is immaterial that such authority is, or is capable of being made, subject to restraint or restriction); (i) shares or securities held in trust and a person knows or has reasonable grounds for believing that it/he has an interest under the trust; and (j) shares or securities held by a person jointly with another person (i.e. registered in more than one name), but does not include shares or securities held by a person, *inter alia*, (a) as a bare trustee; (b) if the ordinary business of the person includes the lending of money; and/or (c) if the person is holding the interest by reason of holding a prescribed office.	not less than twenty per centum of the votes attached to the voting shares in the body corporate; (c) a person shall be deemed to have an interest in a share in any one or more of the following circumstances where he: (i) has entered into a contract to purchase a share; (ii) has a right, otherwise than by reason of having an interest under a trust, to have a share transferred to himself or to his order, whether the right is exercisable presently or in the future and whether on the fulfilment of a condition or not; (iii) has the right to acquire a share or an interest in a share, under an option, whether the right is exercisable presently or in the future and whether on the fulfilment of a condition or not; or (iv) is entitled, otherwise than by reason of his having been appointed a proxy or representative to vote at a meeting of members of a corporation or of a class of its members, to exercise or control the exercise of a right attached to a share, not being a share of which he is the registered holder; and (d) a person shall be deemed to have an interest in a share if that share is held jointly with another person. An interest in a share shall be disregarded as an interest if it is: (a) an interest of a person who holds the share as bare trustee; (b) an interest of a person whose ordinary business includes the lending of money or the giving of financing if he holds the interest only by way of security for the purposes of a transaction entered into in the ordinary course of business in connection with the lending of money or the giving of financing; (c) an interest of a person being an interest held by him by reason of his holding a prescribed office; and

		(d) a prescribed interest being an interest of such person, or of the persons included in such class of persons, as is prescribed.
Disclosure of Interest in Contracts with the Company		
8.	Section 156: Disclosure of interests in transactions, property, officers, etc. The Singapore Companies Act provides that, where a director or chief executive officer of a company is directly or indirectly interested in a transaction or proposed transaction with that company, such director or chief executive officer must, as soon as practicable after the relevant facts have come to his knowledge, (i) declare the nature of his interest at a meeting of the directors of the company; or (ii) send a written notice to the company containing details on the nature, character and extent of his interest in the transaction or proposed transaction with the company. For these purposes, an interest of a member of a director's or chief executive officer's family (this includes his spouse, natural, step or adopted children) is treated as an interest of that director or chief executive officer. The Singapore Companies Act also provides that every director and chief executive officer of a company who holds any office or possesses any property whereby, whether directly or indirectly, any duty or interest might be created in conflict with his duties or interests as director or chief executive officer shall (i) declare at a meeting of the directors of the company the fact and the nature, character and extent of the conflict; or (ii) send a written notice to the company setting out the fact and the nature, character and extent of the conflict. For these purposes, an interest of a member of a director's or chief executive officer's family (this includes his spouse, natural, step or adopted children) is treated as an interest of that director or chief executive officer.	Section 221: Disclosure of interest in contracts, proposed contracts, property, officers, etc. The position in Malaysia with respect to the disclosure of interest in contracts, proposed contracts, property, offices, etc. is similar to the position in Singapore except that the equivalent provision in the Malaysia Companies Act specifically provides that a breach of the Malaysian provision renders the contract voidable at the instance of the company except if it is in favour of any person dealing with the company for any valuable consideration and without any actual notice of the contravention. Section 222: Interested director not to participate or vote Section 222 of the Malaysia Companies Act prohibits a director of a public company or of a subsidiary of a public company who is in any way, whether directly or indirectly interested in a contract entered into or proposed to be entered into by the company, unless the interest is one that need not be disclosed in Section 221, from participating in the deliberation or voting on the contract or proposed contract.
Remuneration		
9.	Section 169: Provision and improvement of director's emoluments The Singapore Companies Act provides that a company shall not provide emoluments or improve emoluments for a director in respect of his office unless the provision has been approved by a resolution that is not related to other matters, and any resolution passed in breach of this provision is void.	Malaysia has no equivalent provision to Section 169 of the Singapore Companies Act. A director of a company does not have an implied right to remuneration for his services. He is only entitled to remuneration if it is provided for in the constitution of the company or by the shareholders at properly convened general meeting.

	For this purpose, the term “emoluments” in relation to a director includes fees and percentages, expenses allowance in so far as those sums are charged to income tax in Singapore, contributions paid under a pension scheme, and any benefits received otherwise than in cash in respect of his services as a director.	In listed companies:- (a) the fees payable to non-executive directors shall be a fixed sum and cannot be commission based or a percentage of profits or turnover; (b) salaries payable to executive directors may not include a commission on or percentage of turnover; and (c) the fees of directors, and any benefits payable to directors shall be subject to annual shareholder approval at a general meeting.
<u>Appointment, Qualification and Appointment of Directors</u>		
10.	**Number, Qualification and Appointment of Directors** <u>Section 145: Directors</u> Under the Singapore Companies Act, every company must have at least one director who is ordinarily resident in Singapore. Where the company has only one member, that sole director may also be the sole member of the company. No person other than a natural person who has attained the age of 18 years and who is otherwise of full legal capacity can be a director of a company.	**Number, Qualification and Appointment of Directors** <u>Section 196: Directors</u> Under the Malaysia Companies Act, a private company shall have at least one director and a public company shall have at least two directors, who shall ordinarily reside in Malaysia by having a principal place of residence in Malaysia. No person other than a natural person of full age (18 years) shall be a director of a company. In determining the number of directors, an alternate or substitute director would not be included.
	<u>Section 147: Qualification of director</u> Every director, who is by the constitution required to hold a specified share qualification and who is not already qualified, must obtain his qualification within two months after his appointment or such shorter period as is fixed by the constitution. The qualification of any director of a company must be held by him or her solely and not as one of several joint holders, unless otherwise provided by the constitution.	Malaysia has no equivalent provision to Section 147 of the Singapore Companies Act.

<table>
<tr><td></td><td>A director must vacate his or her office if he or she has not within the period referred to in the above paragraph obtained his or her qualification, or if after so obtaining it he or she ceases at any time to hold his or her qualification.

A person vacating office under this section is incapable of being re-appointed as director until the person has obtained his or her qualification.</td><td></td></tr>
<tr><td></td><td><u>Section 150: Appointment of directors to be voted on individually</u>

In the case of a public company, the appointment of two or more persons as directors by a single resolution must not be made unless a resolution that it may be so made has first been agreed to by the meeting without any vote being given against it.</td><td><u>Section 203: Appointment of directors of public company to be voted on individually</u>

The position in Malaysia with respect to appointment of directors of public company to be voted on individually is similar to the position in Singapore.</td></tr>
<tr><td>11.</td><td>Audit Committee

<u>Section 201B: Audit committees</u>

The Singapore Companies Act provides that every listed company shall have an audit committee. An audit committee shall be appointed by the directors from among their number, pursuant to a board resolution, and shall be composed of three or more members.

The majority of the audit committee shall not be (i) executive directors of the company or any related corporation; (ii) a spouse, parent, sibling, child or adopted-child of an executive director of the company or any related corporation; or (iii) any person having a relationship which, in the opinion of the board of directors, would interfere with the exercise of independent judgment in carrying out the functions of an audit committee. The members of our Audit Committee shall elect a chairman from among them who is not an executive director or employee of the company or any related corporation.

Under the Singapore Companies Act, the functions of the audit committee shall be:

(a) to review:

(i) with the auditor, the audit plan;</td><td>Audit Committee

<u>Section 246: System of internal control</u>

Malaysia has no equivalent provision to Section 201B of the Singapore Companies Act. However, under Section 246 of the Malaysia Companies Act, the directors of a public company or a subsidiary of a public company shall have in place a system of internal control that will provide a reasonable assurance that:-

(a) assets of the company are safeguarded against loss from unauthorised use or disposition and to give a proper account of the assets; and

(b) all transactions are properly authorised and that they are recorded as necessary to enable the preparation of true and fair view of the financial statements of the company.

Under the Bursa Listing Requirements, a listed company must appoint an audit committee from amongst its directors which fulfils the following requirements:-

(a) it must be composed of no fewer than three members;

(b) must be non-executive directors, with a majority of them being independent directors; and</td></tr>
</table>

	(ii) with the auditor, his evaluation of the system of internal accounting controls; (iii) with the auditor, his audit report; (iv) the assistance given by the company's officers to the auditor; (v) the scope and results of the internal audit procedures; and (vi) the financial statements of the company and, if it is a parent company, the consolidated financial statements, submitted to it by the company or the parent company, and thereafter to submit them to the directors of the company or parent company; and (b) to nominate a person or persons as auditor, together with such other functions as the audit committee and the board of directors may agree to.	(c) at least one member of the audit committee:- (i) must be a member of the Malaysian Institute of Accountants; or (ii) if he is not a member of the Malaysian Institute of Accountants, he must have at least 3 years' working experience and – (aa) must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or (bb) must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967; or (iii) fulfils such other requirements as prescribed or approved by the Bursa Malaysia.
12.	**Disqualification of Directors** Section 148: Restriction on undischarged bankrupt Under the Singapore Companies Act, a person may not act as a director of, or directly or indirectly take part in or be concerned in the management of, any corporation if he is an undischarged bankrupt unless he has the leave of the Singapore courts or the written permission of the Official Assignee appointed under the Insolvency, Restructuring and Dissolution Act 2018 to do so.	**Disqualification of Directors** Section 198(a): Persons disqualified from being a director Under the Malaysia Companies Act, a person shall not hold office as a director of a company or directly or indirectly be concerned with or takes part in the management of a company, if he is an undischarged bankrupt, unless he has leave of the Official Receiver appointed under the Bankruptcy Act 1967 or the court.
	Section 149: Disqualification of unfit directors of insolvent companies A person may be disqualified from acting as a director of a company by the Singapore courts for a period not exceeding five years if (i) he is or has been a director of a company which has at any time gone into liquidation (whether while he was a director or within three years of his ceasing to be a	Section 199: Power of Court to disqualify persons from acting as director or promoter A person may be disqualified by the Malaysia courts from acting or holding office as a director or promoter, or be concerned with the management of a company for a period not exceeding five years if that person (i) within the

	director) and was insolvent at that time; and (ii) his conduct makes him unfit to be a director of a company.	last five years has been a director of two or more companies which went into liquidation resulting from the company being insolvent due to his conduct as a director which contributed wholly or partly to the liquidation; (ii) due to his contravention of the duties of a director; or (iii) due to his habitual contravention of the Malaysia Companies Act. A person may also be disqualified by the articles of the company to act as director.
	<u>Section 149A: Disqualification of directors of companies wound up on grounds of national security or interest</u> A person may, subject to certain exceptions, also be disqualified from acting as a director by the Singapore courts for a period of three years if he is a director of a company which is ordered to be wound up by the Singapore courts on the ground that it is being used for purposes against national security or interest.	Malaysia has no equivalent provision to Section 149(A) of the Singapore Companies Act.
	<u>Section 154: Disqualification to act as director on conviction of certain offences</u> A director could also be disqualified on other grounds, such as conviction of any offence (whether in Singapore or elsewhere) involving fraud or dishonesty which is punishable with imprisonment for three months or more, or any offence under Part XII of the SFA or where he is subject to the imposition of a civil penalty under Section 232 of the SFA. In addition, the Singapore courts may make a disqualification order against a person who is convicted in Singapore of any offence in connection with the formation or management of a corporation, any offence under Sections 157 or 396B of the Singapore Companies Act or any offence under Sections 237 or 239 of the Insolvency, Restructuring and Dissolution Act 2018.	<u>Section 198(b), (c) and (d): Persons disqualified from being a director</u> Under the Malaysia Companies Act, a person shall not hold office as a director of a company or directly or indirectly be concerned with or takes part in the management of a company, if he: (a) has been convicted of an offence relating to the promotion, formation or management of a corporation; (b) has been convicted of an offence involving bribery, fraud or dishonesty; (c) has been convicted of an offence under Sections 213, 217, 218, 228 and 539 of the Malaysia Companies Act; or (d) has been disqualified by the court under Section 199 of the Malaysia Companies Act, unless he has leave of the Official Receiver appointed under the Bankruptcy Act 1967 or the court.

	Section 155: Disqualification for persistent default in relation to delivery of documents to Registrar A director may be disqualified because of persistent default in relation to delivery of documents to the Registrar of Companies appointed under the Singapore Companies Act.	Malaysia has no equivalent provision to Section 155 of the Singapore Companies Act.
	Section 155B: Debarment for default of relevant requirement of the Singapore Companies Act A person could be the subject of a debarment order made against him by the Registrar of Companies, if the Registrar of Companies is satisfied that a company of which he is a director is in default of any requirement of the Singapore Companies Act in relation to the filing, delivery or sending of any return account or other document, or the giving of notice, to the Registrar of Companies. A person who has a debarment order made against him may not act as director of any company (except in respect of a company of which he was a director immediately before the order was made), and the debarment order applies from the date the order is made and continues in force until the Registrar of Companies cancels or suspends the order.	Malaysia has no equivalent provision to Section 155B of the Singapore Companies Act.
13.	**Resignation of Directors** Sections 145(4A), (4B) and (5) Under the Singapore Companies Act, a director of a company cannot resign or vacate his office unless there is remaining in the company at least one director who is ordinarily resident in Singapore, and any purported resignation or vacation of office in breach of this provision is deemed to be invalid. Subject to the provisions of the Singapore Companies Act, unless the constitution otherwise provides, a director may resign by giving the company written notice of his resignation, and his resignation is not conditional upon the company's acceptance of such resignation.	**Resignation of Directors** Generally, the manner in which a director can resign from his office is provided in the constitution of the company. Section 196(3) Under the Malaysia Companies Act, a director of a company shall not resign or vacate his office if, by his resignation or vacation from office, the number of directors of the company is reduced below the minimum number required and any purported resignation or vacation of office in contravention of the Act shall be deemed to be ineffective unless a person is appointed in his place.

