



TSH RESOURCES BERHAD
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Annual Report

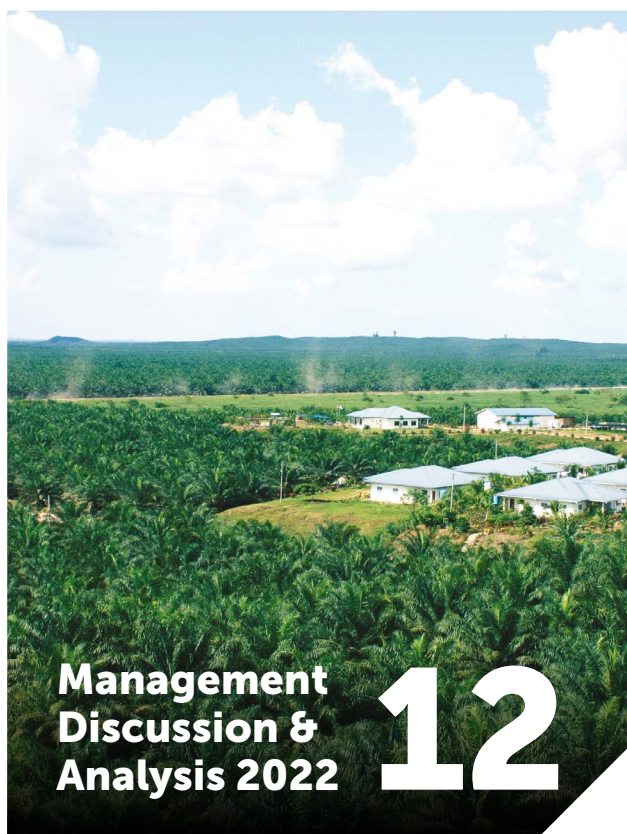
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43rd Fully Virtual Annual General Meeting

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

Tuesday, **23 May 2023** at **10.00 am**



Please scan QR code
for PDF online version

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Forty-Third Annual General Meeting ("43rd AGM") of the Company will be held on a fully virtual basis through live streaming and online remote voting via the online meeting platform at <https://meeting.boardroomlimited.my/> (Domain Registration No. with MYNIC-D6A357657) on Tuesday, 23 May 2023 at 10.00 am to transact the following businesses:

As Ordinary Business:

- | | |
|---|---|
| 1. To receive the Audited Financial Statements for the financial year ended 31 December 2022 together with the Reports of the Directors and Auditors thereon. | Please refer to
Explanatory Note 1 |
| 2. To declare a final single-tier dividend of 2.5 sen per ordinary share for the financial year ended 31 December 2022. | Resolution 1 |
| 3. To approve payment of Directors' fees of RM276,000 for the financial year ended 31 December 2022. | Resolution 2 |
| 4. To approve payment of Directors' benefits (excluding Directors' fees) of up to an aggregate amount of RM2,100,000 from 24 May 2023 until the next annual general meeting of the Company in 2024. | Resolution 3 |
| 5. 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) Datuk Kelvin Tan Aik Pen | Resolution 4 |
| b) Dato' Aik Sim, Tan | Resolution 5 |
| c) Dato' Jasmy bin Ismail | Resolution 6 |
| 6. To re-elect Paul Lim Joo Heng who is retiring in accordance with Clause 97 of the Company's Constitution, and who being eligible, offers himself for re-election. | Resolution 7 |
| 7. To re-appoint Messrs BDO PLT as the Company's Auditors and to authorise Directors to fix their remuneration. | Resolution 8 |

As Special Business:

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

- | | |
|--|---------------------|
| 8. ORDINARY RESOLUTION 1
PROPOSED AUTHORITY TO ISSUE SHARES | Resolution 9 |
|--|---------------------|

"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 Bursa Malaysia Securities Berhad for listing of and quotation for the additional new ordinary shares to be issued **AND THAT** such authority shall continue to be in force until the conclusion of the next annual general meeting of the Company;

NOTICE OF ANNUAL GENERAL MEETING

AND THAT in connection with the above, pursuant to Section 85 of the Companies Act 2016 to be read together with Clause 14 of the Company's Constitution, the shareholders of the Company do hereby waive their pre-emptive rights over all new shares in the Company, such new shares when issued, to rank pari passu with the existing issued shares in the Company."

9. **ORDINARY RESOLUTION 2 PROPOSED RENEWAL OF THE AUTHORITY FOR SHARE BUY-BACK**

Resolution 10

"THAT subject to the Companies Act 2016, the Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements ("Listing Requirements"), the Company's Constitution and the approvals of other relevant authorities, the Company be and is hereby authorised to purchase and hold such number of ordinary shares in the Company ("Proposed Share Buy-Back") as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit in the interest of the Company provided that the aggregate number of shares purchased and/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 RM259,819,000 based on the latest audited financial statements as at 31 December 2022.

THAT such authority shall commence immediately upon passing of this ordinary resolution until the conclusion of the next annual general meeting 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 annual general meeting is required by law to be held, whichever occurs first.

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

- (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."

10. **ORDINARY RESOLUTION 3 PROPOSED RENEWAL OF THE EXISTING SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE**

Resolution 11

"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

NOTICE OF ANNUAL GENERAL MEETING

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 2023 ("Mandate").

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

- (a) the conclusion of the next annual general meeting 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 annual general meeting 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."

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

NOTICE OF DIVIDEND PAYMENT

NOTICE IS HEREBY GIVEN THAT subject to the approval of shareholders at the 43rd AGM of the Company, a final single-tier dividend of 2.5 sen per ordinary share for the financial year ended 31 December 2022 will be paid to shareholders on 14 July 2023. The entitlement date for the dividend shall be on 19 June 2023.

A depositor shall qualify for the entitlement to the dividend only in respect of:

- (a) shares transferred to the depositor's securities account before 4:30 p.m. on 19 June 2023 in respect of transfers; and
- (b) shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

By Order of the Board

WONG MAY FUN

MAICSA 7018697/ SSM PC No. 202008002194
Company Secretary

Kuala Lumpur
21 April 2023

NOTICE OF ANNUAL GENERAL MEETING

Notes:

1. The 43rd AGM of the Company will be conducted on a fully virtual basis through live streaming and online remote voting via Remote Participation and Electronic Voting ("RPEV") facilities provided by Boardroom Share Registrars Sdn. Bhd.. Please follow the procedures provided in the Administrative Guide which is available on the Company's website at <https://www.tsh.com.my/investor-relations/shareholders-meeting/> in order to register, participate and vote remotely.
2. Pursuant to the revised Guidance Note and Frequently Asked Questions on the Conduct of General Meetings for Listed Issuers dated 7 April 2022 issued by the Securities Commission of Malaysia, all meeting participants of a fully virtual general meeting including the Chairman of the meeting, members of the Board, senior management and shareholders are to participate in the meeting online, and an online meeting platform can be recognised as the meeting venue or place under Section 327(2) of the Companies Act 2016 provided that the online platform is located in Malaysia.
3. With the RPEV facilities, you may exercise your right as a member of the Company to participate (including posing questions to the Company) and vote at the 43rd 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 43rd AGM.
4. Only depositors whose names appear in the Record of Depositors as at 16 May 2023 will be regarded as members and be entitled to attend, speak and vote at the meeting.
5. A member of the Company entitled to attend and vote at the meeting is entitled to appoint not more than 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 43rd AGM, you may deposit the duly completed and signed Proxy Form at the office of the Company's share registrar, Boardroom Share Registrars Sdn. Bhd. at 11th Floor, Menara Symphony, No. 5 Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor not later than 48 hours before the time appointed for holding this meeting or adjourned meeting. Alternatively, you may lodge your Proxy Form electronically through Boardroom Smart Investor Portal at <https://investor.boardroomlimited.com> by logging in and selecting **"Submit eProxy Form"** not later than 48 hours before the time appointed for holding this meeting or adjourned meeting. Please follow the procedures provided in the Administrative Guide in order to participate in the 43rd AGM.
9. Pursuant to Paragraph 8.29A of Bursa Securities Main Market Listing Requirements, all resolutions set out in the Notice of 43rd AGM will be put to vote by poll.

NOTICE OF ANNUAL GENERAL MEETING

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 2, the Company is seeking shareholders' approval for payment of Directors' fees totalling RM276,000, which include the fees payable to certain Independent Directors who are members of the Audit Committee.
3. Resolution 3, the benefits are payable to eligible Non-Executive Directors and comprise amongst others, monthly allowance to the Chairman of the Company in recognition of his significant oversight and leadership roles in the Group, Board committee allowance, business travelling allowance, petrol allowance and other benefits-in-kind including company car and driver as well as other emoluments.

Any Non-Executive Directors who are shareholders of the Company will abstain from voting on Resolution 3 concerning remuneration to the Non-Executive Directors at the 43rd AGM.

4. Resolutions 4 to 6 are in relation to re-election of Directors who retire in accordance with Clause 100 of the Company's Constitution.

For the purpose of determining the eligibility of the Directors to stand for re-election at the 43rd AGM, the Board had through its Nomination Committee, assessed the performance and contribution of each of the retiring Directors. In addition, the Nomination Committee Chairperson had also conducted an evaluation of the retiring Directors in accordance with the criteria set out in the TSH Group Directors' Fit and Proper Policy. Based on the results of the respective Directors' performance and fit and proper evaluations conducted, the Board is satisfied with the Directors' performance and the level of contribution to the Board through their knowledge, skills and commitment as well as their abilities to act in the best interest of the Company. Besides, the Independent Director standing for re-election has also provided his annual declaration/confirmation of independence.

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

Any Director referred to in Resolutions 4 to 6 who is a shareholder of the Company, will abstain from voting on the resolution in respect of his re-election at the 43rd AGM.

5. Resolution 7 is in relation to re-election of Paul Lim Joo Heng who was appointed on 1 March 2023 and retires in accordance with Clause 97 of Company's Constitution. In view of the recent appointment of Paul Lim, the Nomination Committee and the Board are of the view that Paul Lim should be given opportunity to contribute to the Company and therefore, support his re-election. Paul Lim has provided confirmation of independence.
6. Resolution 9 is a renewal of the general mandate empowering the Directors of the Company pursuant to Sections 75 and 76 of the Companies Act 2016, to issue and allot new shares in the Company from time to time provided that the aggregate number of shares to be issued pursuant to the general mandate does not exceed 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 annual general meeting.

As at the date of the 43rd AGM notice, the Company did not issue any new shares pursuant to the general mandate granted to the Directors at the last annual general meeting held on 26 May 2022.

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

NOTICE OF ANNUAL GENERAL MEETING

By voting in favour of Resolution 9, the shareholders of the Company will agree to waive their pre-emptive rights under Section 85 of the Companies Act 2016 and Clause 14 of the Company's Constitution, to be offered new shares to be issued by the Company pursuant to the said Resolution 9.

7. For Resolutions 10 and 11, 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 2023.

Personal Data Privacy:

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

- (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the annual general meeting (including any adjournment thereof), and the preparation and compilation of the attendance lists, minutes and other documents relating to the annual general meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"),
- (ii) warrants that where the member discloses the personal data of the member's proxy(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 43rd AGM of the Company.

2. Statement relating to general mandate for issue of securities

Please refer to Explanatory Note 6 of the Notice of 43rd AGM for information relating to general mandate for issue of securities.

CORPORATE PROFILE



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

Today, the Group is principally engaged in oil palm cultivation and processing of Fresh Fruit Bunches ("FFB") into Crude Palm Oil ("CPO") and Palm Kernel ("PK"). This business activity accounted for approximately 92% of the Group's total revenue for FY2022.

As at 31 December 2022, the Group has planted over 39,000 hectares ("Ha") of oil palms in Malaysia and Indonesia. The Group also has 6 palm oil mills, 2 each in Sabah, 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.



**CORPORATE
PROFILE****Other Business Activities****Bio-integration**

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

Sustainable forestry

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

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

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

This is part of the Group's wider sustainability efforts by committing to manage the forest reserve based on sustainable development principles while at the same time providing employment opportunities for the local rural community. Presently, the Group has been focussing on forest rehabilitation through enrichment planting and "silviculture" on severely logged over and degraded forests. As at 31 December 2022, about 33,120 Ha (2021: 31,223 Ha) of logged areas have been rehabilitated through enrichment planting and "silviculture".

Engineered hardwood flooring

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

With over two and a half decades of operating track record, Ekowood is not only a recognised EHF name in Malaysia but also has well-established export markets in the United States of America, Europe and Australia. With sustainability being an integral part of the Group's businesses, EIB with licence number FSC® C006543 has been assessed and certified as meeting the requirements of FSC® Chain of Custody. We are also certified by Programme for the Endorsement of Forest Certification Schemes/Chain of Custody.

Cocoa

As mentioned above, the Group has its genesis in the cocoa business. The processing and marketing of cocoa products are carried out by its wholly owned subsidiary, CocoaHouse Sdn. Bhd.. The cocoa processing factory is located in Port Klang, Selangor and the main cocoa product namely cocoa butter is produced mainly for export markets.

5-YEAR FINANCIAL HIGHLIGHTS & FINANCIAL INDICATORS

	2018 MFRS	2019 MFRS	2020 MFRS	2021 MFRS	2022 MFRS
FINANCIAL HIGHLIGHTS					
All figures in RM'000					
Revenue	906,441	838,894	926,003	1,188,919	1,305,999
Core profit before taxation	91,399	69,062	128,577	266,891	257,178
Profit before taxation	81,663	74,006	130,242	254,084	557,297
Profit after taxation	51,924	45,625	90,324	202,013	524,993
Net profit attributable to owners of the Company	40,462	44,280	79,487	169,415	456,407
Total assets	3,217,446	3,265,134	3,171,777	3,308,036	2,959,278
Total borrowings	1,455,755	1,431,797	1,309,195	1,109,325	559,111
Shareholders' equity	1,373,116	1,438,982	1,453,432	1,641,330	1,900,839
Total equity	1,504,633	1,574,720	1,597,783	1,813,588	2,132,058
FINANCIAL INDICATORS					
Basic earnings per share (sen)	2.93	3.21	5.76	12.27	33.07
Diluted earnings per share (sen)	2.93	3.21	5.76	12.27	33.07
Net asset per share	0.99	1.04	1.05	1.19	1.38
Return on shareholders' equity (%) ⁽¹⁾	2.95	3.08	5.47	10.32	24.01
Return on total assets (%) ⁽²⁾	1.26	1.36	2.51	5.12	15.42
Net debt to equity (%) ⁽³⁾	89.57	82.93	71.00	44.78	8.31
Share price as at financial year end	0.99	1.54	1.15	1.08	1.07

The information for Financial Year ("FY") 2018 to FY2022 have been prepared based on MFRSs.

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

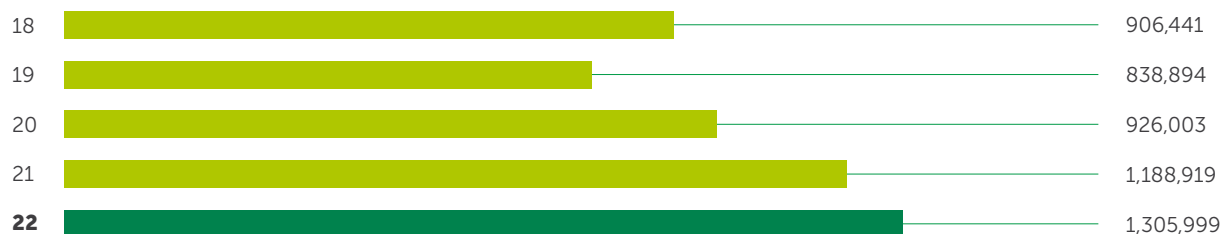
⁽²⁾ Based on net profit attributable to owners of the Company expressed as a percentage of total assets

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

5-YEAR FINANCIAL HIGHLIGHTS & FINANCIAL INDICATORS

REVENUE

(RM'000)



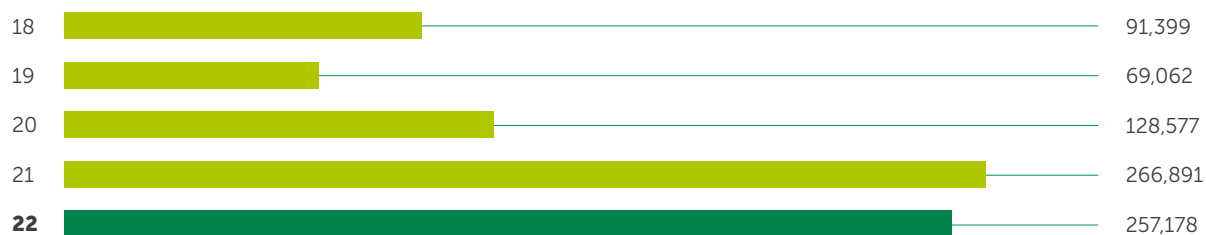
TOTAL ASSETS

(RM'000)



CORE PROFIT BEFORE TAXATION

(RM'000)



SHAREHOLDERS' EQUITY

(RM'000)



MANAGEMENT DISCUSSION & ANALYSIS 2022

OVERVIEW

It has been a turbulent year for the global economy in 2022. The prolonged Russia-Ukraine war since February 2022 has triggered major disruptions to the global supply chain and price fluctuation of commodities. Together with soaring inflation and on-going interest rates hike, volatility of currency exchanges and overall subdued economic activities and consumer sentiments, these are likely to create further global security and economic uncertainties.



While most of the COVID-19 pandemic woes have been somewhat alleviated after the reopening of the economies in early FY2022, there are still challenges that have persisted. These include shortage of skilled labour, escalating costs of raw materials, energy and transport which continue to exacerbate the already fragile global and domestic economic landscape. The impact of climate change has become more intense with consequences of climate hazards such as extreme heat events, catastrophic wildfires, drought, earthquakes, excessive rainfall and flooding, occurring more frequent. On the local front, Malaysia and Indonesia experienced very heavy rainfall during the final quarter of the year and the first quarter of 2023 resulting in serious floods. This has led to a decrease in the overall yield for agribusiness operators who are climate-dependant.

As many businesses are struggling to meet their financial obligations amidst these macroeconomic headwinds, it becomes more crucial for companies to improve their balance sheet position and conserve sufficient liquidity reserves to achieve better financial agility. At TSH, we are conscious that during times of crisis or market landscape engulfed by overhanging uncertainty, our ability to draw on cash reserves or raise additional capital at reasonable cost becomes a priority. For these reasons, the Group decided to monetise some of its assets during the year. The proceeds generated from the disposals have been utilised to pare down the Group's borrowings. We are pleased to highlight that we are making yearly progress on this front over the last 3 years. The Group's net gearing improved significantly to 0.08 times as at the end of FY 2022 from 0.45 times as at the end of FY 2021 (FY2020: 0.71; FY2019: 0.83).

MANAGEMENT DISCUSSION & ANALYSIS 2022

OIL PALM INDUSTRY LANDSCAPE



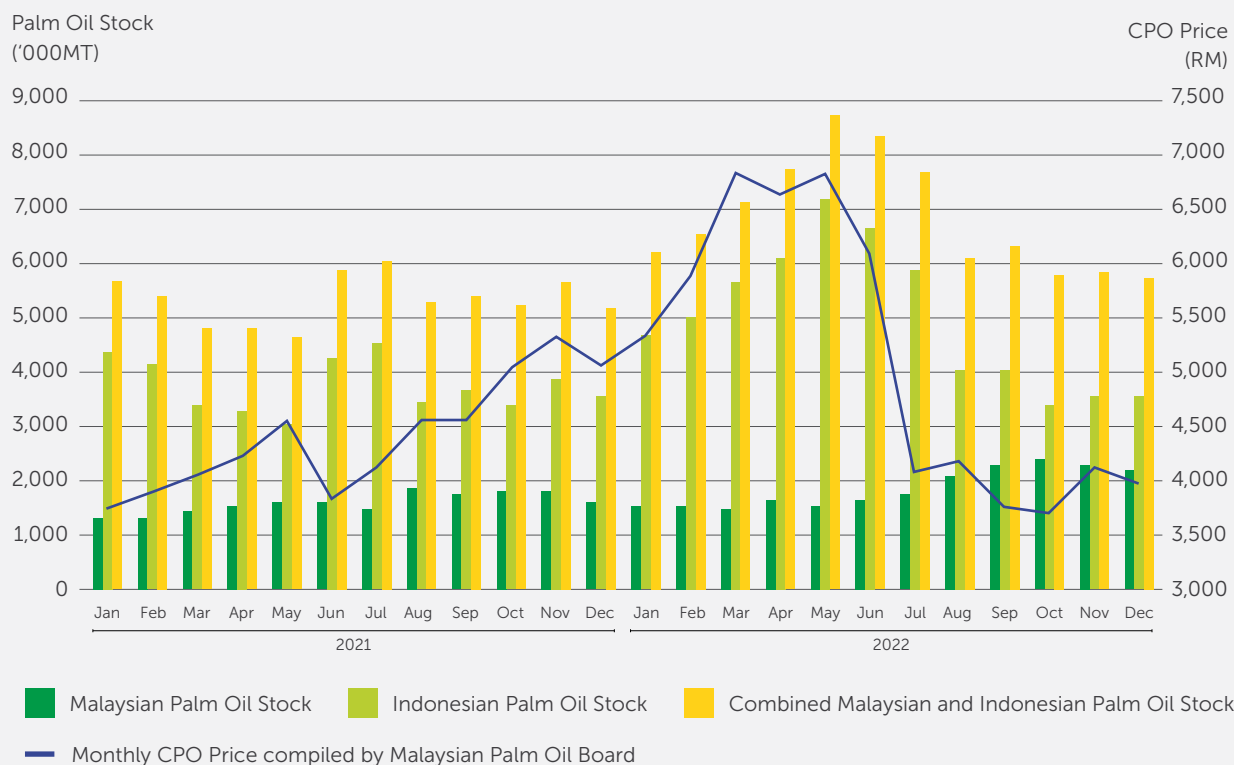
Crude Palm Oil ("CPO") prices have been volatile during the financial year. In the first quarter of 2022, CPO price rallied from an average price of RM5,354.50 per MT in January 2022 to an unprecedented daily high of above RM8,000.00 per MT in early March 2022 mainly driven by the Russia-Ukraine war in February 2022. In April 2022, the Indonesian Government banned CPO exports in the wake of a serious edible oil shortage within its domestic market. The move exerted further pressure on CPO price resulting in a monthly average of RM6,678.00 per MT in April 2022. The CPO eventually peaked at RM7,469.50 per MT on 5 May 2022 before sliding down to an average of RM6,106.00 per MT in June 2022 following the Indonesian Government reversal of its export ban at the end of May 2022.

During the third quarter of 2022, CPO price plunged sharply to average price of RM4,063.00 per MT in July 2022 and further dropped to daily price of approximately RM3,300.00 per MT towards the end of September 2022 dragged by the Indonesian Government ongoing efforts to stimulate export and clear its inventories, which included the waiver of its export levy implemented since mid-July 2022. During the final quarter, CPO price fluctuation stabilised and traded range-bound averaging between RM3,600.00 per MT and RM4,000.00 per MT supported by a combination of factors including the wet spell across Indonesia and Malaysia, lower palm oil stock and extension of zero export levy until December 2022 by the Government of Indonesia.

The chart below presents the monthly Malaysian, Indonesian and combined palm oil stocks in 2021 and 2022 with the monthly average CPO price. The monthly palm oil stocks in 2022 trended higher for the first half of the year. The hike of Indonesia stock level was especially pronounced in April and May 2022 due to the announcement of the CPO export ban. In the second half of 2022, the Indonesia palm oil stock level retreated to near 2021 level after the suspension of the CPO export ban and efforts to clear its domestic stocks. In conjunction with this, we saw Malaysia ramping up its palm oil production from Aug 2022 through to Dec 2022. With more supply of palm oil from Indonesia and Malaysia to the market, the CPO price for the second half of 2022 declined drastically. Overall, CPO production in Malaysia improved 2.2% from 18.1 million MT in 2021 to 18.5 million MT in 2022 whereas CPO production in Indonesia deteriorated marginally by 0.4% from 46.9 million MT in 2021 to 46.7 million MT in 2022.

MANAGEMENT DISCUSSION & ANALYSIS 2022

PALM OIL STOCK & CPO PRICE



CORPORATE DEVELOPMENTS

The following are significant corporate developments during FY2022 until the date of this Annual Report:

(i) Disposals of 2 Oil Palm Estates and 1 Palm Oil Mill in Sabah

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

The disposals under SPA 2 and SPA 3 were completed on 25 March 2022 whilst the disposal under SPA 1 was completed on 6 May 2022.

(ii) Disposal of Land in North Kalimantan

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

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

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

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

The proposed disposal of the remaining balance of the land is expected to be completed in 2023.

MANAGEMENT DISCUSSION & ANALYSIS 2022

FINANCIAL REVIEW

The table below provides an overview of financial highlights of the Group for the FY2022 in comparison with FY2021:

	FY2021 (RM'000)	FY2022 (RM'000)
Revenue	1,188,919	1,305,999
Core profit before taxation	266,891	257,178
Profit before taxation	254,084	557,297
Taxation	(52,071)	(32,304)
Profit after taxation	202,013	524,993
Profit attributable to owners of the Company	169,415	456,407
Shareholders' equity	1,641,330	1,900,839
Total equity	1,813,588	2,132,058
Borrowings	1,109,325	559,111
Cash and bank balances	279,728	375,580
Short term funds	17,464	6,385
Net gearing ratio (times)	0.45	0.08

PROFIT OR LOSS

Revenue

The FY2022 revenue of RM1,306.0 million was the highest ever recorded by the Group. This marked an increase of RM117.1 million or 9.8% from the previous year's revenue of RM1,188.9 million, supported by the revenue growth of the Palm Products segment.

The Palm Products segment revenue increased by RM107.5 million or 9.8% to RM1,202.0 million from RM1,094.5 million for the previous year despite the disposals of two oil palm estates and a palm oil mill in the first half of 2022. The increase in the segment's revenue was primarily due to the increase in the Group's average CPO price to RM4,100.28 per MT compared with RM3,569.60 per MT in 2021. In addition, the increase in FFB production to 923,990.1 MT in 2022 from 918,986.3 MT in 2021 further supported the improvement in revenue.

Revenue from the Others segment increased by RM9.6 million from RM94.4 million to RM104.0 million primarily due to higher revenue contribution from the Wood division due to increase in export sales, particularly to United States of America, following the global recovery from impact of the COVID-19 pandemic.

Core profit before taxation

Notwithstanding the improvement in revenue, the Group's core profit before taxation decreased slightly by 3.6 % to RM257.2 million from RM266.9 million in 2021 mainly due to the fair value loss on forest planting expenditure of RM37.2 million.

Profit after taxation

The Group posted a net profit of RM525.0 million as compared with RM202.0 million recorded in FY2021, an increase of 159.9%, mainly due to the gain arising from disposals of SPA 1, SPA 2, SPA 3 and BCAP's land totalling RM395.3 million, partially offset by impairment of property, plant and equipment of RM56.3 million and higher losses on foreign exchange. The Group recorded a net foreign exchange loss of RM28.1 million compared with RM12.8 million in FY2021 as the Ringgit Malaysia had been on a broad depreciating trend against the US Dollar during 2022.

Despite the improvement in the profit before taxation, the Group's taxation decreased to RM32.3 million from RM52.1 million in FY2021, mainly due to reversal of temporary differences following the above mentioned disposals of assets in Sabah. The taxation charge is lower than the statutory rate mainly due to gain on disposal of assets and reversal of temporary differences, coupled with non-deductibility of certain expenses for taxation purpose.

MANAGEMENT DISCUSSION & ANALYSIS 2022

Capital structure and capital resources

Shareholders' equity

Shareholders' equity increased to RM1,900.8 million from RM1,641.3 million as at the end of FY2021. This was primarily due to the net profit attributable to owners of the Company of RM456.4 million, partially offset by a foreign currency translation loss of RM46.4 million in respect of the Group's net investment denominated in Indonesian Rupiah and a dividend of RM151.8 million paid during the year.

Borrowings

The Group's total borrowings as at year end was RM559.1 million compared with RM1,109.3 million as at the end of FY2021, a reduction of RM550.2 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 78.2% to RM177.1 million from RM812.1 million as at the end of FY2021.

Gearing

The Group recorded a lower net gearing ratio of 0.08 times as at the end of the financial year under review (2021: 0.45 times) mainly due to lower net borrowings of RM177.1 million (2021: RM812.1 million) 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 FY2022 compared with FY2021:

	FY2021 (RM'000)	FY2022 (RM'000)
Operating cash flows before changes in working capital	370,804	354,742
Changes in working capital	57,350	(57,770)
Cash flows from operations	428,154	296,972
Income tax paid (net of income tax refunded)	(34,739)	(89,241)
Net cash flows from operating activities	393,415	207,731
Net cash flows from investing activities	6,980	623,229
Free cash flow to firm	400,395	830,960
Net cash flows used in financing activities	(278,343)	(743,540)
Net increase in cash and cash equivalents	122,052	87,420
Effects of exchange rate changes	2,597	(3,940)
Cash and cash equivalents as at beginning of financial year	156,493	292,751
Cash and cash equivalents transferred from assets held for sale	11,609	-
Cash and cash equivalents as at end of financial year	292,751	376,231

The Group's cash and cash equivalents as at year end amounted to RM376.2 million compared with the previous financial year end balance of RM292.8 million, which is mainly attributable to the net increase of cash and cash equivalents of RM87.4 million.

MANAGEMENT DISCUSSION & ANALYSIS 2022

The net increase in cash and cash equivalents of RM87.4 million is lower compared to the net increase achieved in FY2021 of RM122.1 million arising from the net effects of the following:

- The decrease in net cash flows from operating activities to RM207.8 million from RM393.4 million in 2021 was due to higher income tax paid during the current financial year and unfavourable movement in working capital, mainly attributable to deposits received in prior year but was only utilised in the current year upon completion of the corporate proposals.
- Net cash flows generated from investing activities of RM623.2 million compared RM7.0 million generated in 2021 primarily due to proceeds raised from the disposals of SPA 1, SPA 2, SPA 3 and BCAP's land, amounting to RM656.5 million. The increase was partially offset by the increase in capital outlay on property, plant and equipment and right-of-use assets by RM39.4 million as compared to the previous financial year.
- The increase in net cash flows used in financing activities to RM743.5 million from RM278.3 million in 2021 was primarily attributable to the increase in net repayment of borrowings by RM341.5 million and higher dividend paid by RM132.2 million as compared with the previous financial year.

In line with the improvement in net cash flows from investing activities, free cash flow to firm increased significantly to RM831.0 million from RM400.4 million in FY2021.

As at 31 December 2022, the Group is in a net current asset position, excluding the assets held for sale. 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.

DIVIDENDS

A first interim single tier dividend of 8.0 sen per ordinary share, amounting to RM110.4 million in respect of the financial year ended 31 December 2022 was paid on 21 December 2022.

At the forthcoming Annual General Meeting, a final single tier dividend in respect of the financial year ended

31 December 2022 of 2.5 sen per ordinary share will be proposed for shareholders' approval in accordance with the Company's Constitution.

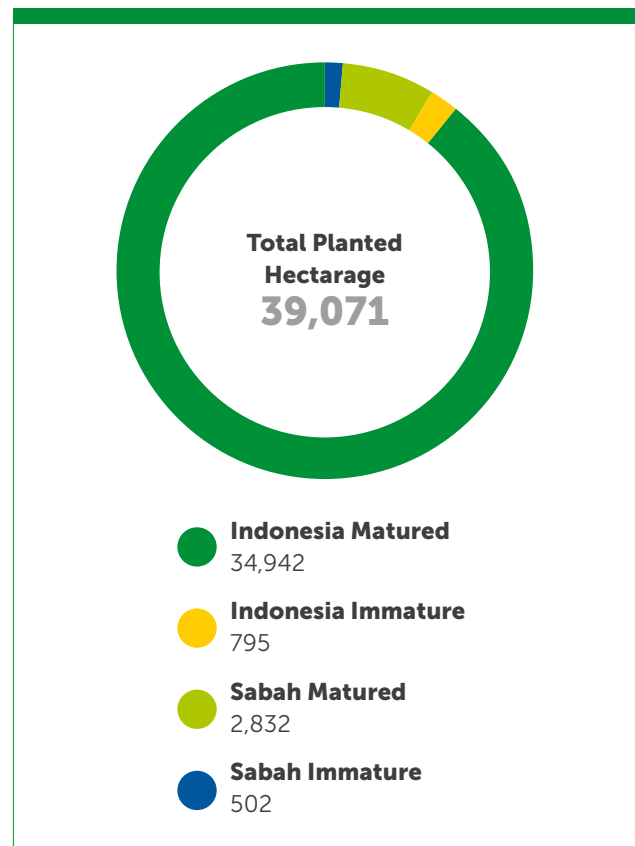
The dividend paid and proposed for the financial year ended 31 December 2022 is in line with the Group's long-term dividend payout policy of 20% to 30% of the Group's profit, and after taking into consideration of the cash position and the projected levels of capital expenditure and investment of the Group.

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

The Group is predominantly an upstream player in the oil palm plantation industry. As at 31 December 2022, the Group has plantations located in Sabah, Kalimantan and Sumatera with a total planted area of 39,071 Ha, as well as six (6) palm oil mills, two (2) each in Sabah, Sumatera and Kalimantan.

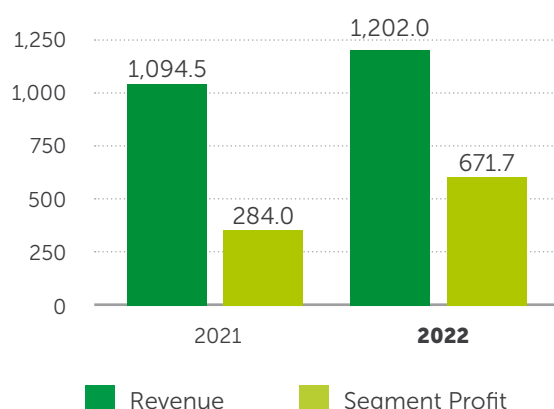


MANAGEMENT DISCUSSION & ANALYSIS 2022

The age profile of the Group's palm oil trees is spread out with a weighted average age of 11.7 years, which is relatively young. This augurs well for the Group's FFB production in the coming years.

Palm Products Segment Result

RM'million



The Palm Products segment revenue rose 9.8% to RM1,202.0 million from RM1,094.5 million in 2021. In line with the increase in revenue, segment profit improved more than twofold to RM671.7 million from RM284.0 million in 2021. The significant improvement was primarily attributable to gain on disposal of land by BCAP and disposals of SPA 1, SPA 2 and SPA 3 totalling RM395.3 million, partially offset by tax on sales proceeds of BCAP's land, which amounted to RM10.2 million. Excluding the gain or loss arising from the above mentioned disposals, the segment profit of the Palm Products still saw an increase mainly due to higher average selling prices of CPO and PK as well as increase in FFB production. Average selling prices for CPO and PK for 2022 were RM4,100.28 per MT and RM2,668.07 per MT compared with RM3,569.60 per MT and RM2,362.95 per MT, respectively in 2021.

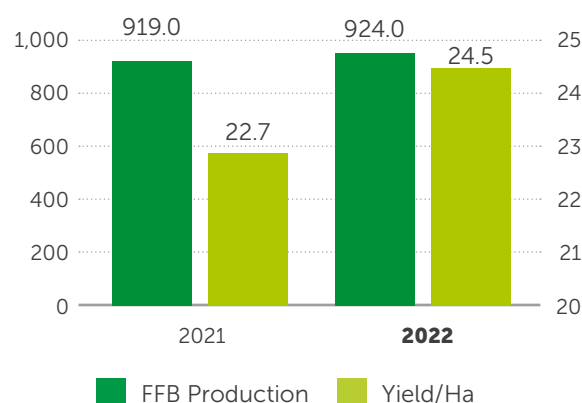
The segment revenue and profit for FY2022 and the previous financial year were impacted by the Indonesia export levy and duty on CPO as tabulated below:-

	FY2021 (RM'000)	RM2022 (RM'000)	Variance (RM'000)
Indonesia Export Levy and Duty on CPO	228,135	225,150	2,985

FFB Production & Yield

FFB Production
('000 MT)

FFB Yield
(MT/Ha)



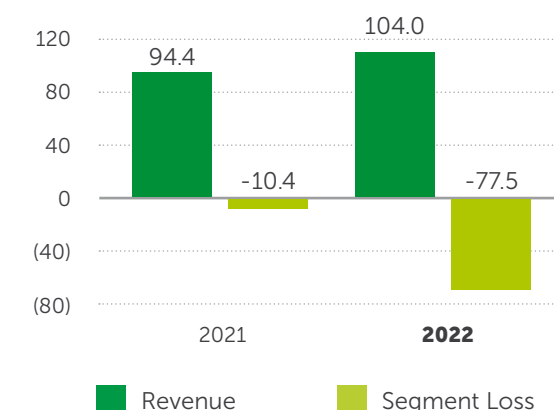
FFB production increased to 923,990.1 MT from 918,986.3 MT despite the disposals of two estates in Sabah in the first half of 2022. Average FFB yield increased to 24.5 MT per Ha from 22.7 MT per Ha in the previous financial year.

Others segment

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

Others Segment Result

RM'million



MANAGEMENT DISCUSSION & ANALYSIS 2022



The segment revenue increased to RM104.0 million from RM94.4 million in 2021 due to the improvement in the revenue from the Wood division. However, the higher revenue from Wood division was partially offset by lower contributions from the Cocoa products division and Bio-Integration division as a result of lower cocoa revenue and lower sales of oil palm ramets and laran plantlet respectively.

Cocoa products division registered lower revenue of RM5.6 million (2021: RM7.9 million) due to delay in the shipment of cocoa butter attributed to the significant increase in shipment cost during the current financial year.

Bio-Integration division registered lower revenue of RM12.5 million compared with RM14.3 million in FY2021. This was mainly due to lower sales of oil palm ramets and laran plantlet.

Revenue from the Wood division, generated from the sale of Ekowood's engineered hardwood flooring and the Group's sustainable forestry activities, improved considerably to RM85.9 million from RM72.2 million in 2021. This was mainly due to the improvement in export, in particular to the United States of America as a result of a surge in the housing market activity and home renovations post pandemic. Notwithstanding the improvement in the sales, the wood division registered a loss in FY2022 mainly due to the fair value loss on forest planting expenditure of RM37.2 million.

During the current financial year, impairment losses of assets of RM30.6 million have been recognised due to cessation of an operation engaged in hiring business. In addition, there was recognition of impairment loss on the building of a subsidiary from Bio-Integration division of RM8.2 million as a result of an impairment review.

As a result of the above factors, the Others segment registered higher segment loss of RM77.5 million compared with RM10.4 million in FY2021.

FUTURE OUTLOOK AND PROSPECTS

Global growth is expected to slow going into 2023. The rebound from the reopening of the economies will wane, and growth would likely be weighed down by tighter global financial conditions and high inflation. Central banks, especially in advanced economies, have already made several rounds of monetary policy adjustments to contain inflation. This has led to significant spillovers to emerging market economies, through weaker currencies, tighter financial conditions and slower exports. While inflation is expected to ease in 2023, it would likely remain above average amid elevated cost of raw materials, energy and transport and tight labour markets.

Since the beginning of 2023, CPO price movement has been range-bound after a volatile 2022. However, it remains susceptible to uncertainties of external macroeconomic factors and risks stemmed from further escalations of geopolitical tensions such as the belligerence between Russia and Ukraine. The palm oil export policy of Indonesia will also present some uncertainties to the CPO price in both Malaysia and Indonesia. CPO price is supported at current levels of around RM4,000.00 due to inter alia, the ongoing drought in Argentina which could lead to severe soybean crop losses, the heavier-than-usual rainfall in key oil palm regions and the implementation of Indonesia's B35 biodiesel programme. Having said that, the fragile demand outlook on the back of economic slowdown and inflationary pressure, coupled with tight household spending on high base interest rate locally and globally may pose a downward risk to CPO price.

