



TSH RESOURCES BERHAD  
197901005269 (49548-D)



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ANNUAL REPORT



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Proxy Form



Please scan QR code for PDF online version

## NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT THE FORTY-FIRST ANNUAL GENERAL MEETING (“41<sup>ST</sup> AGM”) OF THE COMPANY WILL BE HELD ON A FULLY VIRTUAL BASIS AT THE BROADCAST VENUE AT BOARDROOM, LEVEL 12, MENARA TSH, NO. 8 JALAN SEMANTAN, DAMANSARA HEIGHTS, 50490 KUALA LUMPUR ON 20 MAY 2021 AT 10.00 AM TO TRANSACT THE FOLLOWING BUSINESSES:**

- |  |   |
|--|---|
| 1. To receive the Audited Financial Statements for the financial year ended 31 December 2020 together with the Reports of the Directors and Auditors thereon.                              | <b>Please refer to Explanatory Note 1</b> |
| 2. To approve payment of Directors’ fees of RM180,000 for the financial year ended 31 December 2020.   | <b>Resolution 1</b>                       |
| 3. To approve payment of Directors’ benefits (excluding Directors’ fees) of up to an aggregate amount of RM1,600,000 from 21 May 2021 until the next AGM of the Company in 2022.           | <b>Resolution 2</b>                       |
| 4. To re-elect the following Directors who are retiring by rotation in accordance with Clause 100 of the Company’s Constitution, and who being eligible, offer themselves for re-election: |   |
| a) Selina binti Yeop Junior @ Lope   | <b>Resolution 3</b>                       |
| b) Tan Aik Kiong   | <b>Resolution 4</b>                       |
| c) Lim Fook Hin  | <b>Resolution 5</b>                       |
| 5. To re-appoint Messrs BDO PLT as the Company’s Auditors and to authorise Directors to fix their remuneration.  | <b>Resolution 6</b>                       |

As Special Business:

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

- |  |                     |
|--|---------------------|
| 6. <b>ORDINARY RESOLUTION 1<br/>PROPOSED AUTHORITY TO ISSUE SHARES</b> | <b>Resolution 7</b> |
|--|---------------------|

“**THAT**, subject always to the approvals of the relevant regulatory authorities, the Directors be and are hereby empowered by the shareholders pursuant to Sections 75 and 76 of the Companies Act 2016 to issue new ordinary shares in the Company from time to time at such price, upon such terms and conditions, provided that the aggregate number of the new ordinary shares to be issued pursuant to this resolution does not exceed ten percent (10%) of the issued share capital of the Company for the time being **AND THAT** the Directors be and are empowered to obtain the approval from the Bursa Malaysia Securities Berhad (“Bursa Securities”) for listing of and quotation for the additional new ordinary shares to be issued **AND THAT** such authority shall continue in force until the conclusion of the next AGM of the Company.”

- |  |                     |
|--|---------------------|
| 7. <b>ORDINARY RESOLUTION 2<br/>PROPOSED RENEWAL OF THE AUTHORITY FOR SHARE BUY-BACK</b> | <b>Resolution 8</b> |
|--|---------------------|

“**THAT**, subject to the Companies Act 2016, the Bursa Securities Main Market Listing Requirements (“Listing Requirements”), the Company’s Constitution and the approvals of other relevant authorities,

## NOTICE OF ANNUAL GENERAL MEETING

the Company be and is hereby authorised to purchase and hold such number of ordinary shares in the Company ("Proposed Share Buy-Back") as may be determined by the Directors of the Company from time to time through the Bursa Securities upon such terms and conditions as the Directors may deem fit in the interest of the Company provided that the aggregate number of shares purchased and/or held pursuant to this resolution does not exceed ten percent (10%) of the issued share capital of the Company **AND THAT** the maximum amount of funds to be allocated by the Company for the purpose of purchasing its own shares shall not exceed the total retained profits of RM285,246,000 based on the latest audited financial statements as at 31 December 2020.

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

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

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

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

### 8. ORDINARY RESOLUTION 3

#### **PROPOSED RENEWAL OF THE EXISTING SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE**

**Resolution 9**

"**THAT** approval be and is hereby given for the Renewal of the Existing Shareholders' Mandate for the Company and/or its subsidiary companies to enter into recurrent related party transactions of a revenue or trading nature with related parties which are necessary for the day to day operations and on normal commercial terms not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders as set out in Part B, Section 2.2 of the Circular to Shareholders dated 21 April 2021 ("Mandate").

**THAT** such Mandate shall commence upon passing of this ordinary resolution and continue in force until:-

## NOTICE OF ANNUAL GENERAL MEETING

- (a) the conclusion of the next AGM of the Company following the general meeting at which such Mandate was passed, at which time it will lapse, unless by a resolution passed at the meeting whereby the authority is renewed;
- (b) the expiration of the period within which the next AGM is required to be held pursuant to Section 340(2) of the Companies Act 2016 (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Companies Act 2016); or
- (c) revoked or varied by resolution passed by the shareholders of the Company in general meeting,

whichever is the earlier.

**THAT** the Directors be and are hereby empowered to do all such acts and things (including executing all such documents as may be required) as they may be considered expedient or necessary to give full effect to the Mandate with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be imposed by the relevant authorities.”

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

By Order of the Board

**CHOW YEEN LEE (MAICSA 7047480)**

SSM PC No. 202008001593

Company Secretary

Kuala Lumpur

21 April 2021

**Notes:**

1. The 41<sup>st</sup> AGM of the Company will be conducted on a fully virtual basis through live streaming and online remote voting via Remote Participation and Electronic Voting (“RPEV”) facilities provided by Boardroom Share Registrars Sdn. Bhd.. Please follow the procedures provided in the Administrative Guide which is available on the Company’s website at <https://www.tsh.com.my/agm-2021/> in order to register, participate and vote remotely.
2. The Broadcast venue of the 41<sup>st</sup> AGM (“Broadcast Venue”) is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which stipulates that the Chairman shall be at the main venue of the AGM. **SHAREHOLDERS/ PROXIES/CORPORATE REPRESENTATIVES ARE NOT ALLOWED** to be physically present at the Broadcast Venue.
3. With the RPEV facilities, you may exercise your right as a member of the Company to participate (including posing questions to the Company) and vote at the 41<sup>st</sup> AGM. If you are unable to participate, you are strongly encouraged to appoint the Chairman of the Meeting as your proxy to attend and vote on your behalf at the 41<sup>st</sup> AGM.

## NOTICE OF ANNUAL GENERAL MEETING

4. Only depositors whose names appear in the Record of Depositors as at 11 May 2021 be regarded as members and entitled to attend, speak and vote at the meeting.
5. A member of the Company entitled to attend and vote at the meeting is entitled to appoint not more than 2 proxies to attend and vote in his stead. Where a member appoints 2 proxies, the appointments shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy. A proxy may but need not be a member of the Company.
6. If the Proxy Form is returned without any indication as to how the proxy shall vote, the proxy will vote or abstain as he thinks fit and if no names are inserted in the space for the name of proxy, the Chairman of the meeting will act as proxy.
7. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
8. The instrument appointing a proxy shall be in writing under the hand of the depositor or his attorney duly authorised in writing or if such appointor is a corporation, under its common seal. If you wish to appoint a proxy to attend and vote on your behalf at the 41<sup>st</sup> AGM, you may deposit the duly completed and signed Form of Proxy to the Company's share registrar, Boardroom Share Registrars Sdn. Bhd. at Ground Floor or 11th Floor, Menara Symphony, No. 5 Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor no later than 48 hours before the time appointed for holding this meeting or adjourned meeting. For individual shareholder, you may also lodge your Form of Proxy electronically through Boardroom Smart Investor Portal at <https://boardroomlimited.my> by logging in and selecting "**E-PROXY LODGEMENT**" no later than 48 hours before the time appointed for holding this meeting or adjourned meeting.
9. Pursuant to Paragraph 8.29A of Bursa Securities Main Market Listing Requirements, all resolutions set out in the Notice of 41<sup>st</sup> AGM will be put to vote on a poll.

### Explanatory Notes:

1. The audited financial statements are meant for discussion only as it does not require shareholders' approval under the provision of Section 340(1)(a) of the Companies Act 2016. Hence, it will not be put for voting.
2. Resolution 1, the Company is seeking shareholders' approval for payment of Directors' fees totalling RM180,000.

Details of the above are set out in Note 14 to the financial statements. The remuneration of each Director is set out in the Corporate Governance Report.

3. Resolution 2, the benefits are payable to eligible Non-Executive Directors comprise among others, monthly allowance to the Chairman of the Company in recognition of his significant oversight and leadership roles in the Group, Board committee allowance, business travelling allowance, petrol allowance and other benefits-in-kind including company car and driver as well as other emoluments.
4. Resolution 7 is a renewal of the general mandate empowering the Directors of the Company pursuant to Sections 75 and 76 of the Companies Act 2016, to issue and allot new shares in the Company from time to time provided that the aggregate number of shares issued pursuant to the general mandate does not exceed ten percent (10%) of the issued share capital of the Company for the time being. This authority, unless revoked or varied by the Company at a general meeting, will expire at the next AGM.

As at the date of this notice, the Company did not issue any new shares pursuant to the general mandate granted to the Directors at the last AGM held on 3 August 2020.

## NOTICE OF ANNUAL GENERAL MEETING

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

5. For Resolutions 8 and 9, further information on the Proposed Renewal of the Authority for Share Buy-Back and Proposed Renewal of the Existing Shareholders' Mandate for recurrent related party transactions of a revenue or trading nature are set out in the Circular to Shareholders dated 21 April 2021.

### Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company:

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

## STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

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

No individual is seeking election as a Director at the 41<sup>st</sup> AGM of the Company.

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

Please refer to Explanatory Note 4 of the Notice of 41<sup>st</sup> AGM for information relating to general mandate for issue of securities.



## 5-YEAR FINANCIAL HIGHLIGHTS

	2016 FRS	2017 MFRS	2018 MFRS	2019* MFRS	2020* MFRS
<b>FINANCIAL HIGHLIGHTS</b>					
<i>All figures in RM'000</i>					
Revenue	872,304	1,073,507	906,441	838,894	<b>926,003</b>
Core profit before taxation	130,187	156,751	91,399	69,062	<b>128,577</b>
Profit before taxation	113,580	173,238	81,663	74,006	<b>130,242</b>
Profit after taxation	67,059	121,435	51,924	45,625	<b>90,324</b>
Net profit attributable to owners of the Company	57,875	97,327	40,462	44,280	<b>79,487</b>
Total assets	3,510,495	3,269,478	3,217,446	3,265,134	<b>3,171,777</b>
Total borrowings	1,530,209	1,442,524	1,455,755	1,431,797	<b>1,309,195</b>
Shareholders' equity	1,506,984	1,413,902	1,373,116	1,438,982	<b>1,453,432</b>
Total equity	1,663,428	1,538,947	1,504,633	1,574,720	<b>1,597,783</b>
<b>FINANCIAL INDICATORS</b>					
Basic earnings per share (sen)	4.30	7.13	2.93	3.21	<b>5.76</b>
Diluted earnings per share (sen)	4.30	7.13	2.93	3.21	<b>5.76</b>
Net asset per share	1.12	1.02	0.99	1.04	<b>1.05</b>
Return on shareholders' equity (%) <sup>(1)</sup>	3.84	6.88	2.95	3.08	<b>5.47</b>
Return on total assets (%) <sup>(2)</sup>	1.65	2.98	1.26	1.36	<b>2.51</b>
Net debt to equity (%) <sup>(3)</sup>	84.10	84.68	89.57	82.93	<b>71.00</b>
Share price as at financial year end	1.86	1.65	0.99	1.54	<b>1.15</b>

\* The financial result presented here is a total for continuing and discontinued operations.

In conjunction with the adoption of the Malaysian Financial Reporting Standards ("MFRSs") framework by the Group, the information for Financial Year ("FY") 2017 to FY2020 have been prepared based on MFRSs, while the information for FY2016 was prepared in accordance with Financial Reporting Standards ("FRSs").

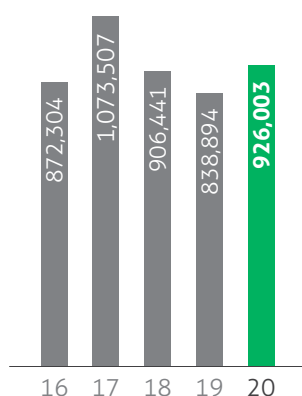
<sup>(1)</sup> Based on net profit attributable to owners of the Company expressed as a percentage of total shareholders' equity

<sup>(2)</sup> Based on net profit attributable to owners of the Company expressed as a percentage of total assets

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

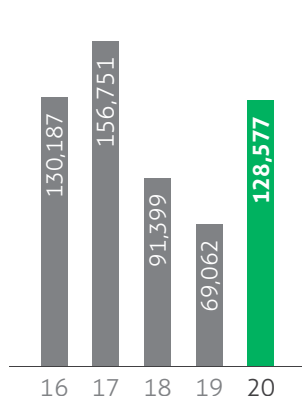
### REVENUE

(RM'000)



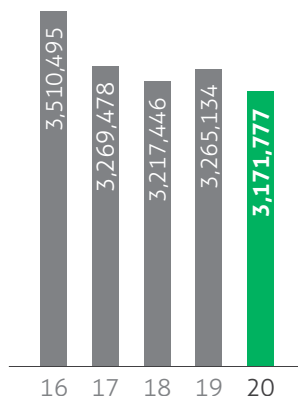
### CORE PROFIT BEFORE TAXATION

(RM'000)



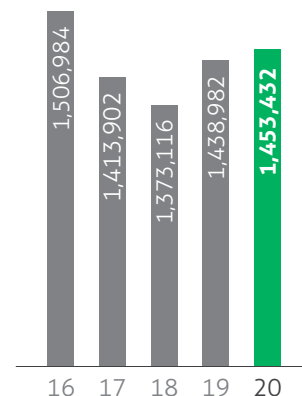
### TOTAL ASSETS

(RM'000)



### SHAREHOLDERS' EQUITY

(RM'000)



## MANAGEMENT DISCUSSION & ANALYSIS 2020



### OVERVIEW OF TSH GROUP'S BUSINESSES

TSH Group ("the Group") has come a long way from its humble beginnings in the cocoa business. At the time it was listed on the Kuala Lumpur Stock Exchange in 1994, it had already established itself as a major player in the cocoa industry in Malaysia namely, the single largest exporter of cocoa beans and products in the country. Not content to rest on its laurels, the Group ventured into the oil palm industry in Sabah in the 1990s and subsequently in Kalimantan and Sumatera, Indonesia in the 2000s.

Today, the Group is principally engaged in oil palm cultivation and processing of Fresh Fruit Bunches ("FFB") into Crude Palm Oil ("CPO") and Palm Kernel ("PK"). This business activity accounted for approximately 88% of the Group's total revenue for FY2020.

As at 31 December 2020, the Group has planted over 42,000 hectares ("Ha") of oil palms in Malaysia and Indonesia. The Group also operates seven (7) palm oil mills, three (3) in Sabah and two (2) each in Kalimantan and Sumatera, Indonesia.

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

#### Other business activities

##### • Bio-integration

The Group is also proud to contribute toward greening the energy mix of Malaysia which has been heavily dependent

on fossil fuel. Leveraging on various by-products along the palm oil value chain, the Group has diversified into the renewable energy business. Its integrated complex in Kunak, Sabah is complete with biomass and biogas power plants. The 14MW biomass cogeneration plant is the first biomass power plant in the country that is connected to the grid and has a renewable energy power purchase agreement with Sabah Electricity Sdn. Bhd. to supply up to 10MW of green electricity. Similarly, the biogas power plant is another initiative of the Group to tap sustainable energy from palm oil mill effluent to generate electricity and industrial steam.

##### • Sustainable forestry

In 1997, the Group was awarded with a 100-year concession to carry out forest rehabilitation, environmental conservation and industrial tree planting on 123,385 Ha of forestry land in Ulu Tungud, Sabah, also known as Forest Management Unit 4. In this regard, the Group's vision is to create a multiple-use forest that will provide employment and business opportunities for the local rural community, enhance shareholders' value and secure an equitable return on its investment, by adopting sustainable development principles. Presently, the Group has been focussing on forest rehabilitation through enrichment planting and "silviculture" on severely logged over and degraded forests. As at 31 December 2020, about 30,168 Ha (2019: 26,729 Ha) of logged areas have been rehabilitated through enrichment planting and silviculture.

##### • Hardwood flooring

The Group is also involved in the manufacturing, designing, promotion, and marketing of engineered hardwood flooring

## MANAGEMENT DISCUSSION & ANALYSIS 2020

("EHF") under the brand name Ekowood. The manufacturing and export of EHF are undertaken by the Group's wholly owned subsidiary, Ekowood International Berhad ("EIB") from its factory and office in Gopeng, Perak.

With over two and a half decades of operating track record and a list of awards to its name, Ekowood is an international brand with export markets in Asia, the United States of America ("USA"), Europe and Australia. Locally in Malaysia, Ekowood EHF is the choice of many developers and owners of residences and commercial properties including offices, showrooms, hotels and retail outlets, in view of its quality and range of attractive designs. The sale and installation of Ekowood EHF in Malaysia is carried out by EIB's wholly-owned subsidiary namely Ekowood Malaysia Sdn. Bhd..

### • Cocoa

The Group has its genesis in the cocoa business since the 1960s and continues to operate it to this day. The processing and marketing of cocoa products are carried out by its wholly owned subsidiary, CocoaHouse Sdn. Bhd. ("CocoaHouse"). The cocoa processing factory is located in Port Klang, Selangor and the main cocoa product namely cocoa butter is produced for the export markets in the USA, Europe and Asia.

### PROPOSED DISPOSALS OF PT FARINDA BERSAUDARA AND PT TEGUH SWAKARSA SEJAHTERA

On 26 August 2020, the Company's wholly-owned subsidiaries, TSH Global Plantation Pte. Ltd. and TSH Oversea Pte. Ltd. entered into conditional sale and purchase agreements with Taiko Plantations Pte. Ltd. to dispose the 90% of equity interests in PT Farinda Bersaudara ("PT FDB") and PT Teguh Swakarsa Sejahtera ("PT TSS") (collectively "Disposal Companies") respectively (hereafter collectively referred to as "Proposed Disposal"). The total consideration comprising the disposal consideration for the disposal of shares in the Disposal Companies and the settlement of loans owing by the Disposal Companies to the Group is approximately USD141.1 million, subject to adjustments referred to in the conditional sale and purchase agreements. The Proposed Disposal is expected to be completed in 2021. Upon completion of the Proposed Disposal, the Disposal Companies shall cease to be indirect subsidiaries of TSH and the results of these companies shall not be consolidated with the Group. The Proposed Disposal provides an opportunity for the Group to unlock and realise the value of its investments in the Disposal Companies and enable

it to pare down its borrowings using the proceeds from the Proposed Disposal.

In view of the Proposed Disposal, the Disposal Companies which are part of the Palm Products segment of the Group have been classified as Discontinued Operations and Disposal Group Held for Sale in the FY2020 accounts.

### MACROECONOMIC ENVIRONMENT AND OIL PALM INDUSTRY LANDSCAPE

#### International economic environment

The global economy saw a sharp slowdown in the first half of 2020 as the rapid spread of the COVID-19 virus resulted in the introduction of lockdown and social restriction measures in many major economies. The containment measures of varying stringency introduced by most major economies led to supply shocks, as economic activities came to a sudden stop and production disruption affecting global supply chains. The supply shocks subsequently triggered a large adverse demand response, as the decline in production caused businesses and households to sustain large income losses. The abrupt manner in which much of global commerce was brought to a halt was unprecedented, plunging the world into chaos. Literally no one was spared as the fear of catching the virus dramatically changed everyone's way of life and in particular added to the hardships of the already poor, vulnerable and suffering segments of the worldwide population. In addition, the pandemic resulted in an unprecedented fall in employments with millions of workers worldwide losing their jobs or having their work hours cut. Governments had to move in rapidly to provide unprecedented levels of emergency support to keep households and businesses afloat, protect jobs and incomes, and cushion the impact of the coronavirus on their economies.

Most of the world's major economies slumped into recession in Quarter 2 2020, registering record contractions in decades as COVID-19 pandemic severely stifled economic activities. China, the world's second largest economy was the only major economy to escape a recession after having imposed strict lockdown measures to halt the spread of the virus. China's economy rebounded by 11.5% in Quarter 2 2020, having fallen by 10% in Quarter 1, the first such contraction since reporting of quarterly gross domestic product began in 1992.

## MANAGEMENT DISCUSSION & ANALYSIS 2020

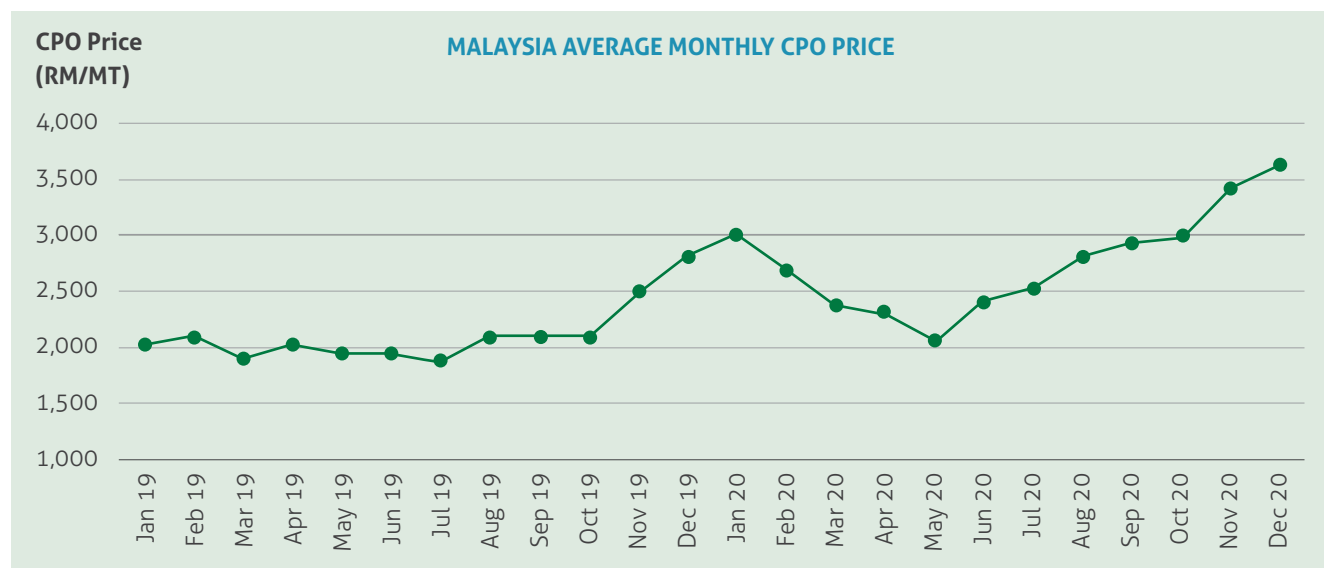
Quarter 3 2020 began to see some recovery in the global economy as many major advanced and emerging economies had eased COVID-19 containment measures, and the resumption in production and trade activity led to an improvement in labour market conditions as well as private sector expenditure. However, the market conditions were particularly volatile towards the end of 2020 as positive news on the COVID-19 vaccines rollout was coupled with the resurgences of COVID-19 cases and a re-tightening of containment measures in major advanced economies such as the USA, United Kingdom and several European Union member states as well as Japan. The renewed containment measures led to a slowing of the pace of the recovery towards the end of the year. While this was a setback in the recovery, the late 2020 lockdowns had a much milder impact on the global economy than those implemented at the early stages of the pandemic. China on the other hand saw a full recovery back to pre-pandemic growth levels in Quarter 4 2020 which hopefully will be sustained to help bolster a global economic recovery in 2021.

### Oil palm industry landscape

2020 started with much optimism for the oil palm sector, driven by the expectations of firmer palm oil prices, strong palm oil demand and increasing biodiesel mandates by both Malaysia and Indonesia. The average monthly Malaysian CPO price for January 2020 continued with the uptrend since August 2019, averaging at RM3,013.50 per metric tonne ("MT"). However, the optimism quickly dissipated as the spread of the COVID-19 continued to

accelerate and disrupted economic activities globally. On 11 March 2020, the World Health Organisation ("WHO") declared COVID-19 a worldwide pandemic after assessing the levels of spread and severity globally. Many countries then began to impose some form of movement restrictions, quarantine or lockdown in the effort to flatten the curve on the spread of COVID-19. As the spread of COVID-19 intensified and disrupted economic activities globally, CPO prices consequently declined abruptly reaching a low of slightly above RM2,000.00 per MT in May 2020. The adverse ramification of COVID-19 on CPO price was further exacerbated by the oil price war between Saudi Arabia and Russia following the collapse of OPEC+ talks on oil production cuts in March 2020. The expectation of a worsening oversupply caused crude oil prices to tumble to almost a two decade low amid a global economy battered by COVID-19, and this further weighed on CPO price.

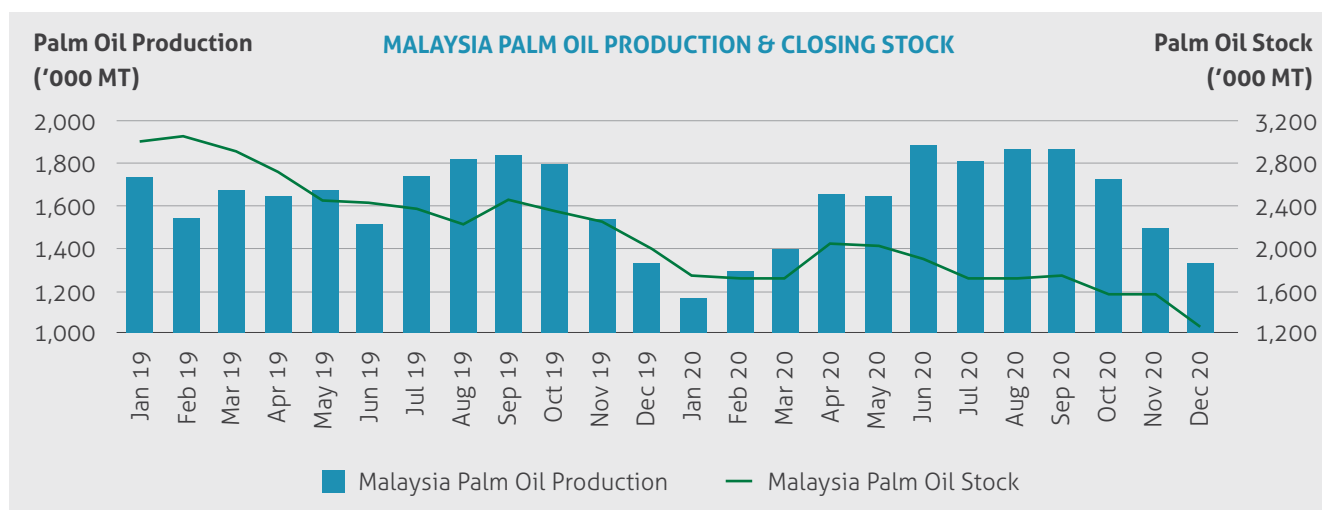
However, around June 2020, things started to take a turn for the better and many economies started to relax their COVID-19 restrictions. As lockdowns across the globe began to ease, major consumers such as China and India were back in the market to replenish their vegetable oil stocks. Indeed the relaxation of COVID-19 restrictions and the resumption of economic activities in turn translated into more demand for palm oil. CPO price started to trend upwards, reaching a nine (9) year daily high of RM3,835.50 per MT in December 2020 as demand-supply dynamics played out to support a CPO price rally.



## MANAGEMENT DISCUSSION & ANALYSIS 2020

Furthermore, demand for CPO in Indonesia continued to be supported by domestic CPO consumption particularly for biodiesel and oleochemical productions. The consumption for biodiesel in 2020 increased from the level in 2019 as the Government of Indonesia pushed to scale up biodiesel programme from B20 to B30. The increase in oleochemical production was due to the sharp increase in consumption of cleaning and antiseptic products as a result of the COVID-19 pandemic. Another factor which pushed the demand for palm oil was the tight supply of soybean oil, a close substitute for palm oil. This was due to the dry weather phenomenon in South America adversely impacted soybean production, and consequently soybean oil.

On the supply side, a decline in CPO production and low palm oil stocks lent further support to higher CPO prices. Palm oil output from Indonesia and Malaysia was adversely affected by drought and reduced fertiliser application among smallholders in 2019. CPO production in Malaysia for 2020 declined to 19.1 million MT from 19.9 million MT in 2019. Inventory levels also started to generally decline around June 2020, coinciding with the easing of COVID-19 restrictions by many countries. By the end of December 2020 inventories fell to 1.3 million MT, the lowest in more than 13 years. In fact, Malaysian palm oil exports in the second half of 2020 increased 22.9% compared with the first half, which further tighten the supply situation in Malaysia. Coupled with the stronger demand by consuming countries following the easing of COVID-19 related curbs, the increase in palm oil exports was also triggered by the tax exemption under the short-term National Economic Recovery Plan, or PENJANA, aimed at managing the country’s palm oil inventory level and stabilise the CPO price. It provided 100% exemption on export duty on CPO, crude palm kernel oil and processed palm kernel oil from 1 July to 31 December 2020.



Similarly, Indonesia’s CPO production declined to 47.0 million MT in 2020 from 47.2 million MT in 2019. The decline in Indonesia’s CPO production further reduced the availability of supply for export as the country’s domestic consumption increased to 17.3 million MT in 2020 from 16.7 million MT in 2019. As a result, Indonesia’s export of palm oil declined to 34.0 million in 2020 MT from 37.4 million MT in 2019, which further heightened the tight supply situation of palm oil globally.

All in all, the demand and supply situation culminated in the prices of CPO trending upwards from June 2020 and in particular saw a significant climb in the final quarter of the year. CPO daily price reached RM3,835.50 per MT towards the end of December 2020, the highest since February 2011.

### IMPACT OF COVID-19 & MITIGATIONS

Following the declaration by WHO of the COVID-19 pandemic, the Government of Malaysia followed suit to impose a Movement Control Order (“MCO”) on 18 March 2020. The MCO order was extended three times and subsequently other phases of the MCO namely the Conditional Movement Control Order (“CMCO”) and the Recovery Movement Control Order (“RMCO”) were introduced along with revised standard operating procedures (“SOPs”) issued by the National Security Council of Malaysia

## MANAGEMENT DISCUSSION & ANALYSIS 2020

("MKN"). The various phases allowed for a flexible response to the national situation by adapting restrictions depending on the severity of the spread of COVID-19 in the area. As such, the various phases of MCO with their respective SOPs have been imposed, lifted and re-imposed, not necessarily across the country, but rather depending on the level of transmission of COVID-19 in the respective states or specific localities.

In addition to the above said movement controls, the Sabah State Government had on 24 March 2020 temporarily suspended the operations of oil palm plantations in three (3) districts namely Tawau, Lahad Datu and Kinabatangan for seven (7) days while palm oil mills were suspended for five (5) days starting 27 March 2020. On 30 March 2020, the suspension was extended to six (6) districts to include Kalabakan, Semporna and Kunak and extended until 10 April 2020 where conditional approval was provided to oil palm plantations and mills to restart operations.

Save for the brief suspension of operation imposed by the Sabah State Government on plantations in the above said districts, our plantations and mills in Sabah were able to operate during the various phases of MCO as they fall under essential services which are allowed to operate.

In respect of EIB's operations to produce EHF, the Ministry of Plantation Industries and Commodities mandated the Malaysian Timber Industry Board ("MTIB") to evaluate and approve companies in the wood-based industry to operate during the MCO, particularly to fulfil agreed-upon contracts. In this regard, for the period from 1 April to 28 April 2020, MTIB had approved EIB to operate subject to the company reducing the number of workers for its production by at least 50% of its existing headcount, and complying with a list of stipulated operating conditions. With effect from 29 April 2020, MTIB gave permission to EIB to increase its workforce capacity to 100%, subject to strict adherence to its stipulated operating conditions. Similarly, CocoaHouse was also given approval to operate by the Ministry of International Trade and Industry ("MITI") subject to MITI's stipulated conditions.

In addition, with effect from 1 January 2021, all employers are required to ensure their foreign workers undergo the COVID-19 screening test to curb the spread of the COVID-19 pandemic. We are pleased to report that all of the Group's foreign workers tested negative for COVID-19.

The above restrictions have not impacted the Malaysian operations of TSH significantly.

As for Indonesia, the President had on 31 March 2020 signed into law, regulations to enforce what is termed as Large-Scale Social Restrictions ("PSSB"). The PSSB was first imposed in Jakarta on 10 April 2020 and subsequently expanded to other localities across Indonesia. However, the Group's plantations and mills in Indonesia were not impacted by the PSSB and have remained in full operation throughout.

Notwithstanding the Group's business units were by and large able to operate during the pandemic, there are health and safety procedures that have been set to govern the operations in their respective locations in Malaysia and Indonesia including the following:

- Employees are regularly reminded on the personal hygiene practices and preventive measures to be taken against the spread of COVID-19.
- Posters on preventive measures are placed in strategic locations around the estates and work areas of the other business units.
- Temperature measurements are performed on employees and visitors before being allowed into the workplace. Anyone with a temperature above 37.5 degrees celcius will not be allowed into the premise.
- Every person who enters the workplace is required to wear a face mask and practise social distancing.
- Work from home arrangements are put in place for office employees to limit the number of employees in office and instead of physical meetings, video conferencing is encouraged.

As a whole, the COVID-19 pandemic has not significantly impacted the Group's operations nor its financial performance and position.

While the COVID-19 pandemic undoubtedly poses significant risk to many companies all over the world, there are other key risks which the Group is exposed to. These risks together with the mitigation measures are presented in the Sustainability Statement on pages 21 to 22 of the Annual Report. In addition, the Group's risk management approach is provided in the Statement of Risk Management and Internal Control on pages 66 to 68 of the Annual Report.

## MANAGEMENT DISCUSSION &amp; ANALYSIS 2020

## FINANCIAL REVIEW

The table below provides an overview of financial highlights of the Group for the FY2020 in comparison with FY2019:

	FY2019 (RM'000)	FY2020 (RM'000)
Continuing Operations		
Revenue	718,813	<b>781,667</b>
Core profit before taxation	57,364	<b>106,489</b>
Profit before taxation	62,309	<b>108,083</b>
Taxation	(20,804)	<b>(35,138)</b>
Profit after taxation from continuing operations	41,505	<b>72,945</b>
Profit after taxation from discontinued operations	4,120	<b>17,379</b>
Total profit after taxation	45,625	<b>90,324</b>
Profit attributable to owners of the Company	44,280	<b>79,487</b>
Shareholders' equity	1,438,982	<b>1,453,432</b>
Total equity	1,574,720	<b>1,597,783</b>
Borrowings	1,431,797	<b>1,309,195</b>
Cash and bank balances	125,854	<b>159,441*</b>
Short term funds	-	<b>15,302</b>
Net gearing ratio (times)	0.83	<b>0.71</b>

\* Including cash and bank balances in disposal group held for sale of RM11.6 million.

## Profit or loss

## • Revenue

The Group's FY2020 revenue from continuing operations of RM781.7 million was RM62.9 million or 8.8% higher than previous year's revenue of RM718.8 million, primarily contributed by the Palm Products segment which saw revenue increased by RM65.4 million, but partly offset by a decline in revenue from the Others segment of RM2.5 million.

The Palm Products segment revenue increased by 10.8% to RM670.1 million for the FY2020 primarily due to the upturn in CPO prices towards the second half of the year. The Group's average CPO price for 2020 increased to RM2,477.61 per MT compared with RM2,014.68 per MT in 2019. In addition, the increase in FFB production from continuing operations to 685,494.5 MT in 2020 from 662,483.9 MT in 2019 further helped to support the improvement in revenue.

## • Core profit before tax from continuing operations

The Group's core profit before taxation from continuing operations increased 85.5% to RM106.5 million from RM57.4 million in 2019. This was primarily due to the improvement in the segment profit of the Palm Products segment in line with its revenue improvement, as well as higher contributions from the profits of associate and joint ventures. The segment profit of the Palm Products segment increased to RM114.3 million from RM70.6 million in 2019 whereas the total share of profits from associate and joint ventures increased to RM32.5 million from RM19.2 million in 2019. The improvement in the profit contributions from Palm Products segment as well as associate and joint ventures was partially offset by the decline in the profit of the Others segment to RM19.9 million from RM31.9 million in 2019.

## • Profit after taxation

Continuing operations

The Group posted a net profit from continuing operations of RM72.9 million as compared with RM41.5 million recorded in FY2019, an increase of 75.7%, in line with the improvement in its core profit before taxation, partially offset by a lower net foreign exchange gain and a higher taxation charge. Net foreign exchange gain reduced to RM1.6 million from RM4.9 million in 2019 primarily as a result of relatively lower appreciation of the Ringgit Malaysia against the US Dollar. In line with the improvement in the profit before taxation from continuing operations, the Group's taxation increased to RM35.1 million from RM20.8 million in 2019. The taxation charge is higher than the statutory rate mainly due to deferred tax assets not recognised for certain subsidiaries coupled with non-deductibility of certain expenses for taxation purpose.

Discontinued operations

As a result of the Proposed Disposal of PT FDB and PT TSS, the profits arising from the operations of PT FDB and PT TSS have been classified as "Profit after taxation from discontinued operations". PT FDB and PT TSS collectively recorded a profit after taxation of RM17.4 million compared with RM4.1 million in 2019, an increase of RM13.3 million primarily attributable to higher average CPO price during the year.

Combining the profit after taxation from continuing and discontinued operations, the Group achieved a total profit after taxation of RM90.3 million compared with RM45.6 million recorded in the previous year, an increase of RM44.7 million or 98.0%.

## MANAGEMENT DISCUSSION & ANALYSIS 2020

### Capital structure and capital resources

#### • Shareholders' equity

Shareholders' equity increased to RM1,453.4 million from RM1,439.0 million in 2019 primarily due to the net profit attributable to owners of the Company of RM79.5 million, partially offset by a foreign currency translation loss of RM47.8 million in respect of the Group's net investment denominated in Indonesian Rupiah which weakened against the Ringgit Malaysia as at the end of the year, as well as a dividend of RM13.8 million paid during the year.

#### • Borrowings

The Group's total borrowings as at the year end was RM1,309.2 million compared with RM1,431.8 million as at the end of FY2019, a reduction of RM122.6 million as a result of net repayments of bank borrowings and sukuk.

Taking into account the Group's cash and bank balances and short term funds, net borrowings reduced 12.2% to RM1,146.1 million from RM1,305.9 million as at the end of FY2019.

#### • Gearing

The Group recorded a lower net gearing ratio of 0.71 times for the financial year under review (2019: 0.83 times) mainly due to lower net borrowings of RM1.1 billion (2019: RM1.3 billion) coupled with the improvement in shareholders' equity as stated above.

#### • Cash flows

The table below provides an overview of the cash flows of the Group in FY2020 compared with FY2019:

	FY2019 (RM'000)	FY2020 (RM'000)
Operating cash flows before changes in working capital	211,752	246,168
Changes in working capital	2,134	5,173
Cash flows from operations	213,886	251,341
Income tax paid (net of income tax refunded)	(31,730)	(16,820)
<b>Net cash flows from operating activities</b>	<b>182,156</b>	<b>234,521</b>
<b>Net cash flows used in investing activities</b>	<b>(77,257)</b>	<b>(6,433)</b>
<b>Free cash flow to firm</b>	<b>104,899</b>	<b>228,088</b>
<b>Net cash flows used in financing activities</b>	<b>(89,261)</b>	<b>(174,372)</b>
<b>Net increase in cash and cash equivalents</b>	<b>15,638</b>	<b>53,716</b>
Effects of exchange rate changes	1,473	(2,568)
<b>Cash and cash equivalents as at beginning of financial year</b>	<b>99,843</b>	<b>116,954</b>
Cash and cash equivalents transferred to disposal group	-	(11,609)
<b>Cash and cash equivalents as at end of financial year</b>	<b>116,954</b>	<b>156,493</b>

The Group's cash and cash equivalents as at year end amounted to RM156.5 million compared with the previous financial year end balance of RM117.0 million, which is mainly attributable to the net increase of cash and cash equivalents of RM53.7 million, offset by effects of exchange rate changes and cash and cash equivalents transferred to disposal group held for sale, which amounted to RM2.6 million and RM11.6 million respectively.



## MANAGEMENT DISCUSSION & ANALYSIS 2020

The net increase in cash and cash equivalents of RM53.7 million improved from the net increase achieved in FY2019 of RM15.6 million arising from the net effects of the following:

- The increase in net cash flows from operating activities to RM234.5 million from RM182.2 million in 2019 primarily attributable to the higher average CPO selling price.
- The decrease in net cash flows used in investing activities to RM6.4 million from RM77.3 million in 2019 primarily due to the decrease in capital outlay on property, plant and equipment by RM47.6 million and increase in dividends received from associate and joint ventures by RM24.7 million, partly offset by placement of short term deposits made in FY2020 of RM65,000 (2019: Withdrawals of RM0.8 million).
- The increase in net cash flows used in financing activities to RM174.4 million from RM89.3 million in 2019 primarily attributable to the increase in net repayments of borrowings by RM91.7 million compared with previous financial year, partly cushioned by the decrease in interest paid by RM5.4 million as borrowings were pared down.

In line with the improvement in net cash flows from operating activities coupled with the decrease in net cash flows used in investing activities, free cash flow to firm increased significantly to RM228.1 million from RM104.9 million in FY2019.