14.	**Removal of Directors** Section 152: Removal of directors A director of a public company may be removed before the expiration of his period of office by an ordinary resolution (which requires special notice to be given in accordance with the provisions of the Singapore Companies Act) of the shareholders, notwithstanding anything in the constitution of that company or in any agreement between that company and the director, but where any director so removed was appointed to represent the interests of any particular class of shareholders or debenture holders, the resolution to remove him shall not take effect until his successor has been appointed. Subject to the provisions of the Singapore Companies Act, the constitution of a company may prescribe the manner in which a director may be removed from office before the expiration of his term of office.	**Removal of Directors** Section 206 The position in Malaysia is similar to the position in Singapore.
Mergers and Similar Arrangements		
15.	Section 212: Approval of compromise or arrangement by Court The Singapore Companies Act provides that the Singapore courts have the authority, in connection with a scheme for the reconstruction of any company or companies or the amalgamation of any two or more companies, and where under the scheme the whole or any part of the undertaking or the property of any company concerned in the scheme (the transferor company) is to be transferred to another company (the transferee company), to order the transfer to the transferee company of the whole or any part of the undertaking and of the property or liabilities of the transferor company. Such power exists in relation to any corporation liable to be wound up under the Singapore Companies Act.	Section 370: Reconstruction and amalgamation of companies The provision for facilitating reconstruction and amalgamation of companies pursuant to a compromise or arrangement are the same for Malaysia and Singapore.
16.	Sections 215A to 215K The Singapore Companies Act further provides for a voluntary amalgamation process without the need for a court order. Under this voluntary amalgamation process, two or more Singapore-incorporated companies may amalgamate and continue as one company, which may be one of the amalgamating companies	There is no equivalent provision in Malaysia for voluntary amalgamation under Sections 215A to 215K of the Singapore Companies Act.

	or a new company, in accordance with the procedures set out in the Singapore Companies Act. As part of these procedures, the board of directors of each of the amalgamating companies must make a solvency statement in relation to both the amalgamating company and the amalgamated company. The Singapore Companies Act also provides for a more simplified form of amalgamation procedure for (i) a Singapore-incorporated company (the "amalgamating holding company) and one or more of its wholly-owned subsidiaries (the "amalgamating subsidiary company") to amalgamate and continue as one company, being the amalgamated holding company or the amalgamated subsidiary company; and (ii) two or more wholly-owned Singapore-incorporated subsidiary companies of the same corporation.	
Appraisal Rights		
17.	The Singapore Companies Act does not provide for appraisal rights to the shareholders of a company in connection with a merger.	The Malaysia Companies Act does not provide for appraisal rights to the shareholders of a company in connection with a merger.
Shareholders' Suits and Protection of Minority Shareholders		
18.	Section 216: Personal remedies in cases of oppression or injustice A member or a holder of a debenture of a company may apply to the Singapore courts for an order under Section 216 of the Singapore Companies Act to remedy situations where: (a) a company's affairs are being conducted or the powers of the company's directors are being exercised in a manner oppressive to, or in disregard of the interests of, one or more of the members, shareholders or holders of debentures of the company, including the applicant; or (b) a company has done an act, or threatens to do an act, or the members or holders of debentures have passed some resolution, or propose to pass some resolution, which unfairly discriminates against, or is otherwise prejudicial to, one or more of the company's members or holders of debentures, including the applicant.	Section 346: Remedy in cases of an oppression The provision on remedies available in the case of oppression of any member or debenture holder of a company is the same for Malaysia as in Singapore except that the Singapore provision gives express statutory authority to the court to authorise civil proceedings to be brought in the name of or on behalf of the company by such person or persons and on such terms as the court directs.

	Singapore courts have wide discretion as to the relief they may grant under such application, including, amongst others, directing or prohibiting any act or cancelling or varying any transaction or resolution, providing that the company be wound up, in which case the provisions of the Insolvency, Restructuring and Dissolution Act 2018 shall apply, or authorising civil proceedings to be brought in the name of or on behalf of the company by such person or persons and on such terms as the court directs.	
19.	<u>Section 216A: Derivative or representative actions</u> In addition, a member of a company who is seeking relief for damage done to the company may bring a common law derivative action in certain circumstances against the persons who have done wrong to the company. Further, Section 216A of the Singapore Companies Act prescribes a procedure to bring a statutory derivative action or arbitration in respect of a Singapore-incorporated company. The statutory procedure is available to, amongst others, any member of a company and any other person who, in the discretion of the court, is a proper person to make an application under Section 216A of the Singapore Companies Act.	<u>Section 347: Derivative proceedings</u> Section 347 of the Malaysia Companies Act also provides that a complainant may, with the leave of the court, initiate, intervene in or defend a proceeding on behalf of the company and in such circumstances, the proceedings shall be brought in the company's name. However, the Malaysian provision is slightly different from the Singapore provision in that it allows a director and a former member to be a complainant. However, the Singapore provision allows any person who, in the discretion of the court, is a proper person to be a complainant.
<u>Shareholders' Action by Written Consent</u>		
20.	<u>Section 184A: Passing of resolution by written means</u> Notwithstanding any other provision of the Singapore Companies Act, a private company or an unlisted public company may pass any resolution by written means (save for any resolution to dispense with the holding of annual general meetings or any resolution for which special notice is required) in accordance with the provisions of the Singapore Companies Act. There is no corresponding provision in the Singapore Companies Act which applies to a public listed company, whether listed in Singapore or elsewhere.	<u>Section 290: Passing a resolution</u> Section 290 of the Malaysia Companies Act provides that a resolution of the members or of a class of members of a private company shall be passed either by a written resolution or at a meeting of the members. However, a resolution of the members or of a class of members of a public company shall be passed at a meeting of the members.

Shareholders' Proposal		
21.	Section 183: Circulation of members' resolution, etc. Under the Singapore Companies Act, (a) any number of members representing not less than 5.0% of the total voting rights of all the members having at the date of requisition a right to vote at a meeting to which the requisition relates; or (b) not less than 100 members holding shares on which there has been paid up an average sum, per member, of not less than S$500, may requisition the company to give to members notice of any resolution which may properly be moved and is intended to be moved at the next annual general meeting, and circulate to members any statement of not more than 1,000 words with respect to the matter referred to in any proposed resolution or the business to be dealt with at that meeting.	Section 302: Members' power to require circulation of written resolution Under section 302 of the Malaysia Companies Act, only a member of a private company having a total of 5.0% or such lower per centum as stated in the constitution, of the total voting rights of all eligible members, may require the company to circulate a resolution that may properly be moved as a written resolution and the member may require the company to circulate with the written resolution a statement of not more than 1,000 words on the subject matter of the written resolution.
22.	Section 176: Convening of extraordinary general meeting on requisition Notwithstanding anything in its constitution, the directors of a company shall, on the requisition of members holding at the date of the deposit of the requisition not less than 10.0% of the total number of paid-up shares (excluding treasury shares) as at the date of the deposit carries the right of voting at general meetings or, in the case of a company not having a share capital, of members representing not less than 10.0% of the total voting rights of all members having at that date a right to vote at general meetings, immediately proceed duly to convene an extraordinary general meeting of the company to be held as soon as practicable but in any case not later than two months after the receipt by the company of the requisition. If the directors do not within 21 days after the date of the deposit of the requisition proceed to convene a meeting, the requisitionists, or any of them representing more than 50.0% of the total voting rights of all of them, may themselves, in the same manner as nearly as possible as that in which meetings are to be convened by directors convene a meeting, but any meeting so convened shall not be held after the expiration of three months from that date.	Section 311: Power to require directors to convene meetings of members The directors of a company shall, on the requisition of members representing at least 10.0% of the paid-up capital of the company carrying the right of voting at meetings of members of the company (excluding paid up capital held as treasury shares) or, in the case of a company not having a share capital, of members representing at least 5.0% of the total voting rights of all members having a right to vote at meetings of members, call for a meeting of members within 14 days from the date of requisition and hold the meeting on a date not more than 28 days after the date of the notice to convene the meeting. Section 313: Power of members to convene meeting of members at company's expense If the directors do not call for a meeting of members within 14 days from the date of requisition and hold the meeting on a date not more than 28 days after the date of the notice to convene the meeting, the members who requisitioned the meeting, or any of the members representing more than one half of the total voting rights of all of the members who requisitioned the meeting, may call for a meeting of members, but any meeting so convened shall be held within three months from the date the directors received a requisition to call for a meeting of members.

23.	<u>Section 177: Calling of meetings</u> Under the Singapore Companies Act, two or more members holding not less than 10.0% of the total number of issued shares of the company (excluding treasury shares) or, if the company has not a share capital, not less than 5.0% in number of the members of the company or such lesser number as is provided by the constitution may call a meeting of the company. A meeting of a company or of a class of members, other than a meeting for the passing of a special resolution, shall be called by notice in writing of not less than 14 days or such longer period as is provided in the constitution. Shorter notice can be given if, (i) in the case of an annual general meeting, all the members entitled to attend and vote thereat so agree; or (ii) in the case of any other meeting, a majority in number of the members having a right to attend and vote thereat, being a majority which together holds not less than 95% of the total voting rights of all the members having a right to vote at that meeting.	<u>Section 310: Power to convene meetings of members</u> Under the Malaysia Companies Act, a meeting of members may be convened by any member holding at least 10.0% of the issued share capital of a company or a lower percentage specified in the constitution or if the company has no share capital, by at least 5.0% in the number of the members of the company. <u>Section 316: Notice required for meetings of members</u> A meeting of members of a public company, other than a meeting for the passing of a special resolution, shall be called by notice:- (a) in the case of an annual general meeting, at least 21 days or any longer period specified in the constitution; and (b) in any other case, at least 14 days or any longer period specified in the constitution. Shorter notice can be given if, (i) in the case of an annual general meeting, all the members entitled to attend and vote at the meeting so agree; or (ii) in the case of any other meeting of a public company, a majority in number of the members entitled to attend and vote at the meeting, being a majority who together hold not less than 95% in the number of the shares giving a right to attend and vote at the meeting, excluding any shares in the company held as treasury shares, or in the case of a company not having a share capital, together represent not less than 95% of the total voting rights at that meeting of all the members.
<u>Winding Up and Dissolution</u>		
24.	**Winding Up** The winding up of a company may be done in the following ways under the Insolvency, Restructuring and Dissolution Act 2018: (a) members' voluntary winding up;	**Winding Up** The Malaysia Companies Act has equivalent provisions for the winding up of a company as in Singapore except that there is some slight variation in proof and ranking of claims which are not material.

	(b) creditors' voluntary winding up; (c) court compulsory winding up; and (d) under the Singapore Companies Act, an order made pursuant to Section 216(2)(f) for the winding up of the company. The type of winding up depends, amongst others, on whether the company is solvent or insolvent.	
25.	**Dissolution** A company may be dissolved (i) through the process of liquidation pursuant to the winding up of the company; (ii) in a merger or amalgamation of two companies where the court may order the dissolution of one after its assets and liabilities have been transferred to the other; or (iii) when it is struck off the register by the Registrar of Companies on the ground that it is a defunct company.	**Dissolution** Malaysia has provisions equivalent to Singapore for dissolution of companies.
Variation of Rights of Shares		
26.	Section 74: Rights of holders of classes of shares Under the Singapore Companies Act, if provision is made by the constitution of a company for authorising the variation or abrogation of the rights attached to any class of shares in the company and in pursuance of that provision such rights are at any time varied or abrogated, the holders of not less in aggregate than 5.0% of the total number of issued shares of that class may apply to the Singapore courts to have the variation or abrogation cancelled in accordance with the Singapore Companies Act. The Singapore courts may, if satisfied that the variation or abrogation would unfairly prejudice the shareholders of the class represented by the applicant, disallow the variation or abrogation, and must, if not so satisfied, confirm it.	Section 93: Disallowance or confirmation of variation by Court Malaysia has a similar provision for rights of holders of classes of share as in Singapore except that the threshold to apply to court to have the variation or abrogation of the rights cancelled is 10.0% of the issued shares of that class instead of 5.0% for Singapore.

Amendment of Governing Documents		
27.	**Amendments to Constitution** Sections 26 and 26A: General provisions as to alteration of constitution and power to entrench provisions of constitution of company Unless otherwise provided in the Singapore Companies Act, a company's constitution may be altered or added to by way of special resolution, except that any entrenching provision in the constitution and any provision contained in the constitution before 1 April 2004 which could not be altered before that date may be removed or altered only if all members of the company agree. For these purposes, the term "entrenching provision" means a provision of the constitution of a company to the effect that other provisions of the constitution (a) may not be altered in the manner provided by the Singapore Companies Act; or (b) may not be so altered except by a resolution passed by a specified majority greater than 75.0%, or where other specified conditions are met. Unless otherwise provided in the Singapore Companies Act, any alteration to the constitution takes effect on and from the date of the special resolution approving such alteration or such later date as is specified in the resolution.	**Amendments to Constitution** Section 36: Company may alter or amend constitution The Malaysia Companies Act provides that the constitution of a company may be altered or amended by way of special resolution unless the constitution prohibits the alteration or amendment. Upon the date of the special resolution was passed or a later date as specified in the resolution, any alteration or amendment to the constitution shall bind the company and the members accordingly.
	Section 33: Alterations of objects in constitution Subject to Section 33 of the Singapore Companies Act, a company may by special resolution alter the provisions of its constitution with respect to the objects of the company, if any. Where a company proposes to alter its constitution, with respect to the objects of the company, it shall give 21 days' written notice by post or by electronic communications in accordance with the provisions of Singapore Companies Act, specifying the intention to propose the resolution as a special resolution and to submit it for passing at a meeting of the company to be held on a day specified in the notice.	Malaysia has no equivalent provision to Section 33 of the Singapore Companies Act.

	Notwithstanding any other provision of the Singapore Companies Act, a copy of the resolution altering the objects of a company shall not be lodged with the Registrar, *inter alia,* before the expiration of 21 days after the passing of the resolution, and a copy of the resolution shall be lodged with the Registrar within 14 days thereafter, on compliance with which the alteration, if any, of the objects shall take effect.	
Directors' Fiduciary Duties		
28.	Section 157: As to the duty and liability of officers Under the Singapore Companies Act, a director shall at all times act honestly and use reasonable diligence in the discharge of the duties of his office. An officer or agent of a company shall not make improper use of his position as an officer or agent of the company or any information acquired by virtue of his position as an officer or agent of the company to gain, directly or indirectly, an advantage for himself or for any other person or to cause detriment to the company. An officer or agent who commits a breach of these duties shall be liable to the company for any profit made by him or for any damage suffered by the company as a result of the breach, and shall be guilty of an offence punishable by a fine not exceeding S$5,000 or imprisonment for a term not exceeding 12 months. These statutory duties are in addition to and not in derogation of the duties and liabilities of directors and officers under any other written law or rule of law, which include (without limitation) duties of care and skill and duties to act in good faith in the best interest of the company.	Section 213: Duties and responsibilities of directors Under the Malaysia Companies Act, a director of a company shall at all times exercise his powers in accordance with the Act, for a proper purpose and in good faith in the best interest of the company. A director of a company shall exercise reasonable care, skill and diligence with:- (a) the knowledge, skill and experience which may reasonably be expected of a director having the same responsibilities; and (b) any additional knowledge, skill and experience which the director in fact has. A director who makes any decision on whether or not to take action on a matter relevant to the business of the company ("**business judgment**") is deemed to meet the requirements above and the equivalent duties under the common law and in equity if the director:- (a) makes the business judgment for a proper purpose and in good faith; (b) does not have a material personal interest in the subject matter of the business judgment; (c) is informed about the subject matter of the business judgment to the extent the director reasonably believes to be appropriate under the circumstances; and (d) reasonably believes that the business judgment is in the best interest of the company.