As a whole, we are cautiously optimistic that barring any unforeseen circumstances, the Group will perform satisfactorily in 2023. The Board also remains optimistic on the long term prospects of the palm oil industry. The Board believes with global population and per capita income growth, the demand for palm oil will remain resilient in the years to come as it is the most efficient and competitively priced vegetable oil.

SUSTAINABILITY REPORT

ABOUT THIS REPORT

Globally, there is now greater awareness of the importance of addressing sustainability issues and the need to incorporate these concerns as an essential part of the way businesses are conducted. We at TSH Resources Berhad ("TSH" or "the Group") are steered by our vision to *be a premier plantation company committed to sustainability*. This vision guides our actions as an organisation and how we work with sustainability.

This report showcases our commitment to transparency and accountability towards Environmental, Social, and Governance ("ESG") performance. We present our achievements and challenges, aimed at creating sustainable value for our stakeholders.

To strengthen our sustainability performance, we conducted a gap analysis against the Global Reporting Initiative ("GRI") standards, FTSE4Good indicators and Taskforce on Climate-Related Financial Disclosures ("TCFD") Recommendations and translated the findings into achievable action plans that fit our long-term sustainability aspiration. We also conducted a materiality assessment which allowed us to prioritise and allocate our resource investments. In addition to these initiatives, we developed a set of Key Performance Indicators ("KPIs") relevant to each of our business operations to monitor the progress of our sustainability initiatives.



Scope and Boundary

Disclosures within this report cover the Group's ESG performance from 1 January 2022 to 31 December 2022 ("FY2022") and include three years of comparative data where relevant. These disclosures also cover our headquarters in Kuala Lumpur and the Group's business operations shown below in both Malaysia and Indonesia.



Plantations
and Mills



Engineered
Hardwood
Flooring



Bio-
Integration



Forest
Management
and Other
Businesses






SUSTAINABILITY REPORT



Reporting Guidelines and Framework

For a comprehensive, relevant, and meaningful reporting, this report has been prepared in line with Bursa Malaysia Securities Berhad ("Bursa Malaysia") Main Market Listing Requirements on Sustainability Reporting, guided by Bursa Malaysia's Sustainability Reporting Guide (3rd Edition). The disclosures are also prepared in reference with the GRI standards and the FTSE4Good Bursa Malaysia index.

Additionally, the disclosures have adopted elements of the TCFD recommendations whilst our targets and initiatives are also mapped against the selected United Nations Sustainable Development Goals ("UN SDGs" or "SDGs"). The Greenhouse Gas ("GHG") emissions data disclosed were calculated using the World Resources Institute's GHG Protocol.

 Principal Guidelines Bursa Malaysia's Sustainability Reporting Guide (3 rd Edition)	 Alignment with World Resources Institute's Greenhouse Gas Protocol
 Reporting Framework Global Reporting Initiative ("GRI") Standards	 Alignment with recommendations Task force on Climate related Financial Disclosures ("TCFD")
 Alignment with Global Initiatives United Nations Sustainable Development Goals ("UNSDGs" or "SDGs")	 Alignment with FTSE4Good Bursa Malaysia (F4GBM) Index



Assurance

The contents of this report have been reviewed by the Group's Sustainability Steering Committee ("SSC") consisting of senior management representatives and approved by the Board of Directors ("BoD"). A qualified consultant was appointed by TSH Resources Berhad to conduct independent accounting of the Group's greenhouse gas emissions inventory from FY2019 to FY2022.



Accessibility

This report is part of the Group's Annual Report and can be accessed from "Investor Relations" > "Reports" on our corporate website, <https://www.tsh.com.my/>. It is recommended that the report should be read together with our publicly available online resources including our corporate policies.



Feedback

To continue improving our ESG efforts, we welcome questions, comments, and/ or suggestion on how to improve our sustainability initiatives and reporting. Please contact:

 **603-2048-0888**

 **esg@tsh.com.my**

 **MENARA TSH**
 No. 8 Jalan Semantan,
 Damansara Heights,
 50490 Kuala Lumpur, Malaysia.

SUSTAINABILITY REPORT

MESSAGE FROM THE CHAIRMAN

Dear Valued Shareholders and Stakeholders,

As the world is facing a more uncertain future such as climate risks and human rights concern, we understand it is pivotal that we embrace sustainability in our strategies at every level. This has put into focus the importance of climate resilience, improved labour standards, and biodiversity, and there has been a great shift on a global scale made towards safeguarding the future.

Our own push towards excellence in our sustainability journey sees us taking the initiative to integrate the principles of Sustainability into our day-to-day operations, towards creating a structured sustainability agenda. This commitment is the fuel that drives us towards our mission, "To be a progressive plantation enterprise with emphasis on sustainable production, social accountability and sound environmental management."

It is imperative that we embed sustainable practices into every aspect of our operations. In the coming years, our aim is to establish a comprehensible Sustainable Agenda that the Group as a whole can commit to at every level, steered towards the appropriate direction by the Board. At the senior management level, we have established the Sustainability Steering Committee ("SSC"), which is supported by the Sustainability Working Group ("SWG"). They have an active role in driving relevant ESG initiatives, keeping the organisation aligned with our goals.

In addition to this, we have implemented several initiatives that will help us build a solid basis for our sustainability efforts. Among these initiatives is conducting a gap analysis with reference to GRI ("Global Reporting Initiative") standards, FTSE4Good Index Series, as well as TCFD ("Task Force on Climate – Related Financial Disclosures") recommendations in order to ascertain TSH's current standing against the benchmarks. We have also established a Sustainability Framework that clearly visualises the interconnectivity of our ESG efforts and strategic priorities, ensuring every member of TSH moves towards our goal at the same pace.





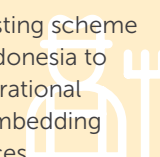

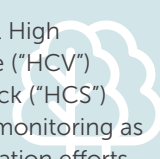


Furthermore, we have conducted a materiality assessment with both internal and external stakeholders to better prioritise our sustainability efforts, and developed the Sustainability KPIs, towards delivering a low-carbon future. These KPIs will be tracked at regular intervals and undergo further fine-tuning, keeping in line with our concentrated efforts in improving our sustainability initiatives.

It is obvious that driving continuous improvement to ESG is paramount to the success of any organisation. Beyond this, TSH recognizes that as a responsible global citizen, we have a responsibility to reduce our own impact on carbon footprint and play a proactive role to address ESG risks which are critical to the future of our planet and humanity.

SUSTAINABILITY REPORT

SUSTAINABILITY HIGHLIGHTS

Report Highlights FY2022

ENVIRONMENT	SOCIAL	GOVERNANCE
Completed GHG inventory (FY2019-FY2022) which includes Scope 1 and Scope 2 	Ample training provided to employees 	Established a formal Sustainability Governance Structure 
RM0.47 million cost savings from solar panel installation 	Continuously assisting scheme smallholders in Indonesia to optimise their operational efficiency while embedding sustainable practices 	100% of TSH's employees have received training on anti-bribery and corruption policy 
Conducting annual High Conservation Value ("HCV") & High Carbon Stock ("HCS") management and monitoring as part of our conservation efforts 	RM2.25 million was spent on Corporate Social Responsibility ("CSR") initiative through numerous community engagements 	Appointed a General Manager – ESG to assist the chairman of the SSC 

OUR STRATEGY FOR A SUSTAINABLE FUTURE

As the world continues to take significant strides towards climate resilience, TSH is motivated to future-proof our business against climate-related risk. In our efforts to integrate sustainable value into our day-to-day operations, we have carried out and established several initiatives this year.



Completed a gap analysis against the GRI standards, FTSE4Good indicators and TCFD Recommendations to assess the Group's current sustainability performance;



Established a Sustainability Framework to visualise the interconnectivity of our ESG efforts and strategic priorities;



Drafted and established a Group Sustainability Policy that outlines the TSH's commitments and guiding principles;



Conducted our inaugural materiality assessment with both internal and external stakeholders to prioritise our sustainability efforts; and



Developed KPIs which guides the Group towards delivering a low-carbon future for people and planet.

SUSTAINABILITY REPORT

Sustainability Framework

In recognising our responsibility to balance our economic growth with positive ESG impacts, TSH's sustainability agenda is embedded throughout our business operations. Our efforts are anchored by three overarching pillars that act as the foundation for our sustainability strategies, framework, and initiatives. These pillars encompass our commitments across three broad areas which include: promoting ethical business practices, advocating for low-carbon economies and biodiversity protection, and empowering a future-fit workforce, communities, and smallholders. The Group strives for balance between all three pillars to ensure that long-term and positive shared values are created for our stakeholders whilst managing risks holistically.

Vision

To be a premier plantation company committed to sustainability

Mission

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

Strategic ESG Pillars



ENVIRONMENT

Advocate

For low-carbon economies and biodiversity protection

Priority Areas

- 1.1 Climate action
- 1.2 Biodiversity protection
- 1.3 Resource efficiency
- 1.4 Reduced waste



SOCIAL

Empower

Future-fit workforce, communities and smallholders

Priority Areas

- 2.1 Safe and decent work
- 2.2 Education and skills
- 2.3 Supply chain traceability
- 2.4 Community enrichment



GOVERNANCE

Promote

Ethical and transparent business practices

Priority Areas

- 3.1 Robust governance
- 3.2 Risk management
- 3.3 Industry certifications
- 3.4 Data privacy and security

UN SDGs



Key Stakeholders



Shareholders & Investors



Government & Regulatory Authorities



Customers



Employees



Suppliers & Contractors



Trade Unions



Local Communities & Smallholders



Civil Societies/NGOs



Industry & Certification Bodies

SUSTAINABILITY REPORT

Driving Sustainability Through Strong Leadership

Strong leadership with clear lines of accountability is essential in spearheading our sustainability agenda and providing us with definitive guidance to deliver on our ESG commitments. To this end, TSH has established a three-tiered oversight and decision-making structure this financial year to facilitate the implementation of our sustainability policy, strategy, and goals.



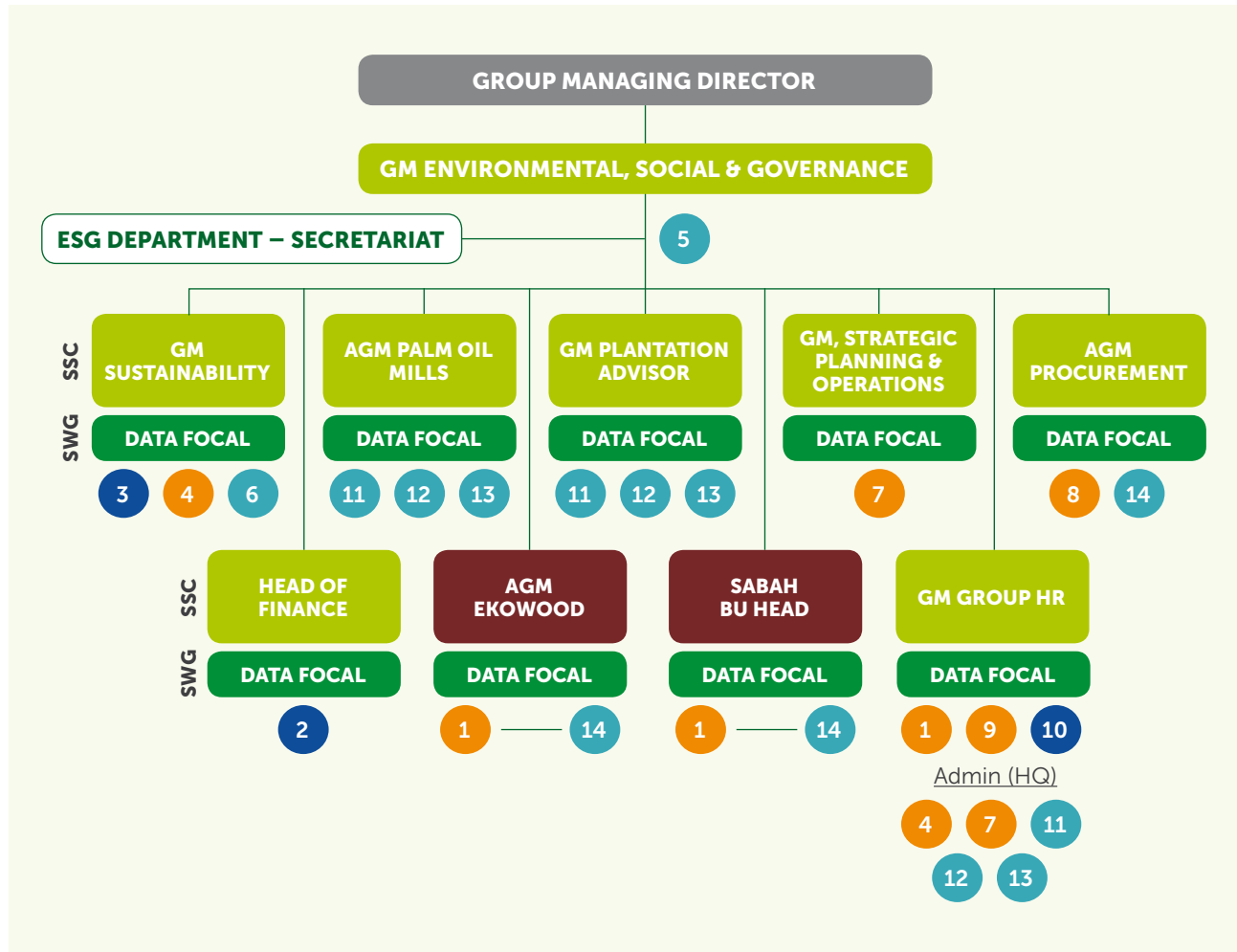
The governance structure is led by the BoD who are ultimately responsible for integrating sustainability into the Group's strategic direction. In line with the Malaysian Code on Corporate Governance ("MCCG") 2021, the Board has oversight on ESG matters and the related risks and opportunities over the short, medium and long-term.

In FY2022, the Group officially established a SSC tasked with effectively managing ESG-related commitments, risks and material topics. The SSC is chaired by the Group Managing Director ("GMD"), and is assisted by the General Manager - ESG which is a new position introduced this reporting period. The SSC is comprised of senior management and head of departments ("HOD") from various departments across TSH. Each division had fair representation within the structure to comprehensively address ESG-related issues and the priorities of each of our operations.

Day-to-day responsibility is delegated to the SWG which is composed of operational representatives from each business operation and relevant departments. The SWG ensures sustainable practices are fully embedded within each operating unit. This is achieved with regular monitoring of ESG impacts, along with continuous engagements with key stakeholders such as smallholders, pushing our sustainability agenda across our value chain.

SUSTAINABILITY REPORT

Sustainability Steering Committee (SSC) & Sustainability Working Group (SWG)



Legend:



Data Champion

Accountable for the relevant Material Sustainability Matters for Indonesia Operation & HQ.



Data Champion

Accountable for the relevant Material Sustainability Matters for Sabah Operations & Ekowood respectively.



Data Focal shall coordinate and consolidate data with respective **Data Owners**.

Environment

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

Social

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

Governance

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

SUSTAINABILITY REPORT

Sustainability Policy Commitments

For FY2022, we have established our Group Sustainability Policy which outlines our principles and approach towards sustainability. The policy developed incorporates our mitigation efforts towards potential ESG-related risks and was approved by the BoD. To ensure its continued applicability in consideration of sustainability-related trends, regulations, and standards this policy is subject to periodic review.



ENVIRONMENT

TSH recognises the growing concerns surrounding the impacts of climate change and the Group's role in reducing or minimising GHG emissions in line with national and international commitments such as the Paris Climate Agreement. The Group endeavours to minimize or eliminate negative environmental impacts through the implementation of environmental best practices. In alignment with our Environment Protection Policy and Sustainable Palm Oil Policy, we therefore commit to:

- No deforestation and planting on peat by applying the High Carbon Stock ("HCS") approach methodology. TSH shall not develop or clear any areas of primary forest or High Conservation Value ("HCV") / High Biodiversity Value ("HBV") areas.
- The Group shall adopt Best Management Practices ("BMP") in all existing plantations on peatland and we commit to no new planting on peatland regardless of depth. Social and Environmental Impact Assessments (SEIA) shall be conducted prior to any new developments. TSH will implement best practices to maintain or improve soil fertility for sustained yield.
- No open burning in all our operations. The Group shall adopt proper fire prevention methods and emergency preparedness programmes in all new and existing operations.
- The protection of biodiversity and wildlife including rare, threatened, endangered and critically endangered species listed under International Union for Conservation of Nature (IUCN) from hunting and poaching through the support of wildlife protection activities.
- Managing energy usage and GHG emissions by optimising business activities and conducting environmental and social assessments to mitigate impacts or risks of new plantings or operations. TSH also commits to employing proven technologies and renewable energy for emission reductions where feasible including utilising aerobic activated sludge process, biomass power, etc.
- Responsible material usage by maintaining compliance with national and international laws and regulations regarding the management, usage, prohibitions, restrictions and reporting requirements for materials and chemical substances in the countries and regions in which we operate. TSH strives to improve material use efficiency while ensuring the risks of pollution or contamination from material, chemical use and residues are adequately managed.
- Proper waste and effluents management in accordance with applicable regulatory requirements and limits within the countries we operate. Waste and Palm Oil Mill Effluent (POME) from plantations shall be properly treated prior to discharge or disposal. The Group will practice with 4Rs (Reduce, Reuse, Recycle, Recover) program, wherever possible.
- Protection of water and soil quality by preventing contamination or pollution, minimise soil erosion and degradation from agricultural and industrial waste and chemicals and improve water use efficiency in our operations where possible.

SUSTAINABILITY REPORT



SOCIAL

As a responsible corporate citizen, TSH is committed to upholding the international standards and principles outlined in the UDHR, the ILO Declaration on Fundamental Principles and Rights at Work, the United Nations Guiding Principles of Business and Human Rights ("UNGP") and other pertinent human rights laws and regulations. The Group commits to:

- Respecting internationally recognised human rights including the rights of indigenous people and local communities. The Group shall ensure Free, Prior and Informed Consent ("FPIC") has been obtained from rights holders for any new development.
- Upholding labour standards and respecting employees' rights in line with national and international laws and standards. The Group has zero tolerance for child labour and forced labour, which includes modern slavery, human trafficking, involuntary prison labour, indentured labour, bonded labour or any other forms of forced labour. TSH fully supports employees' rights to freedom of association and collective bargaining. TSH is also committed to no-exploitation of human rights in all our operational practices.
- Practices equal employment opportunity and diversity. The Group complies with legal and decent working hours and ensure all employees are compensated with fair and equal wage without discrimination regardless of nationality, religion, ethnicity, race, gender identity, sexual orientation, culture, disability, language or any other forms of discrimination. The Group shall not tolerate any form of abuse, bullying or harassment.
- Providing a conducive, safe and healthy workplace to prevent accidents and injuries occurring in our operations or due to any public health concerns. Periodic Hazard Identification Risk Assessment and Risk Controls (HIRARC) assessment shall be conducted to identify potential health and safety risks within our operations. The Group shall allocate appropriate resources and personnel to minimise and manage health and safety risks.
- Ensuring proper emergency preparedness responses and plans in light of an emergency or disaster including forest fires.
- Improving traceability and supply chain management of our products and raw materials by engaging with our value chain including vendors, suppliers and smallholders.



GOVERNANCE

TSH is committed to creating long-term value for our stakeholders through continuous engagements and employing ethical business practices. We aim to achieve this by:

- Upholding robust governance and ensuring compliance with all legal and regulatory requirements in the markets we serve.
- Conducting business with high ethical standards, integrity and transparency. TSH has zero tolerance for any forms of corruption, bribery, extortion or embezzlement.
- Implementing appropriate data privacy and security measures to safeguard stakeholder's personal data.
- Providing proper grievance mechanism and whistle-blowing measures which allows employees and other stakeholders to raise concerns or report wrongdoings without fear of reprisal.
- Striving to achieve and maintain Roundtable on Sustainable Palm Oil (RSPO), Indonesia Sustainable Palm Oil (ISPO) and Malaysia Sustainable Palm Oil (MSPO) certifications for 100% palm oil plantations and mills.

SUSTAINABILITY REPORT

United Nations Sustainable Development Goals

Our approach to sustainability embraces global efforts set upon by the UN SDGs. Through a comprehensive assessment of the goals and their indicators, we identified eight relevant UN SDGs in which we believe we can make the most meaningful and impactful contributions. These eight goals are aligned with our strategic sustainability pillars, material matters, and goals.

3 GOOD HEALTH AND WELL-BEING

- Proper identification and mitigation of health and safety risks through HIRARC.
- Plantation workers handling chemicals or operating premix stations are provided annual check-ups.
- Estates and mills have clinic staffed by trained medical professionals for immediate Occupational Safety and Health ("OSH") response.
- Training include first aid, firefighting, safe chemical handling and emergency response procedures.
- Essential healthcare coverage and benefits for our staffs.
- Established OSH committees with Safety and Health Officers ("SHO").

6 CLEAN WATER AND SANITATION

- Strategic water management strategies to maximise water usage efficiency.
- Strict control and management of operations in riparian reserves.

8 DECENT WORK AND ECONOMIC GROWTH

- The Group adopted No Child Labour Policy, Human Rights & Responsible Business Policy, Equal Opportunity and Discrimination Policy, Sexual Harassment Policy, Reproductive Rights Policy and Freedom of Association Policy.
- Established Gender Committees and Decent Living Wage Committee to combat gender disparity and inadequate pay.
- TSH also aligns itself with the Free Prior and Informed Consent principle.
- 22.51% of our total workforce comprise of women.

7 AFFORDABLE AND CLEAN ENERGY

- Ekowood has installed solar panels which is a renewable energy and this has resulted in cost savings of RM0.47 million in FY2022.
- TSH has a Bio Complex Plant in Tawau that converts by-products such as EFB and methane from treatment of POME into electricity.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

- By-products from the estates and mills are used to generate renewable energy through the bio-integration complex.
- POME produced in the mills are thoroughly treated using anaerobic ponds.

13 CLIMATE ACTION

- Ekowood invested in air compressors to reduce electricity consumption which resulted in RM0.10 million of savings in FY2022.
- Biomass and biogas used to generate renewable energy from methane sources which reduces fossil fuel dependence.
- The Group has adopted a Zero Burning Policy for land clearing.

15 LIFE ON LAND

- The Group has adopted a Group Sustainability Policy in addition to the existing Sustainable Palm Oil Policy and a Forest Management Policy which details TSH's conservation and protection strategy including no burning to clear land and zero hunting of all species in our plantations.
- A total of 33,120 Ha of the Group's managed forests had been silviculturally treated as our contribution towards sustainable forest preservation.
- The Group conducts annual HCV & HCS management and monitoring as part of our conservation efforts for our plantations in line with RSPO, MSPO and ISPO requirements.




16 PEACE, JUSTICE AND STRONG INSTITUTIONS

- Established policies to ensure robust governance which are Code of Ethics, Anti-Bribery and Corruption Policy ("ABC"), Whistle-blowing Policy and Transparency Policy.
- 100% employees received training on anti-corruption and anti-bribery practices.
- Established Integrity Unit that monitors and assess bribery and corruption risks within the Group.




SUSTAINABILITY REPORT

Making a Difference Through Continuous Engagements

Our approach to sustainability entails managing and gauging each stakeholder group's expectations, needs, and concerns. We gather information and perspectives on what matters to our stakeholders, our business operations, and our sustainability performance by engaging with them on a regular and proactive basis. Through such continuous engagements, the Group seeks to foster long-term value creation for our stakeholders by understanding and addressing their needs.

Key Stakeholders	Key Concerns Raised	Our Strategic Response	Method of Engagement
 Shareholders & Investors They have a financial stake in the business and are interested in the Group's financial transactions or dealings with investment banks, fund managers, etc.	<ul style="list-style-type: none"> TSH's financial performance and dividend payout TSH's sustainability compliance and initiatives Corporate governance and compliance matters 	<ul style="list-style-type: none"> Provide regular updates and insights into TSH's financial and operating performance, corporate governance reporting as well as sustainability policies 	<ul style="list-style-type: none"> Annual Reports and Annual General Meeting Corporate website Formal and informal meetings and briefings
 Government & Regulatory Authorities A public organisation or government body established to perform regulatory duties, such as the Securities Commission Malaysia.	<ul style="list-style-type: none"> Licenses, approvals and permits Regulatory reporting on compliance with latest regulations and requirements Support for government policies and initiatives for the industry Health, Safety & Environmental ("HSE") requirements 	<ul style="list-style-type: none"> Robust governance in compliance with licenses, approvals, and permits Regulatory reporting to the various Government Agencies submitted on time Regular reporting and reviews of our HSE Standards and Practices 	<ul style="list-style-type: none"> Meetings, engagements and dialogues with regulators Site visits and inspections Periodic reporting to authorities
 Customers Identifying and fulfilling the customer's needs is important to ensure customer satisfaction and loyalty.	<ul style="list-style-type: none"> Product quality Product quantity is according to the contract agreement Product delivery is within the period mentioned in the contract agreement 	<ul style="list-style-type: none"> To respond to customers' complaint / concerns immediately by addressing the root cause of the problem To ensure product quality / quantity and delivery time is in accordance to the contract by instituting a sound operational control 	<ul style="list-style-type: none"> Customer survey as per requirement in the RSPO / MSPO traceability procedures Customer engagement during stakeholder meetings Other communication methods such as formal letter, e-mail, phone conversation

SUSTAINABILITY REPORT

Key Stakeholders	Key Concerns Raised	Our Strategic Response	Method of Engagement
 Employees A highly engaged workforce increases team performance and motivation which boosts Company's direct and indirect performance.	<ul style="list-style-type: none"> Operational excellence and financial performance HSE management and improvements Training and career development Employee welfare and benefits Work-life balance <p>For plantation operations:</p> <ul style="list-style-type: none"> Housing improvements Minimum wage or a Decent Living Wage ("DLW") 	<ul style="list-style-type: none"> Create awareness of TSH's core values, culture and staff welfare policies Implementation of an effective Health & Safety system and practices <p>For plantation operations:</p> <ul style="list-style-type: none"> Annual medical check-up for all Safety equipment is provided Minimum wage is implemented Internal audit and grievance procedures are implemented to ensure there is no forced labour School transportation is provided to all children of schooling age Committees are formed to implement DLW 	<ul style="list-style-type: none"> Operational and management meetings and briefings Annual appraisals for staff and executives Employee wellness activities Intranet news updates <p>For plantation operations:</p> <ul style="list-style-type: none"> Multichannel engagements (e.g., Welfare Committee, Social Impact Assessments, grievance procedures)
 Suppliers & Contractors The Group ensures a solid relationship with its suppliers to create the best products.	<ul style="list-style-type: none"> Quality of products/ services and fair pricing Awareness and compliance of TSH's policies concerning suppliers and contractors 	<ul style="list-style-type: none"> Create awareness of TSH's policies and procedures Suppliers and contractors' pre-qualification assessments Tender procedures and contract standardisation 	<ul style="list-style-type: none"> Contract negotiations/Tenders Formal and informal meetings and briefings
 Trade Unions Fostering a fair and safe workforce environment is important to the Group.	<ul style="list-style-type: none"> Implementation of minimum wage Freedom of association and collective bargaining 	<ul style="list-style-type: none"> Minimum wage policy in place and implemented Welfare Committee meetings are held every quarter with the participation of the workers' representatives 	<ul style="list-style-type: none"> Welfare committee and/or trade union meeting

SUSTAINABILITY REPORT

Key Stakeholders	Key Concerns Raised	Our Strategic Response	Method of Engagement
 <p>Local Communities & Smallholders</p> <p>Focusing on social and environmental causes will benefit the community and the environment.</p>	<ul style="list-style-type: none"> • Pricing mechanism and crop quality for smallholders • Community development programmes such as infrastructure and utilities • Progress updates on Plasma Scheme • Land-related claims and compensation • Agricultural practice for smallholders 	<ul style="list-style-type: none"> • Development initiatives are implemented, including philanthropic support • Conduct regular Plasma Scheme cooperative meetings • Assessments such as social impact assessment and HCV were carried out to determine the customary land owners and minimise land conflicts • FPIC is carried out in ensuring proper compensation is paid to the local landowners • Sharing of knowledge on agricultural best practice 	<ul style="list-style-type: none"> • Town hall meetings • Community outreach activities and development programmes • Various other meetings, engagements and dialogues
 <p>Civil Society/NGOs</p> <p>This diverse stakeholder group is crucial in creating and maintaining a healthy democracy and tackling sustainable development challenges.</p>	<ul style="list-style-type: none"> • ESG-related concerns • Human rights issues including wages, and housing issues 	<ul style="list-style-type: none"> • Concerns addressed through the grievance procedure, consultative meetings and Welfare Committees • Awareness of TSH's current sustainability policies, practices and initiatives 	<ul style="list-style-type: none"> • Formal and informal meetings, engagements and dialogues • Official grievance mechanism • Regular correspondences
 <p>Industry & Certification Bodies</p> <p>The Group's membership of certifications demonstrates its commitment to the welfare of the people, environment and the economy.</p>	<ul style="list-style-type: none"> • Progress with RSPO, MSPO and/or ISPO certifications • Relevant issues and updates in the industry • Governance and compliance with statutes and regulations 	<ul style="list-style-type: none"> • Commitment to RSPO, MSPO and/or ISPO certifications for all estates and mills • Audit and certification • Compliance with policies and latest changes in regulatory requirements 	<ul style="list-style-type: none"> • Formal and informal meetings, engagements and dialogues • Regular reporting • Site visits and inspections

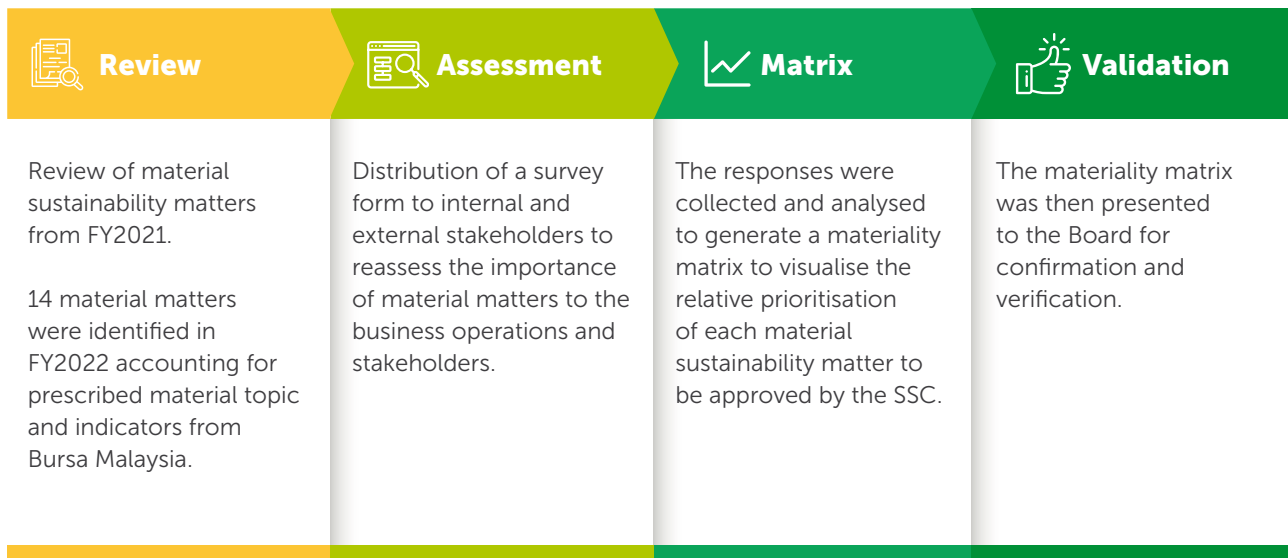
SUSTAINABILITY REPORT

Our Material Focus

To guide TSH's strategic planning and resource allocation it is imperative for us to identify our material sustainability matters and prioritise them. Doing so equips us with a more comprehensive understanding of our key ESG-related risks and opportunities allowing us to align them with the appropriate mitigation methods and action plans.

The Materiality Assessment Process

In FY2022, TSH conducted an in-depth materiality assessment involving both key internal and external stakeholder groups to determine the relative importance of each material matter. This materiality assessment was conducted with reference to the principles of Bursa Malaysia's Sustainability Reporting Guidelines and Toolkits (3rd Edition), as well as the GRI standards. Following a thorough review of our material sustainability matters from FY2021, we have added four (4) new material matters and reorganized the remaining ten (10). We have also identified six (6) material matters deemed most critical to the Group and its stakeholders. This brings the total to fourteen (14) material matters, similar to the previous reporting year.



SUSTAINABILITY REPORT

The Materiality Matrix



Legend:

Medium Importance

High Importance

Critical Importance

Environment

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

Social

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

Governance




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

In reference to the materiality matrix our three highest priority material matters are "Labour Practices", "Anti-Corruption, Corporate Governance & Compliance" and "Industry Certifications". These material matters are part of the six (6) plotted under critical importance and reflect TSH's main operations as a palm oil and agriculture-based company. The following material matters are "Health & Safety", "Climate Change & Emissions" and "Biodiversity" which showcases our Group's commitment to creating a safe working environment and reducing our environmental footprint.

SUSTAINABILITY REPORT

Mapping Our Material Matters

Our material matters have been categorised against the three main sustainability pillars, which are environment, social and governance. To further showcase the interconnectedness of our sustainability efforts, the table below links our material matters with the key stakeholder groups GRI Indicators and UN SDGs.

Material Matters	Key Stakeholder Groups	GRI Indicators		UN SDGs	
ENVIRONMENT					
Climate change & Emissions	<ul style="list-style-type: none">Government & Regulatory AuthoritiesLocal Communities & SmallholdersCivil Societies/NGOsIndustry & Certification BodiesSuppliers and Contractors	302-1,	302-3,		
Energy Management		302-4,	305-1,		
		305-2,	305-4,		
Water		305-5			
Biodiversity		303-1,	304-2		
Waste & Effluent		304-2,	304-3		
Materials		306-3,	306-4,		
		306-5			
SOCIAL					
Supply Chain Management	<ul style="list-style-type: none">EmployeesCivil Societies/NGOsGovernment & Regulatory AuthoritiesSuppliers and ContractorsLocal Communities & SmallholdersTrade Unions	204-1			
Human Rights & Community		413-1			
Health & Safety		403-1,	403-2,		
		403-4,	403-5,		
		403-6,	403-7		
Diversity		405-1	405-2		
Labour Practices & Standards	<ul style="list-style-type: none">CustomersIndustry & Certification Bodies	404-1,	404-2,		
		401-3,	404-1		
GOVERNANCE					
Anti-Corruption, Corporate Governance & Compliance	<ul style="list-style-type: none">Shareholders & InvestorsCustomersEmployeesGovernment & Regulatory AuthoritiesSuppliers and ContractorsIndustry & Certification Bodies	205-1,	205-3		
Data Privacy & Security					
Industry Certifications		418-1			

SUSTAINABILITY REPORT

LEADING WITH STRONG GOVERNANCE

Responsible business conduct is the foundation of any successful organisation. Our commitment to integrity and fair practice not only helps maintain the trust and confidence of our stakeholders but also contributes to the development of an ethical and compliance culture amongst our employees.

Anti-Corruption, Corporate Governance and Compliance

TSH remains committed to fulfilling our duties as a responsible corporate citizen by adopting a holistic approach to uphold high ethical standards in our business practices. We utilise online platforms to ensure our employees are familiar with the Group's Code of Ethics, as well as our ABC Policy, through actions such as conducting virtual training and circulating reminder emails. For this reporting period, 100% of our employees have received training on anti-corruption and anti-bribery practices.

Our Integrity Unit ("IU"), is in charge of monitoring and assessing bribery and corruption risks within the Group. The IU compiles potential risk exposures in a Bribery Risk Register for the Board's Audit Committee on a quarterly basis, for further review and mitigation actions. It is assisted by our Human Resources Department which provides monthly reports on all gifts and hospitality received and or given by TSH employees.

We implemented a suite of policies to instill ethics and integrity in all business practices, in compliance with relevant laws and best practices. All policies have received Board approval and are publicly available on our corporate website.

- **Anti-Bribery and Corruption Policy**

TSH maintains a strict zero-tolerance approach to any acts of bribery or corruption when discharging our duties. The ABC Policy establishes the guideline for all employees to identify and prevent corruption risks across all business activities. The Policy encompasses commitment from all levels and undergoes periodic review to keep abreast with relevant developments in regulation or industry standards.

- **Whistle-Blowing Policy**

In line with best corporate governance practices, the Whistle-Blowing Policy provides a confidential avenue for individuals to raise concerns on suspected illegal or unethical behaviours without fear of repercussions. The identity of the whistle-blower will be kept confidential and will only be released on a need-to-know basis to facilitate the investigation process.

- **Transparency Policy**

The Transparency Policy emphasises openness and accountability in TSH's business practices. In accordance with the Policy, we aim to provide the public with relevant information that is easily accessible and understandable.

Robust corporate governance is essential for the success of any organisation. Our Board makes every effort to adopt the best practices and principles advocated by the Securities Commission and Bursa Malaysia. TSH's commitment to having Directors with the appropriate balance of experience, competency and integrity is outlined in the Director's Fit and Proper Policy. To keep our Board up to date on industry developments, Directors are given opportunities to attend seminars, talks and workshops to further develop their skills.

In line with the MCCG 2021, we are committed to strengthening the Board's and senior management's oversight in ESG-related matters. Throughout FY2022, our Board receives updates on the latest regulatory requirements and the Group's ESG initiatives. More information about our corporate governance framework and practices can be found in the Corporate Governance Overview Statement set out in the Annual Report 2022.

We also maintain a comprehensive legal register to identify and manage potential non-compliance issues. In FY2022, there were no significant incidents of non-compliance with any relevant environmental and socio-economic laws and regulations across the Group's operations.

Data Privacy and Security

In the current, ever advancing Digital Age where remote work options become more commonplace, cyber security has become increasingly important for all organisations. Guided by the Personal Data Protection Act ("PDPA") 2010, we take a proactive approach to addressing potential cyber risks through raising employee awareness and establishing a robust data mapping structure across our operations.

SUSTAINABILITY REPORT

In addition, our IT department launched several initiatives to strengthen cyber resilience across the Group, including:

- i. Anti-spam email gateway
- ii. Corporate firewalls
- iii. End-point security
- iv. ESET Server security
- v. File security
- vi. Wi-Fi zone director control security
- vii. Core switches control filtering security
- viii. AD security by TLS and SSL
- ix. Email security TLS SSL Certificate

For this reporting period, we recorded zero incidents concerning breaches of customer privacy or loss of customer data across our operations.

Industry Certifications

Certification is critical in ensuring that our fresh fruit bunches ("FFB") and crude palm oil ("CPO") meets the highest quality, safety and sustainability standards. Since joining the RSPO in November 2014, the Group has been working towards achieving sustainability certification for our mills and estates across Malaysia and Indonesia. As shown below, the Group has achieved MSPO certification for all its estates and mills in Malaysia and has also made significant progress in respect of RSPO and ISPO certifications.



As of FY2022, the Group's breakdowns for palm oil products are as follows:

	Malaysia (MT)	Indonesia (MT)	Total (MT)
Annual production of CPO	65,640	170,842	236,482
Annual production of RSPO Certified Sustainable Palm Oil ("CSPO")	2,291	66,340	68,631
Annual production of Palm Kernel ("PK")	19,184	29,716	48,900
Annual production of RSPO Certified Sustainable Palm Kernel ("CSPK")	1,363	11,745	13,108

TSH is partially a vertically integrated palm oil corporation which means a significant portion of our supply can be sourced internally. For CPO and PK production at our mills, the FFB are from our own estates and from independent smallholders or licensed collection agencies.

SUSTAINABILITY REPORT

PIONEERING A GREENER FUTURE

Safeguarding the environment is crucial to TSH given our reliance on natural resources such as land and water to grow and produce palm oil. Thus, we are conscious of our potential impact on the planet, particularly how our plantations affect biodiversity and the surrounding ecosystems. We make targeted efforts to protect HCV areas, forests and peatland, while minimising our environmental footprint.