The Group recognises that excluding the disposal group held for sale, it is in a net current liabilities position. In this regard, the Group will continue to adopt a prudent stance on cash management to ensure that it is able to meet all debt obligations as and when they fall due. As at 31 December 2020, the Group has RM468.6 million in unutilised credit facilities and an additional new term loan facility of RM100.0 million has been obtained subsequent to the end of the reporting period. In addition, the Group expects to further improve its liquidity position through cash flow generated from operations, prudent capital spending as well as additional term loan facilities.

### Dividends

An interim single tier dividend of 1.5 sen for the financial year ended 31 December 2020 was paid on 1 April 2021. No final dividend has been recommended by the Directors for the financial year ended 31 December 2020 to conserve

the Group's cash resources in view of the present economic uncertainties. The dividend of 1.5 sen for the financial year ended 31 December 2020 is in line with the Group's long-term dividend payout policy of 20% to 30% of the Group's profit.

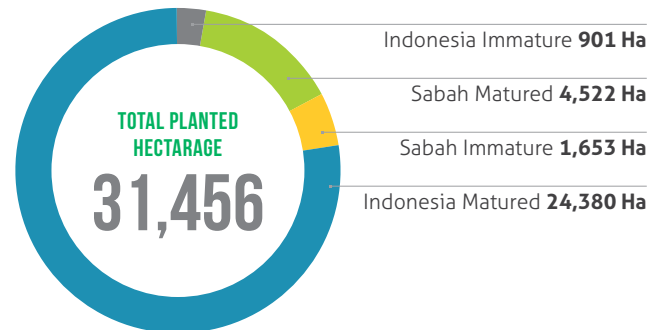
### BUSINESS AND OPERATIONAL REVIEW

The Group has two broad categories of operating business segments namely, Palm Products and Others, with the former being the core business of the Group.

#### Palm Products segment

##### • Continuing operations

The Group is predominantly an upstream player in the oil palm plantation industry. In respect of continuing operations, as at 31 December 2020, the Group has plantations located in Sabah, Kalimantan and Sumatera with a total planted area of 31,456 Ha, as well as six (6) palm oil mills, three (3) in Sabah, two (2) in Sumatera and one (1) in Kalimantan.



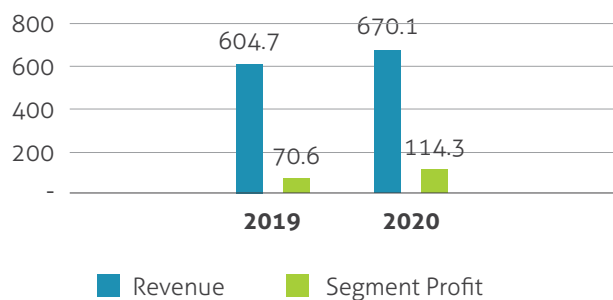
The age profile of the Group's palm oil trees is spread out with a weighted average age of 10.9 years, which is relatively young. This augurs well for the Group's FFB production in the coming years. In addition, the Group's unplanted land bank provides further growth opportunities and enables the Group to sustain the plantation business for the long term.

The unplanted land area will be developed gradually and in a sustainable manner. In this regard our overarching approach is to ensure that we adopt environmentally and socially responsible practices in our plantation development. In addition, as a member of the Roundtable on Sustainable Palm Oil ("RSPO") the Group is committed to adhering to the requirements set out in the New Planting Procedure which includes protecting High Carbon Stock areas within our concessions. Given the young age profile of our trees, we do not plan for any major planting in 2021.

## MANAGEMENT DISCUSSION & ANALYSIS 2020

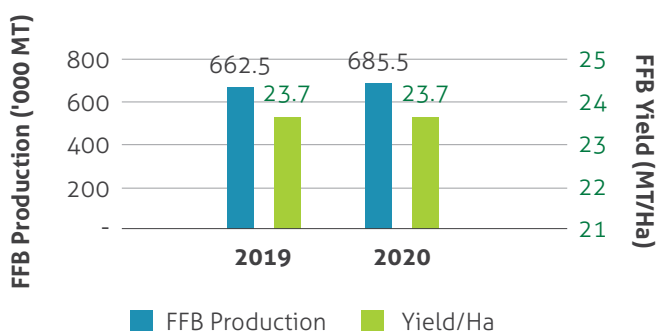
### Palm Products Segment Result

RM'million



The Palm Products segment revenue from continuing operations saw a significant increase to RM670.1 million from RM604.7 million in 2019. In line with the increase in revenue, segment profit from continuing operations improved to RM114.3 million from RM70.6 million in 2019. The performance of the segment was supported by the increase in average CPO and PK prices as well as FFB production. Average selling prices for CPO and PK for 2020 were RM2,477.61 per MT and RM1,415.51 per MT compared with RM 2,014.68 per MT and RM1,132.80 per MT, respectively in 2019.

### FFB Production & Yield



FFB production increased to 685,494.5 MT from 662,483.9 MT contributed by more planted areas coming into maturity. Average FFB yield remained at the 2019 level of 23.7 MT per Ha.

### Discontinued operations

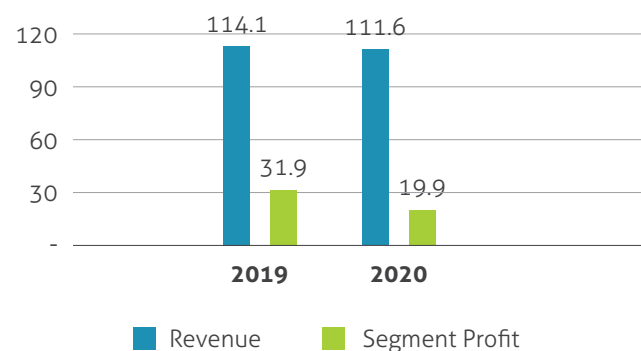
The discontinued operations namely that of PT FDB and PT TSS encompass a total planted area of 11,014 Ha as well as a palm oil mill in Kalimantan. The discontinued operations reported higher revenue of RM144.3 million compared with RM120.1 million in the previous financial year mainly due to higher CPO and PK prices of RM2,366.85 per MT and RM1,195.25 per MT, as compared to RM1,914.74 per MT and RM954.02 per MT, respectively in 2019. Segment profit from discontinued operations improved to RM28.1 million from RM20.1 million in 2019 in line with the increase in revenue. As for FFB production, the discontinued operations achieved 221,052.0 MT in 2020 compared with 231,254.4 MT in the previous financial year.

### Others segment

The Others segment comprises Bio-Integration division, Wood division and Cocoa products division.

### Others Segment Result

RM'million



The segment revenue decreased to RM111.6 million from RM114.1 million in 2019 mainly due to lower contributions from the Bio-Integration division and Cocoa products division as a result of lower sale of electricity and lower cocoa revenue respectively, partially cushioned by the improvement in the revenue from the Wood division.

Bio-Integration division's sale was impacted by lower supply of raw materials in line with the overall reduction

## MANAGEMENT DISCUSSION & ANALYSIS 2020

in FFB production in Sabah in 2020 compared to 2019. The overall reduction in Sabah's FFB production was due mainly to the impact of dry weather conditions experienced in the middle of 2019, compounded by the shortage of labour and restrictions due to the COVID-19 pandemic.

Cocoa products division also registered lower revenue of RM39.0 million (2019: RM54.4 million) due to the impact of the COVID-19 pandemic on the consumption of cocoa butter globally. Cocoa butter is a key ingredient in the manufacturing of chocolate. The restrictions on economic activities globally as a result of COVID-19 have severely impacted the demand on chocolate, which many consider a leisure product or even a luxury item, especially the premium chocolate brands. They depend heavily on impulse buying and gift purchases made at retail shops and specialty boutiques, airports, or while travelling. With the COVID-19 restrictions impacting travel, retail and hospitality, demand for chocolates also took a hit. The recent news that Godiva Chocolatier will close its retail stores and cafes in North America by the end of March 2021 is an example of the impact of COVID-19 pandemic on chocolate demand.

Revenue from the Wood division, generated from the sale of Ekowood EHF and sustainable forestry activities, improved considerably to RM53.5 million from RM35.4 million in 2019. This was because EIB's production in 2019 was impacted by a fire in the factory in February 2019. Notwithstanding the improvement in revenue, EIB Group's sales in 2020 were impacted as construction activities globally were disrupted by the COVID-19 pandemic restrictions. In Malaysia, many development project launches were deferred in view of the challenging market environment and weak consumer sentiment.

In line with the overall decline in the revenue, the Others segment saw a drop in the segment profit to RM19.9 million from RM31.9 million in 2019.

### FUTURE OUTLOOK AND PROSPECTS

As the Group's revenue is substantially from its oil palm plantation business segment, the prospects for the Group for 2021 will primarily be driven by palm oil prices. In this regard, CPO prices have remained buoyant, continuing from the upsurge momentum since the second half of 2020 and hitting a record high of RM4,247.50 per MT on 15 March 2021. The price rally primarily stems from the low



inventories of palm oil in Malaysia and also the tight supply situation with its close substitute, soybean oil, due to adverse weather conditions in key production areas. Malaysian palm oil production has been declining month on month since October 2020 as La Nina weather pattern and a pandemic-induced labour shortage disrupted harvesting. As a result Malaysian palm oil inventories have remained low hovering at about 1.3 million MT since December 2020.

Soybean oil has also been facing its own set of supply issues. The delayed start of the summer rains and drought in Brazil and Argentina resulted in soybean plantings to be delayed in late 2020. On the other hand, heavy rainfall at the start of 2021 crippled the pace of soybean harvest in Brazil, which has been the slowest in a decade. Argentina, however, has been facing dry weather in February 2021. This does not bode well for immature soybean crops and accordingly may affect upcoming soybean harvest in Argentina.

Due to the tight supply of edible oil, CPO prices are likely to remain supported in the first half of 2021. However, CPO price may weaken in the second half of 2021 as palm oil production recovers and inventories start to rebuild. Nevertheless, this will also depend on the demand situation particularly the pace of the global economic recovery. The launching of vaccination programmes around the world is fuelling market optimism of a swift economic recovery which will augur well for palm oil demand. In particular, demand from India and China, two major oil palm purchasers is expected to grow in 2021. Furthermore Indonesia's plans to continue with its B30 programme in 2021 will also help to absorb the anticipated production recovery in the second half of the year. In this regard, Indonesia's palm oil consumption for biodiesel is projected to increase to 8.0 million MT in 2021 from 7.2 million MT in 2020.

## MANAGEMENT DISCUSSION & ANALYSIS 2020



However, we are also cognisant that notwithstanding the vaccine-fuelled optimism, things can change quickly if the new waves of COVID-19 infections or the emergence of new variants are not quickly contained. Geopolitical tensions or extreme weather events can also impact the market supply and demand dynamics rapidly. On the whole, barring any unforeseen circumstances, the palm oil price outlook in 2021 appears favourable compared with the average price of 2020. As such, we are cautiously optimistic of achieving a satisfactory performance for 2021.



We remain optimistic on the long term prospect of the palm oil industry. From a demand perspective, the consumption of palm oil is expected to increase in line with population growth. This is because oil palm is a major source of the world's oil and fat and is undeniably the most efficient and versatile among oil crops. Palm oil is used to produce a wide variety of products such as food, animal feed, cosmetics, hygienic products as well as biodiesel. Accordingly, global population growth and access into new markets, higher per capita income and the widespread recognition of the many nutritional benefits of palm oil will continue to drive demand for palm products. On the supply side, with the ageing palm tree profile across Malaysia and Indonesia and the slowdown of new plantings since 2015, this is expected to limit the global supply of palm oil. Malaysia has capped its oil palm planted area to 6.5 million Ha whereas Indonesia had imposed moratorium on conversions of forest and peatland for oil palm has been made permanent in 2019. These measures will likely result in a structural change in global supply where output of oil palm will soon plateau. The supply constraints amid rising consumption will benefit palm oil prices in the long term. This bodes well for us as the weighted average age of our palm trees is still relatively young.

# SUSTAINABILITY STATEMENT

## INTRODUCTION

**SUSTAINABILITY HAS CONTINUOUSLY BEEN THE PRIORITY OF TSH RESOURCES BERHAD (“TSH”) AND ITS SUBSIDIARIES (“TSH GROUP” OR THE “GROUP”). ITS CONCEPT HAS BEEN ADAPTED IN OUR OPERATIONS AND REFLECTED IN OUR DECISION MAKING AND DEVELOPMENT PROCESS.**

The Group has undertaken various efforts to foster our environmental initiatives and our community programmes have improved the livelihoods of the underprivileged. Over the years, we have seen continuous improvements in our practices in our quest for sustainable production, social accountability and sound environmental management.

This Sustainability Statement will outline our efforts at embedding sustainability throughout the Group in the economic, environmental and social spheres, including our efforts at improving our practices. We will highlight some of the achievements made throughout 2020 from our efforts to turn waste into energy to rehabilitating forests.



### SHORT-TERM GOALS

- Monitoring usage of water for all 7 palm oil mills
- Managing chemical usage for oil palm estates
- Integrated pest management to be undertaken in all estates in Indonesia
- Sustainability Standard Operating Procedures (“SOP”) and insertion of sustainability requirements inside all the Operational SOP



### LONG-TERM GOALS

It is our goal to continue advancing sustainability by adopting economically, environmentally and socially responsible practices through certification of the following and continuing adherence to their respective principles:

- Roundtable on Sustainable Palm Oil (“RSPO”) certification for all 7 mills and related estates according to the RSPO time-bound plan
- Indonesia Sustainable Palm Oil (“ISPO”) certification for all the Indonesian Estates
- Malaysia Sustainable Palm Oil (“MSPO”) certification for all the Malaysian Estates and Mills



### SUSTAINABILITY VISION

To be a premier plantation company committed to sustainability.



### SUSTAINABILITY MISSION

To be a progressive plantation enterprise with emphasis on sustainable production, social accountability and sound environmental management.

## SUSTAINABILITY STATEMENT

### GOVERNANCE

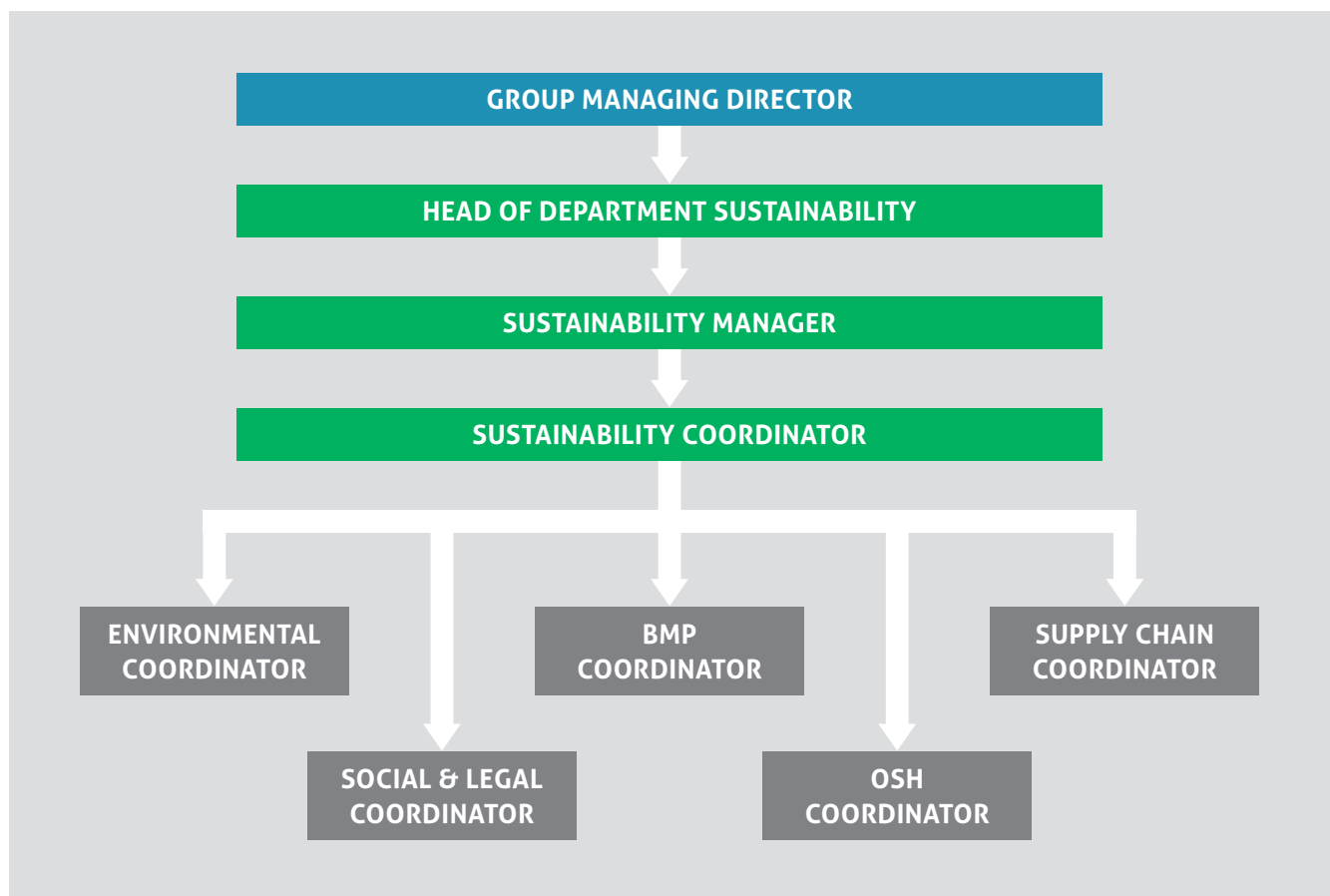
In pursuit of sustainability, the Group has a dedicated department specifically to manage sustainability issues led by the Head of Sustainability, the department coordinates and communicates with management and the plantation sites to address sustainability issues and pays comprehensive attention to the principles, criteria and mandatory requirements under the MSPO, ISPO and RSPO certification regimes.

In addition, the Executive Directors are responsible in managing day-to-day operations in accordance with the standards for social and ethical practices that have been set out in the Group Human Resource Manual. Since we operate in different countries, our policies are to meet the rules, needs and cultural practices in these countries. However,

effective sustainability practices that the Group has honed can be applied to all operations everywhere in the world.

The Board of Directors ("Board") has set specific sustainability objectives and the timelines in which to achieve them such as the RSPO, MSPO and ISPO certification of its mills and estates. The objectives and timelines are monitored closely by the Group Managing Director, given their importance in directing the way we carry out our activities.

Safety and health issues are managed by a Safety & Health Committee in the respective estates and mills. The Group also has in place an Audit Committee which oversees risk policies, profiles and registers and is assisted by the Internal Audit Department.



The Board is ultimately responsible for implementing TSH's Code of Ethics which is applicable to Directors, officers and employees of the Group. The Corporate Disclosure Policy and Procedures outlines the policies and processes for communications with shareholders, analysts as well as investors to ensure the effectiveness and compliance with the applicable laws, rules and regulations.

## SUSTAINABILITY STATEMENT

### RISK MANAGEMENT

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

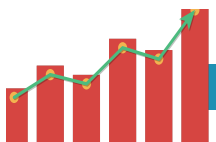
Operational risks are inherent in the activities within the different business units or subsidiaries of the Group. These risks are the responsibility of the various business units or department heads. However, the Group impresses on all its employees that everyone at TSH Group is responsible for good risk management.

### KEY RISKS IN 2020



#### Response to COVID-19

One of the biggest challenges globally in 2020 has been the COVID-19 pandemic. By and large our business operations were able to continue operating during the pandemic. However, all business units were required to adhere to new COVID-19 operating procedures to protect the health and safety of all our employees and curb the spread of the virus. Assistance by way of preparing personal protective equipment, medical supplies and daily needs have been provided to all our employees and their families. Constant monitoring and reporting with strict SOP was established to ensure the welfare of the employees and their families are taken care.



#### Price fluctuations

Crude Palm Oil (“CPO”) prices tend to be cyclical and fluctuate in accordance with the global supply and demand of major oils and fats; and edible oil prices such as soybean, sunflower and rapeseed oil which are substitutes for palm oil.

Although the movement in CPO prices is beyond TSH Group’s control, we mitigate the adverse effect of fluctuation in CPO and palm kernel prices by entering into short-term forward

contracts with its major customers and CPO futures to fix prices as a hedge against fluctuations and managing its cost downwards. In addition, the management constantly analyses and monitors the global demand patterns and trends for oils and fats, particularly palm oil to make prompt and informed decisions regarding its CPO sales.



#### Weather conditions

Extreme weather, including both drought (El Nino) and prolonged rainy seasons (La Nina) may adversely impact estate operations. Prolonged dry weather brought on by El Nino causes moisture stress in palms and can lead to crop reduction in the medium and longer terms. On the other hand, prolonged rainy seasons may also affect the progress and effectiveness of field maintenance programmes as well as hamper harvesting and logistic activities.

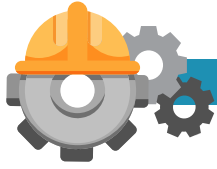
TSH Group has implemented several measures to alleviate problems associated with unfavourable weather conditions i.e. floods and dry weather. For example, to mitigate issues arising from floods, the Group has adopted measures to construct bunds and water gates in low lying areas. During the dry weather,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



#### Competing mills

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

## SUSTAINABILITY STATEMENT



### Labour force

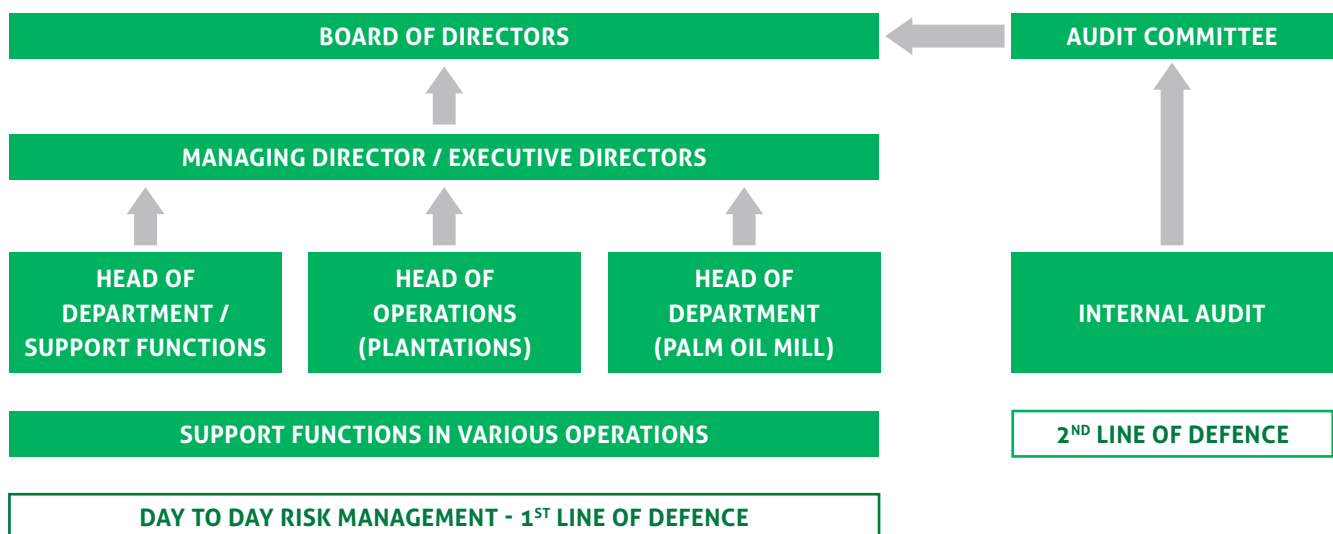
TSH Group adopts measures to ensure the retention of efficient employees by providing formal training, standard operating procedures, competitive remuneration, housing and amenities and a harmonious working environment. The Group is currently in the process of mechanising certain field operations to reduce dependency on labour. To date, the Group has not encountered any serious labour shortage or any significant labour dispute that could cause a major disruption in its daily operations. In addition, the Group has also appointed very experienced estate managers to manage the estates and has also set up a Plantation Training Academy in Kalimantan Tengah, with the purpose of recruiting and training suitable local workers to mitigate any labour shortage and maintain operating standards.



### Pests and Diseases

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

### GOVERNANCE FRAMEWORK





## SUSTAINABILITY STATEMENT

### SUSTAINABILITY IN PRACTICE

The Group’s sustainability initiatives are undertaken through a four-pronged approach that can be categorised as:

#### A) Sound environmental management

We promote sustainable forestry practices and the use of renewable resources. Our efforts are underlined by an ongoing commitment towards certification and standards. The Group complies with the Environmental Impact Assessment (“EIA”) requirements of projects and other regulations on safety and the environment. We are also committed towards nurturing our supply chain.

#### B) Human capital

The Group recognises that human capital is a key asset to sustained growth. We value the contributions of employees and are committed to treating all employees equally and paying them fairly according to their skills, performance and local market conditions. The Group also provides periodic training and opportunities for professional development. Besides that, there is an open grievance and whistle blowing channel made available in the TSH website and the complainant can be remained as anonymous upon request. We also have zero tolerance for harassment of any kind in the workplace.

#### C) Occupational Safety & Health (“OSH”)

TSH Group strives to have zero accidents by providing safe working conditions and sets up a Safety & Health Committee and an Emergency Response Team (“ERT”) for each operating unit to further embed a safety culture within the Group. Employees are regularly trained and reminded on the safety procedures while business operations are subjected to regular safety and health reviews.



*Fire fighting training conducted by Manggala Agni at PT Farinda Bersaudara.*



*External trainer demonstrating ways to handle fire emergencies.*

#### D) Community

TSH Group funds and supports a wide range of welfare, educational and health programmes to help the underprivileged. The Group also provides research grants and, in line with its policy, works with wildlife conservation bodies to protect rare, threatened or endangered species.



*Food contribution by PT Mitra Jaya Cemerlang for flood victims at sub-district of Pulau Malan.*

## SUSTAINABILITY STATEMENT

### KEY SUSTAINABILITY-RELATED POLICIES


All policies and statements in English, Bahasa Indonesia and Bahasa Melayu have been distributed to all estates. On 1 June 2020, TSH Group issued a new policy namely the Anti-Bribery and Corruption Policy (“ABC Policy”). The ABC Policy, and other corporate governance policies such as the Whistle-Blowing Policy, Code of Ethics and Conduct and Remuneration Policy and Procedures, as well as the Sustainable Palm Oil Policy are accessible from TSH’s website to demonstrate the Group’s commitment to corporate governance and sustainability in its business operations.

TSH Group’s Sustainable Palm Oil Policy encapsulates the 3 key components of sustainability namely environment, economy and social which are in turn governed by the policies, procedures and guidelines as presented below.




### Environment

- Environment Policy Statement



### Economy

- Board Charter
- Code of Ethics
- Corporate Disclosure Policy and Procedures
- TSH Corporate Governance Guidelines
- Transparency Policy Statement
- Whistle-Blowing Policy
- Sustainability Information Request Procedure
- Anti-Bribery and Corruption Policy



### Social

- Child Labour Policy Statement
- Equal Opportunity & Discrimination Policy Statement
- Freedom of Association Policy Statement
- Good Agricultural Practices (“GAP”)
- Human Rights & Responsible Business Practices Policy
- Reproductive Rights Policy Statement
- Safety and Health Policy Statement
- Sexual Harassment Policy Statement
- Group Human Resource Manual

### SCOPE

This Statement covers the Group’s operations within Malaysia and Indonesia, encompassing estates, processing mills, power plants and forest management which accounted for about 90% of the Group’s total operating revenue in 2020.

The Statement covers the period from 1 January 2020 to 31 December 2020 and follows the Bursa Malaysia Securities Berhad (“Bursa Securities”) Main Market Listing Requirements relating to Sustainability Statement in Annual Reports.

## SUSTAINABILITY STATEMENT

### STAKEHOLDER ENGAGEMENT

TSH Group attaches considerable importance to being open and transparent. The Group recognises that transparency promotes accountability and ensures that matters pertaining to stakeholders are approached with an emphasis on openness, ethical conduct, as well as operational and economic responsibility.

The Group strives to conduct its business in an accessible and visible manner. The presupposition of transparency does not preclude the legitimate protection of information (including commercial information) whose release would invade personal privacy, breach of confidentiality or damage other genuinely compelling interests. However, it is the Group’s aspiration to release information in formats that can be easily accessed, understood and analysed by all stakeholders.

TSH Group also aims to improve its long-term relationships. TSH’s website provides easy access to the latest information on the Group’s financials and operations. Email links are included for stakeholders to provide feedback or enquiries.

Also, stakeholder meetings are conducted at the estate level and during the assessment process for the Social Impact Assessment (“SIA”), EIA, High Conservation Value (“HCV”) Assessment and High Carbon Stock (“HCS”) Assessment. A stakeholder list is also available for all established estates in Indonesia.

At the corporate level, the secretarial department spearheads compliance with all regulatory requirements and communication with regulatory bodies. Constant two-way communication is also established with investors, analysts and shareholders via general meetings, quarterly announcements on results, periodic announcements to Bursa Securities and through press releases. Stakeholder communication methods are regularly assessed, through information requests, to ensure that they are transparent and effective.

Stakeholder Group	Engagement Platforms	Issues Raised in FY2020	Response to issues and outcomes
<b>Employees</b>	<ul style="list-style-type: none"> <li>Multichannel engagement</li> </ul>	<ul style="list-style-type: none"> <li>Safety</li> <li>Health improvements</li> <li>Housing improvements</li> <li>Minimum wage</li> <li>COVID-19 pandemic</li> </ul>	<ul style="list-style-type: none"> <li>New houses built and continuous repairs carried out</li> <li>All employees in mills and estates are provided with yearly medical check up</li> <li>Quality safety equipment are sourced and provided for all employees</li> <li>Minimum wage is practised in all units</li> <li>All employees are provided with personal protective equipments and sanitisers are made available to them</li> <li>Daily monitoring of employees temperature and symptoms</li> <li>Spraying of disinfectants in estate’s common areas and workers housing areas</li> <li>Briefing to all employees on new SOP to handle COVID-19 pandemic in our plantation</li> </ul>

## SUSTAINABILITY STATEMENT

Stakeholder Group	Engagement Platforms	Issues Raised in FY2020	Response to issues and outcomes
<b>Communities</b>	<ul style="list-style-type: none"> <li>Town hall meetings</li> <li>Community development programmes</li> <li>Various other formal and informal engagement</li> </ul>	<ul style="list-style-type: none"> <li>Community programme meeting</li> <li>Progress on Plasma Scheme</li> <li>Land-related claims and compensation</li> </ul>	<ul style="list-style-type: none"> <li>Various community development initiatives</li> <li>Plasma Scheme cooperative meeting minutes filed in the respective Indonesia estates</li> <li>Assessments such as SIA and HCV 5 and HCV 6 were carried out to determine the customary land owners and minimise land conflicts</li> </ul>
<b>Trade Unions</b>	<ul style="list-style-type: none"> <li>Welfare committee and/or trade union meeting</li> </ul>	<ul style="list-style-type: none"> <li>Minimum wage and piece rate policy</li> <li>Freedom of Association</li> <li>Housing</li> <li>Medical</li> </ul>	<ul style="list-style-type: none"> <li>Minimum wage policy in place. Ongoing discussions with unions on improvement issues</li> <li>Welfare Committee meetings are held every quarter</li> </ul>
<b>Civil Society</b>	<ul style="list-style-type: none"> <li>Multichannel engagement</li> </ul>	<ul style="list-style-type: none"> <li>Human rights issues including wages, and housing issues related to one of our subsidiaries</li> </ul>	<ul style="list-style-type: none"> <li>Issues addressed through grievance procedure, consultative meetings and Welfare Committee</li> </ul>
<b>Government</b>	<ul style="list-style-type: none"> <li>Multichannel engagement</li> </ul>	<ul style="list-style-type: none"> <li>Fire prevention requirements (Indonesia national agenda)</li> </ul>	<ul style="list-style-type: none"> <li>Equipment required in compliance with requirement by the Ministry of Environment and Forestry in Indonesia and Fire and Rescue Department and Forestry Department in Malaysia</li> </ul>
<b>Suppliers</b>	<ul style="list-style-type: none"> <li>Scheme smallholders</li> </ul>	<ul style="list-style-type: none"> <li>Financing and oil palm plantation management</li> <li>Developing small time oil palm smallholders in Indonesia through training and material aid</li> </ul>	<ul style="list-style-type: none"> <li>Meet targets for local suppliers</li> </ul>
<b>Media</b>	<ul style="list-style-type: none"> <li>Multichannel engagement</li> </ul>	<ul style="list-style-type: none"> <li>Financial and community information reported in various media platforms</li> </ul>	<ul style="list-style-type: none"> <li>Meet commitment for transparency</li> </ul>
<b>Industry (e.g. RSPO, Malaysian Palm Oil Association ("MPOA"), Malaysian Palm Oil Board ("MPOB"), ISPO and MSPO Certificate)</b>	<ul style="list-style-type: none"> <li>Multichannel engagement</li> </ul>	<ul style="list-style-type: none"> <li>Annual Communication of Progress ("ACOP") report for RSPO</li> </ul>	<ul style="list-style-type: none"> <li>ACOP report submitted for every year</li> <li>Commitment to ISPO and MSPO Certification</li> </ul>

## SUSTAINABILITY STATEMENT

### MATERIALITY

The issues most material to our business were determined from an analysis of internal documents, peer reviews and our risk register. We also used indicators in the Bursa Securities Sustainability Reporting Guide and the Global Reporting Initiative (“GRI”) G4 Sustainability Reporting Guidelines.

### Marketplace

In line with TSH Group’s commitment to be environmentally responsible, we are focused on improving the traceability of our palm oil to ensure that it is sourced from estates that operate ethically and implement sound environment practices. As part of this effort, we are pursuing the ISPO and RSPO certification for our entities. Our commitment is underlined by our membership in the RSPO.

- **Commitment to Certification**

In order to ensure that our operations are benchmarked to global standards, the Group became an RSPO member in November 2014. All mills and our estates supplying to the mills have committed to achieving RSPO certification by year 2022. Further, the Group achieved 100% MSPO Certification for all our units in Malaysia in 2020. The Group is committed in achieving ISPO Certification for all our Indonesia units by year 2023.

### STATUS UPDATES

Description	Number of RSPO-certified estates	Number of RSPO-certified mills
2016	1	1
2017	2	1
2018	4	1
2019	2	2
2020	0	0
<b>Total</b>	<b>9</b>	<b>5</b>

- **Plasma Scheme**

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 by providing them seed stock, fertilisers, pesticides, training and loans. Our objective is to assist the cooperative scheme smallholders through services and the management of their oil palm properties. To date, TSH Group has assisted in establishing 14 Smallholder Cooperatives under the Plasma Scheme in Indonesia.

The 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
- educating and assisting scheme smallholders in implementing sustainable business practices

- **Supply Chain Management**

As a responsible Group, we work to ensure that the materials and components we use in our entire supply chain such as raw oil palm bunches and fertilisers can be traced to sources.

We also strive to ensure that we source as much of our materials as possible from local suppliers so as to empower and boost the surrounding economy. In 2020, 100% of operational supplies were from local suppliers.

For the estates under our management, we strictly adhere to all local labour regulations and ensure that there is zero tolerance for forced labour and child labour. This is done through field audits and inspections of our plantations and of the estates managed by scheme smallholders who supply to us. We also perform audits to ensure that our estates and those of our suppliers comply with local environmental regulations especially when it comes to waste management and land clearing.

### ENVIRONMENT

As a plantation group, TSH Group works to ensure that its operations are environmentally responsible, and that adequate steps are taken to protect and effectively manage risks that may adversely impact the surrounding environment. Our Environment Policy Statement governs how we deal with greenhouse gas (“GHG”) emissions, waste management and biodiversity issues. We also have a zero burning policy for all our operations.

## SUSTAINABILITY STATEMENT

The Group actively recycles and manages waste, monitors and minimises its effluents and sources of pollution. We also partner with government agencies to protect bio-diverse and fragile ecosystems, besides replanting degraded and logged-out forests. The Group also generates renewable energy from oil palm waste for our own use and as a way to cut GHG emissions.

The Group will carry out a combined HCS and HCV analysis prior to any new development. We have conducted EIAs for all our Indonesian plantations and Sabah estates that were established after September 1999.

In addition, our palm oil production is handled according to GAP guidelines where field operations in the plantation and transportation are processed in ways that minimise environmental impact and take into account occupational safety and health of workers.

- **Waste-to-Energy**

We believe that nothing from our oil palm plantations should go to waste. Our bio-integration complex in Kunak, Sabah, exemplifies this by producing renewable energy from oil palm waste. Liquid and solid by-products from the palm oil mills are processed by the complex's biomass and biogas plants and turned into electricity and industrial steam.

Apart from tapping the commercial value of oil palm waste for the Group, we contribute to the country's electricity needs through renewable sources. The biomass plant has a renewable energy power purchase agreement ("REPPA") with Sabah Electricity Sdn. Bhd. to supply up to 10MW of green electricity to Sabah. The biomass plant is also the first in the country that is connected to the national grid. The green electricity sold to the grid helps offset power that is generated from fossil fuels. In this way, TSH Group is working to reduce our carbon footprint.

- i) **Biomass Power**

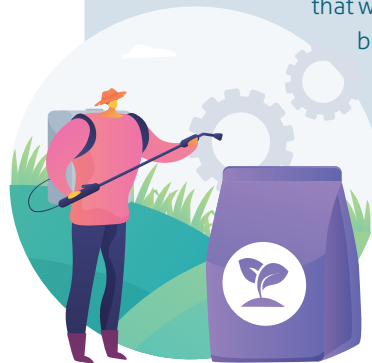
The integrated complex is powered by renewable green energy from a 14MW biomass cogeneration plant. The plant generates electricity and industrial steam from solid by-products from the mill.

- ii) **Biogas Power**

The biogas power section of the complex generates electricity from waste water produced from the palm oil milling process which is commonly known as Palm Oil Mill Effluent ("POME"). Energy is harvested from the POME through an aerobic activated sludge process and this treats the POME discharge to make it less environmentally harmful. Another key component in the process is the recovery of methane gas which is then used to generate electricity. This reduces greenhouse gas emissions from the milling process.

### Waste as fertiliser

Oil palm waste, empty fruit bunches and decanter wastes from mills are turned into mulch and organic fertilisers which are then applied in the plantations. This further reduces the waste we produce and recycles it into a material that we use on our own operations. The process is environmentally sound and saves money that would have otherwise been spent on waste disposal and buying chemical fertiliser.



- **Emissions**

The Group has taken initiatives to reduce carbon, N<sub>2</sub>O (Nitrogen Oxide) and CH<sub>4</sub> (Methane) by utilising mill waste such as decanter wastes and POME as organic fertiliser as well as relying on bio-gas generators and steam engines instead of diesel generators for electricity supply.

Presented below are the aggregate emissions per CPO per metric tonne ("MT") for the mills owned by TSH

## SUSTAINABILITY STATEMENT

Group in 2019 and 2020. These emissions are computed using RSPO Palm GHG calculator and verified by RSPO external auditor for the mills with RSPO certification.

Year	2019	2020
<b>Emission (tCO<sub>2</sub>e/CPO MT)</b>	4.2	3.1

• **Water Management**

- i) TSH Group maintains riparian boundaries to prevent freshwater contamination. We maintain an area of natural riverside vegetation – known as ‘riparian reserves’ – along both sides of a river that acts as a buffer between our plantations and the water source.
- ii) To ensure that we stay within environmentally accepted limits, lab assessments of the river water are done and analysed every six months.
- iii) We constantly strive to maintain efficiency of water usage in our mill operations.

**AVERAGE WATER USAGE**

Year	m <sup>3</sup> per MT of FFB processed
<b>2017</b>	1.18
<b>2018</b>	1.16
<b>2019</b>	1.13
<b>2020</b>	1.20

• **Sustainable Forestry**

The forest ecosystems which surround our facilities are important to TSH Group and we continuously work with state agencies and non-government organisations to ensure that we minimise harm to the environment and also treat degraded areas. We have implemented enrichment planting and silviculture treatment initiatives under Sabah’s Forest Management Unit (“FMU”) Programme. Our land development practices also meet strict environmental conditions to avoid harming biodiversity. Our use of sustainable wood materials has been accredited by the Forest Stewardship Council.

TSH was awarded the Compliance Certificate Award 2020 by the Sabah Forestry Department for its efforts in reforestation. TSH has received this award for 12 consecutive years.

**i) Forest Rehabilitation**

On 10 September 1997, TSH was awarded a 100-year licence by the Sabah government to carry out natural forest management works including rehabilitating, conserving and industrial tree planting on 123,385 hectares (“ha”) of forest in Ulu Tungud, Sabah. The award was under a Sustainable Forest Management License Agreement and the area is now known as the FMU 4. In 2020, total area rehabilitated was 3,439 ha and to date, about 30,168 ha of logged areas in the forest have been rehabilitated through enrichment planting and silviculture.

**ii) Forest Conservation**

As part of efforts to manage and enhance Sabah’s natural resources, the Group had on 11 November 2015 signed a memorandum of understanding with the Sabah government to surrender approximately 30,000 ha of land in the Ulu Tungud Forest Reserve which is in the Meliau range. This represents 24% of FMU4 and it has been set aside for preserving the ecosystem of the forest and protecting its rich flora and fauna which are some of the most bio-diverse and unique in the world.

Some 172 species of birds call the Meliau range their home and we are working with local and international non-governmental organisations (NGO), and the Sabah Forestry Department to study its biodiversity and ecology.