Conversion		
29.	Sections 30 and 31: Registration of unlimited company as limited company, etc., change from public to private company and change from private to public company A public company having a share capital may convert to a private company and *vice versa* by, *inter alia,* passing a special resolution and lodging, *inter alia*, a copy of the special resolution with the Registrar. A limited company could be converted into an unlimited company and *vice versa* by complying with the provisions in the Singapore Companies Act.	Section 40: Conversion from an unlimited company to a limited company The Malaysia Companies Act provides that an unlimited company may be converted to a limited company by passing a special resolution and lodging with the Registrar a notice for conversion and specifying an appropriate alteration to its name. Section 41: Conversion from public companies to private companies or private companies to public companies The Malaysia Companies Act provides that a public company with a share capital may be converted into a private company and similarly a private company may be converted into a public company by passing a special resolution and lodging *inter alia* with the Registrar a notice for conversion and specifying an appropriate alteration to its name.
Member's Rights		
30.	Section 180: Member's rights at meetings The Singapore Companies Act provides that every member of a company shall, notwithstanding any provision in the constitution of the company, have a right to attend any general meeting of the company, to speak on any resolution before the meeting and to vote on that resolution if, in accordance with the provisions of Section 64 of the Singapore Companies Act, the share held by such member confers the right to vote on that resolution. The exceptions are that: (a) the company's constitution may provide that a member shall not be entitled to vote unless all calls or other sums personally payable by him in respect of shares in the company have been paid; and (b) subject to the provisions of the Singapore Companies Act, the constitution may provide for the issue of shares which confer special, limited or conditional voting right or do not confer voting rights, and the right to vote may be accordingly be negated, altered, or added to by the constitution, except that the right of a holder of a share which does not entitle the holder thereof to vote at a general meeting of the	Section 71: Rights and powers attached to shares The Malaysia Companies Act provides that a share in a company (other than preference shares), confers on the holder *inter alia* the right to (i) attend, participate and speak at a meeting; and (ii) the right to vote on any resolution whether by show of hands or poll. Section 293: General rules on voting The Malaysia Companies Act provides that no member is prevented from voting unless all calls or other sums presently payable by him in respect of shares in the company have been paid.

	company shall have at least one vote on a poll on the following resolutions which may not be negated or altered: (i) a resolution to wind up the company voluntarily under Section 160 of the Insolvency, Restructuring and Dissolution Act 2018; or (ii) a resolution to vary any right attached to such share and conferred on the holder. Notwithstanding the above, a preference share (as defined in Section 180 of the Singapore Companies Act) issued after 15 August 1984 but before 3 January 2016 (being the date of commencement of Section 96 of the Companies (Amendment) Act 2014) shall, in addition to any other right conferred by the Singapore Companies Act, carry the right in a poll at any general meeting to at least one vote in respect of each such share held during such period as the preferential dividend or any part thereof remains in arrears and unpaid, such period starting from a date not more than 12 months, or such lesser period as the constitution may provide, after the due date of the dividend.	
Right to Appoint a Proxy		
31.	Section 181: Proxies The Singapore Companies Act provides that a member of a company entitled to attend and vote at a meeting shall be entitled to appoint another person, whether a member or not, as his proxy to attend and vote instead of him. Further, a proxy appointed to attend and vote instead of a member shall also have the same right as the member to speak at the meeting. Unless the constitution otherwise provides, the right of a member in appointing a proxy is subject, *inter alia,* to the following conditions: (i) that a proxy shall not be entitled to vote except on a poll;	Section 294: Votes by proxy The Malaysia Companies Act provides that where a member of a company entitled to vote on a resolution has appointed a proxy, the proxy shall be entitled to vote on a show of hands, provided that he is the only proxy appointed by the member. Where a member entitled to vote on a resolution has appointed more than one proxy, (i) the proxies shall only be entitled to vote on poll; and (ii) the appointment shall not be valid unless he specifies the proportions of his holdings to be represented by each proxy.

	(ii) that a member (who is not a relevant intermediary[6]) shall not be entitled to appoint more than two proxies to attend and vote at the same meeting; (iii) that where a member (who is not a relevant intermediary) appoints two proxies, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy; and (iv) that a member who is a relevant intermediary may appoint more than two proxies in relation to a meeting to exercise all or any of his rights to attend and to speak and vote at the meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him (which number and class of shares shall be specified).	In the case of a company whose shares are quoted on a stock exchange, and where more than one proxy is appointed by a member, the entitlement of those proxies to vote on a show of hands shall be in accordance with the listing requirements of the stock exchange.

6 A relevant intermediary means (a) a banking corporation licenced under the Banking Act 1970 of Singapore, or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act 2001 of Singapore, and who holds shares in that capacity; or (c) the Central Provident Fund Board established by the Central Provident Fund Act 1953 of Singapore, in respect of shares purchased under the subsidiary legislation made under the Central Provident Fund Act 1953 of Singapore, providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Central Provident Fund Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

APPENDIX E – COMPARISON BETWEEN THE BURSA LISTING REQUIREMENTS AND THE SGX-ST LISTING MANUAL

THE SGX-ST LISTING MANUAL RULES	EQUIVALENT BURSA SECURITIES MAIN MARKET LISTING REQUIREMENTS
Rule 703 – Disclosure of Material Information	**Chapter 9 Part C – Immediate Disclosure of Material Information**
Under Rule 703 of the SGX-ST Listing Manual, an issuer (the “**Issuer**”) is, subject to certain exceptions described below, required to announce any information known to it concerning it or any of its subsidiaries or associated companies which: (a) is necessary to avoid establishment of a false market in the Issuer’s shares; or (b) would be likely to materially affect price or value of the Issuer’s shares. A false market exists when there is a non-disclosure of information which would, or would be likely to, influence persons who commonly invest in securities in deciding whether to buy or sell securities.	Under paragraph 9.03 of the Bursa Listing Requirements, a listed issuer must make immediate public disclosure of any material information, except as set out in certain exceptions described below. Information is considered material, if it is reasonably expected to have a material effect on- (a) the price, value or market activity of any of the listed issuer’s securities; or (b) the decision of a holder of securities of the listed issuer or an investor in determining his choice of action.
Exceptions to Disclosure under Rule 703 **Exception 1** Where disclosure of information results in a breach of law (not just breach of contractual duty of confidentiality). **Exception 2** Where the relevant information meets the requirements of all three conditions below: (a) Condition 1: a reasonable person would not expect the information to be disclosed; (b) Condition 2: the information is confidential; and (c) Condition 3: the information has one or more characteristics below: (i) concerns incomplete proposal or negotiation;	A listed issuer may, in exceptional circumstances, temporarily refrain from publicly disclosing material information, provided that complete confidentiality is maintained. Where material information is withheld, the listed issuer must refrain from delaying disclosure for an unreasonable period of time since it is unlikely that confidentiality can be maintained beyond a short period of time. The exceptional circumstances where disclosures can be withheld are limited and constitute an infrequent exception to the normal requirement of immediate public disclosure. In cases of doubt, the presumption must always be in favour of disclosure. **Exceptional circumstances where disclosure may be temporarily withheld** **Exception 1** When immediate disclosure would prejudice the ability of the listed issuer to pursue its corporate objectives.

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(ii) matters of supposition or is insufficiently definite to warrant disclosure; (iii) generated for internal management purposes (e.g. internal estimates or earnings projections); or (iv) the information is a trade secret.	**Exception 2** When the facts are in a state of flux and a more appropriate moment for disclosure is imminent. **Exception 3** Where the laws prohibit the disclosure of such information.
Chapter 9 – Interested Person Transactions	**Chapter 10 Part E – Related Party Transactions**
Chapter 9 of the Listing Manual deals with interested person transactions involving the Issuer. The objective of Chapter 9 is to guard against the risk that interested persons could influence an issuer, its subsidiaries and associated companies, to enter into transactions with interested persons, which may adversely affect the interests of the issuer or its shareholders. <u>Interested Person Transaction, Entity at Risk and Interested Person</u> An "**interested person transaction**" is defined in Chapter 9 of the Listing Manual as a transaction between an entity at risk and an interested person. There is no exhaustive list of all types of transactions which may constitute an interested person transaction. Chapter 9 of the Listing Manual provides that the following types of transactions are included: (a) the provision or receipt of financial assistance; (b) the acquisition, disposal or leasing of assets; (c) the provision or receipt of services; (d) the issuance or subscription of securities; (e) the granting of or being granted options; and (f) the establishment of joint ventures or joint investments,	A "**related party transaction**" is defined in paragraph 10.02 of the Bursa Listing Requirements as a transaction entered into by the listed issuer or its subsidiaries which involves the interest, direct or indirect, of a related party. Paragraph 10.02 of the Bursa Listing Requirements provides that the following types of transactions are included: (a) the acquisition, disposal or leasing of assets; (b) the establishment of joint ventures; (c) the provision of financial assistance; (d) the provision or receipt of services; or (e) any business transaction or arrangement entered into, by a listed issuer or its subsidiaries; and excludes transactions entered into between a listed issuer (or any of its wholly-owned subsidiaries) and its wholly-owned subsidiary. Paragraph 1.01 of the Bursa Listing Requirements defines a "**related party**" as a director, major shareholder or person connected with such director or major shareholder.

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whether or not in the ordinary course of business, and whether or not entered into directly or indirectly (for example, through one or more interposed entities). Chapter 9 of the Listing Manual defines an "**entity at risk**" to mean: (a) the Issuer; (b) a subsidiary of the Issuer that is not listed on the SGX-ST or an approved exchange; or (c) an associated company (being a company in which at least 20.0% but not more than 50.0% of its shares are held by the listed company or group) of the Issuer that is not listed on the SGX-ST or an approved exchange, provided that the Issuer and its subsidiaries (the "**Group**"), or the Group and its interested person(s), has control over the associated company (being a company in which at least 20.0% but not more than 50.0% of its shares are held by the issuer or the Group). Chapter 9 of the Listing Manual defines an "**interested person**" to mean, in the case of a company: (a) a director, chief executive officer or controlling shareholder (being a person who holds directly or indirectly 15.0% or more of the total number of all voting shares in the issuer, or a person who in fact exercises control over the issuer) of the issuer; or (b) an associate of any such director, chief executive officer or controlling shareholder.	A "**major shareholder**" means a person who has an interest or interests in one or more voting shares in a corporation and the number or aggregate number of those shares, is – (a) 10.0% or more of the total number of voting shares in the corporation; or (b) 5.0% or more of the total number of voting shares in the corporation where such person is the largest shareholder of the corporation. A "**person connected**" with such director or major shareholder means such person who falls under any one of the following categories: (a) a family member of the director or major shareholder, being the: (i) spouse; (ii) parent; (iii) child including an adopted child and step-child; (iv) brother or sister; or (v) spouse of the person referred to in subparagraphs (iii) and (iv) above. (b) a trustee of a trust (other than a trustee for a share scheme for employees or pension scheme) under which the director, major shareholder, or a family member of the director, major shareholder, is the sole beneficiary; (c) a partner of the director or major shareholder;

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An "**associate**" is defined as follows: (a) in relation to any director, chief executive officer, substantial shareholder or controlling shareholder (being an individual) means: (i) his spouse, child, adopted child, step-child, sibling and parent ("**immediate family**"); (ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and (iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30.0% or more; and (b) in relation to a substantial shareholder or a controlling shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30.0% or more.	(d) a person who is accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the director or major shareholder; (e) a person in accordance with whose directions, instructions or wishes the director or major shareholder is accustomed or is under an obligation, whether formal or informal, to act; (f) a body corporate or its directors which/who is/are accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the director or major shareholder; (g) a body corporate or its directors in accordance with whose directions, instructions or wishes the director or major shareholder is accustomed or is under an obligation, whether formal or informal, to act; (h) a body corporate in which the director or major shareholder, or persons connected with the director or major shareholder are entitled to exercise, or control the exercise of, not less than 20.0% of the votes attached to voting shares in the body corporate; or (i) a body corporate which is a related corporation of the director or major shareholder.
(A) Announcement Requirement An issuer must make an immediate announcement of any interested person transaction (except for certain excepted categories of transactions) of a value equal to, or more than, 3.0% of the group's latest audited net tangible assets. If the aggregate value of all transactions entered into with the same interested person during the same financial year amounts to 3.0% or more of the group's latest audited net tangible assets, the issuer must make an immediate announcement of the latest transaction and all future transactions entered into with that same interested person during that financial year.	(A) Announcement Requirement Where any one of the percentage ratios of a related party transaction is 0.25% or more, a listed issuer must announce the related party transaction to Bursa Securities as soon as possible after terms of the transaction have been agreed, unless – (a) the value of the consideration of the transaction is less than RM500,000; or

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These announcement requirements do not apply to any transaction of a value below S$100,000. While transactions below $100,000 are not normally aggregated, the SGX-ST may aggregate any such transaction entered into during the same financial year and treat them as if they were one transaction in accordance with the objectives of Chapter 9 of the Listing Manual and the economic and commercial substance of the interested person transaction, instead of legal form and technicality. If the group's latest audited net tangible assets is negative, the issuer should consult the SGX-ST on the appropriate benchmark to calculate the relevant thresholds set out above, which may be based on its market capitalisation.	(b) it is a recurrent transaction of a revenue or trading nature and which is necessary for its day-to-day operations of a listed issuer or its subsidiaries ("**Recurrent Related Party Transaction**"). "**percentage ratios**" means the figures, expressed as a percentage, resulting from each of the following calculations: (i) the value of the assets which are the subject matter of the transaction, compared with the net assets of the listed issuer; (ii) net profits of the assets which are the subject matter of the transaction, compared with the net profits attributable to the owners of the listed issuer (before other comprehensive income or loss); (iii) the aggregate value of the consideration given or received in relation to the transaction, compared with the net assets of the listed issuer; (iv) the number of shares issued by the listed issuer as consideration for an acquisition, compared with the total number of shares previously in issue (excluding treasury shares); (v) the aggregate value of the consideration given or received in relation to the transaction, compared with the market value of all the ordinary shares of the listed issuer (excluding treasury shares); (vi) the total assets which are the subject matter of the transaction compared with the total assets of the listed issuer; (vii) in respect of joint ventures, business transactions or arrangements, the total project cost attributable to the listed issuer compared with the total assets of the listed issuer or in the case where a joint venture corporation is incorporated as a result of the joint venture, the total equity participation of the listed issuer in the joint venture corporation (based on the eventual issued capital of the joint venture corporation) compared with the net assets of the listed issuer. The value of the transaction should include shareholders' loans and guarantees to be given by the listed issuer;

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	(viii) the aggregate original cost of investment of the subject matter of the transaction divided by the net assets of the listed issuer, in the case of a disposal and where the acquisition of the subject matter took place within last five years; or (ix) in respect of a transaction entered into by a REIT, the value of the transaction, compared with the total asset value of the REIT.
(B) Shareholder Approval An issuer must obtain shareholder approval for any interested person transaction (except for certain excepted categories of transactions) of a value equal to, or more than: (i) 5.0% of the group's latest audited net tangible assets; or (ii) 5.0% of the group's latest audited net tangible assets, when aggregated with other transactions entered into with the same interested person during the same financial year. However, a transaction which has been approved by shareholders, or is the subject of aggregation with another transaction that has been approved by shareholders, need not be included in any subsequent aggregation. This requirement to obtain shareholder approval does not apply to any transaction of a value below S$100,000. While transactions below $100,000 are not normally aggregated, the SGX-ST may aggregate any such transaction entered into during the same financial year and treat them as if they were one transaction in accordance with the objectives of Chapter 9 of the Listing Manual and the economic and commercial substance of the interested person transaction, instead of legal form and technicality. If the group's latest audited net tangible assets is negative, the issuer should consult the SGX-ST on the appropriate benchmark to calculate the relevant threshold set out above, which may be based on its market capitalisation.	(B) Shareholder Approval A listed issuer must obtain shareholder approval of the related party transaction in general meeting where any one of the percentage ratios of a related party transaction is 5.0% or more. This requirement to obtain shareholder approval does not apply to a related party transaction of a value below RM500,000. A listed issuer may seek a mandate from shareholders for Recurrent Related Party Transactions, but not in respect of transactions out of the listed issuer's ordinary course of business. A shareholder mandate is subject to annual renewal.