Biodiversity

Tropical forests hold a tremendously important role in the protection of biodiversity. They not only act as natural carbon storages and watershed protection but also maintain people's livelihoods. To preserve the health of these forests and other ecosystems, the HCV strategy strives to identify, preserve, and improve the biological, ecological, social, or cultural resources of outstanding significance. To date, there are over 100 species of birds residing in the Meliau range and we are still continuously studying its unique biodiversity and ecology. In addition to preserving community rights and means of subsistence, the HCS Approach seeks to identify parts of land suited for development and forest areas that require protection.

HCV 3: Ecosystems and Habitats

The Meliau Range, Gunong Mentapok and Monkobo areas which are montane and ultramafic forests that are the habitat of rare and endemic flora and fauna.

HCV 4: Ecosystem Services

Villagers living along the main Telupid-Ranau Road such as Matupang and Paginatan, rely on the western part of the Sustainable Forest Management License Agreement ("SFMLA") area for clean water supply.

HCV 6: Cultural Values

Compartment 93 (which is already preserved under HCV 4) and a small area in Compartment 94, which is in Natural Forest Management ("NFM") area.

Prior to any new development, the Group will conduct a combined HCS and HCV analysis. All of our estates in Sabah and Indonesia have completed their Environmental

Impact Assessments ("EIA") and we also regularly conduct Biodiversity Monitoring Assessment to ensure our operations continued compliance with RSPO, MSPO or ISPO standards respectively. A third-party assessor by these certification bodies conducts the periodic audit. As for our Sabah estates, the assessments have identified almost ten endangered species.

Forest Rehabilitation

For the year 2022, TSH had silviculturally treated 6 Compartments covering a total area 1,897 Ha of forests. Since taking over the management of the forest area, a total 33,120 Ha of the forests had been silviculturally treated.

Our Commitment towards Biodiversity and Ecological Protection



Ecological Mangrove Rehabilitation Training at BCAP

TSH is committed to ensuring our operations are environmentally responsible. We actively benchmark our practices against the global standards for sustainable palm oil. Additionally, we adhere to the principles and criteria outlined by the RSPO, MSPO, and ISPO. Among the planned/available biodiversity preservation efforts, we have the following measures:

- Implemented zero burning practices in preparation for new planting or replanting;
- Ensured that land clearing does not cause deforestation or damage to the primary forest or any area that requires protection or enhanced HCVs; and
- No new plantings on peat, regardless of depth and all peat lands are conserved and managed responsibly.

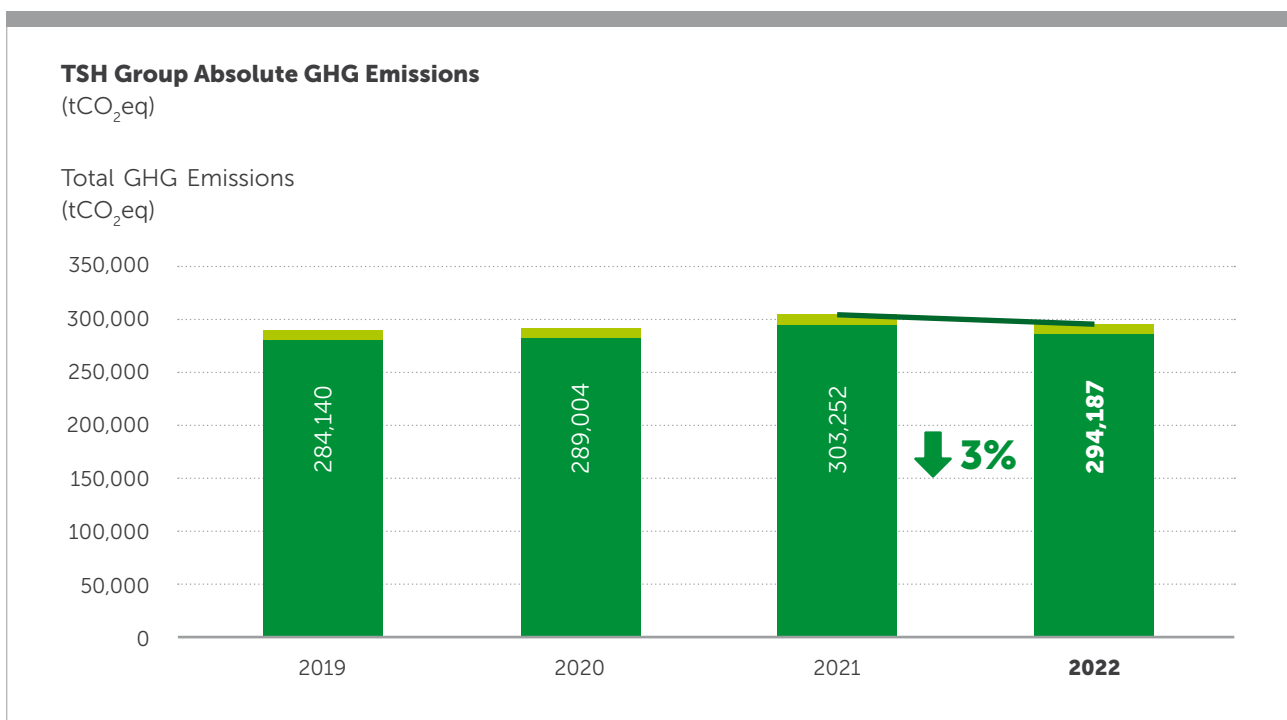
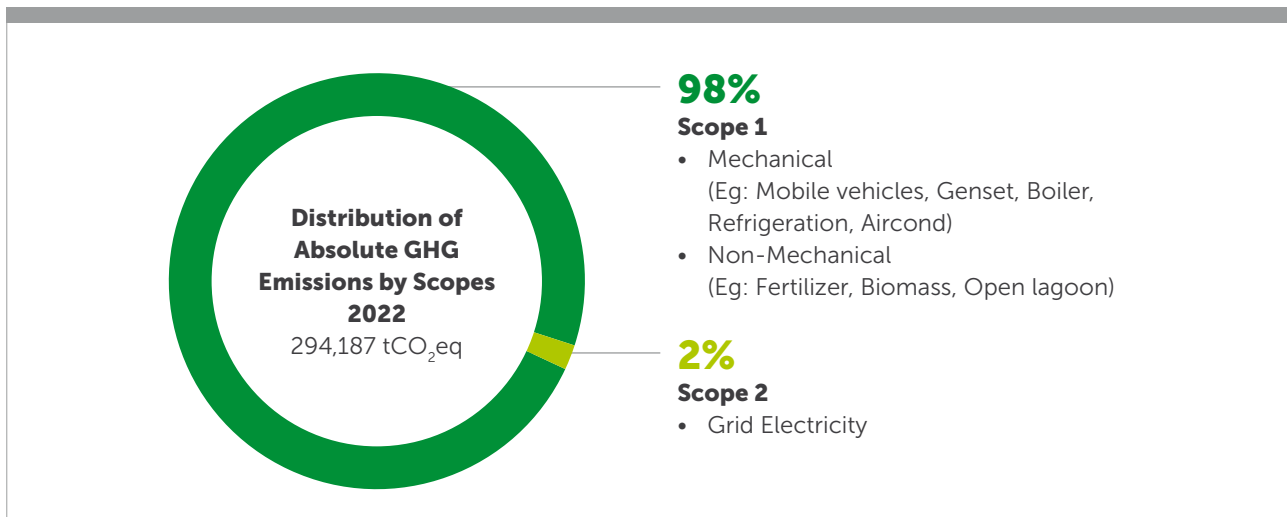
Additionally, we have adopted the Group Sustainability Policy as well as other policies such as the Sustainable Palm Oil Policy and Forest Management Policy to ensure that biodiversity and ecological protection is at the forefront of our practices. The policies are available on our website.

SUSTAINABILITY REPORT

Climate Change and Energy Management

Climate change poses an increasing threat to our entire value chain. With the nature of our operations relying heavily on the natural environment, especially for our plantations, we recognise the importance of taking proactive actions to reducing our carbon footprint.

Energy efficiency is still a crucial tool for addressing climate change. Even when the energy comes from renewable sources, energy efficiency allows some of it to be used for other purposes, increasing the renewable portion of total energy consumption. Our energy and climate change strategy focuses on the following: improving energy efficiency in our operations, renewable energy sourcing and generation, air pollution control, and conducting awareness programmes.



SUSTAINABILITY REPORT

Initiatives



ENERGY REDUCTION

- We have initiated on-site housing for plantation staff in order to reduce our carbon footprint, whilst promoting staff travel convenience from mills and estates to house. The quarters are furnished with the basic necessities, such as free electricity and water, as well as other amenities such as mosque, community hall, canteen, children's crèche and football field. In addition to this, we provide a general transport system for staff, allowing them to commute from their quarters to the field.
- We have also made it compulsory for employees to practice energy conservation internally. This is done through instilling good habits, like detaching the plug of electrical appliances once they are no longer in use in our daily work routine. Substituting fluorescent light bulbs with LEDs is also a component of sustainable interior energy saving, reducing almost a quarter of utility consumption.
- Ekowood has also invested in air compressors at its manufacturing facility which has helped to reduce electricity consumption which resulted in RM0.10 million of cost savings.



RENEWABLE ENERGY

- The biomass by-products produced by TSH plantation activities are substantial. Palm biomass, including pruned fronds, aged trunks and processed POME, are recycled back into the soil as organic fertiliser. Other forms of biomass, such as fiber, shells, and empty fruit branches (EFB), are used as renewable energy sources to create steam and electricity for mill processing. 98% of the energy requirements for our mills can be met using renewable energy. Treating POME results in the production of methane, which contributes significantly to overall operational emissions. To capture methane gas and reduce GHG emissions from POME, biogas plants have been successfully installed at all TSH mills in Sabah. A Bio Complex Plant in Tawau, Sabah, has a 14 MWh biomass co-generation power plant and 3 MWh biogas engine that uses mesocarp fibre, palm kernel shells, EFB and methane gas from POME generated from its own palm oil mill to almost completely meet the complex's steam and electricity needs.
- Ekowood has invested over RM3.13 million to install 1.50 MWp solar panels in FY2022. Their generating capacity allow us to utilise renewable energy in daily operations, significantly reducing energy offtake from the grid. It has provided us cost savings of RM0.47 million.



AIR POLLUTION CONTROL

- Significant air pollutant such as smoke emitted from boiler have been recognised and documented under Quality, Safety and Environmental objectives. Mitigation plan has been implemented by installing control measures such as Electrostatic Precipitator ("ESP") in accordance with the Department Of Environment ("DOE") requirements:
- Previously, TSH implemented the Environmental Management Plan documented in the Environmental Continual Improvement Plan 2015 to 2020 to keep track of the effectiveness of our mitigation measures. The Plan included a process for monitoring operational changes that may have both a favourable and unfavourable effect on the environment. It is adaptable to any operational changes and can be evaluated annually to reflect the outcomes.
- Our Environmental Protection Policy prohibits any open burning and the use of fire for land clearing. Instead, we use a method known as Zero Burning or no-burn land clearing. Zero Burning is a method of treating felled biomass in land clearing operations for agricultural development by shredding the biomass and allowing it to degrade naturally without using fire. This method is superior to conventional slash and burn as it enhances soil quality, permits quick tree generation, and is not weather-reliant.

SUSTAINABILITY REPORT



AWARENESS PROGRAM

- Prior to developing the yearly training plan, TSH Group undertook an annual training requirements assessment for all employee categories which is inclusive of new and existing staff. The training plan will then be implemented based on the skills needed by our employees. Our employees must receive suitable training before they are allocated the work units. To ensure the effectiveness of this training, field staff and assistants will conduct on-site observation and assessments.
- According to the latest Environmental Protection Policy plan, we ensured that the employees are well informed of the policy through training, briefings and posting notice boards around the sites. To further raise environmental awareness the operating units devised an annual training programme that includes instruction on environmental awareness and compliance for executives, staff and employees.



GHG INVENTORY

- TSH has developed a comprehensive GHG inventory that includes Scope 1 and Scope 2 data for FY2019 to FY2022, of which The Group will then determine our baseline year for carbon footprint reduction. For FY2022, we have taken the initiative to commission Ekowood's solar power generation. Moving forward, other initiatives are being considered such as implementation of solar at other business units, diesel reduction plans and methane capture via biogas facility as part of our decarbonisation efforts.

Our Energy and Emissions Performance

Our GHG inventory exercise includes Scope 1 and Scope 2 reporting from FY2019 to FY2022. The methodologies outlined in the GHG Protocol and Accounting Standard were used as a basis for the calculation of our GHG inventory data.

The Group's total emissions in FY2022 were 294,187 tCO₂e, which is a 3% decrease from the previous year as illustrated in the *Climate Change and Energy Management* section on page 039.

Scope 1 (Direct) Emissions

The Group's Scope 1 emissions were mostly caused by non-mechanical sources such as diesel usage, open lagoon and fertiliser. From FY2021 to FY2022, the total Scope 1 GHG emissions decreased from 297,624 t.CO₂e to 288,181 t.CO₂e. The major contributors for the reduction are divestment of estates in Sabah and conversion of EFB from land application to biogenic fuel.

Scope 2 (Grid Electricity) Emissions

Scope 2 emissions are indirect GHG emissions associated with electricity generated from the grid. Therefore, our Scope 2 emissions data is parallel with our electricity consumption data. Our operations reported a total of 6,006 t.CO₂e Scope 2 emissions this year, which is a 6.72% increase from the previous year. This increase is due to a higher production numbers by Ekowood which relies on grid electricity for their operation. However, efforts have been made by installing solar panels to convert partial electricity usage into renewable energy.

The majority of TSH's energy consumption in 2022 is attributed to direct emissions by non-mechanical sources, followed by fuel consumption by vehicles and machineries.

SUSTAINABILITY REPORT

Waste and Effluents

Waste and effluents are inevitable by-products that arise from our operations. This includes empty fruit bunches, POME, as well as general waste and hazardous waste. In an effort to minimise and avoid any undue wastage, we practice the 4R's principle; Reduce, Reuse, Recycle, and Recover, whenever possible. In conjunction with this principle, we also strive to avoid any environmental contamination due to the mismanagement of waste through the implementation of best practices in waste management.



REDUCE



REUSE



RECYCLE



RECOVER

The Group complies with relevant regulatory requirements in the countries we operate, including the Malaysian Environmental Quality Act 1974, the Indonesian Environmental Protection and Management Law of 2009, and the Indonesian Waste Management Law of 2008.



Waste Reuse and Recovery

TSH seeks to recover and reuse as much palm oil waste as possible. Hence, our bio-complex division in Sabah has been established with this purpose, as it is involved in the production of renewable energy from the plantation and mills. The complex is equipped with biomass and biogas plants, which turns these by-products into electricity and industrial steam. This reduces the amount of waste the Group generates while reducing our reliance on non-renewable sources of energy.

Waste Management Performance

In 2022, we have initiated an improvement of domestic waste recording for both disposal and recycling purposes. This will be standardized across the group moving forward. It is also part of our commitment towards a more comprehensive waste monitoring as per the requirement of MSPO, RSPO, and Bursa Malaysia.

To ensure our hazardous waste or scheduled waste ("SW") is appropriately managed, we collect, and dispose off the SW at approved facilities through contractors licensed by the Malaysian DOE. The types of SW generated include spent lubricating oil, followed by discarded or off-specification inks, paints, pigments, lacquer, dye or varnish products containing organic solvent.

As for our Indonesian estates, we have also appointed a third-party waste management service to manage its B3 Wastes (Hazardous and Toxic waste). Meanwhile, some estates transport their B3 waste to the Temporary Shelter – *Tempat Penampungan Sementara* ("TPS") which will later be transferred to the recycling site, processing site or the Integrated Waste Processing Site.

SUSTAINABILITY REPORT

Treating and Minimising Effluent Discharge

One of the main concerns for palm oil operations is the quality of our effluent discharge. POME is effluent generated from palm oil milling activities that requires effective treatment prior to being discharged into water bodies due to its high polluting properties which includes high concentrations of organic nitrogen, grease, chemical oxygen demand ("COD"), and biological oxygen demand ("BOD"). Mismanaged POME can lead to the degradation of soil health and water quality, as untreated POME typically has a lower (acidic) pH.

As such, in order to properly manage generated POME, one of the methods used is the utilization of our integrated power generation complex in Sabah. Through it, we were able to utilise POME to obtain biogas for electricity generation. This is done through an activated sludge system, which involves a multi-chamber reactor, to improve the quality of effluents prior to discharge. This process produces methane gas as a by-product, which is then used to generate electricity in our Sabah mills. The energy produced through this process is sold to Sabah Electricity Sdn. Bhd. ("SESB"), and the remaining is used internally, which reduces our dependence on non-renewable energy sources.

For our mills that do not have a biogas facility, the treated POME is either discharged to the river or utilized for land application back to our estates. To ensure compliance, we conduct periodic testing of the quality of treated effluent discharged from our mills. We take actions to ensure the quality of our effluents remain within the permissible limits stipulated by the Environmental regulators in Malaysia and Indonesia.

Water Security

Having continuous access to water is essential to our operations as a palm oil-related organization. However, we also understand the real threat of water shortage that a portion of the world's population is currently experiencing. We closely monitor our water usage in order to identify areas in which we can reduce our consumption, allowing us to improve the efficiency of our processes whilst minimising pollution of nearby bodies of water.

A majority of water consumed at the mills and plantations is drawn from surface water sourced from nearby rivers. For Ekowood manufacturing facility, the water is procured from piped supply provided by *Lembaga Air Perak*.

Year	Average water consumption (m ³ per MT of FFB processed)
------	---

2020	1.20
2021	1.10
2022	1.12

In addition, both Indonesian and Sabah palm oil operations primarily determine their water management approaches according to regulatory requirements, as well as by recommendations provided by the RSPO, MSPO and ISPO certification bodies. Furthermore, as part of our water conservation effort, riparian reserves at the estates are maintained, as they act as a filter to preserve the quality of water entering water bodies.

Materials

As the palm oil business segment is our largest revenue contributor, reducing our reliance on fertilisers, pesticides, and herbicides are among our key priorities in our sustainability journey. The Group has prohibited the use of paraquat and pesticides that are classified as harmful by the World Health Organization ("WHO") in Malaysia and Indonesia.

At the Sabah Operations, we practice a circular economy, and believe in reducing the amount of raw material consumption through the reuse of waste. For example, oil palm waste, such as empty fruit bunches, are reused as organic mulch to reduce our dependence on inorganic chemical fertilisers.

SUSTAINABILITY REPORT

OUR SOCIAL RESPONSIBILITY

At TSH Resources Berhad, we believe that our people are the key to the Group's long-term success. We are committed to empowering our employees by expanding their knowledge and expertise in a safe and inclusive environment, while adhering to international labour and human rights standards. We also give back to the local community by making meaningful donations that elevate the living standard of underprivileged groups.

Health and Safety

Due to the labour intensive nature of our business activities, instilling a zero-harm culture is critical to the Group. As outlined in our OSH Policy, we strive to create a safe work environment that ensures the health and well-being of all employees, workers and visitors involved in our operations.

We are compliant with the local OSH regulations for our Malaysian and Indonesian operations. They have established their respective own OSH management systems which guide the implementation of relevant initiatives and are reviewed regularly to ensure effectiveness. To further reduce OSH risks, we developed additional standard operating procedures ("SOPs") tailored for high-risk work activities at specific operating units.

Our SHO carry out Hazard Identification, Risk Assessment and Risk Control ("HIRARC") to identify work-related hazards. Findings from HIRARC will be used to improve our processes, including the OSH management system, control measures, SOPs, and training requirements.

We established an OSH Committee with worker and manager representation for each business operation which convenes periodically to discuss the HIRARC results and consult on OSH issues.



OSH COMMITTEE MEMBERS FY2022

Malaysia

Estate	43
Mill	30
Bio-Integration	22
Ekowood	22
Total	117

Indonesia

Estate	205
Mill	80
Total	285

In addition, the Group raises OSH awareness among our workers and employees through regular training on a variety of topics including first aid, firefighting, safe chemical handling and emergency response procedures, as well as providing access to educational materials in their native language to ensure they are up to date with the standard requirements and best practices.



Fire-Fighting Training at palm oil mill

SUSTAINABILITY REPORT



Material Safety Data Sheet & Chemical Handling Training for pesticide handlers

We pay close attention to our employees' access to healthcare. For plantation workers handling chemical or operating premix stations, the Group provides annual medical check-ups to evaluate workers' health and provide additional recommendations if any adverse health issues are detected. Each estate and mill also has a clinic staffed by trained medical professionals, as well as an ambulance on call in case of an emergency.

We maintain zero fatality throughout FY2022. At the same time, we will continue to strengthen our performance and strive for zero workplace injuries and fatalities in the following years.

	FY2020	FY2021	FY2022
Lost Time Injury			
Frequency	14.30	17.05	17.77
Rate (LTIFR)*			

* Based on rate of incident per million man-hours worked and LTI is defined as 1 manday loss and above.

There was a marginal increase in LTIFR compared to previous year. We have taken the necessary steps by continuing to educate our staffs and workers on the relevant safety controls in ensuring safe working conditions. Safety induction training is conducted to all new joiners prior to commencing work and refresher training is regularly provided to all existing staffs and workers.

Extreme natural events such as wildfires during the dry season have been identified as a major risk in FY2022. As a mitigation measure, dedicated firefighting and monitoring teams have been established throughout all Indonesian estates and mills, with each plantation establishing its own emergency response team ("ERT"). We also collaborate with government agencies to provide firefighting training as a refresher briefing for relevant employees.

As an example, our Ekowood business operation maintains a comprehensive emergency response procedure ("ERP") that is tailored to our facilities and guides our response in the event of an emergency. We also conduct fire drills to familiarise our employees with the ERP and evaluate its effectiveness. Likewise, similar drills are also conducted at our HQ offices in collaboration with local fire authorities.



Fire-Fighting Training at Ekowood



Fire Drill at TSH KL Office

SUSTAINABILITY REPORT

Labour Practices and Standards

Our Human Rights and Responsible Business Practices Policy guides us in upholding the protection of human rights and labour standards for our staff. As a multinational company with a sizable foreign workforce, the Group is committed to eliminating human rights violations and conducting business ethically based on five (5) focus areas.



No Child Labour Policy

Our No Child Labour Policy supplements the Group's Human Rights and Responsible Business Policy by stipulating the Group's commitment to prevent no child within our workforce.



Freedom of Association & Collective Bargaining

We respect employees' rights to engage in collective bargaining under our Freedom of Association Policy, and formed the Workplace Welfare Committee to represent their interests when a union is not present.



Formal Grievance Mechanism

We recognise each individual's right to dignity and have established a grievance mechanism for workers to report on unfair working conditions, recruitment practises, or any other human rights issues.



Decent Living Wage

All employees are fairly remunerated in accordance with local labour laws and RSPO requirements, with each estate having a Decent Living Wage Committee in place to ensure compliance.



Free, Prior and Informed Consent

Prior to any new planting, FPIC must be obtained to ensure relevant local communities are informed about the potential impact and remediation actions taken, as well as have a clear avenue to negotiate the condition of said project.

As part of our proactive initiatives, the Group has established Workplace Welfare Committees that act as representatives for employees and offer them a formal means of communication in the absence of a union.

Location	Welfare Committee Members	Union Members
Sabah	55	-
Indonesia	190	1,172

Diversity

We believe that employees are more productive and motivated when they feel a sense of belonging with the organisation. Our dedication to maintaining an inclusive workplace enables the Group to benefit from diverse and unique perspectives, allowing us to better serve our various stakeholders.

SUSTAINABILITY REPORT

We strive to ensure that all employees, regardless of gender, race, disability, religion or nationality, are treated equally and have equal development opportunities. The Group has established various policies supporting our approach.

1. Equal Opportunity and Discrimination Policy

Our Equal Opportunity and Discrimination Policy ensures that there is zero-tolerance for any form of discriminatory treatment within the Group, with merit, experience and ability serving the basis for future opportunities. This commitment applies to all HR processes, including hiring, promotions and training.

2. Sexual Harassment Policy

Our Sexual Harassment Policy commits the Group to a positive work environment free of prejudice and harassment. All employees must be treated with dignity, with unsolicited comments, gestures or physical contact prohibited in the workplace.

3. Reproductive Rights Policy

Our Reproductive Rights Policy promotes employees' access to healthcare and childcare facilities, with considerations for the wellbeing of expectant parents such as reassignment of duties and adequate days off.

Capacity Building

In order to expand our talent pool and ensure the Group's competitiveness in the oil palm industry, our Human Resources ("HR") department is committed to developing in-house talents through relevant training and development opportunities. The training programmes provided are tailored to the needs of our employees based on their areas of responsibility and cover four (4) topics.

- **Onboarding** – All new hires must go through onboarding training to familiarise themselves with the relevant company policies and workplace SOPs, with annual refresher training for current employees.
- **Compliance** – Compliance training primarily serves to educate our employee on the most recent laws and regulations may impact them, such as Anti-Bribery & Corruption and RSPO requirements.
- **Technical** – Role-specific skills for operational staff at our estate, mill and factories such as OSH and Quality Awareness that are applicable in their day-to-day job responsibilities.

- **Soft Skills** – A combination of social and personal development programmes that enable our management team to improve their leadership and communication skills when interacting with co-workers, customers or business partners.

We also provide a formal performance review that allows the Group to identify potential career development opportunities for employees in line with the individual career aspirations.

Workforce Breakdown

TSH values the contribution that both men and women contribute to the company. We have established Gender Committees in our estates and mills across Malaysia and Indonesia to advance the gender equality agenda and support women's workplace rights. Gender Committee meetings are held quarterly to discuss and raise awareness on gender equality and planning various initiatives to support and empower women in our workplace.

As of 31 December 2022, the business operations covered in this report employed 7,520 personnel, with women accounting for 22.51% of our total workforce. Overall, TSH experienced Average Monthly Employee Turnover Rate of 5.19%, where the majority was contributed from our Indonesian business.

Description	2020	2021	2022
Employee Breakdown			
Total Employee Number	7,512	7,484	7,520
Gender			
Female	1,831	1,754	1,693
Male	5,681	5,730	5,827
Age Group			
<30	2,176	2,169	2,075
30-50	4,838	4,801	4,869
>50	498	514	576

SUSTAINABILITY REPORT

Women in Executive Roles:

Description	2020	2021	2022
Board of Directors of TSH	20%	20%	22%
Executives and Management	30%	31%	33%

Compensation and Benefits

We provide a range of non-financial benefits for our full-time employees to help the Group attract and retain high-performing employees.

Key Employee Welfare and Benefits



Leave Allocation



Health & Life Insurance



Employment Injury Coverage



Outpatient Medical Benefits



Dental Benefits



Housing, Electricity & Water



Aerial view of our estate housing quarters

Employee Engagement

We place great significance in ensuring our employees are constantly engaged and passionate about their work at TSH. Our employee engagement initiatives aim to demonstrate the Group's appreciation for our employee's zeal and dedication to TSH. During the FY2022 period, we were able to organise several engagement activities:



Lunch Appreciation Ceremony at AWB mill for achieving target



Appreciation for Fast Emergency Response at Ekowood



Family Day at Indonesia Unit



Eidul Adha Celebration

SUSTAINABILITY REPORT

Supply Chain Management

Due to the stringent scrutiny faced by the oil palm industry, it is critical that we maintain high standards of professionalism, transparency and traceability in our supply chain. A Traceability SOP is in place to ensure that major palm oil products (FFB, CPO and PK) can be easily traced back to their origin.

We use an open tender process to select new suppliers, and those shortlisted are subject to a rigorous verification process, based on quality, price and timeliness. We also conduct regular audits and field inspections on estates managed by TSH as well as smallholders under the Plasma Scheme, to ensure compliance with relevant local labour and environmental regulations.

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 2022, we are pleased to inform that 100% of our procurement of materials and services for our estates and mills across Malaysia and Indonesia were sourced from local suppliers in the respective countries.

Human Rights and Community

As a major oil palm plantation company, we are uniquely positioned to improve the livelihoods of the surrounding communities and smallholders. Our CSR activities have been primarily focused on donation drives that benefit the local communities such as charitable hospitals, orphanages, old folks home and providing accessible education for local communities.



Contribution to local farmers at PT AAI



Contribution of sports equipment for local schools

CSR Contributions in FY2022

Contribution Amount (RM)

Malaysia	1,034,750
Indonesia	1,215,309
Total	2,250,059

We also maintained the Plasma Scheme which is designed to assist scheme smallholders with the implementation and management of sustainable practices in oil palm plantations. We collaborate with relevant government agencies under the scheme to provide the necessary finance, product, and training to allow scheme smallholders to develop their businesses in accordance with recognised sustainability standards.

TSH has made a significant contribution to sustainable education in Indonesia by providing 32 school transport vehicles for 1,024 students in our plantations. By providing safe and reliable transportation for these students, we are not only promoting education but also helping to reduce carbon emissions by consolidating transport and ensuring efficient use of resources. In addition, TSH also contributed 1 primary school along with 3 kindergartens in Indonesia. In Sabah, TSH contributed 1 Community Learning Centre together with 2 kindergartens. Our commitment to sustainable practices extends beyond our business operations and includes investments in the communities in which we operate (Malaysia and Indonesia).

SUSTAINABILITY REPORT

CONCLUSION

TSH is committed to continuously embedding ESG initiatives across our value chain in line with our mission and vision of being a progressive plantation enterprise focused on sustainable production, social accountability, and sound environmental management. We look forward to working with our stakeholders to maintain positive growth while improving our ESG performance. Moving forward, we will actively work to identify areas for improvement within our operations in order to close all gaps in our ESG performance and ensure long-term value creation for people and planet.

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SUSTAINABILITY REPORT

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CORPORATE STRUCTURE

PALM PRODUCTS SEGMENT

**100%**

TSH Plantation Sdn. Bhd.

100%

TSH Plantation Management Sdn. Bhd.

100%

TSH Palm Products Sdn. Bhd.

50%

TSH-Wilmar Sdn. Bhd.

60%

RT Plantations Sdn. Bhd.

51%

LKSK Sdn. Bhd.

70%

PT. Andalas Agro Industri

70%

PT. Andalas Wahana Berjaya

90%

PT. Sarana Prima Multi Niaga

90%

PT. Teguh Swakarsa Sejahtera

69.77%

PT. Laras Internusa

90%

PT. Farinda Bersaudara

90%

PT. Mitra Jaya Cemerlang

90%

PT. Bulungan Citra Agro Persada

90%

PT. Munte Waniq Jaya Perkasa

90%

PT. Perkebunan Sentawar Membangun

90%

PT. Andalas Wahana Sukses

90%

PT. Prima Usaha Sukses

21.94%

Innoprise Plantations Berhad

56.68%

Landquest Sdn. Bhd.

OTHERS SEGMENT

**100%**

Ekowood International Berhad

100%

Ekowood Malaysia Sdn. Bhd.

100%

TSH Bio-Energy Sdn. Bhd.

100%

TSH Bio-Gas Sdn. Bhd.

100%

TSH Biotech Sdn. Bhd.

100%

CocoaHouse Sdn. Bhd.

100%

TSH Agri Pte. Ltd.

100%

TSH Oversea Pte. Ltd.

50%

TSH-Wilmar (BF) Sdn. Bhd.



Notes:

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

CORPORATE INFORMATION

BOARD OF DIRECTORS

DATUK KELVIN TAN AIK PEN

Chairman, Non-Independent
Non-Executive Director

DATO' AIK SIM, TAN

Group Managing Director

DATO' JASMY BIN ISMAIL

Independent
Non-Executive Director

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

LIM FOOK HIN

Non-Independent
Non-Executive Director

PAUL LIM JOO HENG

Independent Non-Executive Director
(Appointed on 1 March 2023)

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

WONG MAY FUN

MAICSA 7018697
SSM PC No.: 202008002194

REGISTERED OFFICE

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Fax : +603-2084 0828
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360 Jalan Tuanku Abdul Rahman
50100 Kuala Lumpur
Tel : +603-2616 2888
Fax : +603-2616 3190/3191

PRINCIPAL BANKERS

Ambank (M) Berhad
Hong Leong Bank Berhad
OCBC Bank Malaysia Berhad
RHB Bank Berhad
United Oversea Bank (Malaysia) Bhd

SHARE REGISTRAR

BOARDROOM SHARE REGISTRARS SDN. BHD.

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

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia
Securities Berhad
Stock code : 9059
Stock name : TSH

COMPANY WEBSITE

www.tsh.com.my

PROFILE OF BOARD OF DIRECTORS



Gender	Male
Aged	65
Nationality	Malaysian

DATUK KELVIN TAN AIK PEN
Chairman and Co-Founder
Non-Independent Non-Executive Director

Kelvin is the Chairman and Co-Founder 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.

Kelvin started in the cocoa trading business in 1977 around Bagan Datoh, Perak area. Anticipating that national production of cocoa would be centered in the east coast of Sabah, he made a decisive step to expand to Tawau in 1986. Recognising that dependency on trading of a commodity would not be sustainable and profitable in the long term, he made another far reaching decision with positive consequences on the development of the Company. He pioneered the integrated concept of cocoa business with both upstream sourcing and downstream processing. In 1988, CocoaHouse Industries Sdn Bhd, a joint venture with the Commonwealth Development Corporation of UK, set up a cocoa butter/powder processing plant in Port Klang. It soon became a major player in the cocoa industry in Malaysia, and the single largest exporter of cocoa beans and products in the country.

Backed by his experience on integrated development in cocoa, he embarked on a similar approach with oil palm. In the 1990s, he established oil palm plantations and palm oil milling in Sabah. To enhance the economic and environmental sustainability of TSH's oil palm business, a biomass cogeneration plant was built in 2004. In 2006, TSH-Wilmar Sdn Bhd, a downstream palm oil refinery joint venture was set up with Wilmar as a partner. Kelvin expanded TSH's operations to Indonesia in 2003, which now has 36,000 ha of oil palm and 4 palm oil mills.

Under Kelvin's stewardship, TSH Group has grown by leaps and bounds from a small cocoa trading house to its listing on the Second Board of Bursa Malaysia in 1994, and subsequently elevated to the Main Board in 2000. He

has transformed TSH into a successful leading regional integrated oil palm plantation player with upstream and downstream activities.

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

Kelvin was appointed to the Board of Directors of University Malaysia Sabah from August 2017 to January 2020. He also serves as Honorary Director of Sabah Chinese High School. As recognition for his many contributions to environmental conservation and forestry, he was conferred an Honorary Doctorate in Philosophy (Agroforestry) by Universiti Malaysia Sabah on 3 September 2006.

Kelvin was first Conferred Pingat Panglima Gemilang Darjah Kinabalu (PGDK) that carries the title Datuk by the Governor of Sabah, Tun Datuk Seri Panglima Hj Sakaran bin Hj Dandai on the 16 September 1998.

On 19 April 2009, he was also Conferred Darjah Dato' Paduka Mahkota Perak (DPMP) award that carries the title Dato' by the Sultan of Perak, Sultan Azlan Shah.

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

Additional information:

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

PROFILE OF BOARD OF DIRECTORS



Gender	Male
Aged	59
Nationality	Malaysian

DATO' AIK SIM, TAN
Group Managing Director

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 as Group Managing Director in 2009 and played a pivotal role in its rapid growth, elevating it into an international and award-winning brand to be reckoned within the engineered hardwood flooring industry.

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

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

Additional information:

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

PROFILE OF BOARD OF DIRECTORS



Gender	Male
Aged	59
Nationality	Malaysian

DATO' JASMY BIN ISMAIL
Independent Non-Executive Director

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.

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

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

Additional information:

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

PROFILE OF BOARD OF DIRECTORS



Gender	Female
Aged	54
Nationality	Malaysian

SELINA BINTI YEOP JUNIOR @ LOPE
Independent Non-Executive Director

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 obtained a Diploma in Public Relations from Stamford College, Kuala Lumpur, Malaysia. She is an active member of the British Malaysia Chamber of Commerce and was instrumental in the launch of its women's wing.

She started her career at Chase Perdana Bhd in Kuala Lumpur as Head of Corporate Communications, following her stint at advertising giant Peter Beaumont & Friends, Kuala Lumpur. She has received the Pingat Ahli Mahkota Perak from Sultan Azlan Shah in 2008 for her numerous contributions to the field of Public Relations in the State.

She has co-authored two books entitled "Success in Small and Medium Business: The IPO Debut" and "Small Business Success Stories" in aid of underserved single mothers.

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

Additional information:

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

PROFILE OF BOARD OF DIRECTORS



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.

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

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

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

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

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

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

Additional information:

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

PROFILE OF BOARD OF DIRECTORS



Yap Boon Teck 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 Malaysia Land Properties Sdn. Bhd. where he served as the Group General Manager, overseeing management of the completed projects such as building management,

shopping centre and hotels. He was also involved in the negotiation to purchase a major property and responsible for the various departments within the company, namely personnel, legal, finance and accounting and general administration.

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

He 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 to date.

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

Additional information:

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

PROFILE OF BOARD OF DIRECTORS



Gender	Male
Aged	63
Nationality	Malaysian

TAN AIK KIONG
Group Executive Director

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 Kelvin Tan Aik Pen and Dato' Aik Sim, Tan.

Additional information:

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

PROFILE OF BOARD OF DIRECTORS



Gender	Male
Aged	65
Nationality	Malaysian

CHEW SIEW YENG
Independent Non-Executive Director

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, Price Waterhouse (now known as PricewaterhouseCoopers) from 1979 until 1994. During this period, he was attached to Audit and Business Advisory, Business Centre and Management Consultancy divisions. 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. His main responsibilities in AMDB Bhd include serving on the EXCO/Board of AMDB Group of companies, supervision of the Group Finance functions, undertaking mergers and acquisitions, 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.

Additional information:

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

PROFILE OF BOARD OF DIRECTORS



Gender	Male
Aged	73
Nationality	Malaysian

LIM FOOK HIN
Non-Independent Non-Executive Director

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 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:

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

PROFILE OF BOARD OF DIRECTORS



Paul Lim Joo Heng was appointed as an Independent Non-Executive Director of TSH on 1 March 2023. He obtained his professional accounting qualification from the Association of Chartered Certified Accountants (ACCA), United Kingdom.

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

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

Prior to joining CMIC, from 2007 to 2008 he served as VP Finance at Yantai Raffles Shipyard Limited ("YRS"), a Singaporean owned group with shipyard facilities located in Yantai, Shandong, China. And prior to joining YRS, from 2000 to 2006, Mr Lim was the Group General Manager

and Chief Financial Officer of Choo Bee Metal Industries Berhad ("CBMI"), a steel product manufacturing company listed on the Kuala Lumpur Stock Exchange.

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

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

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

Additional information:

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

PROFILE OF KEY SENIOR MANAGEMENT

LIM HANG FEI

Senior General Manager, Finance

Gender Male
Aged 48
Nationality Malaysian

Lim Hang Fei was appointed as Senior General Manager, Finance on 12 December 2022. He graduated from the RMIT University, Australia with a Bachelor of Business Degree in Accounting. He is a member of the Malaysian Institute of Accountants (MIA) and CPA Australia.

He has 25 years of experience in accounting and finance sector. Prior to his appointment, he had worked in PricewaterhouseCoopers as an external auditor and subsequently held various senior finance positions in other public listed companies which include, among others, S P Setia Berhad and Eco World Development Group Berhad.

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.

FONG GING PANG

General Manager, Finance

Gender Male
Aged 56
Nationality Malaysian

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

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

He is a graduate of the Chartered Association of Certified Accountant and holds a Master of Business Administration from The Open University, United Kingdom. He is a member of the Malaysian Institute of Accountants and has more than 30 years of experience in Finance and Accounting.

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.

WONG MAY FUN

Company Secretary

Gender Female
Aged 53
Nationality Malaysian

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

She was appointed as the Company Secretary of TSH on 1 January 2023 overseeing the corporate secretarial functions of TSH Group including its joint-venture companies. She has 30 years of experience in corporate secretarial practice. Prior to joining TSH, she was the named Company Secretary of a few public companies listed on the Main Board of Bursa Malaysia Securities Berhad, heading their Secretarial Department.

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.

