TH PLANTATIONS BERHAD
Registration No. 197201001069 (12696-M)

ANNUAL REPORT 2021

TABLE OF CONTENTS

ABOUT THIS REPORT

OUR ANNUAL REPORT PROVIDES A HOLISTIC AND MATERIAL ASSESSMENT OF THE GROUP'S ABILITY TO CREATE LONG-TERM AND SUSTAINABLE VALUE FOR OUR STAKEHOLDERS.

As an important communication platform, the report reviews the Group's progress against its strategies, taking into consideration the risks and opportunities present in our operating environment. The report also details our operational, governance and sustainability performance.

The report covers the activities of the Group and all our operating subsidiaries for the financial year 1 January 2021 to 31 December 2021, with financial and non-financial data presented in a consolidated manner.

REPORTING FRAMEWORKS

We have prepared our report in adherence to the principles and requirements of the Malaysian Financial Reporting Standards, the Main Market Listing Requirements, the Malaysian Code on Corporate Governance 2017 and the Companies Act 2016.

FORWARD-LOOKING STATEMENTS

This report contains forward-looking statements characterised by the use of words or phrases such as "might", "forecast", "anticipate", "project", "may", "believe", "predict", "expect", "continue", "will", "estimate", "target", and other similar expressions. The report may also contain forecast information such as improvements in production or stipulate a certain course of action with regard to our business. However, these statements do not guarantee future operating, financial or other results as these may involve certain risks and uncertainties. As such, it is important to note that the statements here do not provide a warranty or guarantee that the anticipated results mentioned by these forward-looking statements will be achieved.

STATEMENT FROM THE BOARD OF DIRECTORS

We acknowledge our responsibility in ensuring the integrity of this Annual Report 2021. It is in the Board's opinion that this integrated report addresses all material issues and fairly presents the holistic performance of the Group.

FEEDBACK

At THP, we appreciate the views of our stakeholders as this allows us to understand perspectives other than our own, which will help strengthen our strategy and most importantly, build trust over the longer term. As such, we value the feedback, comments and questions received on our reports thus far. For those who would like to provide feedback on our reports, please contact:

Investor Relations
Tel : 03-2603 4800
Email : info@thplantations.com

This icon tells you where you can find more information inside this report

This icon tells you where you can find more information online at www.thplantations.my

CORPORATE INFORMATION

AS AT 5 APRIL 2022

BOARD OF DIRECTORS

TAN SRI ABU TALIB BIN OTHMAN
Chairman
Non-Independent Non-Executive Director

DATO' SRI AMRIN BIN AWALUDDIN
Non-Independent Non-Executive Director
(Appointed on 1 July 2021)

TENGKU DATO' SERI HASMUDDIN BIN TENGKU OTHMAN
Non-Independent Non-Executive Director
(Appointed on 30 September 2021)
Alternate Director: DZUL EFFENDY BIN AHMAD HAYAN
(Resigned as a Non-Independent Non-Executive Director on 30 September 2021 and Appointed as an Alternate Director on 5 October 2021)

MOHD ADZAHAR BIN ABDUL WAHID
Senior Independent Non-Executive Director
(Appointed as Senior Independent Non-Executive Director on 24 November 2021)

DATO' SHARI BIN HAJI OSMAN
Independent Non-Executive Director

DATUK DR. AHMAD KUSHAIRI BIN DIN
Independent Non-Executive Director
(Appointed on 18 March 2022)

BAKRI BIN JAMALUDDIN
Independent Non-Executive Director
(Appointed on 2 January 2022)

MUHAMMAD RAMIZU BIN MUSTAFFA
Independent Non-Executive Director
(Appointed on 5 April 2022)

AUDIT & RISK MANAGEMENT COMMITTEE

MOHD ADZAHAR BIN ABDUL WAHID
Chairman
Senior Independent Non-Executive Director

DATO' SHARI BIN HAJI OSMAN
Member
Independent Non-Executive Director

TENGKU DATO' SERI HASMUDDIN BIN TENGKU OTHMAN
Member
Non-Independent Non-Executive Director
(Appointed on 26 October 2021)

BAKRI BIN JAMALUDDIN
Member
(Appointed on 22 February 2022)

NOMINATION & REMUNERATION COMMITTEE

DATO' SHARI BIN HAJI OSMAN
Chairman
Independent Non-Executive Director

MOHD ADZAHAR BIN ABDUL WAHID
Member
Senior Independent Non-Executive Director

TENGKU DATO' SERI HASMUDDIN BIN TENGKU OTHMAN
Member
Non-Independent Non-Executive Director
(Appointed on 26 October 2021)

CHIEF EXECUTIVE OFFICER

MOHAMED ZAINURIN BIN MOHAMED ZAIN
(Appointed on 1 October 2021)

CORPORATE INFORMATION
AS AT 5 APRIL 2022

COMPANY SECRETARIES

ALIATUN BINTI MAHMUD
(LS 0008841)
(SSM PC No. 201908003467)

WAN NURUL HIDAYAH BINTI WAN YUSOFF
(LS 0008555)
(SSM PC No. 201908003468)

AUDITORS

KPMG Desa Megat PLT
Level 10
KPMG Tower
8 First Avenue
Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan

Tel : 03 7721 3388
Fax : 03 7721 3399
Website : www.kpmg.com.my

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 : 03 7890 4700
Fax : 03 7890 4670
Website : www.boardroomlimited.com
Email : bsr.helpdesk@boardroomlimited.com

PRINCIPAL BANKERS

Bank Islam Malaysia Berhad
CIMB Bank Berhad

STOCK EXCHANGE LISTING

MAIN MARKET OF BURSA MALAYSIA SECURITIES BERHAD

Stock Name : THPLANT
Listing Date : 27 April 2006
Stock Code : 5112

INVESTOR RELATIONS & ENQUIRIES

Level 35
MoF Inc. Tower
No. 9 Persiaran KLCC
50088 Kuala Lumpur

Tel : 03 2603 4800
Fax : 03 2603 4699
Website : www.thplantations.my
Email : info@thplantations.com

REGISTERED OFFICE & PRINCIPAL PLACE OF BUSINESS

Level 35
MoF Inc. Tower
No. 9 Persiaran KLCC
50088 Kuala Lumpur

Tel : 03 2603 4800
Fax : 03 2603 4695

PLACE OF INCORPORATION AND DOMICILE

Malaysia

WEBSITE

www.thplantations.my

CORPORATE STRUCTURE

AS AT 5 APRIL 2022

TH PLANTATIONS BERHAD#

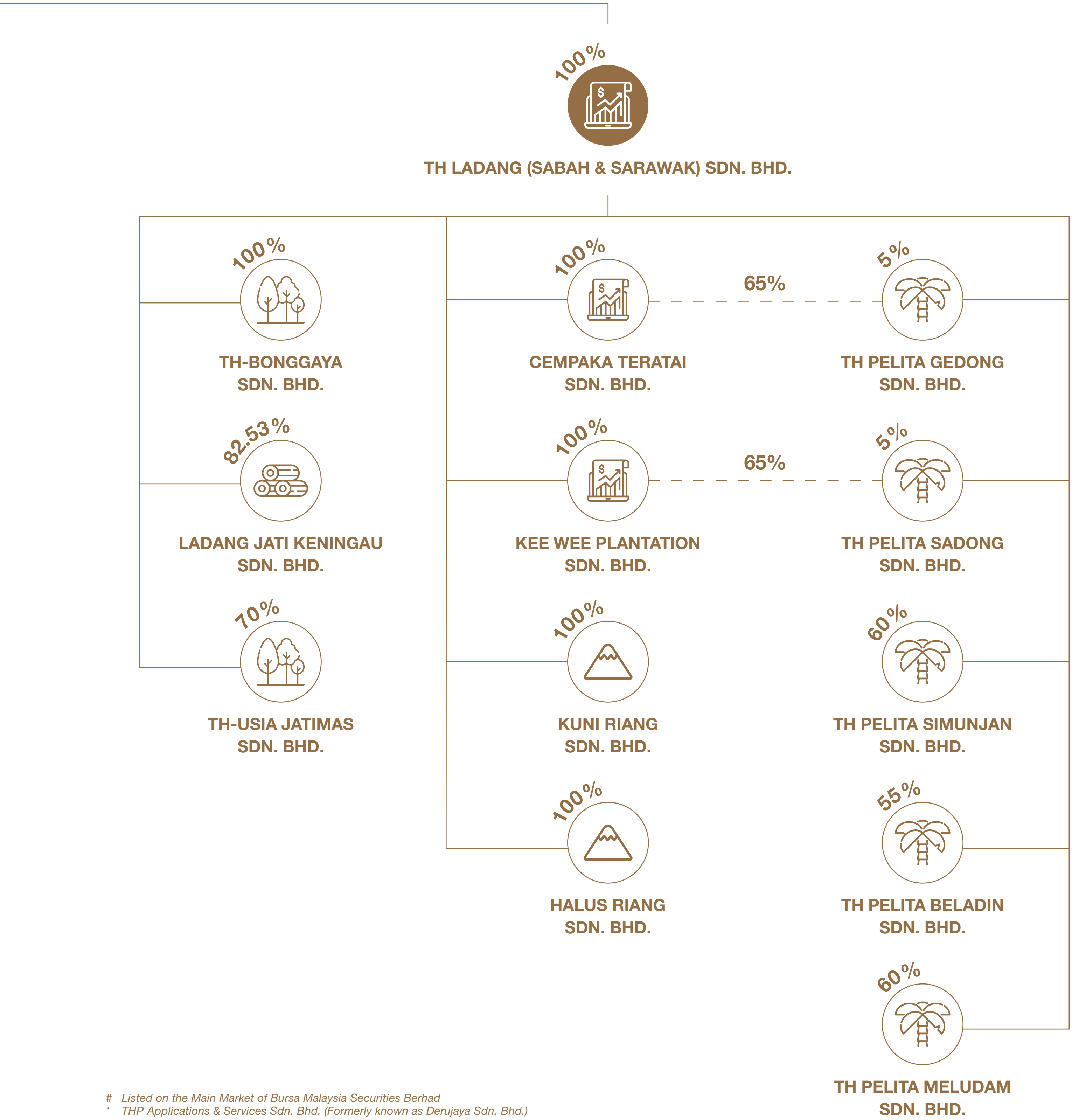
- 100% THP AGRO MANAGEMENT SDN. BHD.
- 100% THP SURIA MEKAR SDN. BHD.
- 100% MANISRAYA SDN. BHD.
- 100% THP APPLICATIONS & SERVICES SDN. BHD.*
- 100% BUMI SURIA VENTURES SDN. BHD.
- 100% MAJU WARISANMAS SDN. BHD.
- 100% THP BUKIT BELIAN SDN. BHD.
- 100% THP IBOK SDN. BHD.
- 100% THP KOTA BAHAGIA SDN. BHD.
- 51% THP SABACO SDN. BHD.
- 70% HYDROFLOW SDN. BHD.
- 80% THP SARIBAS SDN. BHD.
- 93% PT PERSADA KENCANA PRIMA

INDICATORS

Oil Palm Plantation · Teak · Investment Holding · Tradeline Services · Dormant

Forestry · Financing · Management Services · Information Technology

CORPORATE STRUCTURE
AS AT 5 APRIL 2022



 # Listed on the Main Market of Bursa Malaysia Securities Berhad
** THP Applications & Services Sdn. Bhd. (Formerly known as Derujaya Sdn. Bhd.)*

CHAIRMAN'S STATEMENT

DEAR VALUED SHAREHOLDERS,

I am pleased and honoured to present to you TH Plantations Berhad's ("the Group") Annual Report 2021. It has been a challenging year for the world and the nation in navigating the disruptions caused by the resurgence of the COVID-19 pandemic. Despite the difficulties, the Group has continued to focus on creating and preserving value for our shareholders through the sustained execution of our Strategic Recovery Plan ("SRP"), commitment to strong governance and sustainability practices.

TAN SRI ABU TALIB BIN OTHMAN
Chairman

NAVIGATING A CHALLENGING OPERATING ENVIRONMENT

The year under review was another tumultuous time for the world as the pandemic surged once again, disrupting economic recoveries. In Malaysia, the government accelerated its National COVID-19 Immunisation Programme and by the fourth quarter of the year, 90% of Malaysia's adult population were fully vaccinated. Achieving this milestone enabled the relaxing of movement restrictions and COVID-19 Standard Operating Procedures. Consequently, the economy has seen some recovery as business and consumer sentiments improved with Malaysia recording Gross Domestic Product ("GDP") growth of 3.1% in 2021.

For the plantation industry, the ongoing border closures throughout most of 2020 and 2021 had prevented the industry access to foreign workers, many of whom had returned to their home countries and were unable to re-enter Malaysia. The shortage of workers meant shortfalls in production and a slowdown in new plantings that inevitably led to supply pressures in the short term and will continue to affect the industry over the medium term. In 2021, Malaysia's overall Crude Palm Oil ("CPO") production fell for the second consecutive year to 18.1 million tonnes compared to 19.1 million tonnes in 2020 and 19.9 million tonnes in 2019, a decline of 5.4% and 3.6%, respectively, demonstrating the pronounced effect of labour shortage.

Other factors that affected the price of palm oil were strong demand from India and China as well as drought in Canada that resulted in the country's lowest rapeseed harvest in 13 years, thus having a knock-on effect on palm oil prices. Against this backdrop, palm oil prices have stayed elevated, with the average crude palm oil price reaching RM4,407 per tonne in 2021 compared to RM2,685 per tonne in 2020.

Alhamdulillah, the Group continues to be on a positive footing for the second consecutive year and recorded its highest revenue since listing in 2006 of RM760 million despite a challenging operating environment.

STRENGTHENING OUR FOUNDATION

While the palm oil market remains buoyant in terms of prices as the result of tight supply, it is cyclical in nature and is influenced by a variety of factors. As the effects of the pandemic wears off and the movement of labour normalises, the typical range of cyclical factors is expected to take hold once again. Ultimately, we need to continue ensuring our fundamentals are in place to remain competitive.

Thus, even before the pandemic began, the Group had launched its SRP with the aim of bringing us back to a stronger financial footing and to improve performance. Premised on two key thrusts, the plan was to optimise capital structure, improve liquidity and operational efficiency as well as effective cost management. We faced some setbacks due to the prolonged pandemic but remain fully committed to seeing this plan through as we seek to deliver long-term sustainable value to our shareholders.

On this note, I would like to thank our former Chief Executive Officer, Encik Muzmi bin Mohamed, for his strong commitment and contributions during those challenging times, as well as for realising the objectives under the SRP. On behalf of the Board, we warmly welcome our new Chief Executive Officer, Encik Mohamed Zainurin bin Mohamed Zain and we look forward to working closely with him to bring the Group to greater heights through more robust transformation plans.

COMMITMENT TO SUSTAINABILITY

Being part of an industry that is closely scrutinised for its environmental impact has compelled us to ensure that we embedded comprehensive environmental and sustainability practices into our operations. We have taken proactive steps by updating the Group's sustainability policy with elements of No Deforestation, Peat and Exploitation ("NDPE") and complying with requirements under the Malaysian Sustainable Palm Oil Certification ("MSPO"). This includes Good Agronomic Practices and consistent efforts to reduce greenhouse gas emissions at our mills. Most recently, we have signed a Memorandum of Understanding with an Environmental NGO to preserve and conserve a degraded forest for a period of seven years.

The Group actively engages with our surrounding communities through a range of Corporate Social Responsibility initiatives. In 2021, we supported the government's CERDIK Programme that sought to bridge the digital gap for underprivileged students to enable them to continue studying at home during the pandemic. The Group contributed RM100,000 to this effort which resulted in the purchase of 53 laptops and connectivity equipment that was then distributed to the underprivileged students of Sekolah Menengah Kebangsaan Sri Sadong in Simunjan, Sarawak.

UPHOLDING GOOD GOVERNANCE

The Group is fully committed to upholding good governance and integrity practices. This year, we have also renamed the Board's Audit Committee to Audit & Risk Management Committee, in recognition of the important role that risk plays in the process of value creation. We have a Whistleblowing Policy in place and in September 2021, the Group formalised its Code of Ethics and Conduct.

In April 2021, the Malaysian Code on Corporate Governance was updated to compel companies to implement more robust governance practices and greater integration of sustainability into the business. I am pleased to report that the Group has largely had these practices in place prior to the recent updates and the Board had set a strong tone for the Group's sustainability strategic direction. In the context of sustainability governance, the CEO and Sustainability Committee support the Board in tracking its management and performance.

OUTLOOK AND PROSPECTS

Looking ahead, some momentum has returned to the world economy as more countries embrace and adopt an endemic approach to COVID-19. Similarly in Malaysia, beginning 1 April 2022, the reopening of borders is hoped to further improve economic activities and drive demand for commodities in general.

However, some downside risks remain as the operating environment remains challenging due to prolonged labour shortages and the introduction of the new minimum wage policy. The recent conflict and sanctions imposed on Russia, has thrown commodity markets into disarray and hinders exports of resources such as fertiliser components thus leading to both scarcity and a sharp rise in prices.

On the upside, the trend of high prices of palm oil in the world market is expected to continue due to unpredictable weather conditions and tight supply as well as higher prices of other vegetable oils.

Notwithstanding the external operating environment, the Group will continue to focus on the SRP, giving emphasis to our transformation plans and value creation initiatives that will position the Group as a strong and robust company. We will also be building prospects for future organic growth and exploring new business ventures to diversify our revenue streams.

ACKNOWLEDGEMENTS

In closing, I would like to thank the employees and management of the Group for their dedicated efforts in ensuring business continuity during these unprecedented times. On behalf of the Board, I also extend my sincere appreciation to our former Board members, Dato' Indera Dr. Md Yusop bin Omar and Datuk Nik Mohd Hasyudeen bin Yusof for devoting their time and energy to drive the Group forward.

In their place, we warmly welcome Dato' Sri Amrin bin Awaluddin, Tengku Dato' Seri Hasmuddin bin Tengku Othman, Haji Bakri bin Jamaluddin, Datuk Ahmad Kushairi bin Din and Encik Muhammad Ramizu bin Mustaffa to the Board. We look forward to their wisdom and contributions which will help bring the Group to greater heights.

TAN SRI ABU TALIB BIN OTHMAN
Chairman

MANAGEMENT DISCUSSION & ANALYSIS

INDUSTRY LANDSCAPE IN FY2021

The local palm oil industry had an overall stellar year in 2021, underpinned mainly by the surge in crude palm oil ("CPO") price during the second half of the year. Average CPO prices for the whole year 2021 rose to a historical high of RM4,407 per tonne, while in November 2021 the monthly average CPO price hit an unprecedented RM5,341 per tonne. These higher prices were due primarily to a tightening in overall supply coupled with rising demand from India.

The supply constraint was largely due to the ongoing labour shortage brought about by the restrictions imposed in the wake of the COVID-19 pandemic. For most of 2020 and throughout 2021, Malaysia's border closures have starved the country's oil palm estates of foreign workers, many of whom have also returned to their home countries. Another contributory factor in tight supplies is a slowdown in new tree plantings in Malaysia and Indonesia since 2015. As both countries collectively produce 85% of the world's palm oil supply, supply levels are expected to remain depressed in the medium term.

Contributing to the surge in CPO prices has been rising demand from India due to Malaysia's competitive CPO export tax structure. The lower-than-expected supply of soft oils due to poor harvest as a result of adverse weather conditions induced a sharp rise in the price of other vegetable oils, which correspondingly has a spill-over effect on palm oil pricing.

Prices in the first half of 2021 however, was less than stellar. Impacted by the ongoing labour shortage, total CPO production volume in FY2021 declined by 5.4% compared to FY2020, as havesting constraints reduced the volume of fresh fruit bunch ("FFB"). Nevertheless, the surging CPO prices during the latter half of FY2021 had the effect of offsetting the impact from lower production volumes, ultimately leading to significantly higher revenue and correspondingly higher profits across the industry.

The beginning of 2021 saw a return to stricter controls under the Movement Control Order ("MCO") as the daily number of new COVID-19 cases increased drastically in a second wave of infections. The subsequent third wave of infections in Q3 2021 resulted in continued disruptions to plantation operations as well as market conditions. Aside from prolonging the labour shortage, the disruptions also continued to impact the supply chain for chemicals and fertilisers, which increased total costs. On the bright side however, industry players have been forced to innovate around these challenges, which augurs well for the medium to the long-term horizon for plantation operations.

In 2021, CPO production declined by 5.4%, to 18.1 million tonnes as against 19.1 million tonnes recorded in 2020. Total exports of palm oil and other palm-based products in 2021 amounted to 24.3 million tonnes, down 9.2% from 2020 which totalled 26.7 million tonnes. Lower palm oil exports and higher imports of palm oil compared to 2020 resulted in palm oil stocks closing higher 26.8% in December 2021.

Export:

Product	FY 2021 mil MT	FY 2020 mil MT	Different %
Palm Oil	**15.57**	17.39	10.5 ↓
- CPO	**4.57**	4.45	2.7 ↑
- PPO	**11.00**	12.95	15.0 ↓
Total	**24.28**	26.73	9.2 ↓

Stock:

Product	FY 2021 mil MT	FY 2020 mil MT	Different %
Closing Stock	**1.61**	1.27	26.8% ↑

Palm Oil ("PO") stocks higher by 27.6% due to:

Lower PO export	Higher PO Imports

In 2021, the Government of Malaysia launched the 12th Malaysia Plan, where it was announced that the use of palm-oil biodiesel would be scaled up from the current B7 and B10 blends to B15 and B20, respectively. It further committed to the use of B30 biodiesel by the year 2025. The sustainability movement gathered further momentum in 2021 with more calls by investors, the public sector, and consumers for companies to improve their environment, social and governance ("ESG") score.

OVERVIEW OF COMPANY PERFORMANCE IN FY2021

Historically high CPO prices during the second half of 2021 contributed to significant revenue growth during the year under review. As a result, turnover increased by 37.1% to RM760.8 million from RM555.1 million in FY2020. A key factor that led to the higher revenue was an increase in average realised prices for palm products throughout the year. The average realised price of CPO in FY2021 was RM3,762 per tonne compared to RM2,538 per tonne in FY2020.

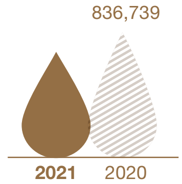
As a result, the Group's operating profit in FY2021 increased to RM252.8 million compared to RM177.2 million in FY2020. Profit before tax also jumped up to RM137.9 million in FY2021 compared to RM54.5 million the year before. Again, the stellar performance was mainly attributable to higher average realised CPO prices and palm kernel ("PK"), despite lower production volumes and a challenging operating environment that has been brought about by the acute labour shortage.

OPERATIONAL PERFORMANCE IN FY2021

The continued labour shortage caused by the MCO resulted in a further reduction in the Group's output. Total FFB processed at the mill dropped 10% in 2021 to 779,436 MT from 868,696 MT and production of FFB dropped 16% in 2021 to 701,251 MT from 836,739 MT in 2020. As a result, CPO production also declined by 10% in 2021 to 153,603 MT from 169,748 MT in 2020.

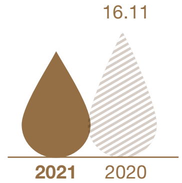
FFB PRODUCTION (MT)

701,251



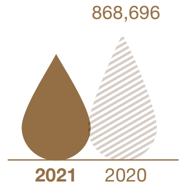
FFB YIELD (MT/HA)

13.36



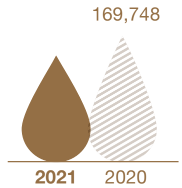
FFB PROCESSED (MT)

779,436



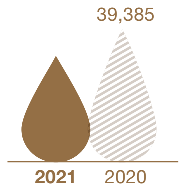
CPO PRODUCTION (MT)

153,603

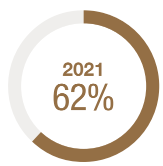


PK PRODUCTION (MT)

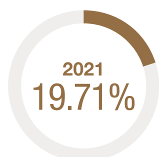
36,773



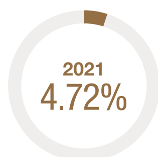
MILL UTILISATION (%)
(2020: 69%)



OIL EXTRACTION RATE (%)
(2020: 19.54%)



KERNEL EXTRATION RATE (%)
(2020: 4.53%)



Overall, the Group's mature planted areas for oil palm recorded a marginal increase of 1,648 hectares. However, the immature planted areas and oil palm in the course of planting decreased marginally by 554 hectares and 456 hectares, respectively. The reasons for the decrease of immature hectares and in the course of planting hectares are due to a reduced replanting programme during the period under review and the decision to carry out the replanting programme schedule is based on the Group Standard Operating Procedures ("SOP"), respectively. The rubber and teak planted areas remained largely unchanged at the end of 2021.

	Oil Palm (Ha)			Rubber/Teak (Ha)		
	Mature	**Immature**	**In the course of planting**	**Immature**	**Others (Ha)**	**Total (Ha)**
2021	52,470	4,411	500	10,380	30,460	98,221
2020	50,843	4,964	956	10,380	30,146	97,289
Variance	1,648	(554)	(456)	0	313	951

Total acreage across the Group's increased from 97,289 hectares to 98,240 hectares. The increase was mostly attributable to the oil palm acreage in Sabah and Sarawak, with marginal growth in the Semenanjung. The net change in immature planted areas resulted from a reduction in Sabah and an increase in Sarawak. The rubber and teak planted areas did not change in 2021.

	Group's Oil Palm Total Acreage in 2021 (Ha)					
	Mature	**Immature**	**In course of planting**	**Planted Area**	**Others**	**Total**
Semenanjung	11,547	1,367	-	12,914	539	13,453
Sabah	6,843	1,756	500	9,099	832	9,931
Sarawak	33,078	476	-	33,554	18,642	52,196
Indonesia	1,002	812	-	1,814	5,114	6,928
Total	**52,470**	**4,411**	**500**	**57,381**	**25,127**	**82,508**

	Group's Rubber and Teak Total Acreage in 2021 (Ha)					
	Mature	**Immature**	**In course of planting**	**Planted Area**	**Others**	**Total**
Sabah	-	10,380	-	10,380	5,333	15,713
Total	**-**	**10,380**	**-**	**10,380**	**5,333**	**15,713**

	Group's Total Acreage in 2021 (Ha)					
	Mature	**Immature**	**In course of planting**	**Planted Area**	**Others**	**Total**
Total	**52,470**	**14,791**	**500**	**67,761**	**30,460**	**98,221**

STRATEGIC RECOVERY AND TRANSFORMATION PLAN

In 2019, the Group had implemented a SRP with the goal of stabilising and strengthening the company, thereby enabling the Group to be able to seek out growth opportunities in the market. The SRP was a two-pronged plan that focused on strategic initiatives and objectives with the highest sustainable impact. It was divided into two (2) phases-Rationalisation Phase and Transformation Phase.

The Rationalisation Phase aims for an optimal capital structure in improving liquidity and strengthening our operations and growth. The current environment of high crude palm oil prices will help the Group to achieve greater momentum in these efforts. Nonetheless, the management is cognisant that the industry is cyclical and long term financial sustainability remains the primary goal.

The Transformation Phase for the Group gives emphasis to strengthening our operations, sustainability, replanting, mechanisation and a more effective cost management of the plantation operations. The Group continues to adhere to robust Group-wide performance tracking, and the implementation of enhancements in our governance, to ensure that the company is a responsible and sustainable organisation.

REPLANTING

The Group actively invests in our replanting programmes to become a more sustainable company. The age profile of our planted area for the entire Group is reflected below. The replanting programme that the company maintains aims to reach an optimum average age and yield across all the estates by 2025. Having this data on hand can help more planted areas reach the prime mature age, yield higher FFB yields and reduce oil extraction rates.

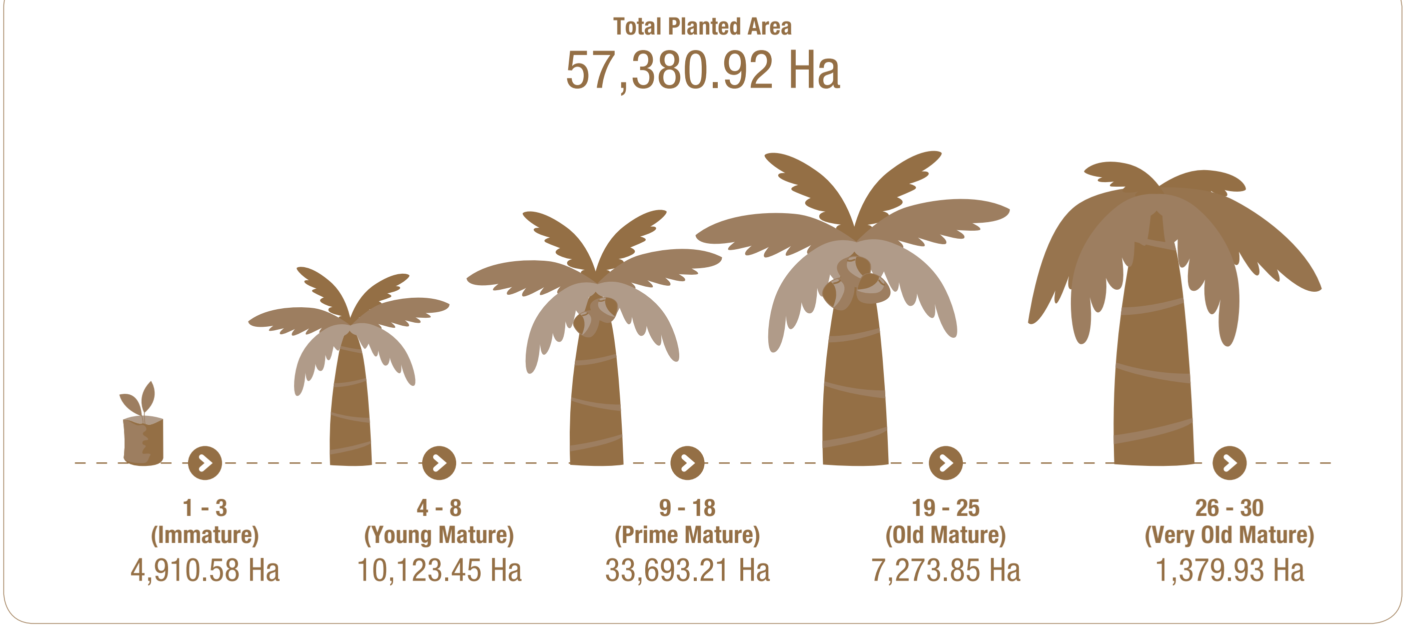
Replanting Programme FY2021

The Group's replanting efforts in 2021 proceeded smoothly with 100% completion in Bukit Belian and 62% in Bukit Gold, totalling a blended progress level of 79% against the estimate.

Estate	Actual (Ha)	Estimate (Ha)	Progress (%)	Remarks
Bukit Gold	176	280	62%	Work in progress
Bukit Belian	220	220	100%	Completed
Total	**396**	**500**	**79%**	

Replanting Programme FY2022

Age profile of planted area for the Group



TRANSFORMATION & AUTOMATION

Information Technology

The Group continues to utilise information technology to further streamline our operations, enhance our reporting and increase efficiency. We deployed mobile apps for in-field data collection ie workers' attendance, work distribution, FFB grading at the corp collection point and at the mill ramp. For reporting, daily emails on in-field activities and crop collection are auto-generated and sent to management. Our IT team deployed technology that increases operational visibility via centralised reporting on yield production, workers' total earnings, fertiliser delivery and petrol diesel usage.

Our IT team has developed and managed to get Certification of Approval from National Metrology Institute of Malaysia ("NMIM"), SIRIM Malaysia for Weighing Application Software used in our estates and mills.

To further augment the realiability and security of our application layer, the IT team implemented some new initiatives. Software-Defined Wide Area Network ("SDWAN") equipment running on 4G and TM Unifi connectivity are deployed across all the estates and mills in Semenanjung Malaysia to replace the existing Multiprotocol Label Switching ("MPLS") fibre connectivity. This greatly allows for greater mobility that will help minimise future disruption to operations. The IT team implemented Hyperconverged Infrastructure ("HCI") that runs on the Nutanix platform to improve reliability and rolled-out Trend Micro's Cloud Security solution to boost our network security profile. These improvements will increase the overall capability of the Group to support remote work initiatives, making us more resilient.

Mechanisation Initiative

In September 2021, the Mechanisation and Innovation Unit ("MIU") released a blueprint on THP's mechanisation implementation, as part of the company's continuous mechanisation initiatives. According to estate mechanisation studies, this blueprint was created to serve as a theoretical guide for estate mechanisation and it helps as a roadmap to identify the requirements and challenges that must be overcome to deploy mechanisation.

The board has approved an allocation in capital expenditure to purchase new machinery as outlined by the Mechanisation Blueprint. The MIU plans to roll out this initiative via two distinct approaches.

Approach 1	Approach 2
Increase the number of machines that have already proven their efficacy in some estates such as the Mechanical Buffalo (Badang) and the Mechanical Spreaders. As of the end of 2021, the number of Mechanical Buffalos used for infield collection work in both the Semenanjung and Sabah, increased significantly from 29% of the total number required, to 80%. For Mechanical Spreaders, their usage in the Semenanjung and Sabah have been entirely met.	Acquire new machines and equipment on the basis of successful pilot programmes that have been tested in 2021 at selected estates. The MIU is now conducting a trial of mechanical cutters across 75% of all estates for palm trees below five metres in height, while experimenting with a light pole for the taller palm trees in Semenanjung Malaysia and Sabah. The use of these tools will reduce the physical toll on the harvest workers and allow them to be more productive without becoming too fatigued. The MIU also conducted a trial on crawler machines such as Landsurf in the Group's Sabah and Sarawak estates for infield collection. This machine is well suited for use in hilly locations and on peat ground commonly found in Sabah and Sarawak estates, that are not accessible to the Mechanical Buffalo (Badang).

CHALLENGES, RISKS AND MITIGATION

In the next few years, a major challenge will be the shortage of plantation workers, especially FFB harvesters. International travel has been restricted as many countries, including those in which foreign labour is sourced, have closed their borders in the wake of the COVID-19 pandemic. With these shortages of plantation workers, we estimate FFB production to decrease by 15%-40% in 2021. To mitigate this issue, The Group has commenced mechanisation efforts for those estates that can support mechanisation. Additionally, estate managers are constantly encouraged to recruit and train locals or outsourced contractors for harvesting activities.

OUTLOOK FOR 2022

From April 2022 onwards, Malaysia will shift to an endemic phase. As a result of the country's high vaccination rate, the government will streamline all the SOPs to gradually relax their restrictions, including opening up Malaysia's borders to foreign workers. This is expected to bode well for the industry as is expected to improve the labour shortage suffered by the industry for more than two years. The increase in domestic and regional economic activity from the gradual resumption of international travel will bode well for overall aggregate economic demand, and improve the demand for palm oil products.

With 2021 registering the lowest production levels in the last five years, the outlook for production remains well below historical averages (Malaysian Palm Oil Board and Malaysia Palm Oil Association). As the borders open, the prolonged labour shortage is expected to ease towards the end of the Q2 2022, with CPO production recovering during Q3 2022. The global supply of other vegetable oils is expected to remain limited, well into the first half of 2022. Based on this and other prevailing factors, there remains significant upward pressure on prices which is expected to keep CPO prices above the RM3,500 per tonne mark.

However, the forward outlook sees higher production costs mainly due to higher fertiliser prices arising from lower imports and procurement disruptions. Since 2021, fertiliser cost soared due to output cuts in the energy-intensive fertiliser sector. As long as palm oil prices remain high, growers in Malaysia and Indonesia will likely move to raise output to a point where the higher prices offset the increased cost of production.

Indonesia's plan to discourage its export of raw palm oil is expected to be a game-changer in 2022. This policy aims to attract more investment into the country's resource processing capabilities and create more jobs. As Indonesia will then be able to export more refined palm oil instead of CPO, the demand for CPO will result in more buyers for the Malaysian product, providing a further uplift for CPO prices.

LINKING SUSTAINABILITY TO OUR STRATEGY

THIS YEAR'S SUSTAINABILITY STATEMENT MARKS THE FIFTH CONSECUTIVE YEAR THAT THE GROUP HAS REPORTED ON THE PROGRESS OF OUR SUSTAINABILITY JOURNEY, THP IS PROUD TO USE THIS OPPORTUNITY TO REPORT ON OUR PROGRESS IN THE AREAS OF IMPLEMENTATION AND MONITORING OF OUR VARIOUS SUSTAINABILITY INITIATIVES FOR THE FINANCIAL YEAR 2021.

We continue to develop key performance indicators ("KPIs") and regularly monitor our sustainability initiatives, together with regular progress updates to management. In addition to these, the Board of THP has approved and endorsed the updated Group Sustainability Policy in November 2020 which emphasises THP's commitment towards No Deforestation, No Peat and No Exploitation ("NDPE"). To date, all of our estates and mills in Peninsular Malaysia, Sabah and Sarawak have been certified under MSPO. As at December 2021, all THP mills have been audited under certification of Malaysian Sustainable Palm Oil Supply Chain Certification Standard ("MSPO SCCS").

Guided by our values, we remain committed to our EES matters. This includes managing our effluents and water discharge, upholding human rights and maintaining a safe and healthy workplace, as well as preserving riparian areas, exercising good agriculture practices, and improving product quality and operational efficiency.

Sustainability is a journey of continuous improvement, where we embrace change and seek to do better for the sake of our future generations. With the progress made in 2021, we acknowledge that more could be done towards sustainable growth. We will continue our efforts in creating a shared environment that not only secures future agricultural growth and quality products, but also addresses the collective needs of our stakeholders as well as the environment.

ABOUT THE SUSTAINABILITY STATEMENT

The purpose of this Statement is to communicate to our stakeholders on our commitment and management of sustainability risks across Economic, Environmental and Social ("EES") themes.

Our operations consist of three strategic business units, namely oil palm plantations, forestry (harvesting of latex and rubberwood), and management services. The scope of this Statement covers our operations in oil palm plantations in West and East Malaysia, which include activities of cultivating palm oil, processing Fresh Fruit Bunches ("FFB"), marketing Crude Palm Oil ("CPO") and Palm Kernel ("PK"), unless otherwise stated. As palm oil activities in Malaysia is our core business, which contributes almost 100% of our revenue since 2018, emphasis would be placed here.

The reporting period of our Statement is 1 January 2021 to 31 December 2021, unless otherwise stated. The content of our Statement is underlined by our commitment towards achieving full MSPO and MSPO SCCS certification before the year ends. Our main aim is to ensure business sustainability amidst the COVID-19 pandemic in 2021 and mitigate environmental challenges such as complying with the NDPE policy which is determined by major industry players.

We have referenced Bursa Malaysia's Sustainability Reporting Guide and Toolkits, internationally-recognised Global Reporting Initiative Sustainability Reporting Standards ("GRI Standards"), relevant industry standards and benchmarks, and guidance that was given through the facilitation from external consultants in previous years when preparing the Statement.

SUSTAINABILITY GOVERNANCE

In recognition of the ever changing sustainability agenda, we have made incremental improvements to strengthen our sustainability commitment. A dedicated Sustainability Department ("SD") was formed in November 2020 to report directly to the Plantation Director. Previously, Sustainability was only a unit under the Agronomy and Innovation Department and prior to that, it was part of the Investor Relations Department. The SD oversees all related issues concerning sustainability and is also responsible for monitoring the implementation of our sustainability agenda. This is in line with the SD's role as secretariat in the sustainability committee ("SC").

No.	Representative	Member of Sustainability Committee
1	Chief Executive Officer ("CEO")	Chairman
2	Plantation Director	Deputy Chairman
3	Sustainability	Secretariat
4	Plantation Controllers	Member
5	Marketing	Member
6	CEO's Office	Member
7	Engineering	Member
8	Estate Department	Member
9	Agronomy	Member
10	Legal & Secretarial	Member
11	Administration (Foreign Labour Unit)	Member

The sustainability agenda guides THP towards becoming a sustainable and integrated palm oil player over the long term, including being fully MSPO certified by June 2019, MSPO SCCS certified in 2020 and maintaining a comprehensive Sustainability Policy ("the Policy") as a platform to communicate our initiatives. The Policy formalises our commitment to strengthening our sustainability agenda and guides THP towards adopting a holistic approach to business management. With the full support of the Board, we are confident that the Policy will achieve its aim as it is implemented in parallel with the full MSPO certification of our estates and mills.