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A listed issuer may seek a general mandate from shareholders for recurrent transactions of a revenue or trading nature or those necessary for its day-to-day operations such as the purchase and sale of supplies and materials, but not in respect of the purchase or sale of assets, undertakings or businesses. A general mandate is subject to annual renewal.	
(C) Annual Report A listed issuer must disclose the aggregate value of all interested person transactions entered into during the financial year under review in its annual report.	(C) Annual Report A listed issuer must disclose in the annual report of the aggregate value of Recurrent Related Party Transactions conducted pursuant to the shareholder mandate during the financial year where the aggregate value is equal to or more than the threshold prescribed under paragraph 10.09(1) of the Bursa Listing Requirements.
Chapter 10 – Acquisitions and Realisations	**Chapter 10 Part D – Acquisitions and Disposals**
Certain acquisitions and disposals by the Issuer and its subsidiaries require announcements and/or shareholders' approval, dependant on the category of transaction the acquisition or disposal falls under. Transactions under Chapter 10 are classified as (A) non-discloseable transactions; (B) discloseable transactions; (C) major transactions; or (D) very substantial acquisitions or reverse takeovers, according to the relative figures computed on any one of the following four bases: (a) net asset value of the relevant assets to be disposed, compared against the net asset value of the group (not applicable to acquisitions); (b) net profits attributable to the relevant assets to be acquired or disposed, compared against the net profits of the group; (c) consideration for the relevant assets to be acquired or disposed, compared against the market capitalisation of the Issuer; and (d) number of equity securities to be issued by the Issuer as consideration, compared against the number of equity securities previously in issue.	Pursuant to Chapter 10 of the Bursa Listing Requirements, certain acquisitions and disposals by the listed issuer and its subsidiaries require announcements and/or shareholders' approval, dependant on the percentage ratios of a transaction. Where all the percentage ratios of a transaction are less than 5.0% and the consideration is satisfied in cash or unquoted securities, no announcement of the transaction to Bursa Securities is required. Save where the value of the consideration of the transaction is less than RM500,000, where any one of the percentage ratios of a transaction is 5.0%, or more, the listed issuer must announce the transaction to Bursa Securities as soon as possible after terms of the transaction have been agreed. Save where the value of the consideration of the transaction is less than RM500,000, where any one of the percentage ratios of a transaction is 25.0% or more, in addition to the announcement, the listed issuer must issue a circular and seek shareholder approval of the transaction in a general meeting. Where a transaction is a very substantial transaction, which means that it is a disposal or acquisition of an asset where any of the percentage ratios is 100.0%

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The SGX-ST may aggregate separate transactions completed within the last 12 months and treat them as one transaction. **(A) Non-Discloseable Transactions** If all of the relative figures computed on the bases set out above amount to 5.0% or less, the transaction amounts to a non-discloseable transaction and no announcement of the transaction would be required. **(B) Discloseable Transactions** Where any of the relative figures computed on the bases set out above exceeds 5.0% but does not exceed 20.0%, the transaction amounts to a discloseable transaction and an announcement would be required. **(C) Major Transactions** Where any of the relative figures on the bases set out above exceeds 20.0%, the transaction amounts to a major transaction and both an announcement and shareholders' approval would be required. **(D) Very Substantial Acquisitions or Reverse Takeovers** Where an acquisition of assets (whether or not in the ordinary course of business) is one where the relative figures computed on the bases set out above equals or exceeds 100.0%, or is one which results in a change of control of the Issuer, the transaction amounts to a very substantial acquisition or reverse takeover and, in addition to an announcement, both shareholders' approval and the approval of the SGX-ST would be required.	or more, except an acquisition which will result in a significant change in the business direction or policy of a listed corporation, both an announcement and shareholders' approval would be required. Where a transaction will result in a significant change in the business direction or policy of the listed issuer, the listed issuer must first procure the Security Commission's approval for the transaction and comply with the Security Commission's Equity Guidelines, in addition to an announcement and shareholders' approval. Bursa Securities may aggregate separate transactions and treat such transactions as if they were as one transaction if the terms of such transactions were agreed upon within a period of 12 months.
Chapter 13 – Delisting	**Chapter 16 – Suspension, De-Listing and Enforcement**
Under Chapter 13 of the SGX-ST Listing Manual, the SGX-ST may delist an issuer (without the agreement of the issuer) if: (a) the issuer is unable or unwilling to comply with, or contravenes, a listing rule; (b) in the opinion of the SGX-ST, it is necessary or expedient in the interest of maintaining a fair, orderly and transparent market;	Under paragraph 16.11 of the Bursa Listing Requirements, Bursa Securities may at any time de-list a listed issuer or any listed securities from the list specifying all securities listed on the Main Market of Bursa Securities in any of the following circumstances: (a) where the listed issuer fails to comply with these Bursa Listing Requirements, subject to consultation with the Securities Commission;

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(c) in the opinion of the SGX-ST, it is appropriate to do so; (d) the issuer has no listed securities; or (e) in relation to an issuer listed as a special purpose acquisition company ("**SPAC**"), any of the circumstances set out under Rules 210(11)(o) and (p) occurs. The SGX-ST may agree to an application by an issuer to delist from the SGX-ST if: (a) the issuer convenes a general meeting to obtain shareholder approval for the delisting; and (b) the resolution to delist the issuer has been approved by a majority of at least 75.0% of the total number of issued shares excluding treasury shares held by the shareholders present and voting, on a poll, either in person or by proxy at the meeting. The Offeror Concert Party Group must abstain from voting on the resolution. The above requirements do not apply to (a) a delisting pursuant to a voluntary liquidation; (b) an offer under the Singapore Take-over Code provided that the offeror is exercising its right of compulsory acquisition; (c) in relation to an issuer listed as a SPAC, any of the circumstances set out under Rules 210(11)(o) and (p); or (d) a scheme of arrangement. If an issuer is seeking to delist from the SGX-ST: (a) an exit offer must be made to the issuer's shareholders and holders of any other classes of listed securities to be delisted. The exit offer must (i) be fair and reasonable; and (ii) include a cash alternative as the default alternative; and (b) the issuer must appoint an independent financial adviser to advise on the exit offer and the independent financial adviser must opine that the exit offer is fair and reasonable.	(b) in other circumstances as provided under paragraphs 8.03, 8.03A, 8.04, 9.28 or paragraphs 2, 3, and 4 of Practice Note 29, upon which Bursa Securities will notify the Securities Commission of the same; (c) upon the de-listing of the listed issuer or the de-listing of such securities on another stock exchange; (d) in relation to a special purpose acquisition company, when it fails to complete a qualifying acquisition within 36 months from the date of its admission to Bursa Securities; or (e) where in the opinion of Bursa Securities, circumstances exist which do not warrant the continued listing of a listed issuer or any class of its listed securities, subject to consultation with the Securities Commission where applicable. Bursa Securities shall de-list a listed issuer in any one of the following circumstances: (a) pursuant to a directive, requirement or condition imposed by the Securities Commission, after which Bursa Securities will notify the Securities Commission of the decision to de-list; (b) upon the maturity or expiry of a class of securities; (c) upon the commencement of a voluntary winding-up of a listed issuer in accordance with the Malaysia Companies Act; (d) upon a winding-up order being made against a listed issuer; (e) upon the winding-up of a collective investment scheme or business trust in accordance with the deed, the relevant guidelines issued by the Securities Commission or the CMSA;

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The above requirements do not apply to (a) a delisting pursuant to a voluntary liquidation; (b) an offer under the Singapore Take-over Code provided that the offeror is exercising its right of compulsory acquisition; or (c) in relation to an issuer listed as a SPAC, any of the circumstances set out under Rules 210(11)(o) and (p).	(f) where a structured warrant has been fully exercised before expiry or maturity; or (g) in the case of a structured warrant, upon the de-listing of the underlying securities by the securities exchange where it is quoted. Bursa Securities may grant a listed issuer's request for withdrawal from the list specifying all securities listed on the Main Market of Bursa Securities if: (a) the listed issuer convenes a general meeting to obtain its shareholder or unit holder approval and a separate meeting for the approval of the holders of any other class of listed securities, if applicable and the circular sent to the shareholders or unit holders and the holders of any other class of listed securities includes the information set out in Part A of Appendix 16A; (b) the resolution for the withdrawal of its listing is approved by a majority of shareholders or unit holders and holders of any other class of listed securities, if applicable, in number, representing 75.0% of the total number of issued securities held by the shareholders or unit holders and other securities holders respectively, present and voting either in person or by proxy at each meeting and provided that the number of votes cast against the resolution, if any, by each class of listed securities respectively, if applicable is not more than 10% of the total number of issued securities held by the shareholders or unit holders and other securities holders respectively, present and voting either in person or by proxy at each meeting. Where the constituent document of the listed issuer imposes a stricter condition in respect of the votes required to approve the withdrawal of listing, such stricter condition will apply in substitution of the foregoing provision; (c) the shareholders or unit holders and holders of any other class of listed securities, if applicable, are offered a reasonable cash alternative or other reasonable alternative ("**exit offer**"); and

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	(d) the listed issuer appoints an independent adviser who must be a person who is appropriate to give competent independent advice under the Malaysian Take-over Code and who meets the approval of the independent directors, to advise and make recommendations for the consideration of the shareholders or unit holders and holders of any other class of listed securities, if applicable, in connection with the withdrawal of its listing as well as the fairness and reasonableness of the exit offer. Notwithstanding the above, a listed issuer may withdraw its listing from the list specifying all securities listed on the Main Market of Bursa Securities in the following circumstances: (a) in relation to a take-over offer under the Malaysian Take-Over Code, other than those effected by way of a scheme of arrangement, compromise, amalgamation or selective capital reduction, upon 90.0% or more of its listed shares (excluding treasury shares) or listed units being held by a shareholder or unit holder, either individually or jointly with associates of the said shareholder or unit holder; or (b) in relation to a corporate proposal undertaken by or in relation to the listed issuer, upon 100.0% of the listed shares or listed units of the listed issuer being held by a shareholder or unit holder either individually or jointly with associates of the said shareholder or unit holder, and the listed issuer has announced the offeror's intention not to maintain the listed issuer's listing status.

APPENDIX F – OUR SUBSIDIARIES

Details of our subsidiaries are as follows:

Name	Place of Incorporation / Principal Place of Business	Principal Activities	Effective Ownership Interest (%)	Issued and Paid-Up Capital / Charter Capital
TSH Plantation Sdn. Bhd.	Malaysia	Operation of palm oil mills and investment holdings	100	RM4,139,000
CocoaHouse Industries Sdn. Bhd.	Malaysia	Dormant	100	RM12,580
CocoaHouse Sdn. Bhd.	Malaysia	Sale of cocoa products and investment holdings	100	RM3,185,000
Ekowood International Berhad	Malaysia	Manufacture and sale of downstream wood products	100	RM87,854,541
TSH Bio-Gas Sdn. Bhd.	Malaysia	Operation of biogas power plant	100	RM7,840,000
LKSK Sdn. Bhd.	Malaysia	Operation of oil palm plantations	51	RM10,968,316
Tan Soon Hong Holdings Sdn. Bhd.	Malaysia	Operation of oil palm plantations and investment holdings	100	RM18,816,563
TSH Bio-Energy Sdn. Bhd.	Malaysia	Operation of a power plant	100	RM41,000,000
TSH Timber Industries Sdn. Bhd.	Malaysia	Dormant	100	RM1,251,000
POME Energy Sdn. Bhd.	Malaysia	Dormant	100	RM19,002
Landquest Sdn. Bhd.	Malaysia	Operation of oil palm plantations	56.68	RM4,016,984
TSH Sumbar Group Limited	Incorporated in Labuan on 4 April 2003, and was re-domiciled to the Republic of Seychelles on 27 March 2006	Investment holdings	100	US$12,632,000
PT Aramico Komoditi	Indonesia	Dormant	74.42	IDR2,210,000,000

Name	Place of Incorporation / Principal Place of Business	Principal Activities	Effective Ownership Interest (%)	Issued and Paid-Up Capital / Charter Capital
TSH Logistics Sdn. Bhd.	Malaysia	Investment holdings	100	RM15,462,100
TSH Oversea Pte. Ltd.	Singapore	Investment holdings	100	S$10,000 and US$33,213,750
TSH Global Plantation Pte. Ltd.	Singapore	Investment holdings	100	S$10,000 and US$33,000,000
TSH Mitra Capital Pte. Ltd.	Singapore	Investment holdings	100	US$9,360,100
GlobeFlex Advisory Sdn. Bhd.	Malaysia	Investment holdings	100	RM3,044,502
Halaman Semesta Sdn. Bhd.	Malaysia	Investment holdings	100	RM22,927,002
Bagan Agresif Sdn. Bhd.	Malaysia	Investment holdings	100	RM23,333,752
Casa Logistic Sdn. Bhd.	Malaysia	Investment holdings	100	RM16,273,142
Rinukut Sdn. Bhd.	Malaysia	Investment holdings	100	RM520,000
TSH Sukuk Capital Sdn. Bhd.	Malaysia	Dormant	100	RM1
TSH Sukuk Murabahah Sdn. Bhd.	Malaysia	Undertake of Islamic Securities transactions	100	RM2
Icon Field Ventures Sdn. Bhd.	Malaysia	Investment holdings	100	RM3,950,002
TSH Agri Pte. Ltd.	Singapore	Management services and trading of goods	100	S$3,000,000
PT Sejahtera Aman Sejati	Indonesia	Dormant	65	IDR2,500,000,000
Ekowood Malaysia Sdn. Bhd.	Malaysia	Supply and installation of timber flooring	100	RM23,600,000
EkoLoc System Sdn. Bhd.	Malaysia	Sub-licencing of strip lock system	100	RM100,000
TSH Plantation Management Sdn. Bhd.	Malaysia	Operation of a palm oil mill	100	RM25,000,000