## SUSTAINABILITY STATEMENT

TSH will bear 50% of the costs and expenses for this project. As part of our commitment, currently we have 76 native staff and workers from the “Ansuang” and “Pinangah” tribes working on our Natural Forest Management programme.

### iii) Biodiversity

TSH Group has put in place several practices to mitigate our impact on the surrounding environment’s biodiversity. These include annual wildlife population assessments, soil conservation treatments, growing beneficial plants and monitoring HCV areas. To reduce pesticide use, we have implemented an integrated pest management programme that involves conducting a pest census and growing plants which are natural habitats for predators that feed on leaf-eating pests.



## WORKPLACE

At TSH Group, we realise that our successes are the result of our employees’ collective energy and efforts at the workplace. We continuously strive to bring out the best in them through technological systems that aid them in their work and through streamlined management and operating procedures.

We also put in place civil and labour rights protections to further look after their welfare, and embed a culture of rewarding them according to merit. It is hoped that these measures will create a workplace where our employees feel dignified and respected no matter their ethnicity, religion, political beliefs, gender or age.

We also strictly comply with local labour regulations and have implemented national minimum wage rates throughout our operations.

### • Human Rights

TSH Group is fully committed to operating in an ethical and responsible manner, and to eradicate human rights violations throughout its supply chain. Our Human Rights & Responsible Business Practices Policy covers elements of anti-bribery, anti-corruption and forced labour. One of the policy’s main objectives is to emphasise the importance of Free, Prior and Informed Consent. The impediment of these rights whether through bribery or through the fraudulent use of funds will not be tolerated. The Group will not do business with those who violate the rights of others, such as by using forced or child labour.

We uphold an individual’s right to be treated fairly and decently, and as a proactive measure, we have established a formal grievance mechanism so that complaints of mistreatment and abuse can be reported. The mechanism covers complaints on labour practices and human rights, and also comes with a remediation process.

#### i) Freedom of Association

TSH respects and recognises the right of its employees to freedom of association.

The Group also respects the collective bargaining process so as to lift the morale of employees and enhance productivity and industrial relations. As a proactive gesture, the Group has established Workplace Welfare Committees to represent employees and provide them a structured communication channel when a union is not present.

#### ii) Maternal Care

The Group is fully committed to supporting its employees’ reproductive rights and promotes accessibility to maternal health care. The Reproductive Rights Policy Statement underlines our commitment. The Group also ensures that pregnant and breast-feeding employees are given adequate days off, more frequent breaks and work re-assignments.



## SUSTAINABILITY STATEMENT

### iii) Child Labour

TSH Group is strongly against the use of children for work and is fully committed to eradicating the occurrence of child labour in its workforce, which includes employees, contractors, and volunteers, and any other comparable form that constitutes as labour according to local and international laws, within its Group. Furthermore, all our plantations provide day-care facilities for the children of the workers and staff to ensure the children are not brought along to the field.

### iv) Sexual Harassment

TSH Group has a zero tolerance policy for sexual harassment of any kind within the Group. Sexual harassment is deliberate or repeated, unsolicited and unwelcome verbal comments, gestures or physical contact of a sexual nature, or request for sexual favours which interferes with an individual's work performance or creates a toxic working environment.

- **Workforce Diversity**

TSH Group strongly believes in equal opportunity at work, embraces diversity and is against any and all forms of discrimination. The Group aspires to maintain a fair workplace by recruiting, developing, and retaining a diverse workforce in efforts to create an environment in which personnel can develop and apply the widest possible range of competencies and solutions without biased oppression or coercion.

In order to achieve this goal, the Group promotes the right to work and advancement on the basis of merit, ability, potential, and experience that is free from prejudice. The Group is strongly against the discrimination of any person based on age, race, caste, nationality, religion, disability, gender, sexual orientation, union membership and political affiliation. When appointing an employee, the Group through its management personnel will always evaluate and match the criteria of employees based on experience, expertise, professionalism, technical skills, specialist knowledge, time commitment, character, integrity, potential contribution and perceived ability to work cohesively with other employees.

Description	2017	2018	2019	2020
<b>Employee Breakdown</b>				
Total Number	8,992	8,270	8,036	7,252
Turnover Rate (%)	3.29%	1.87%	1.88%	1.50%
<b>Gender</b>				
Female	2,934	2,392	2,074	2,243
Male	6,058	5,878	5,962	5,009
<b>Number of women in Management</b>				
Board of Directors	1	2	2	2
Management	44	43	33	50
Executive	94	114	105	110
<b>Age Group</b>				
<30	3,177	2,729	2,385	2,082
30-50	5,458	5,110	5,172	4,711
>50	357	431	479	459

- **Occupational Safety and Health**

TSH Group is committed to maintaining high safety and health standards within its workforce, contractors, volunteers and visitors within the Group. To achieve this objective, each operation unit has established a Safety & Health Committee which is responsible for cultivating safe working practices and behaviour. A series of in-house training programmes on safety and health have also been conducted by committee members and external experts. Hazard Identification Risk Assessment and Controls ("HIRAC") processes are reviewed regularly and communicated to employees and contractors. OSH Awareness Campaigns are also conducted every year in all units. Trainings in relation to fire fighting drill, emergency response and personal protective equipment are conducted in all units. Safety induction is carried out for all new employees to ensure awareness and compliance.

#### LOSS TIME INJURY FREQUENCY RATE (LTIFR)

Year	2019	2020
LTIFR	10.08	14.30

\* Incidents/1 million man-hours worked.

## SUSTAINABILITY STATEMENT

Despite many safety and control measures carried out by TSH Group, we regret to report one fatality case in 2020. We express our sincere condolences to the family, friends and colleagues of the late employee. The management have investigated to identify the causes of the accident and the control measures taken to prevent similar accidents from happening in the future.

The Group provides adequate health care such as medical check-ups yearly for all workers and twice a year for those handling chemicals, pesticide, fertiliser and who operate the chemical premix station. The estates and mills have a clinic staffed with either medical officers or visiting medical officers, hospital assistants, nurses and midwife. A fully equipped ambulance is also on stand-by to assist in transferring the workers to medical facilities. Besides protective clothing, workers are trained to handle pesticides in a safe manner. In addition, a HIRAC system and related facilities are in place to cut down on hazards. In 2020, TSH Group made a public commitment as disclosed in the TSH website, on the prohibition of the use of paraquat and pesticides that are categorised as World Health Organisation Class 1A or 1B; chemicals listed under the Stockholm Convention, Rotterdam Convention and minimise the use of chemicals, including pesticides and chemical fertiliser in all its units in Indonesia. TSH Group has ceased the use of “paraquat” in Malaysia since 2002.



*Spirometry and audiometry tests are carried out routinely for workers at PT Farinda Bersaudara as part of its health promotion to employees.*

### • Training and Development

We nurture a conducive learning culture for all our employees – from the lowest general worker to the senior manager – equipping them with the knowledge and skills to effectively perform and overcome the challenges in our industry. This is done through dedicated training courses such as those described below.

- The Plantation Training Centre that was established in 2005 in Palangkaraya, Central Kalimantan, is a strong platform to spearhead our expansion in Indonesia. The centre shares best practices among field assistants and cadets that can be adopted in all our new estates. Besides providing a pool of talent for our expansion, in the long run, the knowledge gained improves the productivity of the plantation’s management. The centre has successfully churned out a large number of graduates, all of whom have started out on rewarding career in our plantations.
- Our annual training for employees includes topics such as code of conduct and business ethics, resource/environmental management, equal opportunity or non-discrimination practices, grievance mechanisms and remediation processes, human rights, child labour, forced labour, and occupational safety and health.
- Training on the management approach of TSH Group namely One Approach, which spells out inter-alia the Group’s philosophy of management by objectives focusing on the foundation, building blocks and processes for the effective execution of roles by employees.
- Training on the all-encompassing Group Human Resource Manual which spells out the benefits, rules and regulations and policies for our employees.
- Our Indonesian estates and mills conduct daily safety briefings for workers.
- Field workers are trained in SOP.
- Ong Yah Ho estate is provided with a Community Learning Centre.

## SUSTAINABILITY STATEMENT



A combination of classroom and on-site training is provided for workers to apply the skills learned in the field.



Training on Section 17A of the Malaysian Anti-Corruption Commission (Amendment) Act 2018 conducted by an external consultant.

Below are internal training programmes conducted in Indonesia from year 2017 to 2020 and category of employees benefited from these programmes:

Type of training	No. of trainees			
	2017	2018	2019	2020
Training on SOP Operation, leadership, effective communication and technical for Mandores & FFB Checkers	-	245	187	236
Training SOP HR (kerja lembur, Prosedur Cuti, Pemberian Surat Peringatan) for AM, EM, all executive and all staff	-	-	-	104
Induction training on SOP & System	40	46	18	7
Refresher training on SOP	126	-	-	64
Refresher training on SOP-Finance	-	14	-	-
Refresher training on Operation	-	37	-	-
Refresher training on Estate Management System & Estate Planning & Checkroll	89	54	193	-
Occupational Safety and Health Experts (Ahli K3 Umum)	20	-	-	-
Training on One Approach	-	-	117	64
Sustainability Policy Training on Child Labour and Opportunities and Discrimination	-	-	29	-
Training SOP Sustainability (Landfill, P2K3, Patok HGU, etc) for AM, EM, all executive and all staff	-	-	-	111
Training on chemical handling	-	-	239	-
Training on soft skill (Rules of Management and Time Management) for FA	-	-	-	64
<b>Total</b>	<b>275</b>	<b>396</b>	<b>783</b>	<b>650</b>

## SUSTAINABILITY STATEMENT

Category of employees	No. of trainees			
	2017	2018	2019	2020
Mandores & FFB checkers	-	245	187	236
Field Assistants	91	37	29	128
Cadets	13	10	33	4
Manager Estate Above/Senior Assistant Manager/Assistant Manager	121	90	251	282
Mill Staff, Executive/Admin Staff/AM HR/KTU/Admin Manager	50	14	44	-
Workers	-	-	239	-
<b>Total</b>	<b>275</b>	<b>396</b>	<b>783</b>	<b>650</b>

Regular performance and career development reviews were conducted throughout the Group. We offer feedback, coaching and on-the-job experiences to enable our employees to continuously work on the development of their competencies and skills. We also provide opportunities to employees for discussing career plans so that they can experience career satisfaction and feel more engaged and empowered in their respective roles.

### i) Succession Planning

The senior management succession plan involves attracting and developing talented and skilled people who fit with the Group's culture and business strategy as well as identifying successors for senior management positions. The Board is responsible for reviewing and monitoring the appointment and dismissal of senior management while the Group Managing Director is responsible for the senior management succession plan.

## • Employee Engagement and Benefits and Well-being

### i) Engagement

TSH Group understands that non-work activities and programmes are important to employee well-being and morale, and the Group regularly engages with employees through a variety of activities and celebrations. However, due to the COVID-19 pandemic, we have postponed our planned activities to avoid mass gatherings for the safety of our employees.



2020 Chinese New Year Celebration at TSH corporate head office prior to the implementation of the COVID-19 restrictions.

## SUSTAINABILITY STATEMENT

### ii) Benefits and Welfare

TSH Group provides a host of benefits that enhance the welfare of our workers especially those staying in or around our plantations. These benefits include physical facilities such as housing, schools, sports grounds, child crèches, treated water supply and places of worship. Non-physical benefits include sports club memberships, insurance coverage and a well-being programme.

### COMMUNITY

As a responsible corporate citizen, TSH Group strives to contribute to the surrounding community particularly children and the underprivileged. Each individual business unit/division has a Community Development Department which manages community projects and contributions. In addition, community programmes in Indonesia are based on guidelines from the Agriculture Ministry and the community's needs.

- **Community Giving and Charity**

In Indonesia, we have actively supported many community programmes as part of our initiatives to improve the livelihood of the surrounding community. In particular, TSH Group has placed great emphasis on education, disaster relief and/or preparedness, arts, culture and heritage, sports and health, religious activities and infrastructure development. Due to the COVID-19 pandemic, the Group reached out to the communities surrounding our plantations to support them with food, personal protective equipment and sanitisation products contributions.



*Contribution to all workers, staff and surrounding villagers on the commemoration of Qurban day for Muslims.*



*Regular social gatherings with "ninik mamak" (Head of Community) of the surrounding villages to establish and develop good relationships.*

## SUSTAINABILITY STATEMENT



*Donation of basic necessities to people in the neighbouring communities of PT Mitra Jaya Cemerlang plantation, whose livelihoods have been affected by the COVID-19 pandemic.*



*PT Laras Internusa contributed disinfectants to Red Cross Indonesia of Pasaman Barat district in support of their disinfection operation during coronavirus outbreak.*

## SUSTAINABILITY STATEMENT



*Contribution of food items to the villagers at Nagari Kinali near PT Laras Internusa plantation.*



*TSH donated 12 units of Powered Air Purifying Respirator and 3 units of High Flow Nasal Cannula Machine to the Sabah's Ministry of Health to help tackle against COVID-19 in that state. These equipment will be used by medical frontliners at Queen Elizabeth Hospital.*

## CORPORATE STRUCTURE



### PALM PRODUCTS SEGMENT

<b>100%</b> TSH Plantation Sdn. Bhd.	<b>51%</b> LKSK Sdn. Bhd.	<b>69.77%</b> PT. Laras Internusa	<b>90%</b> PT. Perkebunan Sentawar Membangun
<b>100%</b> TSH Plantation Management Sdn. Bhd.	<b>70%</b> PT. Andalas Agro Industri	<b>90%</b> PT. Farinda Bersaudara	<b>90%</b> PT. Andalas Wahana Sukses
<b>100%</b> TSH Palm Products Sdn. Bhd.	<b>70%</b> PT. Andalas Wahana Berjaya	<b>90%</b> PT. Mitra Jaya Cemerlang	<b>90%</b> PT. Prima Usaha Sukses
<b>50%</b> TSH-Wilmar Sdn. Bhd.	<b>90%</b> PT. Sarana Prima Multi Niaga	<b>90%</b> PT. Bulungan Citra Agro Persada	<b>21.94%</b> Innoprise Plantations Berhad
<b>42%</b> RT Plantations Sdn. Bhd.	<b>90%</b> PT. Teguh Swakarsa Sejahtera	<b>90%</b> PT. Munte Waniq Jaya Perkasa	<b>56.68%</b> Landquest Sdn. Bhd.



### OTHERS SEGMENT

<b>100%</b> Ekowood International Berhad	<b>100%</b> TSH Bio-Gas Sdn. Bhd.
<b>100%</b> Ekowood Malaysia Sdn. Bhd.	<b>100%</b> TSH Biotech Sdn. Bhd.
<b>100%</b> Ekowood (USA) Inc.	<b>100%</b> CocoaHouse Sdn. Bhd.
<b>100%</b> TSH Bio-Energy Sdn. Bhd.	<b>50%</b> TSH-Wilmar (BF) Sdn. Bhd.

#### Notes:

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



## CORPORATE INFORMATION

### BOARD OF DIRECTORS

**DATUK (DR.) KELVIN TAN AIK PEN**

Chairman, Non-Independent  
Non-Executive Director

**DATO' AIK SIM, TAN**

Group Managing Director

**DATO' JASMY BIN ISMAIL**

Independent Non-Executive Director

**SELINA BINTI YEOP JUNIOR @ LOPE**

Independent Non-Executive Director

**NATASHA BINTI MOHD ZULKIFLI**

Independent Non-Executive Director

**YAP BOON TECK**

Independent Non-Executive Director

**TAN AIK KIONG**

Group Executive Director

**CHEW SIEW YENG**

Independent Non-Executive Director

**TAN AIK YONG**

Executive Director

**LIM FOOK HIN**

Non-Independent Non-Executive  
Director

### AUDIT COMMITTEE

**YAP BOON TECK**

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

**DATO' JASMY BIN ISMAIL**

Member/Independent  
Non-Executive Director

**CHEW SIEW YENG**

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

**LIM FOOK HIN**

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

### NOMINATION COMMITTEE

**SELINA BINTI YEOP JUNIOR @ LOPE**

Chairperson/Independent  
Non-Executive Director

**YAP BOON TECK**

Member/Independent  
Non-Executive Director

**LIM FOOK HIN**

Member/Non-Independent  
Non-Executive Director

### REMUNERATION COMMITTEE

**DATO' JASMY BIN ISMAIL**

Chairman/Independent  
Non-Executive Director

**CHEW SIEW YENG**

Member/Independent  
Non-Executive Director

**LIM FOOK HIN**

Member/Non-Independent  
Non-Executive Director

### COMPANY SECRETARY

**CHOW YEEN LEE (MAICSA 7047480)**

SSM PC No.: 202008001593

### REGISTERED OFFICE

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

### AUDITORS

**BDO PLT (LLP 0018825-LCA & AF 0206)**

Level 8, BDO @ Menara CentARa  
360 Jalan Tuanku Abdul Rahman  
50100 Kuala Lumpur  
Tel : +603-2616 2888  
Fax : +603-2616 3190/3191

### PRINCIPAL BANKERS

Ambank (M) Berhad  
Bangkok Bank Berhad  
Hong Leong Bank Berhad  
HSBC Bank Malaysia Berhad  
Malayan Banking Berhad  
OCBC Bank Malaysia Berhad  
RHB Bank Berhad  
United Overseas Bank (Malaysia) Bhd

### SHARE REGISTRAR

**BOARDROOM SHARE REGISTRARS SDN. BHD.**

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

### STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia  
Securities Berhad

### COMPANY WEBSITE

www.tsh.com.my

## PROFILE OF BOARD OF DIRECTORS

### DATUK (DR.) KELVIN TAN AIK PEN

CHAIRMAN, NON-INDEPENDENT  
NON-EXECUTIVE DIRECTOR

Gender	Aged	Nationality
Male	63	Malaysian

#### ADDITIONAL INFORMATION:

Datuk (Dr.) Kelvin Tan Aik Pen has:

- (i) no conflict of interest with the Company;
- (ii) no conviction for any offences within the past five (5) years; and
- (iii) not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year.



**Datuk (Dr.) Kelvin Tan Aik Pen** is the Chairman, Non-Independent Non-Executive Director of the Company. He has been a Director of TSH since his appointment to the Board on 17 January 1986. He also sits on the board of a number of private companies.

He has more than thirty three (33) years experience in resource based industry, which includes extensive working knowledge of international trade practices. He was the Chairman of the Malaysian Cocoa Board for 8 consecutive years from 1997 to 2004

and trustee of the Borneo Conservation Trust Sabah from 2010 to 2013. He 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.

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

PROFILE OF BOARD OF DIRECTORS



**DATO'  
AIK SIM, TAN**

GROUP MANAGING DIRECTOR

Gender	Aged	Nationality
Male	57	Malaysian

**ADDITIONAL INFORMATION:**

Dato' Aik Sim, Tan has:

- (i) no conflict of interest with the Company;
- (ii) no conviction for any offences within the past five (5) years; and
- (iii) not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year.

**Dato' Aik Sim, Tan** was appointed as Group Managing Director on 1 January 2009 after serving as Chief Executive Officer since 1 September 2006. He was appointed to the Board of Directors of the Company on 27 February 1992. He is also the Group Managing Director of Ekowood International Berhad ("Ekowood") and sits on the board of various subsidiary companies of TSH. He obtained Bachelor's Degrees in both Economics and Engineering from Monash University, Australia in 1988.

He joined the Group in 1989 and over the years was heavily involved in its 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 TSH in 1994.

He was appointed the Chief Executive Officer of Ekowood in 1994 to

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

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

He is the brother of Datuk (Dr.) Kelvin Tan Aik Pen, Tan Aik Kiong and Tan Aik Yong.

## PROFILE OF BOARD OF DIRECTORS

### DATO' JASMY BIN ISMAIL

#### INDEPENDENT NON-EXECUTIVE DIRECTOR

Gender	Aged	Nationality
Male	57	Malaysian

#### ADDITIONAL INFORMATION:

Dato' Jasmy bin Ismail has:

- (i) no conflict of interest with the Company;
- (ii) no conviction for any offences within the past five (5) years; and
- (iii) not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year.



**Dato' Jasmy bin Ismail** was appointed as an Independent Non-Executive Director of TSH on 4 June 2014. He also serves as the Chairman of the Remuneration Committee and member of the Audit Committee.

He obtained his Chartered Institute of Logistics and Transport in 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 Malaysia Securities Berhad in 2003. He was the Chief Executive of Symphony's Technology Services Division. He also served as the Chairman of Symphony BCSIS Sdn. Bhd., a joint-venture company with OCBC Singapore's subsidiary, BCS Information Systems Pte. Ltd. ("BCSIS") and held the position until 2007. He was also an Independent Non-Executive Director of Malaysia Building Society Berhad up to February 2018. Presently, he is the Chief Executive of SGT International Sdn. Bhd. and a director of several other private limited companies.

He is currently an Independent Non-Executive Director of Reach Energy Berhad. He is also an Independent Non-Executive Chairman of Symphony Life Berhad, Naza TTDI Sdn. Bhd. and Naza Automotive Group. He is an appointed Council Member of Badminton Association of Malaysia.

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

PROFILE OF BOARD OF DIRECTORS

**SELINA BINTI YEOP JUNIOR @ LOPE**

INDEPENDENT NON-EXECUTIVE DIRECTOR

Gender	Aged	Nationality
Female	52	Malaysian

**ADDITIONAL INFORMATION:**

Selina binti Yeop Junior @ Lope has:

- (i) no conflict of interest with the Company;
- (ii) no conviction for any offences within the past five (5) years; and
- (iii) not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year.



**Selina binti Yeop Junior @ Lope** was appointed as an Independent Non-Executive Director of TSH on 14 August 2015. She also serves as the Chairperson of the Nomination Committee.

Selina Yeop Jr. is the Chief Executive Officer of Salina & Associates PR Sdn. Bhd., a boutique Public Relations agency based in Selangor, 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.

She has co-authored two books entitled “The IPO Debut” and “Small & Medium Success Stories” in aid of underserved single mothers.

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

## PROFILE OF BOARD OF DIRECTORS

### NATASHA BINTI MOHD ZULKIFLI

#### INDEPENDENT NON-EXECUTIVE DIRECTOR

Gender	Aged	Nationality
Female	46	Malaysian

#### ADDITIONAL INFORMATION:

Natasha binti Mohd Zulkifli has:

- (i) no conflict of interest with the Company;
- (ii) no conviction for any offences within the past five (5) years; and
- (iii) not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year.



**Natasha binti Mohd Zulkifli** was appointed as an Independent Non-Executive Director of TSH 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.

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

Given her deep interest to strengthen human capital development in the Malaysian rail space, in 2017 Natasha founded Women in Rail Malaysia, a not-for-profit entity which was established to support and promote equality and diversity within the Malaysian rail industry. She is passionate about driving Women in Rail Malaysia for the benefit of women not just currently working within the industry but to also promote the Malaysian rail space as a career of choice to young women studying in secondary 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 - 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 US AID 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). ASEAN-BAC was established by the ASEAN Heads of Government to provide private sector feedback and guidance to boost ASEAN’s efforts towards economic integration.

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

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

PROFILE OF BOARD OF DIRECTORS



**YAP BOON TECK**

INDEPENDENT NON-EXECUTIVE DIRECTOR

Gender	Aged	Nationality
Male	66	Malaysian

**Yap Boon Teck** was appointed as an Independent Non-Executive Director of TSH on 15 December 2015. He also serves as the Chairman of the Audit Committee and member of the 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 firms in the United Kingdom and medium to large local accounting and audit firms in Kuala Lumpur. While in public practice, Mr. Yap 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 the 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 Malaysian Land Properties Sdn. Bhd. where he served as the Group General Manager, overseeing management of the completed projects such as building management, shopping centre and hotels. He was also involved in the negotiation to purchase a major property and responsible for the various departments within the company, namely personnel, legal, finance and accounting and general administration.

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

He 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 until today.

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

**ADDITIONAL INFORMATION:**

Yap Boon Teck has:

- (i) no conflict of interest with the Company;
- (ii) no conviction for any offences within the past five (5) years; and
- (iii) not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year.

## PROFILE OF BOARD OF DIRECTORS



### TAN AIK KIONG

#### GROUP EXECUTIVE DIRECTOR

Gender	Aged	Nationality
Male	61	Malaysian

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

He obtained a Masters Degree in Civil Engineering, majoring in Construction

Management, from the Oklahoma State University, United States of America. Prior to joining the 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.

He is the brother of Datuk (Dr.) Kelvin Tan Aik Pen, Dato' Aik Sim, Tan and Tan Aik Yong.

#### ADDITIONAL INFORMATION:

Tan Aik Kiong has:

- (i) no conflict of interest with the Company;
- (ii) no conviction for any offences within the past five (5) years; and
- (iii) not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year.



PROFILE OF BOARD OF DIRECTORS



**CHEW SIEW YENG**

INDEPENDENT NON-EXECUTIVE DIRECTOR

Gender	Aged	Nationality
Male	63	Malaysian

**ADDITIONAL INFORMATION:**

Chew Siew Yeng has:

- (i) no conflict of interest with the Company;
- (ii) no conviction for any offences within the past five (5) years; and
- (iii) not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year.

**Chew Siew Yeng** was appointed as an Executive Director of TSH on 1 January 2013. On 1 November 2016, he was re-designated as Non-Independent Non-Executive Director following his retirement as Chief Financial Officer after 8 years of service. On 1 November 2018, he was re-designated as Independent Non-Executive Director. He also serves as a member of the Audit Committee and Remuneration Committee.

He started his career with an international accounting firm, PricewaterhouseCoopers from 1979 until 1994. During this period, he was attached to Audit and Business Advisory, Business Centre and Management Consultancy divisions with wide experiences covering all sectors of industries in private and listed companies. In 1995, he joined a listed company, AMDB Bhd as the

Group Financial Controller until 2007 with his last position as Senior General Manager- Corporate Services/ Finance and Chief Risk Officer. During this period, his main responsibilities included serving on the EXCO/Board of AMDB Group of companies and financial management involving supervision of the Group Finance functions, merger and acquisition, risk management, treasury and tax functions.

He holds a professional accounting qualification from the Malaysian Institute of Certified Public Accountants. He is a member of the Malaysian Institute of Accountants.

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

## PROFILE OF BOARD OF DIRECTORS

### TAN AIK YONG

#### EXECUTIVE DIRECTOR

Gender	Aged	Nationality
Male	52	Malaysian

#### ADDITIONAL INFORMATION:

Tan Aik Yong has:

- (i) no conflict of interest with the Company;
- (ii) no conviction for any offences within the past five (5) years; and
- (iii) not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year.



**Tan Aik Yong** was appointed as an Executive Director of the Company on 1 February 2016. He was previously an Alternate Director since 4 July 2003.

He is a non-practising barrister with a degree in Bachelor of Laws (LLB) from Queen Mary College, University of London. He qualified as a Chartered Financial Analyst (CFA) in 1998. His career started with a law firm in Kuala Lumpur and had since spent 10 years in investment banking activities in

the region. He was a senior manager in United Overseas Bank Group prior to joining TSH Group to handle investment planning, corporate and financing matters in 2002.

He also holds directorship in other private limited companies.

He is the brother of Datuk (Dr.) Kelvin Tan Aik Pen, Dato' Aik Sim, Tan and Tan Aik Kiong.

PROFILE OF BOARD OF DIRECTORS



**LIM FOOK HIN**

**NON-INDEPENDENT  
NON-EXECUTIVE DIRECTOR**

Gender	Aged	Nationality
Male	71	Malaysian

**Lim Fook Hin** was appointed as an Executive Director of TSH on 9 May 1997. On 1 February 2016, he was re-designated as Non-Independent Non-Executive Director. He also serves as a member of the Audit Committee, Remuneration Committee and Nomination Committee. He is currently a Director of Ekowood International Berhad. He also sits on the board of some subsidiary companies within the TSH Group and holds directorship in other private limited companies. He is a member of the Malaysian Institute of Certified Public Accountants. After qualifying as a member of the ICAEW, 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 ("UPOIC"), a company listed on the Stock Exchange of Thailand before joining TSH in 1997.

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

**ADDITIONAL INFORMATION:**

Lim Fook Hin has:

- (i) no conflict of interest with the Company;
- (ii) no conviction for any offences within the past five (5) years; and
- (iii) not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year.

## PROFILE OF KEY SENIOR MANAGEMENT

### MICHAEL WONG CHUNG HAU

CHIEF FINANCIAL OFFICER  
OF TSH RESOURCES BERHAD

Gender	Aged	Nationality
Male	55	Malaysian

**Michael Wong** is a member of the Malaysian Institute of Accountants, CPA Australia and ICAEW's Corporate Finance Faculty. He holds a Bachelor of Commerce (Honours) from the University of Melbourne, Australia.

He was appointed as Chief Financial Officer of the Group on 9 January 2018. He has 31 years of working experience in accounting, corporate finance, auditing and corporate advisory. Immediately prior to joining the Company, he was the Chief Financial Officer of Warisan TC Holdings Berhad. Prior to that, he had also served as Director of Corporate Finance at Deloitte Corporate Advisory Services Sdn. Bhd. where he led various engagements, including mergers and acquisitions, operational restructurings, feasibility studies and valuations.

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

### PANG THAU YIN

GENERAL MANAGER, RESEARCH AND  
DEVELOPMENT OF TSH RESOURCES BERHAD

Gender	Aged	Nationality
Male	60	Malaysian

**Pang Thau Yin** was appointed as General Manager, Research & Development on 1 October 2007. He obtained his BSc Hons in Agricultural Science from the University of Nottingham, United Kingdom.

Prior to joining the Company, he was a Chief Research Officer in the research and development department of a major plantation group. He has 34 years of experience in plantation crop research and advisory.

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

## PROFILE OF KEY SENIOR MANAGEMENT

### GOH KIAN YIN

REGIONAL FINANCIAL CONTROLLER  
IN INDONESIA

Gender	Aged	Nationality
Male	41	Malaysian

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

His work experience spans 19 years in several public listed and multinational companies in corporate finance, accounting, and taxation within various industries. Prior to joining the Company, he held senior positions in the finance division of GMG Global Ltd, a Singapore based integrated natural rubber producer, with primary focus on the production and supply of premium natural rubber products to the European, American and Asian markets. He is responsible for leading the development and execution of the Group’s long term strategy for its operation in Africa and Indonesia. He has served as Director in IMC Plantation Group of Companies in Indonesia. He started his career with RSM International in Malaysia.

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

### MOHD FAUDZI BIN AHMAD

GENERAL MANAGER, ESTATES FOR  
SUMBAR, INDONESIA

Gender	Aged	Nationality
Male	65	Malaysian

**Mohd Faudzi** joined the Group as Asst. General Manager, Estates for Sumbar, Indonesia on 12 November 2011 and was promoted to become General Manager, Estates on 1 January 2015. He has more than 40 years of experience in plantation management in Peninsular Malaysia, Sabah, Kalimantan and Sumatera. The companies he was previously attached to includes Sime Darby Plantation Sdn. Bhd., Kulim (M) Bhd and IOI Plantation Services Sdn. Bhd. His responsibilities consisted of managing oil palm estates, field maintenance, preventive maintenance for roads and vehicles, labour management, preparation of estate budgets and work programmes, implementation of financial control and estate operation activities to leading, training and motivating subordinates and workforce.

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

## PROFILE OF KEY SENIOR MANAGEMENT

### DOMINIC CHONG YU

#### GENERAL MANAGER, OPERATIONS

Gender	Aged	Nationality
Male	48	Malaysian

**Dominic Chong** was appointed as General Manager of Ekowood Malaysia Sdn. Bhd. on 2 April 2018. He graduated from the University of Leeds with a degree in Mechanical Engineering in 1995. After a brief stint in the steel business, Dominic spent the next 10 years of his career in engineering, project management and regional operational roles with the Linde Group. He then went on to head South Pacific Chemical Industries Sdn Bhd and Nippon Industrial Gases Pte Ltd before joining Ekowood.

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

### CHOONG WEI THENG

#### ASSISTANT GENERAL MANAGER – CENTRALISED FINANCE OF TSH RESOURCES BERHAD

Gender	Aged	Nationality
Female	50	Malaysian

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

She was appointed as Assistant General Manager - Centralised Finance on 1 January 2017. She has over 20 years of experience in auditing, accounting, taxation, treasury and business information system. She started her career as an auditor and has subsequently serves in a few public and private companies prior to joining TSH Group.

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

### OOI TZU SIN

#### ASSISTANT GENERAL MANAGER OF TSH RESOURCES BERHAD

Gender	Aged	Nationality
Female	49	Malaysian

**Ooi Tzu Sin** holds a BSc in Logistic and Supply Chain Management from the University of Bolton, United Kingdom.

She was appointed as Assistant General Manager of the Group on 10 February 2020. She has 12 years of working experience in purchasing and shipping. Immediately prior to joining the Company, she was the Procurement Senior Manager of Akemi International Sdn Bhd. Prior to that, she had also served as Sourcing & Alliance Manager at Loob Management Services Sdn Bhd and Purchasing Manager at Southern Steel Group of companies.

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

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

**THE BOARD OF DIRECTORS OF TSH (“BOARD”) RECOGNISES THAT EXERCISE OF GOOD CORPORATE GOVERNANCE IN CONDUCTING THE BUSINESS AND AFFAIRS OF THE COMPANY WITH INTEGRITY, TRANSPARENCY AND PROFESSIONALISM ARE KEY COMPONENTS FOR THE COMPANY’S CONTINUED PROGRESS AND SUCCESS. THESE WILL NOT ONLY SAFEGUARD AND ENHANCE SHAREHOLDERS’ INVESTMENT AND VALUE BUT WILL AT THE SAME TIME ENSURE THAT THE INTERESTS OF OTHER STAKEHOLDERS ARE PROTECTED.**

The Board is therefore committed to high standards of corporate governance and business practices. Accordingly, the Board has adopted TSH Corporate Governance Guidelines (“TSH Guidelines”) to assist the Board in the exercise of its responsibilities. The TSH Guidelines, along with the terms of reference (“TORs”) of the Board and Board Committees provide the framework for corporate governance at TSH. The Board periodically reviews the TSH Guidelines and TORs to ensure its relevance and it was last updated on 25 February 2021.

The Board is pleased to present this Statement, an overview of TSH’s corporate governance practices during the financial year with reference to the 3 Principles which are set out in the Malaysian Code on Corporate Governance 2017 (“Code”):

- (1) Board leadership and effectiveness;
- (2) Effective audit and risk management; and
- (3) Integrity in corporate reporting and meaningful relationship with stakeholders.

### PRINCIPLE 1: BOARD LEADERSHIP AND EFFECTIVENESS

#### I. Role and Responsibilities of the Board

The Board has overall responsibility for overseeing the effective management and control of the Group on behalf of TSH’s shareholders and supervising executive management’s conduct of the Group’s affairs within a controlled authority framework, which is designed to enable all aspects of operation are prudently and effectively assessed and monitored. The Board has adopted a schedule of matters reserved to it for decision, a copy of which can be found on TSH’s website at [www.tsh.com.my](http://www.tsh.com.my).

The Board is guided by its Board Charter which sets out the Board’s roles, powers, duties and functions. The Board Charter can be found online at TSH’s website. The structure of the Board ensures that no individual or group of individuals dominates the Board’s decision-making process. The Board is supported by the Audit Committee, Remuneration Committee and Nomination Committee. Each Board Committee has defined TORs, which can be found on TSH’s website.

#### Clear Functions of the Board and Management

There is a clear distinction between the roles and responsibilities of the Board, Chairman and Group Managing Director which are set out in the TSH Guidelines.

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

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board delegates some of its function to the Committees of the Board which operate within clearly defined TORs with a view to assist in the fulfillment of its responsibilities. Chairmen of the various Committees report to the Board with a recommendation on all matters considered at its meeting. In addition, minutes of each Board Committee meeting is circulated to all Board members in order to keep the Board abreast of the actions and decisions taken by each Board Committee.

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

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

Some of the matters considered by the Board in relation to the strategic priorities are disclosed in the Corporate Governance Report ("CG Report"), a copy of which can be downloaded from TSH's website at [www.tsh.com.my](http://www.tsh.com.my).

### Company Secretary

The Board is supported by a qualified Company Secretary who is a member of the Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA"). The Company Secretary ensures that all governance matters and Board policies and procedures are followed and that applicable laws and regulations are complied with.

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

### Supply and Access to Information and Advice

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

For each Board and Committee meeting, the meeting papers are, to the extent feasible, provided/made available 5 working days prior to each meeting so that Directors have sufficient time to read and understand the information and obtain further information, clarification or explanation, where necessary. Time is allocated for Directors to raise other matters not covered by the formal agenda.

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

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

### Code of Ethics

The Board is guided by a high standard of ethical conduct in accordance with the Code of Ethics for Company Directors as established by the Companies Commission of Malaysia. The Board is ultimately responsible for the implementation of this Code of Ethics.



## CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

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

### Whistle-Blowing Policy

The Board has adopted a Whistle-Blowing Policy in February 2010 that outlines the principles underpinning the policy and procedures. This policy aims to encourage the reporting of any misconduct, wrongdoings, corruption and instances of fraud, waste, and/or abuse involving the resources of the Group, in good faith, with the confidence that stakeholders making such reports will, to the extent possible, be protected from reprisal.

Details of whistle-blowing channel are available on the Company’s website at [www.tsh.com.my](http://www.tsh.com.my).

### Anti-Bribery and Corruption Policy (“ABC Policy”)

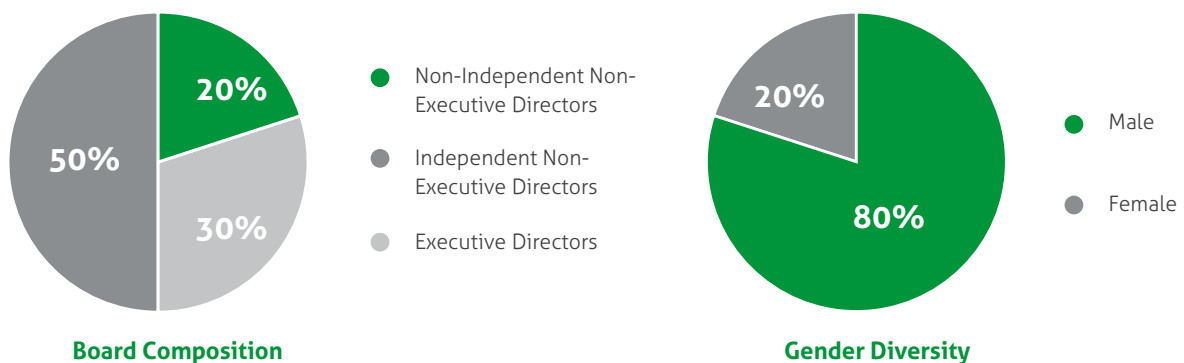
TSH Group has always believed in being open and transparent in conducting its business. With this also comes TSH Group’s commitment to operating in an ethical and responsible manner, accompanied by the highest standards of integrity and compliance with laws and regulations.

As the Group reinforces its principle towards zero tolerance approach to bribery and corruption in all its forms, an ABC Policy was adopted by the Board in 2020. This ABC Policy has been developed as part of TSH Group’s Anti-Bribery Management System, which has been designed to help prevent, detect and address bribery and corruption, by establishing a culture of integrity, transparency and compliance.

This ABC Policy was distributed to all employees within the Group for awareness and it has also been made available on the Company’s website for ease of reference.

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

## II. Board Composition and Independence



## CORPORATE GOVERNANCE OVERVIEW STATEMENT

TSH Board currently consists of 10 members, 5 Independent Non-Executive Directors including 2 female Directors, 2 Non-Executive Directors, one of whom is the Chairman and 3 Executive Directors, including Group Managing Director. The Board composition complies with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ("Listing Requirements") that requires a minimum of 2 Directors or one-third of the Board, whichever is higher, to be independent directors.

The Board consists of a majority of Non-Executive Directors and the Independent Directors are able to exercise strong independent judgement and provide balance to the Board with their unbiased and independent views, advice and judgement in all Board deliberations. The composition of the Board continues to provide the Group with a wealth of knowledge and experience to draw from a comprehensive mix of skills which includes financial, technical, public relations, accountancy, legal and business expertise that is important for the continued successful direction of the Group.

### Annual Assessment of Independent Directors

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

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

For the financial year ended 31 December 2020, each of the 5 Independent Non-Executive Directors had provided an annual confirmation of his/her independence to the Board based on its policy on criteria of assessing independence in line with the definition of "independence directors" prescribed by the Listing Requirements. The Nomination Committee and the Board had assessed the 5 Independent Non-Executive Directors of the Company, namely Dato' Jasmy bin Ismail, Selina binti Yeop Junior @ Lope, Natasha binti Mohd Zulkifli, Yap Boon Teck and Chew Siew Yeng and were satisfied with the level of independence demonstrated by all the Independent Directors and their ability to act in the best interest of the Company. Each Independent Director has retained their independence throughout the tenure and had not in any circumstances formed any association with management that might compromise their ability to exercise independent judgement.

### Tenure of Independent Director

The Board believes that the interests of all stakeholders are best served if its composition includes a blend of experience and tenure among Directors. The Board is of the view that the ability of long serving independent directors to remain independent and to discharge their duties with integrity and competency should not be measured solely by tenure of service or any pre-determined age. Their long service should not affect their independence as they are independent-minded and they continue to provide the necessary checks and balances in the best interest of the Company.

Notwithstanding the above, as at the date of this Statement, none of the Independent Directors has served more than 9 years on the Board.

### Diversity

The Board acknowledges the importance of Board diversity, including gender, ethnicity, age and business experience, to the effective functioning of the Board. While it is important to promote such diversity, the normal selection criteria of a

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

Director, based on effective blend of competencies, skills, extensive experience and knowledge in areas identified by the Board should remain a priority so as not to compromise on effectiveness in carrying out the Board's functions and duties.