PROFILE OF KEY SENIOR MANAGEMENT

NG KOK AUN

General Manager,
Group Human Resources

Gender Male
Aged 47
Nationality Malaysian

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

Prior to joining the Company, he was the Executive Vice President of a multinational organization. He has 24 years of experience in Human Resources.

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.

SUHAIMI BIN SUWITI

General Manager,
Mill Operations

Gender Male
Aged 47
Nationality Malaysian

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

Prior to joining the Company in 2005, he was an Engineer attached to a few palm oil mills in IOI group. He has 22 years of experience in palm oil milling. He is a member of Board of Engineers Malaysia since 2005. He also holds a few competency certificates endorsed by local authorities.

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

General Manager,
Centralised Finance

Gender Female
Aged 52
Nationality Malaysian

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

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

PROFILE OF KEY SENIOR MANAGEMENT

WONG TWEE JONG

General Manager,
Strategic Planning & Operations

Gender Male
Aged 57
Nationality Malaysian

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

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

He 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.

GOH KIAN YIN

Regional Financial
Controller in Indonesia

Gender Male
Aged 43
Nationality 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 20 years in several public listed and multinational companies in corporate finance, accounting, and taxation within various industries. Prior to joining the Company, he held senior positions in the finance division of GMG Global Ltd, a Singapore based integrated natural rubber producer, with primary focus on the production and supply of premium natural rubber products to the European, American and Asian markets. He was responsible for leading the development and execution of the GMG's Group long term strategy for its operation in Africa and Indonesia. He has previously served as Director in IMC Plantation Group of Companies in Indonesia. He started his career with RSM International in Malaysia.

He 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

ZACKARIA BIN ABDULAH

General Manager, Environmental, Social and Governance (ESG)

Gender Male
Aged 42
Nationality Malaysian

Zackaria was appointed as General Manager, Environmental, Social and Governance (ESG) on 17 October 2022. He obtained his BSc. (Hons) in Science & Environment Management from the University of Malaya, Malaysia and a Master of Business Administration (MBA) from the International University of Malaya-Wales.

Prior to joining the Company, he was a General Manager for HSE in Hartalega and has held various senior roles before in similar field, extensively in the oil & gas industry with major players such as Shell, Schlumberger and BP. He has altogether 20 years of working experience combined on ESG. He is also a certified sustainability practitioner from the Center for Sustainability and Excellence.

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.

MUNIRETERNAM MUNIANDY

Plantation Advisor

Gender Male
Aged 54
Nationality Malaysian

M. Munireternam is the Plantation Advisor of TSH Group, having joined the Company on 1 July 2022.

He has a Bachelors in Economics from his alma mater i.e. University of Malaya, Lead Auditor ISO 9001:2015 (QMS - CQI/IRCA) and Lean Six Sigma (Green Belt – CPD Certified).

Having vast experience in the plantation industry (28 years to be exact), he has worked for various companies such as Golden Hope Plantations Berhad, Sime Darby Plantation Berhad, Olam International Limited (Singapore) and PT Eagle High Plantation Tbk (Indonesia) prior to joining TSH Group. Given the nature of his job, he has been exposed to a wide spectrum of plantation operations ranging from land clearing to harvesting and processing in Malaysia, Africa and Indonesia. In addition to oil palm, he also has experience in managing cocoa and rubber plantation from planting till processing.

He also has vast experience in Mechanisation of the plantation activities especially for oil palm plantation of FFB evacuation system through changes in work processes resulting in higher labor and machine efficiency & productivity, improve earnings, retaining skilled workforce, optimise utilisation of resources and be cost effective.

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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors ("Board") of TSH Resources Berhad ("TSH" or "Company") recognises that exercise of good corporate governance in conducting the businesses and affairs of the Company with integrity, transparency and professionalism are key components for the long-term sustainability of TSH Group's ("Group") businesses and performance. 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 their relevance, and they were last updated on 23 November 2022.

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 2021 ("Code"):

- Board leadership and effectiveness;
- Effective audit and risk management; and
- Integrity in corporate reporting and meaningful relationship with stakeholders.

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

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

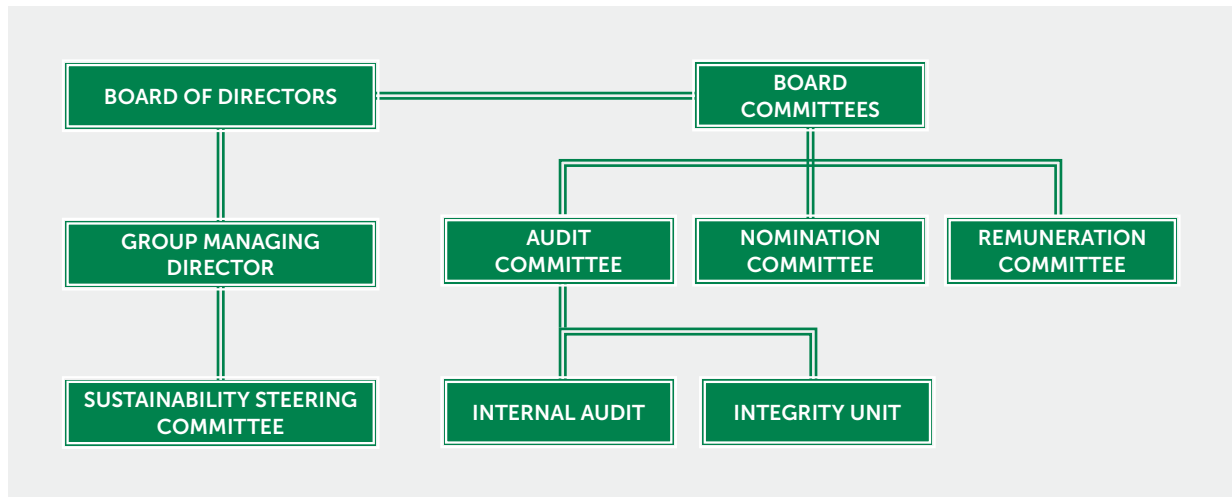
I. Role and Responsibilities of the Board

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Our Governance Framework



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 determines the strategic objectives and policies of the Group for delivering sustainable value and long-term success. It ensures effective leadership through oversight on management and robust monitoring of performance and governance in the Group.

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

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

The Board delegates some of its function to the Committees of the Board which operate within clearly defined TORs with a view to assisting 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

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

Company Secretary

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

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

Supply and Access to Information and Advice

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

For each meeting of the Board and Board Committees, the meeting papers are, to the extent feasible, provided/ made available 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. Adequate time is allocated for Directors to raise other matters not covered by the formal agenda.

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

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

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

Code of Ethics

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

The Board has delegated to the Nomination Committee the responsibility to administer this Code of Conduct and Ethics. The procedures, 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 Conduct and Ethics ensure compliance with laws and regulations, sound employment practices, confidentiality and privacy. It also includes amongst others, provisions on conflicts of interest, anti-bribery and the protection and proper use of TSH's assets and resources. To tackle new challenges, this Code of Ethics has been expanded to include anti-corruption and money laundering provisions.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Whistle-Blowing Policy

The Board has adopted a Whistle-Blowing Policy in February 2010 that outlines the principles underpinning the policy and procedures. The Group's Whistle-Blowing Policy was reviewed and updated in February 2021.

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

Details of whistle-blowing channel are available on the Company's website at www.tsh.com.my.

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

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

TSH Group 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.

In 2021, TSH has further enhanced its ABC Policy by developing the Gifts and Hospitality Policies and Procedures to set out quantitative guidance for acceptable standard and to maintain high level of integrity in the conduct of TSH Group's businesses.

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

This ABC Policy is available on the Company's website for ease of reference. The Group will review the Group's anti-bribery and corruption programme periodically or at least once every 3 years to assess the performance, efficiency and effectiveness of the Group's anti-bribery and corruption processes and risk management system.

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

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

CORPORATE GOVERNANCE

OVERVIEW STATEMENT

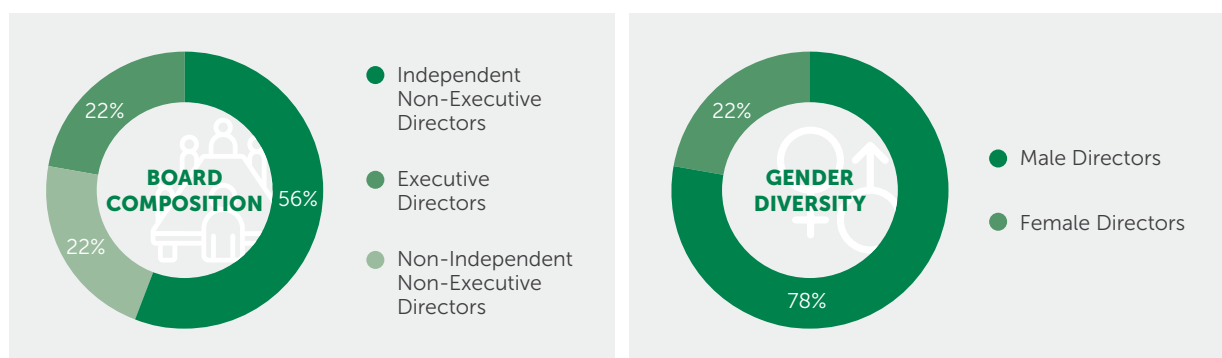
Governing Sustainability

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

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

II. Board Composition and Independence

TSH Board consists of 9 members, 5 Independent Non-Executive Directors including 2 female Directors, 2 Non-Independent Non-Executive Directors, one of whom is the Chairman and 2 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 the higher, to be independent directors. Its composition also complies with Practice 5.2 of the Code which requires at least half of the Board comprises 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.

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Annual Assessment of Independent Directors

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 Chairperson of the Nomination Committee shall then report the findings and/or recommendations to the Board.

For the financial year ended 31 December 2022, 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 for assessing independence in line with the definition of "independent directors" prescribed by the Listing Requirements. The Nomination Committee and the Board had assessed the 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. Instead, a Director's health, attitude, integrity, ability for dispassionate discourse, business knowledge or judgement, and the discharge of his duties and responsibilities in the best interest of the TSH Group, are also valid criteria to determine his independence and effectiveness. Their long service should not affect their independence as they are independent-minded and they continue to provide the necessary checks and balances in the best interest of the Company.

Notwithstanding the above, as at the date of this Statement, none of the Independent Directors has served for 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 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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 Group also does not have a specific policy on setting targets for women representation in the senior management due to the nature of its primary business. The Company practices equal employment opportunities for all qualified individuals to create a workforce that is fair and inclusive, and seeks to retain and attract the best people to do the job. 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.

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
- 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

III. Foster Commitment

Time Commitment

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

A schedule of 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 6 times, whereat it deliberated and considered various matters including the Group's financial results, corporate proposals, major investment and strategic decisions, business plan and direction of the Group. Details of attendance of each Board member are as follows:

Name	No. of meetings		Attendance Percentage
	Held	Attended	
Datuk Kelvin Tan Aik Pen	6	6	100%
Dato' Aik Sim, Tan	6	5	83%
Dato' Jasmy bin Ismail	6	5	83%
Selina binti Yeop Junior @ Lope	6	3	50%
Natasha binti Mohd Zulkifli	6	4	67%
Yap Boon Teck	6	6	100%
Tan Aik Kiong	6	5	83%
Chew Siew Yeng	6	6	100%
Lim Fook Hin	6	6	100%
Tan Aik Yong (resigned on 20 June 2022)	4	4	100%

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

All Directors had attended the Mandatory Accreditation Programme (MAP). They are regularly updated on the Group's businesses and the competitive and regulatory environment in which the Group operates. The Board, through the Nomination Committee, had undertaken an assessment of the training needs of each Director for the financial year under review and concluded that all Board members have vast experience and extensive knowledge in managing the core business of the Group. Nonetheless, the Directors are encouraged to attend appropriate training programmes to ensure that they keep abreast with 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 webinars, conference and training either collectively or individually, details of which are set out in the CG Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

IV. Board Committees

Nomination Committee

The Board has established a Nomination Committee on 26 June 2001, and the Nomination Committee currently comprises 2 Independent Non-Executive Directors and 1 Non-Independent Non-Executive Director. The members of the Nomination Committee, chaired by the 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 Nomination Committee's TORs are available on TSH's website.

The Nomination Committee convened 1 meeting for the financial year under review and all the members of the Nomination Committee attended the meeting.

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 2022 are disclosed in the CG Report.

The results of the annual assessment of the Board and Board Committees for the financial year under review revealed that there are no items with the rating of 2 (needs improvement) or below or exceptional matters being brought up by the Directors. The Board and Board Committees had carried out their duties well and amicably and the functioning of the Board and Board Committees remain highly effective. The Board agreed that the Board as a whole, Board Committees and all Directors had performed well for the financial year under review.

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

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

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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Remuneration Policy for Directors and Senior Management

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

The Board, through the Remuneration Committee, will conduct a periodic review of the criteria to be used in recommending the remuneration package of Directors and Senior Management to ensure that it is in line with current market practices and needs. The Remuneration Policy is accessible on the Company's website.

Remuneration Committee

The Board has established a Remuneration Committee on 26 June 2001, and the Remuneration Committee 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.

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

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

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

The Board approved the Remuneration Committee's recommendation to seek shareholders' approval at the 43rd AGM for payment of Directors' Fees of RM276,000 for financial year 2022 and for payment of Directors' benefits of up to RM2,100,000 to the Non-Executive Directors from 24 May 2023 until the next AGM of the Company in accordance with Section 230 of the Companies Act 2016.

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

The Remuneration Committee convened 2 meetings for the financial year under review and all the members of the Remuneration Committee attended both meetings.

PRINCIPLE B: 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. None of the Audit Committee members were former audit partners who are required to observe a cooling-off period of at least 3 years before being appointed in accordance with the TORs.

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

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's TORs are made available on the Company's website at www.tsh.com.my and its report is set out in the ensuing pages of this Annual Report.

The Company's financial statements for the year ended 31 December 2022 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 the public through Bursa LINK.

The Chief Financial Officer or the Head of Finance presented the Company's quarter-to-quarter and year-to-date financial performance against budget as well as performance of each business segment. The Head of Finance 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.

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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Assessment of Suitability and Independence of External Auditors

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

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

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

Risk Management and Internal Audit

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

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

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

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

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

The Company has established an adequately resourced in-house Internal Audit Function which reports directly to the Audit Committee. The 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 C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

Stakeholder Engagement

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

The stakeholder groups whose activities could have significant impact on TSH Group's business are carefully identified and are engaged at various platforms and intervals throughout the year. A variety of engagement initiatives including direct meetings and dialogues with community are constantly conducted. The Group also actively seeks solutions to grievances and disputes through negotiations and other due processes. The Company's Sustainability Team has a dedicated Sustainability section on the Company's website to address any enquiries or grievances relating to sustainability issues. A summary of the stakeholder engagements can be found in the Sustainability Report 2022.

Corporate Disclosure Policy

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

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

Leverage on Information Technology

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

The Board also encourages other channel of communication with shareholders. For this purpose, shareholders and other stakeholders may convey their concerns relating to the Company to the Senior Independent 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

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 Company. Barring any unforeseen circumstances, all Directors have always used their best endeavours to attend general meetings. The respective Chairmen of the Audit Committee, Nomination Committee and Remuneration Committee are also available to provide meaningful response to any question raised by shareholders.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

On 26 May 2022 and 29 June 2022, the Company held its 42nd AGM and Extraordinary General Meeting ("EGM") on a fully virtual basis. The conduct of the fully virtual 42nd AGM and EGM were in compliance with the Company's Constitution which allows general meetings to be held using any technology or electronic means. The Company adopted an online remote voting for the conduct of poll on all resolutions. All shareholders were briefed on the voting procedures via a short video presented by the poll administrator. The Chairman of the Board, the other Board members, the Chief Financial Officer, the Company Secretary along with the external auditors, advisers, solicitors and/or valuer where required, attended the Company's 42nd AGM and EGM virtually.

In line with Practice 13.1 of the Code, the Notice of the 42nd AGM was issued at least 28 days before the AGM date.

At the 42nd AGM and EGM, shareholders were given the opportunity to seek clarification on the Company's financial statements and other items for adoption at the meetings before the resolutions were put to vote. It has always been the practice for the Chairman to provide ample time for the Question & Answer session at general meetings and for suggestions and comments given by shareholders to be noted by management for consideration. Where it is not possible to provide immediate answers to shareholders' enquiries, the Board will undertake to provide the answer after the meeting via email.

An independent scrutineer was appointed to validate all the votes cast. The poll results were announced by the scrutineer and displayed on the screen before the closure of the 42nd AGM and EGM. The poll results were also announced by the Company via Bursa LINK on the same day for the benefit of all shareholders. The respective minutes of the 42nd AGM and EGM were published on the Company's website within 30 business days from the meetings.

KEY FOCUS AREAS AND FUTURE PRIORITIES

The Board acknowledges the importance of environmental, social and governance ("ESG") factors being embedded as part of how we run our businesses within TSH group. We have completed a comprehensive assessment of our material sustainability matters, which also include climate change risks. We have enhanced our governance structure related to sustainability, to ensure the Board provides sufficient oversight over sustainability matters and through the Sustainability Steering Committee, actions are actively being pursued throughout the organization to continuously progress our sustainability agenda. Additionally, we have adopted a Group Sustainability Policy which will set the tone on how we operate our businesses. With the appointment of our General Manager, ESG and formation of the ESG team, working together with the Business Unit (BU) Sustainability teams, we aim to drive the ESG agenda more aggressively across the Group, and this include our decarbonisation efforts. We have made significant progress at this front by completing the Group Corporate Greenhouse Gas Inventory based on the Greenhouse Gas Protocol, Corporate Accounting and Reporting Standard, for the years 2019 – 2022. From there we shall establish our baseline and targets, towards reducing our carbon footprint from all our business activities within the Group.

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

ADDITIONAL COMPLIANCE INFORMATION

1. Utilisation of Proceeds

- 1.1. On 6 July 2021, the Group announced that it had entered into sale and purchase agreements with Sharikat Keratong Sdn. Bhd. for the proposed disposal of two oil palm estates (namely Ladang Gomantong and Ladang Ong Yah Ho) and one palm oil mill (namely Lahad Datu Palm Oil Mill) in Sabah for a total cash consideration of RM248.0 million.

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The disposals of Ladang Ong Yah Ho and Lahad Datu Palm Oil Mill were completed on 25 March 2022 whereas the disposal of Ladang Gomantong was completed on 6 May 2022.

The status of the utilisation of proceeds was as follows:

Details of Utilisation	Proposed utilisation RM'000	Actual utilisation RM'000	Deviation: Surplus/ (Deficit) RM'000	Balance RM'000
Repayment of bank borrowings	231,500	231,179	321	-
Estimated expenses relating to the disposals	16,500	16,821	(321)	-
	248,000	248,000	-	-

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

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

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

As at 31 March 2023, total proceeds raised from the disposal was RM457.5 million. RM444.5 million was utilised by the Group as follows:

Details of Utilisation	Proposed utilisation RM'000	Actual utilisation RM'000	Balance RM'000
Partial repayment of interest-bearing borrowings	550,000	393,773	156,227
New planting and replanting of oil palm	45,000	126	44,874
Infrastructure works and capital expenditure	47,000	3,162	43,838
General working capital	68,944	34,093	34,851
Defray estimated expenses relating to the disposals	20,143	13,305	6,838
	731,087	444,459	286,628

The remaining balance of RM13.0 million was retained in deposits with licensed financial institutions.

The proposed disposal of the remaining balance of the Sale Land is expected to be completed in 2023.

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 2022 are as follows:

	Group RM'000	Company RM'000
Audit fees	858	165
Non-audit fees	123	73

CORPORATE GOVERNANCE OVERVIEW STATEMENT

3. Material Contracts

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

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

At the last AGM of the Company held on 26 May 2022, 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 2022 pursuant to the Shareholders' Mandate are as follows:

Name of Companies	Related Parties	Class of Related Party	Nature of Recurrent Transactions	Aggregate value of transactions made during the financial year RM
TSH Plantation Sdn. Bhd. ("TSHP") and TSH Plantation Management Sdn. Bhd. ("TSHPM") (Seller)	TSH-Wilmar Sdn. Bhd. ("TSH-W") (Buyer)	TSH-W is a joint venture company in which TSH Resources Berhad ("TSH") holds 50% equity interest. Datuk Kelvin Tan Aik Pen is a Director and substantial shareholder of TSH. He was a director of TSH-W. Tan Aik Kiong is a Director and shareholder of TSH and also holds directorships in TSHP, TSHPM and TSH-W. Dato' Aik Sim, Tan is a Director and shareholder of TSH. Tan Aik Yong was a Director of TSH and is a shareholder of TSH. He was also a director of TSH-W. Both Dato' Aik Sim, Tan and Tan Aik Yong are persons connected to Datuk Kelvin Tan Aik Pen and Tan Aik Kiong. 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 Kelvin Tan Aik Pen and Tan Aik Kiong. Ong Yah Ho, Tan Aik Choon and Tan Ek Huat are also directors of certain TSH subsidiaries whereas Tan Aik Hwa was a director of an indirect subsidiary of TSH.	Sale of crude palm oil	338,200,948
TSHP and TSHPM (Seller)	TSH-W (Buyer)	Same as disclosed above	Sale of palm kernel	56,098,586

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Name of Companies	Related Parties	Class of Related Party	Nature of Recurrent Transactions	Aggregate value of transactions made during the financial year
				RM
TSHPM (Buyer)	Serijaya Industri Sdn. Bhd. ("SJI") (Seller)	SJI is a wholly-owned subsidiary of Innoprise Plantations Berhad ("Innoprise"). TSH is a substantial shareholder of Innoprise. Datuk Kelvin Tan Aik Pen is a shareholder of Innoprise and 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 is a Director and shareholder of TSH. Tan Aik Yong was a Director of TSH and is a shareholder of TSH. Both Dato' Aik Sim, Tan and Tan Aik Yong are persons connected to Datuk Kelvin Tan Aik Pen and Tan Aik Kiong. 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 Kelvin Tan Aik Pen and Tan Aik Kiong. Ong Yah Ho, Tan Aik Choon and Tan Ek Huat are also directors of certain TSH subsidiaries whereas Tan Aik Hwa was a director of an indirect subsidiary of TSH.	Purchase of fresh fruit bunches	2,525,158

This Statement has been reviewed and approved by the Board of Directors on 23 February 2023.

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 is enhanced.

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

Within the framework, the Board 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.

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

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

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

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL



KEY RISKS IN 2022



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.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL



Labour force

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

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

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

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

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 are established. Each operating unit submits a budget annually for approval by the Board. The actual results are reported, analysed and monitored against the budget.
- Comprehensive management and financial information are provided to the Board to facilitate decision making.
- Regular Board and Management meetings to assess 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 Malaysia Institute of Accountants ("MIA") for inclusion in the Annual Report of the Group for the year ended 31 December 2022, 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 Head of Finance 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 23 February 2023.

AUDIT COMMITTEE REPORT

The Board of Directors ("Board") is pleased to present the following report on the Audit Committee and its activities for the financial year ended 31 December 2022.

Audit Committee Composition and meetings

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:

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)

The Audit Committee convened 5 meetings during the year to discharge its duties and responsibilities. Attendance of members of the Audit Committee during 2022 is shown in the table below:

Name	No. of meetings		Attendance Percentage
	Held	Attended	
Yap Boon Teck	5	5	100%
Dato' Jasmy bin Ismail	5	5	100%
Chew Siew Yeng	5	5	100%
Lim Fook Hin	5	5	100%

During the financial year, the Audit Committee had engaged on a continuous basis with senior management, Head of Internal Audit and the external auditors 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 all the Audit Committee members for their perusal prior to confirmation of the minutes at the following Audit Committee meeting. The Audit Committee may request for clarification or raise comments before the minutes are tabled for confirmation. The minutes are signed by the Chairman of the meeting as a correct record of the proceedings of the meeting. Minutes of the Audit Committee meeting are also circulated to the Board for notation.

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 the applicable financial reporting standards as this is integral to the reliability of the financial statements.

The Audit Committee is governed by its terms of reference which will be periodically reviewed and updated. The terms of reference is made available on the Company's website at 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 through its Nomination Committee for the financial year ended 31 December 2022. 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

The Board is satisfied that the Audit Committee and its members discharged their duties and responsibilities in accordance with the Audit Committee's terms of reference.

Training

For the year under review, all members of the Audit Committee had attended various webinars either collectively or individually, details of which are set out in the CG Report.

Summary of Activities

Summary of works 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 Head of Finance had given assurance to the Audit Committee that:

- (a) adequate processes and controls were in place for an effective and efficient financial statements close process;
- (b) appropriate accounting policies had been adopted and applied consistently;
- (c) the relevant financial statements gave a true and fair view of the state of affairs of 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 external auditors, 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 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 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 that the external auditors had during their audit process. There were no major concerns raised by the external auditors at the meetings.

In March 2022, 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 the reappointment of Messrs BDO PLT as external auditors of the Company for shareholders' approval. At the last annual general meeting held on 26 May 2022, the shareholders had approved the reappointment of Messrs BDO PLT as auditors of the Company.

In November 2022, the Audit Committee reviewed the 2022 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 March 2023 and the Audit Committee recommended the reappointment of Messrs BDO PLT as external auditors of the Company for the financial year ending 31 December 2023.

The Audit Committee shall continue to review the KAMs raised by the external auditors as part of its focus areas for 2023 in addition to its routine business.

AUDIT COMMITTEE REPORT

3. Internal Audit

The Audit Committee reviewed and approved the annual audit plan for 2022 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.

4. Recurrent Related Party Transactions

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

5. Other Matters

The Audit Committee reviewed and evaluated the questionnaires completed by the Head of Finance on information relating to risk and control environment of the Group. With the assistance of the Internal Audit 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 the controls in place are adequate and functioning properly to address the risks. The Audit Committee was also satisfied with the assurance provided by the Head of Internal Audit that no material issue or major deficiency had been noted which posed a high risk to the overall system of internal control under review.

In relation to the proposals to declare an interim dividend and to propose a final single-tier dividend for the financial year 2022, the Audit Committee reviewed the dividends 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. The Audit Committee also reviewed the solvency tests undertaken by the management, and was satisfied with the results which showed that the Company is able to pay its debts as and when the debts become due within 12 months after the distribution of said dividends, pursuant to Section 132(3) of the Companies Act 2016. Accordingly, the Audit Committee resolved to recommend the declaration of the said interim single-tier dividend for Board's approval and to recommend the Board to seek shareholders' approval for the proposed final single-tier dividend for the financial year 2022.

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

AUDIT COMMITTEE REPORT

Internal Audit Function

The 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 and disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

The Internal Audit activities, all of which are risk-based, were established after taking into consideration the key business units of the Group and input from senior management and the 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 were as follows:

1. Developed an annual audit plan using a risk-based approach, taking into consideration 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.

The total cost incurred in managing the Internal Audit Department in 2022 was RM621,000.

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

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

The Directors are required by the Companies Act 2016 ("Act") to prepare financial statements for the financial year which give a true and fair view of the financial positions of the Group and of the Company as at 31 December 2022 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.

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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 2022.

PRINCIPAL ACTIVITIES

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

RESULTS

	Group RM'000	Company RM'000
Continuing operations		
Profit for the financial year from continuing operations	524,993	89,991
Discontinued operations		
Profit for the financial year from discontinued operations, net of tax	-	24,861
Profit for the financial year	524,993	114,852
Attributable to:		
Owners of the Company	456,407	114,852
Non-controlling interests	68,586	-
	524,993	114,852

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 2021	
First and final single tier dividend of 3.0 sen per ordinary share, paid on 15 April 2022	41,406
In respect of the financial year ended 31 December 2022	
First interim single tier dividend of 8.0 sen per ordinary share, paid on 21 December 2022	110,414
	151,820

At the forthcoming Annual General Meeting, a final single tier dividend in respect of the financial year ended 31 December 2022 of 2.5 sen per ordinary share will be proposed for shareholders' approval in accordance with the Company's Constitution. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2023.

DIRECTORS' REPORT

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than the net foreign currency translation loss amounted to RM46,013,000 taken up in statements of changes in equity.

ISSUE OF SHARES AND DEBENTURES

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

TREASURY SHARES

At the Annual General Meeting held on 26 May 2022, the shareholders of the Company by an ordinary resolution renewed the mandate given to the Company to repurchase up to ten per centum (10%) of its own ordinary shares.

As at 31 December 2022, the Company had 1,629,000 ordinary shares held as treasury shares with a carrying amount of RM1,467,000.

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

OPTIONS GRANTED OVER UNISSUED SHARES

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

DIRECTORS

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

TSH Resources Berhad

Tan Aik Pen
Tan Aik Sim
Dato' Jasmy Bin Ismail
Selina Binti Yeop Junior @ Lope
Natasha Binti Mohd Zulkifli
Yap Boon Teck

Tan Aik Kiong
Chew Siew Yeng
Lim Fook Hin
Paul Lim Joo Heng (*Appointed on 1 March 2023*)
Tan Aik Yong (*Resigned on 20 June 2022*)

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 Ek Huat
Tan Aik Hwa[#]
Asgari Bin Tun Mohd Fuad Stephens

DIRECTORS' REPORT

DIRECTORS (continued)

Subsidiaries of TSH Resources Berhad

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

Chen Chu Chai @ Anthony Tsen Sui Lin	Ke Jek Tiang*
Tan Aik Choon	Ferly Versady*
Lok Huey Ming	Mudappathi Sugunan Nair
Ainahwati Binti Abd Sani	Peter Dodoo
John bin Sindin	Wong Twee Jong
Raden Harry Zulnardy	Tan Sze Lian Celine
Karsidi	Paul Lim Joo Heng
Iban Bragado Lafuente	Ong Chu Yaw
Michael Wong Chung Hau	Li Fui Yee
Michelle L. Brantley	Goh Kian Yin
Fiona Lane	M Murali Manikam (Appointed on 30 August 2022)
Renatha Philoé	Ong Yah Ho (Demised on 29 January 2023)
Darwin Arriega	Tan Aik Yong (Resigned on 20 June 2022)
Haji Abdul Wahab	Wan Nor Azmi Bin Mat Esa (Resigned on 14 October 2022)

Ceased his office due to strike off of the subsidiary during the financial year.

* Ceased his office due to wound-up of the subsidiary subsequent to the financial year end.

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 2022 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 1.1.2022	Acquired	Disposed	Balance as at 31.12.2022
Shares in the Company				
<u>Direct interests:</u>				
Tan Aik Pen	248,149,317	88,150,000	-	336,299,317
Tan Aik Sim	53,371,564	-	-	53,371,564
Tan Aik Kiong	55,438,695	-	-	55,438,695
Lim Fook Hin	1,602,000	500,000	-	2,102,000
<u>Indirect interests:</u>				
Tan Aik Kiong	27,125	-	-	27,125
Lim Fook Hin	500,000	-	-	500,000
Chew Siew Yeng	210,000	-	-	210,000

DIRECTORS' REPORT

DIRECTORS' INTERESTS (continued)

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

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

DIRECTORS' BENEFITS

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

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

DIRECTORS' REMUNERATION

Directors' remuneration of the Group and of the Company for the financial year ended 31 December 2022 were as follows:

	Group RM'000	Company RM'000
Executive:		
Salaries and bonus	5,972	5,907
Other emoluments	1,361	903
Total Executive Directors' remuneration (excluding benefits-in-kind)	7,333	6,810
Estimated money value of benefits-in-kind	422	422
Total Executive Directors' remuneration (including benefits-in-kind)	7,755	7,232
Non-Executive:		
Fees	294	276
Salaries	4,149	-
Other emoluments	1,153	877
Total Non-Executive Directors' remuneration (excluding benefits-in-kind)	5,596	1,153
Estimated money value of benefits-in-kind	289	289
Total Non-Executive Directors' remuneration (including benefits-in-kind)	5,885	1,442
Total Directors' remuneration	13,640	8,674

DIRECTORS' REPORT**INDEMNITY AND INSURANCE FOR DIRECTORS, OFFICERS AND AUDITORS**

During the financial year, the Directors and Officers of the Group are covered by a Directors and Officers Liability Insurance ("D&O Policy") for any liability incurred in the discharge of their duties, subject to the terms of the D&O Policy. The amount of insurance premium paid by the Company during the financial year was RM128,000.

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

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY**(I) AS AT THE END OF THE FINANCIAL YEAR**

- (a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:
 - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and had satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
 - (ii) to ensure that any current assets other than debts, which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.
- (b) In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature except for the effects arising from gain on disposal of property, plant and equipment of the Group of RM312,007,000 and gain on disposal of assets held for sale of the Group and of the Company of RM84,585,000 and RM13,822,000 respectively.

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

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

DIRECTORS' REPORT

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

(III) AS AT THE DATE OF THIS REPORT

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

SIGNIFICANT EVENTS DURING AND SUBSEQUENT TO THE FINANCIAL YEAR

- (a) On 6 July 2021, the Group entered into three Sale and Purchase Agreements with Sharikat Keratong Sdn. Bhd. ("SKSB") for the disposals of Ladang Ong Yah Ho, Lahad Datu Palm Oil Mill and Ladang Gomantong. The disposals of Ladang Ong Yah Ho, Lahad Datu Palm Oil Mill were completed on 25 March 2022 whereas the disposal of Ladang Gomantong was completed on 6 May 2022 in accordance with respective Sale and Purchase Agreements and a total gain on disposal of RM84,585,000 had been recorded in the financial statements.
- (b) On 4 April 2022, PT Bulungan Citra Agro Persada ("PT BCAP"), a 90% owned subsidiary of the Company entered into a conditional sale, purchase and compensation of land agreement ("CSPA") with PT Kawasan Industri Kalimantan Indonesia ("KIKI") and PT Kalimantan Industrial Park Indonesia ("KIPI") for the proposed disposal by PT BCAP of 13,214.90 hectares of certificated land together with 683.36 hectares of uncertified land adjoining thereto (collectively referred to as "the Sale Land") for a total cash consideration of IDR2,428.86 billion (or equivalent to approximately RM731,090,000).

On 8 August 2022, the Group completed the disposal of 7,817.36 hectares of the Sale Land for cash consideration amounted to RM408,483,000, which is subject to 2.5% tax on the cash consideration amounted to RM10,212,000 and this has been recognised in administrative expenses within Statements of Comprehensive Income during the financial year. The Group recorded a gain on disposal of RM310,666,000 in the financial statements.

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

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

AUDITORS

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

DIRECTORS' REPORT

AUDITORS' REMUNERATION

Auditors' remuneration of the Group and of the Company for the financial year ended 31 December 2022 were as follows:

	Group RM'000	Company RM'000
Statutory audit		
- BDO PLT	531	165
- Other auditors	327	-
	858	165

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

.....
Tan Aik Sim

Director

.....
Tan Aik Kiong

Director

Kuala Lumpur
30 March 2023

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 110 to 223 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 2022 and of the financial performance and cash flows of the Group and of the Company for the financial year then ended.

On behalf of the Board,

.....
Tan Aik Sim

Director

.....
Tan Aik Kiong

Director

Kuala Lumpur
30 March 2023

STATUTORY DECLARATION

I, Lim Hang Fei (CA 48033), 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 110 to 223 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)
30 March 2023)

Lim Hang Fei

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 2022 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 110 to 223.

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 2022, 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 plasma receivables

As at 31 December 2022, the Group had plasma receivables amounted to RM40,344,000, which was net of impairment losses of RM9,101,000. The details of plasma receivables and its credit risks have been disclosed in Note 27(b)(ii) to the financial statements.

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

INDEPENDENT AUDITORS' REPORT

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

Key Audit Matters (continued)

a. *Impairment of plasma receivables (continued)*

Audit response

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

Impairment assessment of plasma receivables

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

b. *Impairment of amounts due from subsidiaries*

As at 31 December 2022, non-trade amounts due from subsidiaries of the Company were RM296,441,000 which were net of impairment losses of RM4,744,000 as disclosed in Note 27 to the financial statements.

We determined this to be a key audit matter because it requires management to exercise significant judgement in determining the probability of default by subsidiaries, appropriate forward looking information, significant increase in credit risk and estimated cash flows recoverable in worst-case scenarios, taking into consideration the effects of increasing OPR in Malaysia and interest rate in Indonesia, where applicable, on the discount rates.

Audit response

Our audit procedures included the following:

- (i) recomputed probability of default using historical data and forward looking adjustment, taken into consideration the effects of increasing OPR in Malaysia and interest rate in Indonesia, where applicable, on the discount rates applied by the Company;
- (ii) assessed the appropriateness of the indicators of significant increase in credit risk applied by the management and the resultant basis for classification of exposure into respective stages;
- (iii) evaluated basis used by management in determining cash flows recoverable in worst case scenarios, where applicable, incorporating the impact of increasing OPR in Malaysia and interest rate in Indonesia, where applicable, on the discount rates; and
- (iv) assessed actual loss events subsequent to the end of reporting period for its relationship with the indicators of significant increase in credit risk applied by management.

INDEPENDENT AUDITORS' REPORT

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

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with 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.

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.

INDEPENDENT AUDITORS' REPORT

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

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

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

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

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

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

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

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.

INDEPENDENT AUDITORS' REPORT

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

Other Matters

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

.....

BDO PLT

201906000013 (LLP0018825-LCA) & AF 0206
Chartered Accountants

.....