Name	Place of Incorporation / Principal Place of Business	Principal Activities	Effective Ownership Interest (%)	Issued and Paid-Up Capital / Charter Capital
TSH Biotech Sdn. Bhd.	Malaysia	Production and supply of tree plantlets and plantables grown through tissue culture process	100	RM35,999,922
TSH Forest Plantation Sdn. Bhd.	Malaysia	Operation of forest plantation	100	RM62,284,000
Afromal Cocoa Limited	Ghana	Dormant	100	Ghanaian Cedi 463,300,000
TSH Palm Products Sdn. Bhd.	Malaysia	Operation of oil palm plantations and investment holdings	100	RM39,443,000
Eko Pulp & Paper Sdn. Bhd.	Malaysia	Hiring business	100	RM185,189,000
PT Andalas Agro Industri	Indonesia	Operation of a palm oil mill and investment holdings	70	IDR19,200,000,000
PT Andalas Wahana Berjaya	Indonesia	Oil palm plantations and operation of a palm oil mill	70	IDR20,000,000,000
PT Sarana Prima Multi Niaga	Indonesia	Oil palm plantations and operation of a palm oil mill	90	IDR50,000,000,000
PT Teguh Swakarsa Sejahtera	Indonesia	Oil palm plantations	90	IDR155,500,000,000
PT Laras Internusa	Indonesia	Oil palm plantations	69.77	IDR300,000,000
PT Farinda Bersaudara	Indonesia	Oil palm plantations and operation of a palm oil mill	90	IDR73,000,000,000
PT Mitra Jaya Cemerlang	Indonesia	Oil palm plantations	90	IDR65,500,000,000
PT Karya Unggulan Cemerlang	Indonesia	Provision of management services	90	IDR10,000,000,000

Name	Place of Incorporation / Principal Place of Business	Principal Activities	Effective Ownership Interest (%)	Issued and Paid-Up Capital / Charter Capital
PT Bulungan Citra Agro Persada	Indonesia	Oil palm plantations	90	IDR21,000,000,000
PT Munte Waniq Jaya Perkasa	Indonesia	Oil palm plantations	90	IDR16,000,000,000
PT Andalas Wahana Sukses	Indonesia	Oil palm plantations	90	IDR11,000,000,000
PT Perkebunan Sentawar Membangun	Indonesia	Oil palm plantations	90	IDR66,100,000,000
RT Plantations Sdn. Bhd.	Malaysia	Oil palm plantations	60	RM500,000
PT Prima Usaha Sukses	Indonesia	Oil palm plantations	90	IDR15,000,000,000

APPENDIX G – LIST OF PAST AND PRESENT PRINCIPAL DIRECTORSHIPS

The list of present and past principal directorships held by our Directors in the last five years preceding the Latest Practicable Date (excluding those held in our Company) is as follows:

Name	Present Directorships	Past Directorships
Kelvin Tan Aik Pen	*Group Companies* TSH Agri Pte. Ltd. TSH Oversea Pte. Ltd. TSH Global Plantation Pte. Ltd. TSH Mitra Capital Pte. Ltd. PT Teguh Swakarsa Sejahtera PT Sarana Prima Multi Niaga	*Group Companies* TSH-Wilmar Sdn. Bhd. TSH-Wilmar (BF) Sdn. Bhd. RT Plantations Sdn. Bhd.
	Other Companies Epic Salute (S) Pte. Ltd. Aspen Rhythm (S) Pte. Ltd. Mengalum Beach Centre Sdn. Bhd. Senandung Elit Sdn. Bhd. Epic Salute Sdn. Bhd. Aspen Rhythm Sdn. Bhd. Morning Straits Sdn. Bhd. Idaman Matrik Sdn. Bhd. Alunan Moden Sdn. Bhd. Hexaberry Sdn. Bhd. Vibrant Logic Sdn. Bhd. Seribudi Services (M) Sdn. Bhd.	*Other Companies* Innoprise Plantations Berhad Serijaya Industri Sdn. Bhd.
Tan Aik Sim	*Group Companies* TSH Agri Pte. Ltd. Ekowood International Berhad Ekowood Malaysia Sdn. Bhd. EkoLoc System Sdn. Bhd.	*Group Companies* RT Plantations Sdn. Bhd. Rinukut Sdn. Bhd. Ekowood S.A. Ekowood Iberica S.L.(3) Ekowood (USA) Inc.(1)
	Other Companies Vibrant Logic Sdn. Bhd. Hexaberry Sdn. Bhd. Idaman Matrik Sdn. Bhd.	*Other Companies* YSW Matrix Sdn. Bhd. YSW Group Sdn. Bhd.
Dato' Jasmy bin Ismail	*Group Companies* -	*Group Companies* -
	Other Companies Symphony Life Berhad Naza TTDI Sdn. Bhd. ENRA IOL Sdn. Bhd. Naza Communications Sdn. Bhd. Naza Eastern Motors Sdn. Bhd. Naza Motor Trading Sdn. Bhd. Next Bike Sdn. Bhd. NZ Wheels Sdn. Bhd. Prisma Galleri Sdn. Bhd. SGT International Sdn. Bhd.	*Other Companies* Reach Energy Berhad
Selina binti Yeop Junior @ Lope	*Group Companies* -	*Group Companies* -
	Other Companies Salina & Associates PR Sdn. Bhd. The Conversation Studio Sdn. Bhd. THESELINA Sdn. Bhd.	*Other Companies* -

Name	Present Directorships	Past Directorships
Natasha binti Mohd Zulkifli	*Group Companies* -	*Group Companies* -
	Other Companies Women in Rail Malaysia Berhad Beza Solutions Sdn. Bhd. Blue Horus Solutions Sdn. Bhd. Mysign Sdn. Bhd. Alanya International Sdn. Bhd. NS Show Connects Sdn. Bhd. Dream Security Global Sdn. Bhd.	*Other Companies* -
Tan Aik Kiong	*Group Companies* RT Plantations Sdn. Bhd. Rinukut Sdn. Bhd. TSH Plantation Management Sdn. Bhd. Eko Pulp & Paper Sdn. Bhd. TSH Palm Products Sdn. Bhd. TSH Forest Plantation Sdn. Bhd. TSH Biotech Sdn. Bhd. TSH Bio-Gas Sdn. Bhd. TSH Bio-Energy Sdn. Bhd. Tan Soon Hong Holdings Sdn. Bhd. LKSK Sdn. Bhd. Landquest Sdn. Bhd. TSH Plantation Sdn. Bhd. TSH Timber Industries Sdn. Bhd. POME Energy Sdn. Bhd. PT Andalas Agro Industri TSH-Wilmar Sdn. Bhd. TSH-Wilmar (BF) Sdn. Bhd.	*Group Companies* TSH Forestry (Sabah) Sdn. Bhd.(1) TSH Logistics Sdn. Bhd. Polar Vertix Sdn. Bhd.(3)
	Other Companies Innoprise Plantations Berhad Serijaya Industri Sdn. Bhd. Green WAS Sdn. Bhd. Powernet Ventures Sdn. Bhd. Velocity Gain Sdn. Bhd. Wonder-Tech Sdn. Bhd. Sahabat Binaniaga Sdn. Bhd.	*Other Companies* Kinaraya Sdn. Bhd. Mengalum Beach Centre Sdn. Bhd Selantung Holdings Sdn. Bhd.(1) Tanah Binaniaga Sdn. Bhd. (1) WS Green Sdn. Bhd. F&B Mutiara Sdn. Bhd. (1)
Yap Boon Teck	*Group Companies* -	*Group Companies* -
	Other Companies Mayland Avenue Sdn. Bhd. Pacific Excellence Sdn. Bhd. Supreme Expansion Sdn. Bhd. Supreme Formac Sdn. Bhd. Merdeka Labuan Sdn. Bhd. Subang Jaya Hotel Development Sdn. Bhd. Target Term Sdn. Bhd. Twin Expansion Sdn. Bhd. Evergreen Hallmark Sdn. Bhd. Evergreen Wonder Sdn. Bhd. Grand Goodwill Sdn. Bhd. Paradise Platform Sdn. Bhd. Perfect Outlook Sdn. Bhd.	*Other Companies* -

Name	Present Directorships	Past Directorships
	Uptown Boulevard Sdn. Bhd. Shu Da Xia (Hartamas) Sdn. Bhd. Sandakwood Enterprises Sdn. Bhd.	
Lim Fook Hin	*Group Companies* TSH Global Plantation Pte. Ltd. TSH Oversea Pte. Ltd. TSH Mitra Capital Pte. Ltd. TSH Sumbar Group Limited Ekowood International Berhad TSH Sukuk Murabahah Sdn. Bhd. RT Plantations Sdn. Bhd. TSH Plantation Management Sdn. Bhd. Ekowood Malaysia Sdn. Bhd. EkoLoc System Sdn. Bhd. Eko Pulp & Paper Sdn. Bhd. TSH Palm Products Sdn. Bhd. TSH Forest Plantation Sdn. Bhd. TSH Biotech Sdn. Bhd. TSH Bio-Gas Sdn. Bhd. TSH Bio-Energy Sdn. Bhd. Tan Soon Hong Holdings Sdn. Bhd. LKSK Sdn. Bhd. Landquest Sdn. Bhd. CocoaHouse Sdn. Bhd. CocoaHouse Industries Sdn. Bhd. TSH Plantation Sdn. Bhd. POME Energy Sdn. Bhd. TSH Timber Industries Sdn. Bhd. TSH Logistics Sdn. Bhd. GlobeFlex Advisory Sdn. Bhd. Halaman Semesta Sdn. Bhd. Bagan Agresif Sdn. Bhd. Casa Logistic Sdn. Bhd. Icon Field Ventures Sdn. Bhd. Rinukut Sdn. Bhd. TSH Sukuk Capital Sdn. Bhd. PT Farinda Bersaudara PT Andalas Wahana Sukses PT Mitra Jaya Cemerlang PT Bulungan Citra Agro Persada PT Teguh Swakarsa Sejahtera PT Andalas Wahana Berjaya PT Munte Waniq Jaya Perkasa PT Prima Usaha Sukses PT Karya Unggulan Cemerlang PT Andalas Agro Industri PT Sarana Prima Multi Niaga PT Sejahtera Aman Sejati (2) TSH-Wilmar Sdn. Bhd. TSH-Wilmar (BF) Sdn. Bhd.	*Group Companies* TSH Forestry (Sabah) Sdn. Bhd. (1) TSH Products Sdn. Bhd. (1) TSH Sukuk Ijarah Sdn. Bhd. (1) TSH Sukuk Musyarakah Sdn. Bhd. (1) Polar Vertix Sdn. Bhd. (3)
	Other Companies Abadi Amanjaya Sdn. Bhd. Senandung Elit Sdn. Bhd. Epic Salute Sdn. Bhd. Aspen Rhythm Sdn. Bhd. Morning Straits Sdn. Bhd. Epic Salute (S) Pte. Ltd. Aspen Rhythm (S) Pte. Ltd.	*Other Companies* Innoprise Plantations Berhad Serijaya Industri Sdn. Bhd. IPB Bio Energy Sdn. Bhd. Mengalum Beach Centre Sdn. Bhd Vibrant Logic Sdn. Bhd. Selantung Holdings Sdn. Bhd. (1)

Name	Present Directorships	Past Directorships
Paul Lim Joo Heng	*Group Companies* TSH Agri Pte. Ltd. TSH Oversea Pte. Ltd.	*Group Companies* -
	Other Companies TSC Offshore Pte. Ltd. TSC Renewables Pte. Ltd. Alliance Offshore Drilling Management Service Pte. Ltd.	*Other Companies* Oxford Asia Investments Limited Classic Price Inc. Richie Tunnel Corp. Thousand Code Limited Well Target Five Limited Well Target Six Limited OIM Pte. Ltd.[(1)]

Notes:

(1) As at the Latest Practicable Date, these companies have been struck off or dissolved.

(2) As at the Latest Practicable Date, this company is in the process of being wound up.

(3) As at the Latest Practicable Date, these companies have been wound up.

APPENDIX H – SUMMARY OF RELEVANT BNM RULES ON INVESTMENT IN FOREIGN CURRENCY ASSETS

SUMMARY OF BNM RULES ON INVESTMENT IN FOREIGN CURRENCY ASSETS

The transfer of shares from CDS to CDP is regarded as an investment in foreign currency assets that would require shareholders to comply with the Foreign Exchange Policy Notices issued by BNM. Shareholders who wish to transfer their Shares from Bursa Securities for trading on the SGX-ST at any time after the Introduction are reminded to comply with the Foreign Exchange Policy Notices and thus may be required to seek the prior approval of BNM. There is no restriction for a non-resident of Malaysia (for the purpose of the Foreign Exchange Policy Notices) to subscribe for or purchase securities in Malaysia.

The prevailing rules on investment in foreign currency assets (which include shares denominated in foreign currency) are as follows:

<table>
<tr><th>Source of Funds</th><th>Investment in Foreign Currency Assets</th></tr>
<tr><td>Investment funded through conversion of Ringgit into foreign currency.</td><td>Residents without domestic Ringgit borrowing are allowed to convert any amount of Ringgit into foreign currency to invest in foreign currency asset onshore and offshore.
Residents with domestic Ringgit borrowing are allowed to convert Ringgit into foreign currency to invest in foreign currency asset onshore and offshore subject to the following limits:
Individual: Up to RM1,000,000 equivalent in aggregate per calendar year.
Entity: Up to RM50,000,000 equivalent in aggregate per calendar year. The RM50,000,000 equivalent shall take into account the aggregate amount of investment in foreign currency asset onshore and offshore undertaken by the resident entity and other resident entities with parent-subsidiary relationship.
The resident entity is deemed to have domestic Ringgit borrowing when another resident entity with which it has parent-subsidiary relationship has a domestic Ringgit borrowing.</td></tr>
<tr><td>Investment using own existing foreign currency funds placed offshore or from a non-resident (other than from foreign currency borrowing).</td><td>Residents without domestic Ringgit borrowing are allowed to invest in foreign currency asset onshore and offshore up to any amount using foreign currency funds sourced from outside Malaysia.

Residents with domestic Ringgit borrowing are allowed to invest in foreign currency asset onshore and offshore up to any amount using foreign currency funds sourced from outside Malaysia except proceeds of export of goods (other than from foreign currency borrowing).</td></tr>
</table>

Source of Funds	Investment in Foreign Currency Assets
	Note: **Investment in foreign currency asset onshore and offshore using foreign currency borrowing** Resident individuals with domestic Ringgit borrowing are allowed to borrow in foreign currency up to RM10,000,000 equivalent in aggregate from a licenced onshore bank or a non-resident to invest in foreign currency asset onshore and offshore. Resident entities with domestic Ringgit borrowing are allowed to borrow in foreign currency in any amount from a licenced onshore bank for direct investment abroad, or up to RM100,000,000 equivalent in aggregate from a non-resident outside the resident entity's group, a non-resident financial institution or a non-resident special purpose vehicle which is used to obtain borrowing from any person outside the resident entity's group, to invest in foreign currency asset onshore and offshore.