STAKEHOLDER ENGAGEMENT

We recognise our stakeholders as being key enablers who support our business activities, contribute to our success and to whom we owe a duty to care for and to share the value we create. Our approach to sustainability takes into consideration the long-term impact of our activities in relation to both the Group and our stakeholders. As such, we proactively engage with our stakeholders. Our approach to engaging with our stakeholders is summarised below, which highlights their main concerns as well as THP's response:

STAKEHOLDER GROUPS & ENGAGEMENT PLATFORMS

1 Shareholders

- Annual General Meetings
- Quarterly announcements
- Special meetings

2 Directors

- Quarterly and special Board meetings
- Quarterly and special Board Committee meetings

3 Management

- Quarterly management and ad hoc meetings

4 Employees

- 'Open-door' policy
- Company intranet, special briefings and bulletins
- Training

5 Customers

- Regular emails/in-person correspondence to discuss issues raised

6 Local Communities

(i.e. towns, villages)

- Informal grievance channels
- Donation and community programmes
- Land management schemes

7 Local Authorities

(i.e. Malaysian Palm Oil Board ("MPOB"), DOSH, DOE, municipal councils, etc.)

- Monthly, annual and special reporting
- Forums

STAKEHOLDER CONCERNS

1
- Growth of THP's earnings
- Dividend payout

2
- Maintaining THP's financial support and growth
- THP's relationship with its stakeholders
- Maintaining good governance practices

4
- Prevention of occupational safety and health risks
- Seeking a supportive workplace environment with competitive wages and benefits
- Good governance and ethical environmental and social management practices

3
- Business growth and increased yields
- Achieving MSPO certification
- Stakeholder relationship management
- Mitigation of occupational safety and health risks
- Regulatory requirements on discharge management
- Preventing human rights violations
- Talent retention and supporting employees via welfare initiatives and competitive remuneration
- Improving operational efficiency, including reducing waste
- Product quality and meeting customers' requirements
- Regulatory compliance

5
- Meeting quality requirements and demand needs
- THP's performance and management of EES matters

6
- Management of effluent discharge
- Provision of support elements (i.e. donations and medical facilities)

7
- Meeting regulatory requirements (i.e. health and safety statistics, air emissions and effluent and discharge, etc.)

MANAGEMENT'S RESPONSE

1
- Refer to our Management Discussion & Analysis ("MD&A") on pages 8 to 13 and Audited Financial Statements on pages 79 to 202
- Product Quality and Operational Efficiency on pages 19 to 20

2
- Refer to our MD&A on pages 8 to 13 and Audited Financial Statements on pages 79 to 202
- Governance and Ethics on page 21

3
- Product Quality and Operational Efficiency on pages 19 to 20
- Traceability and Supply Chain Management on page 21
- Occupational Safety and Health on on pages 29 to 31
- Effluents and Water Discharge Management on pages 22 to 23
- Waste Management on pages 23 to 25
- Employee Welfare and Development on pages 32 to 33
- Human Rights on page 28
- Water Management on page 25

4
- Occupational Safety and Health on pages 29 to 31
- Employee Welfare and Development on pages 32 to 33
- Human Rights on page 28
- Governance and Ethics on page 21

5
- Product Quality and Operational Efficiency on pages 19 to 20
- Traceability and Supply Chain Management on page 21
- Governance and Ethics on page 21
- Biodiversity and Conservation on pages 26 to 27
- NDPE Commitment on pages 26 to 27

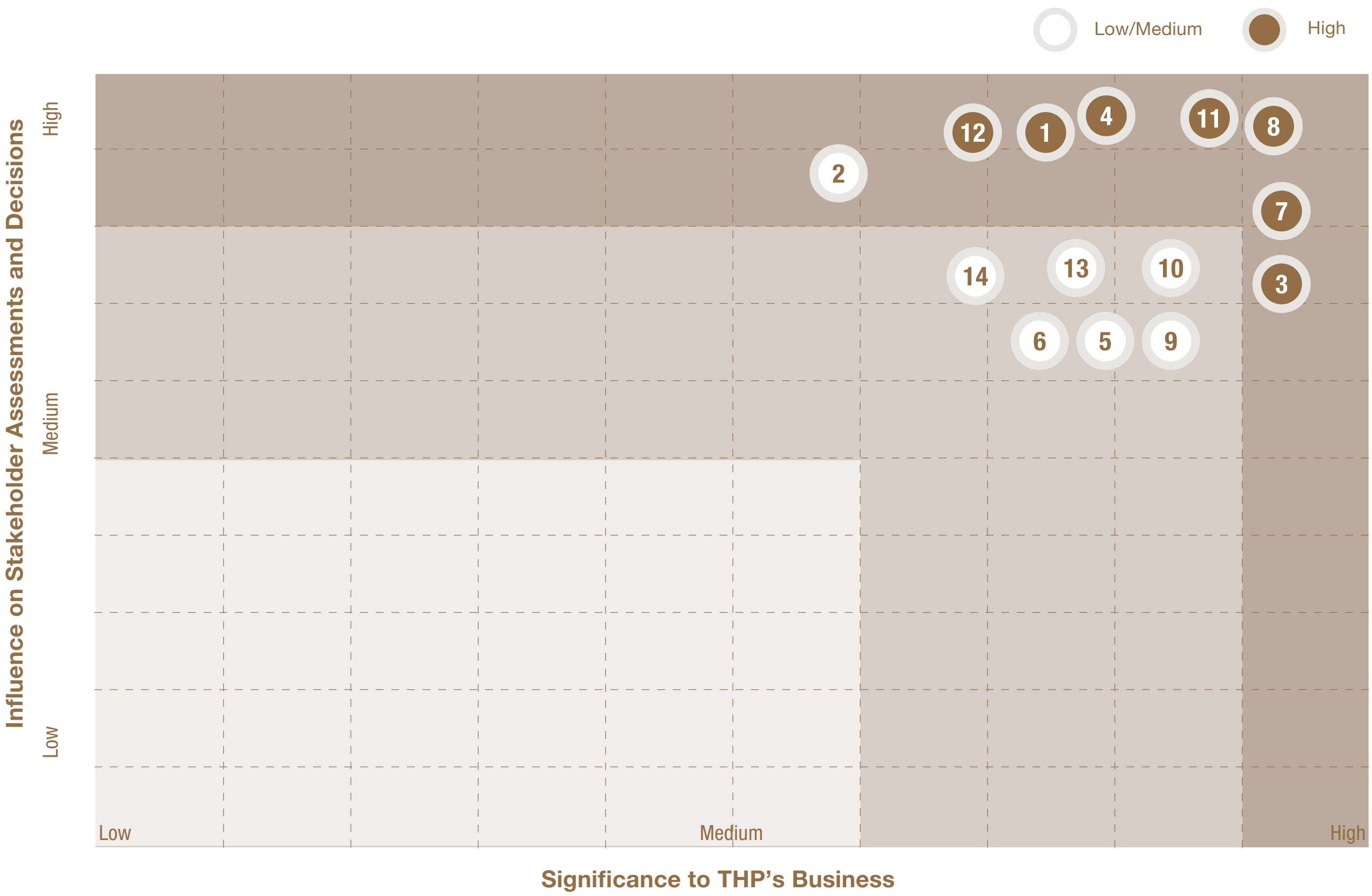
6
- Local Communities on page 34
- Biodiversity and Conservation on pages 26 to 27
- Effluents and Water Discharge Management on pages 22 to 23

7
- Governance and Ethics on page 21
- Effluent and Water Discharge Management on pages 22 to 23
- Human Rights on page 28
- Occupational Safety and Health on pages 29 to 31
- Waste Management on pages 23 to 25
- Water Management on page 25

Throughout the process, we recognised the limitations of our current stakeholder engagement scope. Nevertheless, as part of the process for MSPO certification, we have expanded and formalised additional platforms for engagement with our stakeholders, including formal stakeholder meetings at each complex level as well as the provision of grievance channels for our stakeholders to submit their concerns regarding our operations.

MATERIALITY MATRIX

In 2021, we identified our material matters via Bursa Malaysia's Materiality Assessment Toolkit. We considered the impact of relevant matters to the business and the importance of each matter to our stakeholder groups. Below is our materiality matrix:



All relevant matters identified above are material to our operations, and are managed with prudent planning and execution. We have grouped our matters into the following themes:

ECONOMIC	ENVIRONMENT	SOCIAL
1. Product Quality and Operational Efficiency 2. Traceability and Supply Chain Management 3. Governance and Ethics	4. Effluent and Water Discharge Management 5. Waste Management 6. Water Management 7. Biodiversity and Conservation 8. NDPE 9. Green House Gases ("GHG")	10. Human Rights 11. Occupational Safety and Health 12. Employee Welfare and Development 13. Local Communities 14. Land Rights

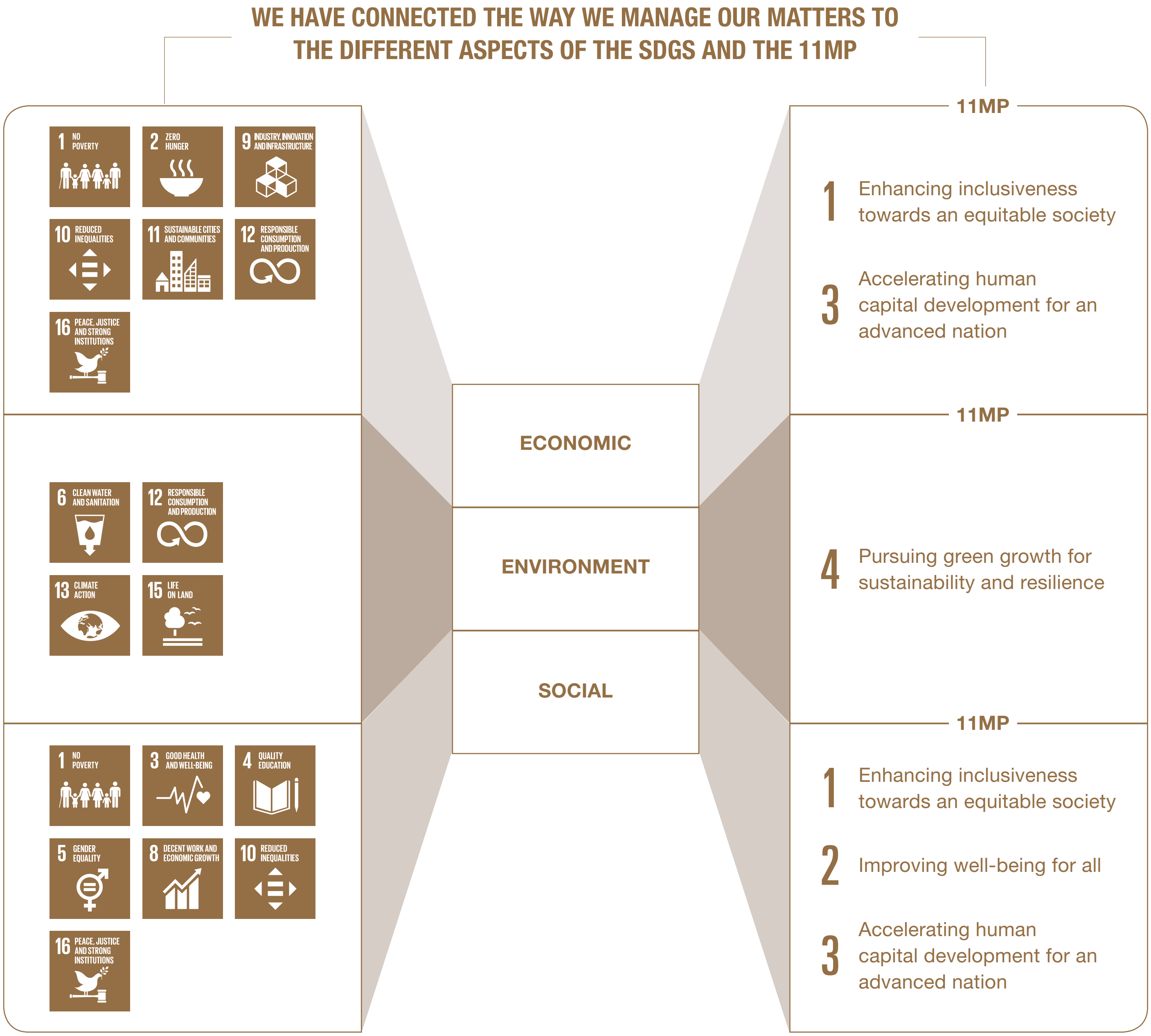
The next section provides details on how we manage our identified material sustainability matters, including key practices we undertake and performance indicators that we monitor.

LINKING SUSTAINABILITY TO OUR STRATEGY

MANAGING MATTERS TO CREATE SHARED VALUE

Governments, organisations and people of all backgrounds are unified in agreement that the United Nations Sustainable Development Goals ("SDGs"), will help attain the future and quality of life we want for our communities, our businesses and our nations. In Malaysia, the Eleventh Malaysia Plan ("11MP") took effect from 2016, with a review in 2018, which set six strategic directions for the country to achieve greater prosperity.

Against the backdrop of the abovementioned agendas, we want to communicate how our matters create value on these universally-spoken platforms. Therefore, we have connected the way we manage our matters to the different aspects of the SDGs and 11MP. Our representations are shown below:



ECONOMIC

PRODUCT QUALITY AND OPERATIONAL EFFICIENCY

As an upstream oil palm business, we understand the importance of quality in meeting our customers' requirements and our internal business targets. In doing so, we focus on an array of areas to manage product quality and uphold a high rate of operational efficiency. In the Management Discussion & Analysis section of our Annual Report, on pages 8 to 13 we further discuss our operational performance, efforts and significant achievements during the year.

Customer Satisfaction

Our customers are important stakeholders in the sustainable development of our operations. It is our responsibility to produce quality products that benefit our customers, drive business growth and are responsibly produced and sourced. We regularly engage with our customers to understand their needs and develop collaborative relationships to overcome common industrial challenges.

We strive to maintain the quality of our CPO and PK to meet customer requirements. Each batch is measured and monitored against our internal targets, which have been developed in conjunction with the Standard Quality Grade of the Malaysian Standards MS814:2007 and MS236:2007, for CPO and PK, respectively. The table on the right highlights our average performance against the targets:

Average quality indicators	Internal target	Average performance		
		2019	2020	2021
CPO				
Free Fatty Acid ("FFA") (%)	≤5.00	3.98	3.83	**3.91**
Deterioration of Bleachability Index ("DOBI")	≥2.30	2.41	2.52	**2.58**
Moisture & Impurities ("M&I") (%)	<0.25	0.16	0.18	**0.18**
PK				
Moisture (%)	<7.00	5.51	5.85	**5.87**
Dirt & Shell (%)	<6.00	4.72	4.75	**4.78**

ECONOMIC

Good Agriculture Practices

Our plantation operations are guided by our SOP on Good Agricultural Practices ("GAP"). Key focus areas of GAP include managing optimum water levels, implementation of site-specific fertiliser programmes, application of integrated pest management and efforts to minimise production of poor fruit sets.

Research and Development

Research and Development ("R&D") is an integral component of the Agronomy Department. The team consists of four talented professionals who are focused on improving elements of operations such as increasing the quality and quantity of yield. Key areas covered by the team include fertiliser recommendations, geospatial service and plantation research. Several projects were carried out during the year, the key highlights of which are:

Key R&D projects in 2021

1. Collaborative study on water level sensors with MPOB and Iluminet Sdn. Bhd. on precision water management techniques for yield improvement on peatland.
2. Oil palm mill by-products utilisation such as application of empty fruit bunches ("EFB") to fields to improve soil structure and retain soil moisture & organic matter and as an additional source of nutrients.
3. Collaborative research with reputable third parties on utilisation of specifically formulated bait for supressing rat populations through an integrated comprehensive approach.
4. Providing technical support services to estate operations in areas of land development, establishment of estate boundaries, and replanting.

To support our team, annual budgets are allocated for R&D expenditure. The table below highlights our R&D expenditure over the years:

RM million	2019	2020	2021
Budget for R&D: Annual Expenditure	2.4	1.6	**1.5**

MSPO & MSPO SCCS Certification

Given our position as a supplier of CPO and PK, it is essential that we improve sustainability along the supply chain of the palm oil industry.

Under MSPO standards, we address seven key areas:

1. Management commitment and responsibility
2. Transparency
3. Compliance with legal requirements
4. Social responsibility, safety and employment conditions
5. Environment, natural resources, biodiversity and ecosystem services
6. Best practices
7. Development and new plantings

As of the end of December 2021, all THP mills have been audited by the appointed certification body to be fully MSPO SCCS-certified. To recap, all estates and mills were first fully certified in 2019 with MSPO and MSPO SCCS certification which strengthens the credibility of our products and traceability measures and aligns us with local and global palm oil market demands.

In line with our goal to become an integrated and sustainable plantations company, we will continue to invest in R&D and maintain our internal quality controls, as we explore new areas of agricultural practice to improve yields and produce high quality products.

TRACEABILITY AND SUPPLY CHAIN MANAGEMENT

The production of sustainable palm oil is guided by responsible practices along the supply chain. We acknowledge our role in providing quality products that are made via ethical and sustainable operations. Hence, we pay close attention to the management of our supply chain to ensure that responsible and transparent end-to-end processes and procedures are practised. Our actions enable traceability, which we define below.

Traceability

As part of our efforts to manage our supply chain, we underline the importance of traceability as part of our internal procurement and supplier management processes. We are committed to supplying traceable products to our customers. Our efforts are aimed at:

Ensuring the estates can trace FFB across the various stages of production, including seedlings, planting, harvesting, and transportation; and

Ensuring palm oil mills are able to trace the production of CPO and PK – from receipt of FFB, mill processing, transporting, to delivery.

Ensuring the validity of MSPO SCCS certification period for five years at all Palm Oil Mills.

To ensure the FFB produced at estates as well as the CPO and PK produced as part of mill operations are traceable, we have established procedures under the purview of our Estate and Mill Departments. These operations are closely monitored to ensure we manage the sustainable production of our FFB, CPO, and PK.

Fair Procurement Practices

All potential suppliers are treated equally, including potential participants of our Vendor Development Initiative on page 34. Our Procurement Department guides our procurement process by selecting suppliers based on specified criteria, including the extent of vendors' resources and skills, quality and composition of requested resource. Furthermore, our procurement process is governed by internal controls, such as limits of authority and approval from the Tender Committee to ensure fair practices.

GOVERNANCE AND ETHICS

Good Governance

We are committed to good corporate governance and ethical practices at our workplace. Our governance practices are guided by the recommendations of the Malaysian Code on Corporate Governance 2017 ("MCCG 2017") and Bursa Malaysia's Listing Requirements.

Further information on our Corporate Governance structure and initiatives during the year can be found in the Corporate Governance Overview Statement from pages 50 to 63.

Anti-Corruption Practices

At THP, we avoid all forms of corruption at the workplace. We have in place mitigation measures such as operational limits of authority and procedures for all directors and employees to declare any conflicts of interest. In addition, our 'open-door' policy promotes open channels of communication at the workplace. To date, we have not had any cases of corrupt practices at our offices.

As we recognise the importance of formalising our values and workplace practices, we will establish our own Code of Ethics to guide our management and employees in a structured manner. Our Whistle-Blowing Policy has been formalised and enforced to further endorse a safe and secure platform to report any incidents.

ENVIRONMENT

EFFLUENT AND WATER DISCHARGE MANAGEMENT

Palm Oil Mill Effluent is a significant by-product of processing FFB. Without appropriate treatment, the effluent may be detrimental to the environment. We understand the importance of managing our environmental impact by appropriately handling our effluent and water discharge.

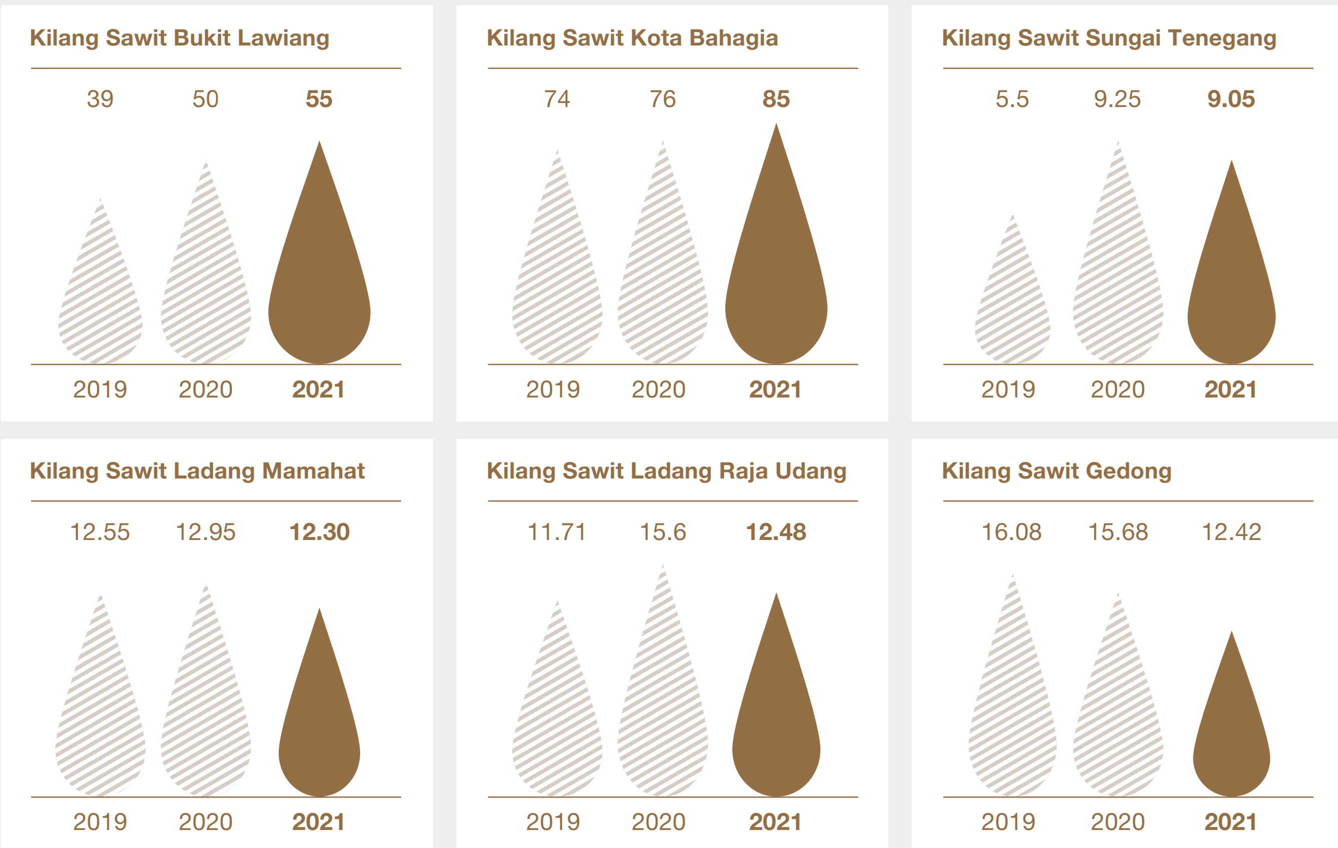
Palm Oil Mill Effluent ("POME") and Biological Oxygen Demand ("BOD") Measurements

In tandem with technological improvements over the years, we have improved our POME processing methods to manage the BOD measurements of our effluent and water discharge. The implementation of a tertiary effluent treatment plant at some of our mills has assisted in maintaining the BOD measurement below the regulatory limit, as highlighted below. Meanwhile, our other mills are striving to upgrade effluent treatment plants in anticipation of stricter DOE regulations in time to come.

Furthermore, we have stringent processes and internal controls in place to appropriately treat our effluents and maintain BOD readings within regulatory limits. The primary control is done by testing a sample of the treated effluent prior to discharge. Existing regulations require a BOD measurement not exceeding 100 mg/L and 20 mg/L in West Malaysia, Sarawak and Sabah's Kinabatangan Basin respectively. At THP, our target is to maintain our BOD measurements below regulatory requirements.

The table below demonstrates our performance against regulatory requirements, which, to date, has consistently remained within DOE limits.

BOD Measurement (mg/L)



BOD Limits: • *Peninsular <100 mg/L* • *Sabah & Sarawak <20 mg/L*

In particular, our Sungai Tenegang palm oil mill achieved the lowest BOD measurement for the last three years. In terms of its footprint on the Group, our Sungai Tenegang mill processes all the FFB from our estates in Kinabatangan and Lahad Datu, Sabah with the production contributing approximately 10% of our Group revenue.

	2019	2020	2021
Total POME generated (metric tonne)	555,819	730,387	**510,529**

Our total POME generated depends on the amount of FFB processed.

We continuously look at improving discharge treatment at all our mills to reduce the BOD levels of POME generated, as well as upholding rigid internal controls and systems to prevent inappropriate discharge of effluents.

WASTE MANAGEMENT

The way we manage our waste influences our environmental footprint and our social license to operate. Hence, we observe strict internal controls in waste management to prevent mishandling and to ensure adherence to relevant laws and regulations.

Hazardous and Non-Hazardous Waste Management

We constantly monitor and manage our waste as we focus on disposing our waste appropriately and reducing our waste output. Waste generated on our sites include scheduled (hazardous) and non-hazardous waste which constitutes less than 10mt/month on average. Third-party contractors are hired to assist in disposing our waste. Disposal of our scheduled waste is performed as required by the environmental regulations under the DOE, which includes working with third-party contractors who have been endorsed by the DOE. We monitor our collected scheduled waste via collection records provided by our waste contractors upon completion of waste collection from our sites. These are reported to the DOE every month.

Our newer mills are equipped with increasingly efficient processing plants, which assist us in moving towards reducing our waste output. In terms of our domestic waste, we dispose our domestic waste appropriately through waste collectors. Moving forward, we seek to report performance indicators of the total domestic waste collected.

Biomass Residue

Biomass residue is a by-product of FFB processing, which in turn are excellent sources of natural energy and fertiliser. Highlighted below is our performance data on biomass residue. We utilised around 90% of Empty Fruit Bunches ("EFB") in 2021 while the balance was sold:

Type of Biomass residue	2019		2020		2021	
	Produced (mt)	Amount re-utilised (mt)	Produced (mt)	Amount re-utilised (mt)	Produced (mt)	Amount re-utilised (mt)
Empty Fruit Bunches	188,794	173,009	190,680.43	180,637.29	**177,770.85**	**159,601.61**
Shells	74,534	74,534	76,521.05	75,572.99	**91,024.64**	**91,024.64**
Fibre	93,627	93,627	144,518.31	138,988.07	**122,876.52**	**122,876.52**

The production of biomass residue is positively correlated with the production of CPO and PK. At present, we are able to measure some of our biomass residue, as shown above. Other forms of biomass residue (trunks and pruned fronds) have been re-used as organic fertiliser, albeit not measured. As we push forward our sustainability agenda, we will focus on filling the gaps in our reporting disclosures, which includes measurement of other forms of biomass residue.

ENVIRONMENT

Types of Biomass Residue

Empty Fruit Bunches	Shells	Fibres
Methods of re-utilisation:	**Methods of re-utilisation:**	**Methods of re-utilisation:**
• Natural fertiliser in the plantations in West Malaysia, also known as mulching • Incineration to create Bunch Ash, which is used to fertilise peatland	• As a source of fuel for the boiler system • Sold to other plantations or industries to be re-used as sources of fuel	• As a source of fuel for the boiler system

One of the key uses of our biomass residue is the use of shells and fibres to fuel boilers, which are utilised in processing FFB at our mills. We have practised this over the years and it has enabled us to save costs and reduce our environmental footprint.

Emission from the Boilers

We monitor our boiler emissions via the Continuous Emissions Monitoring Systems ("CEMS"), which is implemented as part of local environmental regulations. The system monitors and concurrently updates the DOE on the contents of our emissions. At present, local regulations require us to maintain smoke opacity below 40%. Over the years, we have maintained our smoke opacity in line with regulations, as shown below:

Smoke Opacity (mg/L)

In time to come, we believe that DOE regulations will include reporting requirements on emissions of dust particles and GHG emissions. In response to these upcoming requirements, we will implement additional measures to meet increasing regulations.

For example, we are installing the Electrostatic Precipitator ("ESP") as a measure to reduce dust particles in our emissions as per DOE requirement. Capturing and reusing emissions as biofuel would effectively recycle emissions and reduce costs. Therefore, one of our planned measures would be to build a biogas plant at each of our sites. The plant will capture methane and produce biogas as a source of natural fuel at all our mills. These methane-capturing facilities are costly to build and as such, long-term planning and considerations would be necessary prior to its implementation.

Furthermore, we acknowledge current reporting gaps in monitoring domestic waste, other forms of biomass residue, and monitoring GHG emissions. Our mills are in the process of closing these gaps and have begun monitoring and recording the data based on total average emission from EFB, POME & Fuel Consumption, as shown below:

Year	2019	2020	2021
Average Total Emission	1.830	1.986	**1.934**

WATER MANAGEMENT

Our plantations and mills require a significant amount of water, thus, managing efficiency of our water consumption is a high priority for us. In doing so, we reduce operational cost and exercise good agriculture practice. Furthermore, our estates and mills are surrounded by natural water streams. It is our responsibility to prevent our operations from damaging these waterways.

Water Consumption

At our plantations, we perform rainwater harvesting by digging weirs and pits to collect rainwater to provide the trees with resources over a longer period of time at our plantations. Harvested rainwater is also used to manage water tables at peatland. At the mills, FFB processing requires water of purer quality, hence our utilisation of municipal water. Once treated, the processed water can be reused on site for non-operational purposes such as drip irrigation, washing or gardening around the mills and estates.

At our Raja Udang mill, we use steam traps to reduce our water consumption. Steam traps filter the condensation which is then reused for dilution. In addition, we reuse water to cool turbines and conduct continuous sterilisation as a method of reducing water consumption. We highlight our annual water consumption below.

Year	2019	2020	2021
Total water consumed at Mill operations (m^3)	1,166,755	1,246,457	**986,860**

Water Sampling

Our mills and estates share rivers with local communities, hence it is our responsibility to prevent contamination of the rivers due to effluent and water discharge from our operations. To do so, we conduct water sampling in these rivers. Water sampling is conducted by external laboratories and the results are reported to the DOE. To date, there have been no instances of water contamination in rivers surrounding our operations.

Managing water consumption during FFB processing is an ongoing challenge in our industry. However, we have significantly reduced our water footprint due to efforts such as rainwater harvesting, reusing water in other areas of operations and investing is newer technology which reduces water consumption. In the future, we seek to identify more opportunities to reduce our water consumption.

ENVIRONMENT

BIODIVERSITY AND CONSERVATION

We recognise that our operations are surrounded by local ecosystems and biodiversity. As a member of the agricultural industry, we understand our role and responsibility in respecting these habitats and to support the sustainability of surrounding ecosystems. We have therefore implemented practices and controls to minimise our impact on the environment.

Riparian Reserves

Riparian reserves are areas of conservation between land and rivers teeming with life from the habitats of flora and fauna. The importance of identifying these areas for conservation lies in their role of supporting local ecosystems as well as maintaining water and soil quality. As part of our efforts, we have identified and incorporated buffer zones and riparian reserves within our plantations. As of 2019, we have established 335.16 ha of riparian reserves and buffer zones.

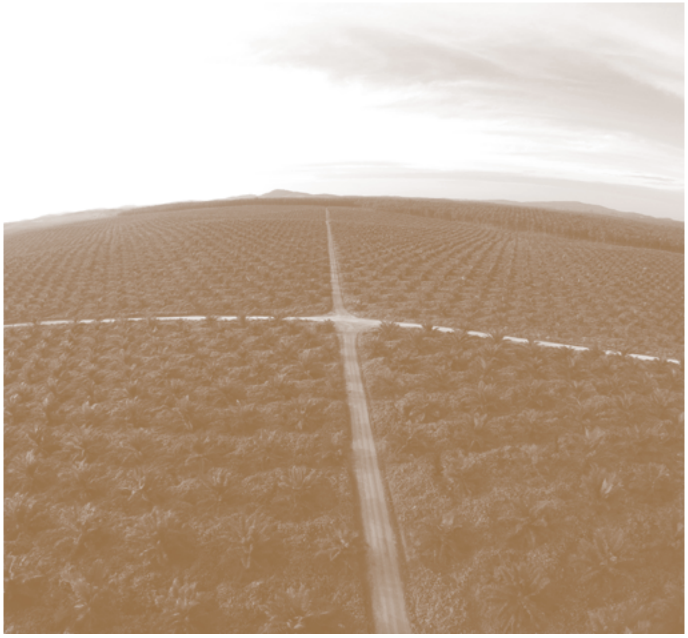
To manage and preserve our riparian reserves, we plant Legumes Cover Crops ("LCC") to prevent soil erosion. In addition, LCC helps manage the health of our crops by preventing weed growth and increasing the fertility of soil by supplying organic matter.

Environmental Impact Assessments

Prior to every replanting exercise, we perform extensive Environmental Impact Assessments ("EIA") via third party consultants. EIA is performed with the aim of minimising adverse environmental impact. For this reason, criteria considered in an EIA report includes:

- soil erosion/slope stability and soil conditions
- water and noise pollution
- potential loss of flora and fauna and their habitats
- waste disposal
- impact of replanting and abandonment
- socio-economic and ecological impact
- safety and health
- peat soil subsidence

Results of the EIA are then reported to the DOE. A number of considerations are taken before a replanting exercise is performed. This includes the age of the oil palm (palms above 25 years of age would see its yield fall below 15 mt/ha), height of palm (palms exceeding 45 feet would prove a challenge to harvest), and areas where soil quality has eroded due to flood or palm root diseases.



NDPE Commitment

We work closely with the widest possible range of industry stakeholders to implement our commitments related to the protection of:

No Deforestation

a) To ensure protection of areas with High Conservation Value ("HCV") and High Carbon Stock ("HCS") by identifying these areas and performing relevant national, industry and international best practice to protect these areas.
b) Any plantation development activity must identify HCV areas and HCS forests for protection utilising international best practice guidance.
c) Where feasible, explore options for natural forest restoration by working with expert stakeholders and communities.

No New Development on Peat

a) No new development on peat land regardless of depth.
b) Best Management Practices for existing plantation on peat will be stringent and aligned with national, industry and international best practices, which includes guidelines provided by MPOB. Additionally, peat land management shall follow good agriculture practices laid out in our policies, codes and SOPs.
c) Where feasible, explore options for peat restoration by working with expert stakeholders and communities

No Exploitation of People and Local Communities

To ensure no exploitation issues, we concern ourselves with:

a) Upholding human rights
b) A safe and healthy workplace
c) Employee welfare and promoting career development
d) Respecting and upholding land rights
e) Creating shared value for local and national growth

Peatland Management

At THP, we only plant on peat which has been set aside by the Malaysian government for agricultural development. We understand the nature of peatland and over the years, we have managed our peatland via extensive efforts and strict internal processes. This includes maintaining water at optimum levels and draining excess water to prevent peat degradation. Our Agronomy Department will provide the technical and advisory support for continuous management and care for the peatland. As at end of 2021, THP owned 44,749.27 ha of peatland in Malaysia, of which 14,924.84 ha is unplanted.

Integrated Pest Management

Pest management is an unavoidable practice in cultivating palm oil to ensure healthy yields and to avoid damaging the plantation. As part of our conservation efforts and in reducing our use of chemicals, we adopt the practice of integrated pest management, which encourages the use of bio-pesticides and bio-control agents at our estates based on the most suitable pest management plan. Some of our efforts include:

- Use of Tyto alba, commonly referred to as barn owls, to control rat populations;
- Shredded felled trunks into chips with acceptable size to suppress the breeding of rhinoceros beetles;
- Planting beneficial plants that provide shelter and food for predators and parasitoids of the pest; and
- Use of Bacillus thuringiensis ("Bt."), a soil-dwelling bacterium, against insect pest such as Tirathaba rufivena and bagworm larvae

Towards Biodiversity Conservation

We have additional efforts in place to conserve areas of natural flora and fauna around us. Our key efforts include:

Canopy cover

We ensure that we do not disrupt the canopies of the jungles. Suitable spacing and density of trees are integral in supporting a range of wildlife, especially arboreal species such as orang utans and gibbons that seldom venture on ground.

Allowing natural decomposition of dead vegetation

Decomposition of dead vegetation feeds the soil with nutrients and supports a natural ecosystem. We do not apply weed killers and pesticides to these areas as it would disrupt the process.

Reducing human-wildlife conflicts

To manage our impact on the environment, we ensure a minimum width up to 50m between habitats and our operations. Where larger animals are concerned, we collaborate with experts in the field to develop and maintain green fences.

Zero Burning Policy

We understand the environmental and health risks associated with open burning practices, which is why we observe a strict zero-burning policy across our operations, as stipulated in our SOP and Environmental Policy. When performing land clearing for plantation development or replanting, trees are felled, chipped and stacked. To date, there have not been any cases of open burning at plantations owned and operated by us.

SOCIAL

HUMAN RIGHTS

Our employees and workers are important stakeholders and the cornerstone of our success. The human rights of our workforce are respected and valued as we uphold our obligation towards them. Our practices and internal systems are continuously reviewed and updated to mitigate any negative impact to our stakeholders. We have not faltered in supporting them and ensuring that their rights are protected.

Our Human Rights Commitment

As part of our commitment to becoming an integrated and sustainable plantation company, we see human rights as an essential component of our sustainability mandate. To this effect, we uphold, respect and protect the rights of all individuals as we understand that this forms the foundation of sustainable business growth.

In 2021, we employed 6,413 employees and workers of which 55.13% are foreigners and 44.87% are locals. Our commitment to them is to uphold their human rights. We have adhered to our Human Resource ("HR") SOPs that outline the basic principles of human rights, as shown below:

1. Fair wages
2. No discrimination
3. No child labour
4. No compulsory or forced labour
5. Equal opportunity
6. Freedom of association
7. Safety and health at work
8. Social protection
9. Employment security
10. Work-life balance

Supporting Our Foreign Workforce

All our workers are treated fairly and equally. For foreign workers, the hiring process is especially different as the workers are required to relocate from their home countries. For that reason, we want to support their transition to the best of our ability. Our hiring process for foreign workers ensures that the workers are not bound by hidden fees or harmful conditions which would violate their rights. Majority of our foreign workers employed by us are from Indonesia.

The process begins with us obtaining quota approval to hire workers from Department of Labour and Ministry of Home Affairs. Upon our request, our appointed agents will begin the recruitment and immigration process in Indonesia and make flight/ferry arrangements for them. Then, our representatives will fetch them once they arrive in Malaysia. All costs involved including levy fees payable to the Malaysian government, visa application and first-time flight/ferry ticket, would be borne by us.

Upon arriving at our sites, all foreign workers are provided with safe and secure accommodation close to their work site.

We strictly adhere to the national minimum wage regulations in our areas of operation. Effective February 2020, under the Wage Order 2020, the Malaysian government specifies a minimum wage of RM1,200 per month for the work carried out in a place of employment in any City Council or Municipal Council areas and RM1,100 per month for areas other than the City Council or Municipal Council throughout Malaysia. The average monthly earnings of our workers in all our estates are highlighted below:

Earnings (RM)	2019	2020	2021
Average monthly earnings per worker	1,595	1,740	**1,870**

Other benefits provided to all our employees and workers are discussed under Employee Welfare on pages 32 to 33.

Engagement with Workers' Union

Workers have access to union representatives and are free to join worker unions. This allows our workers to engage in open dialogue, discuss and raise issues through available platforms. The most common union is the All Malayan Estates Staff Union ("AMESU") and National Union Plantation Workers ("NUPW").

Union representatives represent our staff's and workers' interests when holding discussions with Malayan Agricultural Producers Association ("MAPA") who engage with the union representatives on THP's behalf. Topics discussed include basis of wages and other matters that impact staff and workers.

Moving forward, we remain committed towards respecting and protecting the rights of our workforce as well as encouraging our workers to communicate any issues they are facing to us. We seek to formalise our commitments to our workers in an appropriate policy, which will include the setting up of formal feedback channels.