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

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

The Company practices equal employment opportunities to all qualified individuals to create a workforce that is fair and inclusive and seeks to retain and attract the best people to do the job. The Company rewards and promotes employees based on assessment of individual performance, capability and potential. The Company is committed to providing opportunities that allow individuals to reach their full potential irrespective of individual background or difference.

Summary of the gender and age mix of our workforce (palm bio-integration and forest management divisions) is disclosed on page 31 of the Sustainability Statement 2020.

### Appointment of new Directors

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

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

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

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

In considering candidates as potential Directors, the Nomination Committee takes into account the following criteria:

- skills, knowledge, expertise and experience;
- character, integrity and professionalism;
- perceived ability to work cohesively with other members of the Board;
- number of directorships and other external obligations which may affect the Director's commitment, including time commitment and value contribution;
- diversity in age, gender and experience/background; and

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

- such other relevant factors as may be determined by the Nomination Committee which would contribute to the Board's collective skills,

whilst taking into account the current and future needs of the Company, boardroom diversity and other soft attributes required as Directors.

There is no change to the composition of the Board during the financial year.

### III. Foster Commitment

#### Time Commitment

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

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

During the financial year, the Board met 5 times, whereat it deliberated and considered various matters including the Group's financial results, major investment and strategic decisions, business plan and direction of the Group. Details of attendance of each Board member are as follows:

Name	27/02/20	21/05/20	14/07/20	19/08/20	18/11/20	Total
<b>Datuk (Dr.) Kelvin Tan Aik Pen</b>	✓	✓	✓	✓	✓	<b>5/5</b>
<b>Dato' Aik Sim, Tan</b>	✓	✓	✓	✓	✓	<b>5/5</b>
<b>Dato' Jasmy bin Ismail</b>	✓	✓	✓	✓	✓	<b>5/5</b>
<b>Selina binti Yeop Junior @ Lope</b>	✓	✓	✓	✓	✓	<b>5/5</b>
<b>Natasha binti Mohd Zulkifli</b>	✓	✓	✓	✓	✓	<b>5/5</b>
<b>Yap Boon Teck</b>	✓	✓	✓	✓	✓	<b>5/5</b>
<b>Tan Aik Kiong</b>	✓	✓	✓	✓	✓	<b>5/5</b>
<b>Chew Siew Yeng</b>	✓	✓	✓	✓	✓	<b>5/5</b>
<b>Tan Aik Yong</b>	✓	✓	✓	✓	✓	<b>5/5</b>
<b>Lim Fook Hin</b>	✓	✓	✓	✓	✓	<b>5/5</b>

The Directors' commitment to carry out their duties and responsibilities is affirmed by their attendance at the Board meetings held during the financial year ended 31 December 2020. In addition to the above, all Directors of the Company have complied with the Listing Requirements of not holding more than 5 directorships in listed issuers at any given time.

#### Directors' Training

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

All Directors had attended the Mandatory Accreditation Programme (MAP). The Board, through the Nomination Committee had undertaken an assessment of the training needs of each Director for the financial year under review and concluded that all Board members have vast experience and extensive knowledge in managing the core business of the Group.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

Nonetheless, the Directors are encouraged to attend various training programmes to ensure they keep abreast on various issues facing the changing business environment within which the Group operates to effectively discharge their duties as Directors.

For the year under review, all Directors had attended various seminars, talk, briefing and/or workshop either collectively or individually, details of which are set out in the CG Report.

### IV. Board Committees

#### Nomination Committee

The Board has established a Nomination Committee on 26 June 2001 and currently comprises 2 Independent Non-Executive Directors and 1 Non-Independent Non-Executive Director. The members of the Nomination Committee, chaired by a Senior Independent Director, are as follows:

- Selina binti Yeop Junior @ Lope (Chairperson)
- Yap Boon Teck
- Lim Fook Hin

The Nomination Committee is responsible for reviewing the Board's succession plans, training for Directors and assessing the effectiveness of the Board and Board Committees. Details of the Committee's TORs are available on TSH's website.

#### Annual Assessment

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

Details of the evaluation process and criteria as well as summary of the activities undertaken by the Nomination Committee during 2020 are disclosed in the CG Report.

The Directors who are due for retirement and re-election pursuant to Clause 100 of the Company's Constitution are Selina binti Yeop Junior @ Lope, Tan Aik Kiong and Lim Fook Hin. The Nomination Committee has recommended their re-election at the forthcoming AGM.

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

#### Remuneration Committee

The Board has established a Remuneration Committee on 26 June 2001 and currently comprises 2 Independent Non-Executive Directors and 1 Non-Independent Non-Executive Director as follows:

- Dato' Jasmy bin Ismail (Chairman)
- Chew Siew Yeng
- Lim Fook Hin

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

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

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

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

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

## PRINCIPLE 2: EFFECTIVE AUDIT AND RISK MANAGEMENT

### Audit Committee

As at the date of this report, the Audit Committee comprises 4 members, all of whom are Non-Executive Directors with a majority of them being Independent Directors. The Audit Committee is chaired by an Independent Non-Executive Director who is not the Chairman of the Board.

The Audit Committee is authorised by the Board to investigate any matter within its TORs and to have the resources in order to perform its duties and responsibilities as set out in its TORs. The Audit Committee has a policy that requires a former key audit partner to observe a cooling-off period of at least 2 years before being appointed as a member of the Audit Committee. The Audit Committee's TORs are made available on the Company's website at [www.tsh.com.my](http://www.tsh.com.my) and its report is set out in the ensuing pages of this Annual Report.

The Company's financial statements for the year ended 31 December 2020 are prepared in accordance with the provisions of the Companies Act 2016 and applicable financial reporting standards in Malaysia. The Board is responsible to ensure that the financial statements give a true and fair view and balanced and understandable assessment of the state of affairs of the Company and of the Group. The Statement of Directors' Responsibilities in respect of the preparation of the annual audited financial statements is set out in the ensuing pages of this Annual Report.

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

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

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

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

In addition, the Head of Internal Audit also undertook independent assessment of the system of internal control and assured the 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.

### Assessment of Suitability and Independence of External Auditors

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

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

Overall, the Audit Committee was satisfied with the suitability of Messrs BDO PLT as external auditors of the Group based on the quality of audit services and sufficiency of resources they provided to the Group.

### Risk Management and Internal Audit

The Board is responsible for maintaining a sound system of internal control to safeguard shareholders' investment and the Company's assets.

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

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

In addition to routine business, the Audit Committee through the internal audit function, actively reviews:

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

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

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### PRINCIPLE 3: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

#### Stakeholder Engagement

TSH Group is committed to engaging all stakeholders in a timely, effective and transparent manner. The Group has established a comprehensive website at [www.tsh.com.my](http://www.tsh.com.my), which includes a dedicated section on Investor Relations, to support its communication with the investment community. Investor queries may be directed to our Executive Director, Tan Aik Yong at [ir@tsh.com.my](mailto:ir@tsh.com.my). Stakeholders who wish to reach the respective divisions of the Group can do so through the 'Contact Us'.

The stakeholder groups whose activities could have significant impact on our business are carefully identified and are engaged at various platforms and intervals throughout the year. A variety of engagement initiatives including direct meetings and dialogues with community are constantly conducted. We also actively seek solutions to grievances and disputes through negotiations and other due processes. Our Sustainability Team has a dedicated section to address any enquiries or grievances relating to sustainability issues. Details on the stakeholders engagement can be found on our Sustainability Statement 2020.

#### Corporate Disclosure Policy

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

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

#### Leverage on Information Technology

The Company maintains a website at [www.tsh.com.my](http://www.tsh.com.my) for shareholders and the public to access information on amongst others, the Company's background, business activities and products, annual reports, corporate responsibility, shareholders' rights, updates on its various news and events and financial performance. In addition, the Board has also established a dedicated section for corporate governance on the Company's website where information on the Board Charter, shareholders' rights, code of ethics and conducts and whistle-blowing may be accessed.

The Board also encourages other channel of communication with shareholders. For this purpose, shareholders and other stakeholders may convey their concerns relating to the Company to the Senior Independent Non-Executive Director, Selina binti Yeop Junior @ Lope. At all times, shareholders may contact the Company Secretary for information on the Company.

#### Encourage Shareholder Participation at General Meetings

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



## CORPORATE GOVERNANCE OVERVIEW STATEMENT

On 3 August 2020, the Company had conducted its first fully virtual 40th AGM. The conduct of the fully virtual 40th AGM is in compliance with the Company's Constitution which allows general meetings to be held using any technology or electronic means. All 10 members of the Board were present, where 2 Directors, the Chief Financial Officer and external auditors were physically present at the broadcast venue. The other 8 Directors and the Company Secretary attended the 40th AGM via video conferencing.

In line with Practice 12.1 of the Code, the Notice of the 40th AGM was issued at least 28 days before the AGM date. The shareholders were given the opportunity to seek clarification on the Company's financial statements and other items for adoption at the meeting before putting a resolution to vote. It has always been the practice for the Chairman to provide ample time for the Q&A sessions in the AGMs and for suggestions and comments by shareholders to be noted by management for consideration.

An independent scrutineer was appointed to validate all the votes at the broadcast venue. The poll results were announced by the scrutineer and displayed on the screen before the closure of the AGM. The poll results were also announced by the Company via Bursa LINK on the same day for the benefit of all shareholders. A summary of the key matters discussed at the AGM was published on the Company's website as soon as practicable after the conclusion of the AGM.

### KEY FOCUS AREAS AND FUTURE PRIORITIES

FY2020 was a turbulent year caused by the COVID-19 pandemic which had impacted the global economy as well as serious implications on people's health. The key focus areas of the Board for the year under review were to ensure long-term sustainability of the business and ensuring the well-being and safety of our employees. Various precautionary measures had been undertaken by the Group in addition to adherence to the prevailing and applicable Standard Operating Procedures prescribed by the Government, the Ministry of Health, Majlis Keselamatan Negara and other relevant authorities to curb the spread of COVID-19.

The Board recognises the importance of environmental, social and governance (ESG) factors which has embedded into the business and changed the way we communicate to our stakeholders. Building on our principles of opportunity, accountability and integrity, these focus areas reflect the risks and opportunities identified by the business and the issues of interest to our stakeholders. As part of the Board oversight, a more robust ESG agenda will be developed for the Group. This includes setting clear ESG guidelines and giving overall strategic direction to the business operations, as well as overseeing the ESG roll-out and implementation throughout the process.

The Board, through its Audit Committee will continue to oversee, monitor and ensure that proper procedures are maintained with a focus on anti-bribery and corruption compliance. A comprehensive risk assessment shall be conducted every 3 years, or as and when deemed necessary by the Audit Committee, to determine the level of anti-bribery controls necessary for a particular aspect of TSH Group's operation, in addition to identifying current bribery and corruption risks potentially affecting the Group's operations. The results of the risk assessment shall be presented to the Audit Committee and Board, and incorporated into the Bribery Risk Register of TSH Group as an effective tool for risk handling and risk management.

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

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### ADDITIONAL COMPLIANCE INFORMATION

#### 1. Utilisation of Proceeds

No proceeds were raised by the Company from any corporate proposal during the financial year.

#### 2. Audit and Non-Audit Fees

The amount of fees paid or payable to the external auditors and its affiliates in relation to the audit and non-audit services rendered to the Company and the Group for the financial year ended 31 December 2020 are as follows:

	Group (RM)	Company (RM)
Audit fees	822,320	150,000
Non-audit fees	98,750	72,100

#### 3. Material Contracts

During the financial year under review, save as disclosed in the sections under Recurrent Related Party Transactions set out in the ensuing pages of this Annual Report, there were no material contracts entered into by the Company and/or its subsidiaries involving Directors' and major shareholders' interests which were still subsisting at the end of the financial year or if not then subsisting, entered into since the end of the previous financial year.

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

At the last AGM of the Company held on 3 August 2020, the Company had obtained a mandate from its shareholders ("Shareholders Mandate") to allow the Company and/or its subsidiaries to enter into Recurrent Related Party Transactions of a Revenue or Trading Nature ("Recurrent Transactions"). In accordance with Paragraph 10.09(2)(b) of the Listing Requirements, details of the Recurrent Transactions conducted during the financial year ended 31 December 2020 pursuant to the Shareholders' Mandate are as follows:

Name of Companies	Related Parties	Class of Related Party	Nature of Recurrent Transactions	Aggregate value of transactions made during the financial year (RM)
<b>TSH Plantation Sdn. Bhd. ("TSHP") and TSH Plantation Management Sdn. Bhd. ("TSHPM") (Seller)</b>	<b>TSH-Wilmar Sdn. Bhd. ("TSH-W") (Buyer)</b>	TSH-W is a joint venture company in which TSH Resources Berhad ("TSH") holds 50% equity interest. Datuk (Dr.) Kelvin Tan Aik Pen is a Director and substantial shareholder of TSH. He was a director of TSH-W. Tan Aik Kiong is a Director and shareholder of TSH and also holds directorships in TSHP, TSHPM and TSH-W. Dato' Aik Sim, Tan and Tan Aik Yong are Directors and shareholders of TSH. Tan Aik Yong is also a director of	Sale of crude palm oil	262,595,928

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

Name of Companies	Related Parties	Class of Related Party	Nature of Recurrent Transactions	Aggregate value of transactions made during the financial year (RM)
		<p>TSH-W. Both Dato' Aik Sim, Tan and Tan Aik Yong are persons connected to Datuk (Dr.) Kelvin Tan Aik Pen and Tan Aik Kiong. Tan Soon Hong, Ong Yah Ho, Tan Ah Seng, Tan Aik Choon, Tan Ek Huat, Tan Aik Hwa and Chin Chui Fong are shareholders of TSH and persons connected to Datuk (Dr.) Kelvin Tan Aik Pen and Tan Aik Kiong. Ong Yah Ho, Tan Aik Choon, Tan Ek Huat and Tan Aik Hwa are also directors of certain TSH subsidiaries.</p>		
<b>TSHP and TSHPM (Seller)</b>	<b>TSH-W (Buyer)</b>	Same as disclosed above	Sale of palm kernel	37,526,580
<b>TSHPM (Buyer)</b>	<b>Serijaya Industri Sdn. Bhd. ("SJI") (Seller)</b>	<p>SJI is a wholly-owned subsidiary of Innoprise Plantations Berhad ("Innoprise"). TSH is a substantial shareholder of Innoprise. Datuk (Dr.) Kelvin Tan Aik Pen is a shareholder of Innoprise and substantial shareholder and Director of TSH. He was a Director of Innoprise and SJI. Tan Aik Kiong is a Director of TSH, TSHPM and shareholder of TSH. He is also a shareholder of Innoprise and director of Innoprise and SJI. Dato' Aik Sim, Tan and Tan Aik Yong are Directors and shareholders of TSH. Both of them are persons connected to Datuk (Dr.) Kelvin Tan Aik Pen and Tan Aik Kiong. Tan Soon Hong, Ong Yah Ho, Tan Ah Seng, Tan Aik Choon, Tan Ek Huat, Tan Aik Hwa and Chin Chui Fong are shareholders of TSH and persons connected to Datuk (Dr.) Kelvin Tan Aik Pen and Tan Aik Kiong. Ong Yah Ho, Tan Aik Choon, Tan Ek Huat and Tan Aik Hwa are also directors of certain TSH subsidiaries.</p>	Purchase of fresh fruit bunches	-

This Statement has been reviewed and approved by the Board of Directors on 1 April 2021.

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

**THE BOARD OF DIRECTORS OF TSH (“BOARD”) IS PLEASED TO PROVIDE THE FOLLOWING STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL PURSUANT TO PARAGRAPH 15.26(B) OF THE BURSA MALAYSIA SECURITIES BERHAD MAIN MARKET LISTING REQUIREMENTS.**

**SET OUT BELOW IS THE BOARD’S STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL WHICH OUTLINES THE NATURE AND STATE OF INTERNAL CONTROL OF THE GROUP DURING THE YEAR UNDER REVIEW, AND UP TO THE DATE OF THIS ANNUAL REPORT.**

### **Board Responsibility**

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

### **Risk Management**

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

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

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

Taking into cognizance of the potential impact of the new Section 17A(1) of the Malaysian Anti-Corruption Commission (Amendment) Act 2018 on the Group’s risk framework, management has commissioned a third party consultant, working together with top management on enhancement of the anti-bribery management system. This will include review of existing policies and procedures, awareness workshop, training and compliance monitoring programme.

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

### Internal Control

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

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

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

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

### Review of the Statement by External Auditors

The external auditors have performed limited assurance procedure on the Statement on Risk Management and Internal Control pursuant to the scope set out in Audit Assurance and Practice Guide 3 ("AAPG 3"), *Guidance for Auditors on Engagements to report on the Statement on Risk Management and Internal Control included in the Annual Report* issued by the Malaysian Institute of Accountants ("MIA") for inclusion in the Annual Report of the Group for the year ended 31 December 2020, and reported to the Board that nothing has come to their attention that causes them to believe the Statement on Risk Management and Internal Control intended to be included in the Annual Report is not prepared, in all material aspects, in accordance with the disclosures required by paragraphs 41 and 42 of the Guidelines, nor is the Statement on Risk Management and Internal Control factually inaccurate.

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

### Conclusion

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

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

This Statement has been reviewed and approved by the Board of Directors on 1 April 2021.

## AUDIT COMMITTEE REPORT

**THE BOARD IS PLEASED TO PRESENT THE FOLLOWING REPORT ON THE AUDIT COMMITTEE AND ITS ACTIVITIES FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020.**

### AUDIT COMMITTEE COMPOSITION AND MEETINGS

As at the date of this report, the Audit Committee comprises the following Non-Executive Directors, a majority of whom are Independent Directors and is chaired by an Independent Non-Executive Director:

<b>Yap Boon Teck</b>	Chairman, Independent Non-Executive Director (Member of the Malaysian Institute of Accountants)
<b>Dato' Jasmy bin Ismail</b>	Member, Independent Non-Executive Director
<b>Chew Siew Yeng</b>	Member, Independent Non-Executive Director (Member of the Malaysian Institute of Accountants)
<b>Lim Fook Hin</b>	Member, Non-Independent Non-Executive Director (Member of the Malaysian Institute of Certified Public Accountants)

The Audit Committee met five times during the year to discharge its duties and responsibilities. Attendance of members of the Audit Committee during 2020 is shown in the table below.

Name	27/02/20	02/04/20	21/05/20	19/08/20	18/11/20	Total
<b>Yap Boon Teck</b>	✓	-	✓	✓	✓	<b>4/5</b>
<b>Dato' Jasmy bin Ismail</b>	✓	✓	✓	✓	✓	<b>5/5</b>
<b>Chew Siew Yeng</b>	✓	✓	✓	✓	✓	<b>5/5</b>
<b>Lim Fook Hin</b>	✓	✓	✓	✓	✓	<b>5/5</b>

During the financial year, the Audit Committee had engaged on a continuous basis with senior management, Head of Internal Audit and the external auditors in order to keep abreast of matters and issues affecting the Group. The Audit Committee Chairman will report to the Board, matters of significant concern as and when raised by the internal and external auditors and present the Audit Committee's recommendations to the Board for approval. The Company Secretary acts as the secretary to the Audit Committee. Minutes of meeting are distributed electronically to each Audit Committee member.

### TERMS OF REFERENCE

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

The Audit Committee is governed by its terms of reference which will be periodically reviewed and updated.

The terms of reference is made available on the Company's website at [www.tsh.com.my](http://www.tsh.com.my).

## AUDIT COMMITTEE REPORT

### REVIEW OF THE AUDIT COMMITTEE

An annual assessment and evaluation on the performance and effectiveness of the Audit Committee was undertaken by the Board of Directors through its Nomination Committee for the financial year ended 31 December 2020. The Audit Committee was assessed based on the following 6 key areas and the Board was satisfied that the Audit Committee had carried out its duties and functions in accordance with its terms of reference:

- i) Composition and quality
- ii) Process and procedures
- iii) Communications and information
- iv) Oversight of the financial reporting process including internal controls
- v) Oversight of audit functions
- vi) Financial literacy

### TRAINING

For the year under review, all members of the Audit Committee had attended various seminars, talk, briefing and/or workshop either collectively or individually, details of which are set out in the CG Report.

### SUMMARY OF ACTIVITIES

During the financial year, the Audit Committee discharged its functions and carried out its duties as set out in its terms of reference. Summary of work undertaken by the Audit Committee during the financial year encompassed the following:

#### 1. Financial Reporting and Compliance

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

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

To safeguard the integrity of financial statements of TSH, the Chief Financial Officer had given assurance to the Audit Committee that:

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



## AUDIT COMMITTEE REPORT

### 2. External Audit

During the year under review, the Audit Committee had 3 meetings and 2 private sessions with Messrs BDO PLT. The private sessions were held without the presence of the Executive Directors, management or internal auditors. The Audit Committee reviewed with Messrs BDO PLT on matters relating to the audit of the statutory accounts, audit report and recommendations made by them in their management letter and the adequacy of management's responses thereto. The Audit Committee also reviewed the non-audit services provided by Messrs BDO PLT and the aggregate amount of fees paid to them taking into consideration of the process and requirements including fee threshold established under the policy and was satisfied that they were not likely to create any conflicts of interest nor impair the independence and objectivity of the external auditors.

In the private sessions held with Messrs BDO PLT, the Audit Committee discussed the audit findings and other observations the external auditors may have during their audit process. There were no major concerns raised by the external auditors at the meetings.

In April 2020, the Audit Committee evaluated the performance of the external auditors based on 4 key areas, namely quality of service, sufficiency of resources, communication with management and independence, objectivity and professionalism. The Audit Committee assessed the performance of the lead engagement partner and his engagement team based on the private sessions held between the Audit Committee and the external auditors. The Audit Committee had also invited management to join the assessment as they had substantial contact with the external audit team throughout the year. Being satisfied with the external auditors' performance, technical competency, audit independence, adequacy of experience and resources of the firm as well as active engagement during the audit process, the Audit Committee recommended to the Board for approval of the re-appointment of Messrs BDO PLT as external auditors of the Company. At the last AGM held on 3 August 2020, the shareholders had approved the re-appointment of Messrs BDO PLT as auditors of the Company.

In November 2020, the Audit Committee reviewed the 2020 audit planning memorandum prepared by Messrs BDO PLT outlining their scope of work, approach which includes the procedures to be performed by the external auditors during their annual visits to the Group's estates/mills/power plants in Sabah, deliverables and proposed fees for the statutory audit and non-statutory audit. The Audit Committee had also reviewed and discussed the key audit matters ("KAMs"), details are reflected in the financial statements of this Annual Report.

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

A similar evaluation on the performance of Messrs BDO PLT was carried out by the Audit Committee in April 2021 and the Audit Committee recommended the re-appointment of Messrs BDO PLT as external auditors of the Company for the financial year ending 31 December 2021.

The Audit Committee shall continue to review KAMs raised by the external auditors as part of its focus areas for 2021 in addition to its routine business.

### 3. Internal Audit

The Audit Committee reviewed and approved the annual audit plan for 2020 having regard to the adequacy of scope and coverage of the activities of the Group. The internal audit team conducted the audit activities based on the audit plan approved by the Audit Committee.

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

The Audit Committee also reviewed the performance evaluation of the internal audit members and was generally satisfied with the performance of the internal audit function.

## AUDIT COMMITTEE REPORT

### 4. Recurrent Related Party Transactions

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

### 5. Other Matters

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

The Audit Committee also reviewed the dividend proposed by management to ensure consistency with the Company's long term dividend payout policy, taking into account the Company's profits, cash flow and capital investment requirements before recommending the same to the Board for approval.

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

## INTERNAL AUDIT FUNCTION

The Company established an Internal Audit Department in July 2001 which reports directly to the Audit Committee on a quarterly basis. The Internal Audit Department assists the Audit Committee in the discharge of its duties and responsibilities. Its key role is to provide independent and objective assurance designed to add value and assist the Group in accomplishing its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

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

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

For the year under review, the activities undertaken by internal audit are as follows:

1. Developed an annual audit plan using a risk-based approach, taking into consideration of the key business units of the Group and input from senior management and the Audit Committee members.
2. Provided independent assessment and objective assurance over the adequacy and effectiveness of risk management and internal control processes via structured reviews of units and operations identified in the annual audit plan.
3. Provided independent and objective reviews of the adequacy and relevance of internal controls enforced to mitigate the risk exposures.
4. Ascertained the level of compliance with established policies and procedures of the Company.
5. Recommended improvements and enhancements to the existing system of internal controls and work procedures/processes.

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

**THE BOARD OF DIRECTORS IS REQUIRED UNDER PARAGRAPH 15.26(A) OF THE BURSA MALAYSIA SECURITIES BERHAD MAIN MARKET LISTING REQUIREMENTS (“LISTING REQUIREMENTS”) TO ISSUE A STATEMENT ON ITS RESPONSIBILITY IN THE PREPARATION OF THE ANNUAL AUDITED FINANCIAL STATEMENTS.**

The Directors are required by the Companies Act 2016 (“the Act”) to prepare financial statements for the financial year which give a true and fair view of the financial positions of the Group and of the Company as at 31 December 2020 and of their financial performance and cash flows for the year then ended.

In preparing the financial statements, the Directors have:

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

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

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



# 2020 FINANCIAL STATEMENTS

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## DIRECTORS' REPORT

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2020.

### PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding, oil palm cultivation and forest plantation. The principal activities and details of the subsidiaries are stated in Note 23 to the financial statements and are primarily involved in oil palm cultivation and processing. There have been no significant changes in the nature of these activities during the financial year.

### RESULTS

	Group RM'000	Company RM'000
<b>Continuing operations</b>		
Profit for the financial year from continuing operations	72,945	23,339
<b>Discontinued operations</b>		
Profit for the financial year from discontinued operations, net of tax	17,379	-
<b>Profit for the financial year</b>	<b>90,324</b>	<b>23,339</b>
<b>Attributable to:</b>		
Owners of the Company	79,487	23,339
Non-controlling interests	10,837	-
	90,324	23,339

### DIVIDENDS

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

	Company RM'000
In respect of the financial year ended 31 December 2019	
First and final single tier dividend of 1.0 sen per ordinary share, paid on 28 August 2020	13,802

On 25 February 2021, the Directors declared a first interim single tier dividend of 1.5 sen per ordinary share, amounting to RM20,703,000 in respect of the financial year ended 31 December 2020. The financial statements for the current financial year do not reflect this dividend. The dividend will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2021.

The Directors do not recommend the payment of any final dividend in respect of the financial year ended 31 December 2020.

## DIRECTORS' REPORT

### RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year.

### ISSUE OF SHARES AND DEBENTURES

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

### TREASURY SHARES

At the Annual General Meeting held on 3 August 2020, the shareholders of the Company by an ordinary resolution renewed the mandate given to the Company to repurchase its own shares based, amongst others, on the following terms:

- (i) The number of shares to be repurchased and/or held as treasury shares shall not exceed 10% of its existing issued and paid-up share capital of the Company;
- (ii) The amount to be utilised for the repurchase of own shares by the Company shall not exceed the total retained earnings of RM275,709,000 based on the latest audited financial statements as at 31 December 2019; and
- (iii) The Directors may retain the shares so repurchased as treasury shares and/or retain part of the shares so repurchased as treasury shares and cancel the remainder and/or distribute them as share dividend or may resell the treasury shares and/or cancel them and/or transfer all or part of the treasury shares for purposes of an employees' share scheme and/or as purchase consideration in a manner they deem fit in accordance with the provisions of the Companies Act 2016 in Malaysia and listing requirements and applicable guidelines of Bursa Malaysia Securities Berhad.

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

As at 31 December 2020, the Company had 1,629,000 ordinary shares held as treasury shares with a carrying amount of RM1,467,000. The details of treasury shares are disclosed in Note 36 to the financial statements.

### OPTIONS GRANTED OVER UNISSUED SHARES

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

### DIRECTORS

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

#### TSH Resources Berhad

Tan Aik Pen

Tan Aik Sim

Dato' Jasmy Bin Ismail

Selina Binti Yeop Junior @ Lope

Natasha Binti Mohd Zulkifli

**DIRECTORS' REPORT****DIRECTORS (continued)**

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

TSH Resources Berhad (continued)

Yap Boon Teck  
Tan Aik Kiong  
Chew Siew Yeng  
Tan Aik Yong  
Lim Fook Hin

Subsidiaries of TSH Resources Berhad

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

Tan Aik Pen  
Tan Aik Sim  
Datuk Jaswant Singh Kler  
Lim Fook Hin  
Tan Aik Kiong  
Tan Aik Yong  
Tan Ek Huat  
Tan Aik Hwa  
Asgari Bin Tun Mohd Fuad Stephens  
Chen Chu Chai @ Anthony Tsen Sui Lin  
Bedi Bin Maikas  
Lemoi Binti Masilim  
Tan Aik Choon  
Lok Huey Ming  
Ong Yah Ho  
Ainawati Binti Abd Sani  
John bin Sardin  
Raden Harry Zulnardy  
Karsidi  
Faudzi Bin Ahmad  
Iban Bragado Lafuente  
Michael Wong Chung Hau  
Michelle L. Brantley  
Fiona Lane  
Renatha Philoé  
Darwin Arriega  
Haji Abdul Wahab  
Ke Jek Tiang  
Ferly Versady  
Mudappathi Sugunan Nair  
Peter Dodoo  
Wong Twee Jong

## DIRECTORS' REPORT

### DIRECTORS (continued)

#### Subsidiaries of TSH Resources Berhad (continued)

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

Wan Nor Azmi Bin Mat Esa	
Tan Sze Lian Celine	
Paul Lim Joo Heng	
Ong Chu Yaw	(Appointed on 21 September 2020)
Li Fui Yee	(Appointed on 6 January 2021)
Datuk Dr. Abdul Razak bin Mohd Ali	(Resigned on 19 August 2020)
Iry M Karangkas	(Resigned on 6 January 2021)

### DIRECTORS' INTERESTS

The Directors holding office at the end of the financial year and their beneficial interests in ordinary shares of the Company and of its related corporations during the financial year ended 31 December 2020 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act 2016 in Malaysia were as follows:

	Number of ordinary shares			Balance as at 31.12.2020
	Balance as at 1.1.2020	Acquired	Transferred	
<b>Shares in the Company</b>				
<u>Direct interests:</u>				
Tan Aik Pen	191,119,317	19,480,000	-	210,599,317
Tan Aik Sim	53,371,564	-	-	53,371,564
Tan Aik Kiong	55,438,695	-	-	55,438,695
Tan Aik Yong	53,949,717	-	-	53,949,717
Lim Fook Hin	1,602,000	-	-	1,602,000
<u>Indirect interests:</u>				
Tan Aik Kiong	27,125	-	-	27,125
Lim Fook Hin	4,500,000	-	(4,000,000)	500,000
Chew Siew Yeng	210,000	-	-	210,000

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



## DIRECTORS' REPORT

### DIRECTORS' BENEFITS

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

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

### DIRECTORS' REMUNERATION

The details of Directors' remuneration are disclosed in Note 14 to the financial statements.

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

The Group and the Company did not effect any Directors' and officers' liability insurance during the financial year. There were no indemnity given to or insurance effected for the auditors of the Group and of the Company during the financial year.

### OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY

#### (I) AS AT THE END OF THE FINANCIAL YEAR

- (a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:
  - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and had satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
  - (ii) to ensure that any current assets other than debts, which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.
- (b) In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature except for:
  - (i) insurance claims received and receivable arising from fire amounted to RM16,356,000 as disclosed in Note 46.2 to the financial statements;
  - (ii) property, plant and equipment and inventories written off arising from fire amounted to RM1,855,000 and RM10,556,000 respectively as disclosed in Note 46.2 to the financial statements; and
  - (iii) the effects arising from the reclassification of discontinued operations as disclosed in Note 16 to the financial statements.

## DIRECTORS' REPORT

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

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

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

#### (III) AS AT THE DATE OF THIS REPORT

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

### SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR AND SUBSEQUENT TO THE END OF THE REPORTING PERIOD

Significant events during the financial year and subsequent to the end of the reporting period are disclosed in Note 46 to the financial statements.

## DIRECTORS' REPORT

### AUDITORS

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

The details of auditors' remuneration of the Company and its subsidiaries for the financial year ended 31 December 2020 are disclosed in Note 12 to the financial statements.

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

**Tan Aik Sim**

Director

Kuala Lumpur

1 April 2021

**Tan Aik Yong**

Director

## STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 88 to 204 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 the Group and of the Company as at 31 December 2020 and of the financial performance and cash flows of the Group and of the Company for the financial year then ended.

On behalf of the Board,

**Tan Aik Sim**

Director

Kuala Lumpur

1 April 2021

**Tan Aik Yong**

Director

## STATUTORY DECLARATION

I, Michael Wong Chung Hau (CA 10383), being the officer primarily responsible for the financial management of TSH Resources Berhad, do solemnly and sincerely declare that the financial statements set out on pages 88 to 204 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly )  
declared by the abovenamed at )  
Kuala Lumpur, this )  
1 April 2021 )

**Michael Wong Chung Hau**

Before me:

# INDEPENDENT AUDITORS' REPORT

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

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of TSH Resources Berhad, which comprise the statements of financial position as at 31 December 2020 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 88 to 204.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2020, and of their financial performance and cash flows for the financial year then ended 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 Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence and Other Ethical Responsibilities

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

### Key Audit Matters

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

#### **a. Impairment of trade receivables and plasma receivables**

As at 31 December 2020, the Group had trade receivables and plasma receivables amounted to RM26,430,000 and RM29,827,000 respectively, which were net of impairment losses of RM7,428,000 and RM9,818,000 respectively. The details of trade receivables and plasma receivables and their credit risks have been disclosed in Note 27(a) and Note 27(b)(ii) to the financial statements respectively.

We determined this to be a key audit matter because it requires management to exercise significant judgement in determining the probability of default by trade receivables and 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 impact of COVID-19 pandemic.

## INDEPENDENT AUDITORS' REPORT

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

### Key Audit Matters (continued)

#### a. *Impairment of trade receivables and plasma receivables (continued)*

##### **Audit response**

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

##### Impairment assessment of trade receivables

- (i) recomputed the probability of default using historical data and forward looking information adjustment, incorporating the impact of the COVID-19 pandemic, applied by the Group;
- (ii) recomputed the correlation coefficient between the macroeconomic indicators set by the Group and historical credit losses to determine the appropriateness of the forward looking information used by the Group; and
- (iii) inquired of management to assess the rationale underlying the relationship between the forward looking information and expected credit losses.

##### Impairment assessment of plasma receivables

- (i) evaluated assessments performed by management and assessed adequacy of expected credit losses based on expected cash flows recoverable from plasma receivables, which were derived from expectation of repayment patterns from plasma receivables, either through funding from banks and/or cash flows through sales of fresh fruit bunches;
- (ii) assessed and evaluated reasonableness of discount rate used in calculating the present value of non-current plasma receivables over their expected repayment periods;
- (iii) recomputed the probability of default using historical data and forward looking information adjustment, incorporating the impact of the COVID-19 pandemic, applied by the Group;
- (iv) assessed the appropriateness of the indicators of significant increase in credit risk applied by the management and the resultant basis for classification of exposure into respective stages; and
- (v) evaluated basis used by management in determining cash flows recoverable in worst-case scenarios, where applicable.

#### b. *Impairment of amounts due from subsidiaries*

As at 31 December 2020, amounts due from subsidiaries of the Company were RM827,657,000, which were net of impairment losses of RM19,505,000 as disclosed in Note 27 to the financial statements.

We determined this to be a key audit matter because it requires management to exercise significant judgement in determining the probability of default by subsidiaries, appropriate forward looking information, significant increase in credit risk and estimated cash flows recoverable in worst-case scenarios, taking into consideration the impact of COVID-19 pandemic.

**INDEPENDENT AUDITORS' REPORT**

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

**Key Audit Matters (continued)****b. Impairment of amounts due from subsidiaries (continued)****Audit response**

Our audit procedures included the following:

- (i) recomputed probability of default using historical data and forward looking adjustment, incorporating the impact of the COVID-19 pandemic, applied by the Company;
- (ii) assessed the appropriateness of the indicators of significant increase in credit risk applied by the management and the resultant basis for classification of exposure info respective stages;
- (iii) evaluated basis used by management in determining cash flows recoverable in worst case scenarios, where applicable; and
- (iv) assessed actual loss events subsequent to the end of reporting period for its relationship with the indicators of significant increase in credit risk applied by management.

**Information Other than the Financial Statements and Auditors' Report Thereon**

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

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

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

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

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

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with MFRSs, 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 financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

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

## INDEPENDENT AUDITORS' REPORT

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

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

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

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

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

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

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



**INDEPENDENT AUDITORS' REPORT**

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

**Auditors' Responsibilities for the Audit of the Financial Statements (continued)**

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

**Report on Other Legal and Regulatory Requirements**

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 23 to the financial statements.