Tang Seng Choon

02011/12/2023 J
Chartered Accountant

Kuala Lumpur
30 March 2023

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

		Group		Company	
		2022	2021	2022	2021
	Note	RM'000	RM'000	RM'000	RM'000
Continuing operations					
Revenue	6	1,305,999	1,188,919	195,944	82,754
Cost of sales	7	(813,070)	(713,580)	(4,021)	(3,943)
Gross profit		492,929	475,339	191,923	78,811
Other items of income					
Interest income	8	9,846	8,644	31,917	42,611
Dividend income	9	18	172	18	172
Other income	10	417,515	22,245	8,982	4,245
Net impairment write back on financial assets	12	-	7,825	9,719	5,042
Other items of expenses					
Marketing and distribution costs		(35,797)	(36,047)	-	-
Administrative expenses		(175,807)	(140,413)	(51,254)	(41,744)
Finance costs	11	(32,377)	(41,058)	(33,865)	(41,204)
Other expenses		(164,874)	(97,502)	(75,729)	(21,133)
Net impairment losses on financial assets	12	(4,254)	-	-	-
Share of profit of associate, net of tax		18,477	18,988	-	-
Share of profit of joint ventures, net of tax		31,621	35,891	-	-
Profit before tax	12	557,297	254,084	81,711	26,800
Taxation	15	(32,304)	(52,071)	8,280	2,033
Profit for the financial year from continuing operations		524,993	202,013	89,991	28,833
Discontinued operations					
Profit for the financial year from discontinued operations, net of tax	16	-	-	24,861	3,411
Profit for the financial year		524,993	202,013	114,852	32,244

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

		Group		Company	
	Note	2022	2021	2022	2021
		RM'000	RM'000	RM'000	RM'000
Other comprehensive (loss)/ income					
Item that may be reclassified subsequently to profit or loss:					
Foreign currency translations	15(d)	(53,856)	36,261	-	-
Reclassification of exchange translation reserve to profit or loss	15(d)	339	(1,749)	-	-
		(53,517)	34,512	-	-
Item that may not be reclassified subsequently to profit or loss:					
Remeasurements of net defined benefit liabilities	15(d)	1,077	1,180	-	-
Other comprehensive (loss)/ income for the financial year, net of tax		(52,440)	35,692	-	-
Total comprehensive income for the financial year		472,553	237,705	114,852	32,244
Profit attributable to owners of the Company					
From continuing operations		456,407	169,415	89,991	28,833
From discontinued operations		-	-	24,861	3,411
		456,407	169,415	114,852	32,244
Profit attributable to non-controlling interests		68,586	32,598	-	-
		524,993	202,013	114,852	32,244
Total comprehensive income attributable to:					
Owners of the Company		411,329	199,379	114,852	32,244
Non-controlling interests		61,224	38,326	-	-
		472,553	237,705	114,852	32,244
Earnings per share attributable to owners of the Company (sen per share):					
Basic earnings per share	17	33.07	12.27		
Diluted earnings per share	17	33.07	12.27		

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

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022

		Group		Company	
		2022	2021	2022	2021
	Note	RM'000	RM'000	RM'000	RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	19	1,256,556	1,610,212	53,449	53,889
Right-of-use assets	20	255,082	288,881	8,310	8,536
Biological assets	21	364,842	400,762	271,874	310,626
Intangible assets	22	50,350	51,647	-	-
Investments in subsidiaries	23	-	-	808,330	885,723
Investment in an associate	24	77,437	82,073	61,259	61,259
Investments in joint ventures	25	106,083	89,462	20,750	20,750
Deferred tax assets	26	6,026	4,297	-	-
Other receivables	27	53,946	74,798	254,333	620,598
Investment securities	28	50	50	50	50
		2,170,372	2,602,182	1,478,355	1,961,431
Current assets					
Biological assets	21	13,531	17,346	-	201
Inventories	29	132,923	143,566	1,572	1,386
Trade and other receivables	27	39,725	62,988	49,164	51,160
Other current assets	30	6,432	25,105	797	2,707
Tax recoverable		8,789	5,132	18	18
Investment securities	28	1	3	1	3
Derivative assets	32	30	370	-	-
Short term funds	33	6,385	17,464	150	12,879
Cash and bank balances	34	375,580	279,728	42,362	146,322
		583,396	551,702	94,064	214,676
Assets held for sale	35	205,510	154,152	-	59,587
TOTAL CURRENT ASSETS		788,906	705,854	94,064	274,263
TOTAL ASSETS		2,959,278	3,308,036	1,572,419	2,235,694
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	36	740,512	740,512	740,512	740,512
Treasury shares	36	(1,467)	(1,467)	(1,467)	(1,467)
Other reserves	37	(254,906)	(208,893)	-	-
Retained earnings	38	1,416,700	1,111,178	259,819	296,787
		1,900,839	1,641,330	998,864	1,035,832
Non-controlling interests		231,219	172,258	-	-
TOTAL EQUITY		2,132,058	1,813,588	998,864	1,035,832

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022

		Group		Company	
		2022	2021	2022	2021
Note		RM'000	RM'000	RM'000	RM'000
LIABILITIES					
Non-current liabilities					
Loans and borrowings	39	164,860	587,573	164,860	437,573
Retirement benefits	40	17,324	19,158	-	-
Other payables	41	-	-	-	150,000
Lease liabilities	20	1,320	3,188	56	45
Deferred tax liabilities	26	86,555	92,068	1,508	9,788
		270,059	701,987	166,424	597,406
Current liabilities					
Loans and borrowings	39	394,251	521,752	193,736	377,295
Trade and other payables	41	142,158	204,661	210,106	213,042
Derivative liabilities	32	3,282	1,914	3,267	-
Lease liabilities	20	615	939	22	25
Current tax payable		16,855	22,642	-	-
		557,161	751,908	407,131	590,362
Liabilities associated with assets held for sale	35	-	40,553	-	12,094
TOTAL CURRENT LIABILITIES		557,161	792,461	407,131	602,456
TOTAL LIABILITIES		827,220	1,494,448	573,555	1,199,862
TOTAL EQUITY AND LIABILITIES		2,959,278	3,308,036	1,572,419	2,235,694

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

Attributable to owners of the Company											
		← Non-distributable →				Distributable ←		Non-distributable			
		Equity attributable to owners of the Company, total									
		Equity, total	Company, total	Share capital	Treasury shares	Retained earnings	Other reserves, total	Capital reserve	Foreign currency translation reserve	Share of associate reserve	Non-controlling interests
2022	Note	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group											
Balance as at 1 January 2022		1,813,588	1,641,330	740,512	(1,467)	1,111,178	(208,893)	9,630	(218,623)	100	172,258
Profit for the financial year		524,993	456,407	-	-	456,407	-	-	-	-	68,586
Other comprehensive loss											
Foreign currency translations		(53,856)	(46,352)	-	-	-	(46,352)	-	(46,352)	-	(7,504)
Reclassification of exchange translation reserve to profit or loss arising from dissolution of foreign subsidiaries	15(d)	339	339	-	-	-	339	-	339	-	-
Remeasurements of net defined benefit liabilities	15(d)	1,077	935	-	-	935	-	-	-	-	142
Other comprehensive loss for the financial year, net of tax		(52,440)	(45,078)	-	-	935	(46,013)	-	(46,013)	-	(7,362)
Total comprehensive income for the financial year		472,553	411,329	-	-	457,342	(46,013)	-	(46,013)	-	61,224
Transactions with owners											
Dividends paid on ordinary shares	18	(151,820)	(151,820)	-	-	(151,820)	-	-	-	-	-
Dividends paid to non-controlling interests		(2,263)	-	-	-	-	-	-	-	-	(2,263)
Total transactions with owners		(154,083)	(151,820)	-	-	(151,820)	-	-	-	-	(2,263)
Balance as at 31 December 2022		2,132,058	1,900,839	740,512	(1,467)	1,416,700	(254,906)	9,630	(264,636)	100	231,219

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

Attributable to owners of the Company										
← Non-distributable →					← Distributable → Non-distributable					
2021	Note	Equity attributable to owners of the Company, total			Other reserves, total			Non-distributable		
		Equity, total	Company, total	Share capital	Treasury shares	Retained earnings	Other reserves, total	Capital reserve	Foreign currency translation reserve	Share of associate reserve
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group										
Balance as at 1 January 2021		1,597,783	1,453,432	740,512	(1,467)	952,244	(237,857)	9,630	(247,587)	100
Profit for the financial year		202,013	169,415	-	-	169,415	-	-	-	-
Other comprehensive income										
Foreign currency translations		36,261	30,713	-	-	-	30,713	-	30,713	-
Reclassification of exchange translation reserve to profit or loss upon disposal of a foreign subsidiary	15(d)	(1,749)	(1,749)	-	-	-	(1,749)	-	(1,749)	-
Remeasurements of net defined benefit liabilities	15(d)	1,180	1,000	-	-	1,000	-	-	-	-
Other comprehensive income for the financial year, net of tax		35,692	29,964	-	-	1,000	28,964	-	28,964	-
Total comprehensive income for the financial year		237,705	199,379	-	-	170,415	28,964	-	28,964	-
Transactions with owners										
Dividends paid on ordinary shares	18	(20,703)	(20,703)	-	-	(20,703)	-	-	-	-
Dividends paid to non-controlling interests		(1,197)	-	-	-	-	-	-	-	-
Changes in equity interests in subsidiaries		-	9,222	-	-	9,222	-	-	-	-
Total transactions with owners		(21,900)	(11,481)	-	-	(11,481)	-	-	-	-
Balance as at 31 December 2021		1,813,588	1,641,330	740,512	(1,467)	1,111,178	(208,893)	9,630	(218,623)	100

144,351

32,598

5,548

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180

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38,326

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STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

		Non-distributable			Distributable
		Equity, total	Share capital	Treasury shares	Retained earnings
2022	Note	RM'000	RM'000	RM'000	RM'000
Company					
Balance as at 1 January 2022		1,035,832	740,512	(1,467)	296,787
Profit for the financial year		114,852	-	-	114,852
Other comprehensive income for the financial year, net of tax		-	-	-	-
Total comprehensive income for the financial year		114,852	-	-	114,852
Transactions with owners					
Dividends paid on ordinary shares	18	(151,820)	-	-	(151,820)
Total transactions with owners		(151,820)	-	-	(151,820)
Balance as at 31 December 2022		998,864	740,512	(1,467)	259,819

		Non-distributable			Distributable
		Equity, total	Share capital	Treasury shares	Retained earnings
2021	Note	RM'000	RM'000	RM'000	RM'000
Company					
Balance as at 1 January 2021		1,024,291	740,512	(1,467)	285,246
Profit for the financial year		32,244	-	-	32,244
Other comprehensive income for the financial year, net of tax		-	-	-	-
Total comprehensive income for the financial year		32,244	-	-	32,244
Transactions with owners					
Dividends paid on ordinary shares	18	(20,703)	-	-	(20,703)
Total transactions with owners		(20,703)	-	-	(20,703)
Balance as at 31 December 2021		1,035,832	740,512	(1,467)	296,787

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

		Group		Company	
		2022	2021	2022	2021
	Note	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before tax					
From continuing operations		557,297	254,084	81,711	26,800
From discontinued operations		16	-	15,187	4,117
		557,297	254,084	96,898	30,917
Adjustments for:					
Amortisation of biological assets		21	1,181	1,181	1,181
Bad debts written off		12	241	-	-
Depreciation of property, plant and equipment		12	90,725	98,797	2,310
Depreciation of right-of-use assets		12	10,076	11,253	68
Dividend income		9	(18)	(172)	(18)
Fair value loss/(gain) on forward currency contracts		12	3,607	(549)	3,267
Fair value loss on investment securities		12	2	2	-
Fair value gain on commodity future contracts		10	(1,899)	(2,318)	2
Gain on disposal of:					
- property, plant and equipment		10	(312,007)	(358)	-
- assets held for sale		10	(84,585)	-	(13,822)
Gain on lease reassessments		10	(169)	-	-
(Gain)/Loss on remeasurement of financial guarantee contracts		41(d)	(47)	(68)	217
Impairment losses on:					
- property, plant and equipment		19	56,253	-	-
- goodwill		22	211	-	-
- investment in subsidiaries		23(c)	-	-	949
- trade receivables		27(a)	514	443	-
- other receivables		27(b)	5,151	3,994	-
- amounts due from subsidiaries		27(c)	-	-	-
Interest expense		11	32,377	41,058	33,865
Interest income		8	(9,846)	(8,644)	(31,917)
Inventories written down		29(d)	13,943	14,191	-
Inventories written off		29(c)	5,578	4,136	3
Loss from fair value adjustment of forest planting expenditure		21	37,240	9,928	38,189
Loss on disposal of a subsidiary		12	-	491	-
Losses arising from dissolution of subsidiaries		12	341	-	-
Net loss/(gain) from fair value adjustment of fresh fruit bunches		21	3,383	(4,490)	201
Net unrealised foreign exchange (gain)/loss			(3,944)	10,755	(5,343)
Property, plant and equipment written off		19	454	1,298	12
Right-of-use asset written off		20	193	-	193
Rent concessions		20	(1)	(79)	(1)
Share of profit of associate			(18,477)	(18,988)	-
Share of profit of joint ventures			(31,621)	(35,891)	-
Waiver of debts owing by subsidiaries			-	-	-
Subtotal			(201,144)	128,982	28,963
					20,362

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Subtotal (continued)		(201,144)	128,982	28,963	20,362
Write back of impairment losses on:					
- trade receivables	27(a)	(1,399)	(4,267)	-	-
- other receivables	27(b)	(12)	(7,995)	-	-
- amounts due from subsidiaries	27(c)	-	-	(9,719)	(5,890)
Total adjustments		(202,555)	116,720	19,244	14,472
Operating cash flows before changes in working capital		354,742	370,804	116,142	45,389
Changes in working capital					
(Increase)/Decrease in inventories		(8,567)	(35,500)	(189)	485
Decrease/(Increase) in receivables		24,569	(20,269)	18,400	7,687
(Decrease)/Increase in payables		(73,874)	115,812	(9,165)	8,571
Increase/(Decrease) in retirement benefits obligations		102	(2,693)	-	-
Total changes in working capital		(57,770)	57,350	9,046	16,743
Cash flows from operations		296,972	428,154	125,188	62,132
Interest paid		-	-	(13,625)	(22,010)
Income tax paid		(91,780)	(43,433)	(2,420)	-
Income tax refunded		2,539	8,694	-	-
Net cash flows from operating activities		207,731	393,415	109,143	40,122
CASH FLOWS FROM INVESTING ACTIVITIES					
Additions of right-of-use assets		(20,630)	(947)	-	-
Additional investments in subsidiaries		-	-	(1,985)	(938)
Dividends received from:					
- associate	24(d)	23,113	21,012	-	-
- joint ventures	25(c)	15,000	20,000	-	-
- short term investments	9	18	172	18	172
Forest planting expenditure		(2,388)	(3,878)	(617)	(2,121)
Interest received		9,846	8,644	31,917	42,611
(Placement)/Withdrawals of deposits with maturity of over 3 months		(3)	2,145	-	2,149
Proceeds from disposal of:					
- property, plant and equipment		411,325	1,172	460	445
- assets held for sale		248,000	-	76,347	-
Proceeds from disposal of subsidiaries		-	-	-	473
Purchase of property, plant and equipment		(61,052)	(41,340)	(2,170)	(2,314)
Redemption of non-cumulative redeemable convertible preference shares	23(d)	-	-	78,428	-
Repayments from subsidiaries		-	-	225,564	9,886
Net cash flows from investing activities		623,229	6,980	407,962	50,363

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

		Group		Company	
		2022	2021	2022	2021
	Note	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM FINANCING ACTIVITIES					
Dividends paid	18	(151,820)	(20,703)	(151,820)	(20,703)
Dividends paid to non-controlling interests		(2,263)	(1,197)	-	-
Interest paid		(32,190)	(40,843)	(20,237)	(19,191)
Net repayments of bankers' acceptances	39(k)	(35,837)	(48,324)	-	-
Net (repayments)/drawdowns of revolving credits	39(k)	(94,283)	7,131	(145,783)	3,631
Net (repayments)/drawdowns of Sukuk Murabahah Islamic Commercial Papers	39(k)	(50,000)	50,000	-	-
Net repayments of Sukuk Ijarah Medium Term Notes	39(k)	-	(245,000)	-	-
Net repayments of Sukuk Murabahah Medium Term Notes	39(k)	(60,000)	-	-	-
Net (repayments)/drawdowns of term loans	39(k)	(315,925)	21,616	(315,925)	21,616
Payments of lease interest	20(k)	(187)	(215)	(3)	(3)
Payments of lease liabilities	20(k)	(1,035)	(808)	(26)	(27)
Net cash flows used in financing activities		(743,540)	(278,343)	(633,794)	(14,677)
Net increase/(decrease) in cash and cash equivalents		87,420	122,052	(116,689)	75,808
Effects of exchange rate changes		(3,940)	2,597	-	-
Cash and cash equivalents as at beginning of financial year		292,751	156,493	159,201	83,393
Cash and cash equivalents transferred from assets held for sale		-	11,609	-	-
Cash and cash equivalents as at end of financial year	34(d)	376,231	292,751	42,512	159,201

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

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 2022 comprise the Company and its subsidiaries and the interests of the Group in an associate and joint ventures. These financial statements are presented in Ringgit Malaysia ("RM"), which is also the functional currency of the Company. All financial information presented in RM has been rounded to the nearest thousand, unless otherwise stated.

The financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 30 March 2023.

2. PRINCIPAL ACTIVITIES

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

3. BASIS OF PREPARATION

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the provisions of the Companies Act 2016 in Malaysia.

The accounting policies adopted are consistent with those of the previous financial year except for the effects of adoption of new MFRSs during the financial year. The new MFRSs and Amendments to MFRSs adopted during the financial year are disclosed in Note 44.1 to the financial statements.

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

The Group has positive cash flows from its business activities and has sufficient credit facilities in place to meet its operational requirements (as disclosed further in Note 5(b)(ii) to the financial statements), notwithstanding that the current liabilities of the Company exceeded its current assets by RM313,067,000 as at 31 December 2022. 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 2022

3. BASIS OF PREPARATION (continued)

The Directors are confident that the Group and the Company will continue to operate profitably and generate sufficient cash flows from operations in the foreseeable future, together with continuous financial support from the lenders and shareholders.

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 have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group financing (including finance costs), income taxes, share of profit of associate and share of profit of joint ventures are managed on a group basis and are not allocated to operating segments.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

4. SEGMENT INFORMATION (continued)

	Palm products RM'000	Others RM'000	Adjustment and eliminations RM'000	Notes	Total RM'000
2022					
Revenue					
External customers	1,202,038	103,961	-		1,305,999
Inter-segment	23,776	-	(23,776)	(a)	-
Total revenue	1,225,814	103,961	(23,776)		1,305,999
Results					
Interest income	70,981	1,202	(62,337)		9,846
Dividend income	18	-	-		18
Depreciation and amortisation	(88,057)	(13,925)	-		(101,982)
Gain on disposal of assets held for sale	84,585	-	-		84,585
Gain on disposal of property, plant and equipment	311,924	83	-		312,007
Impairment losses on property, plant and equipment	(17,414)	(38,839)	-		(56,253)
Share of profit of associate	18,477	-	-		18,477
Share of profit of joint ventures	27,221	4,400	-		31,621
Other material non-cash items	(16,957)	(46,063)	-	(b)	(63,020)
Segment profit	671,673	(77,493)	(36,883)	(c)	557,297
Assets:					
Additions to non-current assets (including assets held for sale)	74,383	10,377	-	(d)	84,760
Segment assets (including assets held for sale)	2,055,369	619,001	284,908	(e)	2,959,278
Segment liabilities (including liabilities associated with assets held for sale)	133,247	31,537	662,436		827,220

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

4. SEGMENT INFORMATION (continued)

	Palm products RM'000	Others RM'000	Adjustment and eliminations RM'000	Notes	Total RM'000
2021					
Revenue					
External customers	1,094,543	94,376	-		1,188,919
Inter-segment	18,298	-	(18,298)	(a)	-
Total revenue	1,112,841	94,376	(18,298)		1,188,919
Results					
Interest income	74,171	1,022	(66,549)		8,644
Dividend income	172	-	-		172
Depreciation and amortisation	(96,060)	(15,171)	-		(111,231)
Gain on disposal of property, plant and equipment	323	35	-		358
Share of profit of associate	18,988	-	-		18,988
Share of profit of joint ventures	32,728	3,163	-		35,891
Other material non-cash items	(12,677)	(12,499)	-	(b)	(25,126)
Segment profit	284,020	(10,376)	(19,560)	(c)	254,084
Assets:					
Additions to non-current assets (including assets held for sale) *	32,285	15,199	-	(d)	47,484
Segment assets (including assets held for sale)	2,214,283	718,590	375,163	(e)	3,308,036
Segment liabilities (including liabilities associated with assets held for sale)	200,281	40,534	1,253,633	(f)	1,494,448

* Included additions to assets held for sale amounted to RM2,206,000.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

4. SEGMENT INFORMATION (continued)

Notes: Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements.

- (a) Inter-segment revenue is eliminated on consolidation.
- (b) Other material non-cash items consist of the following items as presented in the respective notes to the financial statements:

	2022 RM'000	2021 RM'000
Fair value (loss)/gain on forward currency contracts	(3,607)	549
Fair value gain on commodity future contracts	1,899	2,318
Inventories written down	(13,943)	(14,191)
Inventories written off	(5,578)	(4,136)
Impairment losses on goodwill	(211)	-
Loss from fair value adjustments of forest planting expenditure	(37,240)	(9,928)
Net (loss)/gain from fair value adjustments of fresh fruit bunches	(3,383)	4,490
Net write back on trade receivables	885	3,824
Net unrealised foreign exchange gain/(loss)	3,944	(10,755)
Net (impairment losses)/write back on other receivables	(5,139)	4,001
Property, plant and equipment written off	(454)	(1,298)
Right-of-use assets written off	(193)	-
	(63,020)	(25,126)

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

	2022 RM'000	2021 RM'000
Share of profit of associate	18,477	18,988
Share of profit of joint ventures	31,621	35,891
Finance costs	(32,377)	(41,058)
Unallocated corporate expenses	(54,604)	(33,381)
	(36,883)	(19,560)

- (d) Additions to non-current assets (including assets held for sale) consist of:

	2022 RM'000	2021 RM'000
Property, plant and equipment	61,673	42,412
Biological assets	2,501	4,125
Right-of-use assets - land use rights	20,586	947
	84,760	47,484

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

4. SEGMENT INFORMATION (continued)

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

	2022 RM'000	2021 RM'000
Investment in an associate	77,437	82,073
Investments in joint ventures	106,083	89,462
Tax recoverable	8,789	5,132
Deferred tax assets	6,026	4,297
Unallocated amounts	86,573	194,199
	284,908	375,163

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

	2022 RM'000	2021 RM'000
Deferred tax liabilities	86,555	132,621
Loans and borrowings	559,111	1,109,325
Unallocated amounts	16,770	11,687
	662,436	1,253,633

Geographical information

Revenue and non-current assets information are presented based on the geographical location of customers and assets respectively. The amounts of non-current assets do not include financial instruments and deferred tax assets.

	Revenue		Non-current assets	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Malaysia	448,802	486,685	1,008,207	1,235,624
Indonesia	783,620	641,955	1,307,653	1,441,560
United States of America	40,079	30,893	-	-
Southwest Pacific	23,526	21,253	-	-
Others	9,972	8,133	-	5
	1,305,999	1,188,919	2,315,860	2,677,189

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

5. CAPITAL AND FINANCIAL RISK MANAGEMENT

(a) Capital management

The objectives of the Group's capital management are to ensure that it maintains a good credit rating and healthy capital ratios in order to support a balanced growth objective in its business, maintain an optimal capital structure to reduce the cost of capital and ultimately maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions and the free cash flow position. To achieve this objective, the Group may adjust the Group internal plans in its expansion of plantation land areas and plantation programme. No changes were made in the objectives, policies or processes during the financial years ended 31 December 2022 and 31 December 2021.

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	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Loans and borrowings	559,111	1,109,325	358,596	814,868
Less: Cash and bank balances	(375,580)	(279,728)	(42,362)	(146,322)
Less: Short term funds	(6,385)	(17,464)	(150)	(12,879)
Net debt	177,146	812,133	316,084	655,667
Total equity	2,132,058	1,813,588	998,864	1,035,832
Debt*/equity ratio	0.26	0.61	0.36	0.79
Net debt/equity ratio	0.08	0.45	0.32	0.63

* Represents loans and borrowings.

Pursuant to the requirements of Practice Note No. 17/2005 of the Bursa Malaysia Securities Berhad, the Group is required to maintain a consolidated shareholders' equity of more than twenty-five percent (25%) of the issued and paid-up capital and such shareholders' equity is not less than RM40,000,000. The Group has complied with this requirement for the financial year ended 31 December 2022.

(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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

5. CAPITAL AND FINANCIAL RISK MANAGEMENT (continued)**(b) Financial risk management (continued)****(i) Credit risk**

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

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

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

(ii) Liquidity risk

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

Management continuously strive to re-balance the Group's short term and long term borrowings to reflect the long term nature of the Group's business. While the Group is in net current assets position due to realisation of the cash flow generated from the disposals of assets and paring down of loan and borrowings, the Company is still in net current liabilities position. In this regard, the Group diligently manages its debt maturity profile, operating cash flows and various sources of funding after taking in account of refinancing, repayment and funding requirements to provide an adequate liquidity buffer. Besides, maintaining a reasonable level of cash and cash convertible investments to meet its working capital needs, the Group also ensures it has sufficient undrawn credit facilities available to complement its overall liquidity management. As at 31 December 2022, the Group has RM482,113,000 in unused credit facilities.

In addition, the Group strives to maintain available banking facilities at a reasonable level to its overall debt position. As far as possible, the Group raises committed funding from financial institutions and balances its portfolio with some short term funding so as to achieve overall cost effectiveness. Barring any unforeseen circumstances, the Group is not aware of any other matters that may impact the liquidity risk of the Group, including consideration of the potential effects, if any, arising from the Russia-Ukraine war.

At the end of the reporting period, approximately 71% and 54% (2021: 47% and 46%) 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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

5. CAPITAL AND FINANCIAL RISK MANAGEMENT (continued)

(b) Financial risk management (continued)

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

Approximately 94% (2021: 96%) of the Group's sales and 95% (2021: 96%) of cost of sales are denominated in the respective functional currencies of the Group entities. The Group's trade receivable and trade payable balances at the end of the reporting period have similar exposures.

The Group may require its operating entities to use forward currency contracts to eliminate the currency exposures on any individual transactions for which payment is anticipated more than one month after the Group has entered into a firm commitment for a sale or purchase. The forward currency contracts must be in the same currency as the hedged item. It is the Group's policy not to enter into forward contracts until a firm commitment is in place. It is the Group's policy to negotiate the terms of the hedge derivatives to match the terms of the hedged item to maximise hedge effectiveness.

At 31 December 2022, the Group hedged 7% (2021: 13%) and 47% (2021: Nil) of its foreign currency denominated sales and loans and borrowings respectively, for which firm commitments existed at the end of the reporting period, extending to August 2023 (2021: September 2022) and November 2023 (2021: Nil) respectively.

The currency exposure profiles of financial assets and financial liabilities are as follows:

Group	USD RM'000	AUD RM'000	GBP RM'000	EUR RM'000	IDR RM'000	SGD RM'000
2022						
Financial assets in foreign currencies						
Trade and other receivables	2,781	3,142	-	287	74,429	351
Other current assets	-	-	-	-	580	58
Cash and bank balances	1,909	324	-	88	221,629	501
Financial liabilities in foreign currencies						
Loans and borrowings	(106,062)	-	-	-	-	-
Trade and other payables	(2,146)	(153)	(96)	(405)	(92,344)	(880)

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

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):

Group	USD RM'000	AUD RM'000	EUR RM'000	IDR RM'000	SGD RM'000
2021					
Financial assets in foreign currencies					
Trade and other receivables	4,448	3,584	1,974	107,067	44
Other current assets	-	-	-	600	6
Cash and bank balances	10,370	-	-	131,042	310

Financial liabilities in foreign currencies					
Loans and borrowings	(438,899)	-	-	-	-
Trade and other payables	(10,556)	(225)	(666)	(114,025)	(46)

Company	USD RM'000	IDR RM'000	SGD RM'000
2022			
Financial assets in foreign currencies			
Trade and other receivables	-	171,244	-
Cash and bank balances	892	9,865	3

Financial liabilities in foreign currencies			
Loans and borrowings	(106,062)	-	-
Trade and other payables	-	(48,241)	(237)

Company	USD RM'000	IDR RM'000	SGD RM'000
2021			
Financial assets in foreign currencies			
Trade and other receivables	-	539,933	42
Cash and bank balances	7,318	40,751	3

Financial liabilities in foreign currencies			
Loans and borrowings	(438,899)	-	-
Trade and other payables	-	(50,024)	-

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

5. CAPITAL AND FINANCIAL RISK MANAGEMENT (continued)

(b) Financial risk management (continued)

(iv) Foreign currency risk (continued)

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's and Company's profit net of tax to a reasonably possible change in the USD, AUD, GBP, EUR, IDR and SGD exchange rates against the respective functional currency of the Group entities, with all other variables held constant.

		Profit net of tax			
		Group		Company	
		2022	2021	2022	2021
		RM'000	RM'000	RM'000	RM'000
USD/RM	- strengthened by 5%	(3,934)	(16,516)	(3,996)	(16,400)
	- weakened by 5%	3,934	16,516	3,996	16,400
AUD/RM	- strengthened by 5%	114	128	-	-
	- weakened by 5%	(114)	(128)	-	-
GBP/RM	- strengthened by 5%	(4)	-	-	-
	- weakened by 5%	4	-	-	-
EUR/RM	- strengthened by 5%	(1)	50	-	-
	- weakened by 5%	1	(50)	-	-
IDR/RM	- strengthened by 5%	375	1,546	5,049	22,065
	- weakened by 5%	(375)	(1,546)	(5,049)	(22,065)
SGD/RM	- strengthened by 5%	(9)	2	(9)	2
	- weakened by 5%	9	(2)	9	(2)

(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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

6. REVENUE

Continuing operations

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Revenue from contracts with customers:				
- Sales of oil palm products	1,202,038	1,094,543	-	-
- Sales of wood products	74,400	56,918	-	-
- Revenue from supply of electricity	11,696	11,658	-	-
- Sales of cocoa beans and cocoa products	5,546	7,919	-	-
- Sales of timber and latex	7,112	11,189	6,770	11,189
- Revenue from supply and installation services	4,369	4,087	-	-
- Sales of ramets and laran plantlet and plantable	838	2,605	-	-
	1,305,999	1,188,919	6,770	11,189
Other revenue				
- Management fees	-	-	23,776	18,298
- Dividend income from subsidiaries, associate and joint ventures	-	-	165,398	53,267
	1,305,999	1,188,919	195,944	82,754
Timing of revenue recognition				
- Over time	4,369	4,087	-	-
- At a point in time	1,301,630	1,184,832	6,770	11,189
	1,305,999	1,188,919	6,770	11,189

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

(a) Sales of goods and supply of electricity

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

There is no right of return and service-type warranty provided to the customers on the sales of products and services rendered.

There is no significant financing component in the revenue arising from sales of products and services rendered as the sales or services are made on the normal credit terms not exceeding twelve (12) months.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

6. REVENUE (continued)

(b) Supply and installation service contracts

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

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

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

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

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

(c) Management fees

Management fees are recognised during the period in which the services are rendered.

(d) Dividend income

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

7. COST OF SALES

Continuing operations

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Cost of inventories sold	795,693	696,039	4,021	3,943
Supply and installation service costs	4,048	3,695	-	-
Cost of services rendered	13,329	13,846	-	-
	813,070	713,580	4,021	3,943

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

8. INTEREST INCOME

Continuing operations

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Interest income from:				
Amounts due from subsidiaries	-	-	30,105	41,438
Plasma receivables	3,237	4,469	-	-
Short-term deposits	6,609	4,175	1,812	1,173
	9,846	8,644	31,917	42,611

Interest income

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

9. DIVIDEND INCOME

Continuing operations

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Dividend income from:				
Short term investments (unquoted in Malaysia)	18	172	18	172

Dividend income

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

10. OTHER INCOME**Continuing operations**

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Fair value gain on forward currency contracts	-	549	-	-
Fair value gain on commodity future contracts	1,899	2,318	-	-
Fair value gain on short term funds	10	18	3	24
Gain on disposal of:				
- property, plant and equipment	312,007	358	393	129
- assets held for sale (Note 35(b))	84,585	-	-	-
Gain on lease reassessments	169	-	-	-
Gain on redemption of short term funds	-	15	-	15
Gain on remeasurement of financial guarantees contracts (Note 41(d))	47	68	-	307
Insurance claims received and receivable	5,732	6,874	-	-
Management fee	4,110	3,128	-	-
Net gain from fair value adjustment of fresh fruit bunches (Note 21)	-	4,490	-	106
Net gain on foreign exchange				
- unrealised	3,944	-	5,343	-
Realised gain from forward currency contracts	1,273	-	-	-
Rent concessions (Note 20)	1	79	1	-
Rental income	1,007	1,138	3,104	3,316
Sales of scrap iron	910	338	-	-
Miscellaneous	1,821	2,872	138	348
	417,515	22,245	8,982	4,245

Rental income

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

NOTES TO THE FINANCIAL STATEMENTS

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11. FINANCE COSTS

Continuing operations

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Interest expense on:				
Amounts due to subsidiaries	-	-	13,625	22,010
Bank overdrafts	34	45	-	-
Bankers' acceptances	636	1,783	-	-
Lease liabilities	187	215	3	3
Revolving credits	4,679	9,582	4,293	8,443
Term loans	15,944	11,626	15,944	11,626
Others	20	17	-	-
	21,500	23,268	33,865	42,082
Islamic financing distribution payment:				
Sukuk Ijarah Medium Term Notes	-	8,623	-	-
Sukuk Murabahah Medium Term Notes	6,607	7,541	-	-
Buy-back premium on Medium Term Notes	3,120	1,819	-	-
Sukuk Murabahah Islamic Commercial Papers	1,330	840	-	-
	11,057	18,823	-	-
Total finance costs	32,557	42,091	33,865	42,082
Less: Interest expense capitalised in bearer plants and forest planting expenditure	(180)	(1,033)	-	(878)
Net finance costs	32,377	41,058	33,865	41,204

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

Interest expense capitalised under bearer plants of the Group amounted to RM53,000 (2021: RM52,000) and under biological assets of the Group and of the Company amounted to RM127,000 (2021: RM981,000) and nil (2021: RM878,000) respectively at interest rates ranging from 6.90% to 7.90% (2021: 3.00% to 6.90%).

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

12. PROFIT BEFORE TAXATION

Continuing operations

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

		Group		Company	
		2022	2021	2022	2021
	Note	RM'000	RM'000	RM'000	RM'000
Amortisation of biological assets	21	1,181	1,181	1,181	1,181
Auditors' remuneration:					
BDO PLT					
- statutory audits:					
- current year		531	520	165	156
- over provision in prior years		-	(2)	-	-
- other services :					
- current year		123	115	73	73
- over provision in prior years		(1)	(1)	-	-
Other auditors					
- statutory audits:					
- current year		327	319	-	-
- under/(over) provision in prior years		4	(53)	-	-
Bad debts written off		241	3,012	-	-
Depreciation of property, plant and equipment		90,725	98,797	2,310	2,224
Depreciation of right-of-use assets		10,076	11,253	68	68
Employee benefits expense	13	113,207	105,954	29,680	27,183
Fair value loss on investment securities		2	2	2	2
Fair value loss on forward currency contracts		3,607	-	3,267	-
Inventories written down	29(d)	13,943	14,191	-	-
Inventories written off	29(c)	5,578	4,136	-	190
Impairment losses on:					
- property, plant and equipment	19	56,253	-	-	-
- goodwill	22	211	-	-	-
- investment in subsidiaries	23(c)	-	-	949	-
Loss from fair value adjustment of forest planting expenditure	21	37,240	9,928	38,189	12,389

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

12. PROFIT BEFORE TAXATION (continued)

Continuing operations (continued)

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

		Group		Company	
		2022	2021	2022	2021
	Note	RM'000	RM'000	RM'000	RM'000
Loss from fair value adjustment of fresh fruit bunches	21	3,383	-	-	-
Loss on disposal of a subsidiary		-	491	-	-
Losses arising from dissolution of subsidiaries		341	-	-	-
Loss on remeasurement of financial guarantee contracts	41(d)	-	-	217	-
Net loss on foreign exchange:					
- realised		29,729	1,743	30,700	186
- unrealised		-	10,755	-	2,561
Non-Executive Directors' remuneration	14	5,596	2,713	1,153	946
Property, plant and equipment written off		454	1,298	1	3
Right-of-use assets written off		193	-	193	-
Realised loss on commodity future contracts		9,072	43,602	-	-
Realised loss on forward currency contracts		-	858	-	-
Rental expenses on premises		260	205	136	137
Waiver of debts owing by subsidiaries		-	-	-	2,421

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

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

(b) Net impairment (losses)/write back on financial assets recognised in profit or loss were as follows:

		Group		Company	
		2022	2021	2022	2021
	Note	RM'000	RM'000	RM'000	RM'000
Impairment losses on:					
- trade receivables	27(a)	(514)	(443)	-	-
- other receivables	27(b)	(5,151)	(3,994)	-	-
- amounts due from subsidiaries	27(c)	-	-	-	(848)
		(5,665)	(4,437)	-	(848)
Write back of impairment losses on:					
- trade receivables	27(a)	1,399	4,267	-	-
- other receivables	27(b)	12	7,995	-	-
- amounts due from subsidiaries	27(c)	-	-	9,719	5,890
		1,411	12,262	9,719	5,890
Net impairment (losses)/write back on financial assets		(4,254)	7,825	9,719	5,042

13. EMPLOYEE BENEFITS EXPENSE**Continuing operations**

		Group		Company	
		2022	2021	2022	2021
	Note	RM'000	RM'000	RM'000	RM'000
Wages and salaries		100,266	96,183	26,716	24,646
Contributions to defined contribution plan		5,216	4,454	2,824	2,539
Social security contributions		8,178	7,567	160	150
Increase/(Decrease) in liability for defined benefit plan		1,077	(528)	-	-
		114,737	107,676	29,700	27,335
Less: Amount capitalised in bearer plants		(773)	(862)	-	-
Less: Amount capitalised in forest planting expenditure	21(a)	(757)	(860)	(20)	(152)
		113,207	105,954	29,680	27,183

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

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 RM7,333,000 (2021: RM6,169,000) and RM6,810,000 (2021: RM6,096,000) respectively as further disclosed in Note 14 to the financial statements.

14. DIRECTORS' REMUNERATION

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

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Executive:					
Salaries and bonus		5,972	5,184	5,907	5,119
Other emoluments		1,361	985	903	977
Total Executive Directors' remuneration (excluding benefits-in-kind)	13	7,333	6,169	6,810	6,096
Estimated money value of benefits-in-kind		422	401	422	401
Total Executive Directors' remuneration (including benefits-in-kind)		7,755	6,570	7,232	6,497
Non-Executive:					
Fees		294	271	276	253
Salaries		4,149	1,480	-	-
Other emoluments		1,153	962	877	693
Total Non-Executive Directors' remuneration (excluding benefits-in-kind)	12	5,596	2,713	1,153	946
Estimated money value of benefits-in-kind		289	230	289	230
Total Non-Executive Directors' remuneration (including benefits-in-kind)		5,885	2,943	1,442	1,176
Total Directors' remuneration		13,640	9,513	8,674	7,673

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

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	
	2022	2021
Executive Directors:		
RM1,350,000 - RM1,400,000	1	-
RM1,450,001 - RM1,500,000	-	1
RM1,750,001 - RM1,800,000	1	1
RM3,300,001 - RM3,350,000	-	1
RM4,600,000 - RM4,650,000	1	-
Non-Executive Directors:		
Below RM50,000	2	2
RM50,001 - RM100,000	3	3
RM350,001 - RM400,000	-	1
RM600,000 - RM650,000	1	-
RM2,300,001 - RM2,350,000	-	1
RM4,950,000 - RM5,000,000	1	-

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

15. TAXATION

Continuing operations

(a) Major components of taxation

The major components of taxation for the financial years ended 31 December 2022 and 31 December 2021 are:

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Statements of comprehensive income:				
Current income tax:				
- Malaysian income tax	7,237	9,725	-	-
- Foreign tax	57,473	41,181	-	-
- Real Property Gains Tax ("RPGT")	15,102	-	-	-
	79,812	50,906	-	-
(Over)/Under provision in prior years:				
- Malaysian income tax	(204)	(236)	-	-
- Foreign income tax	451	-	-	-
	247	(236)	-	-
Deferred tax				
- Origination and reversal of temporary differences	(47,938)	(894)	(8,745)	(2,147)
- Under provision in prior years	183	2,295	465	114
	(47,755)	1,401	(8,280)	(2,033)
Taxation recognised in profit and loss	32,304	52,071	(8,280)	(2,033)

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2021: 24%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

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

(b) Reconciliation between taxation and accounting profit

The reconciliation between taxation and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 December 2022 and 31 December 2021 is as follows:

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Profit before tax	557,297	254,084	81,711	26,800
Tax at Malaysian statutory tax rate of 24% (2021: 24%)	133,751	60,980	19,610	6,432
Different tax rates in other countries	(10,755)	(4,136)	-	-
Tax effects in respect of:				
Non-deductible expenses	24,474	13,732	19,030	14,769
Income not subject to taxation	(90,100)	(5,665)	(47,385)	(23,348)
Share of profit of associate	(4,434)	(4,557)	-	-
Share of profit of joint ventures	(7,589)	(8,614)	-	-
Effect of utilisation of previously unrecognised tax losses and unabsorbed allowances	(211)	(1,053)	-	-
Effect of different tax rate for small and medium scale company	(14)	(11)	-	-
Effect of investment cost in subsidiaries eligible for tax deduction	(840)	(874)	-	-
Crystallisation of deferred tax upon disposal of assets held for sale	(33,651)	-	-	-
Deferred tax assets not recognised	6,141	210	-	-
Real Property Gain Tax ("RPGT")	15,102	-	-	-
Under/(Over) provision of income tax expense in prior years	247	(236)	-	-
Under provision of deferred tax in prior years	183	2,295	465	114
Taxation recognised in profit and loss	32,304	52,071	(8,280)	(2,033)

The above reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

15. TAXATION (continued)

Continuing operations (continued)

(c) Value-added tax ("VAT")

Revenue, expenses and assets are recognised net of the amount of VAT except:

- (i) Where the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable, and
- (ii) Receivables and payables that are stated with the amount of VAT included.

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the consolidated statement of financial position.