APPENDIX I – UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR THE SECOND QUARTER ENDED 30 JUNE 2023 AND THE HALF-YEAR ENDED 30 JUNE 2023

TSH RESOURCES BERHAD
Registration No : 197901005269 (49548-D)
(Incorporated in Malaysia)

Condensed Consolidated Statement of Comprehensive Income
For The Quarter and Year-to-Date Ended 30 June 2023

	Quarter Ended			Year-To-Date Ended		
	30.06.2023 RM'000	**30.06.2022 RM'000**	**Changes %**	**30.06.2023 RM'000**	**30.06.2022 RM'000**	**Changes %**
Revenue	256,570	424,413	-40%	506,868	761,762	-33%
Cost of sales	(163,219)	(258,775)	-37%	(328,779)	(457,353)	-28%
Gross profit	93,351	165,638	-44%	178,089	304,409	-41%
Other operating income	9,206	10,291	-11%	17,201	25,292	-32%
Other operating expenses	(65,963)	(87,634)	-25%	(117,697)	(176,542)	-33%
Operating profit	36,594	88,295	-59%	77,593	153,159	-49%
Finance costs	(5,523)	(7,151)	-23%	(10,887)	(16,101)	-32%
Share of profit of an associate, net of tax	1,823	6,786	-73%	3,825	13,075	-71%
Share of profit/(loss) of joint ventures, net of tax	1,571	10,905	-86%	(5,272)	15,386	nm
Core profit before taxation	34,465	98,835	-65%	65,259	165,519	-61%
Loss on foreign exchange	(6,962)	(19,516)	-64%	(11,135)	(23,577)	-53%
Gain on disposal of assets held for sale	-	31,755	-100%	27,604	84,980	-68%
Impairment of property, plant and equipment	-	(30,607)	-100%	-	(30,607)	-100%
Profit before taxation	27,503	80,467	-66%	81,728	196,315	-58%
Taxation	(10,923)	(9,302)	17%	(27,215)	(18,451)	47%
Profit for the period	16,580	71,165	-77%	54,513	177,864	-69%
Other comprehensive income						
Item that may be reclassified subsequently to profit or loss:						
Foreign currency translation differences	94,576	16,619	469%	167,987	22,661	641%
Net loss on financial assets at fair value through other comprehensive income ("FVOCI")	(3)	-	100%	(394)	-	100%
Less: Cumulative loss on financial assets at FVOCI reclassified to profit or loss upon disposal	97	-	100%	97	-	100%
Other comprehensive income for the period, net of tax	94,670	16,619	470%	167,690	22,661	640%
Total comprehensive income for the period	111,250	87,784	27%	222,203	200,525	11%
Profit attributable to :						
Owners of the Company	10,562	57,335	-82%	39,990	153,810	-74%
Non-controlling interests	6,018	13,830	-56%	14,523	24,054	-40%
	16,580	71,165	-77%	54,513	177,864	-69%
Total comprehensive income attributable to :						
Owners of the Company	93,824	72,641	29%	187,255	174,502	7%
Non-controlling interests	17,426	15,143	15%	34,948	26,023	34%
	111,250	87,784	27%	222,203	200,525	11%
Earnings per share attributable to owners of the Company						
Basic (sen)	0.77	4.15		2.90	11.14	

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2022

***nm = not meaningful**

Note
Revenue and profitability for the quarter and year-to-date ended 30 June 2023 and the corresponding periods last year were impacted by the Indonesia Export Levy and Duty on CPO which is tabulated below:

	Quarter Ended			Year-To-Date Ended		
	30.06.2023 RM'000	30.06.2022 RM'000	Variance RM'000	30.06.2023 RM'000	30.06.2022 RM'000	Variance RM'000
Indonesia Export Levy and Duty on CPO	33,765	100,455	(66,690)	59,767	146,390	(86,623)

TSH RESOURCES BERHAD
Registration No : 197901005269 (49548-D)
(Incorporated in Malaysia)

Condensed Consolidated Statement of Financial Position
As at 30 June 2023

	As at 30.06.2023 RM'000	As at 31.12.2022 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	1,333,376	1,256,556
Biological assets	365,455	364,842
Right-of-use assets	264,137	255,082
Intangible assets	53,499	50,350
Investment in an associate	76,534	77,437
Investments in joint ventures	100,812	106,083
Deferred tax assets	854	6,026
Other receivables	57,882	53,946
Investment securities	28,345	50
	2,280,894	2,170,372
Current assets		
Biological assets	17,571	13,531
Inventories	118,765	132,923
Trade and other receivables	36,750	39,725
Other current assets	10,148	6,432
Tax recoverable	16,522	8,789
Investment securities	1	1
Derivative assets	-	30
Short term funds	5,261	6,385
Cash and bank balances	261,347	375,580
	466,365	583,396
Assets held for sale	230,232	205,510
	696,597	788,906
TOTAL ASSETS	2,977,491	2,959,278
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	740,512	740,512
Treasury shares	(1,467)	(1,467)
Other reserves	(107,641)	(254,906)
Retained earnings	1,456,690	1,416,700
	2,088,094	1,900,839
Non-controlling interests	259,193	231,219
TOTAL EQUITY	2,347,287	2,132,058
Non-current liabilities		
Loans and Borrowings	137,428	164,860
Retirement benefits	21,728	17,324
Lease liabilities	1,124	1,320
Deferred tax liabilities	85,744	86,555
	246,024	270,059
Current liabilities		
Loans and Borrowings	243,284	394,251
Trade and other payables	137,633	142,158
Derivative liabilities	550	3,282
Lease liabilities	410	615
Current tax payable	2,303	16,855
	384,180	557,161
TOTAL LIABILITIES	630,204	827,220
TOTAL EQUITY AND LIABILITIES	2,977,491	2,959,278

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2022

TSH RESOURCES BERHAD
Registration No : 197901005269 (49548-D)
(Incorporated in Malaysia)

Condensed Consolidated Statement of Changes In Equity
For The Quarter Ended 30 June 2023

	Attributable to owners of the Company									
	Non-distributable									
	Share Capital RM'000	Treasury Shares RM'000	Capital Reserves RM'000	Share Of Associate Reserves RM'000	Fair Value Reserves RM'000	Foreign Currency Translation Reserves RM'000	Retained Earnings RM'000	Equity attributable to owners of the Company Total RM'000	Non-controlling Interests RM'000	Equity Total RM'000
Balance as at 1 January 2023	740,512	(1,467)	9,630	100	-	(264,636)	1,416,700	1,900,839	231,219	2,132,058
Profit for the period	-	-	-	-	-	-	39,990	39,990	14,523	54,513
Other comprehensive income:										
Foreign currency translations	-	-	-	-	-	147,562	-	147,562	20,425	167,987
Net loss on financial assets at FVOCI	-	-	-	-	(394)	-	-	(394)	-	(394)
Cumulative loss on financial assets at FVOCI reclassified to profit or loss upon disposal	-	-	-	-	97	-	-	97	-	97
Other comprehensive income for the period, net of tax	-	-	-	-	(297)	147,562	-	147,265	20,425	167,690
Total comprehensive income for the period	-	-	-	-	(297)	147,562	39,990	187,255	34,948	222,203
Additional interest in subsidiaries	-	-	-	-	-	-	-	-	2,736	2,736
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	(9,710)	(9,710)
Balance as at 30 June 2023	740,512	(1,467)	9,630	100	(297)	(117,074)	1,456,690	2,088,094	259,193	2,347,287
Balance as at 1 January 2022	740,512	(1,467)	9,630	100	-	(218,623)	1,111,178	1,641,330	172,258	1,813,588
Profit for the period	-	-	-	-	-	-	153,810	153,810	24,054	177,864
Other comprehensive income:										
Foreign currency translations	-	-	-	-	-	20,692	-	20,692	1,969	22,661
Other comprehensive income for the period, net of tax	-	-	-	-	-	20,692	-	20,692	1,969	22,661
Total comprehensive income for the period	-	-	-	-	-	20,692	153,810	174,502	26,023	200,525
Dividends paid to owners of the Company	-	-	-	-	-	-	(41,406)	(41,406)	-	(41,406)
Dividends paid to non controlling interests	-	-	-	-	-	-	-	-	(2,263)	(2,263)
Balance as at 30 June 2022	740,512	(1,467)	9,630	100	-	(197,931)	1,223,582	1,774,426	196,018	1,970,444

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2022

TSH RESOURCES BERHAD
Registration No : 197901005269 (49548-D)
(Incorporated in Malaysia)

Condensed Consolidated Statement of Cash Flows
For The Quarter Ended 30 June 2023

	Quarter Ended	
	30.06.2023	**30.06.2022**
	RM'000	**RM'000**
Cash Flows from Operating Activities		
Profit before taxation	81,728	196,315
Adjustments for :-		
Depreciation and amortisation	50,076	55,093
Fair value gain on commodity futures contract	(6)	(14,975)
Net unrealised foreign exchange loss	11,096	21,148
Net gain on disposal of assets held for sale and property, plant and equipment ("PPE")	(27,568)	(85,326)
(Write back of impairment losses)/Impairment losses on trade and other receivables	(145)	4,584
PPE written off	230	197
(Inventories written back)/Inventories written down	(3,675)	24,993
Loss on disposal of financial assets	188	-
Inventories written off	980	462
Fair value loss on investment securities	-	2
Impairment of assets on cessation of an operation	-	30,607
Gain from fair value adjustment of fresh fruit bunches ("FFB")	(2,580)	(404)
Bad debts written off	22	189
Share of loss/(profit) of joint ventures	5,272	(15,386)
Share of profit of an associate	(3,825)	(13,075)
Interest expense	10,887	16,101
Interest income	(6,325)	(4,404)
Dividend income	-	(18)
Operating cash flows before working capital changes	116,355	216,103
Changes in working capital :-		
Decrease/(Increase) in inventories	16,853	(32,077)
Increase in receivables	(12,728)	(18,111)
Increase/(Decrease) in payables	3,695	(26,197)
Cash flows from operations	124,175	139,718
Net income tax paid	(46,399)	(41,149)
Net cash flows from operating activities	77,776	98,569
Cash Flows from Investing Activities		
Addition of right of use assets	(3,372)	-
Placement of deposits with maturity of over 3 months	(3)	(3)
Purchases of PPE	(22,217)	(29,770)
Purchases of financial assets at FVOCI	(29,261)	-
Proceeds from disposal of financial assets at FVOCI	2,040	-
Forest planting expenditure	(1,176)	(985)
Proceeds from disposal of assets held for sale and PPE	29,114	249,364
Interest received	6,325	4,404
Dividends received	4,728	12,625
Net cash flows (used in)/from investing activities	(13,822)	235,635
Cash Flows from Financing Activities		
Net repayments of term loans/medium term notes	(144,498)	(40,417)
Net repayments of other borrowings	(39,628)	(251,209)
Proceeds from issuance of preference shares to non-controlling interests	2,736	-
Payments of lease liabilities and lease interest	(448)	(565)
Interest paid	(10,850)	(16,009)
Dividends paid to non-controlling interests	(9,710)	(2,263)
Dividends paid to owners of the Company	-	(41,406)
Net cash flows used in financing activities	(202,398)	(351,869)
Net decrease in cash and cash equivalents	(138,444)	(17,665)
Cash and cash equivalents at beginning of period	376,231	292,751
Effects of changes in exchange rates	22,485	2,177
Cash and cash equivalents at end of period	260,272	277,263
Cash and Cash Equivalents comprised:		
Cash and bank balances	261,347	276,748
Short term funds	5,261	5,996
Less : Bank overdraft	(577)	(1,058)
Less : Deposits pledged with security	(5,263)	(3,930)
Less : Deposits with maturity of over 3 months	(496)	(493)
Cash and bank balances	260,272	277,263

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2022

TSH RESOURCES BERHAD
Registration No : 197901005269 (49548-D)
(Incorporated in Malaysia)

EXPLANATORY NOTES FOR CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2023

PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134

1. Basis of preparation

The condensed consolidated interim financial statements (Condensed Report) have been prepared in accordance with the requirements of MFRS 134: Interim Financial Reporting, IAS 34: Interim Financial Reporting and Paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2022.

These explanatory notes attached to the Condensed Report provide an explanation of events and transactions that are significant for an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2022.

The material accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2022 except for the adoption of the following Amendments to MFRSs during the current financial period.

Title	Effective Date
MFRS 17 *Insurance Contracts*	1 January 2023
Amendments to MFRS 17 *Insurance Contracts*	1 January 2023
Amendments to MFRS 17 *Initial Application of MFRS 17 and MFRS 9 - Comparative Information*	1 January 2023
Amendments to MFRS 101 *Disclosure of Accounting Policies*	1 January 2023
Amendments to MFRS 108 *Definition of Accounting Estimates*	1 January 2023
Amendments to MFRS 112 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*	1 January 2023

The adoption of the above standards did not give rise to significant effects on the financial statements of the Group.

As at the date of authorisation of these interim financial statements, the new and revised MFRSs and amendments to MFRSs which were in issue but not yet effective and not early adopted by the Group are:

Title	Effective Date
Amendments to MFRS 16 *Lease liability in a Sale and Leaseback*	1 January 2024
Amendments to MFRS 101 *Classification of Liabilities as Current or Non-current*	1 January 2024
Amendments to MFRS 101 *Non-current Liabilities with Covenants*	1 January 2024
Amendments to MFRS 107 and MFRS 7 *Supplier Finance Arrangements*	1 January 2024
Amendments to MFRS 10 and MFRS 128 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	Deferred

1. Basis of preparation (Continued)

The Group will apply the above MFRSs, Amendments to MFRSs that are applicable when they become effective.

2. Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the year ended 31 December 2022 was unmodified.

3. Comments on seasonal or cyclical factors

The effects of seasonal or cyclical fluctuations, if any, are explained under Paragraphs 1 and 2 of Part B i.e. Explanatory Notes pursuant to Appendix 9B of the Main Market Listing Requirements of Bursa Securities.

4. Unusual items

There were no unusual items affecting assets, liabilities, equity, net income and cash flows of the Group for the current quarter and year-to-date ended 30 June 2023, except for the recognition of gain on disposal of RM27.6 million arising from the completion of the disposal of 574.56 hectares of land by a subsidiary, PT Bulungan Citra Agro Persada ("BCAP") on 18 January 2023 as disclosed in Note 7(a) of Part B.

5. Changes in estimates

There were no changes in estimates that have had a material impact in the current quarter results.

6. Debt and equity securities

During the current quarter and year-to-date ended 30 June 2023, the Group redeemed Sukuk Murabahah Medium Term Notes at nominal value of RM90 million.

Apart from the above, there were no other issuances, cancellations, repurchases, resale and repayments of debt and equity securities for the current quarter and year-to-date ended 30 June 2023.

7. Dividends paid

There were no dividends paid during the quarter and year-to-date ended 30 June 2023.