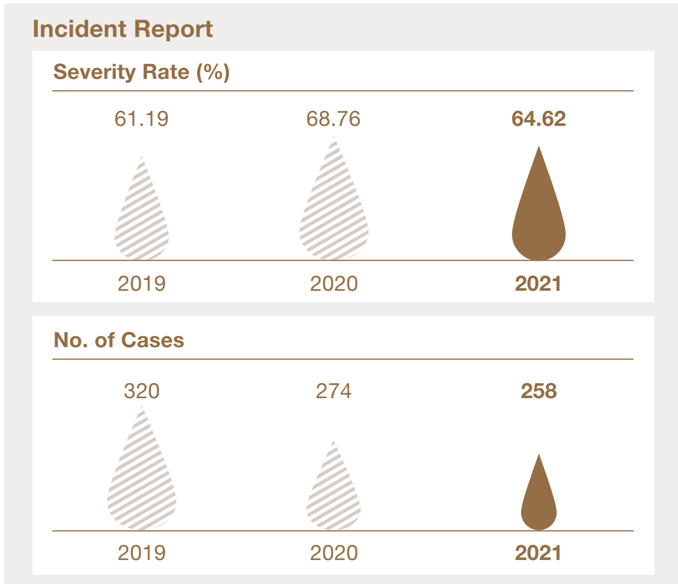
OCCUPATIONAL SAFETY AND HEALTH

Our employees' and workers' safety and health are a top priority for us. Our policies and measures underline the management's strict approach to occupational safety and health. It is our duty to provide the best care to our employees, as a safe, healthy and conducive environment would benefit all stakeholders and ensure the sustainability of our business.

Our Policies

In 2021, we still maintain our Occupational Safety and Health Policy and Occupational Safety and Health for Chemical Substances Policy as per year 2020. Some of the key elements from our policies are highlighted below:

1. Safe and healthy working environment
2. Information, instruction, training and supervision is communicated to all employees
3. Identify all accidents, diseases, poisoning and dangerous occurrences and take preventive measures
4. Comply with OSH Act, 1994 and Factories and Machinery Act 1967
5. Ensure all employees have appropriate work equipment as well as personal protective equipment as required for their jobs
6. Strive to improve the knowledge and sense of responsibility of each employee



THP has set an annual target of zero fatalities and reducing the number of incident cases and year-on-year lost day rate by 5%. For 2021, we achieved the target of zero fatalities (for five consecutive years) with the number of cases decreasing by 6% and the severity rate decreasing by 4%. The decrease was due to the decrease in the severity of injuries.

Safety and Health Training

Training schedules are reviewed by the respective units' Safety & Health Committee ("SHC") on a regular basis. As previously discussed above, workers and employees are assigned to relevant training schedules and are required to attend them. We monitor the participation rates at our training and more than 85% of employees were trained over the total number of employees, as highlighted below:

Average hours of safety and health training per employee by scope of work

Average hours of training per employee	2019	2020	2021
Plantation worker	12	8	**13**
Mill worker	7	10	**6**
Worker who uses chemicals	8	7	**7**
Management	4	7	**8**
Office staff	3	5	**5**

SOCIAL

Our key annual training programmes for the year 2021 are highlighted below:

Name of training	Content of training	Frequency of training	Attended by
Mechanical Handling	Safe operating procedure on mechanical handling	Once/year	Tractor Driver & Harvester/ Loaders
Emergency Response Action Plan Procedure (Accident, Chemical Spillage, Fire, Flood, Drowning, Animal Attack)	SOP of Emergency Response Plan (“ERP”)	Once/year	All management, staff & workers
Basic First Aider	Basic first aider training	Once/year	OSH Committee
Fire extinguisher safety & fire drill (inspection & training)	Potential sources of fire and fire management procedures	Once/year	All management, staff & workers
PPE handling and replacement procedure	SOP of PPE	5 times/year	All management, staff & workers
SOP training for estate & milling operation and best practices	Briefing on THP SOP based on task/department	4 times/year	All management, staff & workers
SOP for COVID-19	To mitigate risk of COVID-19 infection	Once/year	All management, staff & workers

Safety and Health Audits

Internal safety and health audits are conducted annually by our OSH unit. The audits cover all our estates and mills.

The aim of our audits are to:

- Ensure respective unit compliance to OSHA 1994;
- Determine the level of health and safety of our employees in each business unit;
- Analyse the risk factors that may negatively affect the health and safety of our employees;
- Identify areas of improvement, if any, to be made to the facility to improve levels of health and safety; and
- Advice on improving the safety and health aspects of the working environment.

The main areas inspected during the audit include:

- Review all records related to OSH;
- Safety Operating Procedure of all work sites;
- Amenities for emergency response;
- Personal Protective Equipment (“PPE”) provided by estate and mill, and utilised by the workers;
- Systematic maintenance of equipment and machinery; and
- Availability of amenities and infrastructure at the worksite.

Findings are communicated to respective managers of mills and estates. Their actions are followed-up on in the next audit. Key findings from the latest safety and health audit is shown below:

Key findings from safety and health audit in 2021	Management's response
• HIRARC not review and updated • OSH meeting has not been conducted quarterly due to COVID-19 pandemic • Lack of training and retraining for workers due to COVID-19 pandemic • Some training not recorded	• HIRARC will be review and updated after it was highlighted in the audit • SHC meeting will be conducted quarterly • Training and retraining will be carried out as planned • Training records will be updated as per recommendation • Continuous improvement was highlighted as a concern in the audit

Chemical Health Risk Assessment ("CHRA")

The Group's OSH Unit conducted CHRA on ten plantations and three mills in Sarawak and Peninsular in January 2021, following the expiry of the previous assessments. The CHRA is a required assessment in response to the Occupational Safety and Health (Use and Standard of Exposure of Chemicals Hazardous to Health) Regulation 2000. The CHRA is performed every five years to ensure that the appropriate controls and measures are in place to protect the health of employees who may be exposed to chemicals that are hazardous to health at work. All assessed plantations and mills passed the assessment. Most findings are similar to the OSH audit performed during the same period. Additional key findings from the CHRA audit are shown below:

Key findings from CHRA audit 2021	Management's response
• Work Practice/system of work • OSH meeting has not been conducted quarterly due to COVID-19 pandemic • Lack of training and retraining for workers due to COVID-19 pandemic • Some training not recorded	• Estate adhere to system of work that has been establish and provide training from time to time to make sure our workers follow current practice. • Estate provided all estate workers with adequate and correct PPE to make sure they are protected from exposure to the chemicals and others hazard. All PPE that had been issued to workers are recorded and monitor by designated field staff to ensure their PPE is always in good condition. Training and safety briefing on PPE was conducted to make sure workers understand the needs of PPE and correct way to wear PPE. • Estate adhere to regulation 27(1) USECHH and without fail to provide medical check-up especially workers that has potential expose to chemicals every year. • Training and briefing on safety has been conducted to educate workers on the importance of following SOPs according to our safety and health programme.

Management of Noise Levels

We monitor the levels of noise around the mills to ensure that levels are below limits stipulated by local regulations. The average results of our noise monitoring in the last three years is shown in the table below. Limits during the day is 65 dB(A) and 55 dB(A) at night. Workers are provided with ear plugs to protect their hearing in areas with high noise levels.

	2019	2020	2021
Average noise levels [Day dB(A)]	60	50	**50**
Average noise levels [Night dB(A)]	40	45	**45**

SOCIAL

EMPLOYEE WELFARE AND DEVELOPMENT

We care about our people, and are committed to meeting the requirements of our employees and workers in the areas of career development and competitive remuneration and welfare. Without the commitment and drive of our workforce, we would struggle to grow as a business.

Our People

THP's talented and diverse workforce are our strongest resource and has been the bedrock of our success. We are committed to developing a strong workforce which can drive the Group's strategic direction and create a positive impact on our economic, environmental, and social dimensions.

Total No. of Employees	2021	
	Men	Women
Management (Senior Management)	11	4
Employees (Management, Executives and Non-Executives)	507	218
Workers (Local)	2,341	612
Workers (Foreign)	2,025	695

Benefits for Employee and Workers

We understand the needs of our employees and workers to adapt to a competitive and changing society. To support our employees, we provide a number of benefits, such as home, car, travel, and medical allowances and free life insurance.

Life insurance is provided to our workers as well as free transport, accessible and free medical services, besides annual leave. Our workers and employees who work at our estates and mills are provided with free lodging, alongside the absorption of foreign workers' annual levy fees. Furthermore, we support working parents amongst our employees by providing them with 60 days of maternity leave and awarding our employees' children who performed well in school. We acknowledge parental leave as an important benefit to support work-life balance amongst our employees.

All permanent employees and workers are entitled to parental leave and all employees who took parental leave, returned to work as shown below:

Turnover rates	2019	2020	2021
Total number of employees who took parental leave			
- Men	16	1	3
- Women	6	4	1
Total number of employees who returned to work in the reporting year after parental leave			
- Men	16	1	3
- Women	6	4	1

We consider our employees' long-term needs via our contribution to the Employees Provident Fund ("EPF") and Social Security Organisation ("SOCSO") on behalf of our employees. We also established the Retirement Gratuity Scheme, for which all permanent employees are eligible. The scheme provides our retiring employees with an attractive retirement package.

We believe in a fair and equal workplace. We treat our employees equally and provide competitive remuneration based on their individual performance.

Career Development and Training

We want our Group to be a platform for career progression and development for our employees. To realise this, we encourage our employees to broaden their knowledge base, and provide them with various career development programmes, such as job rotation, mobility and training programmes to help them advance in their careers.

A budget is allocated annually for employee training and is administered by our HR department which monitors and organises appropriate training programmes based on employees' skills and designations. Our efforts towards employee training are summarised as below:

Average hours of training per employee	2019	2020	2021
Management	4	8	8
Employees	5	4	8
Workers	6	13	-

	2019	2020	2021
Total expenditure on training (RM)	66,586	37,270	20,362

We consider our employees' long-term needs via our contribution to the EPF and SOCSO on behalf of our employees. We also established the Retirement Gratuity Scheme, for which all permanent employees are eligible. The scheme provides our retiring employees with an attractive retirement package.

We believe in a fair and equal workplace. We treat our employees equally and provide competitive remuneration based on their individual performance.

Training for non-technical skills	Frequency of training	Employees who attended the training
MPOB Seminar & Training	Once/year	Marketing and Estate Management
MCCG 2021 & Bursa Listing Requirements	Once/year	Secretarial and Management
MAPA & Employment Law	Once/year	Administrative, HR and Management
Institute of Internal Auditors Malaysia	Once/year	Internal Auditors, Finance and Management
Jabatan Tenaga Kerja	Once/year	Administrative and Estate Management

Training for technical skills	Frequency of training	Employees who attended the training
MPOB Seminar & Training	Once/year	Agronomy and Estate Management
Malaysian Institute of Accountants	Once/year	Finance and Management
MSPO Implementation	Once/year	Sustainability and Estate Management
Palm Oil Mills Seminar & Training	Once/year	Mills Management

Employee Lifestyle Programmes

Various social and sporting events are organised outside the workplace to build teamwork and encourage work-life balance of our employees. Numerous activities were organised both at the headquarters and at the estate/mill-level throughout 2021, including the following:

Date	Events
19 January	Bantuan Banjir di Perumahan Blok B Ladang Sematan
19 February	Kempen Derma Darah di Kompleks Sungai Tenegang
Starting on 19 April (HQ)	Program Solat Zohor Berjemaah di Dewan Perkasa
09 May	Program Khatam Al-Quran 1442H Kompleks Sungai Tenagang
30 May	E-Sports Mini Games Kompleks Sungai Tenegang
July	Program Bantuan Covid-19 di Ladang & Kilang seluruh THP
6 July (HQ)	Program Bacaan Yasin & Doa Selamat
17 & 18 July	Program Vaksinasi Ladang Tanjung Lilin & Ladang Semarang
24 & 27 July	Program Vaksinasi Kompleks Sungai Tenegang
27 July	Program Vaksinasi Ladang Sungai Arip & ladang Sungai Karangan
6 & 27 August	Program Vaksinasi Covid-19 oleh KKIA Kinabatangan di Ladang Bukit Belian
16 September	Kayuhan Hari Malaysia THP Cycling Team di Kinabatangan
24 September (HQ)	"Program Khas Para Srikandi TH: Thriving Women - Inspirasi Wanita Waja Diri: Dia Intan Terpilih"
30 September (HQ)	Majlis Perpisahan Ketua Pegawai Eksekutif (KPE), Tuan Muzmi Bin Mohamed
19 October	Sambutan Maulidurrasul 1443H di Kompleks Sungai Tenegang
22 November (HQ)	Program Bicara Akrab SIRI 5 "Get Resilience, Let's Do it"

Our employees are important to us, and we will strive to consider their welfare and continuously provide them with competitive wages in order to meet their expectations and reward them for their commitment. Our future plans include establishing formal employee engagement platforms to structure our relationship with our employees.

SOCIAL

LOCAL COMMUNITIES

Our operations are located in numerous areas amongst diverse communities. With this opportunity, we cultivate significant relationships with surrounding communities and contribute to the national economy in areas of job creation and charitable aid.

Serving the Local Communities

A number of our estates, especially estates located in Sarawak, are part of a land management programme with indigenous communities. We respect the rights of these communities, therefore we establish a collaborative approach towards land management with these communities. To do so, we participate in the Sarawak's Native Customary Rights ("NCR") Land Development Programme, which is managed by the Sarawak Land Custody and Development Authority. The programme enables us to work together with native landowners to develop and manage plantation land in certain areas. In 2021, 18% of the NCR land were part of the incentives payment programme with the participation of 2,346 landowners. In exchange for their participation in the programme, indigenous landowners receive income in the form of incentives and leasehold payments. These incentives are paid twice a year, based on the amount of hectares under our management.

	2019	2020	2021
Total amount of incentives paid to local communities, as part of land management (RM)	4,630,363	4,649,135	**4,234,502**

Furthermore, the close proximity of our plantations to local communities allows us to provide job opportunities to members of these communities.

Enhancing Education Opportunities Through PiNTAR

In any community, we recognise that education plays an important role in helping families improve their livelihoods and gain a better future. We do this by participating in the Promoting Intelligence, Nurturing Talent and Advocating Responsibility ("PiNTAR") programme, which we have been part of since 2009. Under this programme, organisations adopt Malaysian schools and provide educational support, leadership, and motivational and teambuilding activities to encourage parents and community involvement in the development of children's education.

THP has adopted SK Ladang Kota Bahagia in Keratong, Pahang and has provided aid to the school since 2010. The school is located in close proximity to our plantation in Pahang, and some of the students are children of our employees and workers. We support the students at the school through various programmes, such as "Program Anakku Sayang", "Program I Love PDPR" and the "Majlis Khatam Al-Quran Online".

We also extended financial support to students from the reformative classes of Sekolah Kebangsaan Kota Bahagia (Keratong, Pahang) and Sekolah Kebangsaan Obah (Beluran, Sabah). In 2021, we contributed RM15,000 towards the PiNTAR programme.

Unlocking Entrepreneurial Capabilities

One of the ways in which we help our communities achieve better future prospects is through the Vendor Development Initiative ("VDI"), which promotes entrepreneurship amongst the locals. Through VDI, we encourage individuals from our local communities to start a business that will allow them to become our business partner. By giving them the opportunity to earn contracts from THP, we are not only promoting an entrepreneurial culture among the locals, but also helping them earn a living. In addition to this, we also encourage the participation of Bumiputera contractors in the VDI programme. In 2021, we signed contracts worth RM74 million as part of the VDI initiative, of which 39.82% were Bumiputera businesses with a total contract value of RM26.74 million.

We will continue to respect our relationship with our local and indigenous communities and utilise our resources to provide for local development. Additionally, we will play a role in supporting the nation's agenda to assist youths and develop the national economy of countries we operate in.

Conclusion

Our sustainability aspirations and efforts are now focused on sustaining MSPO Certification Programmes and improving our commitment towards the NDPE Policy in line with our position as a major industry player. These efforts will guide us in formalising our sustainability commitments and systems that are presently in place to manage our sustainability matters.

We will continue to monitor and manage our material matters and seek to bridge identified reporting gaps. With shifting tides and global trends in the plantation industry, we need to continuously adapt to internal and external changes while closely collaborating with our stakeholders. Led by our values, we will not falter in upholding our sustainability commitments as we move towards becoming a sustainable palm oil player.

OUR BOARD LEADERSHIP

TAN SRI ABU TALIB BIN OTHMAN

Chairman / Non-Independent Non-Executive Director

Tan Sri Abu Talib is a Barrister at Law from Lincoln's Inn. He was a Member of the Judicial and Legal Service of the Government of Malaysia from 1962 to 1993, where he served in various capacities including as the Attorney-General of Malaysia from 1980 to October 1993.

His past appointments included being the Non-Executive Chairman of IGB Corporation Berhad and a member of the Competition Appeal Tribunal.

Tan Sri Abu Talib does not have any family relationship with any director and/or major shareholder(s) of the Company nor any conflict of interest with the Company. He has not had a conviction for any offence within the past five (5) years and has not been imposed any penalty by the regulatory bodies during the financial year 2021.

Nationality	Malaysian
Age	83
Gender	Male
Date of Appointment	26 March 2019
Committee	Nil
Interest in Securities of the Company and its Subsidiaries	Nil
Present Directorship(s) in Other Public Companies	• Listed: CYL Corporation Berhad • Non - Listed: KAF Investment Funds Berhad MUI Continental Berhad

Board Meeting Attendance for Financial Year 2021 ▶ 100%

OUR BOARD LEADERSHIP

DATO' SRI AMRIN BIN AWALUDDIN

Non-Independent Non-Executive Director

Nationality	Malaysian
Age	55
Gender	Male
Date of Appointment	1 July 2021
Committee	Nil
Interest in Securities of the Company and its Subsidiaries	Nil
Present Directorship(s) in Other Public Companies	• Listed: Taliworks Corporation Berhad Bank Islam Malaysia Berhad • Non - Listed: Alhijrah Media Corporation (TV Hijrah) Berhad

Dato' Sri Amrin holds a Master of Business Administration (Finance) with Distinction from the University of Hull, United Kingdom and a Bachelor of Business Administration (Hons) from the Acadia University, Nova Scotia, Canada. He is a member of the Chartered Institute of Management Accountants, United Kingdom as well as the Malaysian Institute of Accountants.

He is currently the Group Managing Director and Chief Executive Officer of Lembaga Tabung Haji ***("TH")*** having been appointed in May 2021.

He had served the Media Prima Berhad Group for 16 years from 2001 to 2017 having held several key positions such as Chief Financial Officer of Sistem Televisyen Malaysia Berhad and the Media Prima Berhad Group and as Chief Executive Officer of Natseven TV Sdn. Bhd. and Sistem Televisyen Malaysia Berhad. His last position was as Group Managing Director and Executive Director of Media Prima Berhad.

Prior to joining the Media Prima Berhad Group, he was Chief Operating Officer of Putera Capital Berhad and Head of Corporate Finance of Malaysian Resources Corporation Berhad.

Dato' Sri Amrin also previously served as Group Managing Director of Sime Darby Property Berhad (2019), Managing Director of Boustead Holdings Berhad (2020) and Chief Executive Officer of Lembaga Tabung Angkatan Tentera (2021).

Dato' Sri Amrin does not have any family relationship with any director and/or major shareholder(s) of the Company nor any conflict of interest with the Company. He has not had a conviction for any offence within the past five (5) years and has not been imposed any penalty by the regulatory bodies during the financial year 2021.

Board Meeting Attendance for Financial Year 2021 ▶ **86%**

TENGKU DATO' SERI HASMUDDIN BIN TENGKU OTHMAN

Non-Independent Non-Executive Director

Nationality	Malaysian
Age	59
Gender	Male
Date of Appointment	30 September 2021
Committee	• Member of the Audit & Risk Management Committee • Member of the Nomination & Remuneration Committee • Member of the Tender Committee A • Member of the Tender Committee B • Member of the Investment Committee
Interest in Securities of the Company and its Subsidiaries	Nil
Present Directorship(s) in Other Public Companies	• Listed: Theta Edge Berhad • Non-Listed: Aliran Ihsan Resources Berhad Putrajaya Perdana Berhad

Tengku Dato' Seri Hasmuddin obtained his Bachelor of Law (Honours) in 1986 from the University of Malaya. He is a practising advocates and solicitors, having admitted to the Malaysian Bar on 14 July 1987.

In 1990, Tengku Dato' Seri Hasmuddin joined Messrs. Hisham, Sobri & Kadir where he is presently the Principal Partner. His main areas of practice are corporate commercial law and Islamic banking and finance. He was among one of the legal counsels involved in framing the structural framework for Islamic banking documentation in the early stages of its development in Malaysia.

He has been a member of the Association of Chartered Islamic Finance Professionals Malaysia since 2009. He continues to plan an active role in the development of this area of law through his involvement in the organization of Kuala Lumpur Islamic Finance Forum (KLIFF), an annual forum that gathers prominent personalities, practitioners and industry players of Islamic Finance as well as presenting papers at conferences and forums on the subject which are held both locally and internationally.

Tengku Dato' Seri Hasmuddin was a former director of Bank Muamalat Malaysia Berhad. He was appointed as a Non-Independent Non-Executive Director of Bank Muamalat on 18 April 2006 and was subsequently redesignated to Independent Non-Executive Director by the Bank Negara Malaysia on 16 February 2009 until his retirement on 18 April 2018. He was also the former director of Rangkaian Hotel Seri Malaysia Sdn. Bhd., Amanah Ikhtiar Malaysia and Serba Dinamik Holdings Berhad.

Currently, he sits on the boards of IJN Holdings Sdn. Bhd., Aliran Ihsan Resources Berhad and Putrajaya Perdana Berhad. He is also the director of Lembaga Tabung Haji and the Chairman of Theta Edge Berhad.

He is also involved in charitable organisations in his capacity as trustee to Tuanku Najihah Foundation, Yayasan Institut Al Quran Kuala Lumpur, Tabung Amanah Pesakit Malaysia, Institut Quran Tuanku Jaafar and Yayasan Munarah.

Tengku Dato' Seri Hasmuddin does not have any family relationship with any director and/or major shareholder(s) of the Company nor any conflict of interest with the Company. He has not had a conviction for any offence within the past five (5) years and has not been imposed any penalty by the regulatory bodies during the financial year 2021.

Board Meeting Attendance for Financial Year 2021 ▶	75%

OUR BOARD LEADERSHIP

MOHD ADZAHAR BIN ABDUL WAHID

Senior Independent Non-Executive Director

Nationality	Malaysian
Age	57
Gender	Male
Date of Appointment	24 May 2017. Appointed as Senior Independent Non-Executive Director on 24 November 2021.
Committee	• Chairman of the Audit & Risk Management Committee • Member of the Nomination & Remuneration Committee • Member of the Investment Committee
Interest in Securities of the Company and its Subsidiaries	Nil
Present Directorship(s) in Other Public Companies	• Listed: Nil • Non - Listed: Nil

Mohd Adzahar is a Chartered Accountant by profession. He is a Fellow of the Association of Chartered Certified Accountants (ACCA), United Kingdom, a member of the Malaysian Institute of Accountants (MIA) and a member of the Financial Planning of Malaysia and a member of the Harvard Business School Alumni of Malaysia.

He started his career in accounting and auditing in United Kingdom before joining Bumiputra Merchant Bankers Berhad ("BMBB") (now known as Alliance Investment Bank Berhad) from October 1988 to April 1994. He held various positions in BMBB including his last post as Corporate Banking Manager before joining Naluri Berhad's Corporate Finance Division from April 1994 until April 1995.

In May 1995, he joined PMCare Sdn. Bhd. ("PMCare") as the General Manager of Finance. A year later he was appointed as the Executive Director of PMCare. Currently, he is the Chief Executive Officer/Executive Director of PMCare.

He was an Independent Director and Audit Committee Chairman of Kencana Petroleum Berhad (now known as Sapura Energy Berhad) and Edra Global Energy Berhad. He was also an Independent Director of Symphony House Berhad.

Mohd Adzahar does not have any family relationship with any director and/or major shareholder(s) of the Company nor any conflict of interest with the Company. He has not had a conviction for any offence within the past five (5) years and has not been imposed any penalty by the regulatory bodies during the financial year 2021.

Board Meeting Attendance for Financial Year 2021 ▶	100%

DATO' SHARI BIN HAJI OSMAN

Independent Non-Executive Director

Nationality	Malaysian
Age	68
Gender	Male
Date of Appointment	1 June 2015
Committee	• Chairman of the Nomination & Remuneration Committee • Member of the Audit & Risk Management Committee • Member of the Tender Committee A • Member of the Investment Committee
Interest in Securities of the Company and its Subsidiaries	Nil
Present Directorship(s) in Other Public Companies	• Listed: Nil • Non - Listed: Nil

Dato' Shari holds a Diploma in Planting and Management from University Technology MARA, a Post Graduate Diploma in Business Administration from the Society of Business Practitioners United Kingdom and a Master in Business Administration from Phoenix International University.

He has vast experience in the plantation industry. In his past experience, he served in key senior positions in various companies including Barlow Boustead Estates Agency as Assistant Manager from 1977 to 1984, Golden Hope Plantations Berhad as an Estate Manager from 1984 to 1988, Kumpulan Ladang-Ladang Perbadanan Kedah Sdn. Bhd. ("KLPK") as an Estate Manager from 1988 to 1991, Island & Peninsular Berhad as Plantation Advisor from 1991 to 1994 and KLPK as the Managing Director from 1994 to 2008, reporting to the Board of Directors headed by YAB Menteri Besar of Kedah.

Dato' Shari does not have any family relationship with any director and/or major shareholder(s) of the Company nor any conflict of interest with the Company. He has not had a conviction for any offence within the past five (5) years and has not been imposed any penalty by the regulatory bodies during the financial year 2021.

Board Meeting Attendance for Financial Year 2021 ▶	**100%**

OUR BOARD LEADERSHIP

DATUK DR. AHMAD KUSHAIRI BIN DIN

Independent Non-Executive Director

Nationality	Malaysian
Age	64
Gender	Male
Date of Appointment	18 March 2022
Committee	• Chairman of the Investment Committee • Member of the Tender Committee A
Interest in Securities of the Company and its Subsidiaries	Nil
Present Directorship(s) in Other Public Companies	• Listed: Nil • Non - Listed: Bank Pertanian Malaysia Berhad

Datuk Dr. Ahmad Kushairi holds a Diploma in Agriculture in 1979 and Bachelor of Science in Agriculture (Agronomy) in 1985, both from Universiti Pertanian Malaysia. He obtained the Masters of Science (Genetics) from Universiti Kebangsaan Malaysia in 1992 and another Masters of Science (Agronomy) from Louisiana State University (LSU), USA in 1995. He had also obtained his PhD (Genetics) from Universiti Kebangsaan Malaysia in 1998.

He had served the Malaysian Palm Oil Board ("MPOB") since its establishment in 1979 until he retired as the Director-General in 2019. He had vast experiences, skills and knowledge, which amongst others include management of organisation, oil palm breeding, quantitative genetics, seed production, plantation management and management of research. He had received numerous awards and honours from MPOB, national and international organisations, including Gold Medal Research Award, Director General's Science Excellence Challenge Trophy, Best Publication Award and Innovation Award.

Currently, he is an Independent Non-Executive Director of Bank Pertanian Malaysia Berhad (Agrobank) since 17 November 2020.

Datuk Dr. Ahmad Kushairi does not have any family relationship with any director and/or major shareholder(s) of the Company nor any conflict of interest with the Company. He has not had a conviction for any offence within the past five (5) years and has not been imposed any penalty by the regulatory bodies since his appointment.

Board Meeting Attendance for Financial Year 2021 ▶	**Not Applicable**

BAKRI BIN JAMALUDDIN

Independent Non-Executive Director

Nationality	Malaysian
Age	58
Gender	Male
Date of Appointment	2 January 2022
Committee	• Chairman of the Tender Committee A • Chairman of the Tender Committee B • Member of the Audit & Risk Management Committee
Interest in Securities of the Company and its Subsidiaries	Nil
Present Directorship(s) in Other Public Companies	• Listed: Nil • Non - Listed: Nil

Bakri holds a Diploma in Agriculture from Universiti Pertanian Malaysia.

He began his career with Kuala Lumpur Kepong Berhad (“KLK”) in 1985 as a Cadet Planter and retired as Senior General Manager in 2019, with the option of retiring on his own accord. He has nearly 34 years of experience working in the oil palm plantation industry as well as other agro-related fields such as rubber and cocoa in Peninsular Malaysia and Indonesia. He had 19 years of experience in Peninsular Malaysia (Johor, Perak, Pulau Pinang, Kedah, and Negeri Sembilan) and 15 years of experience in Indonesia (Riau, Kalimantan Timur and Jakarta) during his time with KLK.

He was the former Board of Director of the Malaysian Palm Oil Board from June 2020 to September 2021, a committee member of the Dispute Resolution Committee of the Malaysia Palm Oil Certificate Council from July 2020 to July 2021 and a committee member of the Gabungan Asosiasi Pengusaha Kelapa Sawit Indonesia (GAPKI Kalimantan Timur) from 2014 to 2016. He is also a member of Main Committee of the Mechanization and Automation Research Consortium of Oil Palm from February 2021 until November 2021.

Currently, he is the Managing Director of Danum Sinar Sdn Bhd. a subsidiary of Puncak Niaga Holding Berhad, a post he has held since January 2022.

Bakri does not have any family relationship with any director and/or major shareholder(s) of the Company nor any conflict of interest with the Company. He has not had a conviction for any offence within the past five (5) years and has not been imposed any penalty by the regulatory bodies since his appointment.

Board Meeting Attendance for Financial Year 2021 ►	**Not Applicable**

MUHAMMAD RAMIZU BIN MUSTAFFA

Independent Non-Executive Director

Nationality	Malaysian
Age	45
Gender	Male
Date of Appointment	5 April 2022
Committee	Nil
Interest in Securities of the Company and its Subsidiaries	Nil
Present Directorship(s) in Other Public Companies	• Listed: Golden Pharos Berhad • Non - Listed: Permodalan Terengganu Berhad

Muhammad Ramizu bin Mustaffa holds the International Baccalaureate Diploma and a BSc (Hons) degree in Finance and Accounting from the University of Salford, Manchester, United Kingdom. He is also a fellow of the Institute of Chartered Accountants in England and Wales (ICAEW) and a member of the Malaysian Institute of Accountants (MIA).

He started his career as an auditor with Arthur Andersen (which later merged with Ernst & Young ("EY"), Malaysia in 2000. He later joined ECM Libra Berhad before leaving Malaysia in 2004 to join EY, United Kingdom as an Executive, National Audit. His last employment in the United Kingdom was as a Manager, Corporate Finance of BDO, Reading, Thames Valley, England before returning to Malaysia to join KLCC Group in 2010 as the Head of Corporate Finance & Account Services. In KLCC Group, he played key roles in various corporate exercises including the establishment of KLCCP Stapled REIT.

Leaving KLCC (Holdings) Sdn Bhd as the Head of Corporate Finance in 2014, he joined Sapura Resources Berhad as the aviation business Chief Financial Officer and subsequently as the Group Head of Finance, Putrajaya Leisures & Services Group Sdn Bhd. He was later appointed as the Group Chief Financial Officer of Terengganu Incorporated Sdn Bhd before leaving the group in early 2020 to take up advisory roles with the Terengganu State's GLCs.

Amongst his current positions are as the Financial Advisor of Mentri Besar Trengganu (Incorporated), a Non-Independent Non-Executive Director of Golden Pharos Berhad and a Director of Permodalan Terengganu Berhad.

Muhammad Ramizu does not have any family relationship with any director and/or major shareholder(s) of the Company nor any conflict of interest with the Company. He has not had a conviction for any offence within the past five (5) years and has not been imposed any penalty by the regulatory bodies since his appointment.

Board Meeting Attendance for Financial Year 2021 ▶	**Not Applicable**

DZUL EFFENDY BIN AHMAD HAYAN

Alternate Director to Tengku Dato' Seri Hasmuddin bin Tengku Othman

Nationality	Malaysian
Age	41
Gender	Male
Date of Appointment	27 March 2019 as a Non-Independent Non-Executive Director and 5 October 2021 as an Alternate Director to Tengku Dato' Seri Hasmuddin bin Tengku Othman
Committee	Nil
Interest in Securities of the Company and its Subsidiaries	Nil
Present Directorship(s) in Other Public Companies	• Listed: Nil • Non - Listed: Nil

Dzul Effendy is a Fellow of the Association of Chartered Certified Accountants (ACCA), United Kingdom and has more than seventeen (17) years of experience in strategic management, corporate finance, investment and audit.

He started his career as a Financial Auditor with Messrs. KPMG Malaysia specialising in the banking and oil and gas industries from 2004 to 2007. In November 2007, he joined Kenanga Investment Bank Berhad ("Kenanga") in the Corporate Finance department until 2010. In Kenanga, he executed various corporate exercises such as initial public offerings, private placements and fund-raising exercises for companies in various industries.

Subsequently, he joined Malaysia Venture Capital Management Bhd in November 2010 until October 2012 as a Manager (Investment), where he was involved in providing direct investments to start-up and high growth companies in the ICT and technology sector.

He later joined BIMB Holdings Berhad ("BHB") Group in 2012 and served the group for more than six (6) years. He has held various positions in the group including his last post as Vice President of the Corporate Strategy and Transformation Management Department of BHB. In BHB Group, he was involved in various corporate exercises such as investment appraisals, restructuring exercises, mergers and acquisitions, capital raising exercises through equity and debt securities as well as formulating strategies for organic and inorganic growth.

He is currently the General Manager of Corporate Finance Division of Lembaga Tabung Haji since September 2018.

Dzul Effendy does not have any family relationship with any director and/or major shareholder(s) of the Company nor any conflict of interest with the Company. He has not had a conviction for any offence within the past five (5) years and has not been imposed any penalty by the regulatory bodies during the financial year 2021.

Board Meeting Attendance for Financial Year 2021 ► **100%**

CHIEF EXECUTIVE OFFICER

MOHAMED ZAINURIN MOHAMED ZAIN

Nationality	Malaysian
Age	55
Gender	Male
Date of Appointment	1 October 2021
Committee	Nil
Interest in Securities of the Company and its Subsidiaries	Nil
Present Directorship(s) in Other Public Companies	• Listed: Nil • Non - Listed: Nil

Mohamed Zainurin Mohamed Zain holds a Bachelor's Degree of Accountancy (Honours) from the University of Utara Malaysia. He is a Chartered Accountant, a member of the Malaysian Institute of Accountant (MIA) and a Certified Practicing Accountants (CPA) of Papua New Guinea.

He has more than 30 years of experience in various capacities in several different industries namely, Integrated Agrifood (including Halal Food Supply Chain and Halal Logistics), Plantations, Food Manufacturing, Defence and Aerospace sectors. Mohamed Zainurin has been involved in Halal Food Supply Chain and Agriculture Plantation since 2006 with Malaysian Agrifood Corporation Berhad, a Khazanah Nasional Berhad (KNB) wholly owned subsidiary as Vice President of Finance and subsequently promoted as Senior Vice President of Infrastructure Development. He then joined KNB as Senior Vice President of Agrifood Unit of Khazanah Research & Investment Division.

During his tenure in KNB, he was seconded to the Ministry of Agriculture of Malaysia as CEO for the Malaysian Modern Agriculture Project. In 2012, he was appointed as Group Chief Financial Officer of Malaysia Agrifood Corporation Group of Companies as one of the key personnel managing several strategic collaboration initiatives for the integrated premium Vegetables, Fruits and Halal Cold Chain Logistics business with domestic business partners and reputable foreign investors.

He was formerly the Financial Controller of New Britain Palm Oil Limited (NBPOL) a wholly owned subsidiary company of Sime Darby Plantation Berhad based in Papua New Guinea before joining THP as the Chief Executive office on 1 October 2021.

Mohamed Zainurin does not have any family relationship with any director and/ or major shareholder(s) of the Company nor any conflict of interest with the Company. He has not had a conviction for any offence within the past five (5) years and has not been imposed any penalty by the regulatory bodies during the financial year 2021.

Board Meeting Attendance for Financial Year 2021 ▶	**Not Applicable**

OUR MANAGEMENT TEAM

MOHAMED ZAINURIN MOHAMED ZAIN

Chief Executive Officer

Age: 55	***Gender:*** Male
Nationality: Malaysian	
Date of Appointment: 1 October 2021	

Please refer to Mohamed Zainurin Mohamed Zain's profile on page 44 of this Annual Report.

SHAHRIZAL SUHAINY

Chief Financial Officer

Age: 37	***Gender:*** Male
Nationality: Malaysian	
Date of Appointment: 1 October 2021	

Shahrizal Suhainy holds a Bachelor's Degree in Accounting (Honours) from MARA University of Technology. He is a Fellow Chartered Accountant of the Association of Chartered Certified Accountant (ACCA) and a Member of the Malaysian Institute of Accountancy (MIA). He began his career with KPMG, Kuala Lumpur Office in 2007 and gained invaluable financial experience in auditing both private and public sectors entities, public listed corporations as well as government owned companies. He was an Audit Principal in KPMG prior to joining THP in October 2021 as the Chief Financial Officer (CFO).

As the CFO, he is responsible for the managing, planning, implementation and operations of all the finance activities of the Group. These include business planning, budgeting, forecasting and proposing strategic directions. He sits as a member of the Board on several of THP subsidiary companies overseeing strategic financial directions.

Shahrizal does not have any family relationship with any director and/or major shareholder(s) of the Company nor any conflict of interest with the Company. He has not had a conviction for any offence within the past five (5) years.

MAT SAAD RAMLI

Plantation Director

Age: 68	***Gender:*** Male
Nationality: Malaysian	
Date of Appointment: 1 October 2019 *Completed service contract on 31 March 2022*	

Mat Saad Ramli holds a Diploma in Plantation & Industry Management from MARA Institute of Technology. He started his career in 1976 and carries with him more than 45 years of experience in the plantation industry, including 15-year stint with Taiko Plantations, 8 years at U.I.E (M) Sdn Bhd, an associate company of United Plantations Berhad and few other plantation companies.

He joined THP in 2002 and has been with the company for the past 11 years. He has held many senior positions in THP including as Chief Operation Officer in Indonesia (2007) and Malaysia (2010) before he retired in 2013. He then re-joined THP in 2019 as the Plantation Director and currently supports the CEO in managing all the estates and mills for the Group and to ensure that operational matters at all levels are carried out to the highest standard in the industry.

Mat Saad Ramli does not have any family relationship with any director and/or major shareholder(s) of the Company nor any conflict of interest with the Company. He has not had a conviction for any offence within the past five (5) years.

OUR MANAGEMENT TEAM

ALIATUN MAHMUD

Head, Legal & Secretarial and Company Secretary

Age: 53	***Gender:*** Female
Nationality: Malaysian	
Date of Appointment: 1 January 2014	

Aliatun Mahmud holds a Master's in Business Administration (MBA) and a Bachelor's Degree (Honours) of Laws (LLB), both from the MARA University of Technology as well as a Diploma in Syariah Law and Practice from the International Islamic University of Malaysia She began her career at the Securities Commission of Malaysia in 1994 and went on to gain more experience in PEREMBA (Malaysia) Sdn Bhd, Messrs Hafidz & Azra (Advocates & Solicitors) and the Malaysian Resources Corporation Berhad.

She joined THP on 1 October 2002 and has been with the Group for more than 15 years. In her current capacity, she manages all legal and secretarial matters for the companies owned as well as managed by the Group.

Aliatun does not have any family relationship with any director and/or major shareholder(s) of the Company nor any conflict of interest with the Company. She has not had a conviction for any offence within the past five (5) years.

MAIZURA MOHAMED

Head, Strategy & Corporate Services

Age: 51	***Gender:*** Female
Nationality: Malaysian	
Date of Appointment: 1 January 2014	

Maizura Mohamed holds a Bachelor's Degree (Honours) in Chemistry from University of Malaya. She began her career with Boustead Holdings Berhad in 1995 and subsequently joined Maju Holdings Sdn Bhd as Manager of Business Development.

She joined THP on 1 October 1999 as Manager, Corporate Planning and has been with the Group for more than 20 years. She is currently the Head of Strategy and Corporate Services and is responsible in overseeing strategic and corporate matters, business planning as well as managing special projects.

Maizura does not have any family relationship with any director and/or major shareholder(s) of the Company nor any conflict of interest with the Company. She has not had a conviction for any offence within the past five (5) years.