(d) Tax effect on each component of other comprehensive income is as follows:

	Before tax RM'000	Tax effect RM'000	After tax RM'000
Group			
At 31 December 2022			
Item that may be reclassified to profit or loss in subsequent periods:			
Foreign currency translations	(53,856)	-	(53,856)
Reclassification of exchange translation reserve to profit or loss arising from dissolution of foreign subsidiaries	339	-	339
	(53,517)	-	(53,517)
Item that may not be reclassified to profit or loss in subsequent periods:			
Remeasurement of net retirement benefit obligations	1,340	(263)	1,077
At 31 December 2021			
Item that may be reclassified to profit or loss in subsequent periods:			
Foreign currency translations	36,261	-	36,261
Reclassification of exchange translation reserve to profit or loss upon disposal of a foreign subsidiary	(1,749)	-	(1,749)
	34,512	-	34,512
Item that may not be reclassified to profit or loss in subsequent periods:			
Remeasurement of net retirement benefit obligations	1,456	(276)	1,180

NOTES TO THE FINANCIAL STATEMENTS

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16. DISCONTINUED OPERATIONS

In the previous financial year, on 6 July 2021, the Company entered into a sale and purchase agreement with Sharikat Keratong Sdn. Bhd. for the disposal of an oil palm estate for a total consideration of RM76,000,000.

The disposals were completed during the financial year.

Disposal of the only oil palm estate of the Company represents a discontinued operation as it represents a separate major line of business of the Company. The analysis of the results of the discontinued operation is as follows:

		Company	
		2022	2021
	Note	RM'000	RM'000
Revenue		2,036	6,159
Expenses		(671)	(2,042)
Gain on disposal of assets held for sale		13,822	-
Profit before tax	16.1	15,187	4,117
Taxation	16.2	9,674	(706)
Profit for the financial year from discontinued operations, net of tax		24,861	3,411

16.1 Profit before tax

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

	Company	
	2022	2021
	RM'000	RM'000
After charging:		
Depreciation of property, plant and equipment	-	152
Depreciation of right-of-use assets	-	169
Employee benefits expense	230	1,154
Inventories written-off	3	275
Loss on fair value adjustments of fresh fruit bunches	201	-
Property, plant and equipment written-off	11	-

- (a) Employee benefits expense capitalised in bearer plants amounted to RM51,000 (2021: RM322,000).
- (b) During the financial year, the amount of inventories recognised as an expense in cost of sales of the Company is RM310,000 (2021: RM1,145,000).

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

16. DISCONTINUED OPERATIONS (continued)

16.2 Taxation

	Company	
	2022	2021
	RM'000	RM'000
Statements of comprehensive income:		
Current income tax:		
- Malaysian income tax	-	-
- Real Property Gain Tax ("RPGT")	2,420	-
	2,420	-
Deferred tax		
- (Reversal)/Origination of temporary differences	(11,696)	939
- Over provision in prior year	(398)	(233)
	(12,094)	706
Taxation recognised in profit or loss	(9,674)	706

16.3 Cash flows attributable to discontinued operations

	Company	
	2022	2021
	RM'000	RM'000
Net cash (used in)/from operating activities	(840)	4,713
Net cash from/(used in) investing activities	76,116	(1,283)
	75,276	3,430

17. EARNINGS PER ORDINARY SHARE

(a) Basic

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

	Group	
	2022	2021
Profit attributable to owners of the Company used in the computation of basic or diluted earnings per share (RM'000)	456,407	169,415
Weighted average number of ordinary shares in issue ('000)	1,380,174	1,380,174
Basic earnings per ordinary share (sen)	33.07	12.27

NOTES TO THE FINANCIAL STATEMENTS

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17. EARNINGS PER ORDINARY SHARE (continued)

(b) Diluted

Diluted earnings per ordinary share for the financial year is calculated by dividing the profit attributable to owners of the Company for the financial year by the weighted average number of ordinary shares outstanding during the financial year adjusted for the effects of dilutive potential ordinary shares.

There have been no other transactions involving ordinary shares or potential ordinary shares between the end of the reporting period and the date of authorisation of these financial statements.

18. DIVIDENDS

	Group and Company	
	2022	2021
	RM'000	RM'000
Recognised during the year:		
First and final single tier dividend for financial year ended 31 December 2021 of 3.0 sen per ordinary share	41,406	-
First interim single tier dividend for financial year ended 31 December 2022 of 8.0 sen per ordinary share	110,414	-
First and final single tier dividend for financial year ended 31 December 2020 of 1.5 sen per ordinary share	-	20,703
	151,820	20,703

At the forthcoming Annual General Meeting, a final single tier dividend in respect of the financial year ended 31 December 2022 of 2.5 sen per ordinary share will be proposed for shareholders' approval in accordance with the Company's Constitution. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2023.

NOTES TO THE FINANCIAL STATEMENTS

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19. PROPERTY, PLANT AND EQUIPMENT

Group	Bearer plants RM'000	Plantation infrastructure RM'000	Buildings RM'000	Motor vehicles RM'000	Plant, machinery and equipment RM'000	Furniture, fittings and renovation RM'000	Assets under construction RM'000	Total RM'000
2022								
Carrying amount								
Balance as at 1 January 2022	1,156,826	62,874	236,542	2,594	105,401	34,033	11,942	1,610,212
Additions	10,510	2,584	624	8,438	15,837	1,110	22,570	61,673
Disposals	(28,953)	-	(51)	(788)	(726)	(25)	-	(30,543)
Write-offs	-	(41)	(91)	-	(300)	(22)	-	(454)
Reclassifications	-	5,213	3,481	-	14,257	264	(23,215)	-
Reclassified to assets held for sale (Note 35)	(187,565)	(1,671)	(6,571)	(1)	(546)	(62)	-	(196,416)
Impairment for the financial year	(17,414)	-	(34,040)	-	(4,799)	-	-	(56,253)
Depreciation charged for the financial year	(44,347)	(9,156)	(13,281)	(2,577)	(20,565)	(1,202)	-	(91,128)
Exchange differences	(34,003)	(1,703)	(2,818)	(256)	(1,413)	(14)	(328)	(40,535)
Balance as at 31 December 2022	855,054	58,100	183,795	7,410	107,146	34,082	10,969	1,256,556

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

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
2021								
Carrying amount								
Balance as at 1 January 2021	873,474	34,407	229,235	3,861	112,818	34,167	12,111	1,300,073
Additions	9,220	211	4,401	1,551	11,376	1,090	14,563	42,412
Disposals	-	-	-	(401)	(413)	-	-	(814)
Write-offs	(62)	(24)	(904)	-	(288)	(20)	-	(1,298)
Reclassifications	-	5,955	4,336	-	3,639	-	(13,930)	-
Reclassified from assets held for sale (Note 35 (e))	301,520	30,785	27,793	285	4,688	141	-	365,212
Reclassified to assets held for sale (Note 35)	-	(198)	(16,448)	(647)	(5,213)	(254)	(845)	(23,605)
Depreciation charged for the financial year	(50,949)	(9,358)	(14,298)	(2,085)	(21,746)	(1,111)	-	(99,547)
Exchange differences	23,623	1,096	2,427	30	540	20	43	27,779
Balance as at 31 December 2021	1,156,826	62,874	236,542	2,594	105,401	34,033	11,942	1,610,212

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

19. PROPERTY, PLANT AND EQUIPMENT (continued)

At 31.12.2022				
Group	Cost RM'000	Accumulated depreciation RM'000	Accumulated impairment losses RM'000	Carrying amount RM'000
Bearer plants	1,129,304	(257,720)	(16,530)	855,054
Plantation infrastructure	128,608	(70,508)	-	58,100
Buildings	348,599	(130,764)	(34,040)	183,795
Motor vehicles	45,158	(37,748)	-	7,410
Plant, machinery and equipment	436,774	(324,829)	(4,799)	107,146
Furniture, fittings and renovation	59,359	(24,252)	(1,025)	34,082
Assets under construction	195,833	-	(184,864)	10,969
	2,343,635	(845,821)	(241,258)	1,256,556

At 31.12.2021				
Group	Cost RM'000	Accumulated depreciation RM'000	Accumulated impairment losses RM'000	Carrying amount RM'000
Bearer plants	1,409,513	(252,687)	-	1,156,826
Plantation infrastructure	127,887	(65,013)	-	62,874
Buildings	361,408	(124,866)	-	236,542
Motor vehicles	44,204	(41,610)	-	2,594
Plant, machinery and equipment	426,021	(320,620)	-	105,401
Furniture, fittings and renovation	60,201	(25,143)	(1,025)	34,033
Assets under construction	196,806	-	(184,864)	11,942
	2,626,040	(829,939)	(185,889)	1,610,212

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

19. PROPERTY, PLANT AND EQUIPMENT (continued)

Company	Plantation infrastructure RM'000	Buildings RM'000	Motor vehicles RM'000	Plant, machinery and equipment RM'000	Furniture, fittings and renovation RM'000	Assets under construction RM'000	Total RM'000
2022							
Carrying amount							
Balance as at 1 January 2022	10,969	37,016	652	889	2,421	1,942	53,889
Additions	-	-	1,076	606	257	-	1,939
Disposals	-	-	(66)	(1)	-	-	(67)
Write-offs	-	-	-	(1)	-	-	(1)
Depreciation charged for the financial year	(163)	(1,041)	(303)	(407)	(397)	-	(2,311)
Balance as at 31 December 2022	10,806	35,975	1,359	1,086	2,281	1,942	53,449

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

19. PROPERTY, PLANT AND EQUIPMENT (continued)

Company	Bearer plants RM'000	Plantation infrastructure RM'000	Buildings RM'000	Motor vehicles RM'000	Plant, machinery and equipment RM'000	Furniture, fittings and renovation RM'000	Assets under construction RM'000	Total RM'000
2021								
Carrying amount								
Balance as at 1 January 2021	12,540	11,197	41,952	1,110	1,242	2,460	1,987	72,488
Additions	1,519	-	-	350	280	381	39	2,569
Disposals	-	-	-	(316)	-	-	-	(316)
Write-offs	-	-	-	-	(3)	-	-	(3)
Reclassifications	-	-	62	-	22	-	(84)	-
Reclassified to assets held for sale (Note 35)	(13,958)	(63)	(3,897)	(111)	(172)	(83)	-	(18,284)
Depreciation charged for the financial year	(101)	(165)	(1,101)	(381)	(480)	(337)	-	(2,565)
Balance as at 31 December 2021	-	10,969	37,016	652	889	2,421	1,942	53,889

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

19. PROPERTY, PLANT AND EQUIPMENT (continued)

Company	At 31.12.2022		
	Cost RM'000	Accumulated depreciation RM'000	Carrying amount RM'000
Plantation infrastructure	13,144	(2,338)	10,806
Buildings	51,181	(15,206)	35,975
Motor vehicles	9,642	(8,283)	1,359
Plant, machinery and equipment	13,800	(12,714)	1,086
Furniture, fittings and renovation	12,447	(10,166)	2,281
Assets under construction	1,942	-	1,942
	102,156	(48,707)	53,449

Company	At 31.12.2021		
	Cost RM'000	Accumulated depreciation RM'000	Carrying amount RM'000
Plantation infrastructure	13,144	(2,175)	10,969
Buildings	51,181	(14,165)	37,016
Motor vehicles	10,327	(9,675)	652
Plant, machinery and equipment	13,243	(12,354)	889
Furniture, fittings and renovation	12,355	(9,934)	2,421
Assets under construction	1,942	-	1,942
	102,192	(48,303)	53,889

- (a) All items of property, plant and equipment are initially recorded at cost. After initial recognition, property, plant and equipment are stated at cost less any accumulated depreciation and any accumulated impairment losses.
- (b) Bearer plants are living plants that are used in the production or supply of agriculture produce for more than one period and have remote likelihood of being sold as agriculture produce, except for incidental scrap sales. The bearer plants that are available for use are measured at cost less accumulated depreciation and any accumulated impairment losses. Cost includes plantation expenditure, which represents the total cost incurred from land clearing to the point of harvesting. The mature bearer plants are depreciated over their estimated useful lives of twenty-two (22) to twenty-five (25) years on a straight-line basis. The immature bearer plants are not depreciated until such time when they are available for use.

Depreciation of other property, plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life, at the following annual rates:

Plantation infrastructure	4%
Buildings	2%
Motor vehicles	10% to 20%
Plant, machinery and equipment	5% to 33%
Furniture, fittings and renovation	5% to 10%

Assets under construction are stated at cost and not depreciated as the assets are not yet available for use.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

19. PROPERTY, PLANT AND EQUIPMENT (continued)

- (c) Depreciation capitalised under bearer plants and biological assets during the financial year was as follows:

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
<u>Property, plant and equipment</u>				
Bearer plants (Note 19(d))	304	457	-	-
<u>Biological assets</u>				
Forest planting expenditure (Note 21(a))	99	234	1	130

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

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Depreciation of property, plant and equipment (Note 19(c))	304	457	-	-
Depreciation of right-of-use assets (Note 20(d))	317	360	-	-
Interest expense	53	52	-	-
Employee benefits expense	773	540	-	-

- (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	
	2022	2021
	RM'000	RM'000
Depreciation rate		
- increased by 10%	(2,057)	(2,175)
- decreased by 10%	2,057	2,175

- (f) The Group assessed whether there were any indicators of impairment of property, plant and equipment during the financial year. In doing this, management considered the current environment and performance of the Cash Generating Units ("CGUs"). Management considered the losses in certain subsidiaries in the current financial year as impairment indicators.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

19. PROPERTY, PLANT AND EQUIPMENT (continued)

- (f) A CGU's recoverable amount is based on value-in-use. Management has made estimates about the future results and key assumptions applied to cash flow projections of the CGUs. These key assumptions are applied to cash flow projections of the CGUs and include forecast growth in future revenue, as well as determining an appropriate pre-tax discount rate, after taking into consideration the effects of increasing OPR in Malaysia and interest rate in Indonesia, where applicable, to the CGU.

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

- (i) The CPO price and pre-tax discount rate applied to the cash flow projections are as follows:

	2022	2021
CPO price (RM/MT)	3,800	3,600
Pre-tax discount rates (%)	10.00 - 13.00	9.00 - 11.50

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

CPO price - CPO price is based on average historical prices in the previous financial year immediately before the budgeted period.

FFB yields - FFB yields are based on the average yields achieved in the previous financial year immediately before the budgeted period.

Pre-tax discount rates - Discount rates reflect the current market assessment of the risks specific to each CGU after taking into consideration the effects of increasing OPR in Malaysia and interest rate in Indonesia, where applicable.

The Group had determined that the recoverable amount of the bearer plant in respect of a loss making subsidiary in Indonesia is lower than its carrying amount. Accordingly, impairment loss amounted to RM17,414,000 has been recognised within other expenses in the Statements of Comprehensive Income during the financial year.

Sensitivity to changes in assumptions

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

- (g) The Group had determined that the recoverable amounts of certain plant, machinery and equipment and buildings in relation to others segment of the Group were lower than their carrying amounts mainly due to cessation of an operation engaged in hiring business. Accordingly, impairment losses amounted to RM34,040,000 on buildings and RM4,799,000 on plant, machinery and equipment have been recognised within other expenses in the Statements of Comprehensive Income during the financial year.
- (h) In the previous financial year, the Company disposed motor vehicles with carrying amounts of RM316,000 to its subsidiaries for a consideration of RM356,000.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

20. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The Group and the Company as lessee

Right-of-use assets

	Long term leasehold land	Land use rights	Short term leasehold land	Equipment	Buildings	Motor vehicle	Total
Group	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2022							
Carrying amount							
At 1 January 2022	86,647	198,293	499	88	3,322	32	288,881
Additions	-	20,586	369	-	592	-	21,547
Disposals	-	(28,948)	-	-	-	-	(28,948)
Write-offs	(193)	-	-	-	-	-	(193)
Depreciation charged for the financial year	(1,580)	(7,728)	(139)	(26)	(902)	(32)	(10,407)
Reclassified to assets held for sale (Note 35)	-	(9,094)	-	-	-	-	(9,094)
Exchange differences	-	(4,802)	-	-	13	-	(4,789)
Reassessments	-	-	(19)	35	(1,931)	-	(1,915)
At 31 December 2022	84,874	168,307	710	97	1,094	-	255,082

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

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

The Group and the Company as lessee (continued)

Right-of-use assets (continued)

Group	Long term leasehold land RM'000	Land use rights RM'000	Short term leasehold land RM'000	Equipment RM'000	Buildings RM'000	Motor vehicle RM'000	Total RM'000
2021							
Carrying amount							
At 1 January 2021	214,792	171,868	688	97	3,969	68	391,482
Additions	-	947	-	-	35	-	982
Depreciation charged for the financial year	(2,505)	(8,339)	(189)	(9)	(744)	(36)	(11,822)
Reclassified from assets held for sale (Note 35 (e))	-	30,650	-	-	-	-	30,650
Reclassified to assets held for sale (Note 35)	(125,640)	-	-	-	-	-	(125,640)
Exchange differences	-	3,167	-	-	3	-	3,170
Reassessments	-	-	-	-	59	-	59
At 31 December 2021	86,647	198,293	499	88	3,322	32	288,881

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

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

The Group and the Company as lessee (continued)

Right-of-use assets (continued)

Group	At 31.12.2022		
	Cost RM'000	Accumulated depreciation RM'000	Carrying amount RM'000
Long term leasehold land	99,818	(14,944)	84,874
Land use rights	262,209	(93,902)	168,307
Short term leasehold land	826	(116)	710
Equipment	238	(141)	97
Buildings	3,285	(2,191)	1,094
Motor vehicle	176	(176)	-
	366,552	(111,470)	255,082

Group	At 31.12.2021		
	Cost RM'000	Accumulated depreciation RM'000	Carrying amount RM'000
Long term leasehold land	100,095	(13,448)	86,647
Land use rights	292,867	(94,574)	198,293
Short term leasehold land	1,506	(1,007)	499
Equipment	203	(115)	88
Buildings	6,052	(2,730)	3,322
Motor vehicle	176	(144)	32
	400,899	(112,018)	288,881

Company	Long term leasehold land RM'000	Equipment RM'000	Total RM'000
2022			
Carrying amount			
At 1 January 2022	8,468	68	8,536
Lease reassessment	-	35	35
Write-offs	(193)	-	(193)
Depreciation charged for the financial year	(41)	(27)	(68)
At 31 December 2022	8,234	76	8,310

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

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

Company	Long term leasehold land RM'000	Equipment RM'000	Total RM'000
2021			
Carrying amount			
At 1 January 2021	50,177	95	50,272
Depreciation charged for the financial year	(406)	(27)	(433)
Reclassified to assets held for sale (Note 35)	(41,303)	-	(41,303)
At 31 December 2021	8,468	68	8,536

At 31.12.2022			
Company	Cost RM'000	Accumulated depreciation RM'000	Carrying amount RM'000
Long term leasehold land	8,872	(638)	8,234
Equipment	202	(126)	76
	9,074	(764)	8,310

At 31.12.2021			
Company	Cost RM'000	Accumulated depreciation RM'000	Carrying amount RM'000
Long term leasehold land	9,148	(680)	8,468
Equipment	202	(134)	68
	9,350	(814)	8,536

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

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

The Group and the Company as lessee (continued)

Lease liabilities

Group	Short term leasehold land RM'000	Equipment RM'000	Buildings RM'000	Motor vehicle RM'000	Total RM'000
2022					
Carrying amount					
At 1 January 2022	982	70	3,037	38	4,127
Additions	369	-	548	-	917
Lease payments	(194)	(29)	(960)	(39)	(1,222)
Interest expense	45	3	138	1	187
Reassessments	(27)	35	(2,092)	-	(2,084)
Rent concessions	-	(1)	-	-	(1)
Exchange difference	-	-	11	-	11
At 31 December 2022	1,175	78	682	-	1,935

2021

Carrying amount					
At 1 January 2021	1,126	97	3,629	68	4,920
Additions	-	-	35	-	35
Lease payments	(190)	(31)	(770)	(32)	(1,023)
Interest expense	46	4	163	2	215
Reassessments	-	-	59	-	59
Rent concessions*	-	-	(79)	-	(79)
At 31 December 2021	982	70	3,037	38	4,127

Company	Equipment RM'000
2022	
Carrying amount	
At 1 January 2022	70
Lease payments	(29)
Interest expense	3
Reassessment	35
Rent concessions	(1)
At 31 December 2022	78

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

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

Company	Equipment RM'000
2021	
Carrying amount	
At 1 January 2021	97
Lease payments	(30)
Interest expense	3
At 31 December 2021	70

* In the previous financial year, variable lease payments arose from COVID-19 related rent concessions recognised in other operating income were RM79,000.

Represented by:

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Non-current liabilities	1,320	3,188	56	45
Current liabilities	615	939	22	25
Total lease liabilities	1,935	4,127	78	70
Lease liabilities owing to financial institutions	-	38	-	-
Lease liabilities owing to non-financial institutions	1,935	4,089	78	70
	1,935	4,127	78	70

- (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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

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

The Group and the Company as lessee (continued)

- (a) The right-of-use assets are depreciated on the straight-line basis over the earlier of the estimated useful lives of the right-of-use assets or the end of the lease term. The principal depreciation periods are as follows:

Long term leasehold land	over the remaining lease period from 34 to 908 years
Land use rights	over the lease period from 20 to 30 years
Short term leasehold land	over the lease period from 4 to 20 years
Equipment	over the lease period from 2 to 6 years
Buildings	over the lease period from 2 to 5 years
Motor vehicle	over the lease period of 5 years

- (b) Included in land use rights of the Group are prepayments amounting to RM34,083,000 (2021: RM34,503,000), which the Group has yet to obtain the titles to use the rights as at the end of the reporting period.
- (c) The Group and the Company have certain leases of machineries with lease term of 12 months or less, and low value leases of office equipment of RM5,000 and below. The Group and the Company apply the "short-term lease" and "lease of low-value assets" exemptions for these leases.
- (d) Depreciation capitalised under bearer plants and biological assets during the financial year is as follows:

	Group	
	2022	2021
	RM'000	RM'000
<u>Property, plant and equipment</u>		
Bearer plants (Note 19(d))	317	360
<u>Biological assets</u>		
Forest planting expenditure (Note 21(a))	14	13

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

	Group	
	2022	2021
	RM'000	RM'000
Depreciation charge of right-of-use assets (included in cost of sales and administrative expenses)	10,076	11,253
Interest expense on lease liabilities (included in finance costs)	187	215
Expense relating to short-term leases (included in administration expenses)	260	205
Rent concessions	(1)	(79)
	10,522	11,594

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)**

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

	Company	
	2022	2021
	RM'000	RM'000
Depreciation charge of right-of-use assets (included in cost of sales and administrative expenses)	68	68
Interest expense on lease liabilities (included in finance costs)	3	3
Expense relating to short-term leases (included in administration expenses)	136	137
Rent concessions	(1)	-
	206	208

- (f) During the financial year, the Group and the Company had total cash outflows for leases of RM1,482,000 (2021: RM1,228,000) and RM165,000 (2021: RM167,000) respectively.
- (g) The Group and the Company lease several lease contracts that included extension and termination options. These were used to maximise operational flexibility in terms of managing the assets used in the operations of the Group and the Company. Management exercised significant judgement in determining whether these extension and termination options were reasonably certain to be exercised.

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

	Within five years	Total
Group and Company	RM'000	RM'000
2021		
Extension options expected not to be exercised	25	25

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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:

Group	Weighted average incremental borrowing rate per annum %	Within one year RM'000	One to two years RM'000	Two to five years RM'000	More than five years RM'000	Total RM'000
31 December 2022						
Lease liabilities						
Fixed rates	2.35% - 5.58%	615	394	440	486	1,935
31 December 2021						
Lease liabilities						
Fixed rates	2.35% - 5.58%	939	898	1,913	377	4,127
Company						
31 December 2022						
Lease liabilities						
Fixed rate	3.92%	22	24	32	-	78
31 December 2021						
Lease liabilities						
Fixed rate	4.27%	25	15	30	-	70

- (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.

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)**

- (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:

	On demand or within one year RM'000	One to five years RM'000	More than five years RM'000	Total RM'000
Group				
31 December 2022				
Lease liabilities	700	977	564	2,241
31 December 2021				
Lease liabilities	1,112	3,026	539	4,677
Company				
31 December 2022				
Lease liabilities	25	59	-	84
31 December 2021				
Lease liabilities	27	48	-	75

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)

(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	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
At 1 January	4,127	4,920	70	97
Additions	917	35	-	-
Cash flows				
- Payments of lease liabilities	(1,035)	(808)	(26)	(27)
- Payments of lease interest	(187)	(215)	(3)	(3)
Non-cash flows				
- Interest expense	187	215	3	3
- Reassessments	(2,084)	59	35	-
- Rent concessions	(1)	(79)	(1)	-
- Exchange differences	11	-	-	-
At 31 December	1,935	4,127	78	70

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	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Not later than 1 year	836	878	805	843
Later than 1 year but not later than 2 years	497	782	497	759
Later than 2 years but not later than 3 years	138	470	138	470
Later than 3 years but not later than 4 years	62	-	62	-
	1,533	2,130	1,502	2,072

NOTES TO THE FINANCIAL STATEMENTS

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21. BIOLOGICAL ASSETS

Group	Forest planting expenditure (At fair value) RM'000	Forest planting expenditure (At cost) RM'000	Total RM'000
Non-current assets			
At cost/valuation			
At 1 January 2022	311,017	95,650	406,667
Additions during the financial year	2,501	-	2,501
Loss from fair value adjustment (Note 12)	(37,240)	-	(37,240)
At 31 December 2022	276,278	95,650	371,928
At 1 January 2021	316,820	95,650	412,470
Additions during the financial year	4,125	-	4,125
Loss from fair value adjustment (Note 12)	(9,928)	-	(9,928)
At 31 December 2021	311,017	95,650	406,667
Accumulated amortisation			
At 1 January 2022	-	(5,905)	(5,905)
Amortisation for the year:			
Recognised in profit or loss (Note 12)	-	(1,181)	(1,181)
At 31 December 2022	-	(7,086)	(7,086)
At 1 January 2021	-	(4,724)	(4,724)
Amortisation for the year:			
Recognised in profit or loss (Note 12)	-	(1,181)	(1,181)
At 31 December 2021	-	(5,905)	(5,905)
Net carrying amount:			
At cost/valuation			
At 31 December 2022	276,278	88,564	364,842
At 31 December 2021	311,017	89,745	400,762

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

21. BIOLOGICAL ASSETS (continued)

Company	Forest planting expenditure (At fair value) RM'000	Forest planting expenditure (At cost) RM'000	Total RM'000
Non-current assets			
At cost/valuation			
At 1 January 2022	220,881	95,650	316,531
Additions during the financial year	618	-	618
Loss from fair value adjustment (Note 12)	(38,189)	-	(38,189)
At 31 December 2022	183,310	95,650	278,960
At 1 January 2021	231,019	95,650	326,669
Additions during the financial year	2,251	-	2,251
Loss from fair value adjustment (Note 12)	(12,389)	-	(12,389)
At 31 December 2021	220,881	95,650	316,531
Accumulated amortisation			
At 1 January 2022	-	(5,905)	(5,905)
Amortisation for the year:			
Recognised in profit or loss (Note 12)	-	(1,181)	(1,181)
At 31 December 2022	-	(7,086)	(7,086)
At 1 January 2021	-	(4,724)	(4,724)
Amortisation for the year:			
Recognised in profit or loss (Note 12)	-	(1,181)	(1,181)
At 31 December 2021	-	(5,905)	(5,905)
Net carrying amount:			
At cost/valuation			
At 31 December 2022	183,310	88,564	271,874
At 31 December 2021	220,881	89,745	310,626

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

21. BIOLOGICAL ASSETS (continued)

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Current assets				
At fair value				
<u>Fresh fruit bunches</u>				
At beginning of financial year	17,346	9,251	201	95
Changes in fair value less costs to sell	(3,383)	4,490	(201)	106
Reclassified from assets held for sale (Note 35 (e))	-	3,334	-	-
Exchange differences	(432)	271	-	-
At end of financial year	13,531	17,346	-	201

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

(a) Forest planting expenditure

- (i) Forest planting expenditure represents Industrial Timber Plantation expenses incurred on the development of the Group's Sustainable Forest Management Project under a Sustainable Forest Management License Agreement with the State Government of Sabah, in respect of a long term concession for 95,000 hectares of timber land under Forest Management Unit at Ulu Tungud, Sabah. This is carried at its fair value with changes in fair value recognised in profit or loss.

During the current financial year, the Group had carried out a valuation exercise to reflect the fair value of the Group's forest planting expenditure within the Industrial Timber Plantation area. CH Williams Talhar & Wong conducted the latest valuation exercise with a valuation report for the valuation as at 31 December 2022.

For areas beyond the Industrial Timber Plantation, direct and related cost incurred and capitalised under biological assets will be amortised over the remaining concession period.

- (ii) The methods and assumptions used by management to determine fair values are as follows:

Investment method is adopted to value forest planting expenditure within the Industrial Timber Plantation area. For rubber, the annual income from latex is estimated based on yield and long term average price of the crop. Thereafter, the cost of production is deducted and the net income is derived. In the final year, the value of rubberwood that could be harvested from the old rubber trees to be felled before replanting is added. The whole income flow from latex and from the rubberwood in the last year is then capitalised using the net present value, discounted at the appropriate rate of return for the remaining cropping life of the rubber trees to obtain the value of the present crops.

For the other plantation trees, the present tree crop is valued as profits from timber extraction and sales obtained by deducting the production costs from sales revenue. This is discounted at the appropriate rate of return to obtain the value of the present tree crop. For both the rubber and the other plantation trees, the scrub value (infrastructure value only, and excluding land cost) to which the land reverts at the end of the economic life of the cultivations, deferred (discounted) for the period is then added to the value of the present crops. The fair value is derived from deducting the value of the infrastructures from the market value of the trees.

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21. BIOLOGICAL ASSETS (continued)

(a) Forest planting expenditure (continued)

(ii) The methods and assumptions used by management to determine fair values are as follows (continued):

Biological assets	Valuation technique used	Significant unobservable inputs	Range	Inter-relationship between key unobservable inputs and fair value
Forest planting expenditure within the Industrial Timber Plantation area	Investment method	(a) Discount rate	2022: 10% - 15% (2021: 10% - 15%)	The higher the discount rate, the lower the fair value.
		(b) Estimated yield	2022: 750 - 1,960	The higher the yield rate, the higher the fair value.
		- rubber (kg/Ha)	(2021: 490 - 1,960)	
		- wood/timber (M ³ /Ha)	2022: 108 - 144 (2021: 108 - 144)	
		(c) Estimated price	2022: 6.50	The higher the price, the higher the fair value.
		- rubber (RM/KG)	(2021: 6.50)	
		- wood/timber (RM/M ³)	2022: 350 - 425 (2021: 350 - 425)	

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

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Depreciation of property, plant and equipment (Note 19(c))	99	234	1	130
Depreciation of right-of-use assets (Note 20(d))	14	13	-	-
Interest expense (Note 11)	127	981	-	878
Employee benefits expense (Note 13)	757	860	20	152

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

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21. BIOLOGICAL ASSETS (continued)

(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 924,000 tonnes and 2,000 tonnes (2021: 919,000 tonnes and 8,000 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 RM2,117,000 and Nil (2021: RM2,521,000 and RM28,000) respectively.

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

- (c) Carrying amounts of biological assets pledged as securities for liabilities amounted to approximately RM116,883,000 (2021: RM118,208,000).

22. INTANGIBLE ASSETS

Goodwill

Group	RM'000
Cost:	
At 31 December 2020 and 1 January 2021	53,613
Reclassified from assets held for sale (Note 35 (e))	6,790
Reclassified to assets held for sale (Note 35)	(4,907)
Exchange differences	651
At 31 December 2021 and 1 January 2022	56,147
Exchange differences	(1,086)
At 31 December 2022	55,061
Accumulated impairment:	
At 31 December 2021 and 1 January 2022	(4,500)
Impairment during the financial year	(211)
At 31 December 2022	(4,711)
Net carrying amount	
At 31 December 2022	50,350
At 31 December 2021	51,647

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22. INTANGIBLE ASSETS (continued)

Goodwill (continued)

Impairment tests for goodwill

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

	Group	
	2022 RM'000	2021 RM'000
Segments:		
Palm products	45,792	46,906
Others	4,558	4,741
	50,350	51,647

The recoverable amounts of the CGU have been determined based on value-in-use calculations using cash flow projections from financial budgets approved by management covering a five-year period. For palm product companies, cash flows projections are extrapolated to a period of up to twenty-three (23) years, which would cover the major life cycle of oil palm trees. Whilst for other companies, cash flows projections are extrapolated to the average economic useful lives of the assets.

Growth rate for the plantation segment are determined based on the management's estimate of commodity prices, FFB yields, oil extraction rates and also cost of productions whilst growth rates of other segments are determined based on the industry trends and past performances of the segments, after taking into consideration the effects of increasing OPR in Malaysia and interest rate in Indonesia, where applicable.

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

	2022	2021
CPO price (RM/MT)	3,800	3,600
Pre-tax discount rates (%)	10.00 - 13.00	9.00 - 11.50

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

Palm products segment:

CPO price - CPO price is based on average historical price in the previous financial year immediately before the budgeted period.

FFB yields - FFB yields are based on the average yields achieved in the previous financial year immediately before the budgeted period.

Pre-tax discount rates - Discount rates reflect the current market assessment of the risks specific to each CGU after taking into consideration the effects of increasing OPR in Malaysia and interest rate in Indonesia, where applicable.

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22. INTANGIBLE ASSETS (continued)

Goodwill (continued)

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

Others segment:

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

Pre-tax discount rates - Discount rates reflect the current market assessment of the risks specific to each CGU after taking into consideration the effects of increasing OPR in Malaysia.

Impairment losses on goodwill amounting to RM211,000 have been recognised within other expenses in the Statements of Comprehensive Income during the financial year.

Sensitivity to changes in assumptions

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

23. INVESTMENTS IN SUBSIDIARIES

	Company	
	2022	2021
	RM'000	RM'000
Unquoted shares, at cost:		
In Malaysia	236,841	236,841
Outside Malaysia	39,252	39,991
	276,093	276,832
ESOS granted to employees of subsidiaries	2,446	2,446
Non-cumulative redeemable convertible preference shares	538,863	615,307
	817,402	894,585
Less: Impairment losses	(9,072)	(8,862)
	808,330	885,723

- 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.
- 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.

NOTES TO THE FINANCIAL STATEMENTS

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23. INVESTMENTS IN SUBSIDIARIES (continued)

- (c) Impairment losses on investments in subsidiaries amounting to RM949,000 (2021: nil) have been recognised within other expenses in the Statement of Comprehensive Income during the financial year in respect of certain subsidiaries due to continuous losses making of these subsidiaries. The net carrying amounts of investments in these subsidiaries amounted to RM11,379,000 as at 31 December 2022 (2021: RM10,344,000).
- (d) During the financial year, the Company:
- (i) subscribed for an additional 1,984,500 non-cumulative redeemable convertible preference shares in GlobeFlex Advisory Sdn. Bhd. for a total subscription consideration of RM1,984,500 by cash.
 - (ii) redeemed 78,428,000 non-cumulative redeemable convertible preference shares in TSH Logistics Sdn. Bhd. at the total redemption amount of RM78,428,000 by cash.
 - (iii) struck off TSH Sukuk Ijarah Sdn. Bhd., which was the direct subsidiary of the Company from the register of Companies Commission of Malaysia upon the application by the Company. The members' voluntary winding up of the subsidiary did not have any material impact on the financial statements of the Company.
- (e) In the previous financial year, the Company:
- (i) subscribed a total of 1,625 shares, representing 65% of the entire issued and paid-up capital of PT Sejahtera Aman Sejati for a total subscription consideration of IDR1.625 billion (or equivalent to RM468,000) by cash.
 - (ii) subscribed a total of 1 ordinary share, representing 100% of the entire issued and paid-up capital of TSH Sukuk Capital Sdn. Bhd. for a total subscription consideration of RM1 by cash.
 - (iii) acquired a total of 30,000 ordinary shares in Rinukut Sdn. Bhd. for a total consideration of RM2 by cash. This had resulted in an increase in equity interest in Rinukut Sdn. Bhd. from 70% to 100% as at the end of the previous reporting period.
- Subsequently, the Company subscribed for an additional 420,000 non-cumulative redeemable convertible preference shares in Rinukut Sdn. Bhd. for a total subscription consideration of RM420,000 by cash.
- (iv) subscribed for an additional 45,000 non-cumulative redeemable convertible preference shares in Icon Field Ventures Sdn. Bhd. for a total subscription consideration of RM45,000 by cash.
 - (v) subscribed for an additional 2,700,000 ordinary shares in TSH Agri Pte. Ltd. ("TSH Agri") for a total subscription consideration of RM8,345,160 by way of contra against amount due from TSH Agri.
 - (vi) redeemed 1,099,000 non-cumulative redeemable convertible preference shares in TSH Timber Industries Sdn. Bhd. ("TTISB") at the total redemption amount of RM1,099,000 by way of contra against amount due to TTISB.
- Subsequently, the Company contributed RM8,000 to TTISB as capital contribution. The capital contribution amounted to RM2,880 was satisfied by way of contra against amount due from TTISB and RM5,120 was satisfied by cash.
- (vii) disposed its 65% shareholding, representing 1,625 shares in PT Kalimantan Industrial Park Indonesia at a disposal consideration of IDR1.625 billion (or equivalent to RM472,875) by cash.
 - (viii) through its wholly-owned subsidiary, Ekowood International Berhad disposed its 70% shareholding, representing 217 shares in Ekowood S.A. at a disposal consideration of Euro 1 (or equivalent to RM4.90).