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8. Segmental information

i) Business segments

Business Segment For Quarter Ended

	Palm Products		Others		Total	
	30.06.2023 RM'000	30.06.2022 RM'000	30.06.2023 RM'000	30.06.2022 RM'000	30.06.2023 RM'000	30.06.2022 RM'000
SEGMENT REVENUE	240,509	396,651	16,061	27,762	256,570	424,413
Segment operating profit/(loss)	51,382	96,122	(1,977)	(1,733)	49,405	94,389
Gain on disposal of assets held for sale	-	31,755	-	-	-	31,755
Impairment of assets on cessation of an operation	-	-	-	(30,607)	-	(30,607)
SEGMENT PROFIT/ (LOSS)	51,382	127,877	(1,977)	(32,340)	49,405	95,537
Unallocated corporate expenses					(12,811)	(6,094)
Loss on foreign exchange					(6,962)	(19,516)
Finance costs					(5,523)	(7,151)
Share of profit of an associate					1,823	6,786
Share of profit of joint ventures					1,571	10,905
Consolidated profit before tax					27,503	80,467

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8. Segmental information

i) Business segments

Business Segment For Year-To-Date Ended

	Palm Products		Others		Total	
	30.06.2023 RM'000	30.06.2022 RM'000	30.06.2023 RM'000	30.06.2022 RM'000	30.06.2023 RM'000	30.06.2022 RM'000
SEGMENT REVENUE	473,633	708,915	33,235	52,847	506,868	761,762
Segment operating profit/(loss)	101,906	172,307	(5,241)	(6,037)	96,665	166,270
Gain on disposal of assets held for sale	27,604	84,980	-	-	27,604	84,980
Impairment of assets on cessation of an operation	-	-	-	(30,607)	-	(30,607)
SEGMENT PROFIT/ (LOSS)	129,510	257,287	(5,241)	(36,644)	124,269	220,643
Unallocated corporate expenses					(19,072)	(13,111)
Loss on foreign exchange					(11,135)	(23,577)
Finance costs					(10,887)	(16,101)
Share of profit of an associate					3,825	13,075
Share of (loss)/profit of joint ventures					(5,272)	15,386
Consolidated profit before tax					81,728	196,315

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8. Segmental information (Continued)

i) Business segments (Continued)

Business Segment For Year-To-Date Ended

	Palm Products		Others		Consolidated	
	30.06.2023 RM'000	30.06.2022 RM'000	30.06.2023 RM'000	30.06.2022 RM'000	30.06.2023 RM'000	30.06.2022 RM'000
SEGMENTS ASSETS	2,101,693	2,128,553	603,487	664,297	2,705,180	2,792,850
Investments in joint ventures					100,812	104,849
Investment in an associate					76,534	82,541
Deferred tax assets					854	2,462
Tax recoverable					16,522	4,844
Unallocated assets					77,589	140,182
Consolidated total assets					2,977,491	3,127,728
SEGMENT LIABILITIES	130,471	171,606	21,011	33,480	151,482	205,086
Borrowings					380,712	840,113
Lease liabilities					1,534	3,654
Deferred tax liabilities					85,744	97,572
Unallocated liabilities					10,732	10,859
Consolidated total liabilities					630,204	1,157,284

ii) Geographical segments

	Quarter Ended		Year-To-Date Ended			
	Total revenue from external customers		Total revenue from external customers		Non-Current Assets	
	30.06.2023	30.06.2022	30.06.2023	30.06.2022	30.06.2023	30.06.2022
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Malaysia	75,161	130,192	149,844	264,325	998,861	1,062,556
Indonesia	172,809	271,812	335,911	456,292	1,425,185	1,441,658
United States of America	5,205	10,970	10,824	22,172	-	1
South West Pacific	2,048	7,376	7,035	12,251	-	-
Others	1,347	4,063	3,254	6,722	-	5
Total	**256,570**	**424,413**	**506,868**	**761,762**	**2,424,046**	**2,504,220**

9. Changes in composition of the Group

There were no significant changes in the composition of the Group for the quarter ended 30 June 2023 including business combination, acquisition or disposal of subsidiaries and long-term investments, and restructuring.

Subsequent to the quarter ended 30 June 2023, Ekowood Iberica S.L ("Ekowood Iberica"), a 99.96% owned subsidiary of Ekowood International Berhad, which in turn is a wholly-owned subsidiary of TSH Resources Berhad ("TSH" or the "Company"), has received a notification from the liquidator informing that Ekowood Iberica has been duly liquidated on 3 July 2023. The members' voluntary liquidation of Ekowood Iberica will not have any material impact on the net assets and earnings per share of the Group.

10. Capital commitments

The amount of commitments for capital expenditure as at 30 June 2023 is as follows:

	As at 30.06.2023 RM'000	**As at 31.12.2022 RM'000**
Approved and contracted for	20,030	13,580
Approved but not contracted for	64,307	31,719
	84,337	45,299

11. Changes in contingent liabilities or contingent assets

Contingent tax expenses pending outcome of court cases were disclosed in the last annual reporting period. In addition, 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 June 2023, PT Teguh Swakarsa Sejahtera ("PT TSS"), a subsidiary of the Group, has submitted a tax appeal to the Local Tax Court on Tax Loss Carry Forward amounting to approximately RM9,424,512 for fiscal year 2019. Based on consultation with our tax consultants, our Group is of the opinion that PT TSS has a valid defence against the said assessments by the relevant tax office.

Apart from the above, there were no other material changes in the contingent liabilities and contingent assets since the last reporting date.

12. Material related party transactions

Significant transactions between the Group and its joint venture are as follows:

	Year-To-Date Ended 30 June 2023 RM'000
Sales of crude palm oil	113,090
Sales of palm kernel	15,125

13. Subsequent event

There was no material event subsequent to the end of this reporting period except for those as disclosed in Note 9 of Part A and Note 7 of Part B.

14. Fair Value of Financial Instruments

The Group uses the following hierarchy in determining the fair value of all financial instruments carried at fair value:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3 – Unobservable inputs for the asset or liability.

As at 30 June 2023, the Group held the following financial instruments that are measured at fair value:

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Financial Assets:				
Non-current assets:				
Financial assets at fair value through profit or loss:				
• Investment securities (Unquoted)	-	-	50	50
Financial assets at fair value through other comprehensive income:				
• Investment securities (Unquoted)	-	28,295	-	28,295
Current assets:				
Financial assets at fair value through profit or loss:				
• Investment securities (Quoted in Malaysia)	1	-	-	1
• Short term funds	5,261	-	-	5,261
Financial Liabilities:				
Current liabilities:				
Financial liabilities measured at fair value through profit or loss:				
• Derivative liabilities	(9)	(541)	-	(550)

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PART B - EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA SECURITIES

1. Performance review

	Quarter Ended			Year-to-Date Ended		
	30.06.2023 RM'000	30.06.2022 RM'000	Changes %	30.06.2023 RM'000	30.06.2022 RM'000	Changes %
Revenue	256,570	424,413	(40%)	506,868	761,762	(33%)
Core profit before taxation	34,465	98,835	(65%)	65,259	165,519	(61%)
Profit before taxation ("PBT")	27,503	80,467	(66%)	81,728	196,315	(58%)

The Group's revenue for the quarter ended 30 June 2023 ("Q2 2023") decreased 40% to RM256.6 million compared with RM424.4 million for the corresponding period last year ("Q2 2022"). On year-to-date basis, revenue for the six months period ended 30 June 2023 ("6M 2023") decreased 33% to RM506.9 million from RM761.8 million achieved for the corresponding period last year ("6M 2022"). The decrease in revenue for Q2 2023 and 6M 2023 were mainly due to significantly lower average Crude Palm Oil ("CPO") and Palm Kernel ("PK") prices (refer section 1.1 below).

Core profit before taxation for Q2 2023 and 6M 2023 decreased 65% and 61% respectively, to RM34.5 million and RM65.3 million in tandem with the decrease in revenue and lower profit contributions from the associate. Compared to Q2 2022, joint venture also contributed a lower profit for Q2 2023 and registered a loss for 6M 2023 versus a profit for 6M 2022.

Consequently, PBT for Q2 2023 and 6M 2023 of RM27.5 million and RM81.7 million respectively, were lower compared with the corresponding periods last year of RM80.5 million and RM196.3 million. In addition, the variances in PBT were also impacted by the changes in the loss on foreign exchange, gain on disposal of assets held for sale and impairment loss arising from impairment review as presented below.

	Quarter Ended			Year-to-Date Ended		
	30.06.2023 RM'000	30.06.2022 RM'000	Changes %	30.06.2023 RM'000	30.06.2022 RM'000	Changes %
Loss on foreign exchange	(6,962)	(19,516)	64%	(11,135)	(23,577)	53%
Gain on disposal of assets held for sale	-	31,755	(100%)	27,604	84,980	(68%)
Impairment of property, plant and equipment	-	(30,607)	100%	-	(30,607)	100%

The gain on disposal of RM31.8 million for Q2 2022 relates to the disposal of a plantation in Sabah whereas no such gain was recorded for Q2 2023. Similarly, the gain on disposal of RM85.0 million for 6M 2022 relates to the disposals of two plantations and a mill in Sabah whereas for 6M 2023, the gain of RM27.6 was in respect of the disposal of 574.56 hectares of land in Kalimantan completed on 18 January 2023, as detailed in Section 7(a) below.

1. Performance review (Continued)

1.1 Segmental Revenue

Revenue from the respective segments are analysed as follows:

Revenue	Quarter Ended			Year-to-Date Ended		
	30.06.2023 RM'000	30.06.2022 RM'000	Changes %	30.06.2023 RM'000	30.06.2022 RM'000	Changes %
Palm Products	240,509	396,651	(39%)	473,633	708,915	(33%)
Others	16,061	27,762	(42%)	33,235	52,847	(37%)
Total	**256,570**	**424,413**	**(40%)**	**506,868**	**761,762**	**(33%)**

Revenue for Q2 2023 and 6M 2023 was lower compared with Q2 2022 and 6M 2022 mainly due to decline in revenue from Palm Products segment attributable to significantly lower average selling prices of CPO and PK as shown in the table below.

Average selling prices	Quarter Ended			Year-to-Date Ended		
	30.06.2023 RM/MT	30.06.2022 RM/MT	Changes %	30.06.2023 RM/MT	30.06.2022 RM/MT	Changes %
CPO	3,493	5,076	(31%)	3,523	4,941	(29%)
PK	1,785	3,290	(46%)	1,778	3,586	(50%)

1.2 Segmental Profit or Loss

Further comments on the segment profit or loss for Q2 2023 and 6M 2023 are as follows:

1.2.1 Palm Products Segment

Palm Products Segment	Quarter Ended			Year-to-Date Ended		
	30.06.2023 RM'000	30.06.2022 RM'000	Changes %	30.06.2023 RM'000	30.06.2022 RM'000	Changes %
Operating profit	51,382	96,122	(47%)	101,906	172,307	(41%)

Palm products Segment reported lower operating profits of RM51.4 million and RM101.9 million for Q2 2023 and 6M 2023 compared with RM96.1 million and RM172.3 million in the corresponding periods last year due to significantly lower average selling prices of CPO and PK.

1. Performance review (Continued)

1.2.1 Palm Products Segment (Continued)

FFB production (as shown in the table below) for Q2 2023 and 6M 2023 was slightly lower compared with the corresponding periods last year due to the disposals of estates in Sabah during 6M 2022 and an estate in Indonesia in the second half of the previous financial year.

	Quarter Ended			Year-to-Date Ended		
	30.06.2023 MT	30.06.2022 MT	Changes %	30.06.2023 MT	30.06.2022 MT	Changes %
FFB production	222,119	239,398	(7%)	421,453	437,345	(4%)

Both the segment revenue and profit for Q2 2023 and 6M 2023 and the corresponding periods last year were impacted by the Indonesia Export Levy and Duty on CPO as shown below:

	Quarter Ended			Year-to-Date Ended		
	30.06.2023 RM'000	30.06.2022 RM'000	Changes %	30.06.2023 RM'000	30.06.2022 RM'000	Changes %
Indonesia Export Levy and Duty on CPO	33,765	100,455	(66%)	59,767	146,390	(59%)

1.2.2 Others Segment

Others Segment	Quarter Ended			Year-to-Date Ended		
	30.06.2023 RM'000	30.06.2022 RM'000	Changes %	30.06.2023 RM'000	30.06.2022 RM'000	Changes %
Operating loss	(1,977)	(1,733)	(14%)	(5,241)	(6,037)	13%

Others segment reported a marginally higher operating loss of RM2.0 million for Q2 2023 compared with RM1.7 million for Q2 2022, mainly due to low revenue as a result of poor demand for wood products and lower production of latex. However, loss for 6M 2023 is lower compared with the corresponding period last year. This was due to higher operating loss registered in 6M 2022 as a result of temporary decommissioning of the bio-mass power plant following the expiry of the erstwhile power purchase agreement in 2021. A new power purchase agreement has since been executed and the plant recommenced operation in March 2022.

2. Material changes in the profit before taxation for the quarter reported on as compared with the immediate preceding quarter

	Q2 2023 RM'000	Q1 2023 RM'000	Changes RM'000
Revenue:	**256,570**	**250,298**	**6,272**
Palm Products	240,509	233,124	7,385
Others	16,061	17,174	(1,113)
Core profit before taxation	**34,465**	**30,794**	**3,671**
PBT	**27,503**	**54,225**	**(26,722)**

2. Material changes in the profit before taxation for the quarter reported on as compared with the immediate preceding quarter (Continued)

Group revenue for Q2 2023 of RM256.6 million was higher compared with Q1 2023 of RM250.3 million. This is mainly attributable to higher revenue from the Palm Products segment as a result of seasonally higher FFB production and higher volume of CPO and PK sold.

Consequently, a higher core profit of RM34.5 million was registered for Q2 2023 compared with RM30.8 million for Q1 2023 in line with higher profit contribution from Palm Products segment, as well as share of profit of joint ventures amounting to RM1.6 million in Q2 2023 as opposed to share of losses of RM6.8 million in Q1 2023.

PBT for Q2 2023 was lower at RM27.5 million compared with RM54.2 million for Q1 2023. This was mainly due to the recognition of gain on disposal of land by BCAP of RM27.6 million in Q1 2023.

3. Commentary on the prospects

CPO price has been trending sideway recently hovering around RM3,700 per MT amidst the surge in export and widening of discount with soybean oil due to discruption of supply of sunoil and temporary production setback in soybean oil. However, the upside support was neutralised by the forecasted rise in the CPO inventories.

The Group expects the uncertainties regarding the demand and supply condition due to weather phenomenon, export outlook for India and China and geopolitic tensions to continue influencing the direction of CPO price for the remaining months of 2023.

Notwithstanding the uncertainty in the near term CPO price outlook, the Group remains optimistic on the long term prospect of the palm oil industry. Underpinned by its strong financial position, the Group will strive to progressively increase the planted hectarage to maintain production growth. Palm products segment will remain the core contributor to the Group. Barring any unforeseen circumstances, the Group is optimistic of achieving satisfactory performance for year 2023.

4. Profit forecast or profit guarantee

The Group is not involved in any profit guarantee arrangement or providing any forecast profit.