MEGAT RIZAL EZZUDIN ABD MAULUD

General Manager, CEO Office

Age: 46	***Gender:*** Male
Nationality: Malaysian	
Date of Appointment: 1 March 2020	

Megat Rizal Ezzudin Abd Maulud holds a Bachelor's Degree (Honours) in Accountancy and Financial Analysis from University of Warwick. He is currently a member of the Malaysian Institute of Accountants (MIA), the Association of Chartered Certified Accountants (ACCA), United Kingdom and a Chartered Member of the Institute of Internal Auditors (IIA), Malaysia. His past experienced includes stints in accounting firms in Dublin, Ireland and Birmingham, United Kingdom having completed his ACCA examinations and training in 2002 before returning to Malaysia to work with PricewaterhouseCoopers in 2004.

He joined THP's Internal Audit department on 4th December 2006. He is currently the General Manager of the CEO's office and is responsible in assisting the CEO to manage and supervise all operational matters as well as the overall management of the Company.

Megat Rizal does not have any family relationship with any director and/or major shareholder(s) of the Company nor any conflict of interest with the Company. He has not had a conviction for any offence within the past five (5) years.

OTHMAN SOMADI
Head, Marketing

Age: 58	***Gender:*** Male
Nationality: Malaysian	
Date of Appointment: 1 January 2009	

Othman Somadi holds a Bachelor's Degree in Business Administration (Marketing) and a Diploma in Planting Industry and Management, both from the MARA University of Technology. He began his career as an Assistant Agricultural Officer with the Southeast Johore Development Authority in 1984 and thereafter joined Johore Tenggara Oil Palm Berhad in 1993 as a Senior Marketing Executive.

He joined TH Ladang (Sabah & Sarawak) Sdn Bhd on 5 August 1996 as its Marketing Manager before being appointed THP's Deputy General Manager (Marketing) in 2003. He is currently Head, Marketing and is responsible for the trading and marketing of Group's products.

Othman does not have any family relationship with any director and/or major shareholder(s) of the Company nor any conflict of interest with the Company. He has not had a conviction for any offence within the past five (5) years.

AHMAD ANUAR SAIRI
Head, Agronomy

Age: 56	***Gender:*** Male
Nationality: Malaysian	
Date of Appointment: 7 February 2020	

Ahmad Anuar Sairi holds a Bachelor's Degree in Agricultural Science and a Diploma in Agriculture, both from Universiti Pertanian Malaysia. He started his career as an Agronomist in FELDA Research in 1990 and subsequently joined Austral Enterprises in 1993.

He joined THP in June 1999 as Assistant Agronomist. He was seconded to Trurich Resources Sdn Bhd in 2014 and was appointed the Senior General Manager (Operation & Agronomist), based in Indonesia. He returned to THP in March 2019 as General Manager of the CEO's office. He is currently the Head, Agronomy and in his capacity, is responsible in providing agronomic advisory, fertiliser recommendation, plantation research as well as innovation and development support for the Group.

Ahmad Anuar does not have any family relationship with any director and/or major shareholder(s) of the Company nor any conflict of interest with the Company. He has not had a conviction for any offence within the past five (5) years.

AHMAD NORDZRI RAZALI
Head, Estate Department

Age: 59	***Gender:*** Male
Nationality: Malaysian	
Date of Appointment: 16 March 2020	

Ahmad Nordzri Razali holds a Bachelor's Degree in Business Administration from RMIT University, Melbourne and a Diploma in Planting Industry and Management from the MARA University of Technology. He began his career as a Credit Officer with Bank Pertanian Malaysia in 1984 before joining United Plantations Berhad in December 1984 as Plantation Assistant Manager.

He joined THP on 15 March 1991, as Assistant Manager at Ladang Sungai Mengah, Pahang and went on to assume a number of roles within the Group. He was seconded to PT Persada Kencana Prima as Vice-President Director from 2014 till March 2020 based in Indonesia. He is currently the Head, Estate Department where he oversees the administrative and planning matters of all THP estates.

Ahmad Nordzri does not have any family relationship with any director and/or major shareholder(s) of the Company nor any conflict of interest with the Company. He has not had a conviction for any offence within the past five (5) years.

OUR MANAGEMENT TEAM

MOHD JAFRI ARSHAD

Head of Plantation Controllers

Age: 56	***Gender:*** Male
Nationality: Malaysian	
Date of Appointment: 4 April 2022	

Mohd Jafri Arshad holds a Bachelor's Degree Science in Agriculture and a Diploma in Agriculture, both from Universiti Pertanian Malaysia. He began his career with Kuala Lumpur Kepong Berhad as a Cadet Planter in 1990 and was promoted to a Managerial position in 1999 with extensive experience in managing Rubber & Oil Palm.

He joined THP on 1 March 2009 as a Manager at Ladang Sungai Tenegang. He was appointed as an Estate Senior Manager based in Riau, Indonesia in 2012. Jafri has been entrusted to manage and oversee the operations of several estates and Estate Department within the Group, prior to being appointed as Plantation Controller in 2020 and as Head of Plantation Controllers in 2022. He currently oversees the plantation operations, ensures the estates adhere to the company's policies and procedures accordingly as well as motivates subordinates and workforce.

Mohd Jafri Arshad does not have any family relationship with any director and/or major shareholder(s) of the Company nor any conflict of interest with the Company. He has not had a conviction for any offence within the past five (5) years.

MD HANIF MD NOR

Plantation Controller

Age: 59	***Gender:*** Male
Nationality: Malaysian	
Date of Appointment: 1 March 2020	

Md Hanif Md Nor holds a Diploma in Planting Industry and Management from the MARA University of Technology. He began his career with Boustead Estates Agency as an Assistant Manager in 1983.

He joined TH Ladang (Sabah & Sarawak) on 27 December 1996 as Manager at Ladang Jati Keningau. He has risen up the ranks throughout the 24 years with THP and he was appointed as the Plantation Controller in 2020. He currently oversees the plantation operations, ensures the estates adhere to the company's policies and procedures accordingly as well as motivates subordinates and workforce.

Hanif does not have any family relationship with any director and/or major shareholder(s) of the Company nor any conflict of interest with the Company. He has not had a conviction for any offence within the past five (5) years.

MOHAMAD ZUZARI ABD AZIZ

Plantation Controller

Age: 58	***Gender:*** Male
Nationality: Malaysian	
Date of Appointment: 16 March 2020	

Mohamad Zuzari Abd Aziz holds a Diploma in Planting Industry and Management from MARA University of Technology. He began his career with Boustead Estate Agency as an Assistant Manager in 1985 and was given the exposure of managing various crops including oil palm, rubber and cocoa. He pioneered the introduction and implementation of oil palm mechanisation system in Boustead that includes fresh fruit bunch in field evacuation, application of fertilisers and the integration of monitoring system using GPS/GIS.

He served 13 years in Boustead before joining THP in 1998 as Estate Manager at TH Ladang (Sabah & Sarawak) Sdn. Bhd. to manage and oversee THP's teak planting programme. Mohamad Zuzari rose through the ranks during his 24 years tenure with THP holding various portfolios, including the successful implementation of sound water management processes for oil palm planted in THP's peat estates and overseeing the daily operations of the Group's peat estates in Indonesia as the General Manager of TH Indo Plantation Sdn. Bhd. He was appointed as the Plantation Controller in 2020 and currently oversees the operations, ensures estates adhere to the company's policies and procedures accordingly as well as motivates subordinates and workforce.

Mohamad Zuzari does not have any family relationship with any director and/or major shareholder(s) of the Company nor any conflict of interest with the Company. He has not had a conviction for any offence within the past five (5) years.

ADNAN ARIFFIN

Head, Mill & Engineering

Age: 58	***Gender:*** Male
Nationality: Malaysian	
Date of Appointment: 3 May 2021	

Adnan Ariffin holds Diploma in Mechanical Engineering from University of Technology Malaysia. He began his career in FELDA in 1984 and subsequently joined THP on 1st December 1991 as Senior Assistant Manager at Kilang Sawit Kota Bahagia.

He has been with the company for the past 30 years and assumed the position of Head, Mill & Engineering in May 2021. In his capacity, he provides technical advisory services to mills owned by THP and drives improvement initiatives throughout THP's mill operations.

Adnan does not have any family relationship with any director and/or major shareholder(s) of the Company nor any conflict of interest with the Company. He has not had a conviction for any offence within the past five (5) years.

RIFINA MD ARIFF

Head, Risk & Compliance

Age: 54	***Gender:*** Female
Nationality: Malaysian	
Date of Appointment: 1 October 2021	

Rifina Md Ariff holds a Bachelor's of Arts (Hons) Accounting & Financial Analysis from the University of Newcastle-upon-Tyne, United Kingdom. She started her career as a Senior Officer in Permata Merchant Bank in 1990 where she served until 1994. She was Senior Manager at Amanah Saham MARA Berhad from 1994 until 2000. She was also Assistant Vice President of Affin Merchant Bank Berhad for two years prior to joining Lembaga Tabung Haji in 2002.

Rifina was seconded to THP on 1 October 2021 as Head, Risk & Compliance overseeing the organisation's risk management strategies and compliance.

Rifina does not have any family relationship with any director and/or major shareholder(s) of the Company nor any conflict of interest with the Company. She has not had a conviction for any offence within the past five (5) years.

SAMSHUL BAHRI MUHAMMAD

Head, Sustainability

Age: 49	***Gender:*** Male
Nationality: Malaysian	
Date of Appointment: 15 November 2020	

Samshul Bahri holds a Bachelor's Degree (Hon) in Agribusiness from Universiti Pertanian Malaysia and a Diploma in Planting Industry Management from the MARA University of Technology.

He began his career in THP on 1 July 1999 as Executive in the Estate Department. In 2010 he was posted to the Sarawak Regional Office as an Operation Manager and rise up the ranks within the 8 years there to Assistant General Manager before he returned to HQ in 2018.

He was appointed as the Head of Sustainability Department in 2020 and is primarily responsible for sustainability initiatives and innovation within the Group.

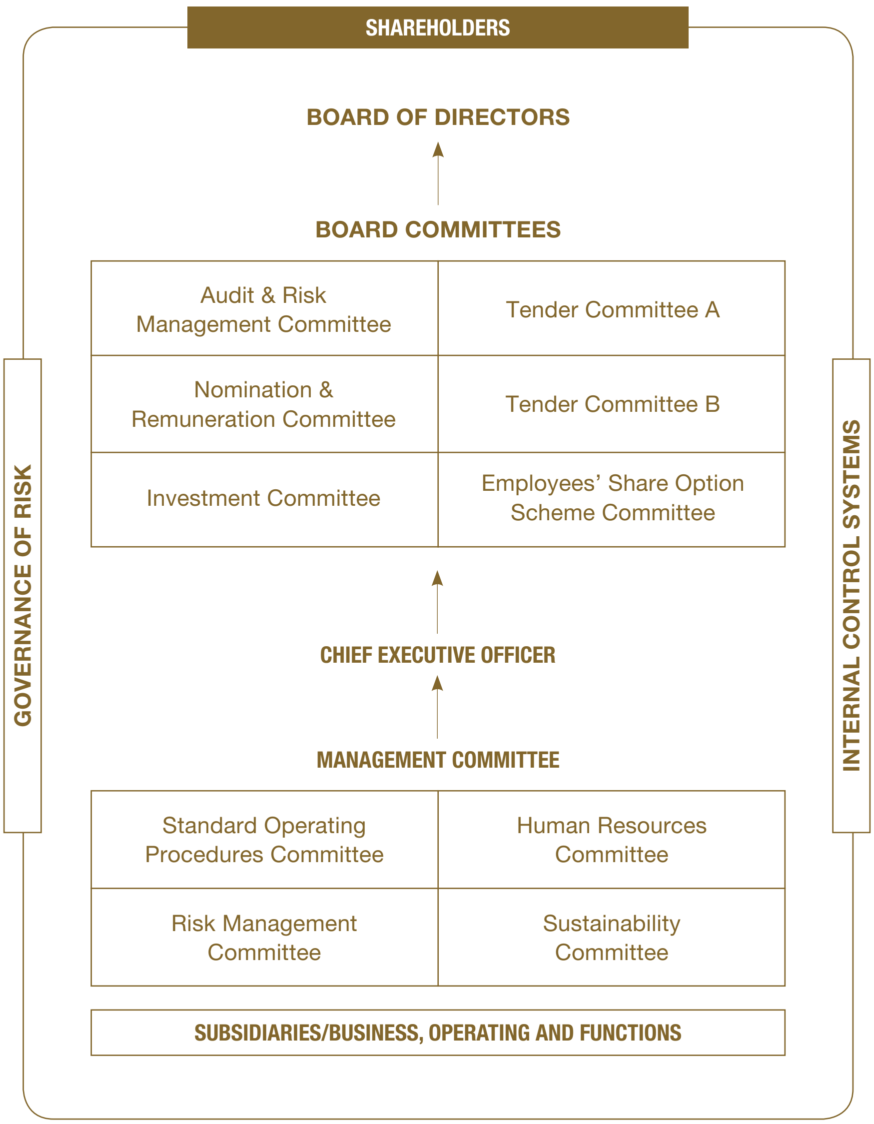
Samshul Bahri does not have any family relationship with any director and/or major shareholder(s) of the Company nor any conflict of interest with the Company. He has not had a conviction for any offence within the past five (5) years.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board is responsible for promoting the long-term, sustainable success of the Group and its shareholders and is the principal decision-making forum for the Group, providing entrepreneurial leadership, both directly and through its Committees, and delegating authority to the management team. The Board is responsible for organising and directing the affairs of the Group in a manner that generates and preserves value over the long term. Through the strong governance framework that it has in place, the Board is able to deliver on its strategy of providing strong sustainable financial and operational performance.

This Statement provides a summary of the Group's corporate governance practices throughout the financial year ended 31 December 2021 ("FY2021") as set out in the Malaysian Code on Corporate Governance 2021 ("MCCG 2021"), the Bursa Malaysia Securities Berhad's Main Market Listing Requirements ("Listing Requirements") and Corporate Governance Guide issued by Bursa Malaysia Berhad.

OUR GOVERNANCE STRUCTURE



*This Corporate Governance Overview Statement is to be read in conjunction with the Corporate Governance Report 2021 which is available online at **www.thplantations.my.***

LEADERSHIP AND EFFECTIVENESS

CHAIRMAN

The Chairman carries out a leadership role in the conduct of the Board and its relations to shareholders and other stakeholders.

The roles of the Chairman are as follows:

i. Provides leadership to the Board
   - Plans Board meetings, agenda;
   - Ensures the Board receives proper information in timely manner;
   - Chairs all Board/shareholder meetings;
   - Ensures that all Directors contribute and participate at Board meetings; and
   - Drives discussion toward consensus and to achieve closure on such discussions.

ii. Represents the Board to shareholders and be the spokesperson at the Annual General Meeting ("AGM"), in a way that supports the role of the CEO in reporting operational and public relations matters;

iii. Ensures the integrity and effectiveness of the governance process; and

iv. Performs other responsibilities as assigned by the Board from time to time.

Strategy	Governance	Performance
• Set the strategy to secure the continued growth of the Group over the long term in the interests of our shareholders, taking account of our responsibilities to colleagues, customers, the communities in which we operate and the interests of our other stakeholders • Ensure that resources are in place to deliver the strategy	• Instil and maintain a culture of honesty, integrity and transparency • Ensure that financial and other controls and processes for risk management are in place and working effectively • Set an effective remuneration policy • Maintain effective relationships with shareholders	• Review progress towards strategic and operational goals and the performance of management • Ensures that Board balance and committee membership are appropriate and effective, and fully compliant with the requirements of the MCCG 2021

CHIEF EXECUTIVE OFFICER

CEO as an employee, involved in the day-to-day management of the Company and Group. He is invariably a member of the Company's Senior Management team. A CEO may also be an Executive Director.

The roles of the CEO/Executive Director are as follows:

i. Develops and implements strategy, reflecting long-term objections and priorities established by the Board;
ii. Assumes full accountability to the Board for all aspects of Company operations and performance;
iii. Puts adequate operational plans and financial control systems in place;
iv. Closely monitors operating and financial results in accordance with plans and budgets; and
v. Represents the Company to major customers, employees, suppliers, and professional associations.

NON-EXECUTIVE DIRECTOR

Non-Executive Directors act as a bridge between management, shareholders and other stakeholders.

They provide the relevant checks and balances, focusing on shareholders' and other stakeholders' interests and ensuring that high standards of corporate governance are applied. The Companies Act 2016, makes no distinction between Executive and Non-Executive Director in terms of the legal duties that are imposed on Directors. All directors, whether independent or not, are required to act in the best interest of THP and to exercise unfettered and independent judgement. The roles of Independent Directors are as follows:

i. Not to be involved in day to day operations of the Company or running of the business; and
ii. Protects the interests of shareholders and can make significant contributions to the Company's decision making by bringing in the quality of detached impartiality.

SENIOR INDEPENDENT DIRECTOR

- Supports the Chairman in the delivery of their objectives.
- Acts as a sounding board for the Chairman and serves as an intermediary for the other Directors.
- Available to shareholders if they have concerns that cannot be resolved through normal channels.
- Works with the Chairman and other Directors/ shareholders to resolve significant issues where necessary.

The Board has identified Mohd Adzahar bin Abdul Wahid as the Senior Independent Non-Executive Director to whom concerns of shareholders and stakeholders may be conveyed.

Shareholders and other interested parties may contact Mohd Adzahar bin Abdul Wahid to address any concerns in writing or via telephone, facsimile or electronic mail as follows:

Tel : +03 2603 4800
Fax : +03 2603 4699
Email : info@thplantations.com

COMPANY SECRETARY

The Company Secretary provides independent advice to the Board, ensures good information flow and advises the Board on relevant matters.

The roles of the Company Secretary are as follows:

i. Works closely with the Chairman to raise all material compliance and governance issues;
ii. Attend all Board, Board Committees and Subsidiaries Board meetings;
iii. Ensures accurate records of all meetings and that all decisions made are properly minuted; and
iv. Facilitates the communication of key decisions and policies between the Board, Board Committees and Subsidiaries Board.

BOARD CHARTER

Our Board Charter has been serving as a guide for excellence in corporate governance. It embodies our governance practices, Board policies and guidelines and derives its practices from the principles and recommendations of MCCG 2021. The Board Charter provides reference for the Directors in relation to the Board's role, powers, duties and functions. It outlines processes and procedures for the Board and its committees in discharging their stewardship effectively and efficiently.

Our Board Charter is reviewed annually and updated from time-to-time to maintain its relevance and accuracy to current rules and regulations. The Board Charter is available on our website, www.thplantations.com

In discharging its duties, the Board is constantly mindful that the interests of THP Group's investors and all other stakeholders are to be safeguarded.

The six (6) principal stewardship of the Board, among others, include the following:

a. Reviewing and adopting strategic plans for the Company, primarily the five (5) year rolling strategic plan for THP Group.
b. Overseeing the conduct of the Company's business to ensure that it is being properly managed. Key operational matters are discussed during Board meetings and expert advice or independent advice is sought where necessary.
c. Identifying principal risks and ensuring the implementation of appropriate systems to manage these risks.
d. Implementing succession planning, including the appointment and recruitment of Senior Management team members.
e. Developing and implementing an investor relations policy or shareholders' communications policy for the Company.
f. Reviewing the adequacy and integrity of the Company's internal controls and management information systems, including compliance with applicable laws, regulations, rules, directives and guidelines.

SEPARATION OF POSITIONS OF CHAIRMAN AND CHIEF EXECUTIVE OFFICER

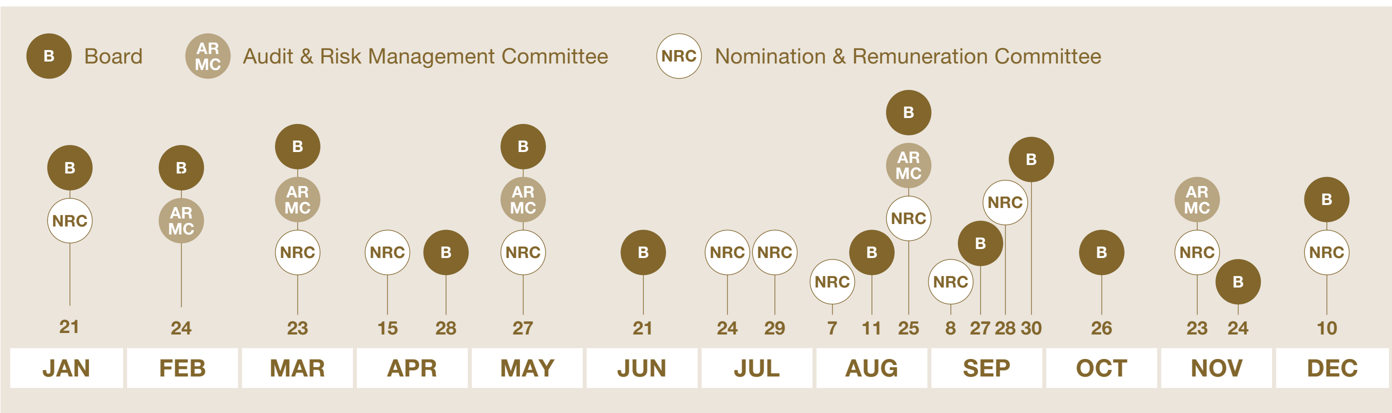
The Chairman is primarily responsible for leading the Board, setting its agenda, promoting a culture of openness and debate and monitoring its effectiveness. The Chairman is supported by the Senior Independent Director ("SID"), who acts as a sounding board and serves as an intermediary for the other Directors. Neither are involved in the day-to-day management of the Group. Save for the matters reserved for the Board, the Chief Executive Officer (with the support of the senior management) is responsible for proposing the strategy to be adopted by the Group, running the business in accordance with the strategy agreed by the Board and implementing Board decisions. It is the Non-Executive Directors' role to provide constructive challenge, strategic guidance, offer their respective specialist advice and hold management to account.

The Board has sets out the clear division of responsibilities between the Chairman and Chief Executive Officer. Further, the two roles are held by separate individuals, thus promoting independence and objectivity.

BOARD COMMITTEES

The Board has delegated authority to several permanent Committees to deal with matters in accordance with written Terms of Reference. The principal Committees of the Board are the Audit & Risk Management Committee ("ARMC") and the Nomination & Remuneration Committee ("NRC").

All Committees are chaired by Independent Non-Executive Directors and comprise a majority of independent Non-Executive Directors. Appointments to the Committees are made on the recommendation of the NRC. The Committees are constituted with written Terms of Reference that are reviewed annually to ensure that they remain appropriate and reflect any changes in good practice and governance. These Terms of Reference can be found on the Company's website at www.thplantations.my



Directors are fully informed of all Committee matters by the Committee Chairmans reporting on the proceedings of their Committee at the subsequent Board meeting. Copies of the Committees minutes are also distributed to the Board. Committees are authorised to obtain outside legal or other independent professional advice if they consider it necessary. An evaluation of the performance of each Committee against the duties set out in each terms of reference is carried out annually.

The responsibilities of these committees are set out in the individual Terms of Reference, which are available on the Company's website at www.thplantations.my.

The roles and responsibilities of the Board Committees, along with the activities undertaken during the year, are outlined in each of their respective reports found on pages 50 to 51.

BOARD MEETINGS AND FLOW OF INFORMATION

Directors are expected to attend all meetings of the Board and the Committees on which they serve and to devote sufficient time to the Group to perform their duties. Where Directors are unable to attend meetings, they receive papers for that meeting giving them the opportunity to raise any issues with the Chairman in advance of the meeting.

A total of thirteen (13) Board meetings including special board meetings are held in 2021. Agendas and papers are circulated to the Board in a timely and secure manner, seven (7) days prior to Board and Committee meetings. The Board agenda is structured by the Chairman in consultation with the Company Secretary and Chief Executive Officer. Routine Board papers are supplemented by information specifically requested by the Directors from time-to-time. All Board and Committee meetings during the year were held in an open atmosphere conducive to robust and constructive challenge and debate. All Directors have, therefore, been able to bring independent judgement to bear on issues such as strategy, risk management, performance, and resources. Additional meetings are called when required and there is contact between meetings, where necessary, to progress the Group's business.

All the Directors have access to the advice and services of the Company Secretary. She has responsibility for ensuring that Board procedures are followed and for advising the Board, through the Chairman, on governance matters. The Company Secretary provides updates to the Board on regulatory and corporate governance issues, new legislation, and Directors' duties and obligations.

The Directors' attendance at Board meetings for FY2021 are detailed below:

Tan Sri Abu Talib bin Othman Chairman Non-Independent Non-Executive Director	13/13
Dato' Sri Amrin bin Awaluddin [1] Non-Independent Non-Executive Director	6/7
Tengku Dato' Seri Hasmuddin bin Tengku Othman [2] Non-Independent Non-Executive Director	3/4
Mohd Adzahar bin Abdul Wahid Senior Independent Non-Executive Director	13/13
Dato' Shari bin Haji Osman Independent Non-Executive Director	13/13
Datuk Dr. Ahmad Kushairi bin Din [3] Independent Non-Executive Director	N/A
Bakri bin Jamaluddin [4] Independent Non-Executive Director	N/A
Muhammad Ramizu bin Mustaffa [5] Independent Non-Executive Director	N/A
Dzul Effendy bin Ahmad Hayan [6] Alternate Director to Tengku Dato' Seri Hasmuddin bin Tengku Othman	9/9
Datuk Nik Mohd Hasyudeen bin Yusoff [7] Non-Independent Non-Executive Director	7/7
Dato' Indera Dr. Md Yusop bin Omar [8] Independent Non-Executive Director	6/6

Notes:

1. *Dato' Sri Amrin bin Awaluddin appointed to the THP Board on 1 July 2021*
2. *Tengku Dato' Seri Hasmuddin bin Tengku Othman appointed to the THP Board on 30 September 2021*
3. *Datuk Dr. Ahmad Kushairi bin Din appointed to the THP Board on 18 March 2022*
4. *Bakri bin Jamaluddin appointed to the THP Board on 2 January 2022*
5. *Muhammad Ramizu bin Mustaffa appointed to the THP Board on 5 April 2022*
6. *Dzul Effendy bin Ahmad Hayan resigned as a Non-Independent Non-Executive Director of THP on 30 September 2021 and appointed as an Alternate Director to Tengku Dato' Seri Hasmuddin bin Tengku Othman on 5 October 2021*
7. *Datuk Nik Mohd Hasyudeen bin Yusoff resigned on 13 August 2021*
8. *Dato' Indera Dr. Md Yusop bin Omar retired on 24 June 2021*

KEY BOARD DISCUSSION AND ACTIVITIES

Financial

i. Financial Statements for the financial year 2020
ii. Quarterly Report on Consolidated results
iii. Re-appointment of external auditors for the financial year 2021
iv. Audit fee for THP and Group for the financial year 2021
v. Updates on changes in accounting standards and/or policies
vi. THP Group's annual budget, cashflow projections
vii. Restructuring of SUKUK

Governance and Policies

i. Material litigation cases updates within the THP Group
ii. Code of Conducts and Code of Ethics for Employees and Group

Operation, Risk, Strategy, Sustainability

i. Updates on THP Group's estates performance
ii. Business growth and improving yields
iii. Improving operational efficiency
iv. Land issues in Sarawak
v. Strategy Recovery Plan to stabilise and strengthen THP Group's operations and finances
vi. Updates on sustainability matters
vii. Manpower shortage in plantation sector
viii. Revision of organisation structure

Appointment and Resignation

i. Change of directorship in THP
ii. Revision of composition of directorship in THP Group
iii. Appointment of Senior Independent Director
iv. Revision of Board Committees' composition
v. Change in key Senior Management
vi. Board Evaluation Assessment
vii. Re-election of Directors

Remuneration

i. Annual fees for the Board and Board Committees
ii. Remuneration package of new directors
iii. Bonus for employees of THP Group
iv. Salary increment for employees of THP Group

Divestment

i. Updates on THP's assets rationalisation plan
ii. Updates on the proposed disposal of Bumi Suria Ventures Sdn. Bhd. and Maju Warisanmas Sdn. Bhd. to Tamaco Plantation Sdn. Bhd.

Others

i. Reports for inclusion in the Annual Report 2020
ii. Circular to Shareholders for recurrent related party transactions

THE GOVERNANCE OF SUSTAINABILITY

The governance of sustainability rests ultimately with the Board. The Chief Executive Officer and the Sustainability Committee supports the Board in executing, monitoring, assessing and reviewing the Group's sustainability policy and initiatives. The CEO reports to the Board on the Group's sustainability performance, as well as reviewing updates from the Committee on the Group's sustainability management and preparation of the annual Sustainability Statement. The Sustainability Committee, comprising various Heads of Departments holds responsibility for monitoring the execution of the Board's strategic sustainability direction and overseeing the preparation of the Sustainability Statement. Details of the Sustainability Statement can be viewed on pages 14 to 34 of this Annual Report.

NOMINATION & REMUNERATION COMMITTEE REPORT

The NRC is responsible for assisting the Board in evaluating the structure, size, performance, and composition of the Board and its Committees. More broadly, the NRC is responsible for reviewing succession plans at Board and senior management level and assuring that a pipeline of suitably qualified and capable successor candidates are in place for both emergency and longer-term succession. The NRC is focused on ensuring that the Board comprises individuals with the requisite independence, knowledge, skills, diversity, and experience to discharge its responsibilities effectively. As part of this, the NRC's decisions relating to the appointment of Directors follows a formal appointment process.

When setting the policy for Directors' and Senior Management remuneration, the NRC takes into account the overall business strategy and risk tolerance, considering the long-term interest of the Company with a view to adequately attracting, retaining and rewarding skilled individuals and delivering rewards to shareholders. The NRC's remuneration principles include designing a policy which will:

- provide a simple remuneration structure which is easily understood by all stakeholders;
- attract, retain and motivate executives and senior management in order to deliver the Company's strategic goals and business outputs;
- promote the long-term success of the business;
- provide an appropriate balance between fixed and performance-related, and immediate and deferred remuneration to support a high-performance culture;
- adhere to the principles of good corporate governance and best practice;

- align executives with the interests of shareholders and other external stakeholders; and
- consider the wider pay environment, both internally and externally.

The Company Secretary acts as Secretary to the NRC. The NRC invites the Chief Executive Officer and the Senior Management to attend meetings when it deems appropriate. The CEO abstains from meetings in relation to his own remuneration.

In addition, members of the NRC corresponded and met informally on a number of occasions to consider and meet with individuals that the NRC had identified as possible candidates to join the Board.

Members and Attendance

A total of twelve (12) meetings were held during FY2021. Details of the composition of the NRC and their attendances, were as follows:

Dato' Shari bin Haji Osman Chairman Independent Non-Executive Director	12/12
Mohd Adzahar bin Abdul Wahid Member Senior Independent Non-Executive Director	12/12
Tengku Dato' Seri Hasmuddin bin Tengku Othman [1] Member Non-Independent Non-Executive Director	2/2
Dzul Effendy bin Ahmad Hayan [2] Member Non-Independent Non-Executive Director	10/10

[1] *Tengku Dato' Seri Hasmuddin bin Tengku Othman appointed to the NRC on 26 October 2021.*
[2] *Dzul Effendy bin Ahmad Hayan resigned from the NRC on 26 October 2021.*

The terms of reference of the NRC are available on the Company's website at ***www.thplantations.my***

Summary of Activities of the NRC

Nomination Function

1. Assessing and recommending to the Board the continuation of service of the Directors who are seeking re-election at the AGM.
2. Reviewing and assessing the annual performance and effectiveness of the Board.
3. Assessing and recommending to the Board the appointment of new Directors on the Board.
4. Reviewing and recommending to the Board on the composition of the Board of Directors of THP's subsidiaries.
5. Assessing and recommending to the Board on the appointment of new key Senior Management.
6. Reviewing and recommending to the Board on the changes, movements, promotions and extension of contract of Senior Management Personnel in Head Office.
7. Reviewing and recommending to the Board on the changes to the organisation structure.

Remuneration Function

1. Reviewing and recommending to the Board on the annual directors' remuneration.
2. Reviewing and recommending to the Board on the authority in approving employees' salary increment, bonus, allowances, appointment and promotion.

APPOINTMENTS

The NRC reviews the leadership and succession needs of the Board and ensures appropriate procedures are in place for nominating, training and evaluating Directors. It leads the process for making appointments to the Board or where the appointee is likely to become a Board member. The policy on Board appointments involves the NRC developing an appropriate specification that identifies the required skills and experience for the role. Interviews of the shortlisted candidates are held with the Chairman and members of the NRC. Where applicable, the NRC will seek third party feedback on the candidate. After consideration by the NRC, a recommendation is made to the Board to appoint the preferred candidate.

During the year under review, the NRC oversaw a change in Board composition. Dato' Indera Dr. Md Yup bin Omar retired as an Independent Non-Executive Director on 24 June 2021 and Datuk Nik Mohd Hassyudden bin Yusoff resigned on 13 August 2021.

In place, the Board appointed Dato' Sri Amrin bin Awaluddin and Tengku Dato' Seri Hasmuddin bin Tengku Othman as Non-Independent Non-Executive Directors on 1 July 2021 and 30 September 2021 respectively.

To strengthen the number of Independent Director on the Board, Bakri bin Jamaluddin, Datuk Dr. Ahmad Kushairi bin Din and Muhammad Ramizu bin Mustaffa were appointed as Independent Non-Executive Directors with effect from 2 January 2022, 18 March 2022 and 5 April 2022 respectively.

The NRC also considered the appointment of Mohamed Zainurin bin Mohamed Zain as the Chief Executive Officer, in place of Muzmi bin Mohamed, whose contract of service expired on 30 September 2021. Additionally, Shahrizal bin Suhainy was appointed as the Chief Financial Officer, replacing Rahimi bin Ramli who tendered his resignation on 15 July 2021. Both appointees took their office on 1 October 2021.

RE-ELECTION OF DIRECTORS

The re-election of Directors ensures that shareholders have a regular opportunity to re-assess the composition and the efficacy of the Board.

In accordance with the Company's Constitution, at least one third (1/3) of the Directors shall retire from office every year provided always that all Directors shall retire from office at least once in every three (3) years and shall be eligible for re-election in the AGM.

At this forthcoming AGM, Tan Sri Abu Talib bin Othman is subject to retirement by rotation under Clause 89 of the Company's Constitution. However, Tan Sri Abu Talib bin Othman has expressed his intention not to seek for re-election at the 48th AGM of the Company. Hence, Tan Sri Abu Talib bin Othman will retire as the Chairman and the Non-Independent Non-Executive Director of THP at the conclusion of the 48th AGM of the Company.

The Company's Constitution also provide that newly-appointed directors shall hold office until the next AGM and shall then be eligible for re-election. The following Directors, who have been appointed during the FY2021 and prior to the cut-off date of this Annual Report shall retire in accordance with Clause 94 of the Company's Constitution and being eligible, have offered themselves for re-election:

i. Dato' Sri Amrin bin Awaluddin;
ii. Tengku Dato' Seri Hasmuddin bin Tengku Othman;
iii. Bakri bin Jamaluddin;
iv. Datuk Dr. Ahmad Kushairi bin Din; and
v. Muhammad Ramizu bin Mustaffa

TENURE FOR INDEPENDENT DIRECTORS

The tenure of service of Independent Non-Executive Directors will be nine (9) years.

BOARD COMPOSITION, BALANCE AND INDEPENDENCE

Careful consideration continues to be given to the independence, composition and balance of the Board. As a result, the Group continues to monitor the need to refresh Board and Committee membership in an orderly manner so as to maintain the continuity of Board process and the strength of personal interaction which underlies the effectiveness of the Board as a team. The Board remains satisfied that it has the appropriate balance of skills, experience, independence and knowledge of the Group to enable it and its Committees to discharge their duties and responsibilities effectively, as required by the MCCG 2021. In addition, the Directors are aware of their legal duties to act in a way they consider, in good faith, will be most likely to promote the success of the Company for its shareholders, as well as considering the interests of other stakeholders.

As can be seen from the Directors' biographies on pages 35 to 43, the Directors have a broad range of skills and experience and can bring independent judgement to bear on issues of strategy, performance, risk management, resources and standards of conduct which are integral to the success of of the Group.

BOARD EFFECTIVENESS, INDUCTION AND TRAINING

2021 Board Performance Evaluation

The 2021 Board evaluation process was facilitated internally with use of an online questionnaire. The online questionnaire was sent to all Board members and regular Board attendees and considered:

Board composition together with the utilisation of the experience, skills and expertise, as well as diversity of Board members.	Understanding by the Board of the prevailing culture within the Group.	Risk management and the effectiveness of the Board in considering the Group's risk management framework and internal controls.
Board dynamics and the interaction between the Chairman, Non-Executive Directors and management to achieve the Board's objectives.	Quality, timeliness of delivery and presentation of Board papers and Board support.	The effectiveness of the Board's strategic and operational oversight.
Leadership and succession planning including the oversight of the Group's processes for managing, developing and retaining talent.	Time management and operational performance of Board and Committee meetings.	Priorities for change that would enhance Board performance.

The results of the evaluation were discussed with the Board and showed a board that appeared to be functioning well, with some identified opportunities for improvement. Consideration was given to the skills, characteristics and diversity needed on the Board to underpin the strategy.

This Process was Divided into 3 Stages	STAGE 1	STAGE 2	STAGE 3
	Completion of questionnaire	**Evaluation of responses/reporting**	**Discussions with the Board**
	A comprehensive questionnaire was sent to each Board member. Board members completed and returned the questionnaire to the Company Secretary.	The Company Secretary compiled a report to be tabled to the Nomination & Remuneration Committee based on the feedback provided by Board members, addressing the performance of the Board and each of its committees.	The NRC discussed the draft conclusions. Subsequently, these conclusions and a draft action plan were recommended to the Board.

The Board has a good understanding of the risks within the business. However, Environmental, Social and Governance (ESG) was highlighted as an area which the Board thought there was room to better understand the strategic opportunities, as well as ensuring that the right information was available to monitor our ESG performance.

When a new Director is appointed to the Board, Director will undergo a comprehensive induction programme whereby they receive financial and operational information about the Group, details concerning their responsibilities and duties, as well as an introduction to the Group's governance, regulatory and control environment. This induction is usually supplemented by meetings with members of the senior management team and their departments.

Development and training of Directors is an ongoing process. Throughout their period in office, the Directors are regularly updated on the Group's business, legal matters concerning their role and duties, the competitive environments in which the Group operates, and any other significant changes affecting the Group and the industry of which it is a part.

All Directors have successfully completed the Mandatory Accreditation Programme prescribed by Bursa Malaysia Securities Berhad. For FY2021, the Directors attended seminars and training programmes, as follows:

Training/Seminar	Organiser	Event Date
Program Kepimpinan Al Falah untuk Pengurusan ***TH***	***TH***	4 & 8 February 2021
Corruption Risk Management	Asia School of Business & Iclif Executive Education Centre	23 & 24 February 2021
Companies Act, 2016 & Limited Liability Partnerships Act, 20112	Companies Commission of Malaysia	25 February 2021
TH FA Insight Series : Integrated Reporting (IR) a Vision for Better Corporate Reporting	***TH***	4 March 2021
16th Kuala Lumpur Islamic Finance Forum 2021	Centre for Research and Training - CERT Events Sdn. Bhd.	9 & 10 March 2021
Muzakarah Penasihat Syariah Kewangan Islam 2021 Kali Ke-14	Centre for Research and Training - CERT Events Sdn. Bhd.	11 March 2021
Audit & Accounting Policy for Statutory Bodies	Universiti Kebangsaan Malaysia	19 March 2021
Program Developing Others: Managing Performance via Effective Mentoring	***TH***	1 June 2021
Custom Built: Anti-Money Laundering Act Workshop Training Session	Asia School of Business	29 June 2021
Malaysian Code of Corporate Governance	Taliworks Corporation Berhad	6 July 2021
Corporate Governance Revisited	Malaysian Alliance of Corporate Governance	9 July 2021
Pelan Tindakan Integriti	Universiti Kebangsaan Malaysia	14 July 2021
Value Creation Strategies	Malaysian Alliance of Corporate Governance	16 July 2021
Training of Shariah Share Screening Methodology	***TH***	27 & 28 July 2021
Fajr Academy Leadership Series by Chris Masterson, Chairman of Montagu Private Equity	***TH*** & Fajr Academy Leadership	22 September 2021
Concession Business – Waste Management, Toll Road & Water Management	Taliworks Corporation Berhad	1 November 2021
Banking Knowledge Session	Bank Islam Malaysia Berhad	16 November 2021
Innovation in Shariah Investments Solutions	***TH***	18 November 2021
TH Group Summit – ***TH*** Senior Management	***TH***	30 November 2021
TH Management Retreat – HIJRAH24	***TH***	3 & 5 December 2021
Audit Oversight Board & Audit Committee	Securities Commission of Malaysia	6 December 2021

TH - Lembaga Tabung Haji

DIRECTORS' REMUNERATION

The Board believes that the level of remuneration offered by THP Group is sufficient to attract and retain Directors of calibre and with sufficient experience and talent to contribute to the performance of the Company. Comparisons with similar positions within the industry and other major public listed companies are made in order to arrive at a fair remuneration rate. The aim of the remuneration policy and philosophy is to:

i. Align with THP's strategic thrust and value drivers;
ii. Attract and retain Directors of such calibre who are able to provide the necessary skills and experience, commensurating with the responsibilities for the effective management of THP Group; and
iii. Support the philosophy of value-based management.