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23. INVESTMENTS IN SUBSIDIARIES (continued)

(f) The details of the subsidiaries are as follows:

Name of subsidiaries	Principal place of business/ Country of incorporation	Principal activities	% of effective ownership interest held by the Group		% of ownership held by non-controlling interest	
			2022 %	2021 %	2022 %	2021 %
Held by the Company:						
TSH Plantation Sdn. Bhd. ⁱ	Malaysia	Operation of palm oil mills and investment holding	100	100	-	-
CocoaHouse Industries Sdn. Bhd. ⁱ	Malaysia	Dormant	100	100	-	-
CocoaHouse Sdn. Bhd. ⁱ	Malaysia	Manufacture and sale of cocoa products and investment holding	100	100	-	-
Ekowood International Berhad ⁱ	Malaysia	Manufacture and sale of downstream wood products	100	100	-	-
TSH Bio-Gas Sdn. Bhd. ⁱ	Malaysia	Operation of biogas power plant	100	100	-	-
LKSK Sdn. Bhd. ⁱ	Malaysia	Oil palm plantations	51	51	49	49
Tan Soon Hong Holdings Sdn. Bhd. ⁱ	Malaysia	Oil palm plantations and investment holding	100	100	-	-
TSH Bio-Energy Sdn. Bhd. ⁱ	Malaysia	Operation of a power plant	100	100	-	-
TSH Timber Industries Sdn. Bhd. ⁱ	Malaysia	Dormant	100	100	-	-
POME Energy Sdn. Bhd. ⁱ	Malaysia	Dormant	100	100	-	-
Landquest Sdn. Bhd. ⁱ	Malaysia	Oil palm plantations	56.68	56.68	43.32	43.32
TSH Sumbar Group Limited ^{iv}	Seychelles	Investment holding	100	100	-	-
PT Aramico Komoditi ^{ii/iv}	Indonesia	Dormant	74.42	74.42	25.58	25.58
TSH Logistics Sdn. Bhd. ⁱ	Malaysia	Investment holding	100	100	-	-
Polar Vertex Sdn. Bhd. ⁱⁱ	Malaysia	Dormant	100	100	-	-

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23. INVESTMENTS IN SUBSIDIARIES (continued)

(f) The details of the subsidiaries are as follows (continued):

Name of subsidiaries	Principal place of business/ Country of incorporation	Principal activities	% of effective ownership interest held by the Group		% of ownership held by non-controlling interest	
			2022 %	2021 %	2022 %	2021 %
Held by the Company (continued):						
TSH Oversea Pte. Ltd. ^{iv}	Singapore	Investment holding	100	100	-	-
TSH Sukuk Ijarah Sdn. Bhd. ^v	Malaysia	Undertake of Islamic Securities transactions	-	100	-	-
TSH Global Plantation Pte. Ltd. ^{iv}	Singapore	Investment holding	100	100	-	-
TSH Mitra Capital Pte. Ltd. ^{iv}	Singapore	Investment holding	100	100	-	-
GlobeFlex Advisory Sdn. Bhd. ⁱ	Malaysia	Investment holding	100	100	-	-
Halaman Semesta Sdn. Bhd. ⁱ	Malaysia	Investment holding	100	100	-	-
Bagan Agresif Sdn. Bhd. ⁱ	Malaysia	Investment holding	100	100	-	-
Casa Logistic Sdn. Bhd. ⁱ	Malaysia	Investment holding	100	100	-	-
Rinukut Sdn. Bhd. ⁱ	Malaysia	Investment holding	100	100	-	-
TSH Sukuk Capital Sdn. Bhd. ⁱ	Malaysia	Dormant	100	100	-	-
TSH Sukuk Murabahah Sdn. Bhd. ⁱ	Malaysia	Undertake of Islamic Securities transactions	100	100	-	-
Icon Field Ventures Sdn. Bhd. ⁱ	Malaysia	Investment holding	100	100	-	-
TSH Agri Pte. Ltd. ^{iv}	Singapore	Management services and trading of goods	100	100	-	-
PT Sejahtera Aman Sejati ^{iii/iv}	Indonesia	Dormant	65	65	35	35

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23. INVESTMENTS IN SUBSIDIARIES (continued)

(f) The details of the subsidiaries are as follows (continued):

Name of subsidiaries	Principal place of business/ Country of incorporation	Principal activities	% of effective ownership interest held by the Group		% of ownership held by non-controlling interest	
			2022 %	2021 %	2022 %	2021 %
Held through Ekowood International Berhad						
TSH Products Sdn. Bhd. ^v	Malaysia	Dormant	-	100	-	-
Ekowood Iberica, S.L. ^{ii/iii}	Spain	Dormant	99.96	99.96	0.04	0.04
Ekowood Malaysia Sdn. Bhd. ⁱ	Malaysia	Supply and installation of timber flooring	100	100	-	-
EkoLoc System Sdn. Bhd. ⁱ	Malaysia	Sub-licensing of strip lock system	100	100	-	-
Ekowood (USA) Inc. ^{ii/iii}	United States of America	Trading of wood products	100	100	-	-
Held through TSH Plantation Sdn. Bhd.						
TSH Plantation Management Sdn. Bhd. ⁱ	Malaysia	Operation of a palm oil mill	100	100	-	-
TSH Biotech Sdn. Bhd. ⁱ	Malaysia	Undertake oil palm ramets and other tissue culture projects	100	100	-	-
TSH Forest Plantation Sdn. Bhd. ⁱ	Malaysia	Forest plantation	100	100	-	-
Held through CocoaHouse Sdn. Bhd.						
PT Sinar Bersatu ^{ii/iv}	Indonesia	Dormant	99	99	1	1
Afromal Cocoa Limited ^{ii/ iv}	Ghana	Dormant	100	100	-	-
Held through Tan Soon Hong Holdings Sdn. Bhd.						
TSH Palm Products Sdn. Bhd. ⁱ	Malaysia	Oil palm plantations and investment holding	100	100	-	-

NOTES TO THE FINANCIAL STATEMENTS

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23. INVESTMENTS IN SUBSIDIARIES (continued)

(f) The details of the subsidiaries are as follows (continued):

Name of subsidiaries	Principal place of business/ Country of incorporation	Principal activities	% of effective ownership interest held by the Group		% of ownership held by non-controlling interest	
			2022 %	2021 %	2022 %	2021 %
Held through TSH Palm Products Sdn. Bhd.						
Eko Pulp & Paper Sdn. Bhd. ⁱ	Malaysia	Hiring business	100	100	-	-
Held through TSH Sumbar Group Limited						
PT Andalas Agro Industri ^{iv}	Indonesia	Operation of a palm oil mill and investment holding	70	70	30	30
PT Andalas Wahana Berjaya ^{iv}	Indonesia	Oil palm plantations and operation of a palm oil mil	70	70	30	30
Held through TSH Oversea Pte. Ltd.						
PT Sarana Prima Multi Niaga ^{iv}	Indonesia	Oil palm plantations and operation of a palm oil mill	90	90	10	10
PT Teguh Swakarsa Sejahtera ^{iv}	Indonesia	Oil palm plantations	90	90	10	10
Held through PT Andalas Agro Industri						
PT Laras Internusa ^{iv}	Indonesia	Oil palm plantations	69.77	69.77	30.23	30.23
Held through TSH Global Plantation Pte. Ltd.						
PT Farinda Bersaudara ^{iv}	Indonesia	Oil palm plantations and operation of a palm oil mill	90	90	10	10
Held through TSH Mitra Capital Pte. Ltd.						
PT Mitra Jaya Cemerlang ^{iv}	Indonesia	Oil palm plantations	90	90	10	10

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23. INVESTMENTS IN SUBSIDIARIES (continued)

(f) The details of the subsidiaries are as follows (continued):

Name of subsidiaries	Principal place of business/ Country of incorporation	Principal activities	% of effective ownership interest held by the Group		% of ownership held by non-controlling interest	
			2022 %	2021 %	2022 %	2021 %
Held through GlobeFlex Advisory Sdn. Bhd.						
PT Karya Unggulan Cemerlang ^{iv}	Indonesia	Provision of management services	90	90	10	10
Held through TSH Logistics Sdn. Bhd.						
PT Bulungan Citra Agro Persada ^{iv}	Indonesia	Oil palm plantations	90	90	10	10
Held through Halaman Semesta Sdn. Bhd.						
PT Munte Waniq Jaya Perkasa ^{iv}	Indonesia	Oil palm plantations	90	90	10	10
Held through Bagan Agresif Sdn. Bhd.						
PT Andalas Wahana Sukses ^{iv}	Indonesia	Oil palm plantations	90	90	10	10
Held through Casa Logistic Sdn. Bhd.						
PT Perkebunan Sentawar Membangun ^{iv}	Indonesia	Oil palm plantations	90	90	10	10
Held through Rinukut Sdn. Bhd.						
RT Plantations Sdn. Bhd. ⁱ	Malaysia	Oil palm plantations	60	60	40	40
Held through Icon Field Ventures Sdn. Bhd.						
PT Prima Usaha Sukses ^{iv}	Indonesia	Oil palm plantations	90	90	10	10

ⁱ Audited by BDO PLT, Malaysia.ⁱⁱ These subsidiaries were placed under members' voluntary winding-up/strike off.ⁱⁱⁱ Audited by BDO PLT, Malaysia for the purpose of consolidation in the financial statements of the Group.^{iv} Not audited by BDO PLT or member firms of BDO International.^v Struck off and did not have any material effect to the financial performance.

NOTES TO THE FINANCIAL STATEMENTS

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23. INVESTMENTS IN SUBSIDIARIES (continued)

(g) Material partly-owned subsidiaries

Summarised financial information of partly-owned subsidiaries, which have non-controlling interests that are material to the Group is set out below. The summarised financial information presented below is the amount before inter-company elimination. The non-controlling interests ("NCI") in respect of other subsidiaries is not material to the Group.

(i) Summarised statements of financial position

	Subsidiaries of TSH Sumbar Group Limited		Subsidiaries of TSH Oversea Pte. Ltd.		Subsidiary of TSH Logistics Sdn. Bhd.		LKSK Sdn. Bhd.		Landquest Sdn. Bhd.		Subsidiary of Rinukut Sdn. Bhd.	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Assets and liabilities												
Non-current assets	343,638	301,347	410,376	367,467	279,431	293,386	41,543	40,441	31,575	31,228	84,252	86,246
Current assets	82,624	52,731	59,883	36,180	24,129	30,991	4,793	5,540	2,276	2,546	6,257	7,748
Total assets	426,262	354,078	470,259	403,647	303,560	324,377	46,336	45,981	33,851	33,774	90,509	93,994
Current liabilities	30,632	30,208	25,319	22,618	23,313	49,062	1,035	1,202	1,862	2,048	2,793	1,794
Non-current liabilities	6,906	7,075	6,027	6,690	1,598	305,290	9,199	8,912	5,754	5,465	92,388	99,880
Total liabilities	37,538	37,283	31,346	29,308	24,911	354,352	10,234	10,114	7,616	7,513	95,181	101,674
Net assets/(liabilities)	388,724	316,795	438,913	374,339	278,649	(29,975)	36,102	35,867	26,235	26,261	(4,672)	(7,680)
Carrying amounts of NCI	116,729	94,653	44,035	37,397	27,865	(2,998)	21,551	21,436	10,836	10,848	7,902	6,699

NOTES TO THE FINANCIAL STATEMENTS

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23. INVESTMENTS IN SUBSIDIARIES (continued)

(g) Material partly-owned subsidiaries (continued)

(ii) Summarised statements of comprehensive income

Results	Subsidiaries of TSH Sumbar Group Limited		Subsidiaries of TSH Oversea Pte. Ltd.		Subsidiary of TSH Logistics Sdn. Bhd.		LKSK Sdn. Bhd.		Landquest Sdn. Bhd.		Subsidiary of Rinukut Sdn. Bhd.	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Revenue	269,275	213,480	230,667	186,095	60,716	58,748	12,944	9,915	4,381	3,062	29,492	23,522
Profit for the year	88,176	71,348	83,463	61,847	323,452	14,000	4,234	3,399	675	942	3,008	784
Total comprehensive income for the year	88,346	71,653	83,680	62,231	323,473	14,189	4,234	3,399	675	942	3,008	784
Profit allocated to NCI	26,662	21,610	8,346	6,185	32,345	1,400	2,075	1,666	292	408	1,203	314
Total comprehensive income allocated to NCI	26,605	21,600	8,327	6,222	32,325	1,336	2,075	1,666	292	408	1,203	314

(iii) Summarised cash flows

Net cash flows from operating activities	108,912	99,065	75,993	75,401	30,262	25,568	6,018	4,934	2,033	1,378	15,995	10,047
Net cash flows (used in)/from investing activities	(25,875)	(64,538)	(14,401)	(51,164)	268,504	38,935	(1,950)	(643)	(1,573)	(751)	(1,858)	(1,213)
Net cash flows (used in) financing activities	(45,778)	(29,718)	(31,003)	(1,982)	(296,006)	(58,292)	(4,000)	(2,000)	(700)	(500)	(14,138)	(8,211)
Net increase/(decrease) in cash and cash equivalents	37,259	4,809	30,589	22,255	2,760	6,211	68	2,291	(240)	127	(1)	623
Effect of exchange rate changes	(699)	321	(1,004)	145	(381)	101	-	-	-	-	-	-
Cash and cash equivalents at beginning of the year	20,401	15,271	29,302	6,902	11,125	4,813	5,388	3,097	316	189	1,102	479
Cash and cash equivalents at end of the year	56,961	20,401	58,887	29,302	13,504	11,125	5,456	5,388	76	316	1,101	1,102

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24. INVESTMENT IN AN ASSOCIATE

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Quoted shares in Malaysia, at cost	61,259	61,259	61,259	61,259
Share of post-acquisition reserves	16,178	20,814	-	-
	77,437	82,073	61,259	61,259
Fair value of investment in an associate for which there is published price quotation	167,046	135,528	167,046	135,528

- (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 subsidiaries	Principal place of business/ Country of incorporation	Principal activities	Effective interest	
			2022 %	2021 %
Innoprise Plantations Berhad *	Malaysia	Operation of oil palm plantations and palm oil mill, and producer and supplier of renewable energy	21.94	21.94

* Not audited by BDO PLT or member firms of BDO International.

- (c) The financial year end of the above associate is coterminous with those of the Group.
- (d) The summarised financial information of the associate, not adjusted for the proportion of ownership interest held by the Group, is as follows:
- (i) Summarised statements of financial position

	2022 RM'000	2021 RM'000
Assets and liabilities		
Current assets	49,016	68,525
Non-current assets	354,300	354,430
Total assets	403,316	422,955
Current liabilities	27,796	19,089
Non-current liabilities	72,069	79,285
Total liabilities	99,865	98,374
Net assets	303,451	324,581

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

	2022 RM'000	2021 RM'000
Results		
Revenue	270,219	229,999
Profit for the year	85,089	87,069
Total comprehensive income	85,089	87,069

- (iii) Reconciliation of the summarised financial information presented above to the carrying amount of the Group's interest in associate.

	2022 RM'000	2021 RM'000
Net assets at 1 January	324,581	333,807
Total comprehensive income	85,089	87,069
Transaction with owners	(106,219)	(96,295)
Net assets at 31 December	303,451	324,581
Interest in associate (%)	21.94%	21.94%
	66,577	71,213
Goodwill	10,860	10,860
Carrying value of Group's interest in associate	77,437	82,073

- (iv) Dividends received from associate during the financial year amounted to RM23,113,000 (2021: RM21,012,000).
- (v) The fair value of quoted shares in Malaysia is determined by reference to the exchange quoted market bid prices at the close of the business at the end of the reporting period.

25. INVESTMENTS IN JOINT VENTURES

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Unquoted shares, at cost	20,750	20,750	20,750	20,750
Share of post-acquisition reserves	85,333	68,712	-	-
	106,083	89,462	20,750	20,750

The Group has 50% of the voting rights of its joint arrangements. Under the contractual arrangements, unanimous consent is required from all parties to the agreements for all relevant activities. The Group's interest in joint ventures is accounted for using the equity method in the consolidated financial statements. In the separate financial statements of the Company, investments in joint ventures are measured at cost.

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25. INVESTMENTS IN JOINT VENTURES (continued)

The joint arrangements are structured via separate entities and provide the Group with the rights to the net assets of the entities under the arrangements. Therefore, these entities are classified as joint ventures of the Group.

(a) Details of the joint ventures are as follows:

Name of joint ventures	Principal place of business/ Country of incorporation	Principal activities	Effective interest	
			2022 %	2021 %
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.	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Non-current assets	51,821	53,238	12,581	13,135
Cash and cash equivalents	49,208	54,209	2,825	188
Other current assets	312,489	273,245	10,953	4,955
Total current assets	361,697	327,454	13,778	5,143
Total assets	413,518	380,692	26,359	18,278
Current liabilities (excluding trade and other payables and provisions)	156,481	152,952	117	75
Trade and other payables and provisions	65,996	57,918	1,034	2,379
Total current liabilities	222,477	210,870	1,151	2,454
Non-current liabilities (excluding trade and other payables and provisions)	6,508	6,310	1,235	650
Total liabilities	228,985	217,180	2,386	3,104
Net assets	184,533	163,512	23,973	15,174

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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.	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Revenue	2,611,867	2,279,613	25,263	20,877
Depreciation and amortisation	(2,541)	(2,534)	(908)	(311)
Interest income	1,270	832	152	31
Interest expense	(4,554)	(2,378)	-	(3)
Profit before tax	66,174	85,043	11,585	8,330
Tax expense	(15,153)	(19,761)	(2,786)	(2,004)
Profit after tax, represent total comprehensive income	51,021	65,282	8,799	6,326

- (c) Reconciliations of the summarised financial information presented above to the carrying amount of the Group's interest in joint ventures are as follows:

	TSH-Wilmar Sdn. Bhd.		TSH-Wilmar (BF) Sdn. Bhd.	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Net assets at 1 January	163,512	138,230	15,174	8,848
Profit for the year	51,021	65,282	8,799	6,326
Dividends	(30,000)	(40,000)	-	-
Net assets at 31 December	184,533	163,512	23,973	15,174
Interests in joint ventures	50%	50%	50%	50%
	92,266	81,756	11,987	7,587
Unrealised profit on inventories	1,830	119	-	-
Carrying value of Group's interests in joint ventures	94,096	81,875	11,987	7,587

Dividends received from joint ventures during the financial year amounted to RM15,000,000 (2021: RM20,000,000).

NOTES TO THE FINANCIAL STATEMENTS

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26. DEFERRED TAX

(a) Deferred tax as at 31 December related to the following:

Group	At 1 January 2021 RM'000	Recognised in profit or loss (Note 15) RM'000	Recognised in other comprehensive income RM'000	Reclassified from liabilities associated with assets held for sale (Note 35 (e)) RM'000	Reclassified to liabilities associated with assets held for sale (Note 35) RM'000	Exchange differences RM'000	At 31 December 2021 RM'000
Deferred tax liabilities:							
Property, plant and equipment	51,253	2,940	-	4,868	(9,349)	192	49,904
Biological assets	81,717	(1,204)	-	801	-	48	81,362
Land use rights	10,974	(1,288)	-	(355)	-	174	9,505
Right-of-use assets	43,766	(489)	-	-	(31,327)	-	11,950
Others	398	-	-	-	-	-	398
	188,108	(41)	-	5,314	(40,676)	414	153,119
Deferred tax assets:							
Tax losses and unabsorbed capital allowances	(56,086)	1,348	-	(3,968)	123	(93)	(58,676)
Others	(5,011)	94	276	(1,906)	-	(125)	(6,672)
	(61,097)	1,442	276	(5,874)	123	(218)	(65,348)
	127,011	1,401	276	(560)	(40,553)	196	87,771

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

26. DEFERRED TAX (continued)

(a) Deferred tax as at 31 December related to the following (continued):

Group	At 1 January 2022 RM'000	Recognised in profit or loss (Note 15) RM'000	Recognised in other comprehensive income RM'000	Exchange differences RM'000	At 31 December 2022 RM'000
Deferred tax liabilities:					
Property, plant and equipment	49,904	2,579	-	(450)	52,033
Biological assets	81,362	(13,164)	-	106	68,304
Land use rights	9,505	(1,298)	-	(291)	7,916
Right-of-use assets	11,950	3,417	-	-	15,367
Others	398	-	-	-	398
	153,119	(8,466)	-	(635)	144,018
Deferred tax assets:					
Tax losses and unabsorbed capital allowances	(58,676)	1,758	-	57	(56,861)
Others	(6,672)	(494)	263	275	(6,628)
	(65,348)	1,264	263	332	(63,489)
	87,771	(7,202)	263	(303)	80,529

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

26. DEFERRED TAX (continued)

(a) Deferred tax as at 31 December related to the following (continued):

Company	At 1 January 2021 RM'000	Recognised in profit or loss RM'000	Reclassified to liabilities associated with assets held for sale (Note 35) RM'000	At 31 December 2021/ 1 January 2022 RM'000	Recognised in profit or loss RM'000	At 31 December 2022 RM'000
Deferred tax liabilities:						
Property, plant and equipment	9,100	289	(4,269)	5,120	(65)	5,055
Biological assets	57,972	(3,014)	-	54,958	(9,212)	45,746
Right-of-use assets	7,995	(170)	(7,825)	-	-	-
	75,067	(2,895)	(12,094)	60,078	(9,277)	50,801
Deferred tax assets:						
Tax losses and unabsorbed capital allowances	(46,576)	581	-	(45,995)	(1,051)	(47,046)
Others	(5,282)	987	-	(4,295)	2,048	(2,247)
	(51,858)	1,568	-	(50,290)	997	(49,293)
	23,209	(1,327)	(12,094)	9,788	(8,280)	1,508

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

26. DEFERRED TAX (continued)

- (a) Deferred tax as at 31 December related to the following (continued):

Presented after appropriate offsetting:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Deferred tax assets, net *	(6,026)	(4,297)	-	-
Deferred tax liabilities, net *	86,555	92,068	1,508	9,788
	80,529	87,771	1,508	9,788

* The amount of set-off between deferred tax assets and deferred tax liabilities was RM57,463,000 (2021: RM61,051,000) for the Group.

- (b) Deferred tax assets have not been recognised in respect of the following items:

	Group	
	2022 RM'000	2021 RM'000
Unused tax losses		
- No expiry date	66,884	48,542
- Expires by 2024 to 2031	74,735	81,899
Unabsorbed capital allowances	8,948	965
Other deductible temporary differences	39,023	33,474
	189,590	164,880

The Group and the Company have assessed the likelihood of sufficient future profits available to recover the amounts of deductible temporary differences. Deferred tax assets of certain subsidiaries have not been recognised in respect of these items as it is not probable that taxable profits of the subsidiaries would be available against which the deductible temporary differences could be utilised. Unutilised tax losses of the subsidiaries incorporated in Malaysia can be carried forward up to 10 consecutive years of assessment immediately following the year of assessment under the tax legislation of Inland Revenue Board.

The amount and availability of these items to be carried forward up to the periods as disclosed above are subject to the agreement of the respective local tax authorities.

- (c) Unused tax losses

Unused tax losses of certain foreign subsidiaries amounting to RM10,357,000 (2021: RM10,399,000) and RM40,962,000 (2021: RM47,181,000) are available for carry forward in the jurisdiction in which the foreign subsidiaries operate for a period of 20 years and 5 years respectively from the year in which those tax losses arose.

- (d) Unrecognised temporary differences relating to investments in subsidiaries

At the end of the reporting period, no deferred tax liability has been recognised for taxes that would be payable on the undistributed earnings of certain of the Group's foreign subsidiaries as the Group is able to control the timing of the reversal of temporary differences associated with the investments.

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27. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Current				
Trade receivables				
Amounts due from subsidiaries	-	-	4,318	5,553
Third parties	23,206	30,153	666	1,652
Joint ventures	1,361	4,778	-	-
Retention sums on contract (Note 31)	804	893	-	-
	25,371	35,824	4,984	7,205
Less: Allowance for impairment	(2,124)	(3,702)	—*	—*
Trade receivables, net	23,247	32,122	4,984	7,205
Other receivables				
Amounts due from related parties:				
- subsidiaries	-	-	42,381	38,666
- joint ventures	152	241	5	10
	152	241	42,386	38,676
Less: Allowance for impairment	-	-	(273)	(273)
	152	241	42,113	38,403
Other deposits	1,849	1,562	436	450
Sundry receivables	15,942	30,622	2,912	6,383
	17,943	32,425	45,461	45,236
Less: Allowance for impairment	(1,465)	(1,559)	(1,281)	(1,281)
	16,478	30,866	44,180	43,955
	39,725	62,988	49,164	51,160
Non-current				
Other receivables				
Amounts due from subsidiaries	-	-	258,804	634,788
Plasma receivables (Note 27(b)(iii))	49,445	69,075	-	-
Sundry receivables	13,602	14,122	-	-
	63,047	83,197	258,804	634,788
Less: Allowance for impairment	(9,101)	(8,399)	(4,471)	(14,190)
	53,946	74,798	254,333	620,598
Total trade and other receivables (current and non-current)	93,671	137,786	303,497	671,758
Add: Cash and bank balances and deposits (Note 34)	375,580	279,728	42,362	146,322
Total financial assets at amortised cost	469,251	417,514	345,859	818,080

* The expected credit loss is immaterial.

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27. TRADE AND OTHER RECEIVABLES (continued)

Trade and other receivables are classified as financial assets and measured at amortised cost.

(a) Trade receivables

Trade receivables are non-interest bearing and are generally on 30 to 90 days (2021: 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	2022		
	Gross carrying amount RM'000	Loss allowance RM'000	Net balance RM'000
Current	18,796	(435)	18,361
Past due			
- 1 to 30 days	3,016	-	3,016
- 31 to 60 days	1,171	(24)	1,147
- 61 to 90 days	205	(1)	204
- 91 to 120 days	38	(9)	29
- More than 121 days	671	(181)	490
	5,101	(215)	4,886
Credit impaired			
Individually impaired	1,474	(1,474)	-
	25,371	(2,124)	23,247

Group	2021		
	Gross carrying amount RM'000	Loss allowance RM'000	Net balance RM'000
Current	20,962	(217)	20,745
Past due			
- 1 to 30 days	5,711	(109)	5,602
- 31 to 60 days	735	(27)	708
- 61 to 90 days	1,027	(46)	981
- 91 to 120 days	23	(8)	15
- More than 121 days	5,074	(1,003)	4,071
	12,570	(1,193)	11,377
Credit impaired			
Individually impaired	2,292	(2,292)	-
	35,824	(3,702)	32,122

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	2022		
	Gross carrying amount RM'000	Loss allowance RM'000	Net balance RM'000
Current	4,984	-	4,984

Company	2021		
	Gross carrying amount RM'000	Loss allowance RM'000	Net balance RM'000
Current	6,308	-	6,308
Past due			
- 1 to 30 days	856	-	856
- 31 to 60 days	3	-	3
- 61 to 90 days	38	-	38
	7,205	-	7,205

Impairment losses

Impairment losses for trade receivables that do not contain a significant financing component are recognised based on the simplified approach using the lifetime expected credit losses.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group is exposed to credit risk.

The Group considers credit loss experience and observable data such as current changes and future forecasts in economic conditions by market segment of the Group as identified in Note 4 to the financial statements, based on the following common credit risk characteristics - geographic region and type of products purchased, to estimate the amount of expected impairment loss. The methodology and assumptions including any forecasts of future economic conditions are reviewed regularly.

During this process, the probability of non-payment by the trade receivables is adjusted by forward looking information i.e. Gross Domestic Product (GDP) and crude palm oil prices and multiplied by the amount of the expected loss to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such impairments are recorded in a separate impairment account with the loss being recognised within other expenses in the consolidated statement of comprehensive income. On confirmation that the trade receivable would not be collectable, the gross carrying value of the asset would be written off against the associated impairment.

It requires management to exercise significant judgement in determining the probability of default by trade receivables and appropriate forward looking information, after taking into consideration the effects of increasing OPR in Malaysia and interest rate in Indonesia, where applicable.

NOTES TO THE FINANCIAL STATEMENTS

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27. TRADE AND OTHER RECEIVABLES (continued)

(a) Trade receivables (continued)

Impairment losses (continued)

Movements in allowance for impairment accounts are as follows:

Group	Lifetime ECL* allowance RM'000	Credit impaired RM'000	Total allowance RM'000
At 1 January 2022	1,410	2,292	3,702
Charge for the financial year	-	514	514
Write back of impairment loss	(764)	(635)	(1,399)
Write-offs	-	(601)	(601)
Exchange differences	4	(96)	(92)
At 31 December 2022	650	1,474	2,124
At 1 January 2021	1,985	5,443	7,428
Charge for the financial year	-	443	443
Write back of impairment loss	(577)	(3,690)	(4,267)
Exchange differences	2	96	98
At 31 December 2021	1,410	2,292	3,702

* Expected credit losses

Credit impaired refers to individually determined debtors who are in significant financial difficulties as at the end of the reporting period.

The maximum exposures to credit risk of trade receivables of the Group and of the Company are represented by the carrying amounts of trade receivables recognised in the statements of financial position. These receivables are not secured by any collateral or credit enhancement as at the end of the current financial year.

(b) Other receivables

- (i) Impairment for amounts due from subsidiaries, joint ventures, plasma receivables, other receivables and deposits are recognised based on the general approach within MFRS 9 using the forward looking expected credit loss model. The methodology used to determine the amount of the impairment is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those in which the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. At the end of the reporting period, the Group assesses whether there has been a significant increase in credit risk for financial assets by comparing the risk of default occurring over the expected life with the risk of default since initial recognition. For those in which credit risk had increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

27. TRADE AND OTHER RECEIVABLES (continued)

(b) Other receivables (continued)

(i) (continued)

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, while twelve-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the twelve months after the end of the reporting period. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company are exposed to credit risk.

The Group determined significant increase in credit risk based on past due information, i.e. overdue amounts more than 90 days.

The probabilities of non-payment by amounts due from subsidiaries, joint ventures, plasma receivables, other receivables and deposits are adjusted by forward looking information and multiplied by the amount of the expected loss arising from default to determine the twelve-month or lifetime expected credit loss for amounts due from subsidiaries, joint ventures, plasma receivables, other receivables and deposits.

It requires management to exercise significant judgement in determining the probability of default by amounts due from subsidiaries, joint ventures, plasma receivables, other receivables and deposits, appropriate forward looking information i.e. Gross Domestic Product (GDP) and crude palm oil prices, significant increase in credit risk and estimated cash flows recoverable in worst-case scenarios, after taking into consideration the effects of increasing OPR in Malaysia and interest rate in Indonesia, where applicable.

Movements in allowance for impairment accounts for current and non-current other receivables (included plasma receivables) are as follows:

Group	12-month ECL RM'000	Lifetime ECL - not credit impaired RM'000	Lifetime ECL - credit impaired RM'000	Total allowance RM'000
At 1 January 2022	289	8,399	1,270	9,958
Charge for the financial year	-	5,151	-	5,151
Write back of impairment loss	(12)	-	-	(12)
Write-offs	(82)	(4,112)	-	(4,194)
Exchange differences	-	(337)	-	(337)
At 31 December 2022	195	9,101	1,270	10,566
At 1 January 2021	190	8,602	4,882	13,674
Charge for the financial year	99	3,895	-	3,994
Write back of impairment loss	-	(5,567)	(2,428)	(7,995)
Reclassified from Stage 3 to Stage 2	-	1,216	(1,216)	-
Reclassified from assets held for sale	-	57	-	57
Exchange differences	-	196	32	228
At 31 December 2021	289	8,399	1,270	9,958

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

27. TRADE AND OTHER RECEIVABLES (continued)

(b) Other receivables (continued)

(i) (continued)

Company	12-month ECL RM'000	Lifetime ECL - credit impaired RM'000	Total allowance RM'000
At 31 December 2022/31 December 2021	11	1,270	1,281

Credit impaired refers to individually determined debtors who are in significant financial difficulties as at the end of the reporting period.

(ii) Plasma receivables

The Indonesian government requires oil palm plantation companies to develop new plantations together with the local small landholders. This form of assistance to local small landholders is generally known as the "Plasma Scheme". Once developed, the plasma plantations are transferred to the small landholders who then operate the plasma plantations under the supervision of the developer. In line with this requirement, certain subsidiaries have commitments to develop plantations under the Plasma Scheme. The funding for the development of the plantations under the Plasma Scheme is provided by the designated banks and/or by the subsidiaries. The subsidiaries also provide corporate guarantees for the loans advanced by the banks.

The Group through this partnership scheme also provides technical assistance to the plasma farmers to maintain the productivity of plasma plantations as part of the Group's strategy to strengthen relationship with plasma farmers. This is expected to improve the repayments of plasma receivables.

The accumulated development costs net of funds received are presented as plasma receivables in the consolidated statement of financial position under the Palm Products segment. An analysis of the movements in the plasma receivables is as follows:

	Group	
	2022 RM'000	2021 RM'000
Balance at 1 January	69,075	39,645
(Net repayments from)/Additional net investments	(19,630)	2,810
Reclassified from assets held for sale	-	26,620
	49,445	69,075
Less: Allowance for impairment	(9,101)	(8,342)
Less: Reclassified from assets held for sale	-	(57)
Balance at 31 December	40,344	60,676

(iii) In the previous financial year, included in sundry receivables of the Group were value-added-tax receivables amounted to RM7,540,000, which was relating to the proposed disposal as disclosed in Note 46.2 to the financial statements.

(iv) Non-current receivables of the Group are carried at amortised cost and the discount rates used are based on the effective interest rate of approximately 11% (2021: 11%), which are reasonable approximation of their fair values.

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27. TRADE AND OTHER RECEIVABLES (continued)

(c) Amounts due from subsidiaries

Non-current amounts due from subsidiaries are interest bearing, unsecured and not payable within the next twelve (12) months. The carrying amount of non-current amounts due from subsidiaries approximates its fair value as its interest rate is priced at reasonable approximation of the market interest rate as at the end of the reporting period.

Except for the current amounts due from certain subsidiaries totalling RM41,671,000 (2021: RM38,571,000) 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:

	2022 %	Company 2021 %	2022 RM'000	2021 RM'000
Floating rate				
Current amounts due from subsidiaries	3.44 - 4.80	3.40 - 3.51	41,671	38,571
Non-current amount due from a subsidiary	6.90 - 7.90	6.90	92,388	99,880
Fixed rate				
Non-current amounts due from subsidiaries	5.50	5.50	166,416	534,908

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 (2021: RM263,000) 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 2022

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 RM'000
2022				
At beginning of financial year	2,469	11,968	26	14,463
Write back of impairment losses	(1,337)	(8,382)	-	(9,719)
At end of financial year	1,132	3,586	26	4,744
2021				
At beginning of financial year	2,252	17,232	21	19,505
Charge for the financial year	307	536	5	848
Write back of impairment losses	(90)	(5,800)	-	(5,890)
At end of financial year	2,469	11,968	26	14,463

(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		Group	
	2022 RM'000	% of total	2021 RM'000	% of total
By industry sectors:				
Palm products	14,138	56%	23,361	65%
Others	11,233	44%	12,463	35%
	25,371	100%	35,824	100%

As at the end of the reporting period, approximately:

- 5% (2021: 13%) of the trade receivables of the Group were due from related parties.
- 46% (2021: 46%) of the trade and other receivables of the Group were due from plasma receivables.
- 99% (2021: 99%) of the trade and other receivables of the Company were due from subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

28. INVESTMENT SECURITIES

Group and Company	2022 RM'000	2021 RM'000
Current		
- Equity instruments (quoted in Malaysia)	1	3
Non-current		
- Equity instruments (unquoted)	50	50
Total investment securities	51	53

- (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	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 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

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29. INVENTORIES

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Cost				
Raw materials	13,723	7,752	-	-
Work-in-progress	4,160	2,234	-	-
Finished goods	32,792	32,770	234	428
Oil palm nursery	3,493	15,044	527	484
Stores and supplies	41,634	40,649	811	474
	95,802	98,449	1,572	1,386
Net realisable value				
Work-in-progress	7,581	5,606	-	-
Finished goods	29,540	39,511	-	-
	37,121	45,117	-	-
	132,923	143,566	1,572	1,386

- (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 RM795,693,000 (2021: RM696,039,000) and RM4,021,000 (2021: RM3,943,000) respectively.
- (c) A write off of inventories amounting to RM5,578,000 (2021: RM4,136,000) and RM3,000 (2021: RM190,000) 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 RM13,943,000 (2021: RM14,191,000) was made by the Group during the financial year.

30. OTHER CURRENT ASSETS

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Contract assets (Note 31)	6	384	-	-
Prepayments	6,426	24,721	797	2,707
	6,432	25,105	797	2,707

- (a) In the previous financial year, included in prepayments of the Group and of the Company were Real Property Gains Tax ("RPGT") paid of RM16,297,000 and RM2,692,000 respectively and land premium paid of the Group amounted to RM6,384,000 for the disposals as disclosed in Note 46.1 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

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31. CONTRACT ASSETS/LIABILITIES

	Group	
	2022 RM'000	2021 RM'000
Contract assets (Note 30):		
Construction contracts	6	384
	6	384
Contract liabilities (Note 41):		
Construction contracts	(197)	(243)
Deferred revenue	(700)	(7,623)
	(897)	(7,866)
	(891)	(7,482)

(a) Construction contracts

	Group	
	2022 RM'000	2021 RM'000
Supply and installation service costs incurred to date	22,626	29,943
Attributable profits	3,574	5,848
	26,200	35,791
Less: Progress billings	(26,391)	(35,650)
Contract liabilities		
Construction contracts	(191)	141
Advances received on contracts, included within other payables (Note 41)	-	(82)
Retention sums on contracts, included within trade receivables (Note 27)	804	893
Analysed as follows:		
Contract assets	6	384
Contract liabilities	(197)	(243)
	(191)	141

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 2022

31. CONTRACT ASSETS/LIABILITIES (continued)

- (b) Deferred revenue

A reconciliation of the deferred revenue is as follows:

	Group	
	2022 RM'000	2021 RM'000
At 1 January	7,623	1,494
Additions during the financial year	50,299	38,177
Recognised as revenue during the financial year	(57,222)	(32,048)
At 31 December	700	7,623

Deferred revenue represents billing to the customers for the sale of wood products, which performance obligation has not been satisfied as at the end of the reporting period.

- (c) Contract value yet to be recognised as revenue

Revenue expected to be recognised in the future relating to performance obligations that are unsatisfied (or partially unsatisfied) at the end of the reporting period, are as follows:

	Group		
	2023 RM'000	2024 RM'000	Total RM'000
31 December 2022			
Contract liabilities	897	-	897
	2022 RM'000	2023 RM'000	Total RM'000
31 December 2021			
Contract liabilities	7,866	-	7,866

- (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

31 DECEMBER 2022

32. DERIVATIVES

	2022			2021		
	Contract/ notional amount RM'000	Assets RM'000	Liabilities RM'000	Contract/ notional amount RM'000	Assets RM'000	Liabilities RM'000
Group						
Non-hedging derivatives:						
Current						
Forward currency contracts	62,742	30	(3,267)	15,256	370	-
Commodity futures contracts	4,777	-	(15)	70,259	-	(1,914)
		30	(3,282)		370	(1,914)
Company						
Non-hedging derivatives:						
Current						
Forward currency contracts	50,368	-	(3,267)	-	-	-

- (a) Derivative assets are classified as financial assets measured at fair value through profit or loss whereas derivative liabilities are classified as financial liabilities measured at fair value through profit or loss.
- (b) The Group and the Company use forward currency contracts and commodity futures contract to manage some of its transactions exposure. These contracts are not designated as cash flow or fair value hedges and are entered into for periods consistent with currency transaction exposure and fair value changes exposure. Such derivatives do not qualify for hedge accounting.
- Forward currency contracts are used to hedge the Group's sales denominated in GBP and loans and borrowings denominated in USD.
- (c) The commodity futures contracts are used to hedge prices fluctuation of CPO and cocoa commodity.
- (d) During the financial year, the Group and the Company recognised a net loss of RM1,708,000 (2021: net gain of RM2,867,000) and net loss of RM3,267,000 (2021: Nil) 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

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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
Group				
As at 31 December 2022				
Derivative liabilities	3,282	-	-	3,282
As at 31 December 2021				
Derivative liabilities	1,914	-	-	1,914
Company				
As at 31 December 2022				
Derivative liabilities	3,267	-	-	3,267

- (g) Commodity future contracts are categorised as Level 1 in the fair value hierarchy, whilst forward currency contracts are categorised as Level 2 in the fair value hierarchy. There is no transfer between levels in the hierarchy during the financial year.

33. SHORT TERM FUNDS

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
At fair value through profit or loss				
Investment in fixed income trust funds in Malaysia	6,385	17,464	150	12,879

- (a) Investment in fixed income trust funds in Malaysia represent investments in highly liquid money market instruments, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value.
- (b) Fair values of short term funds are determined by reference to the quoted prices at the close of business at the end of each reporting period.
- (c) The weighted average effective interest rate of the short term funds as at the end of the reporting period of the Group are 0.68% (2021: 1.10%).
- (d) Sensitivity analysis for short term funds at the end of the reporting period is not presented as fixed rate instruments are not affected by changes in interest rate.
- (e) Short term funds are categorised as Level 1 in the fair value hierarchy. There is no transfer between levels in the hierarchy during the financial year.

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34. CASH AND BANK BALANCES

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Cash at banks and on hand	336,797	273,660	36,702	145,714
Deposits with licensed banks	38,783	6,068	5,660	608
Cash and bank balances	375,580	279,728	42,362	146,322

- (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 1.60% to 3.75% (2021: 1.30% to 4.00%) and 1.70% to 2.70% (2021: 1.30%) per annum respectively.

- (c) Deposits with licensed banks of the Group amounting to RM4,772,000 (2021: RM3,877,000) 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	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Cash and bank balances and deposits	375,580	279,728	42,362	146,322
Short term funds (Note 33)	6,385	17,464	150	12,879
Less:				
Bank overdrafts (Note 39)	(469)	(74)	-	-
Deposits pledged with licensed banks	(4,772)	(3,877)	-	-
Deposits with maturity of over 3 months	(493)	(490)	-	-
Cash and cash equivalents	376,231	292,751	42,512	159,201

- (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.