5. Profit Before Taxation

Profit before taxation was arrived at after charging/(crediting) the following items:

	Quarter Ended 30.06.2023 RM'000	Year-To-Date Ended 30.06.2023 RM'000
Depreciation and amortisation	25,508	50,076
Interest expense	5,523	10,887
Interest income	(3,663)	(6,325)
Inventories written back	(2,109)	(3,675)
Gain from fair value adjustment of FFB	(660)	(2,580)
Fair value (gain)/loss on derivatives:		
- Forward currency contracts	(1,803)	(2,696)
- Commodity futures contracts	9	(6)
Net foreign exchange (gain)/ loss:		
- Realised	(509)	39
- Unrealised	9,274	13,792
Rental income	(265)	(521)
Net gain on disposal of assets held for sale and PPE	(20)	(27,568)

6. Taxation

	Quarter Ended 30.06.2023 RM'000	Year-To-Date Ended 30.06.2023 RM'000
Current tax:		
Malaysian income tax	766	1,748
Foreign tax	11,562	22,433
Over provision in prior year:		
Foreign tax	(1)	(41)
Malaysian income tax	(2)	-
Deferred tax:		
Relating to origination and reversal of temporary differences	(1,412)	2,708
Under provision in prior year	10	367
	10,923	27,215

The effective tax rate of the Group for the year-to-date ended 30 June 2023 is higher than the statutory tax rate mainly due to non-deductibility of certain expenses for taxation purpose and non-recognition of deferred tax assets for certain subsidiaries.

7. Corporate proposals

a) On 4 April 2022, BCAP, 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 "the Sale Land") for a total cash consideration of IDR 2,428.86 billion (or 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 30 June 2023, total proceeds raised from the disposal was RM457.5 million, which was 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

b) On 21 July 2023, the Company announced its intention to undertake the followings:

(i) 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"); and

(ii) amendments to the Constitution of the Company ("Proposed Amendments").

On 25 July 2023, PrimePartners Corporate Finance Pte Ltd, the Issue Manager for the Proposed Secondary Listing in Singapore, has submitted Section (A) and Section (B) of the Listing Admissions Pack to the SGX-ST on behalf of the Company.

Apart from the above, there was no other corporate proposal announced and not completed as at the date of this quarterly report.

8. Group Borrowings and Debt Securities

Comprised:

	As at 30.06.2023					
	Short term		Long term		Total	
	Foreign denomination RM'000	RM denomination RM'000	Foreign denomination RM'000	RM denomination RM'000	Foreign denomination RM'000	RM denomination RM'000
Secured	30,789	22,000	47,117	90,311	77,906	112,311
Unsecured	-	190,495	-	-	-	190,495
Total	**30,789**	**212,495**	**47,117**	**90,311**	**77,906**	**302,806**

9. Derivatives

The forward currency contracts are entered into by the Group as hedges for committed sales, purchases and loans and borrowings denominated in foreign currencies. The hedging of the foreign currencies is to minimise the exposure of the Group to fluctuations in foreign exchange on receipts and payments. The commodity futures contracts are entered into with the objective of managing and hedging the Group's exposure to the adverse price movements in the CPO.

As at 30 June 2023, the values and maturity analysis of the outstanding derivatives were as follows:

<u>**Group**</u>

	Contract/ Notional amount RM'000	Assets RM'000	Liabilities RM'000	
Non-hedging derivatives:				
Current				
Forward currency contracts	20,772	-	(541)	Less than 1 year
Commodity futures contracts	1,886	-	(9)	Less than 1 year
		-	(550)	

10. Changes in material litigation

The Group is not engaged in any material litigation and is not aware of any proceedings which might materially affect the Group for the current financial year except as disclosed in Note 11 of Part A.

11. Proposed Dividend

The Company did not declare any interim dividend for the current quarter ended 30 June 2023.

12. Earnings per share

(a) Basic earnings per share

Basic earnings per share is calculated by dividing profit for the quarter and year-to-date ended attributable to owners of the Company by the weighted average number of ordinary shares in issue during the period, excluding treasury shares held by the Company.

	Quarter Ended		Year-To-Date	
	30.06.2023	**30.06.2022**	**30.06.2023**	**30.06.2022**
Net profit attributable to owners of the Company (RM'000)	10,562	57,335	39,990	153,810
Weighted average number of ordinary shares in issue ('000)	1,380,174	1,380,174	1,380,174	1,380,174
Basic earnings per ordinary share (sen)	0.77	4.15	2.90	11.14

(b) Diluted earnings per share

This is not applicable as there are no dilutive securities currently issued by the Company.

13. Authorisation for Issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 23 August 2023.

APPENDIX J – FINANCIAL EFFECTS OF THE REMAINING DISPOSALS OF LAND

On 9 December 2021, PT BCAP, a 90% owned subsidiary of our Company had entered into a heads of agreement with KIKI and KIPI for the disposal of seven pieces of certified land measuring approximately 13,214.90 Ha located in Kalimantan, Indonesia, together with certain plots of uncertified land adjoining thereto. On 4 April 2022, PT BCAP, KIKI and KIPI entered into a conditional sale, purchase and compensation of land agreement for the disposal by PT BCAP of 13,214.90 Ha of certified land together with 683.36 Ha of uncertified land adjoining thereto for a total cash consideration of IDR2,428.86 billion (equivalent to approximately RM731.09 million[7] or S$232.09 million[8]). The financial effects of the foregoing disposals as set out in a shareholders' circular dated 7 June 2022 issued by our Company for the purpose of obtaining shareholders' approval for such disposals, including the pro forma effects of such disposals, were prepared based on the audited consolidated financial statements for FY2021.

On 8 August 2022, the disposal of 7,817.36 Ha of certified land was completed. The 2023 Disposals, being the disposal of the remaining balance of the land was expected to be completed in 2023 but is now expected to be completed in the first half of FY2024. After the completion of certain agreed upon procedures of a joint survey by PT BCAP, KIKI and KIPI, it was determined that the total area of uncertified land to be transacted was 574.56 Ha instead of 683.36 Ha. On 18 January 2023, the disposal for 574.56 Ha of uncertified land was completed. Following such disposal, the Remaining Disposals comprise 5,397.54 Ha of certified land. The disposal completed on 18 January 2023 and the Remaining Disposals were reclassified as "*Assets Held for Sale*" in the FY2022 financial statements.

The pro forma financial effects of the 2023 Disposals based on our Group's audited consolidated financial statements for FY2022 and the pro forma financial effects of the Remaining Disposals based on our Group's unaudited consolidated financial statements for 1Q2023, including the financial effects on the net asset per share and gearing of our Group and the consolidated earnings per share of our Group, are set out below:

1 Financial Effects of the 2023 Disposals as at 31 December 2022

The pro forma financial effects of the 2023 Disposals are presented below for illustration only and are not intended to reflect the actual future financial situation of our Group after the completion of such disposals of land. The illustrative pro forma financial effects have been computed based on our Group's audited consolidated financial statements for FY2022 and the 2023 Disposals yet to be completed as at 31 December 2022 amounted to approximately RM294.3 million.

1.1 Share Capital and Substantial Shareholders' Shareholdings

The 2023 Disposals will not have any effect on the issued share capital and substantial shareholders' shareholdings of our Company as there are no issuances of Shares.

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7 As extracted from the shareholders' circular dated 7 June 2022 using the stated exchange rate extracted from BNM, namely the closing rate of RM1:IDR3,322.26 as at 13 May 2022.

8 Calculated based on the closing rate of S$1:RM3.150 as at 13 May 2022 as extracted from BNM.

1.2 Net Asset Value per Share and Gearing

Assuming that the 2023 Disposals had been effected on 31 December 2022, the pro forma effects on the net asset value per Share and gearing of our Group are set out below:

	Audited as at 31 December 2022	
RM'000	**Before the 2023 Disposals**	**After the 2023 Disposals**
Share capital	740,512	740,512
Treasury shares	(1,467)	(1,467)
Other reserves	(254,906)	(254,906)
Retained earnings[1]	1,416,700	1,477,682[1][2]
Net asset value and equity attributable to owners of the Company	1,900,839	1,961,821
No. of Shares ('000)[3]	1,380,174	1,380,174
Net asset value per Share (RM)	**1.38**	**1.42**
Total borrowings (RM'000)	559,111	394,884[4]
Gearing ratio (times)	**0.29**	**0.20**

Notes:

(1) The retained earnings after the 2023 Disposals increased by RM61.0 million due to the 90% share of the pro forma net gain of RM67.8 million. The pro forma net gain of RM67.8 million is computed by subtracting the cost relating to the assets disposed of RM205.6 million and the estimated expenses of RM21.0 million from the total 2023 Disposals consideration of RM294.3 million;

(2) As the 2023 Disposals are recorded in IDR and assumed to be effected on 31 December 2022, the pro forma financial effects of the 2023 Disposals has been calculated with exchange rates extracted from BNM, namely the closing rate as at 31 December 2022 of RM1:IDR3,546.10 and the average rate for FY2022 of RM1:IDR3,375.56; and

(3) Excluding 1,629,000 treasury shares held by our Company.

(4) Assuming that a portion of the 2023 Disposals consideration is used for the repayment of the remaining interest-bearing borrowings of RM164.2 million.

1.3 Earnings and EPS

Assuming the 2023 Disposals had been effected on 1 January 2022, the pro forma effects on our Group's earnings and EPS are illustrated as follows:

	Audited FY2022	
RM'000	**Before the 2023 Disposals**	**After the 2023 Disposals**
Profit attributable to owners of the Company	456,407	456,407
Add: pro forma gain on the 2023 Disposals [1]	-	48,961[1][2]
Less: share of gain by non-controlling interest	-	(4,896)
Pro forma profit attributable to owners of the Company	**456,407**	**500,472**
Weighted average no. of Shares ('000)[3]	1,380,174	1,380,174
Basic EPS (sen)	**33.07**	**36.26**

Notes:

(1) The pro forma gain on the 2023 Disposals of RM49.0 million was computed by adding the net gain on disposal of RM67.1 million and the net interest savings recorded by our Group of RM9.5 million, and less the PT BCAP profit foregone of RM27.6 million. The detailed computations are as follows:

(a) The net gain on 2023 Disposals of RM67.1 million is computed by subtracting the cost relating to the assets disposed of RM216.4 million and the estimated expenses of RM21.3 million from the total 2023 Disposals consideration of RM304.8 million;

(b) The net interest savings recorded by our Group of RM9.5 million in FY2022 is based on the assumption that RM283.4 million of the 2023 Disposals consideration less estimated expenses is utilised for the repayment of interest-bearing borrowings; and

(c) The net plantation profit foregone in PT BCAP from the disposal of the land is RM27.6 million for FY2022.

(2) As the 2023 Disposals are recorded in IDR and assumed to be effected on 1 January 2022, the pro forma financial effects of the 2023 Disposals has been calculated with exchange rates extracted from BNM, namely the closing rate as at 1 January 2022 of RM1:IDR3,424.66 and the average rate for FY2021 of RM1:IDR3,449.90.

(3) Excluding 1,629,000 treasury shares held by our Company.

2 Financial Effects of the Remaining Disposals as at 31 March 2023

The pro forma financial effects of the Remaining Disposals are presented below for illustration and are not intended to reflect the actual future financial situation of our Group after the completion of such disposals of land. The illustrative pro forma financial effects have been computed based on our Group's unaudited interim consolidated financial statements for 1Q2023. As approximately 574.56 Ha of uncertified land of the 2023 Disposals had been disposed on 18 January 2023 and the financial effects of such had been included in the 1Q2023 financial statements, the Remaining Disposals yet to be completed as at 31 March 2023 amounted to RM278.3 million.

2.1 Share Capital and Substantial Shareholders' Shareholdings

The Remaining Disposals will not have any effect on the issued share capital and substantial shareholders' shareholdings of our Company as there are no issuances of Shares.

2.2 Net Asset Value per Share and Gearing

Assuming that the Remaining Disposals had been effected on 31 March 2023, the pro forma effects on the net asset value per Share and gearing of our Group are set out below:

	Unaudited as at 31 March 2023	
RM'000	**Before the Remaining Disposals**	**After the Remaining Disposals**
Share capital	740,512	740,512
Treasury shares	(1,467)	(1,467)
Other reserves	(190,903)	(190,903)
Retained earnings[(1)(2)]	1,446,128	1,484,005[(1)(2)]
Net asset value and equity attributable to owners of the Company	1,994,270	2,032,147
No. of Shares ('000)[(3)]	1,380,174	1,380,174
Net asset value per Share (RM)	**1.44**	**1.47**
Total borrowings (RM'000)	437,730	281,503[(4)]
Gearing ratio (times)	**0.22**	**0.14**

Notes:

(1) The retained earnings after the Remaining Disposals increased by RM37.9 million due to the 90% share of the pro forma net gain of RM42.1 million. The pro forma net gain of RM42.1 million is computed by subtracting the cost relating to the remaining assets disposed of RM215.0 million and the estimated expenses of RM21.2 million from the Remaining Disposals consideration of RM278.3 million;

(2) As the Remaining Disposals are recorded in IDR and assumed to be effected on 31 March 2023, the pro forma financial effects of the Remaining Disposals has been calculated with exchange rates extracted from BNM, namely the closing rate as at 31 March 2023 of RM1:IDR3,389.83 and the average rate for 1Q2023 of RM1:IDR3,468.75; and

(3) Excluding 1,629,000 treasury shares held by our Company.

(4) Assuming that a portion of the Remaining Disposals consideration is used for the repayment of the remaining interest-bearing borrowings of RM156.2 million.

2.3 Earnings and EPS

Assuming the Remaining Disposals had been effected on 1 January 2023, the pro forma effects on our Group's earnings and EPS are illustrated as follows:

	Unaudited 1Q2023	
RM'000	**Before the Remaining Disposals**	**After the Remaining Disposals**
Profit attributable to owners of the Company	29,428	29,428
Add: pro forma gain on disposal(1)	-	36,871(1)(2)
Less: share of gain by non-controlling interest	-	(3,687)
Pro forma profit attributable to owners of the Company	**29,428**	**62,612**
Weighted average no. of Shares ('000)(3)	1,380,174	1,380,174
Basic EPS (sen)	**2.13**	**4.54**

Notes:

(1) The pro forma gain on the Remaining Disposals of RM36.9 million was computed by adding the net gain on disposal of RM40.8 million and the net interest savings recorded by our Group of RM1.8 million, and less the PT BCAP profit foregone of RM5.8 million. The detailed computations are as follows:

(a) The net gain on Remaining Disposals of RM40.8 million is computed by subtracting the cost relating to the assets disposed of RM204.9 million and the estimated expenses of RM20.2 million from the Remaining Disposals consideration of RM266.0 million;

(b) The net interest savings and net interest income recorded by our Group of RM1.8 million in 1Q2023 is based on the assumption that RM245.7 million of the Remaining Disposals consideration less estimated expenses is utilised for the repayment of RM156.2 million of interest-bearing borrowings and for placement of RM89.5 million at interest bearing bank accounts; and

(c) The net plantation profit foregone in PT BCAP from the disposal of the land is RM5.8 million for 1Q2023.

(2) As the Remaining Disposals are recorded in IDR and assumed to be effected on 1 January 2023, the pro forma financial effects of the Remaining Disposals has been calculated with exchange rates extracted from BNM, namely the closing rate as at 1 January 2023 of RM1:IDR3,546.10 and the average rate for FY2022 of RM1:IDR3,375.56.

(3) Excluding 1,629,000 treasury shares held by our Company.

2.4 Convertible Securities

As at the Latest Practicable Date, our Company does not have any convertible securities.