The policy and framework for the overall remuneration of the Directors are reviewed against market practices by the NRC, following which recommendation are submitted to the Board for approval.

The Non-Executive Directors are paid Directors' fees and attendance allowance for each Board/Committee meeting that they attend. In addition, the Non-Executive Directors are entitled to certain benefits-in-kind such as medical and insurance coverage.

The details of the directors' fees and benefits are as follows:

Directors' Fees

Board/Board Committee	Monthly Fees (RM) Chairman	Monthly Fees (RM) Member
Board	12,000	5,000
Audit & Risk Management Committee	2,000	1,000
Nomination & Remuneration Committee	Nil	Nil
Tender Committee A	Nil	Nil
Tender Committee B	Nil	Nil
Investment Committee	Nil	Nil

Directors' Benefits

Meeting Allowance	Board and Board Committee meetings of RM1,000.00 per meeting
Other benefits	Medical and insurance coverage

Details of remuneration (including benefits-in-kind) of each Director for FY2021 are as follows:

	RM						
	Annual Monthly Fees						
	Board	Board Committees	Subsidiaries	Salary & Bonus	Meeting Allowances (including subsidiaries)	Benefits-in-kind	Total
Tan Sri Abu Talib bin Othman	144,000	-	180,000	-	16,500	9,439	349,939
Dato' Sri Amrin bin Awaluddin [1]	-	-	-	-	6,000	-	6,000
Tengku Dato' Seri Hasmuddin bin Tengku Othman [2]	15,167	2,194	4,500	-	9,000	36	30,897
Mohd Adzahar bin Abdul Wahid	60,000	24,000	108,000	-	36,000	3,534	231,534
Dato' Shari bin Haji Osman	60,000	12,000	21,000	-	44,000	8,481	145,481
Datuk Dr. Ahmad Kushairi bin Din [3]	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Bakri bin Jamaluddin [4]	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Muhammad Ramizu bin Mustaffa [5]	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Dzul Effendy bin Ahmad Hayan [6]	-	-	-	-	28,000	-	28,000
Datuk Nik Mohd Hasyudeen bin Yusoff [7]	16,452	1,752	-	-	7,000	-	25,204
Dato' Indera Dr. Md Yusop bin Omar [8]	29,000	5,800	4,806	-	13,250	10,236	63,092
TOTAL	**324,619**	**45,746**	**318,306**	**-**	**159,750**	**31,726**	**880,147**

Notes:

[1] *Dato' Sri Amrin bin Awaluddin appointed to the THP Board as a Non-Independent Non-Executive Director on 1 July 2021*
[2] *Tengku Dato' Seri Hasmuddin bin Tengku Othman appointed to the THP Board as a Non-Independent Non-Executive Director on 30 September 2021*
[3] *Datuk Dr. Ahmad Kushairi bin Din appointed to the THP Board as an Independent Non-Executive Director on 18 March 2022*
[4] *Bakri bin Jamaluddin appointed to the THP Board as an Independent Non-Executive Director on 2 January 2022*
[5] *Muhammad Ramizu bin Mustaffa appointed to the THP Board as an Independent Non-Executive Director on 5 April 2022*
[6] *Dzul Effendy bin Ahmad Hayan resigned as a Non-Independent Non-Executive Director on 30 September 2021 and appointed as an Alternate Director to Tengku Dato' Seri Hasmuddin bin Tengku Othman on 5 October 2021*
[7] *Datuk Nik Mohd Hasyudeen bin Yusoff resigned as a Non-Independent Non-Executive Director on 13 August 2021*
[8] *Dato' Indera Dr. Md Yusop bin Omar retired as an Independent Non-Executive Director on 24 June 2021*

Number of Directors whose remuneration falls within the following bands:

Ranges of Remuneration	Number of Directors
Less than RM50,000	4
RM50,001 to RM100,000	1
RM100,001 to RM150,000	1
RM150,001 to RM200,000	-
More than RM200,001	2

AUDIT & RISK MANAGEMENT COMMITTEE REPORT

The Group has established the Audit Committee to be in line with the Listing Requirements. Subsequently, in December 2021, the Audit Committee was renamed as the Audit & Risk Management Committee ("ARMC") to recognise the importance of the risk oversight and management functions carried out by the ARMC. The Terms of Reference of the ARMC was also revised and expanded to include additional responsibilities conducted by the ARMC. Its main roles and functions are to oversee the Group's financial reporting and performance oversight, internal and external audit functions and risk management and internal control oversight.

*The terms of reference of the ARMC are available on the Company's website at **www.thplantations.my.***

Members and Attendance

A total of five (5) meetings were held during the FY2021. Details of the composition of the ARMC and their attendance were as follows:

Mohd Adzahar bin Abdul Wahid [1]
Chairman
Senior Independent Non-Executive Director
5/5

Tengku Dato' Seri Hasmuddin bin Tengku Othman [3]
Member
Non-Independent Non-Executive Director
1/1

Dato' Shari bin Haji Osman
Member
Independent Non-Executive Director
5/5

Bakri bin Jamaluddin [4]
Member
Independent Non-Executive Director
N/A

Dato' Indera Dr. Md Yusop bin Omar [2]
Member
Independent Non-Executive Director
3/3

Notes:

1. *The Chairman of the ARMC is a member of the Malaysian Institute of Accountants (MIA) and his profile can be viewed on page 38 of this Annual Report*
2. *Dato' Indera Dr. Md Yusop bin Omar retired from the ARMC following his retirement as an Independent Non-Executive at the conclusion of the 47th AGM of THP held on 24 June 2021*
3. *Tengku Dato' Seri Hasmuddin bin Tengku Othman appointed to the ARMC on 26 October 2021*
4. *Bakri bin Jamaluddin appointed to the ARMC on 22 February 2022*

The ARMC membership is in line with Paragraph 15.09 & 15.10 of the Listing Requirements and Practice 9.1 & 9.2 of the MCCG 2021, in which:

All four (4) members are Non-Executive Directors and majority of the members are Independent Director	The Chairman of the ARMC is an Independent Director
Mohd Adzahar bin Abdul Wahid is a member of the Malaysian Institute of Accountants (MIA)	The Chairman of the ARMC is not the Chairman of the Board
No alternate director is appointed as a member of ARMC	None of the ARMC members is a former audit partner of the Group's external auditor

Summary of Activities of the ARMC

The main activities undertaken by the ARMC during the FY2021 were as follows:

Financial Reporting

a) Reviewed the quarterly financial results and yearly financial statements, including its announcement, to ensure compliance with the Listing Requirements, applicable and approved accounting standards of the Malaysian Financial Reporting Standards ("MFRS") and other statutory laws and regulations prior to recommending to the Board for approval, as detailed below:

Date of Meeting	Quarterly Result/ Financial Statement Reviewed
24 Feb 2021	Unaudited fourth quarter results for the period ended 31 December 2020 and unaudited results for the financial year ended 31 December 2020
23 Mar 2021	Audited Financial Statement for the financial year ended 31 December 2020
27 May 2021	Unaudited first quarter results for the period ended 31 March 2021
25 Aug 2021	Unaudited second quarter results for the period ended 30 June 2021
23 Nov 2021	Unaudited third quarter results for the period ended 30 September 2021

b) Reviewed and assessed the impact on changes of accounting policies, adoption of new accounting standards and treatments, tax review, financial and legal disclosures and also significant judgements and estimates applied in the Group's financial statements;

c) Reviewed and evaluated the quarterly and yearly operational and financial performances of the Group, as presented by Management.

Internal Audit

a) Reviewed and approved the internal audit's scope, annual audit plan, budget and resources requirements to ensure adequate coverage over the activities of the Group;

b) Reviewed and deliberated key internal audit findings from the internal audit reports, follow-up results and status of audit works performed by internal auditors;

c) Appraised the adequacy of actions taken by Management in remedying and resolving issues as well as ensuring that all key issues were properly addressed on a timely basis;

d) Reviewed the adequacy of internal auditors experiences, competencies and resources to ensure internal audit works are carried out effectively.

The ARMC was satisfied with the overall performance of the Group's internal audit function and its resources to perform their function effectively and independently.

The ARMC meetings were attended by the Chief Executive Officer, Chief Financial Officer, Plantation Director, Head of Internal Audit Department and also other Senior Management personnel at the ARMC's invitation, as and when appropriate. The external auditors were also invited to attend the ARMC meetings to present their audit plan and reports on the audited financial statement.

The meetings have been appropriately structured with ARMC members receiving notices, agendas and papers sufficiently in advance of the meetings. Minutes of each ARMC meetings are properly recorded by the Company Secretary and tabled for confirmation at the following meeting and subsequently presented to the Board for notation. The ARMC reports to the Board on principal matters deliberated in the meetings and any matters of significant concern raised during the meetings were duly conveyed by the ARMC to the Board.

The ARMC members collectively possess a wide range of necessary knowledges, experience and skills to discharge their duties and are financially literate, competent and able to understand matters under the purview of the ARMC. The members of the ARMC have and will continue to undertake professional development to keep themselves abreast of relevant developments, especially in the areas of accounting, auditing, risk management and corporate governance. Details of the training can be viewed on page 57 of this Annual Report.

External Audit

a) Reviewed the external auditor's scope of works and audit plan for the Group;
b) Reviewed the adequacy, competency and experience of external auditors assigned to the audit engagement, audit quality and effectiveness and also audit fees and re-appointment to be recommended to the Board;
c) Assessed the performance and conduct of the external auditors, their suitability, objectivity and independence;
d) Considered the information presented in the Annual Transparency Report of the external audit firm;
e) Reviewed with the external auditors, on the compliance of the Group's annual financial statements with the Listing Requirements, applicable and approved accounting standards of the MFRS and other statutory laws and regulatory requirements;
f) Reviewed and deliberated the external auditor's management letter(s) and management response(s);
g) Reviewed and deliberated any significant audit findings and reservations arising from the interim and final audits, significant financial and accounting issues and any other matters that the external auditors wished to discuss with the presence of Senior Management.

The external auditors have assured the ARMC that in accordance with the terms of all relevant professional and regulatory requirements, they had been independent throughout the audit engagement for 2021.

The ARMC was satisfied with the work performed by the external auditors based on their quality of service, sufficiency of resources, performance, independence and professionalism, and their ability to conduct external audit within an agreed timeline fixed by Management.

Risk Management and Internal Control

a) Performed review on the risk management and internal controls system that is in place and being observed, and deliberated on the risks and controls to be implemented to mitigate the risks;
b) Reviewed and assessed the scope and effectiveness of internal control established by Management to identify, assess, manage and monitor financial and non-financial risks;
c) Reviewed the revised and expanded ToR of ARMC prior to recommending to the Board for approval.

Other Duties

a) Reviewed the related party disclosures and transactions of the Group in compliance with Listing Requirements, MFRS, the Companies Act 2016 and the Group's internal guideline to ensure that such transactions are undertaken on commercial terms which are not detrimental to the interests of the minority shareholders of the Group and to ensure that the related internal control procedures are both sufficient and effective;
b) Reviewed with the external consultants on the reports and findings of their review on any corporate exercises undertaken by the Group and reported to the Board on the matters that were deliberated in the ARMC meetings.

Internal Audit Function and Activities

The Internal Audit Department ("IAD") of the Group is independent from the main activities of the Group's operating and business units. The IAD reports directly to the ARMC with its primary function is to support and assist in discharging the ARMC's duties and responsibilities.

It is the role of the IAD to provide the ARMC with periodic, independent and objective reports on the adequacy and effectiveness of the Group's risks management and internal controls system, including the state of compliances by the Group's operation and business units with its policies and procedures and applicable statutory laws and regulations. The IAD is also participated, as an independent observer, in the tender-box opening sessions, price negotiation sessions and tender committee meetings.

The IAD activities are carried out in accordance with the Group's internal audit charter and the internal audit standards set out by the Institute of Internal Auditors. The audits that were conducted covered a wide range of operational areas within the Group such as estate and mill management, procurement and contract management, accounting and financial controls and resource management and administration.

During the FY2021, the IAD has:

a) Prepared the internal audit scope and annual internal audit plan for approval by ARMC;

b) Conducted 20 internal audits and 14 follow-up audit reviews on the Group's operating and business units;

c) Reviewed and evaluated the adequacy and effectiveness of the Group's risk management and internal control system;

d) Reviewed and evaluated the state of compliances of the Group's operating and business units with its established policies and procedures, and its applicable statutory laws and regulations;

e) Produced internal audit reports for Management's responses and actions;

f) Performed follow-up audit review on internal audit findings based on previous internal audit reports;

g) Reported to the ARMC on periodic basis, the key internal audit findings, status of follow-up audit reviews, status of internal audit works and the adequacy of resources within IAD;

h) Undertook ad-hoc reviews and special assignments on matters arising from the audits and/or as and when requested by the ARMC and/or Management and reported the results to the ARMC and/or Management.

The works of internal audit functions during the year were conducted in-house and no areas of the internal audit programmes and plans were outsourced.

Currently, there are 10 personnel in IAD including its head of department. Overall, they have sufficient knowledge, experience and competencies in performing internal audit functions on the Group's activities of plantations, palm oil mills and support business units. All internal auditors are also members of the Institute of Internal Auditors Malaysia and during the year, they had participated in training and webinars which are related to internal auditing. Composition of the IAD personnel and their corresponding professional status is as follow:

1	5	4
Post-graduate **MBA**	Graduate **Bachelor Degree**	Others **Diploma**

Total of IAD Personnel 10

The total cost incurred by the IAD of the Group for the financial year ended 31 December 2021 was approximately RM0.97 million [FY2020: RM1.06 million].

This Audit & Risk Management Committee Report was approved by the THP Board on 2 April 2022.

STAKEHOLDER ENGAGEMENT

During the year, the Board has focused on ensuring that there is effective engagement with its stakeholders. Detailed information on the channels we engage with stakeholders is set out below.

Communication and interaction with shareholders remain very important and engagement with them occurs on a regular basis. Open and frequent dialogue with investors enables them to fully understand the Group's strategy, objectives and governance. The Investor Relations team has day-to-day primary responsibility for managing communications with institutional shareholders through a combination of briefings to analysts and institutional shareholders, both at the half-year and full-year results and on other occasions such as roadshows and conferences. Due to the COVID-19 pandemic, such meetings, briefings and conferences with investors have taken place virtually.

All shareholders are invited to attend the Company's Annual General Meeting ("AGM"). The 2021 AGM went ahead as a virtual meeting to enable shareholders to vote on the important customary annual business. Shareholders were encouraged to submit questions to the Board in advance of the AGM. The Board considered the questions received and written responses were provided following the AGM. The Chairmen of the ARMC and NRC attend the AGM along with the other Directors and are available to answer shareholders' questions on the activities of the Committees they chair. Shareholders are also invited to ask questions during the meeting.

CONDUCT OF GENERAL MEETINGS

The Company's AGM is a useful forum for shareholders to engage directly with the Board. The Board will consider using the most feasible voting method for polling to facilitate shareholders' voting process by taking into account its practicability, efficiency and reliability.

Notification in writing to shareholders via hardcopy or electronic means of the publication of the Notice of AGM and the Annual Report on the Company's website, will be dispatched to shareholders at least 28 days prior to the AGM. The Notification will provide a designated website link where a copy of the Notice of AGM and the Annual Report may be downloaded. Shareholders have the right to request a hardcopy of THP's Annual Report through the designated channel.

The 47th AGM of the Company held on 24 June 2021 was conducted on a fully virtual basis via live streaming and through the Remote Participation and Voting ("RPV") facilities. Shareholders who attended the 47th AGM via RPV could also submit their questions during the meeting for the Company to respond.

At the 47th AGM, the CEO presented the Company's operational and financial performance for the financial year under review as well as the Company's strategy recovery plan. The presentation was supported by visual and graphical presentation of key financial figures and key operational highlights to facilitate shareholders' understanding and analysis of the Company's performance.

The proceedings at the 47th AGM were recorded in the minutes of meeting which is made available in the Company's corporate website.

The Group maintains a corporate website containing a wide range of information of interest to institutional and private investors.

DIRECTORS' RESPONSIBILITY STATEMENT IN THE PREPARATION OF AUDITED FINANCIAL STATEMENTS

The Board is required under the Listing Requirements to issue a statement explaining its responsibilities in the preparation of the audited financial statements. The Directors are required by the Companies Act, 2016 to prepare audited financial statements for each financial year which provide a true and fair view of the state of affairs of THP Group at the end of the financial year and of the profit and loss of the Company and the Group for the financial year under review. In preparing these audited financial statements, the Directors have:

- Used appropriate accounting policies and consistently applied them;
- Made judgments and estimates that are reasonable and prudent; and
- Stated whether applicable approved accounting standards have been followed, subject to any material departures disclosed and explained in the audited financial statements.

The Directors are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time, the financial position of THP Group and to enable them to ensure that the financial statements comply with the Companies Act, 2016 alongside applicable approved accounting standards in Malaysia.

The Directors are also responsible for taking such steps that are necessary to safeguard the assets of THP Group and to prevent fraud and other irregularities.

This Corporate Governance Overview Statement was approved by the THP Board on 2 April 2022.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad, the Board is pleased to present herewith the Statement on Risk Management and Internal Control of the Group for the financial year under review, which was prepared in accordance with the Malaysian Code on Corporate Governance ("MCCG") and guided by the "Statement on Risk Management & Internal Control – Guidelines for Directors of Listed Issuers."

BOARD RESPONSIBILITY

The Board affirms its overall responsibility in maintaining a sound system of risk management and internal control of the Group to safeguard the interest of its shareholders and assets. The Board focuses on effective risk oversight by setting the tone and culture towards effective risk management and internal control system. The primary responsibilities of the Board for the governance of risks and controls include:

- Embedding risk management process and capability in all aspects of the Group's activities;
- Identify and manage risks within the acceptable level of risk appetite;
- Reviewing the effectiveness and adequacy of the risk management and internal control system; and
- Establishing reporting and monitoring mechanisms.

The Board's committee that is assigned to perform the responsibility and oversight function of the Board in evaluating the performance of the Group's risk management and internal control effectiveness is the Audit & Risk Management Committee ("ARMC"), which was renamed from the Audit Committee. The broader roles of the ARMC are clearly guided by its Terms of Reference ("ToR") and supported by the Group's Risk Management Committee ("RMC").

In October 2021, a new Risk & Compliance Department ("RCD") was formed to assist the Board and Management in reviewing, monitoring, and reporting the Group's risk management and compliance and to oversee the process of risk management efforts and activities within the Group. In addition, the RCD is responsible for revising, updating, and implementing an improved THP's Risk Management Policy ("RMP"), Risk Management Framework ("RMF"), and Risk Management Report ("RMR") for the Group to enhance its adequacy and effectiveness.

In view of the inherent limitations in risk management and internal control system, the Board recognises that such system is designed to manage, rather than eliminate, the risks identified to an acceptable level of risk appetite set and approved by the Board. As a result, the system by its nature, can only provide reasonable but not an absolute assurance against material misstatements, financial losses, operational failures, fraud, and breaches of laws or regulations.

MANAGEMENT RESPONSIBILITY

Risk Management Committee

The Group's RMC is tasked to oversee the risk management efforts and activities within the Group. The risk management process includes identifying business risks and root causes, assessing the likelihood and impact of material exposures, and determining corresponding risk mitigation and treatment measures.

Its primary roles and responsibilities as outlined in the RMP, amongst others, are as follows:

- Implementing the policies outlined in the RMP and maintaining the risk management framework in the RMR;
- Organise the required risk management resources and actively monitor the risk management initiative;
- Determine a process that enables the identification, evaluation, monitoring, and mitigation of risks faced by the respective business units and the Group;
- Identify and evaluate new strategic risks and critical operational risks, including corporate matters;
- Reviewing and updating the existing risk profile and risk mapping in line with the needs of the current business environment;
- Reviewing and reporting on the status of completion of action plans; and
- Report any significant changes to the risk profile requiring immediate attention or notification.

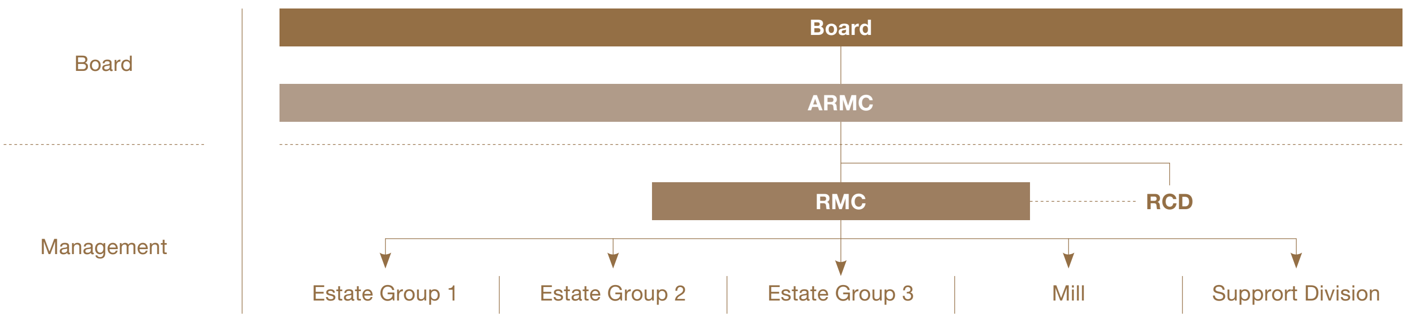
The Group's RMC is chaired by the Chief Executive Officer and supported by five (5) sub-RMCs consisting of three (3) Estate Group, Mill and Support Division, where the members are selected among key Senior Management from various departments and some Managers from estates and mills. A Plantation Controller chairs each Estate Group while Mill and Support Division is chaired by General Manager (Mill & Engineering) and Chief Financial Officer respectively.

Risk & Compliance Department

The RCD report directly to the RMC which in turn reports to ARMC on the risk management framework, guidelines and timeline for submitting the risk report to the ARMC.

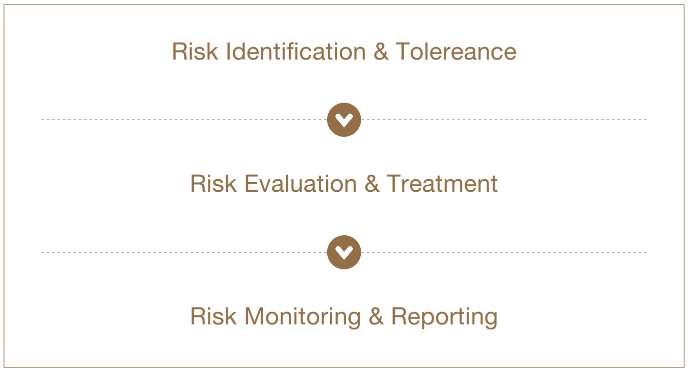
The RCD and the Group's RMC would identify new risks or revise existing risks based on approved risk appetite in terms of the magnitude of the financial or non-financial impact against the likelihood of the risk occurrence and report the risk to the ARMC.

The following is the Risk Management oversight structure for the Group:



RISK MANAGEMENT FRAMEWORK

The review, monitoring and reporting process in the Group's Risk Management Framework involves the following key processes:



These processes allow the Group to identify, evaluate, and track the status of the risk profile and changes in the risk context and ensure that the risk treatment and control measures are adequate in design and operations and effective in its implementation.

Risk Identification & Tolerance

Risk identification is a line management responsibility, whereby an employee shall recognise and identify the risk that arises to the Risk Owner, an individual accountable for all aspects of the risk, including assessment, monitoring, and reporting. The RMC decides to assign the risk accountability to the suitable Risk Owner based on the individual's competence, authority, responsibility and available resources.

The Risk Owner would determine the area from which the risk originated and categorised the risk under one of the following categories:

The maximum risk exposure and tolerance accepted by the Group shall be based on a commercial level of risks that the long-term profitability and survival of the business are reasonably assured.

Risk Evaluation & Treatment

Risk evaluation assesses risk by considering estimates using risk parameters of both likelihood and impact to ascertain its relevance to the business and efficiency of current treatments and controls. The Risk Owner is responsible for assessing risk exposure within the business operations.

The assessment involves identifying the range of options for treating risk and assessing risk treatment and control measures, including accepting, mitigating, spreading, transferring, avoiding, or monitoring the risk. Appropriate risk treatment and control plans are then prepared after assessing each measure, followed by implementation and monitoring of those plans. Where current treatment and control are deemed ineffective and warrant action, appropriate improvement and action are developed to rectify the measures.

Risk Monitoring & Reporting

Risk monitoring serves as an escalation process and reporting tool for the Board and Management. Any urgent and material issues regarding risk management are to be reported and discussed at either the Management level, Board level or both, varying depending on the significance of the risk and the business area. Any new risks and changes to existing risks are included in the risk management report and presented to the Board in the reporting period in which they are identified.

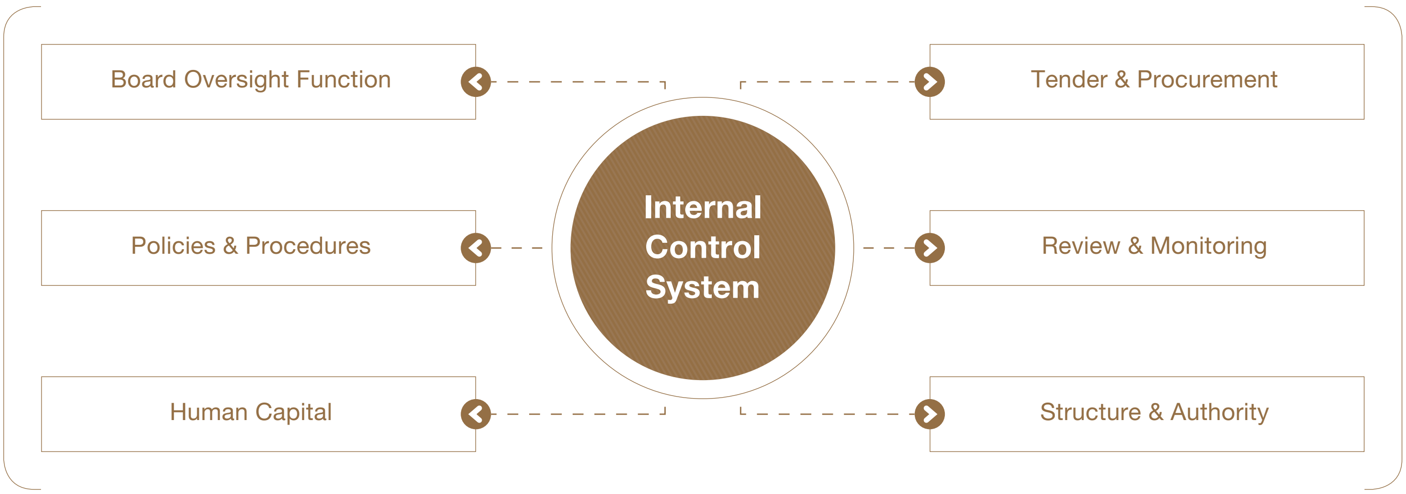
The monitoring of the implementation of risk treatment and control measures and the review of the risk management strategies and action plans are done accordingly and reported as and when necessary or required by the Board.

INTERNAL CONTROL SYSTEM

The internal control system is designed to protect the integrity of assets, promote accountability, and increase the efficiency of operations within the Group's risk management framework. The system has been developed and maintained based on the industry's best practices and guidelines and relevant laws, rules, and regulations to control and mitigate risks according to risks appetite set and approved by the Board. The Group's RMC and RCD would continuously review, monitor and update the existing risks, including identifying new emerging risks faced by the Group and reporting them to the ARMC accordingly.

Thus, the Group has designed and implemented a sound system of internal control that enables the business to be operated effectively and efficiently to achieve the Group's business objectives and safeguard its interests.

The key elements of the Group's internal control system are as follows:



Board's Oversight Function

The Board has an oversight function in evaluating the business performance of the Group and the effectiveness and compliance of its internal control system. This function is carried out by periodically reviewing the operational and financial reports such as Progress Reports and Quarterly Financial Report prepared by Management and audit reports from the external and internal auditors. Any significant or material issues are brought to the attention of the ARMC for deliberation, which, in turn, will report these matters to the Board.

Policies and Procedures

The Board and Management acknowledge the importance of documented policies and Standard Operating Procedures ("SOP") in managing the business operations of the Group. This is to ensure that an effective and adequate internal control system is designed, implemented and adhered to or complied accordingly to manage the operational and financial risks and the risk of fraud and material misstatements.

The established policies and SOPs are reviewed and updated, as and when necessary, to reflect changes in the business environment and needs to ensure its relevancies and effectiveness. Any changes, updates, or enhancement of policies and SOPs would be presented to the Board for their approval.

Structure and Authority

The Group maintains a formal organisational structure that organises the business operations into functional operation and support units. The structure provides clear reporting lines with well-defined roles and responsibilities, accountability and ownership with proper segregation of duties. The structure is designed to ensure effective internal control and good corporate governance practices within the Group.

Formal authorisation policy and procedures are also in place to define lines of accountabilities and delegation of authority in approving, planning, executing, controlling, and monitoring business operations and risks. The organisational structure and authorisation policy and procedures are reviewed, as and when necessary, to incorporate any emerging business and operational needs.

Human Capital Management

The Group recognised human capital as an important element of a successful business organisation. As such, the Group's Human Resources Committee ("HRC") with the support from Human Resources Department ("HRD") has been entrusted in managing the Group's human capital management through developing and maintaining human resource policies and procedures, reviewing employees' service scheme, compensation and benefits and designing training and development programmes. The HRD is also responsible for handling employees and industrial relations, especially involving trade unions at estates and mills.

Performance Review and Monitoring

The Group's business performances are reviewed and discussed in Management meetings regularly or as and when required by the Chief Executive Officer ("CEO"). The meeting would focus on operational and financial matters. Any significant and urgent issues would be discussed and corrective actions would be taken accordingly.

Estates and mills' performances are directly monitored by the Plantation Director and supported by Plantation Controllers (for estates) and General Manager – Mill & Engineering (for mills). A Monthly Progress Report will be prepared and submitted by the Managers of estates and mills to report their current operational status and performance on productivity, efficiency, quality and cost control.

Tender and Procurement

The Group has Tender Committee A and B responsible for reviewing, deliberating and approving the tender award of contracts or procurement of goods and services. The members of the committee and their authorisation limits are clearly defined in the policy of "Peraturan Pembelian, Tender Dan Kontrak 2019" that was approved by the Board and used for the tender and procurement process. The Management also has the authority to approve tender award of contract or procurement of goods and services with a value below the set limit for Tender Committee A and B, which is also stated in the above-said policy.

By complying with the policies and procedures on tender and procurement, the Management could perform the process of awarding the tender, contract and procuring goods and services in the best interest of the Group and ensure good corporate governance practice is maintained within the organisation.

ANTI-BRIBERY AND CORRUPTION

The Group adopts a zero-tolerance approach against all forms of bribery and corruption in its daily operations. With the implementation of Section 17A, the Malaysian Anti-Corruption Commission ("MACC") Act came into force in June 2020. The Integrity and Governance Unit ("IGU") under CEO's Office is entrusted with fostering the principle of abhorring corruption, abuse of power and malpractices.

The Group had issued codes of ethics and conduct policy and disciplinary procedure to complement the adoption of Whistleblowing Policy by the Group. Each employee has to live by the codes to curb unethical conduct, especially against bribery and corruption.

MANAGING COVID-19 PANDEMIC

Since 2020, the world has been hit by the COVID-19 pandemic which is unprecedented. The Group has responded to the challenge with an action plan by setting up the Occupational Safety and Health Committee ("OSHC") to focus on the handling of not only on COVID-19 pandemic but also on the overall safety and health of employees at our main office. As for estates and mills, their existing OSHCs have played a vital role in the safety and health of our employees and workers, especially regarding the COVID-19 pandemic. Our responsibility is to ensure that the Group's business can still operate without significant disruption.

All mitigation measures upon the risk of the COVID-19 pandemic which involves the Movement Control Order, quarantine and health check procedures and vaccination programme are being followed strictly by the Group as directed by the Majlis Keselamatan Negara ("MKN") and Kementerian Kesihatan Malaysia ("KKM").

The Group adopts the Occupational Safety and Health Act, 1994 (Act 514) as a guidance for the OSHCs to maintain all employees' occupational safety and health at all our premises.

INTERNAL AUDIT FUNCTION

The Internal Audit Department's ("IAD") function is to provide the ARMC, and indirectly the Board, with independent assurance in regard to the effectiveness of risk management, internal control, and governance processes of the Group.

The IAD assists in discharging the ARMC's duties and responsibilities by implementing a systematic and disciplined approach to review the business processes using a risk-based methodology in planning and performing audit assignments. A comprehensive audit report is produced to highlight audit findings and provide recommendations for Management to comment and take action. A follow-up audit would be carried out periodically to monitor the status of completion and compliance with the agreed action plans. Any significant audit findings that require the board's attention are presented to and deliberated by the ARMC periodically as appropriate.

REVIEW OF EFFECTIVENESS

The processes adopted to review and monitor the effectiveness of the Group's risk management and internal control system are:

- Reporting of higher risk exposures to the Board, via Management, if any;
- Reviewing the financial and operational information regularly received from various reports with respect to risk management and internal control issues; and
- Reviewing the financial and operational activities, risk management and internal control system by the IAD based on the annual audit plan as approved by the Audit & Risk Management Committee during the financial year under review.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The external auditors have reviewed the Group's Statement on Risk Management and Internal Control pursuant to the scope set out in Audit and Assurance Practice Guide ("AAPG") 3, Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants ("MIA") for inclusion in the annual report of the Group for the year ended 31 December 2021, and reported to the Board that nothing has come to their attention that cause them to believe that the statement intended to be included in the annual report of the Group, in all material respects:

(a) has not been prepared in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, or

(b) is 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 Board and Management thereon. The auditors are also not required to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the annual report will, in fact, remedy the problems.

CONCLUSION

For the financial year under review and up to the date of approval of this statement, the Board is satisfied with the adequacy and effectiveness of the Group's risk management and internal control system in safeguarding the shareholders' investments and the Group's assets.

The Board has received reasonable assurance from the Chief Executive Officer and Chief Financial Officer that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects, based on the risk management and internal control system of the Group. This statement is made in compliance with Paragraph 15.26(b) of the MMLR of Bursa Malaysia Securities Berhad and Principle B of the MCCG 2021 issued by Securities Commission Malaysia and guided by the Statement on Risk Management & Internal Control: Guidelines for Directors of Listed Issuers.

This statement is made in accordance with a resolution of the Board dated 2 April 2022.

ADDITIONAL COMPLIANCE INFORMATION

a. Utilisation of Proceeds from Corporate Proposals

No proceeds were raised by the Company from any corporate proposals during the financial year ended 31 December 2021.

b. Audit and Non-Audit Fees

The amount of audit fees and non-audit fees incurred for services rendered to the Company and its subsidiaries for the financial year by the Company's auditors, or a firm or corporation affiliated to the Auditor's firm amounted to RM730,000.00 and RM173,000.00 respectively.

c. Material Contracts

There were no material contracts entered into by the Company and its subsidiaries involving directors' and major shareholders' interests which were still subsisting at the end of the financial year ended 31 December 2021 or which were entered into since the end of the previous financial period.