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31 DECEMBER 2022

35. ASSETS HELD FOR SALE AND LIABILITIES ASSOCIATED WITH ASSETS HELD FOR SALE

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

On 8 August 2022, the Group completed the disposal of 7,817.36 hectares of the Sale Land for cash consideration amounted to RM408,483,000, which is subject to 2.5% tax on the cash consideration amounted to RM10,212,000, and this has been recognised in administrative expenses within Statements of Comprehensive Income during the financial year. The Group recorded a gain on disposal of RM310,666,000 in the financial statements.

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

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

- (b) In the previous financial year, on 6 July 2021, the Company and two (2) of its wholly-owned subsidiaries, namely TSH Palm Products Sdn. Bhd. ("TSHPP") and TSH Plantation Sdn. Bhd. ("TSHP") had entered into sale and purchase agreements with Sharikat Keratong Sdn. Bhd. for the disposal of two (2) oil palm estates and a palm oil mill for a total consideration of RM248,000,000. Both the estates and the palm oil mill were part of the palm products segment of the Group and were reclassified as assets held for sale.

During the financial year, the Group completed the disposals for total cash considerations of RM248,000,000 and a total gain on disposal of RM84,585,000 had been recorded in the financial statements.

- (c) As at the end of financial year, the assets held for sale and liabilities associated with assets held for sale of the Group are as follows:

Group	Note	2022 RM'000	2021 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment (Note 19)	(i)	196,416	23,605
Right-of-use assets (Note 20)		9,094	125,640
Intangible assets (Note 22)		-	4,907
Assets held for sale		205,510	154,152
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities	(ii)	-	40,553
Liabilities associated with assets held for sale		-	40,553

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

35. ASSETS HELD FOR SALE AND LIABILITIES ASSOCIATED WITH ASSETS HELD FOR SALE (continued)

- (c) As at the end of financial year, the assets held for sale and liabilities associated with assets held for sale of the Group are as follows (continued):

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

	Group	
	2022	2021
	RM'000	RM'000
Depreciation of property, plant and equipment	-	59
Depreciation of right-of-use assets	-	196
Employee benefits expense	-	322

- (ii) Presented after appropriate offsetting:

	Group	
	2022	2021
	RM'000	RM'000
Deferred tax assets, net *	-	-
Deferred tax liabilities, net *	-	40,553
	-	40,553

* The amount of set-off between deferred tax assets and deferred tax liabilities was RM123,000 for the assets held for sale.

- (d) In the previous financial year, the assets held for sale and liabilities associated with assets held for sale of the Company were as follows:

Company	Note	2021
		RM'000
ASSETS		
Non-current assets		
Property, plant and equipment (Note 19)	(i)	18,284
Right-of-use assets (Note 20)	(i)	41,303
Assets held for sale		59,587
LIABILITIES		
Non-current liabilities		
Deferred tax liabilities (Note 26)	(ii)	12,094
Liabilities associated with assets held for sale		12,094

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35. ASSETS HELD FOR SALE AND LIABILITIES ASSOCIATED WITH ASSETS HELD FOR SALE (continued)

- (d) In the previous financial year, the assets held for sale and liabilities associated with assets held for sale of the Company were as follows (continued):

- (i) In the previous financial year, included in bearer plants were:

	Company 2021 RM'000
Depreciation of property, plant and equipment	59
Depreciation of right-of-use assets	196
Employee benefits expense	322

During the financial year, the Company had additions of RM231,000 to the bearer plants prior to the completion of disposal of assets held for sale.

- (ii) Presented after appropriate offsetting:

	Company 2021 RM'000
Deferred tax assets, net	-
Deferred tax liabilities, net	12,094
	12,094

- (e) In financial year 2020, on 26 August 2020, the Group entered into conditional sale and purchase agreements with Taiko Plantations Pte. Ltd., an indirect subsidiary of Kuala Lumpur Kepong Berhad for the disposal of 90% of the issued and paid-up ordinary shares in PT Farinda Bersaudara ("FDB") and PT Teguh Swakarsa Sejahtera ("TSS").

On 22 June 2021, the disposal had been terminated as there were conditions precedent that had not been satisfied and had not been waived within the Fulfilment Period. Accordingly, the assets held for sale and liabilities associated with assets held for sale have been reclassified to respective assets and liabilities categories.

36. SHARE CAPITAL AND TREASURY SHARES

	Number of ordinary shares		Amount	
	Share capital (Issued and fully paid with no par value) '000	Treasury shares '000	Share capital (Issued and fully paid with no par value) RM'000	Treasury shares RM'000
At 1 January 2022/31 December 2022	1,381,803	(1,629)	740,512	(1,467)
At 1 January 2021/31 December 2021	1,381,803	(1,629)	740,512	(1,467)

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36. SHARE CAPITAL AND TREASURY SHARES (continued)

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one (1) vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

Treasury shares

Reacquired shares are classified as treasury shares, recognised based on the amount of consideration paid and presented as a deduction from total equity.

This amount relates to the acquisition cost of treasury shares. The shareholders of the Company, by an ordinary resolution passed in an annual general meeting held on 26 May 2022, renewed their approval for the Company's plan to repurchase its own ordinary shares. The Directors of the Company are committed to enhancing the value of the Company for its shareholders and believe that the repurchase plan can be applied in the best interests of the Company and its shareholders.

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

Of the total 1,381,802,509 (2021: 1,381,802,509) issued and fully paid ordinary shares as at 31 December 2022, 1,629,000 (2021: 1,629,000) are held as treasury shares by the Company. As at 31 December 2022, the number of outstanding ordinary shares in issue after set off is therefore 1,380,173,509 (2021: 1,380,173,509) ordinary shares.

37. OTHER RESERVES

Group	Capital reserve RM'000	Foreign currency translation reserve RM'000	Share of associate reserve RM'000	Total RM'000
At 1 January 2022	9,630	(218,623)	100	(208,893)
Other comprehensive loss:				
Foreign currency translations	-	(46,352)	-	(46,352)
Reclassification of exchange translation reserve to profit or loss arising from dissolution of foreign subsidiaries	-	339	-	339
At 31 December 2022	9,630	(264,636)	100	(254,906)
At 1 January 2021	9,630	(247,587)	100	(237,857)
Other comprehensive income:				
Foreign currency translations	-	30,713	-	30,713
Reclassification of exchange translation reserve to profit or loss upon disposal of a foreign subsidiary	-	(1,749)	-	(1,749)
At 31 December 2021	9,630	(218,623)	100	(208,893)

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37. OTHER RESERVES (continued)

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.

39. LOANS AND BORROWINGS

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Short term borrowings				
Secured:				
Term loans	69,236	69,723	69,236	69,723
	69,236	69,723	69,236	69,723
Unsecured:				
Bank overdrafts	469	74	-	-
Bankers' acceptances	16,046	51,883	-	-
Revolving credits	198,500	292,783	104,500	250,283
Term loans	20,000	57,289	20,000	57,289
Sukuk Murabahah Medium Term Notes	90,000	-	-	-
Sukuk Murabahah Islamic Commercial Papers	-	50,000	-	-
	325,015	452,029	124,500	307,572
	394,251	521,752	193,736	377,295

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39. LOANS AND BORROWINGS (continued)

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Long term borrowings				
Secured:				
Term loans	159,860	377,996	159,860	377,996
	159,860	377,996	159,860	377,996
Unsecured:				
Term loans	5,000	59,577	5,000	59,577
Sukuk Murabahah Medium Term Notes	-	150,000	-	-
	5,000	209,577	5,000	59,577
	164,860	587,573	164,860	437,573
Total borrowings				
Bank overdrafts	469	74	-	-
Bankers' acceptances	16,046	51,883	-	-
Revolving credits	198,500	292,783	104,500	250,283
Terms loans	254,096	564,585	254,096	564,585
Sukuk Murabahah Medium Term Notes	90,000	150,000	-	-
Sukuk Murabahah Islamic Commercial Papers	-	50,000	-	-
	559,111	1,109,325	358,596	814,868

- (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	
	2022 %	2021 %	2022 %	2021 %
Floating rate				
Bank overdrafts	7.07 - 7.65	5.99 - 6.65	-	-
Bankers' acceptances	4.14 - 4.33	2.22 - 2.76	-	-
Revolving credits	3.73 - 4.30	1.61 - 5.60	3.73 - 3.86	2.73 - 5.60
Terms loans	3.00 - 6.19	1.51 - 3.81	3.00 - 6.19	1.51 - 3.81
Fixed rate				
Sukuk Murabahah Medium Term Notes	5.30	5.30 - 5.60	-	-
Sukuk Murabahah Islamic Commercial Papers	-	4.35	-	-

NOTES TO THE FINANCIAL STATEMENTS

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39. LOANS AND BORROWINGS (continued)

- (c) The Sukuk Murabahah Medium Term Notes and Sukuk Murabahah Islamic Commercial Papers comprise the following tranches:

Tranche no.	Coupon rates	Maturity	2022 RM'000	2021 RM'000
Sukuk Murabahah Medium Term Notes				
Tranche 2	5.30%	2023	90,000	90,000
Tranche 3	5.60%	2026	-	60,000
			90,000	150,000
Sukuk Murabahah Islamic Commercial Papers				
Tranche 1	4.35%	2022	-	50,000

- (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: and

	Group 2022 RM'000	2021 RM'000
Property, plant and equipment:		
- buildings	4,189	47,399
- bearer plants	79,237	173,381
Land use rights	1,307	12,278
	84,733	233,058

- (iii) Biological assets of the Company amounted to approximately RM116,883,000 (2021: RM118,208,000).
- (e) Sukuk Murabahah Medium Term Notes

TSH Sukuk Murabahah Sdn. Bhd., a wholly owned subsidiary of the Company, issued the first series of Sukuk Murabahah Medium Term Notes amounted to RM90,000,000, in nominal value, for tenure of 7 years in June 2016. In the previous financial year, the Company issued the second series of Sukuk Murabahah Medium Term Notes amounted to RM60,000,000, in nominal value for tenure of 5 years.

During the financial year, the Group redeemed the second series of Sukuk Murabahah Medium Term Notes amounted to RM60,000,000.

The unutilised portion of the Sukuk Murabahah Medium Term Notes as at 31 December 2022 amounted to RM60,000,000 (2021: Nil).

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39. LOANS AND BORROWINGS (continued)

- (f) Sukuk Murabahah Islamic Commercial Papers

In the previous financial year, TSH Sukuk Murabahah Sdn. Bhd issued Sukuk Murabahah Islamic Commercial Papers amounted RM50,000,000 in nominal value, for tenure of 1 year.

During the financial year, the Group had fully redeemed the Sukuk Murabahah Islamic Commercial Papers.

- (g) The maturity of the term loans is as follows:

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Not later than 1 year	89,236	127,012	89,236	127,012
Later than 1 year and not later than 2 years	55,974	192,935	55,974	192,935
Later than 2 years and not later than 5 years	72,852	209,482	72,852	209,482
Later 5 years or more	36,034	35,156	36,034	35,156
	254,096	564,585	254,096	564,585

- (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 Murabahah Islamic Commercial Papers, 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.

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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:

	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
Group				
As at 31 December 2022				
Loans and borrowings	406,057	137,336	41,299	584,692
As at 31 December 2021				
Loans and borrowings	543,548	581,946	41,299	1,166,793
Company				
As at 31 December 2022				
Loans and borrowings	203,157	137,336	41,299	381,792
As at 31 December 2021				
Loans and borrowings	390,960	417,802	41,299	850,061

- (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 RM719,000 (2021: RM1,770,000) and RM681,000 (2021: RM1,480,000) 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.

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39. LOANS AND BORROWINGS (continued)

- (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:

	1.1.2022 RM'000	Cash flows RM'000	Non-cash changes* RM'000	31.12.2022 RM'000
Group				
Bankers' acceptances	51,883	(35,837)	-	16,046
Revolving credits	292,783	(94,283)	-	198,500
Terms loans	564,585	(315,925)	5,436	254,096
Sukuk Murabahah Medium Term Notes	150,000	(60,000)	-	90,000
Sukuk Murabahah Islamic Commercial Papers	50,000	(50,000)	-	-
Loans and borrowings	1,109,251	(556,045)	5,436	558,642
Company				
Revolving credits	250,283	(145,783)	-	104,500
Terms loans	564,585	(315,925)	5,436	254,096
Loans and borrowings	814,868	(461,708)	5,436	358,596

	1.1.2021 RM'000	Cash flows RM'000	Non-cash changes* RM'000	31.12.2021 RM'000
Group				
Bankers' acceptances	100,207	(48,324)	-	51,883
Revolving credits	281,822	7,131	3,830	292,783
Terms loans	531,957	21,616	11,012	564,585
Sukuk Murabahah Medium Term Notes	150,000	-	-	150,000
Sukuk Murabahah Islamic Commercial Papers	-	50,000	-	50,000
Sukuk Ijarah Medium Term Notes	245,000	(245,000)	-	-
Loans and borrowings	1,308,986	(214,577)	14,842	1,109,251
Company				
Revolving credits	242,822	3,631	3,830	250,283
Terms loans	531,957	21,616	11,012	564,585
Loans and borrowings	774,779	25,247	14,842	814,868

* Represents foreign exchange differences.

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40. RETIREMENT BENEFITS

	Group	
	2022	2021
	RM'000	RM'000
At 1 January	19,158	16,427
Charge for the year recognised in profit or loss	1,077	(528)
Interest cost	1,167	1,551
Current service cost	4,131	3,355
Past service cost	(4,221)	(5,434)
Recognised in other comprehensive income:		
Actuarial gains arising from changes in assumption in respect of:		
- current year	(1,340)	(1,456)
	(1,340)	(1,456)
Actual benefit payment	(975)	(2,165)
Reclassified from liabilities associated with assets held for sale (Note 35 (e))	-	6,431
Exchange differences	(596)	449
At 31 December	17,324	19,158
The amounts recognised on the statements of financial position are determined as follows:		
Present value of obligations	17,324	19,158
Net liabilities	17,324	19,158

- (a) The Group provides additional provisions for employee service entitlements in order to meet the minimum benefits required to be paid to qualified employees, as required under the Indonesian Labour Law No. 2/2022 (the "Labour Law"). The said additional provisions, which are unfunded, are estimated using actuarial calculations. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.
- (b) The Group's obligation under the defined benefit plan is determined based on the latest actuarial valuations by an independent actuary in December 2022.
- (c) Principal actuarial assumptions used at the end of the reporting period in respect of the Group's defined benefit plans are as follows:

	2022	2021
	%	%
Discount rate	7.50	7.50
Expected return of salary increase	4.00	4.00

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40. RETIREMENT BENEFITS (continued)

- (d) The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as at the end of the reporting period, assuming if all other assumptions were held constant:

		31 December 2022 Impact on defined benefits obligation Increase/(Decrease) RM'000	31 December 2021 Impact on defined benefits obligation Increase/(Decrease) RM'000
Discount rate	+ 1%	4,457	3,830
	- 1%	(3,408)	(2,929)
Future salary	+ 1%	4,916	4,225
	- 1%	(2,949)	(2,535)
Mortality	+ 10%	5,243	4,506
	- 10%	(4,370)	(3,755)
Disable or illness	+ 5%	5,025	4,319
	- 5%	(4,588)	(3,943)

41. TRADE AND OTHER PAYABLES

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Current				
Trade payables				
Third parties	31,671	31,918	-	3
Other payables				
Amounts due to subsidiaries	-	-	195,569	192,274
Accruals	44,799	44,562	6,514	5,478
Advances received on contracts (Note 31)	-	82	-	-
Contract liabilities (Note 31)	897	7,866	-	-
Other deposits	17,124	67,086	409	8,422
Sundry payables	47,570	53,003	7,110	6,578
Financial guarantee contracts	97	144	504	287
	110,487	172,743	210,106	213,039
	142,158	204,661	210,106	213,042

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41. TRADE AND OTHER PAYABLES (continued)

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Non-current				
Other payables				
Amounts due to subsidiaries	-	-	-	150,000
Total trade and other payables	142,158	204,661	210,106	363,042
Add: Lease liabilities (Note 20)	1,935	4,127	78	70
Add: Loans and borrowings (Note 39)	559,111	1,109,325	358,596	814,868
Total financial liabilities carried at amortised cost	703,204	1,318,113	568,780	1,177,980

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 (2021: 30 to 60 days).

(b) Other deposits

Included in other deposits of the Group and of the Company were deposits received of RM24,800,000 and RM7,600,000 respectively and down payments received of the Group amounted to IDR142,000,000,000 (or equivalent to RM41,464,000) for the proposed disposals as disclosed in Note 46.1 and Note 46.2 to the financial statements. These deposits received have been charged out following the completion of the proposed disposals except for down payments received amounted to IDR59,209,000,000 (or equivalent to RM16,697,000) pending for the completion of the Sale Land as disclosed in Note 46.2 to the financial statements.

(c) Amounts due to subsidiaries

Non-current amounts due to subsidiaries are interest bearing, unsecured and not payable within the next twelve (12) months. The carrying amount of non-current amounts due to subsidiaries approximates its fair value as its interest rate is priced at reasonable approximation of the market interest rate as at the end of the reporting period.

Except for the current amounts due to certain subsidiaries totalling RM148,819,000 (2021: RM142,218,000) 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.

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41. TRADE AND OTHER PAYABLES (continued)

(c) 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:

	2022 %	Company 2021 %	2022 RM'000	2021 RM'000
Floating rate				
Current amounts due to subsidiaries	3.44 - 4.80	3.40 - 3.51	58,819	92,218
Fixed rate				
Non-current amounts due to subsidiaries	-	5.30 - 5.60	-	150,000
Current amounts due to subsidiaries	5.30	4.35	90,000	50,000

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 RM112,000 (2021: RM175,000) higher/lower, arising mainly as a result of lower/higher interest expense on amount due to subsidiaries. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

Sensitivity analysis for fixed rate interest bearing amounts due to subsidiaries as at the end of the reporting period is not presented as they are not affected by changes in interest rates.

(d) Financial guarantees contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument.

Financial guarantee contracts are recognised as financial liabilities at the time the guarantees are issued. The liability is initially measured at fair value and subsequently at the higher of the amount determined in accordance with the expected loss model under MFRS 9 and the amount initially recognised less amortisation.

The fair value of financial guarantees is determined based on the present value of the difference in cash flows between the contractual payments required under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

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41. TRADE AND OTHER PAYABLES (continued)

(d) Financial guarantees contracts (continued)

The nominal amounts of financial guarantees provided by the Group and by the Company are as follows:

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Banking facilities granted to subsidiaries	-	-	98,756	49,369
Guarantee given to a financial institution under a Plasma Scheme	30,745	48,168	18,495	33,920

The movement of the financial guarantee contracts during the financial year is as follows:

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
At 1 January	144	212	287	594
Fair value changes on financial guarantee contracts	(47)	(68)	217	(307)
At 31 December	97	144	504	287

(e) The maturity profile of the trade and other payables of the Group and of the Company at the end of the reporting period based on contractual undiscounted repayment obligations is summarised in the table below:

	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
Group				
As at 31 December 2022				
Trade and other payables	142,158	-	-	142,158
As at 31 December 2021				
Trade and other payables	204,661	-	-	204,661
Company				
As at 31 December 2022				
Trade and other payables	215,438	-	-	215,438
As at 31 December 2021				
Trade and other payables	224,353	164,145	-	388,498

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42. COMMITMENTS

Capital expenditure as at the end of the reporting period is as follows:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Capital expenditure:				
Property, plant and equipment:				
Approved and contracted for	13,580	20,031	819	-
Approved but not contracted for	31,719	61,058	739	2,168
	45,299	81,089	1,558	2,168

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:

Group	Note	2022 RM'000	2021 RM'000
Joint ventures:			
Sales of crude palm oil	(i)	(338,201)	(371,730)
Sales of palm kernel	(i)	(56,099)	(60,744)
Transportation fees received	(i)	(966)	(1,180)
Sales of shell	(i)	(13)	(116)
Sales of cut pressed empty fruit bunches	(i)	(255)	-
Purchase of shell	(i)	141	-
Sales of BEO fertiliser to a subsidiary of an associate	(i)	(61)	(40)
Sales of boiler ash to a subsidiary of an associate	(i)	-	(20)
Sale of laran plantlet & plantable to a subsidiary of an associate	(i)	(685)	(871)
Purchase of fresh fruit bunches from a subsidiary of an associate	(ii)	2,525	1,138
Purchase of tissue culture oil palm (ramets) from a subsidiary of an associate	(ii)	-	140
Rental of premises paid to spouse of a Director	(iv)	16	16
Purchase of fresh fruit bunches from a company in which a Director of a subsidiary and the family members of certain Directors of the Company have equity interests	(iv)	3,075	2,858
Purchase of fresh fruit bunches from spouse of a Director	(iv)	1,391	1,096
Transportation fees received from a company in which certain Directors of the Company and their family members have equity interests	(iv)	-	(13)

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43. RELATED PARTY DISCLOSURES (continued)

(a) Identities of related parties (continued)

Company	Note	2022 RM'000	2021 RM'000
Transactions with subsidiaries:			
Sales of fresh fruit bunches	(i)	(2,036)	(6,159)
Purchase of ramets, laran plantlet and plantable	(ii)	108	30
Purchase of shells and pressed empty bunches, and BEO fertiliser	(ii)	10	12
Interest income	(iii)	(30,105)	(41,438)
Interest expense on advances	(iii)	13,625	22,010
Management fees received		(23,776)	(18,298)
Dividend income		(127,285)	(12,255)
Maintenance of flooring		129	129
Rental income		(2,435)	(2,435)
Management fees paid		5,381	2,101
Transactions with an associate:			
Rental income	(i)	(123)	(113)
Dividends received		(23,113)	(21,012)
Transactions with joint ventures:			
Rental income	(i)	(53)	(35)
Dividends received		(15,000)	(20,000)

- (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 a Director of a subsidiary and the family members of certain Directors of the Company have equity interests and/or spouse of Director were made according to the published prices and conditions similar to those offered to the major customers of the suppliers.

Information regarding outstanding balances arising from related party transactions as at 31 December 2022 is disclosed in Note 27 and Note 41 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

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	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Short-term employee benefits	6,394	5,585	6,329	5,520
Post-employment benefits:				
Defined contribution plan	1,361	985	903	977
	7,755	6,570	7,232	6,497

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 Standards of the MFRS Framework that were issued by the Malaysian Accounting Standards Board ("MASB") during the financial year:

Title	Effective Date
Annual Improvements to MFRS Standards 2018 - 2020	1 January 2022
Amendments to MFRS 3 <i>Reference to the Conceptual Framework</i>	1 January 2022
Amendments to MFRS 116 <i>Property, Plant and Equipment</i> - <i>Proceeds before Intended Use</i>	1 January 2022
Amendments to MFRS 137 <i>Onerous Contracts - Cost of Fulfilling a Contract</i>	1 January 2022

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 2022

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 2023

The following are Standards of the MFRS Framework that have been issued by the MASB but have not been early adopted by the Group and the Company:

Title	Effective Date
MFRS 17 <i>Insurance Contracts</i>	1 January 2023
Amendments to MFRS 17 <i>Insurance Contracts</i>	1 January 2023
Amendments to MFRS 17 <i>Initial Application of MFRS 17 and MFRS 9 - Comparative Information</i>	1 January 2023
Amendments to MFRS 101 <i>Disclosure of Accounting Policies</i>	1 January 2023
Amendments to MFRS 108 <i>Definition of Accounting Estimates</i>	1 January 2023
Amendments to MFRS 112 <i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>	1 January 2023
Amendments to MFRS 16 <i>Lease liability in a sale and leaseback</i>	1 January 2024
Amendments to MFRS 101 <i>Classification of Liabilities as Current or Non-current</i>	1 January 2024
Amendments to MFRS 101 <i>Non-current Liabilities with Covenants</i>	1 January 2024
Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

The Group and the Company are in the process of assessing the impact of implementing these Standards, since the effects would only be observable for future financial years.

45. CONTINGENT LIABILITIES

- 45.1 PT Sarana Prima Multi Niaga ("PT SPMN"), a subsidiary of the Group submitted judicial reviews to the Supreme Court of Republic of Indonesia on the Notices of Tax Underpaid Assessment received for fiscal year 2011 showing underpayments on Value Added Tax and Withholding Tax Articles 4(2) and 23 amounting to equivalent RM4,999,000 (including penalty and interest). In March 2023, the Supreme Court of Republic of Indonesia ruled in favour in PT SPMN in relation to one of the Notices of Tax Underpaid on Withholding Tax Articles 23. Based on consultation with the tax consultants, the Group is of the opinion that PT SPMN has a valid defence against the said Tax Office's assessments.
- 45.2 PT Teguh Swakarsa Sejahtera ("PT TSS"), a subsidiary of the Group has an outstanding appeal at the local Tax Court on the Notice of Tax Underpaid Assessment received for fiscal year 2016 showing an underpayment of Corporate Income Tax amounting to equivalent RM7,702,000 (including penalty and interest). Based on consultation with the tax consultants, the Group is of the opinion that PT TSS has a valid defence against the said Tax Office's assessment.
- 45.3 PT Andalas Agro Industri ("PT AAI"), a subsidiary of the Group has outstanding appeals at the local Tax Court on the Notices of Tax Underpaid Assessment received for fiscal year 2019 showing underpayments of Value Added Tax amounting to equivalent RM966,000 (including penalty). Based on consultation with the tax consultants, the Group is of the opinion that PT AAI has a valid defence against the said Tax Office's assessments.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

45. CONTINGENT LIABILITIES (continued)

45.4 PT Bulungan Citra Agro Persada ("PT BCAP"), a subsidiary of the Group has outstanding appeals at the local Tax Court on Notices of Tax Underpaid Assessment received for fiscal year 2019 showing underpayments on Value Added Tax and Withholding Tax Articles 4(2) and 21 amounting to equivalent RM2,023,000 (including penalty and interest). Based on consultation with the tax consultants, the Group is of the opinion that PT BCAP has a valid defence against the said Tax Office's assessments.

45.5 PT Farinda Bersaudara ("PT FDB"), a subsidiary of the Group has outstanding appeals at the local Tax Court on Notices of Tax Underpaid Assessment received for fiscal year 2019 showing underpayments on Value Added Tax and Withholding Tax Articles 4(2) and 21 amounting to equivalent RM7,649,000 (including penalty and interest). Based on consultation with the tax consultants, the Group is of the opinion that PT FDB has a valid defence against the said Tax Office's assessments.

Other than the above, there are also ongoing objections with the local tax authority on certain disputed tax assessments, which the Group is of the view that it has valid explanations to justify.

In accordance with MFRS 137 *Provisions, Contingent Liabilities and Contingent Assets*, the Group discloses the contingent liabilities relating to the tax cases of the subsidiaries in Indonesia as there is a present obligation that arose from past event, although the amounts of obligation could not be measured with sufficient reliabilities at this juncture.

46. SIGNIFICANT EVENTS DURING AND SUBSEQUENT TO THE FINANCIAL YEAR

46.1 On 6 July 2021, the Group entered into three Sale and Purchase Agreements with Sharikat Keratong Sdn. Bhd. ("SKSB") for the disposals of Ladang Ong Yah Ho, Lahad Datu Palm Oil Mill and Ladang Gomantong. The disposals of Ladang Ong Yah Ho, Lahad Datu Palm Oil Mill were completed on 25 March 2022 whereas the disposal of Ladang Gomantong was completed on 6 May 2022 in accordance with respective Sale and Purchase Agreements and a total gain on disposal of RM84,585,000 had been recorded in the financial statements.

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

On 8 August 2022, the Group completed the disposal of 7,817.36 hectares of the Sale Land for cash consideration amounted to RM408,483,000, which is subject to 2.5% tax on the cash consideration amounted to RM10,212,000, and this has been recognised in administrative expenses within Statements of Comprehensive Income during the financial year. The Group recorded a gain on disposal of RM310,666,000 in the financial statements.

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

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

ANALYSIS OF SHAREHOLDINGS

AS AT 31 MARCH 2023

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	350	3.45	12,462	Negligible
100	-	1,000	1,001	9.87	591,155	0.04
1,001	-	10,000	5,098	50.28	26,613,555	1.93
10,001	-	100,000	3,027	29.85	98,818,048	7.16
100,001	-	69,008,674 *	662	6.53	1,059,591,298	76.77
69,008,675 and above **			2	0.02	194,546,991	14.10
Total			10,140	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 Kelvin Tan Aik Pen	340,799,317	24.69	-	-
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
Lim Fook Hin	2,102,000	0.15	500,000	0.04

* Deemed interested by virtue of Section 59(11)(c) of the Companies Act 2016.

** Negligible

ANALYSIS OF SHAREHOLDINGS

AS AT 31 MARCH 2023

3. SUBSTANTIAL SHAREHOLDERS

Name	No. of shares held	%
1. Datuk Kelvin Tan Aik Pen	340,799,317	24.69
2. Tan Aik Yong	69,949,717	5.07

4. THIRTY (30) LARGEST SHAREHOLDERS

Name	No. of shares held	%
1. RHB Capital Nominees (Tempatan) Sdn. Bhd. Tan Aik Pen	112,000,000	8.11
2. RHB Capital Nominees (Tempatan) Sdn. Bhd. Pledged securities account for Tan Aik Pen	82,546,991	5.98
3. Tan Aik Pen	55,800,000	4.04
4. Tan Aik Kiong	55,438,695	4.02
5. Tan Aik Yong	54,000,717	3.91
6. Alliancegroup Nominees (Tempatan) Sdn. Bhd. Pledged securities account for Tan Aik Pen	53,944,824	3.91
7. Tan Aik Sim	53,371,564	3.87
8. Citigroup Nominees (Asing) Sdn. Bhd. Exempt an for UBS AG Singapore	47,409,862	3.44
9. Maybank Nominees (Asing) Sdn. Bhd. Walton Private Investment Limited	38,483,958	2.79
10. Tan Ah Seng	36,654,089	2.66
11. UOB Kay Hian Nominees (Asing) Sdn. Bhd. Exempt an for UOB Kay Hian Pte. Ltd.	36,486,358	2.64
12. Tan Ek Huat	35,934,718	2.60
13. Lembaga Tabung Haji	31,586,100	2.29
14. Maybank Nominees (Asing) Sdn. Bhd. L&P Bakri Inc.	28,117,200	2.04
15. Amsec Nominees (Tempatan) Sdn. Bhd. Pledged securities account – AmBank (M) Berhad for Tan Aik Pen	28,013,279	2.03
16. Tan Aik Hwa	23,441,139	1.70
17. Tan Soon Hong	22,914,835	1.66
18. Amanahraya Trustees Berhad Public Islamic Opportunities Fund	18,064,200	1.31
19. DB (Malaysia) Nominee (Tempatan) Sendirian Berhad Deutsche Trustees Malaysia Berhad for Eastspring Investments Small-Cap Fund	15,028,300	1.09
20. Amanahraya Trustees Berhad Public Smallcap Fund	13,585,550	0.98

ANALYSIS OF SHAREHOLDINGS

AS AT 31 MARCH 2023

4. THIRTY (30) LARGEST SHAREHOLDERS (continued)

Name	No. of shares held	%
21. UOB Kay Hian Nominees (Asing) Sdn. Bhd. Exempt an for UOB Kay Hian Pte. Ltd.	13,100,000	0.95
22. Teo Han Ching @ Teo Jin Hwa	11,805,000	0.86
23. Cartaban Nominees (Asing) Sdn. Bhd. Exempt an for LGT Bank AG	11,096,500	0.80
24. Tan Aik Hwa	10,480,000	0.76
25. Tan Aik Yong	9,304,000	0.67
26. Cartaban Nominees (Tempatan) Sdn. Bhd. PAMB for Prulink Equity Fund	9,061,000	0.66
27. Amanahraya Trustees Berhad Public Islamic Select Treasures Fund	8,975,200	0.65
28. Cartaban Nominees (Asing) Sdn. Bhd. SSBT Fund TCT9 for California State Teachers Retirement System	6,699,100	0.49
29. Tan Aik Yong	6,250,000	0.45
30. Citigroup Nominees (Asing) Sdn. Bhd. UBS AG	6,214,800	0.45

LIST OF TOP 10 PROPERTIES HELD BY TSH GROUP

AS AT 31 DECEMBER 2022

Location	Description	Area	Existing use	Tenure	Approximate age of building (years)	Net book value as at 31.12.2022 RM	Date of Acquisition/ (Date of last revaluation)
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 dan Resak Kampung	10 years (mill)	221,366,667	26.12.2008
Desa Tanah Kuning & Desa Mangkupadi Kecamatan Tanjung Palas Timur Kabupaten Bulungan Provinsi Kalimantan Timur	Plantation land	12,731 ha	Oil Palm Plantation	35 years lease expiring on 03.10.2046	Not applicable	204,557,123	16.08.2011
Desa Samba Katung, Samba Bakumpai Telok Petak Puti, Tewang Panjang, Tumbang Lahang Kecamatan Katingan Tengah & Desa Tura Tumbang Tanjung, Kecamatan Pulau Malan Kabupaten Katingan, Provinsi Kalimantan Tengah	Plantation land	6,353 ha	Oil Palm Plantation	Pending	Not applicable	132,788,764	29.10.2009

LIST OF TOP 10 PROPERTIES**HELD BY TSH GROUP**

AS AT 31 DECEMBER 2022

Location	Description	Area	Existing use	Tenure	Approximate age of building (years)	Net book value as at 31.12.2022 RM	Date of Acquisition/ (Date of last revaluation)
Kabupaten Dharmasraya, Provinsi Sumatera Barat	Plantation land	3,197 ha	Oil Palm Plantation & Mill	35 years lease expiring on 18.10.2053 30 years lease expiring on 22.09.2051	5 years (mill)	130,837,375	29.12.2005
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	119,213,655	01.04.2006
Desa Pelantaran, Pundu & Bjarau Kecamatan Cempaga Hulu & Parenggean Kabupaten Kotawaringin Timur Provinsi Kalimantan Tengah	Plantation land	7,114 ha	Oil Palm Plantation & Mill	35 years lease expiring on 15.05.2041	12 years (mill)	102,770,111	12.04.2007
Desa Rantau Makmur, Tanjung Labu Kecamatan Rantau Pulung Kabupaten Kutai Timur Kalimantan Timur	Plantation land	5,750 ha	Oil Palm Plantation	Pending	Not applicable	98,757,661	22.02.2013
Desa Langgam/ Katiagan, Kecamatan Pasaman Kabupaten Pasaman & Nagari Kinali, Kecamatan Kinali Kabupaten Pasaman Barat, Provinsi Sumatera Barat	Plantation land	7,309 ha	Oil Palm Plantation	35 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	95,294,671	01.05.2006

LIST OF TOP 10 PROPERTIES**HELD BY TSH GROUP**

AS AT 31 DECEMBER 2022

Location	Description	Area	Existing use	Tenure	Approximate age of building (years)	Net book value as at 31.12.2022 RM	Date of Acquisition/ (Date of last revaluation)
Desa Muara Ponak, Kenyangan, Rikong Kiyag Kecamatan Siluq Ngurai Kabupaten Kutai Barat, Provinsi Kalimantan Timur	Plantation land	8,016 ha	Oil Palm Plantation	35 years lease expiring on 22.10.2048 35 years lease expiring on 04.11.2051	Not applicable	87,872,617	18.10.2011
Title No. CL105365955 Kalumpang, Tawau Sabah	Plantation land	2,387 acres	Oil Palm Plantation	Leasehold land from 01.01.1977 to 31.12.2075	Not applicable	42,065,310	(11.12.2015)

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TSH RESOURCES BERHAD
Registration No. 197901005269 (49548-D)
(Incorporated in Malaysia)

PROXY FORM

CDS Account No.		
Contact No.	Shareholder:	
	Proxy Holder 1:	Proxy Holder 2:

I/We _____ ^NRIC/Company No. _____
(FULL NAME IN CAPITAL LETTERS)

of _____
(FULL ADDRESS)

being *a member/members of TSH RESOURCES BERHAD hereby appoint _____
(FULL NAME IN CAPITAL LETTERS)

_____ ^NRIC /Passport No. _____

Email Address : _____ of _____
(FULL ADDRESS)

and/or ^failing him/her _____ ^NRIC /Passport No. _____
(FULL NAME IN CAPITAL LETTERS)

Email address: _____ of _____
(FULL ADDRESS)

or failing ^him/her, THE CHAIRMAN OF THE MEETING as ^my/our proxy to attend, speak and vote for ^me/us on ^my/our behalf at the 43rd Annual General Meeting ("43rd AGM") of the Company to be held on a fully virtual basis through live streaming and online remote voting via the online meeting platform at <https://meeting.boardroomlimited.my/> (Domain Registration No. with MYNIC-D6A357657) on Tuesday, 23 May 2023 at 10.00 am and any adjournment thereof and to vote as indicated below:

		*FOR	*AGAINST
Resolution 1	To declare a final single-tier dividend of 2.5 sen per ordinary share for the financial year ended 31 December 2022		
Resolution 2	To approve payment of Directors' fees of RM276,000 for the financial year ended 31 December 2022		
Resolution 3	To approve payment of Directors' benefits (excluding Directors' fees) of up to an aggregate amount of RM2,100,000 from 24 May 2023 until the next annual general meeting of the Company in 2024		
Resolution 4	To re-elect the following Directors who are retiring in accordance with Clause 100 of the Company's Constitution: a) Datuk Kelvin Tan Aik Pen		
Resolution 5	b) Dato' Aik Sim, Tan		
Resolution 6	c) Dato' Jasmy bin Ismail		
Resolution 7	To re-elect Paul Lim Joo Heng who is retiring in accordance with Clause 97 of the Company's Constitution		
Resolution 8	To re-appoint Messrs BDO PLT as the Company's Auditors and to authorise Directors to fix their remuneration		
Resolution 9	To approve the Proposed Authority to Issue Shares		
Resolution 10	To approve the Proposed Renewal of the Authority for Share Buy-Back		
Resolution 11	To approve the 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 _____ 2023

Signature/Common Seal of Appointor

No. of shares held

% of shareholdings to be represented by the proxies:		
	No. of shares	%
Proxy 1		
Proxy 2		
Total		100%

Notes:

1. The 43rd AGM of the Company will be conducted on a fully virtual basis through live streaming and online remote voting via Remote Participation and Electronic Voting ("RPEV") facilities provided by Boardroom Share Registrars Sdn. Bhd.. Please follow the procedures provided in the Administrative Guide which is available on the Company's website at <https://www.tsh.com.my/investor-relations/shareholders-meeting/> in order to register, participate and vote remotely.
2. Pursuant to the revised Guidance Note and Frequently Asked Questions on the Conduct of General Meetings for Listed Issuers dated 7 April 2022 issued by the Securities Commission of Malaysia, all meeting participants of a fully virtual general meeting including the Chairman of the meeting, members of the Board, senior management and shareholders are to participate in the meeting online, and an online meeting platform can be recognised as the meeting venue or place under Section 327(2) of the Companies Act 2016 provided that the online platform is located in Malaysia.
3. With the RPEV facilities, you may exercise your right as a member of the Company to participate (including posing questions to the Company) and vote at the 43rd 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 43rd AGM.
4. Only depositors whose names appear in the Record of Depositors as at 16 May 2023 will be regarded as members and be entitled to attend, speak and vote at the meeting.
5. A member of the Company entitled to attend and vote at the meeting is entitled to appoint not more than 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.

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**AFFIX
STAMP
HERE**

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

FOLD HERE

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 43rd AGM, you may deposit the duly completed and signed Proxy Form at the office of the Company's share registrar, Boardroom Share Registrars Sdn. Bhd. at 11th Floor, Menara Symphony, No. 5 Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor not later than 48 hours before the time appointed for holding this meeting or adjourned meeting. Alternatively, you may lodge your Proxy Form electronically through Boardroom Smart Investor Portal at <https://investor.boardroomlimited.com> by logging in and selecting "**Submit eProxy Form**" not later than 48 hours before the time appointed for holding this meeting or adjourned meeting. Please follow the procedures provided in the Administrative Guide in order to participate in the 43rd AGM.
9. Pursuant to Paragraph 8.29A of Bursa Securities Main Market Listing Requirements, all resolutions set out in the Notice of 43rd AGM will be put to vote by poll.

www.tsh.com.my

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