**Other Matters**

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

**BDO PLT**

LLP0018825-LCA & AF 0206  
Chartered Accountants

Kuala Lumpur  
1 April 2021

**Tang Seng Choon**

02011/12/2021 J  
Chartered Accountant

# STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>Continuing operations</b>					
Revenue	6	781,667	718,813	86,670	73,194
Cost of sales	7	(523,014)	(505,783)	(4,078)	(3,533)
<b>Gross profit</b>		258,653	213,030	82,592	69,661
<b>Other items of income</b>					
Interest income	8	10,324	9,408	52,881	55,372
Dividend income	9	-	9	-	9
Other income	10	35,053	60,343	5,477	38,281
<b>Other items of expenses</b>					
Marketing and distribution costs		(24,101)	(25,266)	-	-
Administrative expenses		(120,774)	(112,429)	(38,203)	(44,017)
Finance costs	11	(41,857)	(44,557)	(51,708)	(63,767)
Other expenses		(41,706)	(57,413)	(28,132)	(15,775)
Share of profit of associate, net of tax		8,332	1,953	-	-
Share of profit of joint ventures, net of tax		24,159	17,231	-	-
<b>Profit before tax</b>	12	108,083	62,309	22,907	39,764
Taxation	15	(35,138)	(20,804)	432	417
<b>Profit for the financial year from continuing operations</b>		72,945	41,505	23,339	40,181
<b>Discontinued operations</b>					
<b>Profit for the financial year from discontinued operations, net of tax</b>	16	17,379	4,120	-	-
<b>Profit for the financial year</b>		90,324	45,625	23,339	40,181

## STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>Other comprehensive (loss)/income</b>					
Item that may be reclassified subsequently to profit or loss:					
Foreign currency translations	15(d)	(49,986)	40,363	-	-
Item that may not be reclassified subsequently to profit or loss:					
Remeasurements of net defined benefit liabilities	15(d)	(3,473)	(432)	-	-
Share of other comprehensive income of associate	15(d)	-	1	-	-
<b>Other comprehensive (loss)/income for the financial year, net of tax</b>		(53,459)	39,932	-	-
<b>Total comprehensive income for the financial year</b>		36,865	85,557	23,339	40,181
<b>Profit attributable to owners of the Company</b>					
From continuing operations		63,016	39,702	23,339	40,181
From discontinued operations		16,471	4,578	-	-
		79,487	44,280	23,339	40,181
<b>Profit attributable to non-controlling interests</b>		10,837	1,345	-	-
		90,324	45,625	23,339	40,181
<b>Total comprehensive income attributable to:</b>					
Owners of the Company		28,252	81,336	23,339	40,181
Non-controlling interests		8,613	4,221	-	-
		36,865	85,557	23,339	40,181

**STATEMENTS OF COMPREHENSIVE INCOME**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>Earnings per share attributable to owners of the Company (sen per share):</b>					
<b>Basic earnings per share</b>	17				
From continuing operations		4.57	2.88		
From discontinued operations		1.19	0.33		
		5.76	3.21		
<b>Diluted earnings per share</b>	17				
From continuing operations		4.57	2.88		
From discontinued operations		1.19	0.33		
		5.76	3.21		

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

# STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	19	1,300,073	1,755,382	72,488	71,126
Right-of-use assets	20	391,482	433,736	50,272	50,997
Biological assets	21	407,746	402,716	321,945	320,846
Intangible assets	22	49,113	56,880	-	-
Investments in subsidiaries	23	-	-	878,009	878,311
Investment in an associate	24	84,097	80,492	61,259	61,259
Investments in joint ventures	25	73,571	78,412	20,750	20,750
Deferred tax assets	26	2,138	13,838	-	-
Other receivables	27	40,438	59,914	781,635	957,529
Investment securities	28	50	50	50	50
		2,348,708	2,881,420	2,186,408	2,360,868
<b>Current assets</b>					
Biological assets	21	9,251	9,304	95	92
Inventories	29	113,628	172,366	2,336	2,300
Trade and other receivables	27	60,433	56,810	58,686	34,632
Other current assets	30	6,050	5,870	636	20
Tax recoverable		5,018	13,338	18	18
Investment securities	28	5	6	5	6
Derivative assets	32	208	166	-	-
Short term funds	33	15,302	-	-	-
Cash and bank balances	34	147,832	125,854	85,542	38,563
		357,727	383,714	147,318	75,631
Assets of disposal group held for sale	35	465,342	-	-	-
<b>TOTAL CURRENT ASSETS</b>		823,069	383,714	147,318	75,631
<b>TOTAL ASSETS</b>		3,171,777	3,265,134	2,333,726	2,436,499
<b>EQUITY AND LIABILITIES</b>					
<b>Equity attributable to owners of the Company</b>					
Share capital	36	740,512	740,512	740,512	740,512
Treasury shares	36	(1,467)	(1,467)	(1,467)	(1,467)
Other reserves	37	(237,857)	(190,095)	-	-
Retained earnings	38	952,244	890,032	285,246	275,709
		1,453,432	1,438,982	1,024,291	1,014,754
<b>Non-controlling interests</b>		144,351	135,738	-	-
<b>TOTAL EQUITY</b>		1,597,783	1,574,720	1,024,291	1,014,754

**STATEMENTS OF FINANCIAL POSITION**

AS AT 31 DECEMBER 2020

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>LIABILITIES</b>					
<b>Non-current liabilities</b>					
Loans and borrowings	39	618,984	896,149	433,984	501,149
Retirement benefits	40	16,427	18,140	-	-
Other payables	41	-	-	185,000	395,000
Lease liabilities	20	4,079	2,038	70	24
Deferred tax liabilities	26	129,149	131,669	23,209	23,641
		768,639	1,047,996	642,263	919,814
<b>Current liabilities</b>					
Loans and borrowings	39	690,211	535,648	340,795	359,683
Trade and other payables	41	77,734	99,297	326,350	142,178
Derivative liabilities	32	3,361	5,295	-	42
Lease liabilities	20	841	892	27	28
Current tax payable		8,812	1,286	-	-
		780,959	642,418	667,172	501,931
Liabilities of disposal group held for sale	35	24,396	-	-	-
<b>TOTAL CURRENT LIABILITIES</b>		805,355	642,418	667,172	501,931
<b>TOTAL LIABILITIES</b>		1,573,994	1,690,414	1,309,435	1,421,745
<b>TOTAL EQUITY AND LIABILITIES</b>		3,171,777	3,265,134	2,333,726	2,436,499

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

# STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

2020	Note	Equity attributable to owners of the Company		Attributable to owners of the Company				Non-distributable			
		Equity, total RM'000	Equity 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
<b>Group</b>											
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
<b>Other comprehensive loss</b>											
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)
<b>Total comprehensive income/(loss) for the financial year</b>		36,865	28,252	-	-	76,014	(47,762)	-	(47,762)	-	8,613
<b>Transactions with owners</b>											
Dividends paid on ordinary shares	18	(13,802)	(13,802)	-	-	(13,802)	-	-	-	-	-
<b>Total transactions with owners</b>		(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





## STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

2020	Note	← Non-distributable →			Distributable
		Equity, total RM'000	Share capital RM'000	Treasury shares RM'000	Retained earnings RM'000
<b>Company</b>					
Balance as at 1 January 2020		1,014,754	740,512	(1,467)	275,709
<b>Profit for the financial year</b>		23,339	-	-	23,339
Other comprehensive income for the financial year, net of tax		-	-	-	-
<b>Total comprehensive income for the financial year</b>		23,339	-	-	23,339
<b>Transactions with owners</b>					
Dividends paid on ordinary shares	18	(13,802)	-	-	(13,802)
<b>Total transactions with owners</b>		(13,802)	-	-	(13,802)
Balance as at 31 December 2020		1,024,291	740,512	(1,467)	285,246
<b>2019</b>					
Balance as at 1 January 2019		989,850	740,512	(8)	249,346
<b>Profit for the financial year</b>		40,181	-	-	40,181
Other comprehensive income for the financial year, net of tax		-	-	-	-
<b>Total comprehensive income for the financial year</b>		40,181	-	-	40,181
<b>Transactions with owners</b>					
Purchase of treasury shares	36	(1,459)	-	(1,459)	-
Dividends paid on ordinary shares	18	(13,818)	-	-	(13,818)
<b>Total transactions with owners</b>		(15,277)	-	(1,459)	(13,818)
Balance as at 31 December 2019		1,014,754	740,512	(1,467)	275,709

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

# STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Profit before tax					
From continuing operations		108,083	62,309	22,907	39,764
From discontinued operations	16	22,159	11,697	-	-
		130,242	74,006	22,907	39,764
Adjustments for:					
Amortisation of biological assets	21	1,181	1,181	1,181	1,181
Bad debts written off		1,377	90	132	90
Depreciation of property, plant and equipment		93,026	87,809	2,732	3,817
Depreciation of right-of-use assets		11,252	10,170	329	476
Dividend income	9	-	(9)	-	(9)
Fair value (gain)/loss on forward currency contracts		(413)	1,279	-	-
Fair value loss on investment securities		1	2	1	2
Fair value (gain)/loss on commodity future contracts		(305)	3,960	(42)	42
Gain on disposal of property, plant and equipment		(368)	(1,449)	(104)	(1,049)
Impairment losses on:					
- cost of investments in subsidiaries	23(b)	-	-	-	104
- trade receivables	27(a)	802	4,013	-	-
- other receivables	27(b)	1,834	922	-	-
- amounts due from subsidiaries	27(c)	-	-	1,040	4,464
Interest expense		47,758	52,941	51,708	63,767
Interest income		(13,281)	(15,863)	(52,881)	(55,372)
Inventories written back	29(e)	-	(2,369)	-	-
Inventories written down	29(d)	1,930	4,698	-	-
Inventories written off		14,002	18,564	2	7
(Gain)/Loss from fair value adjustment of forest planting expenditure	21	(1,793)	1,393	17	6,036
(Gain)/Loss on remeasurement of financial guarantee contracts	41(c)	(60)	12	22	(379)
Loss on striking off of subsidiaries	23(d)	-	-	-	17
Net gain from fair value adjustment of fresh fruit bunches	21	(3,581)	(4,769)	(3)	(10)
Net unrealised foreign exchange (gain)/loss		(4,902)	(5,695)	18,116	(26,733)
Property, plant and equipment written off	19	2,815	5,260	2	-
Share of profit of associate		(8,332)	(1,953)	-	-
Share of profit of joint ventures		(24,159)	(17,231)	-	-
Waiver of debts owing by subsidiaries		-	-	44	190
Write back of impairment losses on:					
- property, plant and equipment	19	-	(148)	-	-
- trade receivables	27(a)	(1,806)	(1,638)	-	-
- other receivables	27(b)	(1,052)	(3,424)	-	-
- amounts due from subsidiaries	27(c)	-	-	(1,830)	(6,422)
Total adjustments		115,926	137,746	20,466	(9,781)

**STATEMENTS OF CASH FLOWS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>Operating cash flows before changes in working capital</b>		246,168	211,752	43,373	29,983
<b>Changes in working capital</b>					
Decrease/(Increase) in inventories		30,663	5,181	(38)	759
(Increase)/Decrease in receivables		(16,118)	(5,543)	(26,757)	40,956
(Decrease)/Increase in payables		(10,417)	1,424	(554)	(1,839)
Increase in retirement benefits obligations		1,045	1,072	-	-
Total changes in working capital		5,173	2,134	(27,349)	39,876
<b>Cash flows from operations</b>		251,341	213,886	16,024	69,859
Interest paid		-	-	(25,302)	(27,137)
Income tax paid		(21,945)	(39,082)	-	-
Income tax refunded		5,125	7,352	-	-
<b>Net cash flows from/(used in) operating activities</b>		234,521	182,156	(9,278)	42,722
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Addition of right-of-use assets		(2,335)	(3,005)	-	-
Additional investments in subsidiaries	23	-	-	(2,830)	(9,117)
Dividends received from:					
- associate	24(d)	4,727	1,050	-	-
- joint ventures	25(c)	29,000	8,000	-	-
- short term investments	9	-	9	-	9
Forest planting expenditure		(4,106)	(4,411)	(2,108)	(2,352)
Interest received		13,281	15,863	52,881	55,372
(Placement)/Withdrawals of deposits with maturity of over 3 months		(65)	822	(60)	828
Proceeds from disposal of property, plant and equipment		1,617	1,729	442	1,211
Proceed from share capital reduction of a subsidiary	23(c)	-	-	3,132	-
Purchase of property, plant and equipment		(49,630)	(97,198)	(4,155)	(4,472)
Repayments from/(to) subsidiaries		-	-	127,705	(65,510)
Withdrawals/(Placements) of pledged deposits		1,078	(116)	-	-
<b>Net cash flows (used in)/from investing activities</b>		(6,433)	(77,257)	175,007	(24,031)

**STATEMENTS OF CASH FLOWS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Dividends paid	18	(13,802)	(13,818)	(13,802)	(13,818)
Interest paid		(47,336)	(52,763)	(26,403)	(36,626)
Net repayments of bankers' acceptances		(29,607)	(24,335)	-	-
Net (repayments)/drawdowns of foreign currency import loan		(196)	54	-	-
Net drawdowns/(repayments) of revolving credits		22,614	(119,873)	(6,886)	(123,373)
Net repayments of Sukuk Ijarah Medium Term Notes		(30,000)	(25,000)	-	-
Net (repayments)/drawdowns of term loans		(74,768)	148,934	(69,768)	158,934
Payments of lease interest	20(k)	(422)	(178)	(3)	(4)
Payments of lease liabilities	20(k)	(855)	(823)	(27)	(27)
Purchase of treasury shares	36	-	(1,459)	-	(1,459)
<b>Net cash flows used in financing activities</b>		<b>(174,372)</b>	<b>(89,261)</b>	<b>(116,889)</b>	<b>(16,373)</b>
<b>Net increase in cash and cash equivalents</b>		<b>53,716</b>	<b>15,638</b>	<b>48,840</b>	<b>2,318</b>
<b>Effects of exchange rate changes</b>		<b>(2,568)</b>	<b>1,473</b>	<b>(1,921)</b>	<b>339</b>
<b>Cash and cash equivalents as at beginning of financial year</b>		<b>116,954</b>	<b>99,843</b>	<b>36,474</b>	<b>33,817</b>
<b>Cash and cash equivalents transferred to disposal group held for sale</b>	35	<b>(11,609)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Cash and cash equivalents as at end of financial year</b>	34(d)	<b>156,493</b>	<b>116,954</b>	<b>83,393</b>	<b>36,474</b>

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

# NOTES TO THE FINANCIAL STATEMENTS

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 year ended 31 December 2020 comprise the Company and its subsidiaries and the interests of the Group in an associate and joint ventures. These financial statements are presented in Ringgit Malaysia ("RM"), which is also the functional currency of the Company. All financial information presented in RM has been rounded to the nearest thousand, unless otherwise stated.

The financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 1 April 2021.

## 2. PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding, oil palm cultivation and forest plantation. The principal activities and details of the subsidiaries are stated in Note 23 to the financial statements and are primarily involved in oil palm cultivation and processing. There have been no significant changes in the nature of these activities during the financial year.

## 3. BASIS OF PREPARATION

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), 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 MFRS during the financial year. The new MFRSs and Amendments to MFRSs adopted during the financial year are disclosed in Note 44.1 to the financial statements.

The financial statements of the Group and of the Company have been prepared under the historical cost convention except as otherwise stated in the financial statements.

The Group has positive cash flows from its business activities and has sufficient credit facilities in place to meet its operational requirements (as disclosed further in Note 5(b)(ii) to the financial statements), notwithstanding that the Group and the Company have net current liabilities of RM423,232,000 and RM519,854,000 respectively as at 31 December 2020, excluding the disposal group held for sale. In addition, the Group and the Company carried out cash flows review for the next twelve (12) months to ensure that the business operations have sufficient funds available to meet their obligations as and when they fall due. Historical results of the treasury management show that the Group and the Company have the ability to meet their obligations as and when they fall due and the Group and the Company have not defaulted on any obligations due or payable to financial institutions or creditors.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

### 3. BASIS OF PREPARATION (continued)

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 plants.

Except as indicated above, no other business units has 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.

**NOTES TO THE FINANCIAL STATEMENTS**  
31 DECEMBER 2020

**4. SEGMENT INFORMATION (continued)**

	Palm products	Others	Adjustment and eliminations	Total continuing operations	Discontinued operations	Adjustment and eliminations	Per consolidated financial statements
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
			Notes			Notes	
<b>2020</b>							
<b>Revenue</b>							
External customers	670,071	111,596	-	781,667	144,336	-	926,003
Inter-segment	14,434	-	(14,434)	-	-	(a)	-
Inter-operation sales	15,250	-	-	15,250	-	(15,250)	-
<b>Total revenue</b>	<b>699,755</b>	<b>111,596</b>	<b>(14,434)</b>	<b>796,917</b>	<b>144,336</b>	<b>(15,250)</b>	<b>926,003</b>
<b>Results</b>							
Interest income	84,797	1,874	(76,347)	10,324	2,957	-	13,281
Depreciation and amortisation	(67,394)	(14,130)	-	(81,524)	(23,935)	-	(105,459)
Share of profit of associate	8,332	-	-	8,332	-	-	8,332
Share of profit of joint ventures	20,680	3,479	-	24,159	-	-	24,159
Other material non-cash items	8,210	(16,360)	-	(8,150)	987	(b)	(7,163)
Segment profit	114,312	19,890	(26,119)	108,083	28,060	(5,901)	130,242
<b>Assets:</b>							
Additions to non-current assets	35,111	17,797	-	52,908	5,909	(d)	58,817
<b>Segment assets</b>	<b>1,675,969</b>	<b>730,524</b>	<b>299,942</b>	<b>2,706,435</b>	<b>458,641</b>	<b>6,701</b>	<b>3,171,777</b>
<b>Segment liabilities</b>	<b>58,918</b>	<b>41,608</b>	<b>1,449,072</b>	<b>1,549,598</b>	<b>20,470</b>	<b>3,926</b>	<b>1,573,994</b>

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

## 4. SEGMENT INFORMATION (continued)

	Palm products		Adjustment and eliminations		Total continuing operations		Discontinued operations		Adjustment and eliminations		Per consolidated financial statements RM'000
	RM'000	RM'000	Others	RM'000	Notes	RM'000	RM'000	RM'000	Notes	RM'000	
<b>2019</b>											
<b>Revenue</b>											
External customers	604,705	114,108	-	-	-	718,813	120,081	-	-	-	838,894
Inter-segment	16,967	-	(16,967)	(a)	-	-	-	-	(a)	-	-
Inter-operation sales	13,143	-	-	-	-	13,143	-	(13,143)	-	-	-
Total revenue	634,815	114,108	(16,967)	(16,967)	731,956	120,081	(13,143)				838,894
<b>Results</b>											
Interest income	90,544	547	(81,683)		9,408	6,455	-	-	-	-	15,863
Dividend income	9	-	-	-	9	-	-	-	-	-	9
Depreciation and amortisation	(60,492)	(15,811)	-	-	(76,303)	(22,857)	-	-	-	-	(99,160)
Share of profit of associate	1,953	-	-	-	1,953	-	-	-	-	-	1,953
Share of profit of joint ventures	11,604	5,627	-	-	17,231	-	-	-	-	-	17,231
Other material non-cash items	5,495	(31,228)	-	(b)	(25,733)	4,988	-	(b)	(b)	(b)	(20,745)
Segment profit	70,557	31,907	(40,155)	(c)	62,309	20,081	(8,384)	(c)	(c)	(c)	74,006
<b>Assets:</b>											
Additions to non-current assets	76,529	19,334	-	(d)	95,863	14,933	-	(d)	(d)	(d)	110,796
<b>Segment assets</b>	1,709,348	758,576	268,462	(e)	2,736,386	521,295	7,453	(e)	(e)	(e)	3,265,134
<b>Segment liabilities</b>	60,538	37,676	1,570,757	(f)	1,668,971	17,127	4,316	(f)	(f)	(f)	1,690,414



**NOTES TO THE FINANCIAL STATEMENTS**

31 DECEMBER 2020

**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:

	Continuing operations		Discontinued operations	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Fair value gain/(loss) on forward currency contracts	413	(1,279)	-	-
Fair value gain/(loss) on commodity future contracts	518	(2,874)	(213)	(1,086)
Gain on disposal of property, plant and equipment	322	1,433	46	16
Inventories written back	-	144	-	2,225
Inventories written down	(1,930)	(4,698)	-	-
Inventories written off	(13,932)	(18,005)	(70)	(559)
Gain/(Loss) from fair value adjustments of forest planting expenditure	1,793	(1,393)	-	-
Net gain from fair value adjustments of fresh fruit bunches	2,499	3,035	1,082	1,734
Net write back/(impairment losses) on trade receivables	994	(2,375)	10	-
Net unrealised foreign exchange gain/(loss)	4,924	5,671	(22)	24
Net (impairment losses)/write back on other receivables	(1,070)	(329)	288	2,831
Property, plant and equipment written off	(2,681)	(5,063)	(134)	(197)
	(8,150)	(25,733)	987	4,988

- (c) The following items are added to/(deducted from) segment profit to arrive at "Profit before tax" presented in the statements of comprehensive income:

	Continuing operations		Discontinued operations	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Share of profit of associate	8,332	1,953	-	-
Share of profit of joint ventures	24,159	17,231	-	-
Finance costs	(41,857)	(44,557)	(5,901)	(8,384)
Unallocated corporate expenses	(16,753)	(14,782)	-	-
	(26,119)	(40,155)	(5,901)	(8,384)

**NOTES TO THE FINANCIAL STATEMENTS**

31 DECEMBER 2020

**4. SEGMENT INFORMATION (continued)**

(d) Additions to non-current assets consist of:

	Continuing operations		Discontinued operations	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Property, plant and equipment	46,545	88,234	5,769	14,838
Biological assets	4,418	4,719	-	-
Right-of-use assets - land use rights	1,945	2,910	140	95
	52,908	95,863	5,909	14,933

(e) The following items are added to segment assets to arrive at total assets reported in the statements of financial position:

	Continuing operations		Discontinued operations	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Investment in an associate	84,097	80,492	-	-
Investments in joint ventures	73,571	78,412	-	-
Tax recoverable	5,018	13,338	2,215	-
Deferred tax assets	2,138	6,385	4,486	7,453
Unallocated amounts	135,118	89,835	-	-
	299,942	268,462	6,701	7,453

(f) The following items are added to segment liabilities to arrive at total liabilities reported in the statements of financial position:

	Continuing operations		Discontinued operations	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Deferred tax liabilities	129,149	127,353	3,926	4,316
Loans and borrowings	1,309,195	1,431,797	-	-
Unallocated amounts	10,728	11,607	-	-
	1,449,072	1,570,757	3,926	4,316

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

### 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		Non-current assets	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Malaysia	361,524	369,604	1,239,883	1,238,192
Indonesia	492,343	393,498	1,468,845	1,569,419
Europe	4,463	4,726	-	-
United States of America	49,831	60,191	1	2
Others	17,842	10,875	5	5
	926,003	838,894	2,708,734	2,807,618

### 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 2020 and 31 December 2019.

The Group monitors capital using a debt/equity ratio, which among other things is aimed at ensuring its financial covenant under the current banking facilities of 1.5 level is met. In addition, over the near to medium term, the Group seeks to maintain a net debt/equity ratio at below 1.0 level.

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Loans and borrowings	1,309,195	1,431,797	774,779	860,832
Less: Cash and bank balances	(159,441) <sup>^</sup>	(125,854)	(85,542)	(38,563)
Less: Short term funds	(15,302)	-	-	-
Net debt	1,134,452	1,305,943	689,237	822,269
Total equity	1,597,783	1,574,720	1,024,291	1,014,754
Debt*/equity ratio	0.82	0.91	0.76	0.85
Net debt/equity ratio	0.71	0.83	0.67	0.81

\* Represents loans and borrowings.

<sup>^</sup> Including cash and bank balances of RM11,609,000 in disposal group held for sale (Note 35 to the financial statements).

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

### 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 year ended 31 December 2020.

#### (b) Financial risk management

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk, foreign currency risk and market price risk.

The Board of Directors reviews and agrees policies and procedures for the management of these risks, which are executed by the Directors, Chief Financial Officer and Head of Finance. The audit committee provides independent oversight to the effectiveness of the risk management process.

It is, and has been throughout the current and previous financial years, the Group's policy that no derivatives shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient. The Group and the Company do not apply hedge accounting.

##### (i) Credit risk

The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including short term funds and cash and bank balances), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

Information regarding credit enhancements for trade and other receivables and credit risk concentration profiles has been disclosed in Note 27 to the financial statements.

##### (ii) Liquidity risk

The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and financial liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

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 there is still a net current liabilities position, excluding the disposal group held for sale, as at 31 December 2020, the Group has RM468,600,000 in unused credit facilities and an additional new term loan facility of RM100,000,000 has been obtained subsequent to the end of the reporting period. For the financial year ending 31 December 2021, the Group expects to achieve further liquidity position improvement due to:

## NOTES TO THE FINANCIAL STATEMENTS

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### 5. CAPITAL AND FINANCIAL RISK MANAGEMENT (continued)

(b) Financial risk management (continued)

(ii) Liquidity risk (continued)

- i) cash flow generated from operations;
- ii) reduction in new planting activities;
- iii) refinancing of certain short term borrowings with long term borrowings; and
- iv) cash flow generated from the disposal of subsidiaries as set out in Note 35 to the financial statements.

At the end of the reporting period, approximately 53% and 44% (2019: 37% and 42%) of the Group's and of the Company's loans and borrowings will mature in less than one year based on the carrying amount reflected in the financial statements.

The analysis of financial instruments by remaining contractual maturities is disclosed in Notes 20, 32, 39 and 41 to the financial statements.

(iii) Interest rate risk

The Group's and the Company's exposure to interest rate risk arises primarily from their loans and borrowings. The Group's policy is to manage interest cost using a mix of fixed and floating rate debts.

The interest rate profile and sensitivity analysis of interest rate risk have been disclosed in Notes 20, 27, 33, 34, 39 and 41 to the financial statements.

(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), Indonesia Rupiah (IDR) and Singapore Dollar (SGD). The foreign currencies in which these transactions are denominated are mainly USD.

Approximately 92% (2019: 91%) of the Group's sales and 93% (2019: 91%) 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 2020, the Group hedged 52% (2019: 69%) of its foreign currency denominated sales, for which firm commitments existed at the end of the reporting period, extending to May 2021 (2019: September 2020).

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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:

<b>Group</b>	<b>USD RM'000</b>	<b>AUD RM'000</b>	<b>GBP RM'000</b>	<b>EUR RM'000</b>	<b>IDR RM'000</b>	<b>SGD RM'000</b>
<b>2020</b>						
<b>Financial assets in foreign currencies</b>						
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
<b>Financial liabilities in foreign currencies</b>						
Loans and borrowings	(446,239)	-	-	-	-	-
Trade and other payables	(6,291)	(162)	(23)	(1,126)	(22,364)	(814)
<b>2019</b>						
<b>Financial assets in foreign currencies</b>						
Trade and other receivables	3,539	415	20	1,056	74,699	123
Other current assets	-	-	-	-	635	5
Cash and bank balances	7,744	-	-	-	84,176	664
<b>Financial liabilities in foreign currencies</b>						
Loans and borrowings	(438,810)	-	-	(141)	-	(15)
Trade and other payables	(5,868)	(1)	-	(6,304)	(36,279)	(878)
<b>Company</b>						
	<b>USD RM'000</b>	<b>IDR RM'000</b>	<b>SGD RM'000</b>			
<b>2020</b>						
<b>Financial assets in foreign currencies</b>						
Trade and other receivables	-	713,130	9,056			
Cash and bank balances	9,742	55,184	3			
<b>Financial liabilities in foreign currencies</b>						
Loans and borrowings	446,239	-	-			
Trade and other payables	4,927	460	-			

## NOTES TO THE FINANCIAL STATEMENTS

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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: (continued)

Company	USD RM'000	IDR RM'000	SGD RM'000
<b>2019</b>			
<b>Financial assets in foreign currencies</b>			
Trade and other receivables	-	889,383	8,463
Cash and bank balances	7,743	17,736	-
<b>Financial liabilities in foreign currencies</b>			
Loans and borrowings	438,770	-	-
Trade and other payables	4,927	-	-

#### 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, GBP, EUR, AUD, IDR and SGD exchange rates against the respective functional currency of the Group entities, with all other variables held constant.

	Profit net of tax			
	Group	Company		
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
USD/RM - strengthened by 5%	(16,652)	(16,469)	(16,774)	(16,566)
- weakened by 5%	16,652	16,469	16,774	16,566
GBP/RM - strengthened by 5%	(1)	1	-	-
- weakened by 5%	1	(1)	-	-
AUD/RM - strengthened by 5%	67	16	-	-
- weakened by 5%	(67)	(16)	-	-
EUR/RM - strengthened by 5%	22	(205)	-	-
- weakened by 5%	(22)	205	-	-
IDR/RM - strengthened by 5%	2,077	671	29,178	34,470
- weakened by 5%	(2,077)	(671)	(29,178)	(34,470)
SGD/RM - strengthened by 5%	3	(1)	344	322
- weakened by 5%	(3)	1	(344)	(322)

**NOTES TO THE FINANCIAL STATEMENTS**

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**5. CAPITAL AND FINANCIAL RISK MANAGEMENT (continued)**

(b) Financial risk management (continued)

(v) Market price risk

The Group is exposed to equity price risk arising from its investment in quoted equity instruments. The quoted equity instruments in Malaysia are listed on the Bursa Malaysia and are classified as held for trading.

The sensitivity analysis of market price risk has been disclosed in Note 28 to the financial statements.

**6. REVENUE****Continuing operations**

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Revenue from contracts with customers:				
- Sales of oil palm products	670,071	604,704	3,914	3,818
- Sales of cocoa beans and cocoa products	39,031	54,364	-	-
- Sales of ramets	2,632	1,522	-	-
- Sales of timber and latex	6,064	6,121	6,064	6,121
- Sales of wood products	39,979	28,049	-	-
- Revenue from installation services	7,466	1,221	-	-
- Revenue from supply of electricity	16,424	22,832	-	-
	781,667	718,813	9,978	9,939
Other revenue				
- Management fees	-	-	18,142	21,722
- Dividend income from subsidiaries, associate and joint ventures	-	-	58,550	41,533
	781,667	718,813	86,670	73,194
<b>Timing of revenue recognition</b>				
Products and services transferred over time	7,466	1,221	-	-
Products and services transferred at a point in time	774,201	717,592	9,978	9,939
	781,667	718,813	9,978	9,939



## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

### 6. REVENUE (continued)

#### Continuing operations (continued)

Disaggregation of revenue from contracts with customers has been presented in the operating segments, Note 4 to the financial statements, which has been presented based on geographical location from which the sale transactions originated.

(a) Sales of goods and supply of electricity

Revenue from sales of goods and supply of electricity are recognised at a point in time when the products have been transferred or the services have been rendered to the customers and coincides with the delivery of products and services and acceptance by customers.

There is no right of return and 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) Service contracts - Installation services rendered

Revenue from service contracts is measured at the fixed transaction price agreed under the agreement.

Revenue from service contracts is recognised over the period of the contract using the input method by reference to the costs incurred for work performed to date against the estimated costs to completion if control of the asset transfers over time.

If control of asset transfers at a point in time, revenue is recognised at a point in time when the customer obtains control of the asset.

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

The Group identifies performance obligations that are distinct and material, which are judgmental in the context of contract. Transaction prices were determined based on estimated margins prior to its allocation to the identified performance obligation. The Group also estimated total contract costs in applying the input method to recognise revenue over time.

(c) Management fees

Management fees are recognised of when services are rendered.

(d) Dividend income

Dividend income is recognised when the Group's right to receive payment is established.

**NOTES TO THE FINANCIAL STATEMENTS**

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**7. COST OF SALES****Continuing operations**

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Cost of inventories sold	506,207	496,059	4,078	3,533
Installation service costs	6,457	1,243	-	-
Cost of services rendered	10,350	8,481	-	-
	523,014	505,783	4,078	3,533

**8. INTEREST INCOME****Continuing operations**

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Interest income from:				
Amounts due from subsidiaries	-	-	51,038	54,501
Plasma receivables	4,541	5,818	-	-
Short-term deposits	4,867	3,590	1,843	871
Others	916	-	-	-
	10,324	9,408	52,881	55,372

Interest income

Interest income is recognised on an accrual basis using the effective interest method.

**9. DIVIDEND INCOME****Continuing operations**

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Dividend income from:				
Short term investments (unquoted in Malaysia)	-	9	-	9

Dividend income

Dividend income is recognised when the Group's right to receive payment is established.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

### 10. OTHER INCOME

#### Continuing operations

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Bad debts recovered	-	1,933	-	-
Fair value gain on forward currency contracts	413	-	-	-
Fair value gain on commodity future contracts	518	-	42	-
Fair value gain on short term funds	5	-	-	-
Gain from fair value adjustment of forest planting expenditure (Note 21)	1,793	-	-	-
Gain on disposal of property, plant and equipment	322	1,433	104	1,049
Gain on remeasurement of financial guarantees contracts (Note 41(c))	60	-	-	379
Inventories written back	-	144	-	-
Insurance claims received and receivable	17,217	41,702	-	-
Management fee	2,133	1,169	-	-
Net gain from fair value adjustment of fresh fruit bunches	2,499	3,035	3	10
Net gain on foreign exchange				
- realised	-	539	-	-
- unrealised	4,924	5,671	-	26,733
Rental income	1,273	1,198	3,309	3,327
Sales of scrap iron	124	143	-	-
Write back of impairment losses on:				
- property, plant and equipment (Note 19)	-	148	-	-
- trade receivables	1,796	1,638	-	-
- other receivables	764	593	-	-
- amounts due from subsidiaries (Note 27(c))	-	-	1,830	6,422
Miscellaneous	1,212	997	189	361
	35,053	60,343	5,477	38,281

#### Rental income

Rental income is recognised on a straight line basis over the period of tenancy.

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**11. FINANCE COSTS****Continuing operations**

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Interest expenses on:				
Amounts due to subsidiaries	-	-	25,302	27,137
Bank overdrafts	90	119	-	-
Bankers' acceptances	3,185	5,306	-	-
Lease liabilities	422	178	3	4
Revolving credits	10,718	19,881	10,283	19,578
Term loans	10,853	8,987	16,998	17,924
Others	510	369	-	-
	25,778	34,840	52,586	64,643
Islamic financing distribution payment:				
Sukuk Ijarah Medium Term Notes	13,512	14,648	-	-
Sukuk Murabahah Medium Term Notes	7,851	7,830	-	-
	21,363	22,478	-	-
Total finance costs	47,141	57,318	52,586	64,643
Less: Interest expense capitalised in bearer plants and forest planting expenditure	(5,284)	(12,761)	(878)	(876)
Net finance costs	41,857	44,557	51,708	63,767

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 RM4,209,000 (2019: RM11,687,000) and under biological assets of the Group and of the Company amounted to RM1,075,000 (2019: RM1,074,000) and RM878,000 (2019: RM876,000) respectively at interest rates ranging from 2.44% to 6.20% (2019: 3.00% to 6.20%).

## NOTES TO THE FINANCIAL STATEMENTS

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## 12. PROFIT BEFORE TAX

## Continuing operations

Other than those disclosed elsewhere in the financial statements, the following items have been included in arriving at profit before tax:

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Amortisation of biological assets	21	1,181	1,181	1,181	1,181
Auditors' remuneration:					
BDO PLT					
- statutory audits:					
- current year		543	517	150	144
- under provision in prior years		-	3	-	-
- other services					
- current year		99	39	72	11
Other auditors					
- statutory audits:					
- current year		224	215	-	-
- over provision in prior years		(51)	(5)	-	-
Bad debts written off		593	90	132	90
Depreciation of property, plant and equipment		70,115	66,260	2,732	3,817
Depreciation of right-of-use assets		10,228	8,862	329	476
Employee benefits expense	13	95,070	91,040	26,242	26,154
Fair value loss on commodity future contracts		-	2,874	-	42
Fair value loss on forward currency contracts		-	1,279	-	-
Fair value loss on investment securities		1	2	1	2
Impairment losses on:					
- cost of investments in subsidiaries	23(b)	-	-	-	104
- trade receivables	27(a)	802	4,013	-	-
- other receivables	27(b)	1,834	922	-	-
- amounts due from subsidiaries	27(c)	-	-	1,040	4,464
Inventories written down	29	1,930	4,698	-	-
Inventories written off		13,932	18,005	2	7
Loss from fair value adjustment of forest planting expenditure	21	-	1,393	17	6,036
Loss on remeasurement of financial guarantee contracts	41(c)	-	12	22	-
Loss on striking off of subsidiaries	23(d)	-	-	-	17

**NOTES TO THE FINANCIAL STATEMENTS**

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**12. PROFIT BEFORE TAX (continued)****Continuing operations (continued)**

Other than those disclosed elsewhere in the financial statements, the following items have been included in arriving at profit before tax: (continued)

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Net loss on foreign exchange:					
- realised		3,621	-	4,364	-
- unrealised		-	-	18,116	-
Non-Executive Directors' remuneration	14	2,590	2,531	843	724
Property, plant and equipment written off		2,681	5,063	2	-
Realised loss on commodity future contracts		7,964	3,834	2	11
Realised loss on forward currency contracts		122	-	-	-
Rental expenses					
- premises		170	101	102	10
Waiver of debts owing by subsidiaries		-	-	44	190

**13. EMPLOYEE BENEFITS EXPENSE****Continuing operations**

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Wages and salaries		86,249	87,856	24,436	23,957
Contributions to defined contribution plan		4,415	4,976	2,450	2,940
Social security contributions		5,425	5,428	163	176
Increase in liability for defined benefit plan		4,636	3,464	-	-
		100,725	101,724	27,049	27,073
Less: Amount capitalised in bearer plants		(4,549)	(9,473)	(507)	(439)
Less: Amount capitalised in forest planting expenditure	21(a)	(1,106)	(1,211)	(300)	(480)
		95,070	91,040	26,242	26,154

**NOTES TO THE FINANCIAL STATEMENTS**

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**13. EMPLOYEE BENEFITS EXPENSE (continued)****Continuing operations (continued)**

Included in employee benefits expense of the Group and of the Company are Executive Directors' remuneration amounting to RM6,168,000 (2019: RM5,644,000) and RM6,095,000 (2019: RM5,570,000) respectively as further disclosed in Note 14 to the financial statements.

**14. DIRECTORS' REMUNERATION**

The details of remuneration receivable by Directors of the Company during the financial year are as follows:

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Executive:					
Salaries and bonus		5,159	5,039	5,094	4,973
Other emoluments		1,009	605	1,001	597
Total Executive Directors' remuneration (excluding benefits-in-kind)	13	6,168	5,644	6,095	5,570
Estimated money value of benefits-in-kind		394	798	394	798
Total Executive Directors' remuneration (including benefits-in-kind)		6,562	6,442	6,489	6,368
Non-Executive:					
Fees		198	198	180	180
Salaries		1,462	1,458	-	-
Other emoluments		930	875	663	544
Total Non-Executive Directors' remuneration (excluding benefits-in-kind)	12	2,590	2,531	843	724
Estimated money value of benefits-in-kind		217	500	217	500
Total Non-Executive Directors' remuneration (including benefits-in-kind)		2,807	3,031	1,060	1,224
Total Directors' remuneration		9,369	9,473	7,549	7,592

**NOTES TO THE FINANCIAL STATEMENTS**

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**14. DIRECTORS' REMUNERATION (continued)**

The number of Directors of the Company whose total remuneration during the financial year fell within the following bands is analysed below:

	Number of Directors	
	2020	2019
Executive Directors:		
RM1,300,001 - RM1,350,000	-	1
RM1,400,001 - RM1,450,000	1	-
RM1,700,001 - RM1,750,000	1	-
RM1,800,001 - RM1,850,001	-	1
RM3,300,001 - RM3,350,000	-	1
RM3,350,001 - RM3,400,000	1	-
Non-Executive Directors:		
Below RM50,000	5	5
RM350,001 - RM400,000	1	-
RM400,001 - RM450,000	-	1
RM2,200,001 - RM2,250,000	1	-
RM2,350,001 - RM2,400,000	-	1

**15. TAXATION****Continuing operations**

## (a) Major components of taxation

The major components of taxation for the financial years ended 31 December 2020 and 31 December 2019 are:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>Statements of comprehensive income:</b>				
Current income tax:				
- Malaysian income tax	8,419	12,708	-	-
- Foreign tax	21,983	15,689	-	-
	30,402	28,397	-	-
Under/(Over) provision in prior years:				
- Malaysian income tax	49	(469)	-	-
- Foreign tax	-	85	-	-
	49	(384)	-	-



**NOTES TO THE FINANCIAL STATEMENTS**

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**15. TAXATION (continued)****Continuing operations (continued)**

## (a) Major components of taxation (continued)

The major components of taxation for the financial years ended 31 December 2020 and 31 December 2019 are:  
(continued)

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>Statements of comprehensive income: (continued)</b>				
Deferred tax				
- Origination and reversal of temporary differences	(406)	(8,475)	(458)	(1,516)
- Under provision in prior years	5,093	1,266	26	1,099
	4,687	(7,209)	(432)	(417)
Taxation recognised in profit and loss	35,138	20,804	(432)	(417)

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2019: 24%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

## (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 2020 and 31 December 2019 are as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Profit before tax	108,083	62,309	22,907	39,764
Tax at Malaysian statutory tax rate of 24% (2019: 24%)	25,940	14,954	5,498	9,544
Different tax rates in other countries	(1,363)	640	-	-
Adjustments:				
Non-deductible expenses	9,962	8,336	21,206	19,047
Income not subject to taxation	(4,330)	(1,966)	(27,162)	(30,107)
Share of profit of associate	(2,000)	(469)	-	-
Share of profit of joint ventures	(5,798)	(4,135)	-	-
Effect of utilisation of previously unrecognised tax losses and unabsorbed allowances	(879)	(1,152)	-	-

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**15. TAXATION (continued)****Continuing operations (continued)**

## (b) Reconciliation between taxation and accounting profit (continued)

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Adjustments: (continued)				
Effect of different tax rate for small and medium scale company	(12)	(87)	-	-
Effect of investment cost in subsidiaries eligible for tax deduction	(648)	(1,032)	-	-
Effect of reduction in tax rate in Indonesian subsidiaries	(3,087)	-	-	-
Deferred tax assets not recognised	12,211	4,833	-	-
Under/(Over) provision of income tax expense in prior years	49	(384)	-	-
Under provision of deferred tax in prior years	5,093	1,266	26	1,099
Taxation recognised in profit and loss	35,138	20,804	(432)	(417)

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.

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.

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### 15. TAXATION (continued)

#### Continuing operations (continued)

(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
<b>Group</b>			
<b>At 31 December 2020</b>			
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)
<b>At 31 December 2019</b>			
Item that may be reclassified to profit or loss in subsequent periods:			
Foreign currency translations	40,363	-	40,363
Item that may not be reclassified to profit or loss in subsequent periods:			
Remeasurement of net retirement benefit obligations	(581)	149	(432)
Share of other comprehensive income of associate	1	-	1

### 16. DISCONTINUED OPERATIONS

On 26 August 2020, TSH Global Plantation Pte. Ltd. ("TGP") and TSH Oversea Pte. Ltd. ("TO"), wholly-owned subsidiaries of the Company, had entered into conditional sales 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") for a total consideration of USD141.1 million, which comprises the disposal consideration for the disposal of shares in FDB and TSS and the settlement of loans owing by FDB and TSS to the Group (hereafter collectively referred to as "Proposed Disposal"). The disposal consideration is subject to adjustments, which will be determined at a later date in accordance with the terms of the sales and purchase agreement.

The Proposed Disposal is expected to be completed within the next twelve (12) months. FDB and TSS were part of the palm products segment of the Group and are now presented as discontinued operations and disposal group held for sale.

**NOTES TO THE FINANCIAL STATEMENTS**

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**16. DISCONTINUED OPERATIONS (continued)**

The analysis of the results of the discontinued operations is as follows:

	Note	Group	
		2020 RM'000	2019 RM'000
Revenue		144,336	120,081
Expenses		(122,177)	(108,384)
Profit before tax	16.1	22,159	11,697
Tax expense	16.2	(4,780)	(7,577)
Profit for the financial year from discontinued operations, net of tax		17,379	4,120

**16.1 Profit before tax**

The following items have been included in arriving profit before tax from discontinued operations:

	Group	
	2020 RM'000	2019 RM'000
After charging:		
Auditors' remuneration:		
Other auditors		
- statutory audits:		
- current year	55	56
- under provision in prior years	2	13
Bad debt written off	784	-
Depreciation of property, plant and equipment	22,911	21,549
Depreciation of right-of-use assets	1,024	1,308
Employee benefits expense	12,683	11,199
Fair value loss on commodity future contracts	213	1,086
Inventories written off	70	559
Interest expense	5,901	8,384

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

## 16. DISCONTINUED OPERATIONS (continued)

## 16.1 Profit before tax (continued)

The following items have been included in arriving profit before tax from discontinued operations: (continued)

	Group	
	2020 RM'000	2019 RM'000
After charging: (continued)		
Net loss on foreign exchange:		
- realised	-	27
- unrealised	22	-
Property, plant and equipment written off	134	197
Retirement benefits expense	1,682	1,302
Realised loss on commodity future contracts	3,702	1,855
and crediting:		
Bad debts recovered	-	14
Gain on disposal of property, plant and equipment	46	16
Inventories written back	-	2,225
Interest income		
- plasma receivables	1,631	5,750
- short term deposits	1,326	705
Management fees	547	510
Net gain from fair value adjustment of fresh fruit bunches	1,082	1,734
Net gain on foreign exchange:		
- realised	93	-
- unrealised	-	24
Write back of impairment losses on:		
- trade receivables	10	-
- other receivables	288	2,831

- (a) Interest expense capitalised in bearer plants amounted to RM311,000 (2019: RM1,071,000) at interest rates ranging from 2.44% to 6.20% (2019: 3.00% to 6.20%).
- (b) Employee benefits expenses capitalised in bearer plants amounted to RM760,000 (2019: RM1,581,000).
- (c) During the financial year, the amount of inventories recognised as an expense in cost of sales of the Group were RM78,856,000 (2019: RM76,583,000).