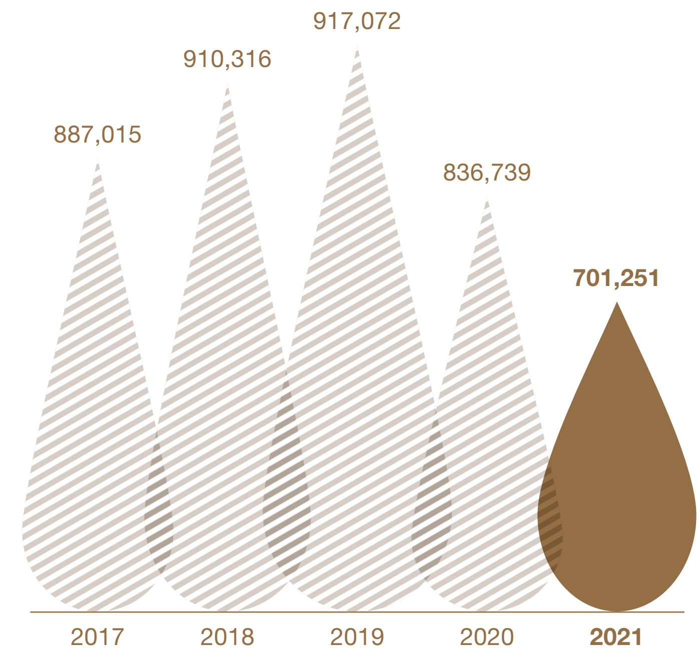
d. Recurrent Related Party Transactions

The aggregate value of the Recurrent Related Party Transactions of a revenue or trading nature conducted in pursuant to the shareholders' mandate during the financial year ended 31 December 2021 between the THP and/or its subsidiary companies with related parties are set out below:

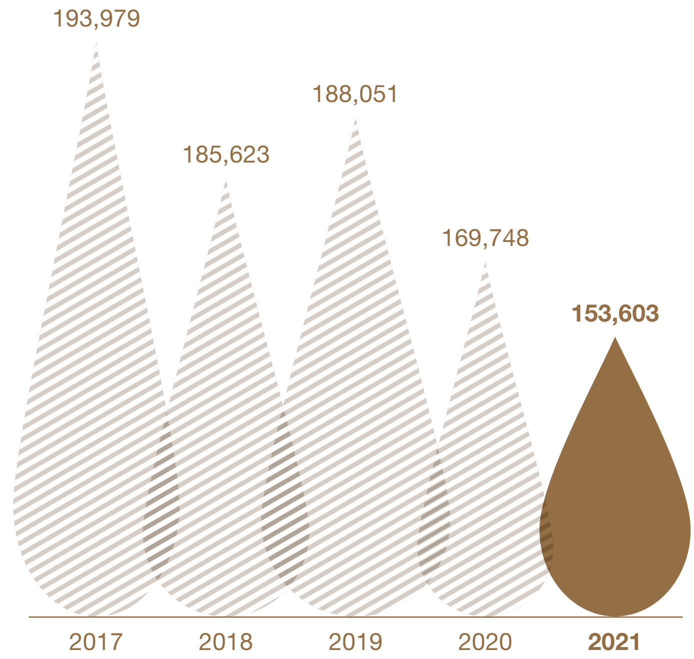
THP and/or Subsidiaries Transacting with Related Parties	Related Parties	Relationship with THP	Type of Transaction	Aggregate Value of Transaction RM'000
THP	Lembaga Tabung Haji	Holding Company	Lease of land	2,928
	TH Travel Services Sdn. Bhd.	Related Company	Purchase of flight tickets	37

PERFORMANCE STATISTICS

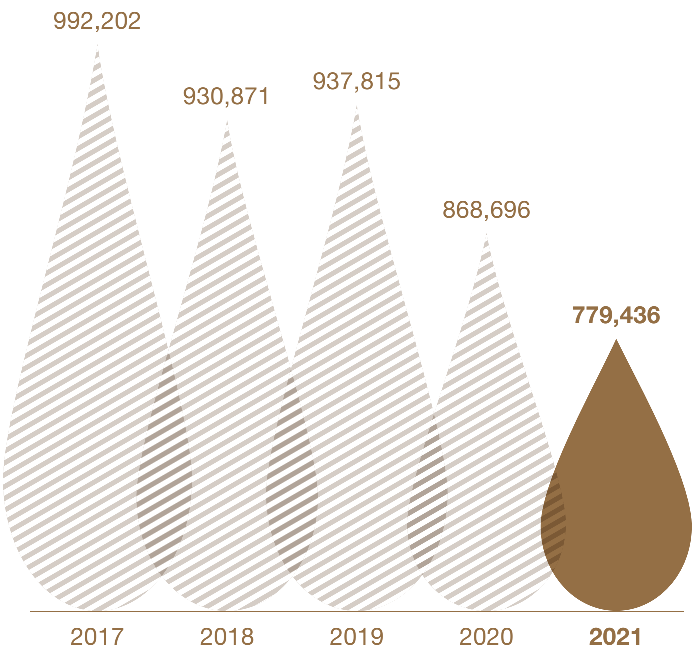
FFB PRODUCED (MT)



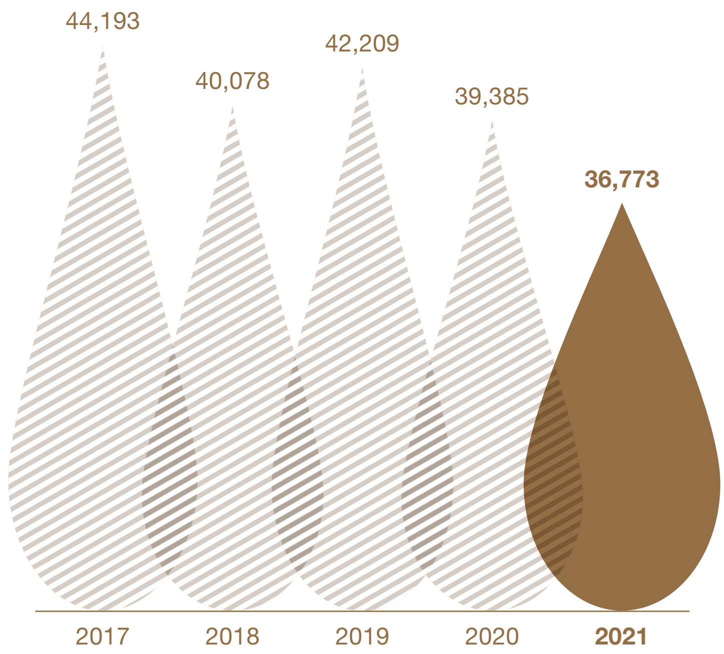
CPO PRODUCTION (MT)



FFB PROCESSED (MT)



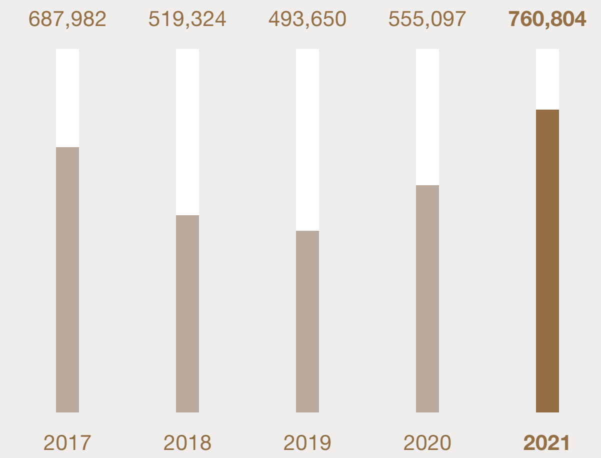
PK PRODUCTION (MT)



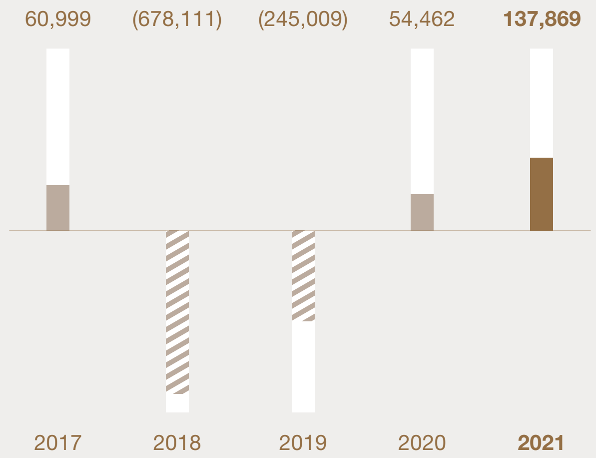
GROUP 5-YEAR PLANTATION STATISTICS

	2021	2020	2019	2018	2017
PRODUCTION (METRIC TONNES)					
FFB produced - total	**701,251**	836,739	917,072	910,316	887,015
FFB processed - total	**779,436**	868,696	937,815	930,871	992,202
FFB Purchased	**171,823**	155,135	180,723	180,852	235,745
YIELD AND EXTRACTION RATES					
FFB yield (tonnes per mature hectare)	**13.36**	16.11	18.18	18.59	18.14
OER (%)	**19.71**	19.54	20.05	19.94	19.55
KER (%)	**4.72**	4.53	4.50	4.31	4.45
AVERAGE SELLING PRICES (RM PER TONNE)					
Crude palm oil	**3,762**	2,538	1,968	2,121	2,672
Palm Kernel	**2,768**	1,536	1,172	1,709	2,444
FFB	**842**	516	377	408	539
AREA STATEMENT (HECTARES)					
Oil Palm					
- mature	**52,470**	50,843	50,457	48,955	48,893
- immature	**4,411**	4,964	9,054	9,114	11,457
Planted Area	**56,881**	55,807	59,511	58,069	60,350
Other crops					
- mature	**-**	-	-	-	-
- immature	**10,380**	10,380	10,380	10,797	8,873
Planted Area	**10,380**	10,380	10,380	10,797	8,873
In Course of Planting	**500**	956	747	5,128	4,753
Total Planted Area	**67,761**	67,143	70,638	73,994	73,976
Reserve land, building sites etc	**30,460**	30,146	30,338	27,025	27,010
Titled Area	**98,221**	97,289	100,976	101,019	100,986

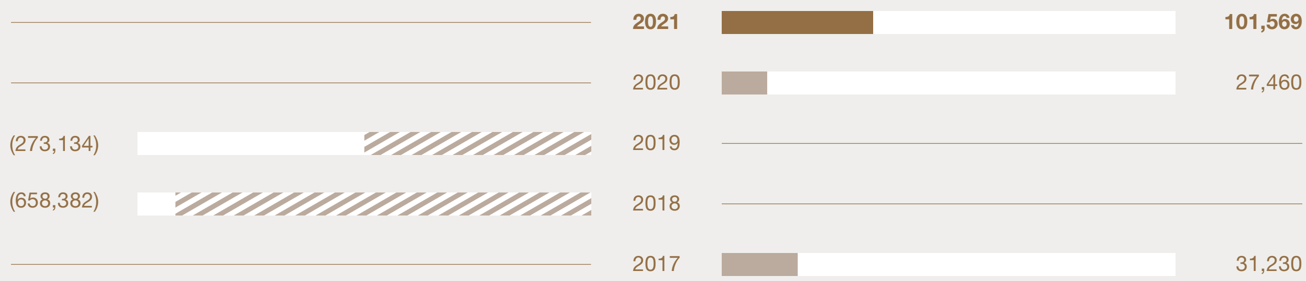
Revenue (RM'000)



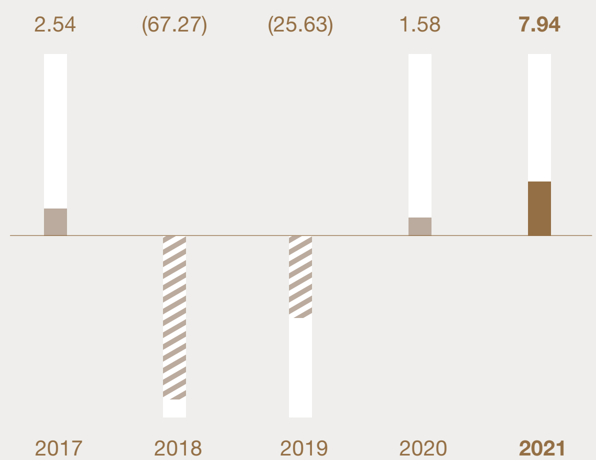
Profit/(Loss) Before Tax (RM'000)



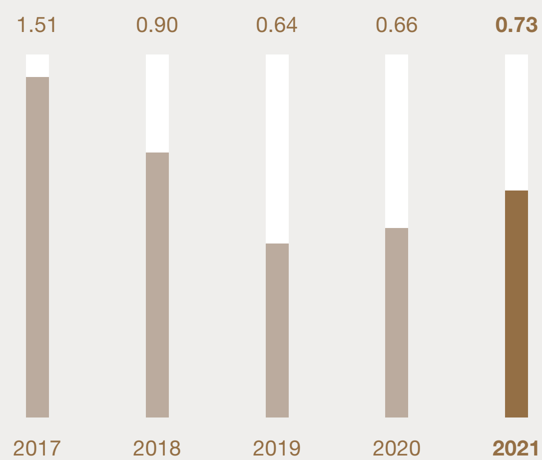
Profit/(Loss) After Tax (RM'000)



Basic Earnings per Share (sen)

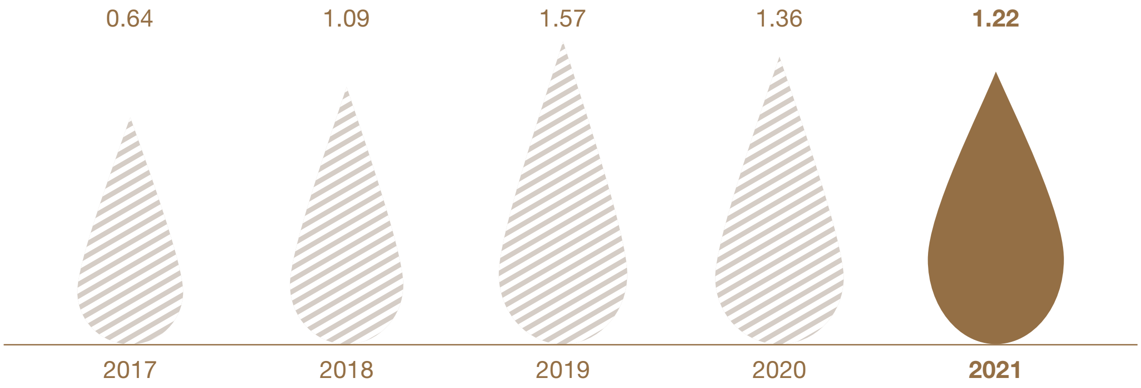


Net Assets per Share (RM)



PERFORMANCE STATISTICS

Net Debt to Equity Ratio (times)



GROUP 5-YEAR KEY FINANCIAL INDICATORS

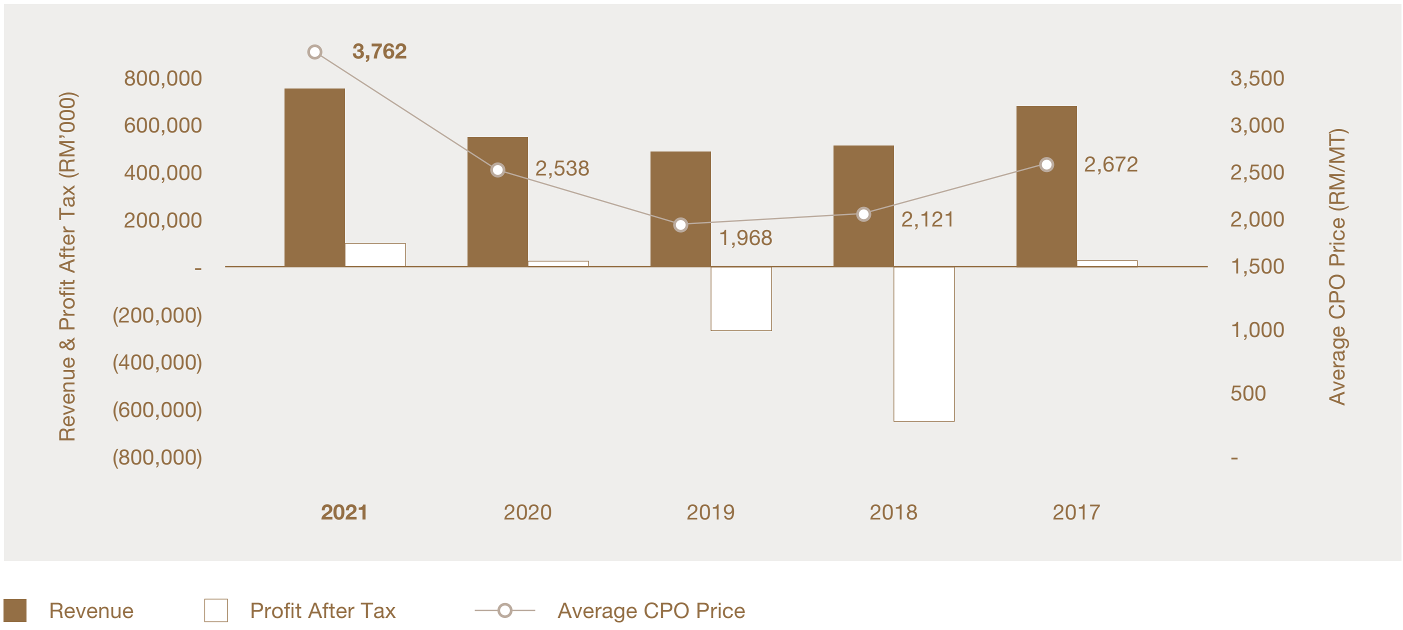
	2021	2020	2019	2018	2017
PROFITABILITY AND RETURNS					
Gross profit/(loss) margin (%)	**33.23**	31.92	9.54	(21.00)	27.01
Profit/(loss) before tax margin (%)	**18.12**	9.81	(49.63)	(130.58)	8.87
Profit/(loss) after tax and minority interest margin (%)	**9.22**	2.52	(45.88)	(114.50)	3.26
Return on average shareholders' equity (%)	**11.42**	2.44	(33.39)	(54.03)	1.56
Return on capital employed (%)	**11.13**	6.43	(8.22)	(29.84)	6.07
Net assets per share (RM)	**0.73**	0.66	0.64	0.90	1.51
SOLVENCY AND LIQUIDITY					
Debt to equity ratio (times)	**1.22**	1.36	1.57	1.09	0.64
Interest cover (times)	**2.67**	1.76	(2.26)	(9.14)	1.88
Current ratio (times)	**1.66**	1.97	2.35	2.94	1.26
FINANCIAL MARKET					
EPS (sen)					
- basic	**7.94**	1.58	(25.63)	(67.27)	2.54
- diluted	**7.94**	1.58	(25.63)	(67.27)	2.54
Gross dividend paid per share (sen)	**-**	-	-	-	3.60
Gross dividend paid rate (%)	**-**	-	-	-	3.69
Gross dividend yield (%)	**-**	-	-	-	3.13
Net dividend payout rate (%)	**-**	-	-	-	3.69
Price-to-earnings ratio (times)	**7.56**	36.01	(2.54)	(0.69)	44.28
Price-to-book ratio (times)	**0.56**	0.59	0.70	0.38	0.57

GROUP 5-YEAR KEY FINANCIAL INDICATORS

STATEMENT OF INCOME STATEMENT HIGHLIGHTS (RM'000)

	2021	2020	2019	2018	2017
Revenue	**760,804**	555,097	493,650	519,324	687,982
Results from operating activities	**215,421**	124,412	(170,361)	(612,106)	121,656
Profit margin income from short term investments and receivables	**3,120**	939	648	1,001	3,884
Finance cost	**(80,672)**	(70,889)	(75,296)	(67,006)	(64,541)
Profit/(Loss) before tax	**137,869**	54,462	(245,009)	(678,111)	60,999
Tax expense	**(36,300)**	(27,002)	(28,125)	19,729	(29,769)
Net profit/(loss) for the year	**101,569**	27,460	(273,134)	(658,382)	31,230
Attributable to :					
Owners of the Company	**70,166**	13,991	(226,498)	(594,608)	22,409
Non-controlling interests	**31,403**	13,469	(46,636)	(63,774)	8,821
Net profit/(loss) for the year	**101,569**	27,460	(273,134)	(658,382)	31,230

GROUP 5-YEAR PROFIT VS AVERAGE CPO PRICE



GROUP 5-YEAR KEY FINANCIAL INDICATORS

STATEMENT OF FINANCIAL POSITION HIGHLIGHTS (RM'000)

	2021	2020	2019	2018	2017
ASSETS					
Other non-current assets	**1,691,145**	1,720,265	1,562,060	1,955,841	3,229,147
Intangible asset	**-**	-	-	-	73,265
Total non-current assets	**1,691,145**	1,720,265	1,562,060	1,955,841	3,302,412
Other current assets	**910,542**	860,471	1,105,589	861,901	160,834
Cash and cash equivalents	**260,219**	84,481	68,953	50,561	99,175
Total current assets	**1,170,761**	944,952	1,174,542	912,462	260,009
Total assets	**2,861,906**	2,665,217	2,736,602	2,868,303	3,562,421
EQUITY					
Share capital	**862,752**	862,752	862,752	862,752	862,752
Other reserves	**(80,658)**	(80,658)	(80,935)	(80,958)	(80,786)
Foreign currency translation reserves	**(13,054)**	(11,662)	(13,246)	(11,790)	(8,012)
(Accumulated losses)/ Retained earnings	**(119,986)**	(190,152)	(204,143)	22,355	634,639
Total equity attributable to owners of the Company	**649,054**	580,280	564,428	792,359	1,408,593
Non-controlling interests	**295,832**	269,813	253,376	302,736	367,647
Total equity	**944,886**	850,093	817,804	1,095,095	1,776,240
LIABILITIES					
Long term borrowings	**925,131**	1,054,467	1,139,644	1,199,510	1,196,183
Other long term liabilities	**285,975**	281,627	278,779	263,472	384,061
Total non-current liabilities	**1,211,106**	1,336,094	1,418,423	1,462,982	1,580,244
Other current liabilities	**259,350**	374,030	360,604	268,682	158,080
Loans and borrowings	**446,564**	105,000	139,771	41,544	47,857
Total current liabilities	**705,914**	479,030	500,375	310,226	205,937
Total liabilities	**1,917,020**	1,815,124	1,918,798	1,773,208	1,786,181
Total equity and liabilities	**2,861,906**	2,665,217	2,736,602	2,868,303	3,562,421

GROUP 5-YEAR KEY FINANCIAL INDICATORS

STATEMENT OF CASH FLOW HIGHLIGHTS (RM'000)

	2021	2020	2019	2018	2017
Profit/(Loss) before tax	**137,869**	54,462	(245,009)	(678,111)	60,999
Adjustment for non-cash items	**160,266**	131,124	377,118	764,283	146,098
Changes in working capital	**(117,824)**	25,824	90,050	46,582	46,472
Cash generated from operations	**180,311**	211,410	222,159	132,754	253,569
Profit margin income from short term investments and receivables	**3,120**	939	648	1,001	3,884
Profit margin expenses on payables, borrowing cost, tax and zakat paid	**(119,906)**	(87,775)	(88,784)	(97,275)	(97,354)
Net cash generated from operating activities	**63,525**	124,574	134,023	36,480	160,099
Acquisition of property, plant and equipment	**(18,824)**	(5,133)	(7,859)	(17,816)	(39,533)
Plantation development expenditure	**(25,568)**	(36,576)	(49,065)	(54,068)	(63,286)
Forestry	**-**	-	(11,698)	(25,290)	(12,740)
Proceeds from disposal of property, plant and equipment	**6**	1,579	145	116	6
Proceeds from disposal of right-of-use-assets	**306**	75	-	-	-
Proceeds from disposal of subsidiary	**-**	69,147	-	-	-
(Increase)/decrease in other investment	**(35,634)**	(1,462)	649	1,400	232
Dividend received	**182**	-	-	-	-
Net cash (used in)/generated from investing activities	**(79,532)**	27,630	(67,828)	(95,658)	(115,321)
Proceeds from drawdown of loans and borrowings	**317,476**	66,909	187,700	175,369	375,931
Repayments of loans and borrowings	**(111,750)**	(188,180)	(165,046)	(161,360)	(409,617)
Dividends paid to owners of the Company	**-**	-	(155)	(18,155)	(90,039)
Dividends paid to non-controlling interests	**(5,279)**	(10,300)	(4,314)	-	(4,792)
(Decrease)/Increase in amount due to holding corporation	**(6,293)**	6,149	(1,094)	(965)	7,355
Increase/(Decrease) in amount due to related companies	**122**	(7,113)	(59,997)	10,231	11,851
Payment of lease liabilities	**(2,305)**	(4,071)	(4,874)	-	-
Net cash generated from/(used in) financing activities	**191,971**	(136,606)	(47,780)	5,120	(109,311)
Net increase/(decrease) in cash and cash equivalents	**175,964**	15,598	18,415	(54,058)	(64,533)

PERFORMANCE STATISTICS

GROUP QUARTERLY PERFORMANCE

FINANCIAL PERFORMANCE (RM'000)

2021

	Q4	Q3	Q2	Q1
Revenue	**247,547**	**205,866**	**176,148**	**131,243**
Results from operating activities	**36,016**	**79,375**	**58,368**	**41,662**
Profit margin income from short term investments and receivables	**1,353**	**1,311**	**243**	**213**
Finance cost	**(26,134)**	**(20,991)**	**(17,049)**	**(16,498)**
Profit before tax	**11,235**	**59,695**	**41,562**	**25,377**
Taxation	**(1,594)**	**(19,932)**	**(8,978)**	**(5,796)**
Net profit for the quarter	**9,641**	**39,763**	**32,584**	**19,581**
Attributable to :				
Owners of the Company	**1,828**	**26,805**	**26,567**	**14,966**
Non-controlling interests	**7,813**	**12,958**	**6,017**	**4,615**
Net profit for the quarter	**9,641**	**39,763**	**32,584**	**19,581**
Earnings per share (sen)				
- basic	**0.21**	**3.03**	**3.01**	**1.69**
- diluted	**0.21**	**3.03**	**3.01**	**1.69**

2020

	Q4	Q3	Q2	Q1
Revenue	144,546	167,430	127,570	115,551
Results from operating activities	19,868	53,468	51,813	(737)
Profit margin income from short term investments and receivables	306	208	121	304
Finance cost	(14,431)	(15,900)	(26,503)	(14,055)
Profit/(Loss) before tax	5,743	37,776	25,431	(14,488)
Taxation	(2,548)	(13,912)	(12,082)	1,540
Net profit/(loss) for the quarter	3,195	23,864	13,349	(12,948)
Attributable to :				
Owners of the Company	1,593	15,772	8,157	(11,531)
Non-controlling interests	1,602	8,092	5,192	(1,417)
Net profit/(loss) for the quarter	3,195	23,864	13,349	(12,948)
Earnings per share (sen)				
- basic	0.18	1.78	0.92	(1.30)
- diluted	0.18	1.78	0.92	(1.30)

FINANCIAL STATEMENTS

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021

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 2021.

Principal activities

The Company is principally engaged in investment holding, cultivation of oil palm, processing of fresh fruit bunches ("FFB"), marketing of crude palm oil ("CPO"), palm kernel ("PK") and FFB, whilst the principal activities of the subsidiaries are as stated in Note 7 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

Ultimate holding company

The Company is a subsidiary of Lembaga Tabung Haji, a statutory body established under the Tabung Haji Act 1995 (Act 535) of which is incorporated in Malaysia and regarded by the Directors as the Company's ultimate holding corporation, during the financial year and until the date of this report.

Subsidiaries

The details of the Company's subsidiaries are disclosed in Note 7 to the financial statements.

Results

	Group RM'000	Company RM'000
Profit for the year attributable to:		
Owners of the Company	70,166	236,860
Non-controlling interests	31,403	-
	101,569	236,860

Reserves and provisions

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

Dividends

Since the end of the previous financial year, no dividend was paid in respect of the financial year ended 31 December 2020 and the Directors do not recommend any dividend in respect of the financial year ended 31 December 2021.

Directors of the Company

Directors who served during the financial year until the date of this report are:

Tan Sri Abu Talib bin Othman
Dato' Shari bin Haji Osman
Mohd Adzahar bin Abdul Wahid
Dato' Sri Amrin bin Awaluddin (appointed on 1 July 2021)
Tengku Dato' Seri Hasmuddin bin Tengku Othman (appointed on 30 September 2021)
Bakri bin Jamaluddin (appointed on 2 January 2022)
Datuk Dr. Ahmad Kushairi bin Din (appointed on 18 March 2022)
Muhammad Ramizu bin Mustaffa (appointed on 5 April 2022)
Dato' Indera Dr. Md Yusop bin Omar (retired on 24 June 2021)
Datuk Nik Mohd Hasyudeen bin Yusoff (resigned on 13 August 2021)
Dzul Effendy bin Ahmad Hayan (resigned on 30 September 2021/reappointed as alternate director of Tengku Dato' Seri Hasmuddin bin Tengku Othman on 5 October 2021)

Directors of the subsidiaries

The following is a list of Directors of the subsidiaries (excluding Directors who are also Directors of the Company) in office during the financial year until the date of this report:

Shafaruddin bin Hanafiah
Irwan bin Ayub
Datuk Syed Hood bin Syed Edros
Abang Dato' Dr Haji Ariffin bin Abang Haji Borhan
Datuk Bolhassan bin Di @ Ahmad bin Di
Aliatun binti Mahmud
Kamri bin Ramlee
Dato' Dr. Darus bin Haji Ahmad
George Lentton Anak Indang
Dato' Hamzah bin Datuk Haji Mohd Zakaria
Yeo Kian Kok
Datuk Haji Sapin @ Sairin bin Karano @ Karno
Datuk Haji Mohammad Yusof bin Haji Apdal
Dato' Posa bin Haji Majais
Alam Shah bin Abdul Rahman
Md Hanif bin Md Nor
Monaliza binti Zaidel
Idris bin Ibrahim
Mohd Jafri bin Arshad
Mat Saad bin Ramli
Hamidon bin Hassan (appointed on 21 January 2021)
Othman bin Omar (appointed on 15 March 2021)
Adnan bin Ariffin (appointed on 30 April 2021)
Ir Ramli bin Mohd Tahar (resigned on 30 April 2021)
Dato' Indera Dr. Md Yusop bin Omar (appointed 21 June 2021)
Benjamin Anak Kudang (appointed on 25 June 2021)
Ahmad Nordzri bin Razali (appointed on 1 July 2021)
Hazem Mubarak bin Musa (appointed on 28 September 2021)
Mohamed Zainurin bin Mohamed Zain (appointed on 1 December 2021)
Shahrizal bin Suhainy (appointed on 1 December 2021)
Othman bin Somadi (appointed on 1 December 2021)

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021

Directors of the subsidiaries (continued)

Abdul Kadir @ Kadir bin Zainuddin (appointed 27 January 2022)
Datu Jumastapha bin Lamat (resigned on 1 February 2021)
Abdul Rashid bin Abdul Kassim (resigned on 1 June 2021)
Mohammed Hayssam bin Musa (deceased on 24 August 2021)
Muzmi bin Mohamed (resigned on 30 September 2021)
Megat Rizal Ezzudin bin Abd Maulud (resigned on 1 December 2021)

Directors' interests in shares

None of the Directors holding office at 31 December 2021 had any interest in the shares of the Company and of its related corporations during the financial year.

The interests and deemed interests in the shares of the Company and of its related corporations of those who were Directors of the subsidiaries of the Company at financial year end as recorded in the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares			
	At 1.1.2021/ date of appointment	Bought	Sold	At 31.12.2021
Interest in the Company:				
Aliatun binti Mahmud				
- own	88,000	-	-	88,000
Mat Saad bin Ramli				
- own	2,000	-	-	2,000
Md Hanif bin Md Noor				
- own	5,000	-	-	5,000
Othman bin Somadi				
- own	3,200	-	-	3,200

None of the other Directors of the subsidiaries holding office at 31 December 2021 had any interest in the shares of the Company and of its related corporations during the financial year.

Directors' benefits

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than the benefit included in the aggregate amount of remuneration received or due and receivable by Directors as shown in the financial statement or the fixed salary of a full time employee of the Company or of related corporations) by reason of a contract made by the Company or a related corporation with the Director, or with a company in which the Director has a substantial financial interest.

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

Issue of shares and debentures

There were no other changes in the issued and paid-up capital of the Company during the financial year. There were no debentures issued 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.

Indemnity and insurance costs

There were no indemnity given to or insurance effected by any Director, officer or auditor of the Company during the year.

Other statutory information

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

i) all known bad debts have been written off and adequate provision made for doubtful debts, and

ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:

i) that would render the amount written off for bad debts or the amount of the provision for doubtful debts in the Group and in the Company inadequate to any substantial extent, or

ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or

iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or

iv) not otherwise dealt with in this report or the financial statements that would render any amount stated in the financial statements of the Group and of the Company misleading.

At the date of this report, there does not exist:

i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or

ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

No contingent liability or other liability of any company in the Group has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the Directors, except for those disclosed in the financial statements, the financial performance of the Group and the Company for the financial year ended 31 December 2021 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report other than as disclosed in the financial statements.

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021

Auditors

The auditors, KPMG Desa Megat PLT, will retire and are not seeking re-appointment at the next Annual General Meeting.

The auditors' remuneration is disclosed in Note 26 to the financial statements.

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

....
MOHD ADZAHAR BIN ABDUL WAHID
Director

....
DATO' SRI AMRIN BIN AWALUDDIN
Director

Kuala Lumpur,

Date: 8 April 2022

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

	Note	Group 2021 RM'000	Group 2020 RM'000 Restated	Company 2021 RM'000	Company 2020 RM'000
Assets					
Property, plant and equipment	3	**860,052**	858,905	**100,848**	99,702
Right-of-use assets	4	**663,538**	676,291	**55,788**	56,811
Plantation development expenditure	5	**104,097**	129,138	**13,464**	13,410
Forestry	6	**21,587**	14,098	**-**	-
Investments in subsidiaries	7	**-**	-	**980,989**	980,489
Other investments	8	**1,825**	1,825	**1,825**	1,825
Deferred tax assets	9	**40,046**	40,008	**-**	-
Finance lease receivable	10	**-**	-	**46,646**	46,661
Total non-current assets		**1,691,145**	1,720,265	**1,199,560**	1,198,898
Inventories	11	**20,113**	14,244	**1,977**	1,974
Biological asset	12	**32,432**	41,664	**5,588**	7,465
Current tax assets		**1,041**	1,837	**-**	1,483
Other investments	8	**38,335**	2,701	**35,550**	-
Finance lease receivable	10	**-**	-	**14**	11
Trade and other receivables	13	**37,046**	26,086	**90,844**	81,024
Prepayments and other assets		**4,523**	6,752	**105**	114
Cash and cash equivalents	14	**260,219**	84,481	**256,635**	74,277
		393,709	177,765	**390,713**	166,348
Assets classified as held for sale	15	**777,052**	767,187	**-**	-
Total current assets		**1,170,761**	944,952	**390,713**	166,348
Total assets		**2,861,906**	2,665,217	**1,590,273**	1,365,246

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021
(continued)

	Note	Group		Company	
		2021 RM'000	2020 RM'000 Restated	2021 RM'000	2020 RM'000
Equity					
Capital and reserve	16	**769,040**	770,432	**762,623**	762,623
(Accumulated losses)/ Retained earnings		**(119,986)**	(190,152)	**270,404**	33,544
Equity attributable to owners of the Company		**649,054**	580,280	**1,033,027**	796,167
Non-controlling interests		**295,832**	269,813	**-**	-
Total equity		**944,886**	850,093	**1,033,027**	796,167
Liabilities					
Loans and borrowings	17	**925,131**	1,054,467	**-**	-
Lease liabilities		**77,325**	75,608	**59,950**	58,114
Employee benefits	18	**455**	545	**-**	-
Deferred tax liabilities	9	**193,575**	193,385	**34,551**	34,136
Trade and other payables	19	**14,620**	12,089	**-**	-
Total non-current liabilities		**1,211,106**	1,336,094	**94,501**	92,250
Loans and borrowings	17	**446,564**	105,000	**-**	-
Derivative liabilities	20	**-**	17,403	**-**	-
Lease liabilities		**2,648**	6,223	**1,820**	1,975
Current tax liabilities		**5,476**	1,702	**1,317**	-
Trade and other payables	19	**123,648**	213,910	**459,608**	474,854
		578,336	344,238	**462,745**	476,829
Liabilities classified as held for sale	15	**127,578**	134,792	**-**	-
Total current liabilities		**705,914**	479,030	**462,745**	476,829
Total liabilities		**1,917,020**	1,815,124	**557,246**	569,079
Total equity and liabilities		**2,861,906**	2,665,217	**1,590,273**	1,365,246

The notes on pages 96 to 192 form an integral part of these financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2021

		Group		Company	
	Note	2021 RM'000	2020 RM'000 Restated	2021 RM'000	2020 RM'000
Revenue	21	**760,804**	555,097	**252,777**	125,353
Fair value changes on forestry	6	**7,489**	5,726	**-**	-
Fair value changes on biological asset	12	**(14,058)**	4,220	**(1,877)**	1,018
Cost of sales	22	**(501,407)**	(387,850)	**(171,142)**	(99,734)
Gross profit		**252,828**	177,193	**79,758**	26,637
Other income		**11,004**	19,777	**1,327**	1,510
Administrative expenses		**(30,527)**	(29,684)	**(8,834)**	(6,200)
Other expenses		**(17,884)**	(42,874)	**(5,684)**	(2,000)
Reversal of impairment loss on amount due from subsidiaries		**-**	-	**188,168**	2,457
Impairment loss on financial instruments		**-**	-	**(29)**	(20,973)
Results from operating activities		**215,421**	124,412	**254,706**	1,431
Finance income	23	**3,120**	939	**13,674**	12,933
Finance costs	24	**(80,672)**	(70,889)	**(24,380)**	(25,256)
Net finance costs		**(77,552)**	(69,950)	**(10,706)**	(12,323)
Profit/(Loss) before tax		**137,869**	54,462	**244,000**	(10,892)
Tax expense	25	**(36,300)**	(27,002)	**(7,140)**	(5,448)
Profit/(Loss) for the year	26	**101,569**	27,460	**236,860**	(16,340)
Other comprehensive income, net of tax					
Items that will not be reclassified subsequently to profit or loss					
Remeasurement on defined benefit liability	27	**-**	298	**-**	-
		-	298	**-**	-
Items that are or may be reclassified subsequently to profit or loss, net of tax					
Foreign currency translation differences for foreign operations	27	**(1,497)**	1,703	**-**	-
		(1,497)	1,703	**-**	-
Other comprehensive (expense)/ income for the year, net of tax		**(1,497)**	2,001	**-**	-

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021
(continued)

	Note	Group 2021 RM'000	Group 2020 RM'000 Restated	Company 2021 RM'000	Company 2020 RM'000
Total comprehensive income/(expense) for the year		**100,072**	29,461	**236,860**	(16,340)
Profit/(Loss) attributable to:					
Owners of the Company		**70,166**	13,991	**236,860**	(16,340)
Non-controlling interests		**31,403**	13,469	**-**	-
Profit/(Loss) for the year		**101,569**	27,460	**236,860**	(16,340)
Total comprehensive income/(expense) attributable to:					
Owners of the Company		**68,774**	15,852	**236,860**	(16,340)
Non-controlling interests		**31,298**	13,609	**-**	-
Total comprehensive income/(expense) for the year		**100,072**	29,461	**236,860**	(16,340)
Basic/ Diluted earnings per ordinary share (sen)	28	**7.94**	1.58	**-**	-

The notes on pages 96 to 192 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2021

		Attributable to owners of the Company							
		Non-distributable				Distributable			
Group	Note	Share capital RM'000	Other reserves RM'000	Foreign currency translation reserves RM'000	Total capital reserve RM'000	Accumulated losses RM'000	Total RM'000	Non-controlling interest RM'000	Total equity RM'000
At 1 January 2020		862,752	(80,935)	(13,246)	768,571	(204,143)	564,428	253,376	817,804
Foreign currency translation differences for foreign operations		-	-	1,584	1,584	-	1,584	119	1,703
Remeasurement loss on defined benefit liability		-	277	-	277	-	277	21	298
Total other comprehensive income for the year		-	277	1,584	1,861	-	1,861	140	2,001
Profit for the year		-	-	-	-	13,991	13,991	13,469	27,460
Total comprehensive income for the year		-	277	1,584	1,861	13,991	15,852	13,609	29,461
Contribution by and distribution to owners of the Company									
Disposal of a subsidiary	34	-	-	-	-	-	-	2,828	2,828
Total transactions with owners of the Company		-	-	-	-	-	-	2,828	2,828
At 31 December 2020		862,752	(80,658)	(11,662)	770,432	(190,152)	580,280	269,813	850,093

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021
(continued)

	Attributable to owners of the Company							
	Non-distributable				Distributable			
Group	Share capital RM'000	Other reserves RM'000	Foreign currency translation reserves RM'000	Total capital reserve RM'000	Accumulated losses RM'000	Total RM'000	Non-controlling interest RM'000	Total equity RM'000
At 1 January 2021	862,752	(80,658)	(11,662)	770,432	(190,152)	580,280	269,813	850,093
Foreign currency translation differences for foreign operations	-	-	(1,392)	(1,392)	-	(1,392)	(105)	(1,497)
Total other comprehensive expense for the year	-	-	(1,392)	(1,392)	-	(1,392)	(105)	(1,497)
Profit for the year	-	-	-	-	70,166	70,166	31,403	101,569
Total comprehensive (expense)/income for the year	-	-	(1,392)	(1,392)	70,166	68,774	31,298	100,072
Contribution by and distribution to owners of the Company								
Dividend to owner of the Company	-	-	-	-	-	-	(5,279)	(5,279)
Total transactions with owners of the Company	-	-	-	-	-	-	(5,279)	(5,279)
At 31 December 2021	862,752	(80,658)	(13,054)	769,040	(119,986)	649,054	295,832	944,886

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2021
(continued)

	Attributable to owners of the Company				
	Non-distributable			Distributable	
Company	**Share capital RM'000**	**Other reserves RM'000**	**Total capital reserve RM'000**	**Retained earnings RM'000**	**Total equity RM'000**
At 1 January 2020	862,752	(100,129)	762,623	49,884	812,507
Loss for the year	-	-	-	(16,340)	(16,340)
Total comprehensive expense for the year	-	-	-	(16,340)	(16,340)
At 31 December 2020 / 1 January 2021	862,752	(100,129)	762,623	33,544	796,167
Profit for the year	-	-	-	236,860	236,860
Total comprehensive income for the year	-	-	-	236,860	236,860
At 31 December 2021	**862,752**	**(100,129)**	**762,623**	**270,404**	**1,033,027**

The notes on pages 96 to 192 form an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2021

		Group		Company	
	Note	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Cash flows from operating activities					
Profit/(Loss) before tax		**137,869**	54,462	**244,000**	(10,892)
Adjustments for:					
Depreciation of property, plant and equipment	3	**65,875**	53,827	**5,524**	4,764
Impairment loss on property, plant and equipment	3	**-**	2,986	**-**	-
Reversal of impairment loss on property, plant and equipment	3	**(949)**	(15,982)	**-**	-
Property, plant and equipment written off	3	**666**	557	**-**	2
Property, plant and equipment written off in relation to assets held for sale	15	**57**	-	**-**	-
Gain on disposal of property, plant and equipment	26	**(6)**	(986)	**(6)**	-
Gain on disposal of property, plant and equipment in relation to assets held for sale	26	**-**	(147)	**-**	-
Depreciation of right-of-use assets	4	**12,685**	13,019	**1,019**	1,047
Gain on disposal of right-of-use assets	26	**-**	(41)	**-**	-
Gain on disposal of right-of-use assets in relation to assets held for sale	26	**(296)**	(13)	**-**	-
Impairment loss on plantation development expenditure	5	**-**	5,129	**-**	-
Change in fair value of forestry	6	**(7,489)**	(5,726)	**-**	-
Impairment loss on other receivables	26	**10**	26	**-**	-
Impairment loss on amount due from subsidiaries	26	**-**	-	**29**	20,973
Reversal of impairment loss on amount due from subsidiaries	26	**-**	-	**(188,168)**	(2,457)
Change in fair value on biological asset	12	**14,058**	(4,220)	**1,877**	(1,018)
Expenses related to retirement benefit plan	26	**-**	60	**-**	-
Dividend income	21	**(255)**	(182)	**(39,573)**	(182)
Impairment loss on assets held for sale	26	**-**	288	**-**	-
Profit margin income from short-term investments and other receivables	23	**(3,120)**	(939)	**(9,846)**	(9,105)
Finance income on finance lease receivable	23	**-**	-	**(3,828)**	(3,828)
Unrealised foreign exchange	26	**(1,642)**	20,714	**-**	-
(Loss)/Gain on disposal of a subsidiary	34	**-**	(8,135)	**-**	1,129
Finance costs	24	**71,430**	61,371	**19,477**	20,277
Finance costs on lease liabilities	24	**9,242**	9,518	**4,903**	4,979
Operating profit before changes in working capital		**298,135**	185,586	**35,408**	25,689

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021
(continued)

	Note	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Change in inventories		**(5,869)**	(6,342)	**(3)**	(988)
Change in trade and other payables		**(82,851)**	(52,195)	**143,226**	30,998
Change in trade and other receivables, prepayments and other assets		**(32,482)**	(149,627)	**(50,338)**	(33,813)
Change in employee benefits		**-**	185	**-**	-
Change in assets held for sale		**10,592**	247,715	**-**	-
Change in liabilities held for sale		**(7,214)**	(13,912)	**-**	-
Cash generated from operations		**180,311**	211,410	**128,293**	21,886
Profit margin income from short-term investments and other receivables	23	**3,120**	939	**9,846**	9,105
Finance income on finance lease receivable	23	**-**	-	**3,828**	3,828
Finance costs	24	**(71,430)**	(61,371)	**(19,477)**	(20,277)
Finance costs on lease liabilities	24	**(9,242)**	(9,518)	**(4,903)**	(4,979)
Zakat paid		**(570)**	-	**-**	-
Tax paid		**(38,667)**	(22,898)	**(6,167)**	(2,705)
Tax refund		**3**	6,012	**2,240**	-
Net cash generated from operating activities		**63,525**	124,574	**113,660**	6,858
Cash flows from investing activities					
Acquisition of property, plant and equipment	3	**(14,737)**	(3,582)	**(2,539)**	(1,248)
Acquisition of property, plant and equipment in relation to assets held for sale	15	**(130)**	(1,551)	**-**	-
Acquisition of right-of-use assets	4	**(57)**	-	**-**	-
Acquisition of right-of-use assets in relation to assets held for sale	15	**(3,900)**	-	**-**	-
Plantation development expenditure	(i)	**(25,120)**	(28,166)	**(4,181)**	(4,190)
Plantation development expenditure in relation to assets held for sale	(ii)	**(448)**	(8,410)	**-**	-
Proceeds from disposal of property, plant and equipment		**6**	1,376	**6**	-
Proceeds from disposal of property, plant and equipment in relation to assets held for sale		**-**	203	**-**	-
Proceeds from disposal of right-of-use assets		**-**	57	**-**	-
Proceeds from disposal of right-of-use assets in relation to assets held for sale		**306**	18	**-**	-
Increase in other investments		**(35,634)**	(1,462)	**(35,550)**	-
Proceeds from disposal of a subsidiary	34	**-**	69,147	**-**	8,129
Increase in investment in subsidiaries		**-**	-	**500**	-
Dividends received		**182**	-	**39,318**	2,905
Net cash (used in)/generated from investing activities		**(79,532)**	27,630	**(2,446)**	5,596

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021
(continued)

		Group		Company	
	Note	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Cash flows from financing activities					
Dividends paid to non-controlling interests	19.5	**(5,279)**	(10,300)	**-**	-
Proceeds from drawdown of loans and borrowings	17	**317,476**	66,909	**-**	-
Loan repayment	17	**(111,750)**	(188,180)	**-**	(60,000)
(Decrease)/Increase in amounts due to holding corporation	19.6	**(6,293)**	6,149	**(5,989)**	5,949
Increase/(Decrease) in amounts due to related companies	19.6	**122**	(7,113)	**-**	(7,226)
Increase in amounts due to subsidiaries	19.6	**-**	-	**71,612**	56,333
Payment of lease liabilities		**(2,305)**	(4,071)	**1,681**	(683)
Proceed from lease receivable	10	**-**	-	**3,840**	3,840
Net cash generated from/(used in) financing activities		**191,971**	(136,606)	**71,144**	(1,787)
Net increase in cash and cash equivalents		**175,964**	15,598	**182,358**	10,667
Cash and cash equivalents at 1 January	(iii)	**84,982**	69,384	**74,277**	63,610
Cash and cash equivalents at 31 December	(iii)	**260,946**	84,982	**256,635**	74,277

Cash outflows for leases as a lessee

		Group		Company	
	Note	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Included in net cash from operating activities					
Finance costs on lease liabilities	24	**9,242**	9,518	**4,903**	4,979
Included in net cash from financing activities					
Payment of lease liabilities		**(2,305)**	(4,071)	**1,681**	(683)
Total cash outflows for leases		**6,937**	5,447	**6,584**	4,296

Reconciliation of movements of lease liabilities to cash flows arising from financing activities

	At 1 January 2021 RM'000	Net changes from financing cash flows RM'000	Acquisition of new lease RM'000	Other changes RM'000	At 31 December 2021 RM'000
Group					
Lease liabilities	**81,831**	**(2,305)**	**57**	**390**	**79,973**
Company					
Lease liabilities	**60,089**	**1,681**	**-**	**-**	**61,770**

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021
(continued)

Reconciliation of movements of lease liabilities to cash flows arising from financing activities (continued)

	At 1 January 2020 RM'000	Net changes from financing cash flows RM'000	Acquisition of new lease RM'000	At 31 December 2020 RM'000
Group				
Lease liabilities	76,726	(4,071)	9,176	81,831
Company				
Lease liabilities	60,772	(683)	-	60,089

(i) Plantation development expenditure

		Group		Company	
	Note	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Additions of plantation development expenditure	5	**(23,616)**	(27,671)	**(4,265)**	(4,282)
Additions of nurseries	5	**(2,392)**	(1,610)	**-**	-
Depreciation of property, plant and equipment	5	**730**	930	**80**	79
Depreciation of right-of-use asset	5	**158**	185	**4**	13
		(25,120)	(28,166)	**(4,181)**	(4,190)

(ii) Plantation development expenditure of assets held for sale

		Group	
	Note	2021 RM'000	2020 RM'000
Additions of plantation development expenditure	15	**(444)**	(8,410)
Additions of nurseries	15	**(4)**	-
		(448)	(8,410)

(iii) Cash and cash equivalents

		Group		Company	
	Note	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Deposits		**294,718**	74,250	**290,175**	70,000
Less: Other investments	8	**(38,335)**	(2,701)	**(35,550)**	-
	14	**256,383**	71,549	**254,625**	70,000
Cash and bank balances		**4,563**	13,433	**2,010**	4,277
		260,946	84,982	**256,635**	74,277
Assets classified as held for sale	15.1	**(727)**	(501)	**-**	-
	14	**260,219**	84,481	**256,635**	74,277

The notes on pages 96 to 192 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

TH Plantations Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The address of the principal place of business and registered office of the Company is as follows:

Principal place of business/Registered office
Level 35
MoF Inc. Tower
No. 9, Persiaran KLCC
50088 Kuala Lumpur

The consolidated financial statements of the Company as at and for the financial year ended 31 December 2021 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities"). The financial statements of the Company as at and for the financial year ended 31 December 2021 does not include other entities.

The Company is principally engaged in investment holding, cultivation of oil palm, processing of fresh fruit bunches ("FFB"), marketing of crude palm oil ("CPO"), palm kernel ("PK") and FFB, whilst the principal activities of the subsidiaries are as stated in Note 7 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

The holding corporation during the financial year is Lembaga Tabung Haji, a statutory body established under the Tabung Haji Act 1995 (Act 535) of which is incorporated in Malaysia.

These financial statements were authorised for issue by the Board of Directors on 8 April 2022.

1. BASIS OF PREPARATION

(a) Statement of compliance

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 and the requirements of the Companies Act 2016 in Malaysia.

The following are accounting standards, interpretations and amendments of the MFRSs that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Group and Company:

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2022

- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to MFRS 3, *Business Combinations – Reference to the Conceptual Framework*
- Amendments to MFRS 9, *Financial Instruments (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to Illustrative Examples accompanying MFRS 16, *Leases (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to MFRS 116, *Property, Plant and Equipment – Proceeds before Intended Use*
- Amendments to MFRS 137, *Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract*
- Amendments to MFRS 141, *Agriculture (Annual Improvements to MFRS Standards 2018–2020)*

1. BASIS OF PREPARATION (CONTINUED)

(a) Statement of compliance (continued)

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2023

- MFRS 17, *Insurance Contracts*
- Amendments to MFRS 17, *Insurance Contracts – Initial application of MFRS 17 and MFRS 9 – Comparative Information*
- Amendments to MFRS 101, *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current*
- Amendments to MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates*
- Amendments to MFRS 112, *Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

MFRSs, interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed

- Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The Group and the Company plan to apply the abovementioned accounting standards, interpretations and amendments:

- from the annual period beginning on 1 January 2022 for those amendments that are effective for annual periods beginning on or after 1 January 2022.

- from the annual period beginning on 1 January 2023 for the accounting standard and amendments that are effective for annual periods beginning on or after 1 January 2023, except for MFRS 17 *Insurance Contracts* which is not applicable to the Group and Company.

The initial application of the abovementioned accounting standards, interpretations and amendments are not expected to have any material financial impact to the current period and prior period financial statements of the Group and the Company.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis other than as disclosed in Note 2 and on the assumption that the Group and the Company will continue as going concerns.

As of 31 December 2021, the Group had net current assets of RM464,847,000 (which included net non-current assets that are classified as assets held for sale equivalents of RM635,568,000). Should the planned disposal not able to be realised in the next 12 months, the Group's current liabilities will exceed its current assets by RM170,722,000. These indicate the existence of uncertainties which may cast significant doubt about the Group's ability to continue as a going concern.

In preparing the financial statements, the Directors have considered prospective financial information based on assumptions and events that may occur for at least 12 months from the date of the financial statements and the possible actions to be taken by the Group. Prospective financial information includes the Group's profit and cash flow forecasts. In preparing the cash flow forecasts, the Directors have considered the availability of cash and cash equivalents.

The Directors expect to dispose of five (5) subsidiaries in the next 12 months, which have been classified as assets held for sale, with a carrying amount of RM684,626,000 as of 31 December 2021. The aforesaid forecasts incorporate proceeds from the disposal of the subsidiaries, repayments for current payables, committed expenditure, and other expected expenditure and revenue/receipts from a newly mature area of 346.27 hectares.

1. BASIS OF PREPARATION (CONTINUED)

(b) Basis of measurement (continued)

The Group has established a SUKUK Murabahah Medium Term Notes Programme with a limit of up to RM1.2 billion. As of the date of the report, a total of RM220,000,000 in respect of this facility has yet to be issued. In addition, the Group also strives to strengthen its financial standing in the future.

Given the available financing facilities and the ability of the Group to generate sufficient operating cash flows, the Directors are of the opinion that the Group will be able to meet its liabilities as and when they fall due. Therefore, preparations of the financial statements based on going concern basis are appropriate.

Accordingly, the financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or to amounts and classification of liabilities that may be necessary if the Group and the Company are unable to continue as going concern.

(c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency. All financial information is presented in RM has been rounded to the nearest thousand, unless otherwise stated.

(d) Use of estimates and judgements

The preparation of the financial statements in conformity with MFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than as disclosed in the following notes:

(i) Recoverable amount of bearer plant and plantation development expenditure

Management reviews its bearer plant for objective evidence of impairment annually. In determining this, management makes judgement as to whether there is observable data indicating that there has been a significant change in the performance of the bearer plant and plantation development expenditure or whether there have been significant changes with adverse effect in the market environment in which the bearer plant and plantation development expenditure operates in.

When there is an indication of impairment, management measured the recoverable amounts based on fair value less cost to sell of the bearer plant and plantation development expenditure. Significant assumptions used to derive to the fair value less cost to sell are as shown in Note 3 and Note 5.

(ii) Assets held for sale

The fair value less cost to sell of assets held for sale is determined using non-binding indicative offer received from a third party.

1. BASIS OF PREPARATION (CONTINUED)

(d) Use of estimates and judgements (continued)

(iii) Forestry

The fair value of forestry is determined using valuation prepared by an independent valuer and on an offer from market participant. The valuation on independent valuer involved making assumptions about discount rate, future price of latex and log, yield of latex, volume of log, future upkeep and cultivation cost, harvesting cost and estimated land rental. As such, this estimated fair value is subject to significant uncertainty. Significant assumptions used to derive fair value are as shown in Note 6.

(iv) Recoverability of amount due from related companies and subsidiaries

The Group and the Company provide loans and advances to related companies and subsidiaries. The Group and the Company monitor the results of the related companies and subsidiaries regularly, as well as their ability to repay the loans and advances on an individual basis as disclosed in Note 30.4.

It is assumed that there is a significant increase in credit risk when a related companies and subsidiaries financial position deteriorates significantly. As the Group and the Company are able to determine the timing of payments of the related companies and subsidiaries loans and advances when they are payable, loans and advances are considered to be in default when the related companies and subsidiaries are not able to pay when demanded. A related company's and subsidiary's loans and advances are considered to be credit impaired when:

a) the related companies and subsidiaries are unlikely to repay their loans or advances to the Company in full;
b) the related companies and subsidiaries loans and advances are overdue for more than 365 days; or
c) the related companies and subsidiaries are continuously loss making and has a deficit in shareholders' fund.

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to the periods presented in these financial statements and have been applied consistently by Group entities, unless otherwise stated.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities, including structured entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of consolidation (continued)

(ii) Business combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

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

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

(iii) Acquisitions of non-controlling interests

The Group accounts for all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

(iv) Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

(v) Non-controlling interests

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and owners of the Company.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of consolidation (continued)

(vi) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

(b) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date, except for those that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments or a financial instrument designated as a hedge of currency risk, which are recognised in other comprehensive income.

In the consolidated financial statements, when settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented in the foreign currency translation reserve ("FCTR") in equity.

(ii) Operations denominated in functional currencies other than Ringgit Malaysia

The assets and liabilities of operations denominated in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at exchange rates at the end of the reporting period. The income and expenses of foreign operations are translated to RM at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and accumulated in the FCTR in equity. However, if the operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence is lost, the cumulative amount in the FCTR related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation, the relevant proportion of the cumulative amount is reattributed to non-controlling interests.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Financial instruments

(i) Recognition and initial measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without significant financing component) or a financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance. A trade receivable without a significant financial component is initially measured at the transaction price.

An embedded derivative is recognised separately from the host contract where the host contract is not a financial asset, and accounted for separately if, and only if, the derivative is not closely related to the economic characteristics and risks of the host contract and the host contract is not measured at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

(ii) Financial instrument categories and subsequent measurement

Financial assets

Categories of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless the Group or the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.

(a) Amortised cost

Amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely for payments of principal and interest on the principal amount outstanding. The financial assets are not designated as fair value through profit or loss. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Profit margin income from short-term investments and receivables, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Profit margin income from short-term investments and receivables are recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets (see Note 2(k)(i)) where the effective interest rate is applied to the amortised cost.

(b) Fair value through profit or loss

All financial assets not measured at amortised cost or fair value through other comprehensive income as described above are measured at fair value through profit or loss. On initial recognition, the Group or the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at fair value through other comprehensive income as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Financial instruments (continued)

(ii) Financial instrument categories and subsequent measurement (continued)

Financial assets (continued)

(b) Fair value through profit or loss (continued)

Financial assets categorised as fair value through profit or loss are subsequently measured at their fair value. Net gains or losses, including any interest or dividend income, are recognised in the profit or loss.

All financial assets, except for those measured at fair value through profit or loss are subject to impairment assessment (see Note 2(k)(i)).

Financial liabilities

The categories of financial liabilities at initial recognition are as follows:

(a) Amortised cost

Other financial liabilities not categorised as fair value through profit or loss are subsequently measured at amortised cost using the effective interest method.

Finance costs and foreign exchange gains and losses are recognised in the profit or loss. Any gains or losses on derecognition are also recognised in the profit or loss.

(b) Fair value through profit or loss

Fair value through profit or loss category comprises financial liabilities that are derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument), contingent consideration in a business combination and financial liabilities that are specifically designated into this category upon initial recognition.

On initial recognition, the Group or the Company may irrevocably designate a financial liability that otherwise meets the requirements to be measured at amortised cost as at fair value through profit or loss:

(a) if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise;

(b) a group of financial liabilities or assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the Group's key management personnel; or

(c) if a contract contains one or more embedded derivatives and the host is not a financial asset in the scope of MFRS 9, where the embedded derivative significantly modifies the cash flows and separation is not prohibited.

Financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair value with gains or losses, including any interest expense are recognised in the profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Financial instruments (continued)

(ii) Financial instrument categories and subsequent measurement (continued)

Financial liabilities (continued)

The categories of financial liabilities at initial recognition are as follows (continued):

(b) Fair value through profit or loss (continued)

For financial liabilities where it is designated as fair value through profit or loss upon initial recognition, the Group and the Company recognise the amount of change in fair value of the financial liability that is attributable to change in credit risk in the other comprehensive income and remaining amount of the change in fair value in the profit or loss, unless the treatment of the effects of changes in the liability's credit risk would create or enlarge an accounting mismatch.

(iii) Regular way purchase or sale of financial assets

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date accounting. Trade date accounting refers to:

(a) the recognition of an asset to be received and the liability to pay for it on the trade date; and

(b) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

(iv) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantees issued are initially measured at fair value.

Liabilities arising from financial guarantees are presented together with other provisions.

(v) Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Financial instruments (continued)

(v) Derecognition (continued)

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(vi) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group or the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and liability simultaneously.

(d) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within “other income” and “other expenses” respectively in profit or loss.

Bearer plant is living plant that is used in the production of agriculture produce for more than one period. The bearer plant that is 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.

(ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group or the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Property, plant and equipment (continued)

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date they are ready for its intended use, except for bearer plant which is depreciated over twenty seven (27) years from the date it is ready for commercial harvesting, based on estimated individual estate output of the bearer plant during the financial year. In prior years, depreciation rate for bearer plants was based on estimated production yield table. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

The estimated useful lives for the current and comparative periods are as follows:

• bearer plant	27 years
• building	5-30 years
• plant, machinery and equipment	10-15 years
• motor vehicles	5-10 years
• computer equipment	3-5 years

Depreciation methods, useful lives and residual values are reviewed at the end of the reporting period, and adjusted as appropriate.

(e) Leases

(i) Definition of a lease

A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;

- the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and

- the customer has the right to direct the use of the asset. The customer has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the customer has the right to direct the use of the asset if either the customer has the right to operate the asset; or the customer designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which the Group is a lessee, it has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Leases (continued)

(ii) Recognition and initial measurement

(a) As a lessee

The Group recognises a right-of-use assets and a lease liability at the lease commencement date. The right-of-use assets are initially measured at cost, which comprise the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the respective Group entities' incremental borrowing rate. Generally, the Group entities use their incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprises fixed payments, including in-substance fixed payments less any incentives receivable.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(b) As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease.

If an arrangement contains lease and non-lease components, the Group applies MFRS15 to allocate consideration in the contract based on the stand-alone selling prices.

(iii) Subsequent measurement

(a) As a lessee

The right-of-use assets are subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use assets are periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a revision of in-substance fixed lease payments, or if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Leases (continued)

(iii) Subsequent measurement (continued)

(a) As a lessee (continued)

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use assets, or is recorded in profit or loss if the carrying amount of the right-of-use assets have been reduced to zero.

When there is lease modification due to increase in the scope of lease by adding the right-to-use one or more underlying assets, the Group and the Company assess whether the lease modification shall be accounted for as a separate lease or similar to reassessment of lease liability. The Group and the Company account for lease modification as a separate lease when the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments.

When there is lease modification due to decrease in scope, the Group and the Company decrease the carrying amount of the right-of-use asset and remeasure the lease liability to reflect the partial or full termination of the lease. The corresponding gain or loss shall be recognised in profit or loss. Lease liabilities are remeasured for all other lease modifications with corresponding adjustments to the right-of-use asset.

Covid-19-related rent concessions

The Group and the Company have applied Amendment to MFRS 16, *Leases – Covid-19-Related Rent Concessions* beyond 30 June 2021 which effective for annual periods beginning on or after 1 April 2021. The Group and the Company apply the practical expedient allowing it not to assess whether eligible rent concessions that are a direct consequence of the Covid-19 pandemic are lease modifications. The Group and the Company apply the practical expedient consistently to contracts with similar characteristics and in similar circumstances. For rent concessions in leases to which the Group and the Company choose not to apply the practical expedient, or that do not qualify for the practical expedient, the Group and the Company assess whether there is a lease modification.

(b) As a lessor

The Company recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of “other income”.

The Company recognises finance income over the lease term, based on a pattern reflecting a constant periodic rate of return on the Company’s net investment in the lease. The Company aims to allocate finance income over the lease term on a systematic and rational basis. The Company applies the lease payments relating to the period against the gross investment in the lease to reduce both the principal and the unearned finance income. The net investment in the lease is subject to impairment requirements (see Note 2(k)(i)).

(f) Intangible assets

(i) Goodwill

Goodwill arises on business combinations is measured at cost less any accumulated impairment losses.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Intangible assets (continued)

(ii) Amortisation

Goodwill is not amortised but is tested for impairment annually and whenever there is an indication that they may be impaired.

(g) Plantation development expenditure

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to the point of commercial harvesting. The cost also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs.

All expenditure relating to development of oil palm estate (immature estate) will be capitalised under plantation development expenditure. An estate is declared mature when they are ready for commercial harvesting. This cost will be depreciated over useful life when the expenditure is transferred to property, plant and equipment when the estate matures.

Estate overhead expenditure is apportioned to revenue and plantation development expenditure on the basis of the proportion of mature to immature areas.

Nurseries are stated at cost. This cost relates to nursery maintenance costs.

(h) Forestry

Forestry are measured on initial recognition and at subsequent reporting dates at fair value, with any changes in fair value of forestry during a year recognised in profit and loss.

The fair value of forestry is derived based on valuation performed by an independent valuer and Director's valuation, which was based on the offer letter received from a minority shareholder of the Company to acquire forestry based on its current condition.

Nurseries fair value are deemed at cost. This cost relates to nursery maintenance costs.

(i) Inventories

Inventories are measured at the lower of cost and net realisable value.

The cost of finished goods is calculated using the weighted average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. The cost includes an appropriate share of production overheads based on normal operating capacity.

Cost of stores consists of the invoiced value from suppliers and is calculated using the weighted average method.

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three months or less, and are used by the Group and the Company in the management of their short-term commitments. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

(k) Impairment

(i) Financial assets

The Group and the Company recognise loss allowances for expected credit losses on financial assets measured at amortised cost. Expected credit losses are a probability-weighted estimate of credit losses.

The Group and the Company measure loss allowances at an amount equal to lifetime expected credit loss, cash and bank balance for which credit risk has not increased significantly since initial recognition, which are measured at 12-month expected credit loss. Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit loss.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information, where available.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, while 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12 months after the reporting date. 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 and the Company estimate the expected credit losses on trade receivables using a provision matrix with reference to historical credit loss experience.

At each reporting date, the Group and the Company assess whether financial assets carried at amortised cost are credit impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The gross carrying amount of a financial asset is written off (either partially or full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group or the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's or the Company's procedures for recovery amounts due.

(ii) Other assets

The carrying amounts of other assets (except for inventories, assets held for sale, finance lease receivables, deferred tax asset and forestry) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill which has indefinite useful lives, the recoverable amount is estimated each period at the same time.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Impairment (continued)

(ii) Other assets (continued)

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units. Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a cash-generating unit or a group of cash-generating units that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (groups of cash-generating units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

(l) Equity instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

Ordinary shares

Ordinary shares are classified as equity.

(m) Employee benefits

(i) Short-term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Employee benefits (continued)

(i) Short-term employee benefits (continued)

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) State plans

The Group's contributions to statutory pension funds are charged to profit or loss in the financial year to which they relate. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(n) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

(o) Revenue and other income

(i) Goods sold

Revenue is measured based on the consideration specified in a contract with a customer in exchange for transferring goods or services to a customer, excluding amounts collected on behalf of third parties. The Group and the Company recognise revenue when or as it transfers control over a product or service to customer. An asset is transferred when or as the customer obtains control of the asset.

The Group and the Company transfer control of a good or service at a point in time unless one of the following criteria is met:

(a) the customer simultaneously receives and consumes the benefits provided as the Group and the Company performs;
(b) the Group's and the Company's performance create or enhance an asset that the customer controls as the asset is created or enhanced; or
(c) the Group's and the Company's performance do not create an asset with an alternative use and the Group and the Company have an enforceable right to payment for performance completed to date.

(ii) Government grants

Government grants are recognised initially as deferred income at fair value when there is reasonable assurance that they will be received and that the Group will comply with the conditions associated with the grant; they are then recognised in profit or loss as other income on a systematic basis over the useful life of the asset.

Grant that compensate the Group for expenses incurred are recognised in profit or loss as other income on a systematic basis in the same periods in which the expenses are recognised.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Revenue and other income (continued)

(iii) Dividend income

Dividend income is recognised in profit or loss on the date that the Group's or the Company's right to receive payment is established.

(iv) Management fees

Management fees income is recognised in profit or loss upon services are rendered.

(v) Profit margin income

Profit margin income is recognised as it accrues, using the effective interest method in profit or loss.

(p) Biological assets

Biological assets comprise agricultural produce that grows on oil palm plantations.

A gain or loss arising on initial recognition of a biological asset at fair value less costs to sell and from a change in fair value less costs to sell of a biological asset shall be included in profit or loss for the period in which it arises.

(q) Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is incurred, borrowing costs are incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

(r) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) Income tax (continued)

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

Where assets are carried at their fair value in accordance with the accounting policy set out in Note 2(h) and Note 2(p), the amount of deferred tax recognised is measured using tax rates that would apply on sale of those assets at their carrying value at the reporting date unless the asset is depreciable and is held with the objective to consume substantially all of the economic benefits embodied in the asset over time, rather than through sale. In all other cases, the amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. Deferred tax and liabilities are not discounted.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(s) Earnings per ordinary share

The Group presents basic and diluted earnings per share data for its ordinary shares (“EPS”).

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees.

(t) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group’s other components. Operating segment’s operating results are reviewed regularly by the chief operating decision maker, which in this case is the Chief Executive Officer of the Group, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(u) Contingencies

Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statements of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(v) Non-current assets held for sale or distribution to owners

Non-current assets, or disposal group comprising assets and liabilities that are expected to be recovered primarily through sale or distribution to owners rather than through continuing use, are classified as held for sale or distribution.

Immediately before classification as held for sale or distribution, the assets, or components of a disposal group, are remeasured in accordance with the Group's and the Company's accounting policies. Thereafter, generally the assets, or disposal group are measured at the lower of their carrying amount and fair value less costs of disposal.

Any impairment loss on a disposal group is first allocated to goodwill, and then to remaining assets and liabilities on *pro rata* basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets and investment property, which continue to be measured in accordance with the Group's and the Company's accounting policies. Impairment losses on initial classification as held for sale or distribution and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

Intangible assets and property, plant and equipment once classified as held for sale or distribution are not amortised or depreciated.

(w) Fair value measurement

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Group and the Company use observable market data as far as possible. Fair value is categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group and the Company can access at the measurement date.
Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3: unobservable inputs for the asset or liability.

The Group and the Company recognise transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

3. PROPERTY, PLANT AND EQUIPMENT

Group	Note	Bearer plant RM'000	Buildings RM'000	Plant, machinery and equipment RM'000	Computer equipment RM'000	Motor vehicles RM'000	Work-in-progress RM'000	Total RM'000
Cost								
At 1 January 2020		860,902	172,904	144,740	14,668	40,304	2,627	1,236,145
Transfer from asset held for sale	15	67,100	36,138	2,371	127	7,097	-	112,833
Additions		-	448	258	64	1,313	1,499	3,582
Transfer from plantation development expenditure	5	45,441	-	-	-	-	-	45,441
Written off		(5,833)	(633)	(2,476)	(38)	(719)	-	(9,699)
Disposals		(549)	-	(18)	-	(3)	-	(570)
Transfers		-	1,717	(383)	-	34	(1,368)	-
Effect of movement in exchange rate		(339)	(17)	(11)	(6)	(16)	(1)	(390)
At 31 December 2020/ 1 January 2021		**966,722**	**210,557**	**144,481**	**14,815**	**48,010**	**2,757**	**1,387,342**
Additions		**-**	**340**	**2,427**	**566**	**3,604**	**7,800**	**14,737**
Transfer from plantation development expenditure	5	**57,109**	**-**	**-**	**-**	**-**	**-**	**57,109**
Written off		**(4,667)**	**(167)**	**(1,012)**	**(39)**	**(754)**	**(7)**	**(6,646)**
Disposals		**-**	**-**	**-**	**-**	**(14)**	**-**	**(14)**
Transfers		**-**	**579**	**2,128**	**(3)**	**12**	**(2,716)**	**-**
Effect of movement in exchange rate		**785**	**11**	**9**	**2**	**11**	**1**	**819**
At 31 December 2021		**1,019,949**	**211,320**	**148,033**	**15,341**	**50,869**	**7,835**	**1,453,347**

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	Note	Bearer plant RM'000	Buildings RM'000	Plant, machinery and equipment RM'000	Computer equipment RM'000	Motor vehicles RM'000	Work-in-progress RM'000	Total RM'000
Accumulated depreciation and impairment loss								
At 1 January 2020								
Accumulated depreciation		208,884	58,853	74,591	13,682	30,205	-	386,215
Accumulated impairment loss		75,845	-	-	-	-	-	75,845
		284,729	58,853	74,591	13,682	30,205	-	462,060
Transfer from assets held for sale	15	23,041	4,411	1,186	110	5,228	-	33,976
Depreciation for the year	3.1	38,190	7,432	6,545	267	2,323	-	54,757
Written off		(5,705)	(455)	(2,241)	(37)	(704)	-	(9,142)
Disposals		(167)	-	(12)	-	(1)	-	(180)
Impairment loss	3.3	2,986	-	-	-	-	-	2,986
Reversal of impairment loss	3.4	(15,982)	-	-	-	-	-	(15,982)
Effect of movement in exchange rate		(14)	(4)	(5)	(6)	(9)	-	(38)
At 31 December 2020								
Accumulated depreciation		264,229	70,237	80,064	14,016	37,042	-	465,588
Accumulated impairment loss		62,849	-	-	-	-	-	62,849
		327,078	70,237	80,064	14,016	37,042	-	528,437

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	Note	Bearer plant RM'000	Buildings RM'000	Plant, machinery and equipment RM'000	Computer equipment RM'000	Motor vehicles RM'000	Work-in-progress RM'000	Total RM'000
At 1 January 2021								
Accumulated depreciation		264,229	70,237	80,064	14,016	37,042	-	465,588
Accumulated impairment loss		62,849	-	-	-	-	-	62,849
		327,078	70,237	80,064	14,016	37,042	-	528,437
Depreciation for the year	3.1	45,086	12,333	6,725	330	2,131	-	66,605
Written off		(4,526)	(111)	(580)	(37)	(726)	-	(5,980)
Disposals		-	-	-	-	(14)	-	(14)
Impairment loss transfer from plantation development expenditure	5	5,129	-	-	-	-	-	5,129
Reversal of impairment loss		(949)	-	-	-	-	-	(949)
Effect of movement in exchange rate		51	4	1	5	6	-	67
At 31 December 2021								
Accumulated depreciation		304,840	82,463	86,210	14,314	38,439	-	526,266
Accumulated impairment loss		67,029	-	-	-	-	-	67,029
		371,869	82,463	86,210	14,314	38,439	-	593,295
Carrying amounts								
At 1 January 2020		576,173	114,051	70,149	986	10,099	2,627	774,085
At 31 December 2020		639,644	140,320	64,417	799	10,968	2,757	858,905
At 31 December 2021		648,080	128,857	61,823	1,027	12,430	7,835	860,052

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company	Note	Bearer plant RM'000	Buildings RM'000	Plant, machinery and equipment RM'000	Computer equipment RM'000	Motor vehicles RM'000	Work-in-progress RM'000	Total RM'000
Cost								
At 1 January 2020		83,398	19,420	19,871	283	5,279	290	128,541
Additions		-	64	137	6	398	643	1,248
Transfer from plantation development expenditure	5	15,092	-	-	-	-	-	15,092
Written off		(861)	-	(6)	(3)	(37)	-	(907)
At 31 December 2020/ 1 January 2021		**97,629**	**19,484**	**20,002**	**286**	**5,640**	**933**	**143,974**
Additions		**-**	**116**	**451**	**49**	**791**	**1,132**	**2,539**
Transfer from plantation development expenditure	5	**4,211**	**-**	**-**	**-**	**-**	**-**	**4,211**
Transfer		**-**	**27**	**2,020**	**-**	**-**	**(2,047)**	**-**
Written off		**-**	**-**	**-**	**(3)**	**(252)**	**-**	**(255)**
At 31 December 2021		**101,840**	**19,627**	**22,473**	**332**	**6,179**	**18**	**150,469**

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company	Note	Bearer plant RM'000	Buildings RM'000	Plant, machinery and equipment RM'000	Computer equipment RM'000	Motor vehicles RM'000	Work-in-progress RM'000	Total RM'000
Accumulated depreciation								
At 1 January 2020		8,061	12,487	15,341	205	4,240	-	40,334
Depreciation for the year	3.1	3,817	317	474	27	208	-	4,843
Written off		(861)	-	(5)	(2)	(37)	-	(905)
At 31 December 2020/ 1 January 2021		**11,017**	**12,804**	**15,810**	**230**	**4,411**	**-**	**44,272**
Depreciation for the year	3.1	**4,415**	**322**	**554**	**37**	**276**	**-**	**5,604**
Written off		**-**	**-**	**-**	**(3)**	**(252)**	**-**	**(255)**
At 31 December 2021		**15,432**	**13,126**	**16,364**	**264**	**4,435**	**-**	**49,621**
Carrying amounts								
At 1 January 2020		75,337	6,933	4,530	78	1,039	290	88,207
At 31 December 2020		86,612	6,680	4,192	56	1,229	933	99,702
At 31 December 2021		**86,408**	**6,501**	**6,109**	**68**	**1,744**	**18**	**100,848**

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

3.1 Breakdown of depreciation charge for the year, are as follows:

		Group		Company	
	Note	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Recognised in profit or loss		**65,875**	53,827	**5,524**	4,764
Capitalised in plantation development expenditure	5	**730**	930	**80**	79
		66,605	54,757	**5,604**	4,843

3.2 Change in estimate

3.2.1 Bearer plant

In prior years, depreciation rate for bearer plants was based on estimated production yield table.

In the current year the Group and the Company has decided to change the depreciation rate to be based on estimated individual estate output of the bearer plant.

The effect of this change as follows:

Group	2021 RM'000	2022 RM'000	2023 RM'000	2024 RM'000	2025 RM'000
Increase in depreciation expense	**5,287**	3,845	3,167	1,155	94

Company	2021 RM'000	2022 RM'000	2023 RM'000	2024 RM'000	2025 RM'000
Increase in depreciation expense	**173**	364	463	382	358

3.2.2 Building

During the financial year, the Group has revised the building renovation useful life to be in line with the industries practice.

The effect of these changes in current and the next financial period is an increase in depreciation expenses by RM6,256,000.

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

3.3 Impairment loss on property, plant and equipment

Prior year

In prior year, the Group has recorded impairment losses of RM2,986,000 as other expenses in the profit or loss in relation to bearer plant of its subsidiaries.

3.4 Reversal of impairment loss on property, plant and equipment

In prior year, the Group plan to commence a rehabilitation exercise on bearer plant in certain estates ("cash-generating unit") with a carrying amount of RM315,712,415. As the result of the rehabilitation exercise, the Group expects the performance of cash-generating unit in the areas under rehabilitation to improve in the near future.

The recoverable amount of the cash-generating unit in the areas under rehabilitation is based on the assumption that rehabilitation exercise will continue to take place in 2022, in the extent to which, or manner in which, the rehabilitation exercise will enhance the performance of the cash-generating unit in the areas under rehabilitation.

The Group has exercised significant judgement in assessing the recoverable amount of cash-generating unit in the areas under rehabilitation based on value in use method, which is estimated at RM38,401 per hectare.

The following table summarises the valuation method and assumptions used in the determination of value in use as well as the significant unobservable inputs used in the valuation models in current year.

Description of valuation technique and inputs used	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Discounted cash flows: The valuation method considers the present value of net cash flows to be generated from bearer plant, considering expected projected FFB yield, FFB sales price, upkeep and maintenance cost. The expected net cash flows are discounted using risk-adjusted discount rates.	• Expected projected FFB yield (16.00mt/ha – 26.00mt/ha) • FFB sales price (RM433/mt – RM536/mt) • Upkeep and maintenance cost (RM1,000/ha – RM3,310/ha) • Pre-tax discount rate for bearer plant (14%)	The estimated fair value would increase/(decrease) if: • Expected projected FFB yield were higher/(lower); • FFB sales price higher/(lower); • Upkeep and maintenance cost were lower/(higher); or • Discount rates were lower/ (higher).

The value in use is based on management's estimates having regard to the performance of the cash-generating unit and is determined by discounting the future cash flows expected to be generated from the continuing use of the cash-generating unit. The values assigned to the key assumptions represent the Group's assessment of future trends in the oil palm industry and are based on external sources and internal sources (historical data).

Based on the assessment, the recoverable amount of the cash-generating unit in relation to the rehabilitated areas is higher than its carrying amount. A reversal of impairment loss in relation to the cash-generating unit of RM15,982,000 has been recognised as other income in the profit or loss in the prior year.

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

3.4 Reversal of impairment loss on property, plant and equipment (continued)

The above estimates are particularly sensitive in the following cases:

- A reduction in price of FFB by 5% would have resulted in a decrease of reversal of impairment loss of RM11,746,000.
- A reduction in yield per hectare by 5% would have resulted in a decrease of reversal of impairment loss of RM10,850,000.
- An increase in upkeep and maintenance cost by 5% would have resulted in a decrease of reversal of impairment loss of RM4,570,000.
- An increase in discount rate by 1% would have resulted in a decrease of reversal of impairment loss of RM8,250,000.

3.5 Impairment testing on property, plant and equipment

Included in impairment testing of bearer plant, are the following:

PT Persada Kencana Prima

Current year

During the financial year, the Group has engaged a registered valuer to value the plantation assets which consists of bearer plant, plantation development expenditure ("PDE") and right-of-use assets ("ROU") of the subsidiary that has not been performing up to Group's expectation. The total carrying amount of bearer plant, PDE and ROU of the subsidiary as at 31 December 2021 amounted to RM81,952,000. The cash-generating unit consist of planted area in relation to palm oil and plantable area.

The Group has exercised significant judgement in assessing the estate's recoverable amount using fair value less cost to sell. No impairment is being recognised as the recoverable amount of the cash-generating unit is higher than the carrying amount of the cash-generating unit.

The following table summarises the valuation method and assumptions used in the determination of fair value less cost to sell as well as the significant unobservable inputs used in the valuation models in current year.

Description of valuation technique and inputs used	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
<u>**Plantations assets**</u> Discounted cash flows: The valuation method considers the present value of net cash flows to be generated from bearer plant, considering expected projected FFB yield, FFB sales price, upkeep and maintenance cost. The expected net cash flows are discounted using risk-adjusted discount rates.	• Expected projected FFB yield (9.47 mt/ha – 19.32 mt/ha) • FFB sales price (RM657/mt – RM673/mt) • Upkeep and maintenance cost (RM2,035/ha – RM2,622/ha) • Pre-tax discount rate (10%)	The estimated fair value would increase/(decrease) if: • Expected projected FFB yield were higher/(lower); • FFB sales price higher/(lower) ; • Upkeep and maintenance cost were lower/(higher); or • Discount rates were lower/ (higher).

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

3.5 Impairment testing on property, plant and equipment (continued)

PT Persada Kencana Prima (continued)

Current year (continued)

The values assigned to the key assumptions represent the valuer's assessment of future trends in the oil palm industry and are based on external sources and internal sources (historical data).