**NOTES TO THE FINANCIAL STATEMENTS**

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**16. DISCONTINUED OPERATIONS (continued)****16.2 Tax expense**

	Group	
	2020 RM'000	2019 RM'000
<b>Statements of comprehensive income:</b>		
Current income tax:		
- Malaysian income tax	-	-
- Foreign tax	-	-
	-	-
Under provision in prior years:		
- Malaysian income tax	-	-
- Foreign tax	-	5,771
	-	5,771
Deferred tax		
- Origination and reversal of temporary differences	4,780	1,659
- Under provision in prior years	-	147
	4,780	1,806
Tax expense recognised in profit or loss	4,780	7,577

**16.3 Cash flows attributable to discontinued operations**

	Group	
	2020 RM'000	2019 RM'000
Net cash from operating activities	15,673	40,119
Net cash used in investing activities	(2,106)	(11,172)
Net cash used in financing activities	(5,878)	(8,359)
	7,689	20,588

**NOTES TO THE FINANCIAL STATEMENTS**

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**17. EARNINGS PER ORDINARY SHARE**

## (a) Basic

Basic earnings per ordinary share amounts are calculated by dividing profit for the financial year, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year after deducting treasury shares.

	<b>Group</b>	
	<b>2020</b>	<b>2019</b>
Profit attributable to owners of the Company used in the computation of basic or diluted earnings per share (RM'000)		
From continuing operations	63,016	39,702
From discontinued operations	16,471	4,578
Weighted average number of ordinary shares in issue* ('000)	1,380,173	1,381,101
Basic earnings per ordinary share (sen)		
From continuing operations	4.57	2.88
From discontinued operations	1.19	0.33

\* The weighted average number of shares for the financial year 2019 takes into account of the weighted average effects of treasury shares transactions.

## (b) Diluted

Diluted earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to owners of the Company 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.

**NOTES TO THE FINANCIAL STATEMENTS**

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**18. DIVIDENDS**

	<b>Group and Company</b>	
	<b>2020</b>	<b>2019</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Recognised during the year:</b>		
First and final single tier dividend for financial year ended 31 December 2019 of 1.0 sen per ordinary share	13,802	-
First and final single tier dividend for financial year ended 31 December 2018 of 1.0 sen per ordinary share	-	13,818
	<b>13,802</b>	<b>13,818</b>

On 25 February 2021, the Directors declared a first interim single tier dividend of 1.5 sen per ordinary share, amounting to RM20,703,000 in respect of the financial year ended 31 December 2020. The financial statements for the current financial year do not reflect this dividend. The dividend will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2021.

The Directors do not recommend the payment of any final dividend in respect of the financial year ended 31 December 2020.





**NOTES TO THE FINANCIAL STATEMENTS**

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**19. 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
<b>2019</b>								
<b>Carrying amount</b>								
Balance as at								
1 January 2019	1,178,863	65,521	279,868	8,773	139,516	35,923	7,834	1,716,298
Additions	61,892	556	4,039	402	10,301	541	25,341	103,072
Disposals	-	-	-	(153)	(127)	-	-	(280)
Write-offs	(41)	-	(2,196)	(11)	(2,875)	(136)	(1)	(5,260)
Reclassifications	-	10,844	5,163	1,122	179	(564)	(16,744)	-
Depreciation charged for the financial year	(36,776)	(9,300)	(15,596)	(3,672)	(25,856)	(1,396)	-	(92,596)
Reversal of impairment loss	-	-	-	-	-	-	148	148
Exchange differences	28,551	1,313	2,998	99	847	27	165	34,000
Balance as at								
31 December 2019	1,232,489	68,934	274,276	6,560	121,985	34,395	16,743	1,755,382

**NOTES TO THE FINANCIAL STATEMENTS**

31 DECEMBER 2020

**19. PROPERTY, PLANT AND EQUIPMENT (continued)**

Group	At 31.12.2020			
	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

Group	At 31.12.2019			
	Cost RM'000	Accumulated depreciation RM'000	Accumulated impairment losses RM'000	Carrying amount RM'000
Bearer plants	1,433,196	(200,707)	-	1,232,489
Plantation infrastructure	114,826	(45,892)	-	68,934
Buildings	381,879	(107,603)	-	274,276
Motor vehicles	53,812	(47,252)	-	6,560
Plant, machinery and equipment	446,369	(324,384)	-	121,985
Furniture, fittings and renovation	62,935	(27,482)	(1,058)	34,395
Assets under construction	201,648	-	(184,905)	16,743
	2,694,665	(753,320)	(185,963)	1,755,382



**NOTES TO THE FINANCIAL STATEMENTS**

31 DECEMBER 2020

**19. PROPERTY, PLANT AND EQUIPMENT (continued)**

Company	Bearer plants	Plantation infrastructure	Buildings	Motor vehicles	Plant, machinery and equipment	Furniture, fittings and renovation	Assets under construction	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>2019</b>								
<b>Carrying amount</b>								
Balance as at								
1 January 2019	4,605	11,532	44,082	3,123	1,976	3,234	1,969	70,521
Additions	4,296	-	21	187	247	121	30	4,902
Disposals	-	-	-	(64)	(98)	-	-	(162)
Reclassifications	-	-	14	-	10	-	(24)	-
Depreciation charged for the financial year	(678)	(168)	(1,155)	(1,064)	(549)	(521)	-	(4,135)
Balance as at								
31 December 2019	8,223	11,364	42,962	2,182	1,586	2,834	1,975	71,126

**NOTES TO THE FINANCIAL STATEMENTS**

31 DECEMBER 2020

**19. PROPERTY, PLANT AND EQUIPMENT (continued)**

Company	At 31.12.2020		
	Cost RM'000	Accumulated depreciation RM'000	Carrying amount RM'000
Bearer plants	21,249	(8,709)	12,540
Plantation infrastructure	13,262	(2,065)	11,197
Buildings	56,133	(14,181)	41,952
Motor vehicles	12,811	(11,701)	1,110
Plant, machinery and equipment	13,543	(12,301)	1,242
Furniture, fittings and renovation	12,191	(9,731)	2,460
Assets under construction	1,987	-	1,987
	131,176	(58,688)	72,488

Company	At 31.12.2019		
	Cost RM'000	Accumulated depreciation RM'000	Carrying amount RM'000
Bearer plants	23,689	(15,466)	8,223
Plantation infrastructure	13,262	(1,898)	11,364
Buildings	55,986	(13,024)	42,962
Motor vehicles	14,001	(11,819)	2,182
Plant, machinery and equipment	13,360	(11,774)	1,586
Furniture, fittings and renovation	12,193	(9,359)	2,834
Assets under construction	1,975	-	1,975
	134,466	(63,340)	71,126

- (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 remaining 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.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

**19. PROPERTY, PLANT AND EQUIPMENT (continued)**

(b) (continued)

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	7% 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:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<u>Property, plant and equipment</u>				
Bearer plants (Note 19(d))	1,581	4,479	152	110
<u>Biological assets</u>				
Forest planting expenditure (Note 21(a))	290	308	189	208

(d) Included in bearer plants during the financial year are:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Depreciation of property, plant and equipment (Note 19(c))	1,581	4,479	152	110
Depreciation of right-of-use assets (Note 20(d))	804	1,395	468	320
Interest expense	4,209	12,758	-	-
Employee benefits expenses	4,549	11,054	507	439

**NOTES TO THE FINANCIAL STATEMENTS**

31 DECEMBER 2020

**19. PROPERTY, PLANT AND EQUIPMENT (continued)**

- (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.

Sensitivity analysis for depreciation rate

	Profit net of tax	
	Group	
	2020	2019
	RM'000	RM'000
Depreciation rate		
- increased by 10%	(2,381)	(2,586)
- decreased by 10%	2,381	2,586

- (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, taking into consideration the impact of COVID-19 pandemic 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:

	2020	2019
CPO price (RM/MT)	2,800	2,700
Pre-tax discount rates (%)	8.00 - 10.00	7.00 - 9.00



**NOTES TO THE FINANCIAL STATEMENTS**  
31 DECEMBER 2020**19. PROPERTY, PLANT AND EQUIPMENT (continued)**

(f) (continued)

The disclosures of the key inputs and assumptions are set out as follows: (continued)

(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 price in the previous financial year immediately before the budgeted period. These are increased over the budgeted period based on CPO price forecasted by the Worldbank.

*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 COVID-19 pandemic. This is the benchmark used by management to assess operating performance and to evaluate future investment proposals.

**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.

In the previous financial year, a reversal of impairment loss of RM148,000 had been recognised by the Group due to discount received on the asset under construction, which had been fully impaired in the previous financial years.

(g) During the financial year, the Company disposed motor vehicles with carrying amounts of RM338,000 to its related companies for a consideration of RM393,000.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

## 20. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

## The Group and the Company as lessee

## Right-of-use assets

Group	RM'000	Long term	Land use	Short term	Equipment	Buildings	Motor vehicles	Total
		leasehold land	rights	leasehold land				
<b>2020</b>								
<b>Carrying amount</b>								
At 1 January 2020	218,217	212,828	835	48	1,705	103	433,736	
Additions	-	2,085	40	-	332	-	2,457	
Reclassified to disposal group held for sale (Note 35)	-	(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	

**NOTES TO THE FINANCIAL STATEMENTS**  
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**20. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)**

**The Group and the Company as lessee (continued)**

**Right-of-use assets (continued)**

Group	Long term	Land use	Short term	Equipment	Buildings	Motor	Total
	leasehold land RM'000	rights RM'000	leasehold land RM'000	RM'000	RM'000	vehicles RM'000	RM'000
<b>2019</b>							
<b>Carrying amount</b>							
At 1 January 2019	220,641	215,165	807	78	2,486	138	439,315
Additions	-	3,005	142	-	-	-	3,147
Depreciation charged for the financial year	(2,424)	(8,181)	(114)	(30)	(781)	(35)	(11,565)
Exchange differences	-	2,839	-	-	-	-	2,839
At 31 December 2019	218,217	212,828	835	48	1,705	103	433,736

**NOTES TO THE FINANCIAL STATEMENTS**

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**20. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)****The Group and the Company as lessee (continued)****Right-of-use assets (continued)**

<b>Group</b>	← At 31.12.2020 →		
	<b>Cost RM'000</b>	<b>Accumulated depreciation RM'000</b>	<b>Carrying amount RM'000</b>
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
	<b>486,407</b>	<b>(94,925)</b>	<b>391,482</b>

<b>Group</b>	← At 31.12.2019 →		
	<b>Cost RM'000</b>	<b>Accumulated depreciation RM'000</b>	<b>Carrying amount RM'000</b>
Long term leasehold land	234,298	(16,081)	218,217
Land use rights	291,824	(78,996)	212,828
Short term leasehold land	1,466	(631)	835
Equipment	145	(97)	48
Buildings	2,972	(1,267)	1,705
Motor vehicle	176	(73)	103
	<b>530,881</b>	<b>(97,145)</b>	<b>433,736</b>

<b>Company</b>	<b>Long term leasehold land RM'000</b>	<b>Equipment RM'000</b>	<b>Total RM'000</b>
	<b>2020</b>		
<b>Carrying amount</b>			
At 1 January 2020	50,948	49	50,997
Reassessment	-	72	72
Depreciation charged for the financial year	(771)	(26)	(797)
At 31 December 2020	<b>50,177</b>	<b>95</b>	<b>50,272</b>

**NOTES TO THE FINANCIAL STATEMENTS**

31 DECEMBER 2020

**20. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)**

The Group and the Company as lessee (continued)

Right-of-use assets (continued)

<b>Company</b>	<b>Long term leasehold land RM'000</b>	<b>Equipment RM'000</b>	<b>Total RM'000</b>
<b>2019</b>			
<b>Carrying amount</b>			
At 1 January 2019	51,718	75	51,793
Depreciation charged for the financial year	(770)	(26)	(796)
At 31 December 2019	50,948	49	50,997

<b>Company</b>	<b>At 31.12.2020</b>		
	<b>Cost RM'000</b>	<b>Accumulated depreciation RM'000</b>	<b>Carrying amount RM'000</b>
Long term leasehold land	54,462	(4,285)	50,177
Equipment	202	(107)	95
	54,664	(4,392)	50,272

<b>Company</b>	<b>At 31.12.2019</b>		
	<b>Cost RM'000</b>	<b>Accumulated depreciation RM'000</b>	<b>Carrying amount RM'000</b>
Long term leasehold land	54,462	(3,514)	50,948
Equipment	130	(81)	49
	54,592	(3,595)	50,997

**NOTES TO THE FINANCIAL STATEMENTS**

31 DECEMBER 2020

**20. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)****The Group and the Company as lessee (continued)****Lease liabilities**

<b>Group</b>	<b>Short term leasehold land RM'000</b>	<b>Equipment RM'000</b>	<b>Buildings RM'000</b>	<b>Motor vehicles RM'000</b>	<b>Total RM'000</b>
<b>2020</b>					
<b>Carrying amount</b>					
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

**2019****Carrying amount**

At 1 January 2019	1,599	83	1,800	129	3,611
Additions	142	-	-	-	142
Lease payments	(842)	(34)	(90)	(35)	(1,001)
Interest expense	152	4	17	5	178
At 31 December 2019	1,051	53	1,727	99	2,930

<b>Company</b>	<b>Equipment RM'000</b>
<b>2020</b>	
<b>Carrying amount</b>	
At 1 January 2020	52
Lease payments	(30)
Interest expense	3
Reassessment	72
At 31 December 2020	97

**2019****Carrying amount**

At 1 January 2019	79
Lease payments	(31)
Interest expense	4
At 31 December 2019	52

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

### 20. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)

#### The Group and the Company as lessee (continued)

#### Lease liabilities (continued)

Represented by:	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Non-current liabilities	4,079	2,038	70	24
Current liabilities	841	892	27	28
<b>Total lease liabilities</b>	<b>4,920</b>	<b>2,930</b>	<b>97</b>	<b>52</b>
Lease liabilities owing to financial institutions	68	99	-	-
Lease liabilities owing to non-financial institutions	4,852	2,831	97	52
	4,920	2,930	97	52

- (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 36 to 910 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 6 years
Motor vehicle	over the lease period of 5 years

- (b) Included in land use rights of the Group are prepayments amounting to RM29,633,000 (2019: RM32,494,000), which the Group has yet to obtain the titles to use the rights as at the end of the reporting period.
- (c) The Group and the Company have certain leases of machineries with lease term of 12 months or less, and low value leases of office equipment of RM5,000 and below. The Group and the Company apply the "short-term lease" and "lease of low-value assets" exemptions for these leases.

**NOTES TO THE FINANCIAL STATEMENTS**

31 DECEMBER 2020

**20. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)****The Group and the Company as lessee (continued)**

(d) Depreciation capitalised under bearer plants and biological assets during the financial year is as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<u>Property, plant and equipment</u>				
Bearer plants (Note 19(d))	804	1,395	468	320
<u>Biological assets</u>				
Forest planting expenditure (Note 21(a))	22	-	-	-

(e) The following are the amounts recognised in profit or loss:

	Group	
	2020 RM'000	2019 RM'000
Depreciation charge of right-of-use assets (included in cost of sales and administrative expenses)	10,228	10,170
Interest expense on lease liabilities (included in finance costs)	422	178
Expense relating to short-term leases (included in administration expenses)	170	101
Expense relating to leases of low-value assets (included in administration expenses)	-	8
	10,820	10,457

	Company	
	2020 RM'000	2019 RM'000
Depreciation charge of right-of-use assets (included in cost of sales and administrative expenses)	329	476
Interest expense on lease liabilities (included in finance costs)	3	4
Expense relating to short-term leases (included in administration expenses)	102	10
	434	490

(f) At the end of the financial year, the Group and the Company had total cash outflow for leases of RM1,277,000 (2019: RM1,001,000) and RM30,000 (2019: RM31,000) respectively.



**NOTES TO THE FINANCIAL STATEMENTS**  
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**20. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)**

**The Group and the Company as lessee (continued)**

- (g) The Group and the Company lease several lease contracts that include extension and termination options. These are used to maximise operational flexibility in terms of managing the assets used in the operations of the Group and the Company. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised.

The following are the undiscounted potential future rental payments that are not included in the lease term:

<b>Group and Company</b>	<b>Within five years RM'000</b>	<b>Total RM'000</b>
<b>2020</b>		
Extension options expected not to be exercised	25	25
<b>2019</b>		
Extension options expected not to be exercised	25	25

- (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 and the Company:

<b>Group</b>	<b>Weighted average incremental borrowing rate per annum %</b>	<b>Within one year RM'000</b>	<b>One to two years RM'000</b>	<b>Two to five years RM'000</b>	<b>More than five years RM'000</b>	<b>Total RM'000</b>
<b>31 December 2020</b>						
<b>Lease liabilities</b>						
Fixed rates	2.35% - 5.58%	841	1,028	2,437	614	4,920
<b>31 December 2019</b>						
<b>Lease liabilities</b>						
Fixed rates	2.35% - 5.58%	892	1,135	498	405	2,930

**NOTES TO THE FINANCIAL STATEMENTS**

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**20. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)****The Group and the Company as lessee (continued)**

- (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 and the Company: (continued)

<b>Company</b>	<b>Weighted average incremental borrowing rate per annum %</b>	<b>Within one year RM'000</b>	<b>One to two years RM'000</b>	<b>Two to five years RM'000</b>	<b>More than five years RM'000</b>	<b>Total RM'000</b>
<b>31 December 2020</b>						
<b>Lease liabilities</b>						
Fixed rate	4.38%	27	40	30	-	97
<b>31 December 2019</b>						
<b>Lease liabilities</b>						
Fixed rate	5.58%	28	15	9	-	52

- (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 and the Company at the end of the reporting period based on contractual undiscounted repayment obligations as follows:

<b>Group</b>	<b>On demand or within one year RM'000</b>	<b>One to five years RM'000</b>	<b>More than five years RM'000</b>	<b>Total RM'000</b>
<b>31 December 2020</b>				
Lease liabilities	1,099	3,815	723	5,637
<b>31 December 2019</b>				
Lease liabilities	1,023	1,807	504	3,334
<b>Company</b>				
<b>31 December 2020</b>				
Lease liabilities	30	75	-	105
<b>31 December 2019</b>				
Lease liabilities	30	25	-	55

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

## 20. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)

## The Group and the Company 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			
	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
At 1 January	2,930	3,611	52	79
Additions	122	142	-	-
Cash flows				
- Payments of lease liabilities	(855)	(823)	(27)	(27)
- Payments of lease interest	(422)	(178)	(3)	(4)
Non-cash flows				
- Interest expense	422	178	3	4
- Reassessments	2,723	-	72	-
At 31 December	4,920	2,930	97	52

## The Group and the Company as lessor

The Group and the Company have entered into non-cancellable lease agreements on certain properties, mainly for own use, for terms of between one (1) to four (4) years and renewable at the end of the lease period subject to an increase clause.

The Group and the Company have aggregate future minimum lease receivable as at the end of each reporting period as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
	Not later than 1 year	997	955	963
Later than 1 year but not later than 2 years	337	806	337	903
Later than 2 years but not later than 3 years	264	337	264	337
Later than 3 years but not later than 4 years	132	264	132	264
Later than 4 years but not later than 5 years	-	132	-	132
	1,730	2,494	1,696	2,672

**NOTES TO THE FINANCIAL STATEMENTS**

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**21. BIOLOGICAL ASSETS**

Group	Forest planting expenditure - timber (At fair value) RM'000	Forest planting expenditure (At fair value) RM'000	Forest planting expenditure (At cost) RM'000	Total RM'000
<b>Non-current assets</b>				
<b>At cost/valuation</b>				
<b>At 1 January 2020</b>	-	310,609	95,650	406,259
Additions during the financial year	314	4,104	-	4,418
Gain from fair value adjustment (Note 10)	-	1,793	-	1,793
<b>At 31 December 2020</b>	314	316,506	95,650	412,470
<b>At 1 January 2019</b>	-	307,283	95,650	402,933
Additions during the financial year	-	4,719	-	4,719
Loss from fair value adjustment (Note 12)	-	(1,393)	-	(1,393)
<b>At 31 December 2019</b>	-	310,609	95,650	406,259
<b>Accumulated amortisation</b>				
<b>At 1 January 2020</b>	-	-	(3,543)	(3,543)
Amortisation for the year:				
Recognised in profit or loss (Note 12)	-	-	(1,181)	(1,181)
<b>At 31 December 2020</b>	-	-	(4,724)	(4,724)
<b>At 1 January 2019</b>	-	-	(2,362)	(2,362)
Amortisation for the year:				
Recognised in profit or loss (Note 12)	-	-	(1,181)	(1,181)
<b>At 31 December 2019</b>	-	-	(3,543)	(3,543)
<b>Net carrying amount:</b>				
<b>At cost/valuation</b>				
<b>At 31 December 2020</b>	314	316,506	90,926	407,746
<b>At 31 December 2019</b>	-	310,609	92,107	402,716

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

## 21. BIOLOGICAL ASSETS (continued)

Company	Forest planting expenditure (At fair value) RM'000	Forest planting expenditure (At cost) RM'000	Total RM'000
<b>Non-current assets</b>			
<b>At cost/valuation</b>			
<b>At 1 January 2020</b>	228,739	95,650	324,389
Additions during the financial year	2,297	-	2,297
Loss from fair value adjustment (Note 12)	(17)	-	(17)
<b>At 31 December 2020</b>	231,019	95,650	326,669
<b>At 1 January 2019</b>	232,215	95,650	327,865
Additions during the financial year	2,560	-	2,560
Loss from fair value adjustment (Note 12)	(6,036)	-	(6,036)
<b>At 31 December 2019</b>	228,739	95,650	324,389
<b>Accumulated amortisation</b>			
<b>At 1 January 2020</b>	-	(3,543)	(3,543)
Amortisation for the year:			
Recognised in profit or loss (Note 12)	-	(1,181)	(1,181)
<b>At 31 December 2020</b>	-	(4,724)	(4,724)
<b>At 1 January 2019</b>	-	(2,362)	(2,362)
Amortisation for the year:			
Recognised in profit or loss (Note 12)	-	(1,181)	(1,181)
<b>At 31 December 2019</b>	-	(3,543)	(3,543)
<b>Net carrying amount:</b>			
<b>At cost/valuation</b>			
<b>At 31 December 2020</b>	231,019	90,926	321,945
<b>At 31 December 2019</b>	228,739	92,107	320,846

**NOTES TO THE FINANCIAL STATEMENTS**

31 DECEMBER 2020

**21. BIOLOGICAL ASSETS (continued)**

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>Current assets</b>				
<b>At fair value</b>				
<u>Fresh fruit bunches</u>				
At beginning of financial year	9,304	5,086	92	82
Changes in fair value less costs to sell	3,581	4,769	3	10
Reclassified to disposal group held for sale (Note 35)	(3,334)	-	-	-
Exchange differences	(300)	(551)	-	-
At end of financial year	9,251	9,304	95	92

The nature and purpose of each category of biological assets are as follows:

- (a) Forest planting expenditure
- (i) The plantation expenditure for timber is in respect of softwood trees in Sabah. The Group deems the fair value less cost to sell of the plantation expenditure for timber to approximate cost.
- (ii) 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 93,000 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. The latest valuation exercise was conducted by CH Williams Talhar & Wong, with a valuation report dated 26 January 2021 for the valuation as at 31 December 2020.

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.

**NOTES TO THE FINANCIAL STATEMENTS**

31 DECEMBER 2020

**21. BIOLOGICAL ASSETS (continued)**

(a) Forest planting expenditure (continued)

(iii) 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.

<b>Biological assets</b>	<b>Valuation technique used</b>	<b>Significant unobservable inputs</b>	<b>Range</b>	<b>Inter-relationship between key unobservable inputs and fair value</b>	
Forest planting expenditure within the Industrial Timber Plantation area	Investment method	(a) Discount rate	2020: 10% - 15% (2019: 10% - 15%)	The higher the discount rate, the lower the fair value.	
		(b) Estimated yield	- rubber (kg/Ha)	2020: 490 - 1,960 (2019: 490 - 1,960)	The higher the yield rate, the higher the fair value.
			- wood/timber (M <sup>3</sup> /Ha)	2020: 120 - 160 (2019: 120 - 160)	
		(c) Estimated price	- rubber (RM/KG)	2020: 6.50 (2019: 6.50)	The higher the price, the higher the fair value.
- wood/timber (RM/M <sup>3</sup> )	2020: 350 - 425 (2019: 350 - 425)				

**NOTES TO THE FINANCIAL STATEMENTS**

31 DECEMBER 2020

**21. BIOLOGICAL ASSETS (continued)**

(a) Forest planting expenditure (continued)

(iv) Included in forest planting expenditure incurred during the financial year are:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Depreciation of property, plant and equipment (Note 19(c))	290	308	189	208
Depreciation of right-of-use assets (Note 20(d))	22	-	-	-
Interest expense (Note 11)	1,075	1,074	878	876
Employee benefits expenses (Note 13)	1,106	1,211	300	480

(v) The fair value of forest planting expenditure of the Group and of the Company is categorised as Level 3 in the fair value hierarchy. There is no transfer between levels in the fair value hierarchy during the financial year.

(b) Fresh Fruit Bunches ("FFB") prior to harvest

(i) The valuation model adopted by the Group and the Company considers the present value of the net cash flows expected to be generated from the sales of FFB. To arrive at the fair value, the management has considered the oil content of the unripe FFB and derived the assumption that the net cash flows to be generated from FFB prior to more than 15 days to harvest is negligible, therefore quantity of unripe FFB on bearer plant of up to 15 days prior to harvest was used for valuation purpose. The value of the unripe FFB was estimated to be approximately 80% of the ripe FFB, based on actual oil extraction rate and kernel extraction rate of the unripe FFB from the laboratory tests. Costs to sell include harvesting cost, transport and windfall profit levy.

(ii) During the financial year, the Group and the Company harvested approximately 685,000 tonnes and 8,000 tonnes (2019: 894,000 tonnes and 11,000 tonnes) respectively of FFB.

(iii) The fair value measurement of the Group's and the Company'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 and the Company would have equally increased or decreased by approximately RM1,458,000 and RM14,000 (2019: RM1,495,000 and RM14,000) respectively.

There were no transfers between all three (3) levels of the fair value hierarchy during the financial year.

(c) As at 31 December 2020, none of the biological assets are pledged as securities for liabilities.



**NOTES TO THE FINANCIAL STATEMENTS**

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**22. INTANGIBLE ASSETS****Goodwill**

	<b>RM'000</b>
<b>Group</b>	
<b>Cost:</b>	
At 1 January 2019	60,672
Exchange differences	708
At 31 December 2019 and 1 January 2020	61,380
Reclassified to disposal group held for sale (Note 35)	(6,790)
Exchange differences	(977)
At 31 December 2020	53,613
<b>Accumulated impairment:</b>	
At 1 January 2019/1 January 2020	4,500
Impairment during the financial year	-
At 31 December 2019 and 2020	4,500
<b>Net carrying amount</b>	
At 31 December 2020	49,113
At 31 December 2019	56,880

**Impairment tests for goodwill**

The carrying amounts of goodwill allocated to each CGU are as follows:

	<b>Group</b>	
	<b>2020</b>	<b>2019</b>
	<b>RM'000</b>	<b>RM'000</b>
Segments:		
Palm products	44,372	52,139
Others	4,741	4,741
	49,113	56,880

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, taking into consideration the impact of COVID-19 pandemic.

**NOTES TO THE FINANCIAL STATEMENTS**

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**22. INTANGIBLE ASSETS (continued)****Goodwill (continued)**

The key assumptions applied to the cash flow projections are as follows:

	2020	2019
CPO price (RM/MT)	2,800	2,700
Pre-tax discount rates (%)	8.00 - 10.00	7.00 - 9.00

The calculations of value-in-use for the CGU are most sensitive to the following assumptions:

*Palm products segment:*

*CPO price* - CPO price is based on average historical price in the previous financial year immediately before the budgeted period. These are increased over the budgeted period based on CPO price forecasted by the Worldbank.

*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 COVID-19 pandemic. This is the benchmark used by management to assess operating performance and to evaluate future investment proposals.

*Others segment:*

*Budgeted gross profit margins* - Gross profit margins are based on historical profit margin achieved. These are increased over the budget period for anticipated efficiency improvements.

*Pre-tax discount rates* - Discount rates reflect the current market assessment of the risks specific to each CGU after taking into consideration the effects of COVID-19 pandemic. This is the benchmark used by management to assess operating performance and to evaluate future investment proposals.

**Sensitivity to changes in assumptions**

With regard to the assessment of value-in-use, the management is not aware of any reasonably possible change in the above key assumptions that would cause the carrying amounts of the CGUs to materially exceed their recoverable amounts.

**NOTES TO THE FINANCIAL STATEMENTS**

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**23. INVESTMENTS IN SUBSIDIARIES**

	<b>Company</b>	
	<b>2020</b>	<b>2019</b>
	<b>RM'000</b>	<b>RM'000</b>
Unquoted shares, at cost:		
In Malaysia	236,833	239,965
Outside Malaysia	31,651	31,651
	268,484	271,616
ESOS granted to employees of subsidiaries	2,446	2,446
Non-cumulative redeemable convertible preference shares	615,941	613,111
	886,871	887,173
Less: Impairment losses	(8,862)	(8,862)
	878,009	878,311

- (a) In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses. The Group elects on a transaction-by-transaction basis whether to measure the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets.
- (b) In the previous financial year, impairment losses on investments in subsidiaries amounted to RM104,000 had been recognised in respect of certain subsidiaries due to continuous losses making of these subsidiaries. The net carrying amounts of investments in these subsidiaries amounted to RM214,730,000 as at 31 December 2019.

Management has made estimates about the future results and key assumptions applied to cash flow projections of subsidiaries in determining their recoverable amounts using the value-in-use model. These key assumptions include forecast growth in future revenue, as well as determining an appropriate pre-tax discount rate and terminal values.

The disclosures of the key assumptions are similar to the impairment assessment on the intangible assets, which have been set out in Note 22 to the financial statements.

- (c) During the financial year, the Company:
- (i) subscribed for an additional 2,830,000 non-cumulative redeemable convertible preference shares in Halaman Semesta Sdn. Bhd. for a total subscription consideration of RM2,830,000 by cash.
  - (ii) reduced its cost of investment in CocoaHouse Industries Sdn. Bhd. from RM3,145,000 to RM13,000 by cancellation of ordinary shares pursuant to Section 117 of the Companies Act 2016.
- (d) In the previous financial year, the Company:
- (i) subscribed for a total of 1,625 shares, representing 65% of the entire issued and paid-up capital of PT Kalimantan Industrial Park Indonesia (formerly known as PT Aman Mulia Gemilang) for a total subscription consideration of Rupiah 1.625 billion (or equivalent to RM473,000) by cash.

**NOTES TO THE FINANCIAL STATEMENTS**

31 DECEMBER 2020

**23. INVESTMENTS IN SUBSIDIARIES (continued)**

(d) In the previous financial year, the Company: (continued)

- (ii) subscribed for an additional 2,133,000 non-cumulative redeemable convertible preference shares in certain subsidiaries for a total subscription consideration of RM8,644,000 by cash.
- (iii) redeemed 26,609,000 non-cumulative redeemable convertible preference shares at RM1.00 each in Polar Vertex Sdn. Bhd. with total redemption amount of RM26,609,000 by way of contra against the amount due from the Company.
- (iv) struck off TSH Forestry (Sabah) Sdn. Bhd., TSH Sukuk Musyarakah Sdn. Bhd. and TSH Sabahan Oil Mill Sdn. Bhd., which are the direct subsidiaries of the Company from the register of Companies Commission of Malaysia upon the application by the Company. The strike off had resulted in a loss of RM17,000 to the Company.

(e) The details of the subsidiaries are as follows:

Name of subsidiaries	Principal place of business/ Country of incorporation	Principal activities	% of effective ownership interest held by the Group		% of ownership held by non-controlling interest	
			2020 %	2019 %	2020 %	2019 %
<b>Held by the Company:</b>						
TSH Plantation Sdn. Bhd. <sup>i</sup>	Malaysia	Operation of palm oil mills and investment holding	100	100	-	-
CocoaHouse Industries Sdn. Bhd. <sup>i</sup>	Malaysia	Dormant	100	100	-	-
CocoaHouse Sdn. Bhd. <sup>i</sup>	Malaysia	Manufacture and sale of cocoa products and investment holding	100	100	-	-
Ekowood International Berhad <sup>i</sup>	Malaysia	Manufacture and sale of downstream wood products	100	100	-	-
TSH Bio-Gas Sdn. Bhd. <sup>i</sup>	Malaysia	Operation of biogas power plant	100	100	-	-
LKSK Sdn. Bhd. <sup>i</sup>	Malaysia	Oil palm plantations	51	51	49	49
Tan Soon Hong Holdings Sdn. Bhd. <sup>i</sup>	Malaysia	Oil palm plantations and investment holding	100	100	-	-

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

### 23. INVESTMENTS IN SUBSIDIARIES (continued)

(e) 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	
			2020 %	2019 %	2020 %	2019 %
<b>Held by the Company: (continued)</b>						
TSH Bio-Energy Sdn. Bhd. <sup>i</sup>	Malaysia	Operation of a power plant	100	100	-	-
TSH Timber Industries Sdn. Bhd. <sup>i</sup>	Malaysia	Dormant	100	100	-	-
POME Energy Sdn. Bhd. <sup>i</sup>	Malaysia	Dormant	100	100	-	-
Landquest Sdn. Bhd. <sup>i</sup>	Malaysia	Oil palm plantations	56.68	56.68	43.32	43.32
TSH Sumbar Group Limited <sup>iv</sup>	Seychelles	Investment holding	100	100	-	-
PT Aramico Komoditi <sup>ii/iv</sup>	Indonesia	Dormant	74.42	74.42	25.58	25.58
TSH Logistics Sdn. Bhd. <sup>i</sup>	Malaysia	Investment holding	100	100	-	-
Polar Vertix Sdn. Bhd. <sup>i</sup>	Malaysia	Dormant	100	100	-	-
TSH Oversea Pte. Ltd. <sup>iv</sup>	Singapore	Investment holding	100	100	-	-
TSH Sukuk Ijarah Sdn. Bhd. <sup>i</sup>	Malaysia	Undertake of Islamic Securities transactions	100	100	-	-
TSH Global Plantation Pte. Ltd. <sup>iv</sup>	Singapore	Investment holding	100	100	-	-
TSH Mitra Capital Pte. Ltd. <sup>iv</sup>	Singapore	Investment holding	100	100	-	-
GlobeFlex Advisory Sdn. Bhd. <sup>i</sup>	Malaysia	Investment holding	100	100	-	-
Halaman Semesta Sdn. Bhd. <sup>i</sup>	Malaysia	Investment holding	100	100	-	-

**NOTES TO THE FINANCIAL STATEMENTS**

31 DECEMBER 2020

**23. INVESTMENTS IN SUBSIDIARIES (continued)**

(e) 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	
			2020 %	2019 %	2020 %	2019 %
<b>Held by the Company: (continued)</b>						
Bagan Agresif Sdn. Bhd. <sup>i</sup>	Malaysia	Investment holding	100	100	-	-
Casa Logistic Sdn. Bhd. <sup>i</sup>	Malaysia	Investment holding	100	100	-	-
Rinukut Sdn. Bhd. <sup>i</sup>	Malaysia	Investment holding	70	70	30	30
TSH Sukuk Murabahah Sdn. Bhd. <sup>i</sup>	Malaysia	Undertake of Islamic Securities transactions	100	100	-	-
Icon Field Ventures Sdn. Bhd. <sup>i</sup>	Malaysia	Investment holding	100	100	-	-
TSH Agri Pte. Ltd. <sup>v</sup>	Singapore	Management services and trading of goods	100	100	-	-
PT Kalimantan Industrial Park Indonesia <sup>iv</sup> (f.k.a. PT Aman Mulia Gemilang)	Indonesia	Dormant	65	65	35	35
<b>Held through Ekowood International Berhad</b>						
TSH Products Sdn. Bhd. <sup>i</sup>	Malaysia	Dormant	100	100	-	-
Ekowood Iberica, S.L. <sup>iii</sup>	Spain	Dormant	99.96	99.96	0.04	0.04
Ekowood Malaysia Sdn. Bhd. <sup>i</sup>	Malaysia	Supply and installation of timber flooring	100	100	-	-
EkoLoc System Sdn. Bhd. <sup>i</sup>	Malaysia	Sub-licensing of strip lock system	100	100	-	-
Ekowood (USA) Inc. <sup>iii</sup>	United States of America	Trading of wood products	100	100	-	-
Ekowood S.A. <sup>iii</sup>	Luxembourg	Dormant	70	70	30	30

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

## 23. INVESTMENTS IN SUBSIDIARIES (continued)

(e) 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	
			2020 %	2019 %	2020 %	2019 %
<b>Held through TSH Plantation Sdn. Bhd.</b>						
TSH Plantation Management Sdn. Bhd. <sup>i</sup>	Malaysia	Operation of a palm oil mill	100	100	-	-
TSH Biotech Sdn. Bhd. <sup>i</sup>	Malaysia	Undertake oil palm ramets and other tissue culture projects	100	100	-	-
TSH Forest Plantation Sdn. Bhd. <sup>i</sup>	Malaysia	Forest plantation	100	100	-	-
<b>Held through CocoaHouse Sdn. Bhd.</b>						
PT Sinar Bersatu <sup>ii/iv</sup>	Indonesia	Dormant	99	99	1	1
Afromal Cocoa Limited <sup>ii/iv</sup>	Ghana	Dormant	100	100	-	-
<b>Held through Tan Soon Hong Holdings Sdn. Bhd.</b>						
TSH Palm Products Sdn. Bhd. <sup>i</sup>	Malaysia	Oil palm plantations and investment holding	100	100	-	-
<b>Held through TSH Palm Products Sdn. Bhd.</b>						
Eko Pulp & Paper Sdn. Bhd. <sup>i</sup>	Malaysia	Hiring business	100	100	-	-
<b>Held through TSH Sumbar Group Limited</b>						
PT Andalas Agro Industri <sup>iv</sup>	Indonesia	Operation of a palm oil mill and investment holding	70	70	30	30
PT Andalas Wahana Berjaya <sup>iv</sup>	Indonesia	Oil palm plantations and operation of a palm oil mill	70	70	30	30

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**23. INVESTMENTS IN SUBSIDIARIES (continued)**

(e) 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	
			2020 %	2019 %	2020 %	2019 %
<b>Held through TSH Oversea Pte. Ltd.</b>						
PT Sarana Prima Multi Niaga <sup>iv</sup>	Indonesia	Oil palm plantations and operation of a palm oil mill	90	90	10	10
PT Teguh Swakarsa Sejahtera <sup>iv</sup>	Indonesia	Oil palm plantations	90	90	10	10
<b>Held through PT Andalas Agro Industri</b>						
PT Laras Internusa <sup>iv</sup>	Indonesia	Oil palm plantations	69.77	69.77	30.23	30.23
<b>Held through TSH Global Plantation Pte. Ltd.</b>						
PT Farinda Bersaudara <sup>iv</sup>	Indonesia	Oil palm plantations and operation of a palm oil mill	90	90	10	10
<b>Held through TSH Mitra Capital Pte. Ltd.</b>						
PT Mitra Jaya Cemerlang <sup>iv</sup>	Indonesia	Oil palm plantations	90	90	10	10
<b>Held through GlobeFlex Advisory Sdn. Bhd.</b>						
PT Karya Unggulan Cemerlang <sup>iv</sup>	Indonesia	Provision of management services	90	90	10	10
<b>Held through TSH Logistics Sdn. Bhd.</b>						
PT Bulungan Citra Agro Persada <sup>iv</sup>	Indonesia	Oil palm plantations	90	90	10	10



## NOTES TO THE FINANCIAL STATEMENTS

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### 23. INVESTMENTS IN SUBSIDIARIES (continued)

(e) 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	
			2020 %	2019 %	2020 %	2019 %
<b>Held through Halaman Semesta Sdn. Bhd.</b>						
PT Munte Waniq Jaya Perkasa <sup>iv</sup>	Indonesia	Oil palm plantations	90	90	10	10
<b>Held through Bagan Agresif Sdn. Bhd.</b>						
PT Andalas Wahana Sukses <sup>iv</sup>	Indonesia	Oil palm plantations	90	90	10	10
<b>Held through Casa Logistic Sdn. Bhd.</b>						
PT Perkebunan Sentawar Membangun <sup>iv</sup>	Indonesia	Oil palm plantations	90	90	10	10
<b>Held through Rinukut Sdn. Bhd.</b>						
RT Plantations Sdn. Bhd. <sup>i</sup>	Malaysia	Oil palm plantations	42	42	58	58
<b>Held through Icon Field Ventures Sdn. Bhd.</b>						
PT Prima Usaha Sukses <sup>iv</sup>	Indonesia	Oil palm plantations	90	90	10	10

<sup>i</sup> Audited by BDO PLT, Malaysia.

<sup>ii</sup> These subsidiaries were placed under members' voluntary winding-up in the previous financial years.

<sup>iii</sup> Audited by BDO PLT, Malaysia for the purpose of consolidation in the financial statements of the Group.

<sup>iv</sup> Not audited by BDO PLT or member firms of BDO International.

<sup>v</sup> Audited by BDO Member Firms.

## NOTES TO THE FINANCIAL STATEMENTS

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## 23. INVESTMENTS IN SUBSIDIARIES (continued)

(f) Material partly-owned subsidiaries

Summarised financial information of TSH Sumbar Group Limited, TSH Oversea Pte. Ltd., TSH Global Plantation Pte. Ltd., LKSK Sdn. Bhd., Landquest Sdn. Bhd. and Rinukut Sdn. Bhd., 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

Assets and liabilities	Subsidiaries of TSH Sumbar Group Limited		Subsidiaries of TSH Oversea Pte. Ltd.		Subsidiary of TSH Global Plantation Pte. Ltd.		LKSK Sdn. Bhd.		Landquest Sdn. Bhd.		Rinukut Sdn. Bhd. and its subsidiary	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Non-current assets	351,568	334,987	277,298	262,031	284,830	323,804	40,712	39,168	30,662	30,511	88,704	85,387
Current assets	41,991	35,389	41,627	35,593	21,241	38,838	3,091	3,307	2,232	2,043	5,973	6,939
Total assets	393,559	370,376	318,925	297,624	306,071	362,642	43,803	42,475	32,894	32,554	94,677	92,326
Current liabilities	14,925	8,972	11,638	21,057	7,851	14,891	451	725	1,906	1,885	6,333	6,677
Non-current liabilities	138,427	172,303	6,878	7,341	327,280	386,339	8,885	8,662	5,159	5,068	96,990	90,028
Total liabilities	153,352	181,275	18,516	28,398	335,131	401,230	9,336	9,387	7,065	6,953	103,323	96,705
Net assets/(liabilities)	240,207	189,101	300,409	269,226	(29,060)	(38,588)	34,467	33,088	25,829	25,601	(8,646)	(4,379)
Carrying amounts of NCI	71,399	59,424	29,852	27,901	(1,788)	(2,951)	20,750	20,074	10,656	10,555	15,608	18,081

**NOTES TO THE FINANCIAL STATEMENTS**  
31 DECEMBER 2020

**23. INVESTMENTS IN SUBSIDIARIES (continued)**

(f) Material partly-owned subsidiaries (continued)

(ii) Summarised statements of comprehensive income

Results	Subsidiaries of TSH Sumbar Group Limited		Subsidiaries of TSH Oversea Pte. Ltd.		Subsidiary of TSH Global Plantation Pte. Ltd.		LKS Sdn. Bhd.		Landquest Sdn. Bhd.		Rinukut Sdn. Bhd. and its subsidiary	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	165,269	134,231	139,921	114,819	155,619	128,469	6,886	5,399	2,050	1,497	10,858	4,495
Profit/(Loss) for the year	40,042	18,488	29,430	16,701	11,206	(3,245)	1,318	(521)	305	(329)	(4,266)	(6,379)
Total comprehensive income/(loss) for the year	38,733	17,970	28,351	17,002	10,781	(3,423)	1,318	(521)	305	(329)	(4,266)	(6,379)
Profit/(Loss) allocated to NCI	11,787	5,477	2,943	1,670	1,120	(325)	646	(255)	132	(142)	(2,473)	(3,698)
Total comprehensive income/(loss) allocated to NCI	11,628	5,431	2,835	1,700	1,078	(342)	646	(255)	132	(142)	(2,473)	(3,698)

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

## 23. INVESTMENTS IN SUBSIDIARIES (continued)

(f) Material partly-owned subsidiaries (continued)

(iii) Summarised cash flows

	Subsidiaries of TSH Sumbar Group Limited		Subsidiaries of TSH Oversea Pte. Ltd.		Subsidiary of TSH Global Plantation Pte. Ltd.		LKSK Sdn. Bhd.		Landquest Sdn. Bhd.		Rinukut Sdn. Bhd. and its subsidiary	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Net cash flows from/(used in) operating activities	77,612	42,362	52,487	35,861	45,704	32,328	2,106	347	681	1,701	3,658	(4,849)
Net cash flows (used in)/from investing activities	(34,627)	(6,306)	(49,571)	(37,858)	(1,185)	(4,211)	587	(670)	(629)	(1,582)	(5,837)	(2,643)
Net cash flows (used in)/from financing activities	(39,096)	(38,232)	(6,253)	(4,206)	(56,486)	(13,073)	-	-	-	-	1,843	8,019
Net increase/(decrease) in cash and cash equivalents	3,889	(2,176)	(3,337)	(6,203)	(11,967)	15,044	2,693	(323)	52	119	(336)	527
Effect of exchange rate changes	(359)	330	(333)	406	(673)	167	-	-	-	-	-	-
Cash and cash equivalents at beginning of the year	11,741	13,587	10,929	16,726	22,062	6,851	404	727	137	18	815	288
Cash and cash equivalents at end of the year	15,271	11,741	7,259	10,929	9,422	22,062	3,097	404	189	137	479	815

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

## 24. INVESTMENT IN AN ASSOCIATE

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Quoted shares in Malaysia, at cost	61,259	61,259	61,259	61,259
Share of post-acquisition reserves	22,838	19,233	-	-
	84,097	80,492	61,259	61,259
Fair value of investment in an associate for which there is published price quotation	122,921	100,858	122,921	100,858

- (a) Investment in an associate is measured at cost in the separate financial statements of the Company and is accounted for using the equity method in the consolidated financial statements.
- (b) The details of the associate are as follows:

Name of associate	Principal place of business/ Country of incorporation	Principal activities	Effective interest	
			2020 %	2019 %
Innoprise Plantations Berhad*	Malaysia	Log extraction contractor, operation of oil palm plantations and palm oil mill, and producer and supplier of renewable energy	21.94	21.94

\* Not audited by BDO PLT or member firms of BDO International.

- (c) The financial year end of the above associate is coterminous with those of the Group.
- (d) The summarised financial information of the associate, not adjusted for the proportion of ownership interest held by the Group, is as follows:
- (i) Summarised statements of financial position

	2020 RM'000	2019 RM'000
<b>Assets and liabilities</b>		
Current assets	44,657	23,513
Non-current assets	359,110	366,974
Total assets	403,767	390,487
Current liabilities	16,272	29,818
Non-current liabilities	53,688	43,293
Total liabilities	69,960	73,111
Net assets	333,807	317,376

**NOTES TO THE FINANCIAL STATEMENTS**

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**24. INVESTMENT IN AN ASSOCIATE (continued)**

(d) The summarised financial information of the associate, not adjusted for the proportion of ownership interest held by the Group, is as follows: (continued)

(ii) Summarised statements of comprehensive income

	<b>2020</b>	<b>2019</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Results</b>		
Revenue	153,793	118,600
Profit for the year	36,898	13,640
Total comprehensive income	36,898	13,640

(iii) Reconciliation of the summarised financial information presented above to the carrying amount of the Group's interest in associate.

	<b>2020</b>	<b>2019</b>
	<b>RM'000</b>	<b>RM'000</b>
Net assets at 1 January	317,376	313,255
Total comprehensive income	36,898	13,640
Transaction with owners	(20,467)	(9,519)
Net assets at 31 December	333,807	317,376
Interest in associate (%)	21.94%	21.94%
	73,237	69,632
Goodwill	10,860	10,860
Carrying value of Group's interest in associate	84,097	80,492

(iv) Dividends received from associate during the financial year amounted to RM4,727,000 (2019: RM1,050,000).

(v) The fair value of quoted shares in Malaysia is determined by reference to the exchange quoted market bid prices at the close of the business at the end of the reporting period.

**25. INVESTMENTS IN JOINT VENTURES**

	<b>Group</b>		<b>Company</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Unquoted shares, at cost	20,750	20,750	20,750	20,750
Share of post-acquisition reserves	52,821	57,662	-	-
	73,571	78,412	20,750	20,750

The Group has 50% of the voting rights of its joint arrangements. Under the contractual arrangements, unanimous consent is required from all parties to the agreements for all relevant activities. The Group's interest in joint ventures is accounted for using the equity method in the consolidated financial statements. In the separate financial statements of the Company, investments in joint ventures are measured at cost.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

## 25. INVESTMENTS IN JOINT VENTURES (continued)

The joint arrangements are structured via separate entities and provide the Group with the rights to the net assets of the entities under the arrangements. Therefore, these entities are classified as joint ventures of the Group.

(a) Details of the joint ventures are as follows:

Name of joint ventures	Principal place of business/ Country of incorporation	Principal activities	Effective interest	
			2020 %	2019 %
TSH-Wilmar Sdn. Bhd.*	Malaysia	Operation of palm oil refinery mill and kernel crushing plant	50	50
TSH-Wilmar (BF) Sdn. Bhd.*	Malaysia	Operation of a power plant	50	50

\* Audited by BDO PLT, Malaysia.

These joint ventures have the same reporting period as the Group.

(b) Summarised financial information of TSH-Wilmar Sdn. Bhd. and TSH-Wilmar (BF) Sdn. Bhd. is set out below. The summarised information represents the amounts in the financial statements of the joint ventures and not the Group's share of those amounts.

(i) Summarised statements of financial position

	TSH-Wilmar Sdn. Bhd.		TSH-Wilmar (BF) Sdn. Bhd.	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Non-current assets	54,378	56,891	11,072	4,302
Cash and cash equivalents	42,549	52,923	129	214
Other current assets	155,949	219,946	306	8,183
Total current assets	198,498	272,869	435	8,397
Total assets	252,876	329,760	11,507	12,699
Current liabilities (excluding trade and other payables and provisions)	62,580	107,190	384	928
Trade and other payables and provisions	45,617	69,815	1,569	1,282
Total current liabilities	108,197	177,005	1,953	2,210
Non-current liabilities (excluding trade and other payables and provisions)	6,449	5,846	706	600
Total liabilities	114,646	182,851	2,659	2,810
Net assets	138,230	146,909	8,848	9,889

**NOTES TO THE FINANCIAL STATEMENTS**

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**25. INVESTMENTS IN JOINT VENTURES (continued)**

(b) Summarised financial information of TSH-Wilmar Sdn. Bhd. and TSH-Wilmar (BF) Sdn. Bhd. is set out below. The summarised information represents the amounts in the financial statements of the joint ventures and not the Group's share of those amounts. (continued)

(ii) Summarised statements of comprehensive income

	TSH-Wilmar Sdn. Bhd.		TSH-Wilmar (BF) Sdn. Bhd.	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Revenue	1,647,482	1,605,897	21,311	28,047
Depreciation and amortisation	(2,686)	(2,654)	(309)	(589)
Interest income	1,257	1,089	120	258
Interest expense	(3,109)	(4,478)	-	-
Profit before tax	53,730	29,565	9,320	13,827
Tax expense	(12,409)	(6,400)	(2,361)	(3,220)
Profit after tax, represent total comprehensive income	41,321	23,165	6,959	10,607

(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.	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Net assets at 1 January	146,909	131,744	9,889	7,282
Profit for the year	41,321	23,165	6,959	10,607
Dividends	(50,000)	(8,000)	(8,000)	(8,000)
Net assets at 31 December	138,230	146,909	8,848	9,889
Interests in joint ventures	50%	50%	50%	50%
Unrealised profit on inventories	69,115	73,454	4,424	4,945
Unrealised profit on inventories	32	13	-	-
Carrying value of Group's interests in joint ventures	69,147	73,467	4,424	4,945

Dividends received from joint ventures during the financial year amounted to RM29,000,000 (2019: RM8,000,000).



**NOTES TO THE FINANCIAL STATEMENTS**  
31 DECEMBER 2020

**26. DEFERRED TAX**

(a) Deferred tax as at 31 December related to the following:

Group	At 31 December 2019		At 31 December 2019/1 January 2020		At 31 December 2020					
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000				
	At 1 January 2019	Recognised in profit or loss	Recognised in other comprehensive income	Exchange differences	1 January 2020	Recognised in profit or loss	Recognised in other comprehensive income	Reclassified to disposal group held for sale (Note 35)	Exchange differences	At 31 December 2020
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Deferred tax liabilities:</b>										
Property, plant and equipment	50,627	1,694	-	(39)	52,282	4,044	-	(4,868)	(205)	51,253
Biological assets	85,018	(2,772)	-	41	82,287	291	-	(801)	(60)	81,717
Land use rights	13,415	(1,413)	-	255	12,257	(1,377)	-	355	(261)	10,974
Right-of-use assets	45,122	(668)	-	-	44,454	(688)	-	-	-	43,766
Others	418	(20)	-	(95)	303	-	-	-	-	303
	194,600	(3,179)	-	162	191,583	2,270	-	(5,314)	(526)	188,013
<b>Deferred tax assets:</b>										
Tax losses and unabsorbed capital allowances	(59,037)	(4,891)	-	(218)	(64,146)	3,816	-	3,968	276	(56,086)
Others	(12,023)	2,667	(149)	(101)	(9,606)	3,381	(813)	1,906	216	(4,916)
	(71,060)	(2,224)	(149)	(319)	(73,752)	7,197	(813)	5,874	492	(61,002)
	123,540	(5,403)	(149)	(157)	117,831	9,467	(813)	560	(34)	127,011

**NOTES TO THE FINANCIAL STATEMENTS**

31 DECEMBER 2020

**26. DEFERRED TAX (continued)**

(a) Deferred tax as at 31 December related to the following: (continued)

Company	At 1	Recognised in	At	Recognised in	At
	January 2019	profit or loss (Note 15)	31 December 2019/1 January 2020	profit or loss (Note 15)	31 December 2020
	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Deferred tax liabilities:</b>					
Property, plant and equipment	7,334	841	8,175	925	9,100
Biological assets	59,356	(1,349)	58,007	(35)	57,972
Right-of-use assets	8,275	(140)	8,135	(140)	7,995
	74,965	(648)	74,317	750	75,067
<b>Deferred tax assets:</b>					
Tax losses and unabsorbed capital allowances	(44,443)	(858)	(45,301)	(1,275)	(46,576)
Others	(6,464)	1,089	(5,375)	93	(5,282)
	(50,907)	231	(50,676)	(1,182)	(51,858)
	24,058	(417)	23,641	(432)	23,209

Presented after appropriate offsetting:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Deferred tax assets, net*	(2,138)	(13,838)	-	-
Deferred tax liabilities, net*	129,149	131,669	23,209	23,641
	127,011	117,831	23,209	23,641

\* The amount of set-off between deferred tax assets and deferred tax liabilities was RM58,864,000 (2019: RM59,914,000) for the Group.

**NOTES TO THE FINANCIAL STATEMENTS**

31 DECEMBER 2020

**26. DEFERRED TAX (continued)**

(b) Deferred tax assets have not been recognised in respect of the following items:

	Group	
	2020 RM'000	2019 RM'000
Unused tax losses		
- No expiry date	16,667	16,667
- Expires by 2024 to 2028	145,494	108,368
Unabsorbed capital allowances	9,051	8,054
Other deductible temporary differences	25,368	16,274
	196,580	149,363

The Group and the Company have assessed the likelihood of sufficient future profits available to recover the amounts of deductible temporary differences, including taking into consideration the effects of COVID-19 pandemic. 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.

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 RM12,142,000 (2019: RM12,372,000) and RM40,673,000 (2019: RM52,079,000) 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 non-distributable earnings of certain of the Group's foreign subsidiaries as the Group has determined that the undistributed earnings of its subsidiaries will not be distributed in the foreseeable future.

**NOTES TO THE FINANCIAL STATEMENTS**

31 DECEMBER 2020

**27. TRADE AND OTHER RECEIVABLES**

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>Current</b>				
<b>Trade receivables</b>				
Amounts due from subsidiaries	-	-	5,605	6,150
Third parties	26,337	27,357	1,277	184
Joint ventures	6,242	5,333	-	-
Retention sums on contract (Note 31)	1,279	1,334	-	-
	33,858	34,024	6,882	6,334
Less: Allowance for impairment	(7,428)	(10,333)	-*	-*
Trade receivables, net	26,430	23,691	6,882	6,334
<b>Other receivables</b>				
Amounts due from related parties:				
- subsidiaries	-	-	46,744	22,907
- joint ventures	203	235	8	8
	203	235	46,752	22,915
Less: Allowance for impairment	-	-	(722)	(569)
	203	235	46,030	22,346
Plasma receivables (Note 27(b)(ii))	502	5,406	-	-
Other deposits	1,472	1,602	367	393
Sundry receivables	33,287	27,257	6,688	6,840
	35,464	34,500	53,085	29,579
Less: Allowance for impairment	(1,461)	(1,381)	(1,281)	(1,281)
	34,003	33,119	51,804	28,298
	60,433	56,810	58,686	34,632
<b>Non-current</b>				
<b>Other receivables</b>				
Amounts due from subsidiaries	-	-	800,418	977,255
Plasma receivables (Note 27(b)(ii))	39,143	61,455	-	-
Sundry receivables	13,508	10,321	-	-
	52,651	71,776	800,418	977,255
Less: Allowance for impairment	(12,213)	(11,862)	(18,783)	(19,726)
	40,438	59,914	781,635	957,529
Total trade and other receivables (current and non-current)	100,871	116,724	840,321	992,161
Add: Cash and bank balances and deposits (Note 34)	147,832	125,854	85,542	38,563
Total financial assets at amortised cost	248,703	242,578	925,863	1,030,724

\* The expected credit loss is immaterial.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

## 27. TRADE AND OTHER RECEIVABLES (continued)

Trade and other receivables are classified as financial assets and measured at amortised cost.

## (a) Trade receivables

Trade receivables are non-interest bearing and are generally on 30 to 90 days (2019: 30 to 90 days) terms. They are recognised at their original invoice amounts, which represent their fair values on initial recognition.

The ageing analysis of the Group's and of the Company's trade receivables are as follows:

Group	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
<b>Credit impaired</b>			
Individually impaired	5,443	(5,443)	-
	33,858	(7,428)	26,430

	2019		
	Gross carrying amount RM'000	Loss allowance RM'000	Net balance RM'000
Current	21,146	(58)	21,088
Past due			
- 1 to 30 days	1,051	(55)	996
- 31 to 60 days	483	(151)	332
- 61 to 90 days	733	(307)	426
- 91 to 120 days	890	(398)	492
- More than 121 days	817	(460)	357
	3,974	(1,371)	2,603
<b>Credit impaired</b>			
Individually impaired	8,904	(8,904)	-
	34,024	(10,333)	23,691

**NOTES TO THE FINANCIAL STATEMENTS**

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**27. TRADE AND OTHER RECEIVABLES (continued)**

## (a) Trade receivables (continued)

The ageing analysis of the Group's and of the Company's trade receivables are as follows: (continued)

Company	2020		
	Gross carrying amount RM'000	Loss allowance RM'000	Net balance RM'000
Current	4,523	-	4,523
Past due			
- 1 to 30 days	488	-	488
- 31 to 60 days	471	-	471
- 61 to 90 days	1,400	-	1,400
	6,882	-	6,882
2019			
	Gross carrying amount RM'000	Loss allowance RM'000	Net balance RM'000
Current	6,162	-	6,162
Past due			
- 1 to 30 days	154	-	154
- 31 to 60 days	18	-	18
	6,334	-	6,334

Impairment loss

Impairment for trade receivables that do not contain a significant financing component are recognised based on the simplified approach using the lifetime expected credit losses.

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 COVID-19 pandemic.

## NOTES TO THE FINANCIAL STATEMENTS

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## 27. TRADE AND OTHER RECEIVABLES (continued)

## (a) Trade receivables (continued)

## Impairment loss (continued)

Movements in allowance for impairment accounts are as follows:

Group	Lifetime ECL* allowance RM'000	Credit impaired RM'000	Total allowance RM'000
<b>At 1 January 2020</b>	1,429	8,904	10,333
Charge for the financial year	586	216	802
Reversal of impairment loss	(30)	(1,776)	(1,806)
Written off	-	(1,997)	(1,997)
Exchange differences	-	96	96
<b>At 31 December 2020</b>	1,985	5,443	7,428
<b>At 1 January 2019</b>	753	8,706	9,459
Charge for the financial year	686	3,327	4,013
Reversal of impairment loss	(3)	(1,635)	(1,638)
Written off	-	(1,327)	(1,327)
Exchange differences	(7)	(167)	(174)
<b>At 31 December 2019</b>	1,429	8,904	10,333

\* *Expected credit losses*

Credit impaired refers to individually determined debtors who are in significant financial difficulties as at the end of the reporting period.

The maximum exposures to credit risk of trade receivables of the Group and of the Company are represented by the carrying amounts of trade receivables recognised in the statement 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.

**NOTES TO THE FINANCIAL STATEMENTS**

31 DECEMBER 2020

**27. TRADE AND OTHER RECEIVABLES (continued)**

(b) Other receivables (continued)

(i) (continued)

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 COVID-19 pandemic.

Movements in allowance for impairment accounts for current and non-current other receivables (included plasma receivables) are as follows:

<b>Group</b>	<b>12-month ECL RM'000</b>	<b>Lifetime ECL - not credit impaired RM'000</b>	<b>Lifetime ECL - credit impaired RM'000</b>	<b>Total allowance RM'000</b>
<b>At 1 January 2020</b>	109	9,086	4,048	13,243
Charge for the financial year	81	818	935	1,834
Reversal of impairment loss	-	(970)	(82)	(1,052)
Reclassified to disposal group held for sale	-	(57)	-	(57)
Exchange differences	-	(275)	(19)	(294)
<b>At 31 December 2020</b>	190	8,602	4,882	13,674
<b>At 1 January 2019</b>	125	9,333	5,957	15,415
Charge for the financial year	-	890	32	922
Reversal of impairment loss	(16)	(1,398)	(2,010)	(3,424)
Exchange differences	-	261	69	330
<b>At 31 December 2019</b>	109	9,086	4,048	13,243
<b>Company</b>	<b>12-month ECL RM'000</b>	<b>Lifetime ECL - credit impaired RM'000</b>	<b>Total allowance RM'000</b>	
At 31 December 2020/31 December 2019	11	1,270	1,281	

Credit impaired refers to individually determined debtors who are in significant financial difficulties as at the end of the reporting period.



**NOTES TO THE FINANCIAL STATEMENTS**

31 DECEMBER 2020

**27. 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	
	2020	2019
	RM'000	RM'000
Balance at 1 January	66,861	53,847
(Net repayments from)/Additional net investments	(596)	13,014
Reclassified to disposal group held for sale	(26,620)	-
	39,645	66,861
Less: Allowance for impairment	(9,875)	(9,336)
Less: Reclassified to disposal group held for sale	57	-
Balance at 31 December	29,827	57,525

(iii) Included in sundry receivables of the Group are value-added-tax receivables amounting RM9,765,000 (2019: RM11,589,000).

(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% (2019: 11%), which are reasonable approximation of their fair values.

**NOTES TO THE FINANCIAL STATEMENTS**

31 DECEMBER 2020

**27. TRADE AND OTHER RECEIVABLES (continued)**

## (c) Amounts due from subsidiaries

Non-current amounts due from subsidiaries are interest bearing, unsecured and not payable within the next twelve (12) months.

Except for the current amounts due from certain subsidiaries totalling RM25,936,000 (2019: RM12,076,000) that are interest bearing, the current amounts due from other subsidiaries are non-interest bearing, unsecured and are payable within the next twelve (12) months in cash and cash equivalents.

The effective interest rate per annum of amounts due from subsidiaries as at the end of the reporting period were as follows:

	Company			
	2020 %	2019 %	2020 RM'000	2019 RM'000
<b>Floating rate</b>				
Non-current amounts due from subsidiaries	2.25 - 8.15	3.50 - 8.40	108,132	98,003
Current amounts due from subsidiaries	3.53 - 4.64	-	25,936	-
<b>Fixed rate</b>				
Non-current amounts due from subsidiaries	5.50	5.50	692,286	879,252
Current amounts due from subsidiaries	-	2.75 - 4.50	-	12,076

At the end of reporting date, if interest rates had been 25 basis points higher/lower, with all other variables held constant, the Company's profit net of tax would have been RM255,000 (2019: RM186,000) higher/lower, arising mainly as a result of higher/lower interest income on amount due from subsidiaries. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

Impairment for amounts due from subsidiaries are recognised based on the general approach within MFRS 9 using the forward looking expected credit loss model as disclosed in Note 27(b) to the financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

## 27. TRADE AND OTHER RECEIVABLES (continued)

(c) Amounts due from subsidiaries (continued)

Movements in the allowance for impairment accounts for amounts due from subsidiaries are as follows:

Company	12-month ECL RM'000	Lifetime ECL - not credit impaired RM'000	Lifetime ECL - credit impaired RM'000	Total allowance RM'000
<b>2020</b>				
At beginning of financial year	2,355	17,919	21	20,295
Charge for the financial year	145	892	3	1,040
Reversal of impairment losses	(248)	(1,579)	(3)	(1,830)
At end of financial year	2,252	17,232	21	19,505
<b>2019</b>				
At beginning of financial year	335	21,900	18	22,253
Charge for the financial year	2,020	2,441	3	4,464
Reversal of impairment losses	-	(6,422)	-	(6,422)
At end of financial year	2,355	17,919	21	20,295

(d) Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the industry sector profile of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's trade receivables at the end of reporting period are as follows:

	Group			
	2020		2019	
	RM'000	% of total	RM'000	% of total
<b>By industry sectors:</b>				
Palm products	16,052	47%	14,974	44%
Others	17,806	53%	19,050	56%
	33,858	100%	34,024	100%

As at the end of the reporting period, approximately:

- 18% (2019: 16%) of the trade receivables of the Group were due from related parties.
- 32% (2019: 48%) of the trade and other receivables of the Group were due from plasma receivables.
- 99% (2019: 99%) of the trade and other receivables of the Company were due from subsidiaries.

**NOTES TO THE FINANCIAL STATEMENTS**

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**28. INVESTMENT SECURITIES**

	2020 RM'000	2019 RM'000
<b>Group and Company</b>		
<b>Current</b>		
- Equity instruments (quoted in Malaysia)	5	6
<b>Non-current</b>		
- Equity instruments (unquoted)	50	50
Total investment securities	55	56

- (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 and the Company commit 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 and of the Company 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.
- (e) The amount of quoted and unquoted shares is immaterial to the Group and the Company.
- (f) The following table shows a reconciliation of Level 3 fair values:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Balance at 1 January/31 December	50	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.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

## 29. INVENTORIES

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>Cost</b>				
Raw materials	10,759	10,231	-	-
Work-in-progress	1,966	2,902	-	-
Finished goods	12,185	33,945	299	117
Oil palm nursery	17,761	32,098	1,512	1,595
Stores and supplies	26,330	30,864	525	588
	69,001	110,040	2,336	2,300
<b>Net realisable value</b>				
Work-in-progress	6,930	16,658	-	-
Finished goods	37,697	45,668	-	-
	44,627	62,326	-	-
	113,628	172,366	2,336	2,300

- (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 and of the Company were RM506,207,000 (2019: RM572,642,000) and RM4,078,000 (2019: RM3,533,000) respectively.
- (c) A write off of inventories amounting to RM13,932,000 (2019: RM18,564,000) and RM2,000 (2019: RM7,000) were made by the Group and by the Company respectively during the financial year.
- (d) A write down of inventories to net realisable value of RM1,930,000 (2019: RM4,698,000) was made by the Group during the financial year.
- (e) In the previous financial year, the Group reversed RM2,369,000 in respect of inventories written down in the previous financial years that was subsequently not required as the Group was able to sell those inventories above their carrying amounts.

## 30. OTHER CURRENT ASSETS

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Contract assets (Note 31)	1,674	1,055	-	-
Prepayments	4,376	4,815	636	20
	6,050	5,870	636	20

**NOTES TO THE FINANCIAL STATEMENTS**

31 DECEMBER 2020

**31. CONTRACT ASSETS/LIABILITIES**

	<b>Group</b>	
	<b>2020</b>	<b>2019</b>
	<b>RM'000</b>	<b>RM'000</b>
Contract assets (Note 30):		
Construction contracts	1,674	1,055
	1,674	1,055
Contract liabilities (Note 41):		
Construction contracts	(1,601)	(1,282)
Deferred revenue	(1,494)	(3,279)
	(3,095)	(4,561)
	(1,421)	(3,506)

## (a) Construction contracts

	<b>Group</b>	
	<b>2020</b>	<b>2019</b>
	<b>RM'000</b>	<b>RM'000</b>
Installation service costs incurred to date	36,507	24,382
Attributable profits	6,450	4,460
	42,957	28,842
Less: Progress billings	(42,884)	(29,069)
Contract liabilities		
Construction contracts	73	(227)
Advances received on contracts, included within other payables (Note 41)	(57)	(76)
Retention sums on contract, included within trade receivables (Note 27)	1,279	1,334
Analysed as follows:		
Contract assets	1,674	1,055
Contract liabilities	(1,601)	(1,282)
	73	(227)

The Group provides flooring installation works on contract basis for timber flooring supplied to customers.

Construction contracts represent the timing differences in revenue recognition and the milestone billings. The milestone billings are structured and/or negotiated with customers to reflect physical completion of the contracts.

Contract assets are transferred to receivables when the rights to economic benefits become unconditional. This usually occurs when the Group issues billing to the customer. Contract liabilities are recognised as revenue when performance obligations are satisfied.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

## 31. CONTRACT ASSETS/LIABILITIES (continued)

## (b) Deferred revenue

A reconciliation of the deferred revenue is as follows:

	Group	
	2020	2019
	RM'000	RM'000
<b>At 1 January</b>	3,279	-
Additions during the financial year	17,804	12,732
Recognised as revenue during the financial year	(19,589)	(9,453)
<b>At 31 December</b>	1,494	3,279

Deferred revenue represents billing to the customers, 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		
	2021	2022	Total
	RM'000	RM'000	RM'000
<b>31 December 2020</b>			
Contract liabilities	3,095	-	3,095
<b>31 December 2019</b>			
Contract liabilities	4,561	-	4,561

(d) Impairment for contract assets are recognised based on the simplified approach within MFRS 9 using lifetime expected credit losses as disclosed in Note 27(a) to the financial statements.

(e) No expected credit loss is recognised arising from contract assets as it is negligible.

(f) There were no significant changes in the contract assets and liabilities during the financial year.

**NOTES TO THE FINANCIAL STATEMENTS**

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**32. DERIVATIVES**

	2020			2019		
	Contract/ notional amount	Assets	Liabilities	Contract/ notional amount	Assets	Liabilities
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Group</b>						
<b>Non-hedging derivatives:</b>						
<b>Current</b>						
Forward currency contracts	15,620	-	(179)	38,883	-	(592)
Commodity futures contracts	55,252	208	(3,182)	63,008	166	(4,703)
		208	(3,361)		166	(5,295)
<b>Company</b>						
<b>Non-hedging derivatives:</b>						
<b>Current</b>						
Commodity futures contracts	-	-	-	416	-	(42)

- (a) Derivative assets are classified as financial assets measured at fair value through profit or loss whereas derivative liabilities are classified as financial liabilities measured at fair value through profit or loss.
- (b) The Group and the Company use forward currency contracts and commodity futures contract to manage some of its transactions exposure. These contracts are not designated as cash flow or fair value hedges and are entered into for periods consistent with currency transaction exposure and fair value changes exposure. Such derivatives do not qualify for hedge accounting.
- Forward currency contracts are used to hedge the Group's sales denominated in USD, GBP and EUR.
- (c) The commodity futures contracts are used to hedge prices fluctuation of CPO and cocoa commodity.
- (d) During the financial year, the Group and the Company recognised a net gain of RM931,000 (2019: net loss of RM5,239,000) and net gain of RM42,000 (2019: net loss of RM42,000) respectively arising from fair value changes of derivative assets and derivative liabilities. The fair value changes are attributable to changes in foreign exchange spot and forward rate and price fluctuation of CPO commodity.
- (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.



## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

## 32. DERIVATIVES (continued)

- (f) The maturity profile of derivative liabilities of the Group and of the Company at the end of the reporting period based on contractual undiscounted repayment obligations is summarised in the table below:

	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
<b>Group</b>				
<b>As at 31 December 2020</b>				
Derivative liabilities	3,361	-	-	3,361
<b>As at 31 December 2019</b>				
Derivative liabilities	5,295	-	-	5,295
<b>Company</b>				
<b>As at 31 December 2019</b>				
Derivative liabilities	42	-	-	42

- (g) Commodity future contracts are categorised as Level 1 in the fair value hierarchy, whilst forward currency contracts are categorised as Level 2 in the fair value hierarchy. There is no transfer between levels in the hierarchy during the financial year.

## 33. SHORT TERM FUNDS

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>At fair value through profit or loss</b>				
Investment in fixed income trust funds in Malaysia	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 as at the end of the reporting period of the short term funds is 1.03% (2019: Nil).
- (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.

**NOTES TO THE FINANCIAL STATEMENTS**

31 DECEMBER 2020

**33. SHORT TERM FUNDS (continued)**

- (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.

**34. CASH AND BANK BALANCES**

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Cash at banks and on hand	139,176	111,728	81,625	34,676
Deposits with licensed banks	8,656	14,126	3,917	3,887
Cash and bank balances	147,832	125,854	85,542	38,563

- (a) Cash and bank balances are classified as financial assets and measured at amortised cost.
- (b) Deposits are made for varying periods of between one day and one year depending on the immediate cash requirements of the Group and the Company, and earn interests at the respective short-term deposit rates.

The effective interest rate of deposits with both licensed banks of the Group and of the Company ranged from 1.55% to 5.25% (2019: 2.00% to 7.75%) and 1.70% to 2.70% (2019: 2.00% to 3.20%) per annum respectively.

- (c) Deposits with licensed banks of the Group amounting to RM3,797,000 (2019: RM4,875,000) are pledged as securities for bank guarantees facilities granted.
- (d) For the purpose of the consolidated statements of cash flows, cash and cash equivalents comprise the following:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Cash and bank balances and deposits	147,832	125,854	85,542	38,563
Short term funds (Note 33)	15,302	-	-	-
Less:				
Bank overdrafts (Note 39)	(209)	(1,455)	-	-
Deposits pledged with licensed banks	(3,797)	(4,875)	-	-
Deposits with maturity of over 3 months	(2,635)	(2,570)	(2,149)	(2,089)
Cash and cash equivalents	156,493	116,954	83,393	36,474

- (e) Sensitivity analysis for cash and bank balances at the end of the reporting period is not presented as fixed rate instrument is not affected by changes in interest rates.
- (f) No expected credit loss is recognised arising from deposits with licensed banks because the probability of default by these financial institutions is negligible.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

**35. DISPOSAL GROUP HELD FOR SALE**

On 26 August 2020, TSH Global Plantation Pte. Ltd. ("TGP") and TSH Oversea Pte. Ltd. ("TO"), wholly-owned subsidiaries of the Company, had entered into conditional sales 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") for a total consideration of USD141.1 million, which comprises the disposal consideration for the disposal of shares in FDB and TSS and the settlement of loans owing by FDB and TSS to the Group (hereafter collectively referred to as "Proposed Disposal"). The disposal consideration is subject to adjustments, which will be determined at a later date in accordance with the terms of the sales and purchase agreement.

The Proposed Disposal is expected to be completed within the next twelve (12) months. FDB and TSS were part of the palm products segment of the Group and are now presented as discontinued operations and disposal group held for sale.

As at 31 December 2020, the assets and liabilities of disposal group held for sale are as follows:

	Note	Group 2020 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment (Note 19)	(a)	365,212
Right-of-use assets (Note 20)		30,650
Intangible assets (Note 22)		6,790
Deferred tax assets	(b)	4,486
Other receivables		26,563
		433,701
<b>Current assets</b>		
Biological assets (Note 21)		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
<b>Assets of disposal group held for sale</b>		<b>465,342</b>

**NOTES TO THE FINANCIAL STATEMENTS**

31 DECEMBER 2020

**35. DISPOSAL GROUP HELD FOR SALE (continued)**

As at 31 December 2020, the assets and liabilities of disposal group held for sale are as follows: (continued)

	Note	Group 2020 RM'000
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Retirement benefits (Note 40)		6,431
Deferred tax liabilities	(b)	3,926
		10,357
<b>Current liabilities</b>		
Trade and other payables		12,781
Derivative liabilities		1,258
		14,039
<b>Liabilities of disposal group held for sale</b>		<b>24,396</b>

(a) Included in bearer plants during the financial year are:

	Group 2020 RM'000
Depreciation of property, plant and equipment	299
Interest expense	311
Employee benefits expenses	760

(b) Presented after appropriate offsetting:

	Group 2020 RM'000
Deferred tax assets, net*	(4,486)
Deferred tax liabilities, net*	3,926
	(560)

\* The amount of set-off between deferred tax assets and deferred tax liabilities was RM1,388,000 for the disposal group.

**NOTES TO THE FINANCIAL STATEMENTS**

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**36. SHARE CAPITAL AND TREASURY SHARES**

	Number of ordinary shares		Amount	
	Share capital (Issued and fully paid) '000	Treasury shares '000	Share capital (Issued and fully paid) RM'000	Treasury shares RM'000
At 1 January 2019	1,381,802	(4)	740,512	(8)
Purchase of treasury shares	-	(1,625)	-	(1,459)
At 31 December 2019	1,381,802	(1,629)	740,512	(1,467)
At 1 January 2020/31 December 2020	1,381,802	(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 3 August 2020, 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.

In the previous financial year, the Company repurchased 1,625,000 of its issued ordinary shares from the open market at prices between RM0.88 and RM0.90 per ordinary share. The total consideration paid for the repurchase was RM1,459,000. The repurchase transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares in accordance with Section 127 of the Companies Act 2016. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of treasury shares. When treasury shares are reissued by resale, the difference between the sales consideration and the carrying amount is recognised in equity.

Of the total 1,381,802,509 (2019: 1,381,802,509) issued and fully paid ordinary shares as at 31 December 2020, 1,629,000 (2019: 1,629,000) are held as treasury shares by the Company. As at 31 December 2020, the number of outstanding ordinary shares in issue after set off is therefore 1,380,173,509 (2019: 1,380,173,509) ordinary shares.

**NOTES TO THE FINANCIAL STATEMENTS**

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**37. OTHER RESERVE**

Group	Capital reserve RM'000	Foreign currency translation reserve RM'000	Share of associate reserve RM'000	Total RM'000
<b>At 1 January 2020</b>	9,630	(199,825)	100	(190,095)
<b>Other comprehensive income:</b>				
Foreign currency translations	-	(47,762)	-	(47,762)
<b>At 31 December 2020</b>	9,630	(247,587)	100	(237,857)
<b>At 1 January 2019</b>	9,630	(237,312)	99	(227,583)
<b>Other comprehensive loss:</b>				
Foreign currency translations	-	37,487	-	37,487
Share of other comprehensive income of associate	-	-	1	1
	-	37,487	1	37,488
<b>At 31 December 2019</b>	9,630	(199,825)	100	(190,095)

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.

**38. RETAINED EARNINGS**

The Company may distribute dividends out of its entire retained earnings under the single tier system.

## NOTES TO THE FINANCIAL STATEMENTS

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## 39. LOANS AND BORROWINGS

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>Short term borrowings</b>				
<b>Secured:</b>				
Term loans	43,943	33,379	43,943	33,379
	43,943	33,379	43,943	33,379
<b>Unsecured:</b>				
Bank overdrafts	209	1,455	-	-
Bankers' acceptances	100,207	129,814	-	-
Foreign currency import loan	-	196	-	-
Revolving credits	281,822	263,604	242,822	254,104
Term loans	54,030	77,200	54,030	72,200
Sukuk Ijarah Medium Term Notes	150,000	30,000	-	-
Sukuk Murabahah Medium Term Notes	60,000	-	-	-
	646,268	502,269	296,852	326,304
	690,211	535,648	340,795	359,683
<b>Long term borrowings</b>				
<b>Secured:</b>				
Term loans	283,617	299,998	283,617	299,998
	283,617	299,998	283,617	299,998
<b>Unsecured:</b>				
Term loans	150,367	201,151	150,367	201,151
Sukuk Ijarah Medium Term Notes	95,000	245,000	-	-
Sukuk Murabahah Medium Term Notes	90,000	150,000	-	-
	335,367	596,151	150,367	201,151
	618,984	896,149	433,984	501,149
<b>Total borrowings</b>				
Bank overdrafts	209	1,455	-	-
Bankers' acceptances	100,207	129,814	-	-
Foreign currency import loan	-	196	-	-
Revolving credits	281,822	263,604	242,822	254,104
Terms loans	531,957	611,728	531,957	606,728
Sukuk Ijarah Medium Term Notes	245,000	275,000	-	-
Sukuk Murabahah Medium Term Notes	150,000	150,000	-	-
	1,309,195	1,431,797	774,779	860,832

**NOTES TO THE FINANCIAL STATEMENTS**

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**39. 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:

	Group		Company	
	2020 %	2019 %	2020 %	2019 %
<b>Floating rate</b>				
Bank overdrafts	5.99 - 7.65	7.24 - 7.90	-	-
Bankers' acceptances	2.19 - 4.05	3.49 - 4.82	-	-
Foreign currency import loan	-	0.64 - 3.44	-	-
Revolving credits	1.48 - 5.03	3.53 - 5.31	1.48 - 4.45	3.53 - 4.62
Terms loans	1.50 - 6.20	3.00 - 6.20	1.50 - 6.20	3.00 - 6.20
<b>Fixed rate</b>				
Sukuk Ijarah Medium Term Notes	5.05 - 5.30	5.05 - 5.30	-	-
Sukuk Murabahah Medium Term Notes	5.10 - 5.30	5.10 - 5.30	-	-

- (c) The Sukuk Murabahah Medium Term Notes and Sukuk Ijarah Medium Term Notes comprise the following tranches:

Tranche no.	Coupon rates	Maturity	2020 RM'000	2019 RM'000
<b>Sukuk Murabahah Medium Term Notes</b>				
Tranche 1	5.10%	2021	60,000	60,000
Tranche 2	5.30%	2023	90,000	90,000
			150,000	150,000
<b>Sukuk Ijarah Medium Term Notes</b>				
Tranche 24	5.23%	2020	-	30,000
Tranche 25	5.30%	2023	15,000	15,000
Tranche 26	5.10%	2021	35,000	35,000
Tranche 27	5.05%	2021	115,000	115,000
Tranche 28	5.10%	2022	50,000	50,000
Tranche 29	5.10%	2023	30,000	30,000
			245,000	275,000



## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

### 39. LOANS AND BORROWINGS (continued)

(d) The borrowings of the Group and of the Company are secured by the following:

- (i) A letter of negative pledge over the assets of the Company with certain bankers; and
- (ii) Certain landed properties of the Group as follows:

	Group	
	2020	2019
	RM'000	RM'000
Property, plant and equipment:		
- buildings	52,893	57,657
- bearer plants	301,623	318,636
Land use rights	18,313	19,420
	372,829	395,713

(e) Sukuk Ijarah Medium Term Notes

The Sukuk Programme is structured under the Shariah principle of Ijarah. TSH Sukuk Ijarah Sdn. Bhd., a wholly owned subsidiary of the Company, is the issuer of this programme.

The Sukuk Ijarah Medium Term Notes Programme will expire in 15 years respectively from the date of the first issuance. The profit rate for Medium Term Notes shall be determined at the point of issuance.

The unutilised portion of the Sukuk Ijarah Medium Term Notes Programme as at 31 December 2020 amounted to RM55,000,000 (2019: RM25,000,000).

(f) Sukuk Murabahah Medium Term Notes

TSH Sukuk Murabahah Sdn. Bhd., a wholly owned subsidiary of the Company, has issued the first series of Sukuk Murabahah Medium Term Notes amounted RM60,000,000 and RM90,000,000, in nominal value, for tenure of 5 years and 7 years respectively in June 2016.

The Sukuk Murabahah Medium Term Notes were fully utilised as at 31 December 2020 and 31 December 2019.

**NOTES TO THE FINANCIAL STATEMENTS**

31 DECEMBER 2020

**39. LOANS AND BORROWINGS (continued)**

(g) The maturity of the term loans is as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Not later than 1 year	97,973	110,579	97,973	105,579
Later than 1 year and not later than 2 years	112,044	107,824	112,044	107,824
Later than 2 years and not later than 3 years	148,060	88,027	148,060	88,027
Later than 3 years and not later than 4 years	93,688	134,851	93,688	134,851
Later than 4 years and not later than 5 years	45,914	90,263	45,914	90,263
Later 5 years or more	34,278	80,184	34,278	80,184
	<b>531,957</b>	<b>611,728</b>	<b>531,957</b>	<b>606,728</b>

(h) 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 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.

(i) The maturity profile of loans and borrowings of the Group and of the Company at the end of the reporting period based on contractual undiscounted repayment obligations is summarised in the table below:

	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
<b>Group</b>				
<b>As at 31 December 2020</b>				
Loans and borrowings	727,954	625,561	42,505	1,396,020
<b>As at 31 December 2019</b>				
Loans and borrowings	581,825	891,274	90,106	1,563,205

## NOTES TO THE FINANCIAL STATEMENTS

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## 39. LOANS AND BORROWINGS (continued)

- (i) The maturity profile of loans and borrowings of the Group and of the Company at the end of the reporting period based on contractual undiscounted repayment obligations is summarised in the table below: (continued)

	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
<b>Company</b>				
<b>As at 31 December 2020</b>				
Loans and borrowings	359,770	428,644	42,505	830,919
<b>As at 31 December 2019</b>				
Loans and borrowings	383,923	465,589	90,106	939,618

- (j) At the end of the reporting period, if interest rates had been 25 basis points lower/higher, with all other variables held constant, the Group's and the Company's profit net of tax would have been RM1,542,000 (2019: RM1,518,000) and RM1,425,000 (2019: RM1,596,000) 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.

- (k) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's and the Company's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's and the Company's statements of cash flows as cash flows from financing activities.

	1.1.2020 RM'000	Cash flows RM'000	Non-cash changes* RM'000	31.12.2020 RM'000
<b>Group</b>				
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
<b>Company</b>				
Revolving credits	254,104	(6,886)	(4,396)	242,822
Terms loans	606,728	(69,768)	(5,003)	531,957
Loans and borrowings	860,832	(76,654)	(9,399)	774,779

**NOTES TO THE FINANCIAL STATEMENTS**

31 DECEMBER 2020

**39. LOANS AND BORROWINGS (continued)**

(k) Reconciliation of liabilities arising from financing activities (continued)

	1.1.2019 RM'000	Cash flows RM'000	Non-cash changes* RM'000	31.12.2019 RM'000
<b>Group</b>				
Bankers' acceptances	154,149	(24,335)	-	129,814
Foreign currency import loan	146	54	(4)	196
Revolving credits	385,125	(119,873)	(1,648)	263,604
Terms loans	466,326	148,934	(3,532)	611,728
Sukuk Murabahah Medium Term Notes	150,000	-	-	150,000
Sukuk Ijarah Medium Term Notes	300,000	(25,000)	-	275,000
Loans and borrowings	1,455,746	(20,220)	(5,184)	1,430,342
<b>Company</b>				
Revolving credits	379,125	(123,373)	(1,648)	254,104
Terms loans	451,326	158,934	(3,532)	606,728
Loans and borrowings	830,451	35,561	(5,180)	860,832

\* Represents foreign exchange differences.

**40. RETIREMENT BENEFITS**

	Group	
	2020 RM'000	2019 RM'000
At 1 January	18,140	16,084
Charge for the year recognised in profit or loss	6,318	4,766
Interest cost	1,251	1,251
Current service cost	5,023	3,161
Past service cost	44	354
<b>Recognised in other comprehensive income:</b>		
Actuarial losses arising from changes in assumption in respect of:		
- current year	4,286	581
Actual benefit payment	(5,273)	(3,694)
Reclassified to disposal group held for sale (Note 35)	(6,431)	-
Exchange differences	(613)	403
At 31 December	16,427	18,140

## NOTES TO THE FINANCIAL STATEMENTS

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## 40. RETIREMENT BENEFITS (continued)

	Group	
	2020 RM'000	2019 RM'000
The amounts recognised on the statements of financial position are determined as follows:		
Present value of obligations	16,427	18,140
Net liabilities	16,427	18,140

- (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. 13/2003 (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 2020.
- (c) Principal actuarial assumptions used at the end of the reporting period in respect of the Group's defined benefit plans are as follows:

	2020 %	2019 %
Discount rate	7.50	8.25
Expected return of salary increase	4.00	4.00

- (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 2020 Impact on defined benefits obligation Increase/(Decrease) RM'000	31 December 2019 Impact on defined benefits obligation Increase/(Decrease) RM'000
Discount rate	+ 1%	4,156	3,569
	- 1%	(3,178)	(2,797)
Future salary	+ 1%	4,584	3,979
	- 1%	(2,750)	(2,387)
Mortality	+ 10%	4,889	4,244
	- 10%	(4,075)	(3,537)
Disable or illness	+ 5%	4,686	4,068
	- 5%	(4,278)	(3,714)

**NOTES TO THE FINANCIAL STATEMENTS**

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**41. TRADE AND OTHER PAYABLES**

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>Current</b>				
<b>Trade payables</b>				
Third parties	24,115	30,432	129	78
<b>Other payables</b>				
Amounts due to subsidiaries	-	-	313,846	129,142
Accruals	19,234	22,670	4,461	5,279
Advances received on contracts (Note 31)	57	76	-	-
Amounts due to contractors and suppliers	751	331	-	-
Contract liabilities (Note 31)	3,095	4,561	-	-
Other deposits	816	830	816	830
Sundry payables	29,454	40,125	6,504	6,277
Financial guarantee contracts	212	272	594	572
	53,619	68,865	326,221	142,100
	77,734	99,297	326,350	142,178
<b>Non-current</b>				
<b>Other payables</b>				
Amounts due to subsidiaries	-	-	185,000	395,000
Total trade and other payables	77,734	99,297	511,350	537,178
Add: Lease liabilities (Note 20)	4,920	2,930	97	52
Add: Loans and borrowings (Note 39)	1,309,195	1,431,797	774,779	860,832
Total financial liabilities carried at amortised cost	1,391,849	1,534,024	1,286,226	1,398,062

Trade and other payables are classified as financial liabilities and measured at amortised cost.

## (a) Trade payables

Trade payables are non-interest bearing and the normal trade credit terms granted to the Group and the Company range from 30 to 60 days (2019: 30 to 60 days).

## (b) Amounts due to subsidiaries

Non-current amounts due to subsidiaries are interest bearing, unsecured and not payable within the next twelve (12) months.

Except for the current amounts due to certain subsidiaries totalling RM311,541,000 (2019: RM126,748,000) that are interest bearing, the current amounts due to other subsidiaries are non-interest bearing, unsecured and are payable within the next twelve (12) months in cash and cash equivalents.

**NOTES TO THE FINANCIAL STATEMENTS**

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**41. TRADE AND OTHER PAYABLES (continued)**

## (b) Amounts due to subsidiaries (continued)

The effective interest rate per annum of amounts due to subsidiaries as at the end of the reporting period were as follows:

	<b>Company</b>			
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>%</b>	<b>%</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Floating rate</b>				
Current amounts due to subsidiaries	1.50 - 4.64	-	101,541	-
<b>Fixed rate</b>				
Non-current amounts due to subsidiaries	5.10 - 5.30	5.05 - 5.30	185,000	395,000
Current amounts due to subsidiaries	5.05 - 5.10	4.50 - 5.23	210,000	126,748

At the end of reporting date, if interest rates had been 25 basis points lower/higher, with all other variables held constant, the Company's profit net of tax would have been RM193,000 (2019: Nil) higher/lower, arising mainly as a result of lower/higher interest expense on amount due to subsidiaries. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

In the previous financial year, sensitivity analysis for fixed rate interest bearing amount due to subsidiaries as at the end of the reporting period was not presented as they were not affected by changes in interest rates.

## (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.

**NOTES TO THE FINANCIAL STATEMENTS**

31 DECEMBER 2020

**41. TRADE AND OTHER PAYABLES (continued)**

## (c) Financial guarantees contracts (continued)

The nominal amounts of financial guarantees provided by the Group and by the Company are as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Banking facilities granted to subsidiaries	-	-	97,290	78,973
Guarantee given to PT Bank CIMB Niaga, Tbk, to secure loan for Pembangunan Kebun Kelapa Sawit Plasma under a Plasma Scheme	60,049	63,303	35,717	47,400

The movement of the financial guarantee contracts during the financial year is as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>At 1 January 2020</b>	272	260	572	951
Fair value changes on financial guarantee contracts	(60)	12	22	(379)
<b>At 31 December 2020</b>	212	272	594	572

## (d) The maturity profile of the trade and other payables of the Group and of the Company at the end of the reporting period based on contractual undiscounted repayment obligations is summarised in the table below:

	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
<b>Group</b>				
<b>As at 31 December 2020</b>				
Trade and other payables	77,734	-	-	77,734
<b>As at 31 December 2019</b>				
Trade and other payables	99,297	-	-	99,297
<b>Company</b>				
<b>As at 31 December 2020</b>				
Trade and other payables	348,732	196,918	-	545,650
<b>As at 31 December 2019</b>				
Trade and other payables	168,369	425,685	-	594,054



## NOTES TO THE FINANCIAL STATEMENTS

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## 42. COMMITMENTS

Capital expenditure as at the end of the reporting period is as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Capital expenditure:				
Property, plant and equipment:				
Approved and contracted for	20,336	8,905	-	-
Approved but not contracted for	45,819	42,484	4,600	2,433
	66,155	51,389	4,600	2,433

## 43. RELATED PARTY DISCLOSURES

## (a) Identities of related parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

The Group has related party relationship with its direct and indirect subsidiaries, associate, joint ventures, Directors and key management personnel.

In addition to the transactions detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year:

	Note	2020 RM'000	2019 RM'000
<b>Group</b>			
Joint ventures:			
Sales of crude palm oil	(i)	(262,596)	(278,549)
Sales of palm kernel	(i)	(37,527)	(35,813)
Transportation fees received	(i)	(993)	(1,071)
Sales of BEO fertiliser to a subsidiary of an associate	(i)	(63)	(1)
Sales of boiler ash to a subsidiary of an associate	(i)	(3)	(19)
Sale of laran plantlet & plantable to a subsidiary of an associate	(i)	(577)	-
Sales of ramets to a subsidiary of an associate	(i)	-	(621)
Provision of agronomy service to a subsidiary of an associate	(i)	(220)	(217)
Purchase of fresh fruit bunches from a subsidiary of an associate	(ii)	-	842
Rental of premises paid to spouse of a Director	(iv)	16	15
Purchase of fresh fruit bunches from a company in which certain Directors of the Company and their family members have equity interests	(iv)	1,017	834
Purchase of fresh fruit bunches from spouse of a Director	(iv)	1,390	1,357

**NOTES TO THE FINANCIAL STATEMENTS**

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**43. RELATED PARTY DISCLOSURES (continued)**

## (a) Identities of related parties (continued)

In addition to the transactions detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year: (continued)

	Note	2020 RM'000	2019 RM'000
<b>Company</b>			
Transactions with subsidiaries:			
Sales of fresh fruit bunches	(i)	(3,914)	(3,818)
Purchase of ramets	(ii)	673	781
Purchase of shells and pressed empty bunches, and BEO fertiliser	(ii)	7	9
Interest income	(iii)	(51,038)	(54,501)
Interest expenses on advances	(iii)	25,302	27,137
Management fees received		(18,142)	(21,722)
Dividends income		(24,823)	(32,483)
Maintenance of flooring		129	129
Rental income		(2,435)	(2,435)
Management fees paid		2,249	2,713
Transactions with an associate:			
Rental income	(i)	(112)	(112)
Dividends received		(4,727)	(1,050)
Transactions with joint ventures:			
Rental income	(i)	(29)	(29)
Dividends received		(29,000)	(8,000)

- (i) The sales of products, rental and rendering of services to subsidiaries, subsidiary of an associate, and joint ventures were made according to the published prices and conditions offered to the major customers of the Group and of the Company.
- (ii) The purchase of products from subsidiaries and subsidiary of an associate were made according to the published prices and conditions offered by these related parties to their major customers.
- (iii) The interest income and expense arose from the amounts due from/to related parties. Further details are disclosed in Note 27 and Note 41 to the financial statements.
- (iv) 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 2020 is disclosed in Note 27 and Note 41 to the financial statements.

**NOTES TO THE FINANCIAL STATEMENTS**

31 DECEMBER 2020

**43. 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:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Short-term employee benefits	5,553	5,837	5,488	5,771
Post-employment benefits:				
Defined contribution plan	1,009	605	1,001	597
	6,562	6,442	6,489	6,368

**44. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs****44.1 New MFRSs adopted during the current financial year**

The Group and the Company adopted the following new MFRSs and Amendments to the MFRSs that were issued by the Malaysian Accounting Standards Board ("MASB") during the financial year:

Title	Effective Date
<i>Amendments to References to the Conceptual Framework in MFRS Standards</i>	1 January 2020
<i>Amendments to MFRS 3 Definition of a Business</i>	1 January 2020
<i>Amendments to MFRS 101 and MFRS 108 Definition of Material</i>	1 January 2020
<i>Amendments to MFRS 9, MFRS 139 and MFRS 7 Interest Rate Benchmark Reform</i>	1 January 2020
<i>Amendment to MFRS 16 Covid-19-Related Rent Concessions</i>	1 June 2020*
<i>Amendments to MFRS 4 Insurance Contract - Extension of the Temporary Exemption from Applying MFRS 9</i>	17 August 2020^

\* Early adopted by the Group and the Company.

^ Effective immediately.

Adoption of the above Standards did not have any material effect on the financial performance or position of the Group and of the Company.

**NOTES TO THE FINANCIAL STATEMENTS**

31 DECEMBER 2020

**44. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (continued)****44.2 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2021**

The following are Standards of the MFRS Framework that have been issued by the MASB but have not been early adopted by the Group and the Company:

Title	Effective Date
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16 - <i>Interest Rate Benchmark Reform - Phase 2</i>	1 January 2021
Annual Improvements to MFRS Standards 2018 - 2020	1 January 2022
Amendments to MFRS 3 <i>Reference to the Conceptual Framework</i>	1 January 2022
Amendments to MFRS 116 <i>Property, Plant and Equipment - Proceeds before Intended Use</i>	1 January 2022
Amendments to MFRS 137 <i>Onerous Contracts - Cost of Fulfilling a Contract</i>	1 January 2022
Amendments to MFRS 101 <i>Classification of Liabilities as Current or Non-current</i>	1 January 2023
MFRS 17 <i>Insurance Contracts</i>	1 January 2023
Amendments to MFRS 17 <i>Insurance Contracts</i>	1 January 2023
Amendments to MFRS 101 <i>Disclosure of Accounting Policies</i>	1 January 2023
Amendments to MFRS 108 <i>Definition of Accounting Estimates</i>	1 January 2023
Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	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.

**45. FINANCIAL REPORTING UPDATES****45.1 IFRIC Agenda Decision - An assessment of the lease term (IFRS 16)**

The IFRS Interpretations Committee ('IFRIC') issued a final agenda decision on 26 November 2019 regarding 'Lease term and useful life of leasehold improvements (IFRS 16 and IAS 16)'.

The submission to the IFRIC raised a question pertaining the determination of the lease term of a cancellable lease or a renewable lease based on the requirements of IFRS 16.B34.

Based on the final agenda decision, the IFRIC concluded that the determination of the enforceable period of a lease and the lease term itself shall include broad economic circumstances beyond purely commercial terms.

The Group has implemented the requirements of this final agenda decision during the financial year ended 31 December 2020. There is no material impact on the financial statements of the Group as at the end of reporting period.

**46. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR AND SUBSEQUENT TO THE END OF THE REPORTING PERIOD**

**46.1** The World Health Organisation declared the 2019 Novel Coronavirus infection ('COVID-19') a pandemic on 11 March 2020. The Government of Malaysia imposed the Movement Control Order ('MCO') on 18 March 2020 and has subsequently entered into various phases of the MCO until 14 April 2021. As for Indonesia, the President had ordered Large-Scale Social Restrictions ("PSSB") to be implemented in all aspect of community activities on 31 March 2020. PSSB was first implemented on 10 April 2020 in Jakarta and subsequently expanded to other localities across Indonesia.

**NOTES TO THE FINANCIAL STATEMENTS**

31 DECEMBER 2020

**46. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR AND SUBSEQUENT TO THE END OF THE REPORTING PERIOD (continued)****46.1** (continued)

Save for the brief suspension of operation imposed by the Sabah State Government on plantations in several areas of Sabah, the Group was able to continue its operations during the various phases of MCO imposed as the palm oil industry is considered as an essential sector in Malaysia while the operations of plantations and mills in Indonesia were not impacted by PSSB. Furthermore, palm oil prices has increased from approximately RM2,000 per MT in May 2020 to approximately RM3,600 per MT in December 2020, which was mainly due to the increase in demand. The Group remained optimistic on the long term prospect of the palm oil industry, which is the core profit contribution to the Group.

The Group will continue to actively monitor and manage its funds and operations to minimise any impact arising from the COVID-19 pandemic. Based on the assessment of the Group, the judgements and assumptions used in the preparation of the financial statements for the financial year ended 31 December 2020 have not been impacted significantly by the COVID-19 pandemic. The Group will continue to assess the impact of the COVID-19 pandemic on the financial statements of the Group for the financial year ending 31 December 2021.

Based on the assessment and information available at the date of authorisation of the financial statements, the Group is cautiously optimistic of achieving a satisfactory performance in the financial year ending 31 December 2021.

**46.2** On 1 June 2020, a fire occurred at a factory owned by Ekowood International Berhad. As a result, management had written off property, plant and equipment and inventories damaged during the fire amounted to RM1,855,000 and RM10,556,000 respectively. The damaged assets and consequential losses, if any are covered by insurance.

The Group has recognised insurance claims received and receivable amounted to RM16,356,000, including an interim insurance claim on consequential losses of RM2,500,000 arising from the fire occurred on 18 February 2019.

As at the end of the reporting period, the Group is in the process of negotiating additional and final insurance claims on consequential losses and material damages in relation to the fire occurred on 18 February 2019 and 1 June 2020 respectively. The Directors believe that a favourable outcome on these additional insurance claims is probable and the Group will recognise these insurance claims in the next financial year once the outcome is virtually certain.

**46.3** On 26 August 2020, TSH Global Plantation Pte. Ltd. ("TGP") and TSH Oversea Pte. Ltd. ("TO"), wholly-owned subsidiaries of the Company, had entered into conditional sales 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") for a total consideration of USD141.1 million, which comprises the disposal consideration for the disposal of shares in FDB and TSS and the settlement of loans owing by FDB and TSS to the Group (hereafter collectively referred to as "Proposed Disposal"). The disposal consideration is subject to adjustments, which will be determined at a later date in accordance with the terms of the sales and purchase agreement.

The Proposed Disposal is expected to be completed within the next twelve (12) months. FDB and TSS were part of the palm products segment of the Group and are now presented as discontinued operations and disposal group held for sale as disclosed in Notes 16 and 35 to the financial statements.

**NOTES TO THE FINANCIAL STATEMENTS**

31 DECEMBER 2020

**46. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR AND SUBSEQUENT TO THE END OF THE REPORTING PERIOD (continued)**

**46.4** Subsequent to the end of the reporting period, a new subsidiary known as PT Sejahtera Aman Sejati ("PTSAS") was approved as a legal entity in Indonesia.

The authorised share capital of PTSAS is Rupiah 10.0 billion, divided into 10,000 shares of Rupiah 1.0 million each and the issued and paid-up capital is Rupiah 2.5 billion, divided into 2,500 shares of Rupiah 1.0 million each. TSH has subscribed for a total 1,625 shares, representing 65% of the entire issued and paid-up capital of PTSAS for a total subscription consideration of Rupiah 1.625 billion (or equivalent to RM468,000).

**47. COMPARATIVES**

Pursuant to the corporate exercise as stated in Note 46.3 to the financial statements, the results of the disposal group from 1 January 2019 to 31 December 2019 was presented as discontinued operations on a single line in the Statements of comprehensive income for presentation purposes under MFRS 5 *Non-Current Assets Held for Sale and Discontinued Operations*. Statements of comprehensive income for financial year ended 31 December 2019 have been re-presented accordingly.

The effects of the reclassifications are as follows:

	As previously reported RM'000	Results from discontinued operations RM'000	As re-presented RM'000
<b>Group</b>			
<b>2019</b>			
<b>Revenue</b>	838,894	(120,081)	718,813
Cost of sales	(582,366)	76,583	(505,783)
<b>Gross profit</b>	256,528	(43,498)	213,030
<b>Other items of income</b>			
Interest income	15,863	(6,455)	9,408
Dividend income	9	-	9
Other income	68,465	(8,122)	60,343
<b>Other items of expenses</b>			
Marketing and distribution costs	(31,536)	6,270	(25,266)
Administrative expenses	(137,783)	25,354	(112,429)
Finance costs	(52,941)	8,384	(44,557)
Other expenses	(63,783)	6,370	(57,413)
Share of profit of associate, net of tax	1,953	-	1,953
Share of profit of joint ventures, net of tax	17,231	-	17,231
<b>Profit before tax</b>	74,006	(11,697)	62,309
Tax expense	(28,381)	7,577	(20,804)
<b>Profit for the financial year</b>	45,625	(4,120)	41,505

# ANALYSIS OF SHAREHOLDINGS

AS AT 31 MARCH 2021

Issued Share Capital	:	1,380,173,509 ordinary shares (net of treasury shares)
Class of Shares	:	Ordinary shares
Voting Rights	:	One vote per ordinary share

## 1. ANALYSIS BY SIZE OF SHAREHOLDINGS

Size of Shareholdings			Shareholders	%	No. of shares held	%
1	-	99	343	3.62	12,219	Negligible
100	-	1,000	976	10.29	578,875	0.04
1,001	-	10,000	4,933	52.02	25,665,026	1.86
10,001	-	100,000	2,738	28.87	87,004,896	6.30
100,001	-	69,008,674*	490	5.17	991,526,942	71.84
69,008,675 and above **			3	0.03	275,385,551	19.96
Total			9,483	100.00	1,380,173,509	100.00

\* Less than 5% of issued holdings

\*\* 5% and above of issued holdings

## 2. DIRECTORS' SHAREHOLDINGS

Name	Direct	No. of shares held		%
		%	Indirect *	
Datuk (Dr.) Kelvin Tan Aik Pen	215,249,317	15.60	-	-
Dato' Aik Sim, Tan	53,371,564	3.87	-	-
Dato' Jasmy bin Ismail	-	-	-	-
Selina binti Yeop Junior @ Lope	-	-	-	-
Natasha binti Mohd Zulkifli	-	-	-	-
Yap Boon Teck	-	-	-	-
Tan Aik Kiong	55,438,695	4.02	27,125	**
Chew Siew Yeng	-	-	210,000	0.02
Tan Aik Yong	53,949,717	3.91	-	-
Lim Fook Hin	1,602,000	0.12	500,000	0.04

\* Deemed interested by virtue of Section 59(11)(c) of the Companies Act 2016.

\*\* Negligible

**ANALYSIS OF SHAREHOLDINGS**

AS AT 31 MARCH 2021

**3. SUBSTANTIAL SHAREHOLDERS**

	<b>Name</b>	<b>No. of shares held</b>	<b>%</b>
1.	Datuk (Dr.) Kelvin Tan Aik Pen	215,249,317	15.60
2.	Employees Provident Fund Board	107,443,736	7.78

**4. THIRTY (30) LARGEST SHAREHOLDERS**

	<b>Name</b>	<b>No. of shares held</b>	<b>%</b>
1.	Citigroup Nominees (Tempatan) Sdn. Bhd. Employees Provident Fund Board	107,443,736	7.78
2.	RHB Capital Nominees (Tempatan) Sdn. Bhd. Pledged securities account for Tan Aik Pen	93,996,991	6.81
3.	Alliancegroup Nominees (Tempatan) Sdn. Bhd. Pledged securities account for Tan Aik Pen	73,944,824	5.36
4.	Tunas Lestari Sdn. Bhd.	68,000,000	4.93
5.	Embun Yakin Sdn. Bhd.	67,403,359	4.88
6.	Tan Aik Kiong	55,284,987	4.01
7.	Tan Aik Sim	53,371,564	3.87
8.	Citigroup Nominees (Asing) Sdn. Bhd. Exempt An for UBS AG Singapore (Foreign)	47,409,862	3.44
9.	Tan Aik Choon	41,491,658	3.01
10.	Tan Ek Huat	38,934,718	2.82
11.	Maybank Nominees (Asing) Sdn. Bhd. Walton Private Investment Limited	38,483,958	2.79
12.	Tan Ah Seng	36,654,089	2.66
13.	Tan Aik Hwa	35,941,139	2.60
14.	UOB Kay Hian Nominees (Asing) Sdn. Bhd. Exempt An for UOB Kay Hian Pte. Ltd.	34,069,958	2.47
15.	Amsec Nominees (Tempatan) Sdn. Bhd. Pledged securities account – AmBank (M) Berhad for Tan Aik Pen	34,013,279	2.46
16.	Tan Aik Yong	33,207,342	2.41
17.	Maybank Nominees (Asing) Sdn. Bhd. L&P Bakri Inc.	28,117,200	2.04
18.	Tan Soon Hong	22,914,835	1.66
19.	Kumpulan Wang Persaraan (Diperbadankan)	19,547,400	1.42
20.	Ong Yah Ho	16,710,290	1.21



## ANALYSIS OF SHAREHOLDINGS

AS AT 31 MARCH 2021

	<b>Name</b>	<b>No. of shares held</b>	<b>%</b>
21.	Cartaban Nominees (Asing) Sdn. Bhd. Exempt An for LGT Bank AG (Foreign)	14,019,481	1.02
22.	Lembaga Tabung Haji	13,668,700	0.99
23.	Teo Han Ching @ Teo Jin Hwa	11,805,000	0.86
24.	Tan Aik Yong	10,918,170	0.79
25.	Amanahraya Trustees Berhad Public Smallcap Fund	10,138,250	0.73
26.	Maybank Nominees (Tempatan) Sdn. Bhd. National Trust Fund (IFM Maybank)	9,967,400	0.72
27.	Alliancegroup Nominees (Tempatan) Sdn. Bhd. Pledged securities account for Tan Aik Yong	9,704,305	0.70
28.	Amanahraya Trustees Berhad Public Islamic Select Treasures Fund	8,975,200	0.65
29.	Citigroup Nominees (Tempatan) Sdn. Bhd. Urusharta Jamaah Sdn. Bhd.	6,400,000	0.46
30.	Teo Han Ching @ Teo Jin Hwa	5,800,000	0.42

## LIST OF TOP 10 PROPERTIES HELD BY TSH GROUP

AS AT 31 DECEMBER 2020

Location	Description	Area	Existing use	Tenure	Approximate age of building	Net book value as at 31.12.20 (RM)	Date of Acquisition/ (Date of last revaluation)
Desa Tanah Kuning & Desa Mangkupadi, Kecamatan Tanjung Palas Timur, Kabupaten Bulungan, Provinsi Kalimantan Timur	Plantation land	13,215 ha	Oil palm plantation	35 years lease expiring on 03.10.2046	Not applicable	280,779,123	16.08.2011
Desa Penawai, Bekokong Makmur, Kecamatan Bongan Jempang & Desa Jambuk, Muara Gusik, Penawai, Tanjung Sari, Kecamatan Bongan & Desa Jambuk Makmur, Kecamatan Bongan & Desa Jambuk Makmur, Kecamatan Bongan, Desa Muara Siram, Siram Jaya, Resak Kampung, Kecamatan Bongan & Desa Resak, Kecamatan Bongan, Kabupaten Kutai Barat, Provinsi Kalimantan Timur	Plantation land	12,628 ha	Oil palm plantation & mill	35 years lease expiring on 18.02.2045 for land under Desa Penawai, Bekokong Makmur & 35 years lease expiring on 24.02.2045 for land under Desa Resak, Desa Jambuk, Muara Gusik, Penawai, Tanjung Sari, Desa Jambuk Makmur, Desa Muara Siram, Siram Jaya, Resak Kampung & Desa Resak	8 years (mill)	263,529,518	26.12.2008
Kabupaten Dharmasraya, Provinsi Sumatera Barat	Plantation land	3,097 ha	Oil palm plantation & mill	35 years lease expiring on 18.10.2053	3 years (mill)	155,073,486	29.12.2005

**LIST OF TOP 10 PROPERTIES HELD BY TSH GROUP**

AS AT 31 DECEMBER 2020

Location	Description	Area	Existing use	Tenure	Approximate age of building	Net book value as at 31.12.20 (RM)	Date of Acquisition/ (Date of last revaluation)
Desa Muara Siram, Kecamatan Bongan, Kabupaten Kutai Barat, Propinsi Kalimantan Timur	Plantation land	10,282 ha	Oil palm plantation	35 years lease expiring on 13.07.2040	Not applicable	143,934,710	01.04.2006
Desa Samba Katung, Samba Bakumpai, Telok, Petak Puti, Tewang Panjang, Tumbang Lahang, Kecamatan Katingan Tengah & Desa Tura, Tumbang Tanjung, Kecamatan Pulau Malan, Kabupaten Katingan, Provinsi Kalimantan Tengah	Plantation land	10,000 ha	Oil palm plantation	Pending	Not applicable	141,476,555	29.10.2009
Desa Rantau Makmur, Tanjung Labu, Kecamatan Rantau Pulung, Kabupaten Kutai Timur, Kalimantan Timur	Plantation land	7,435 ha	Oil palm plantation	Pending	Not applicable	106,124,517	22.02.2013
Title No. CL 095327218 District of Kinabatangan, Tenegang Koyah Locality, Off KM 46.5, Jalan Lahad Datu, Sandakan, Sabah	Plantation land	4,942 acres	Oil palm plantation & mill	98 years leasehold expiring on 31.12.2096	21 years (mill)	102,916,131	(10.09.2015)

**LIST OF TOP 10 PROPERTIES HELD BY TSH GROUP**

AS AT 31 DECEMBER 2020

Location	Description	Area	Existing use	Tenure	Approximate age of building	Net book value as at 31.12.20 (RM)	Date of Acquisition/ (Date of last revaluation)
Desa Muara Ponak, Kenyanyan, Rikong, Kiyag, Kecamatan Siluq Ngurai, Kabupaten Kutai Barat, Provinsi Kalimantan Timur	Plantation land	8,016 ha	Oil palm plantation	35 years lease expiring on 23.10.2048 & 35 years lease expiring on 04.11.2051	Not applicable	97,046,851	18.10.2011
Desa Langgam/ Katiagan, Kecamatan Pasaman, Kabupaten Pasaman & Nagari Kinali, Kecamatan Kinali, Kabupaten Pasaman Barat, Propinsi Sumatera Barat	Plantation land	7,309 ha	Oil palm plantation	35 years lease expiring on 31.12.2029 for land under Desa Langgam/ Katiagan & 35 years lease expiring on 16.02.2044 for land under Nagari Kinali	Not applicable	86,524,157	01.05.2006
Desa Pelantaran, Pundu & Bajarau, Kecamatan Cempaga Hulu & Parenggean, Kabupaten Kotawaringin Timur, Propinsi Kalimantan Tengah	Plantation land	7,114 ha	Oil palm plantation & mill	35 years lease expiring on 15.05.2041	10 years (mill)	82,595,323	12.04.2007



TSH RESOURCES BERHAD  
Registration No. 197901005269 (49548-D)  
(Incorporated in Malaysia)

## PROXY FORM

<b>CDS Account No. :</b>	_____
<b>Contact No. :</b>	Shareholder : _____
	Proxy Holder 1 : _____ Proxy Holder 2 : _____

I/We \_\_\_\_\_ ^NRIC/Company No. \_\_\_\_\_  
(FULL NAME IN CAPITAL LETTERS)

of \_\_\_\_\_  
(FULL ADDRESS)

being \*a member/members of TSH RESOURCES BERHAD hereby appoint \_\_\_\_\_  
(FULL NAME IN CAPITAL LETTERS)

\_\_\_\_\_ ^NRIC/Passport No. \_\_\_\_\_

Email Address : \_\_\_\_\_ of \_\_\_\_\_  
(FULL ADDRESS)

and/or ^failing him/her \_\_\_\_\_ ^NRIC/Passport No. \_\_\_\_\_  
(FULL NAME IN CAPITAL LETTERS)

Email address: \_\_\_\_\_ of \_\_\_\_\_  
(FULL ADDRESS)

or failing ^him/her, THE CHAIRMAN OF THE MEETING as ^my/our proxy to attend, speak and vote for ^me/us on ^my/our behalf at the 41<sup>st</sup> Annual General Meeting ("41<sup>st</sup> AGM") of the Company to be held on a fully virtual basis at the broadcast venue at Boardroom, Level 12, Menara TSH, No. 8 Jalan Semantan, Damansara Heights, 50490 Kuala Lumpur on 20 May 2021, 10.00 am and any adjournment thereof and to vote as indicated below:-

		*FOR	*AGAINST
<b>Resolution 1</b>	To approve payment of Directors' fees of RM180,000 for the financial year ended 31 December 2020		
<b>Resolution 2</b>	To approve payment of Directors' benefits (excluding Directors' fees) of up to an aggregate amount of RM1,600,000 from 21 May 2021 until the next AGM of the Company in 2022		
<b>Resolution 3</b>	To re-elect the following Directors who are retiring in accordance with Clause 100 of the Company's Constitution: a) Selina binti Yeop Junior @ Lope		
<b>Resolution 4</b>	b) Tan Aik Kiong		
<b>Resolution 5</b>	c) Lim Fook Hin		
<b>Resolution 6</b>	To re-appoint Messrs BDO PLT as the Company's Auditors and to authorise Directors to fix their remuneration		
<b>Resolution 7</b>	Proposed Authority to Issue Shares		
<b>Resolution 8</b>	Proposed Renewal of the Authority for Share Buy-Back		
<b>Resolution 9</b>	Proposed Renewal of the Existing Shareholders' Mandate for recurrent related party transactions of a revenue or trading nature		

\* Please indicate with an "X" in the space provided for each resolution. Unless voting instructions are indicated in the space above, the proxy will vote or abstain as he/she thinks fit and if no name is inserted in the space for the name of proxy, the Chairman of the meeting will act as proxy.

^ Strike out whichever is inapplicable.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2021

\_\_\_\_\_  
Signature/Common Seal of Appointor

<b>No. of shares held</b>

Percentage of shareholdings to be represented by the proxies:		
	No. of shares	Percentage
<b>Proxy 1</b>		
<b>Proxy 2</b>		
<b>Total</b>		<b>100%</b>

**Notes:**

1. The 41<sup>st</sup> AGM of the Company will be conducted on a fully virtual basis through live streaming and online remote voting via Remote Participation and Electronic Voting ("RPEV") facilities provided by Boardroom Share Registrars Sdn. Bhd.. Please follow the procedures provided in the Administrative Guide which is available on the Company's website at <https://www.tsh.com.my/agm-2021/> in order to register, participate and vote remotely.
2. The Broadcast venue of the 41<sup>st</sup> AGM ("**Broadcast Venue**") is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which stipulates that the Chairman shall be at the main venue of the AGM. **SHAREHOLDERS/PROXIES/CORPORATE REPRESENTATIVES ARE NOT ALLOWED** to be physically present at the Broadcast Venue.
3. With the RPEV facilities, you may exercise your right as a member of the Company to participate (including posing questions to the Company) and vote at the 41<sup>st</sup> AGM. If you are unable to participate, you are strongly encouraged to appoint the Chairman of the Meeting as your proxy to attend and vote on your behalf at the 41<sup>st</sup> AGM.
4. Only depositors whose names appear in the Record of Depositors as at 11 May 2021 be regarded as members and entitled to attend, speak and vote at the meeting.
5. A member of the Company entitled to attend and vote at the meeting is entitled to appoint not more than 2 proxies to attend and vote in his stead. Where a member appoints 2 proxies, the appointments shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy. A proxy may but need not be a member of the Company.
6. If the Proxy Form is returned without any indication as to how the proxy shall vote, the proxy will vote or abstain as he thinks fit and if no names are inserted in the space for the name of proxy, the Chairman of the meeting will act as proxy.
7. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
8. The instrument appointing a proxy shall be in writing under the hand of the depositor or his attorney duly authorised in writing or if such appointor is a corporation, under its common seal. If you wish to appoint a proxy to attend and vote on your behalf at the 41<sup>st</sup> AGM, you may deposit the duly completed and signed Form of Proxy to the Company's share registrar, Boardroom Share Registrars Sdn. Bhd. at Ground Floor or 11<sup>th</sup> Floor, Menara Symphony, No. 5 Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor no later than 48 hours before the time appointed for holding this meeting or adjourned meeting. For individual shareholder, you may also lodge your Form of Proxy electronically through Boardroom Smart Investor Portal at <https://boardroomlimited.my> by logging in and selecting "**E-PROXY LODGEMENT**" no later than 48 hours before the time appointed for holding this meeting or adjourned meeting.
9. Pursuant to Paragraph 8.29A of Bursa Securities Main Market Listing Requirements, all resolutions set out in the Notice of 41<sup>st</sup> AGM will be put to vote on a poll.

**Explanatory Notes:**

1. The audited financial statements are meant for discussion only as it does not require shareholders' approval under the provision of Section 340(1)(a) of the Companies Act 2016. Hence, it will not be put for voting.

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<b>AFFIX STAMP HERE</b>
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**Boardroom Share Registrars Sdn. Bhd.**

Ground Floor or 11<sup>th</sup> Floor, Menara Symphony  
No, 5, Jalan Prof. Khoo Kay Kim, Seksyen 13,  
46200 Petaling Jaya, Selangor

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2. Resolution 1, the Company is seeking shareholders' approval for payment of Directors' fees totalling RM180,000.  
Details of the above are set out in Note 14 to the financial statements. The remuneration of each Director is set out in the Corporate Governance Report.
3. Resolution 2, the benefits are payable to eligible Non-Executive Directors comprise among others, monthly allowance to the Chairman of the Company in recognition of his significant oversight and leadership roles in the Group, Board committee allowance, business travelling allowance, petrol allowance and other benefits-in-kind including company car and driver as well as other emoluments.
4. Resolution 7 is a renewal of the general mandate empowering the Directors of the Company pursuant to Sections 75 and 76 of the Companies Act 2016, to issue and allot new shares in the Company from time to time provided that the aggregate number of shares issued pursuant to the general mandate does not exceed ten percent (10%) of the issued share capital of the Company for the time being. This authority, unless revoked or varied by the Company at a general meeting, will expire at the next AGM.  
As at the date of this notice, the Company did not issue any new shares pursuant to the general mandate granted to the Directors at the last AGM held on 3 August 2020.  
The renewal of the general mandate will provide flexibility to the Company for any possible fund raising activities without the need to convene a separate general meeting to specifically approve such issuance of shares and thereby reducing administrative time and costs associated with the convening of such meeting. However, at this juncture, there is no decision to issue new shares. If there should be a decision to issue new shares after the general mandate is obtained, the Company will make an announcement in respect of the purpose and utilisation of proceeds arising from such issue.
5. For Resolutions 8 and 9, further information on the Proposed Renewal of the Authority for Share Buy-Back and Proposed Renewal of the Existing Shareholders' Mandate for recurrent related party transactions of a revenue or trading nature are set out in the Circular to Shareholders dated 21 April 2021.

**Personal Data Privacy:**

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company:

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



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