The estimated recoverable amount of the cash-generating unit is based on its fair value less cost to sell. No impairment loss is being recognised as the recoverable amount of the cash-generating unit is higher than the carrying amount of the cash-generating unit.

The above estimates are particularly sensitive in the following cases:

- A reduction in price of FFB by 5% would have resulted in an impairment loss of RM19,468,000.
- A reduction in yield per hectare by 5% would have resulted in an impairment loss of RM4,873,000.
- An increase in upkeep and maintenance cost by 5% would have resulted in an impairment loss of RM6,801,000.
- An increase in discount rate by 1% would have resulted in an impairment loss of RM1,579,000.

Prior year

In prior year, the Group has engaged a registered valuer to value the plantation assets which consists of bearer plant, plantation development expenditure ("PDE") and right-of-use assets ("ROU") of the subsidiary that has not been performing up to the Group's expectation. The carrying amount of the cash-generating unit in relation to bearer plant, PDE and ROU as at 31 December 2020 amounted to RM32,505,000, RM48,461,000 and RM1,565,000 respectively. The cash-generating unit consist of planted area in relation to palm oil and plantable area.

Fair value less cost to sell is based on management estimates having regard to estimated resale value, which is determined by an external, independent professional valuer, having appropriate recognised professional qualifications and recent experience in the location and category of assets being valued. Fair value less cost to sell is a Level 3 fair value measurement.

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

3.5 Impairment testing on property, plant and equipment (continued)

PT Persada Kencana Prima (continued)

Prior year (continued)

The following table summarises the valuation method and assumptions used in the determination of fair value less cost to sell within Level 3, as well as the significant unobservable inputs used in the valuation models in current year.

Description of valuation technique and inputs used	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Discounted cash flows: The valuation method considers the present value of net cash flows to be generated from CGU, taking into account expected projected FFB yield, FFB sales price, (plantation land value at the end of the cycle) and upkeep and maintenance cost. The expected net cash flows are discounted using risk-adjusted discount rates.	• Expected projected FFB yield (1.97mt/ha – 24.00mt/ha) • FFB sales price (RM370/mt – RM420/mt) • Upkeep and maintenance cost (RM600/ha – RM1,000/ha) • Pre-tax discount rate in relation to bearer plant (13%) • Plantation land value (RM10,500/ha) • Pre-tax discount rate in relation to plantation land value (6%)	The estimated fair value would increase/(decrease) if: • Expected projected FFB yield were higher/(lower); • FFB sales price higher/(lower); • Upkeep and maintenance cost were lower/(higher); • Discount rates were lower/(higher); or • Plantation land value were lower/(higher).

The values assigned to the key assumptions represent valuer's assessment of future trends in the oil palm industry and are based on external sources and internal sources (historical data).

The estimated recoverable amount of the cash-generating unit is based on its fair value less cost to sell. No impairment loss is being recognised as the recoverable amount of the cash-generating unit is higher than the carrying amount of the cash-generating unit.

The above estimates are particularly sensitive to the following assumptions:

- A reduction in FFB yield per hectare by 5% would have resulted in an impairment loss of RM1,230,000.
- A reduction in price of FFB by 5% would have resulted in an impairment loss of RM3,030,000.
- An increase in upkeep and maintenance cost by 5% would have resulted in an impairment loss of RM230,000.
- An increase of 1% in the discount rate would have resulted in an impairment loss of RM1,030,000.

4. RIGHT-OF-USE ASSETS

		Group
	Note	RM'000
At 1 January 2020		634,060
Transfer from assets held for sale	15	46,324
Addition		9,176
Depreciation for the year	4.2	(13,204)
Disposal		(16)
Effect of movement in exchange rate		(49)
At 31 December 2020/1 January 2021		**676,291**
Addition		**57**
Depreciation for the year	4.2	**(12,843)**
Effect of movement in exchange rate		**33**
At 31 December 2021		**663,538**

		Company
	Note	RM'000
1 January 2020		57,871
Depreciation for the year	4.2	(1,060)
At 31 December 2020/1 January 2021		**56,811**
Depreciation for the year	4.2	**(1,023)**
At 31 December 2021		**55,788**

4.1 Included in right-of-use assets is in relation to the leasehold land with unexpired lease period of more than 30 to 999 years and 60 to 99 years for the Group and the Company respectively. Certain leasehold land of the Group amounting to RM7,323,000 (2020: RM7,491,000) are pledged as securities for borrowings as disclosed in Note 17.

4.2 Breakdown of depreciation charge for the year, are as follows:

		Group		Company	
	Note	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Recognised in profit or loss		**12,685**	13,019	**1,019**	1,047
Capitalised in plantation development expenditure	5	**158**	185	**4**	13
		12,843	13,204	**1,023**	1,060

4. RIGHT-OF-USE ASSETS (CONTINUED)

4.3 Extension options

The Native Communal Reserve ("NCR") land lease agreement contain extension options exercisable by the Group up to three (3) years before the end of the non-cancellable contract period. The extension options held are exercisable only by the Group and not by the lessors. The Group assesses at lease commencement whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within its control. The Group has not included the potential future lease payment in the lease liabilities.

Group	Lease liabilities recognised (discounted) RM'000	Potential future lease payments not included in lease liabilities (discounted) RM'000
2021		
Lands	**13,498**	**6,502**
2020		
Lands	14,107	5,971

4.4 Impairment testing on right-of-use assets

Current year

During the financial year, the Group has engaged a registered valuer to value the plantation assets which consists of bearer plant, plantation development expenditure ("PDE") and right-of-use assets ("ROU") of the subsidiary that has not been performing up to Group expectation. The total carrying amount of bearer plant, PDE and ROU as at 31 December 2021 amounted to RM81,952,000. The cash-generating unit consist of planted area in relation to oil palm oil and plantable area.

The estimated recoverable amount of the cash-generating unit is based on its fair value less cost to sell. No impairment loss is being recognised as the recoverable amount of the cash-generating unit is higher than the carrying amount of the cash-generating unit.

Fair value less cost to sell is based on management estimates having regard to estimated resale value, which is determined by an external, independent professional valuer, having appropriate recognised professional qualifications and recent experience in the location and category of assets being valued. Fair value less cost to sell is a Level 3 fair value measurement. See Note 3.5 for further details of the key assumptions used to derive to the fair value less cost to sell.

Prior year

In 2020, the Group has engaged a registered valuer to value the plantation assets which consists of bearer plant, plantation development expenditure ("PDE") and right-of-use assets ("ROU") of the subsidiary, PT Persada Kencana Prima, that has not been performing up to the Group's expectation. The carrying amount of the cash-generating unit in relation to bearer plant, PDE and ROU as at 31 December 2020 amounted to RM32,505,000, RM48,461,000 and RM1,565,000 respectively. The cash-generating unit consist of planted area in relation to palm oil and plantable area.

4. RIGHT-OF-USE ASSETS (CONTINUED)

4.4 Impairment testing on right-of-use assets (continued)

Prior year (continued)

The estimated recoverable amount of the cash-generating unit is based on its value in use. No impairment loss is being recognised as the recoverable amount of the cash-generating unit is higher than the carrying amount of the cash-generating unit.

Fair value in use is based on management estimates having regard to estimated resale value, which is determined by an external, independent professional valuer, having appropriate recognised professional qualifications and recent experience in the location and category of assets being valued. Fair value less cost to sell is a Level 3 fair value measurement. See Note 3.5 for further details of the key assumptions used to derive to the fair value less cost to sell.

5. PLANTATION DEVELOPMENT EXPENDITURE

		Oil Palm		Teak		Total	
Group	Note	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Cost							
At 1 January		**197,974**	166,890	**-**	1,987	**197,974**	168,877
Reclassification to forestry		**-**	-	**-**	(1,987)	**-**	(1,987)
Additions during the year	5.1	**23,616**	27,671	**-**	-	**23,616**	27,671
Addition of nurseries		**2,392**	1,610	**-**	-	**2,392**	1,610
Transfer to property, plant and equipment	3	**(57,109)**	(45,441)	**-**	-	**(57,109)**	(45,441)
Transfer from assets held for sale	15	**-**	49,392	**-**	-	**-**	49,392
Effect of movement in exchange rate		**931**	(2,148)	**-**	-	**931**	(2,148)
At 31 December		**167,804**	197,974	**-**	-	**167,804**	197,974
Accumulated impairment loss							
At 1 January		**68,836**	57,467	**-**	-	**68,836**	57,467
Transfer of impairment loss to property, plant and equipment	3	**(5,129)**	-	**-**	-	**(5,129)**	-
Impairment loss on plantation development expenditure	5.2	**-**	5,129	**-**	-	**-**	5,129
Transfer from assets held for sale	15	**-**	6,240	**-**	-	**-**	6,240
At 31 December		**63,707**	68,836	**-**	-	**63,707**	68,836
Carrying amount							
At 31 December		**104,097**	129,138	**-**	-	**104,097**	129,138

5. PLANTATION DEVELOPMENT EXPENDITURE (CONTINUED)

	Note	Company 2021 RM'000	Company 2020 RM'000
At 1 January		**13,410**	24,220
Additions	5.1	**4,265**	4,282
Transfer to property, plant and equipment	3	**(4,211)**	(15,092)
At 31 December		**13,464**	13,410

5.1 Additions

Included in additions during the year are as follows:

	Note	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Depreciation of property, plant and equipment	3	**730**	930	**80**	79
Depreciation of right-of-use assets	4	**158**	185	**4**	13
Personnel expenses:					
- Wages, salaries and others		**7,887**	9,173	**1,657**	2,041
- Contribution to EPF		**326**	368	**64**	78
Finance cost*	24	**3,457**	8,719	**516**	366
Management fees capitalised		**-**	-	**288**	213

* The finance cost is capitalised based on profit margin 4.57% (2020: 6.56%) per annum.

5.2 Impairment loss on Plantation Development Expenditure ("PDE")

Prior year

In prior financial year, one (1) estate area has been inaccessible due to natives intrusion, in which no future income is expected to be generated from this area by the Group.

Subsequent to this, the Group has fully impaired RM5,129,227 in relation to carrying amount of the plantation development expenditure as at 31 December 2020 and recognised as other expenses in the profit or loss.

5. PLANTATION DEVELOPMENT EXPENDITURE (CONTINUED)

5.3 Impairment testing on Plantation Development Expenditure ("PDE")

Prior year

(i) Hydroflow Sdn. Bhd.

In prior year, the Group has assessed the plantation assets value of certain PDE ("cash-generating unit") of the subsidiary that has not been performing up to the Group's expectation. The carrying amount of the PDE as at 31 December 2020 amounted to RM13,658,000.

The following table summarises the valuation method and assumptions used in the determination of value in use as well as the significant unobservable inputs used in the valuation models in current year.

Description of valuation technique and inputs used	Significant unobservable inputs in current year	Inter-relationship between significant unobservable inputs and value in use measurement
Discounted cash flows: The valuation method considers the present value of net cash flows to be generated from CGU, taking into account expected projected FFB yield, FFB sales price, and upkeep and maintenance cost. The expected net cash flows are discounted using risk-adjusted discount rates.	• Expected projected FFB yield (12.00mt/ha – 22.00mt/ha) • FFB sales price (RM503/mt) • Upkeep and maintenance cost (RM1,109/ha – RM2,132/ha) • Pre-tax discount rate for bearer plant (14%)	The estimated fair value would increase/(decrease) if: • Expected projected FFB yield were higher/(lower); • FFB sales price higher/(lower); • Upkeep and maintenance cost were lower/(higher); or • Discount rates were lower/(higher).

The value in use is based on management's estimates having regard to the performance of the cash-generating unit and is determined by discounting the future cash flows expected to be generated from the continuing use of the cash-generating unit. The values assigned to the key assumptions represent the Group's assessment of future trends in the oil palm industry and are based on external sources and internal sources (historical data).

The estimated recoverable amount of the cash-generating unit is based on its value in use. No impairment loss is being recognised as the recoverable amount of the cash-generating unit is higher than the carrying amount of the cash-generating unit.

The above estimates were particularly sensitive to the following assumptions:

- A reduction in FFB yield per hectare by 5% would have resulted in an impairment loss of RM1,034,053.
- A reduction in price of FFB by 5% would have resulted in an impairment loss of RM1,264,097.
- An increase of 10% in the upkeep and maintenance cost would have resulted in an impairment loss of RM1,179,859.
- An increase of 1% in the discount rate would have resulted in an impairment loss of RM1,033,557.

5. PLANTATION DEVELOPMENT EXPENDITURE (CONTINUED)

5.3 Impairment testing on Plantation Development Expenditure ("PDE") (continued)

(ii) PT Persada Kencana Prima

Current year

During the financial year, the Group has engaged a registered valuer to value the plantation assets which consists of bearer plant, plantation development expenditure ("PDE") and right-of-use assets ("ROU") of the subsidiary that has not been performing up to Group expectation. The total carrying amount of bearer plant, PDE and ROU as at 31 December 2021 amounted to RM81,952,000. The cash-generating unit consist of planted area in relation to palm oil and plantable area.

The estimated recoverable amount of the cash-generating unit is based on its fair value less cost to sell. No impairment loss is being recognised as the recoverable amount of the cash-generating unit is higher than the carrying amount of the cash-generating unit.

Fair value less cost to sell is based on management estimates having regard to estimated resale value, which is determined by an external, independent professional valuer, having appropriate recognised professional qualifications and recent experience in the location and category of assets being valued. Fair value less cost to sell is a Level 3 fair value measurement. See Note 3.5 for further details of the key assumptions used to derive to the fair value less cost to sell.

Prior year

During the financial year, the Group has engaged a registered valuer to value the plantation assets which consists of bearer plant, plantation development expenditure ("PDE") and right-of-use assets ("ROU") of the subsidiary that has not been performing up to the Group's expectation. The carrying amount of the cash-generating unit in relation to bearer plant, PDE and ROU as at 31 December 2020 amounted to RM32,505,000, RM48,461,000 and RM1,565,000 respectively. The cash-generating unit consist of planted area in relation to palm oil and plantable area.

Fair value less cost to sell is based on management estimates having regard to estimated resale value, which is determined by an external, independent professional valuer, having appropriate recognised professional qualifications and recent experience in the location and category of assets being valued. Fair value less cost to sell is a Level 3 fair value measurement. See Note 3.5 for further details of the key assumptions used to derive to the fair value less cost to sell.

6. FORESTRY

	Group	
	2021 RM'000	**2020 RM'000**
At 1 January	**14,098**	6,385
Reclassification from plantation development expenditure	**-**	1,987
Additions	**13,079**	15,078
Additions charged to profit or loss	**(13,079)**	(15,078)
Change in fair value recognised to profit or loss	**7,489**	5,726
At 31 December	**21,587**	14,098

6.1 Fair value information

Fair value of forestry is categorised as follows:

	Level 3	
	2021 RM'000	**2020 RM'000**
Forestry	**21,587**	14,098

The fair value of forestry is determined by external, independent professional valuer on an annual basis except for RM1,987,000 which is determined based on an offer from a market participant at as it is basis.

6. FORESTRY (CONTINUED)

6.1 Fair value information (continued)

Highest and best use

The following table shows the valuation techniques used in the determination of fair values within Level 3, as well as the significant unobservable inputs used in the valuation models in current year and prior year.

Description of valuation technique and inputs used	Significant unobservable inputs in current year	Significant unobservable inputs in prior year	Inter-relationship between significant unobservable inputs and fair value measurement
Discounted cash flows: The valuation method considers the present value of net cash flows to be generated from forestry, taking into account expected timber volume, timber sales price, upkeep and maintenance cost and land rental. The expected net cash flows are discounted using risk-adjusted discount rates.	• Expected clear bole volume (142tonne/ha - 325tonne/ha) • Clear bole price (RM180/tonne) • Log extraction cost (RM86/tonne) • Pre-tax discount rate (10%) • Land rental rate (3%)	• Expected clear bole volume (140tonne/ha - 215tonne/ha) • Clear bole price (RM175/tonne) • Log extraction cost (RM81/tonne) • Pre-tax discount rate (10%) • Land rental rate (3%)	The estimated fair value would increase/(decrease) if: • Expected clear bole volume were higher/(lower); • Clear bole price higher/(lower); • Log extraction cost were lower/(higher); • Discount rates were lower/(higher); or • Land rental rates were lower/(higher).

Valuation processes applied by the Group for Level 3 fair value

The fair value of forestry is determined by an external, independent professional valuer, having appropriate recognised professional qualifications and recent experience in the location and category of forestry being valued. The independent professional valuer provides the fair value of the Group's forestry annually. Changes in Level 3 fair values are analysed by the management annually.

The values assigned to the key assumptions represent management's assessment of current trends in forestry in Malaysia and are based on both external and internal sources (historical data). The changes in the key assumptions as compared to prior year are as the result from the change in the market condition of the assets.

The above estimates are particularly sensitive in the following cases:

- A reduction of timber volume by 10% would have resulted in a decrease in the change of fair value by RM4,753,000.
- A reduction of timber price by 10% would have resulted in a decrease in the change of fair value by RM4,753,000.
- An increase of 2% in the discount rate would have resulted in a decrease of fair value gain by RM5,449,000.

6.2 The fair value less cost to sell of forestry amounting RM1,987,000 was estimated based on the Director's valuation, which was based on the offer letter received from a minority shareholder of the subsidiary to acquire forestry based on its current condition.

7. INVESTMENTS IN SUBSIDIARIES

	Note	Company 2021 RM'000	Company 2020 RM'000
Unquoted shares at cost			
At 1 January		**980,489**	810,489
Reversal of impairment loss on investment in subsidiary	7.1	**-**	31,685
At 31 December		**980,489**	842,174
Transfer from assets held for sale	15.3	**-**	177,000
Disposal of a subsidiary	34	**-**	(38,685)
Acquisition of subsidiaries	7.2	**#**	-
Increase in investment in subsidiaries	7.3	**500**	-
31 December		**980,989**	980,489

Represent RM2.

7.1 In prior year, the Company has disposed an investment in THP-YT Plantation Sdn. Bhd. See Note 34 for further details of the disposal of the subsidiary.

7.2 Acquisition of 2 ordinary shares of RM1 each representing 100% equity interest in THP Applications & Services Sdn. Bhd. (formerly known as Derujaya Sdn. Bhd.) from TH Ladang (Sabah & Sarawak) Sdn. Bhd. for total consideration of RM2. This transaction has no financial impact to the Group.

7.3 During the year, the Company has increase its investment in THP Applications & Services Sdn. Bhd. (formerly known as Derujaya Sdn. Bhd).

7.4 Details of the subsidiaries are as follows:

Name of subsidiary	Principal place of business/ Country of incorporation	Effective ownership interest and voting interest 2021 %	Effective ownership interest and voting interest 2020 %	Principal activities
Direct subsidiaries				
THP Ibok Sdn. Bhd.	Malaysia	**100**	100	Cultivation of oil palm and marketing of FFB.
THP Sabaco Sdn. Bhd.	Malaysia	**51**	51	Cultivation of oil palm, processing of FFB and marketing of CPO, PK and FFB.
THP Bukit Belian Sdn. Bhd.	Malaysia	**100**	100	Cultivation of oil palm and marketing of FFB.
THP Saribas Sdn. Bhd.	Malaysia	**80**	80	Cultivation of oil palm, processing of FFB and marketing of CPO, PK and FFB.
THP Kota Bahagia Sdn. Bhd.	Malaysia	**100**	100	Cultivation of oil palm, processing of FFB and marketing of CPO, PK and FFB.
THP Agro Management Sdn. Bhd.	Malaysia	**100**	100	Management services.

7. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

7.4 Details of the subsidiaries are as follows (continued):

Name of subsidiary	Principal place of business/ Country of incorporation	Effective ownership interest and voting interest 2021 %	2020 %	Principal activities
Direct subsidiaries (continued)				
Hydroflow Sdn. Bhd.	Malaysia	**70**	70	Cultivation of oil palm and marketing of FFB.
TH Ladang (Sabah & Sarawak) Sdn. Bhd.	Malaysia	**100**	100	Investment holding.
Bumi Suria Ventures Sdn. Bhd.	Malaysia	**100**	100	Cultivation of oil palm and marketing of FFB.
Maju Warisanmas Sdn. Bhd.	Malaysia	**100**	100	Letting of investment property.
THP Suria Mekar Sdn. Bhd.	Malaysia	**100**	100	Special purpose vehicle.
Manisraya Sdn. Bhd.	Malaysia	**100**	100	Tradeline services in dealing and trading of FFB.
PT Persada Kencana Prima #	Indonesia	**93**	93	Cultivation of oil palm and marketing of FFB.
THP Applications & Services Sdn. Bhd.(formerly known as Derujaya Sdn. Bhd.)	Malaysia	**100**	100	Dormant.
Direct subsidiaries held through TH Ladang (Sabah & Sarawak) Sdn. Bhd.				
Ladang Jati Keningau Sdn. Bhd.	Malaysia	**82.53**	82.53	Forestry.
TH-Bonggaya Sdn. Bhd.	Malaysia	**100**	100	Forestry.
TH-USIA Jatimas Sdn. Bhd.	Malaysia	**70**	70	Forestry.
Halus Riang Sdn. Bhd.	Malaysia	**100**	100	Dormant.
Kuni Riang Sdn. Bhd.	Malaysia	**100**	100	Dormant.
TH PELITA Meludam Sdn. Bhd.	Malaysia	**60**	60	Cultivation of oil palm and marketing of FFB.
Cempaka Teratai Sdn. Bhd.	Malaysia	**100**	100	Investment holding.
Kee Wee Plantation Sdn. Bhd.	Malaysia	**100**	100	Investment holding.
TH PELITA Gedong Sdn. Bhd.	Malaysia	**70**	70	Cultivation of oil palm, processing of FFB and marketing of CPO, PK and FFB.
TH PELITA Sadong Sdn. Bhd.	Malaysia	**70**	70	Cultivation of oil palm and marketing of FFB.
TH PELITA Simunjan Sdn. Bhd.	Malaysia	**60**	60	Cultivation of oil palm and marketing of FFB.
TH PELITA Beladin Sdn. Bhd.	Malaysia	**55**	55	Cultivation of oil palm and marketing of FFB.

\# *Not audited by KPMG Desa Megat PLT*

7. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Non-controlling interests in subsidiaries

The Group's subsidiaries that have a material non-controlling interests ("NCI") are as follows:

Subsidiary name	NCI percentage of ownership interest and voting interest (%)	Carrying amount of NCI RM'000	Profit/ (Loss) allocated to NCI RM'000
2021			
THP Sabaco Sdn. Bhd.	**49**	**219,460**	**17,598**
THP Saribas Sdn. Bhd.	**20**	**(23,595)**	**(839)**
Hydroflow Sdn. Bhd.	**30**	**19,748**	**392**
TH PELITA Gedong Sdn. Bhd.	**30**	**76,486**	**3,178**
TH PELITA Sadong Sdn. Bhd.	**30**	**56,915**	**5,464**
TH PELITA Meludam Sdn. Bhd.	**40**	**(10,408)**	**5,514**
Other individually immaterial subsidiaries	**-**	**(42,774)**	**96**
Total		**295,832**	**31,403**
2020			
THP Sabaco Sdn. Bhd.	49	131,931	8,327
THP Saribas Sdn. Bhd.	20	(8,728)	2,895
Hydroflow Sdn. Bhd.	30	5,201	(474)
TH PELITA Gedong Sdn. Bhd.	30	53,327	3,494
TH PELITA Sadong Sdn. Bhd.	30	37,420	3,242
TH PELITA Meludam Sdn. Bhd.	40	(3,207)	(2,656)
Other individually immaterial subsidiaries	-	53,869	(1,359)
Total		269,813	13,469

7. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Non-controlling interests in subsidiaries (continued)

	Summarised financial information before intra-group elimination												
	As at 31 December 2021					Year ended 31 December 2021							
Subsidiary name	Non-current assets RM'000	Current assets RM'000	Non-current liabilities RM'000	Current liabilities RM'000	Net assets/ (liabilities) RM'000	Revenue RM'000	Profit/ (loss) for the year RM'000	Total comprehensive income/ (loss) RM'000	Cash flows from operating activities RM'000	Cash flows from investing activities RM'000	Cash flows from financing activities RM'000	Net increase/ (decrease) in cash and cash equivalents RM'000	Dividends paid to NCI RM'000
THP Sabaco Sdn. Bhd.	350,138	137,396	(25,039)	(14,617)	447,878	125,886	35,915	35,915	22,306	(13,142)	(9,657)	(493)	4,731
THP Saribas Sdn. Bhd.	332,867	24,856	(427,828)	(47,870)	(117,975)	147,781	(4,197)	(4,197)	52,048	(3,527)	(53,465)	(4,944)	-
Hydroflow Sdn. Bhd.	98,195	2,124	(32,325)	(2,167)	65,827	15,464	1,306	1,306	288	(287)	-	1	-
TH PELITA Gedong Sdn. Bhd.	184,065	91,294	(14,731)	(5,674)	254,954	128,747	10,593	10,593	3,464	(2,538)	(912)	14	274
TH PELITA Sadong Sdn. Bhd.	102,209	96,101	(5,678)	(2,914)	189,718	36,493	18,213	18,213	2,371	(1,426)	(912)	33	274
TH PELITA Meludam Sdn. Bhd.	136,534	2,129	(162,399)	(2,283)	(26,019)	37,350	13,784	13,784	7,138	291	(7,491)	(62)	-

7. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Non-controlling interests in subsidiaries (continued)

	Summarised financial information before intra-group elimination												
	As at 31 December 2020					Year ended 31 December 2020							
Subsidiary name	Non-current assets RM'000	Current assets RM'000	Non-current liabilities RM'000	Current liabilities RM'000	Net assets/ (liabilities) RM'000	Revenue RM'000	Profit/ (loss) for the year RM'000	Total compre-hensive income/ (loss) RM'000	Cash flows from operating activities RM'000	Cash flows from investing activities RM'000	Cash flows from financing activities RM'000	Net increase/ (decrease) in cash and cash equivalents RM'000	Dividends paid to NCI RM'000
THP Sabaco Sdn. Bhd.	196,495	105,481	(23,349)	(9,380)	269,247	77,240	16,994	16,994	20,369	(7,485)	(13,023)	(139)	13,023
THP Saribas Sdn. Bhd.	432,398	22,029	(429,821)	(68,247)	(43,641)	112,954	14,475	14,475	33,108	1,239	(29,453)	4,894	-
Hydroflow Sdn. Bhd.	53,444	5,539	(39,997)	(1,648)	17,338	10,419	(1,579)	(1,579)	1,249	(1,233)	-	16	-
TH PELITA Gedong Sdn. Bhd.	114,287	87,164	(15,285)	(8,411)	177,755	114,695	11,645	11,645	1,537	(1,643)	-	(106)	-
TH PELITA Sadong Sdn. Bhd.	53,797	82,989	(6,434)	(5,619)	124,733	32,754	10,806	10,806	12	(57)	-	(45)	-
TH PELITA Meludam Sdn. Bhd.	167,281	3,911	(165,128)	(14,081)	(8,017)	21,205	(6,641)	(6,641)	8,222	220	(8,221)	221	-

7. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Significant restrictions

Other than those disclosed elsewhere in the financial statements, the carrying amounts of assets to which significant restrictions apply are as follows:

	Group	
	2021 RM'000	2020 RM'000
Cash and cash equivalents	**140**	5,084
Right-of-use assets	**7,323**	7,491
At 31 December	**7,463**	12,575

The above restrictions arise from the following:

Restriction imposed by bank covenants

The covenants of bank loan taken by THP Saribas Sdn. Bhd., a subsidiary of the Group, restrict the ability of the subsidiary to create or permit to subsist any security interest over any of its assets, business or undertaking except liens arising by operation of law and in the normal course of business which in the financiers reasonable opinion is not material. It also restricts the ability of the subsidiary to dispose or lease all or a substantial part of its assets or undertaking except in the ordinary course of their businesses and on ordinary commercial terms and on an arm's length basis. The covenants of bank loan taken by the subsidiary is as disclosed in Note 17.

8. OTHER INVESTMENTS

		Group		Company	
	Note	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Non-current					
Fair value through profit or loss	8.1	**1,825**	1,825	**1,825**	1,825
Current					
Amortised cost	8.2	**38,335**	2,701	**35,550**	-

8.1 This is in relation to an investments in unquoted shares in Malaysia.

8.2 Included in other investments of the Group and of the Company is deposits placed with licensed banks with a profit margin ranging from 1.60% to 2.10% (2020: 3.13% to 3.45%) which is maintained by the Group and the Company with a related corporation.

9. DEFERRED TAX (ASSETS)/LIABILITIES

Recognised deferred tax (assets)/liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
Group	**2021 RM'000**	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Property, plant and equipment	**(41,057)**	(40,914)	**178,275**	180,447	**137,218**	139,533
Fair value adjustment on initial recognition of financial liabilities	**-**	-	**9,665**	9,665	**9,665**	9,665
Unabsorbed capital allowances	**(35,614)**	(36,611)	**-**	-	**(35,614)**	(36,611)
Biological assets	**-**	-	**7,739**	9,954	**7,739**	9,954
Right-of-use assets	**-**	-	**13,772**	14,493	**13,772**	14,493
Lease liabilities	**(17,172)**	(18,331)	**-**	-	**(17,172)**	(18,331)
Others	**(2,026)**	(1,710)	**39,947**	36,384	**37,921**	34,674
Tax (assets)/liabilities	**(95,869)**	(97,566)	**249,398**	250,943	**153,529**	153,377
Set off tax	**55,823**	57,558	**(55,823)**	(57,558)	**-**	-
Net tax (assets)/ liabilities	**(40,046)**	(40,008)	**193,575**	193,385	**153,529**	153,377

	Assets		Liabilities		Net	
Company	**2021 RM'000**	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Property, plant and equipment	**-**	-	**13,068**	13,212	**13,068**	13,212
Biological assets	**-**	-	**1,341**	1,791	**1,341**	1,791
Right-of-use assets	**-**	-	**12,813**	13,050	**12,813**	13,050
Lease liabilities	**(14,825)**	(15,827)	**-**	-	**(14,825)**	(15,827)
Finance lease receivable	**-**	-	**11,198**	11,201	**11,198**	11,201
Others	**(111)**	-	**11,067**	10,709	**10,956**	10,709
Net tax (assets)/ liabilities	**(14,936)**	(15,827)	**49,487**	49,963	**34,551**	34,136

9. DEFERRED TAX (ASSETS)/LIABILITIES (CONTINUED)

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items (stated at gross):

	Group	
	2021 RM'000	2020 RM'000
Unutilised tax loss carry-forwards	**(619,747)**	(428,325)
At 31 December	**(619,747)**	(428,325)
Tax at 24% (2020: 24%)	**(148,739)**	(102,798)

In accordance with the provision of Finance Act 2021 requirement, the unutilised tax losses are available for utilisation in the next ten (10) years, for which, any excess at the end of the tenth (10th) year from the respective year of assessment. The unutilised tax losses which will expires in the year 2029 to year 2032, will be disregarded respectively. Tax losses can only be utilised once capital allowance has been fully exhausted for. Subsequent to this, deferred tax assets have not been recognised in respect for tax loss carry-forwards amounting to RM619,747,000 (2020 : RM428,325,000) as it is not probable that future taxable profit will be available against which the Group can utilise the benefits there from.

9. DEFERRED TAX (ASSETS)/LIABILITIES (CONTINUED)

Movement in temporary differences during the year

Group	At 1.1.2020 RM'000	Recognised in profit or loss (Note 25) RM'000	Transfer from assets held for sale (Note 15) RM'000	At 31.12.2020/ 1.1.2021 RM'000	Recognised in profit or loss (Note 25) RM'000	At 31.12.2021 RM'000
Unabsorbed capital allowances	(63,685)	372	26,702	**(36,611)**	**997**	**(35,614)**
Property, plant and equipment	197,787	(39,477)	(18,777)	**139,533**	**(2,315)**	**137,218**
Fair value adjustment on initial recognition of financial liabilities	177	9,488	-	**9,665**	**-**	**9,665**
Biological assets	8,027	2,643	(716)	**9,954**	**(2,215)**	**7,739**
Right-of-use assets	10,097	4,396	-	**14,493**	**(721)**	**13,772**
Lease liabilities	(11,481)	(6,850)	-	**(18,331)**	**1,159**	**(17,172)**
Others	17,885	16,789	-	**34,674**	**3,247**	**37,921**
	158,807	(12,639)	7,209	**153,377**	**152**	**153,529**

Company	At 1.1.2020 RM'000	Recognised in profit or loss (Note 25) RM'000	At 31.12.2020/ 1.1.2021 RM'000	Recognised in profit or loss (Note 25) RM'000	At 31.12.2021 RM'000
Property, plant and equipment	12,846	366	**13,212**	**(144)**	**13,068**
Fair value adjustment on initial recognition of financial liabilities	177	(177)	**-**	**-**	**-**
Unabsorbed capital allowances	(733)	733	**-**	**-**	**-**
Biological assets	1,547	244	**1,791**	**(450)**	**1,341**
Right-of-use assets	13,286	(236)	**13,050**	**(237)**	**12,813**
Lease liabilities	(14,632)	(1,195)	**(15,827)**	**1,002**	**(14,825)**
Finance lease receivable	11,204	(3)	**11,201**	**(3)**	**11,198**
Others	9,675	1,034	**10,709**	**247**	**10,956**
	33,370	766	**34,136**	**415**	**34,551**

10. FINANCE LEASE RECEIVABLE

Net investment in lease

Company	2021 RM'000	2020 RM'000
At 1 January	**46,672**	46,684
Finance income	**3,828**	3,828
Lease payments received	**(3,840)**	(3,840)
At 31 December	**46,660**	46,672

The future minimum lease payments under the finance lease together with the present value of the net minimum lease payments were as follows:

Company	2021 RM'000	2020 RM'000
Minimum lease payments		
Within one year	**3,840**	3,840
1 – 2 years	**7,680**	7,680
2 – 5 years	**19,200**	19,200
Over 5 years	**242,880**	246,720
Total undiscounted lease payments	**273,600**	277,440
Less: Unearned finance income	**(226,940)**	(230,768)
At 31 December	**46,660**	46,672

Company	2021 RM'000	2020 RM'000
Analysed as:		
Within one year	**14**	11
1 – 2 years	**32**	27
2 – 5 years	**104**	89
Over 5 years	**46,510**	46,545
Total finance lease receivable	**46,660**	46,672

Company	2021 RM'000	2020 RM'000
Comprising:		
Current	**14**	11
Non-current	**46,646**	46,661
Total finance lease receivable	**46,660**	46,672

For the financial year ended 31 December 2021, the Company recognised finance lease income of RM3,828,000 (2020: RM3,828,000) in the profit or loss.

11. INVENTORIES

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
At cost				
Finished goods	**4,522**	3,993	**1,350**	761
Stores	**15,591**	10,180	**627**	1,213
	20,113	14,173	**1,977**	1,974
Transfer from assets held for sale	**-**	71	**-**	-
	20,113	14,244	**1,977**	1,974
Recognised in profit or loss:				
Inventories recognised as cost of sales	**434,074**	330,820	**165,586**	94,910

12. BIOLOGICAL ASSET

Group	2021 RM'000	2020 RM'000
At 1 January	**41,664**	35,405
Change in fair value recognised in profit or loss	**(9,234)**	3,197
Effect of movement in exchange rate	**2**	-
	32,432	38,602
Transfer from assets held for sale	**-**	3,062
At 31 December	**32,432**	41,664

Company	2021 RM'000	2020 RM'000
At 1 January	**7,465**	6,447
Change in fair value recognised in profit or loss	**(1,877)**	1,018
At 31 December	**5,588**	7,465

12.1 Breakdown of changes in fair value of biological assets recognised in profit or loss for the year, are as follows:

		Group		Company	
	Note	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Biological asset		**(9,234)**	3,197	**(1,877)**	1,018
Biological asset classified as assets held for sale	15	**(4,824)**	1,023	**-**	-
		(14,058)	4,220	**(1,877)**	1,018

12. BIOLOGICAL ASSET (CONTINUED)

12.2 During the financial year, the Group and the Company has harvested approximately 701,251 tonnes (2020: 836,739 tonnes) and 82,679 tonnes (2020: 84,160 tonnes) of FFB respectively.

The Group and the Company has considered the oil content of all unripe FFB from the week after pollination to the week prior to harvest. As the biological transformation of the FFB before the oil content accrues exponentially in the one (1) month prior to harvest, FFB more than one (1) month before harvesting are excluded from the valuation as their fair values are considered negligible. The fair value of FFB is calculated based on income approach which considers the net present value of all directly attributable net cash flows including imputed contributory asset charges. Biological assets are classified as current assets for bearer plants that are expected to be harvested.

The significant unobservable inputs used in the valuation models include FFB price (RM969/mt – RM1,202/mt) (2020: RM279/mt – RM743/mt).

The fair value measurement of the Group's biological assets is categorised within Level 3 of the fair value hierarchy. If the selling price of the FFB increase or decrease by 10%, profit or loss of the Group would have increased or decreased by approximately RM4,689,000.

12.3 Change in estimate

During the financial year ended 31 December 2021, the Group and Company has revised the estimate in relation to the timing of biological transformation of the FFB to be in line with industry practise. In the prior year, the Group and Company has accrued for the oil content in the three (3) months prior to the harvesting. During the financial year ended 31 December 2021, the company has accrued for the oil content in one (1) month prior to the harvesting.

The effect of these changes on biological asset, recognised in income statement, in current financial year is a decrease of gross profit for the Group and the Company amounting to RM64,103,000 and RM7,903,000 respectively.

NOTES TO THE FINANCIAL STATEMENTS

13. TRADE AND OTHER RECEIVABLES

	Note	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Current					
Trade					
Trade receivables		**32,074**	18,300	**8,248**	6,774
Impairment loss on trade receivables		**(6)**	(6)	**-**	-
		32,068	18,294	**8,248**	6,774
Current					
Non-trade					
Amount due from subsidiaries	13.1	**-**	-	**300,816**	479,158
Amount due from related companies	13.2	**4,774**	4,774	**4,268**	4,268
Other receivables		**16,176**	18,074	**7,298**	8,749
		20,950	22,848	**312,382**	492,175
Impairment loss on amount due from subsidiaries		**-**	-	**(409,661)**	(409,632)
Reversal of impairment loss on amount due from subsidiaries		**-**	-	**190,625**	2,457
Impairment loss on amount due from related companies		**(4,774)**	(4,774)	**(4,268)**	(4,268)
Impairment loss on other receivables		**(11,198)**	(11,188)	**(6,482)**	(6,482)
		4,978	6,886	**82,596**	74,250
		37,046	25,180	**90,844**	81,024
Transfer from assets held for sale		**-**	906	**-**	-
		37,046	26,086	**90,844**	81,024

13.1 The amount due from subsidiaries are unsecured, subjected to profit margin of 4.50% to 6.65% (2020: 5.56% to 6.65%) and repayable on demand.

13.2 The amount due from related companies are unsecured, no profit margin applied and repayable on demand.

14. CASH AND CASH EQUIVALENTS

	Note	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Deposits placed with licensed banks	14.1	**256,383**	71,549	**254,625**	70,000
Cash and bank balances	14.2	**3,836**	12,918	**2,010**	4,277
		260,219	84,467	**256,635**	74,277
Transfer from assets held for sale		**-**	14	**-**	-
		260,219	84,481	**256,635**	74,277

14. CASH AND CASH EQUIVALENTS (CONTINUED)

14.1 Deposits which are placed with licensed banks for the Group and the Company have profit margins ranging between 1.60% to 2.10% (2020: 2.80% to 3.30%). Included in the deposits placed with licensed banks are RM254,625,000 (2020: RM70,000,000) which are maintained by the Group and the Company with a related corporation.

14.2 Included in the bank balances are RM2,881,000 (2020: RM4,026,000) and RM1,906,000 (2020: RM3,138,000) which are maintained by the Group and the Company respectively with a related corporation.

15. ASSETS CLASSIFIED AS HELD FOR SALE

As at 31 December 2021, investments in TH PELITA Meludam Sdn. Bhd. ("THPMEL"), TH PELITA Beladin Sdn. Bhd. ("THPBEL"), TH PELITA Simunjan Sdn. Bhd. ("THPSIM"), TH PELITA Gedong Sdn. Bhd. ("THPGED") and TH PELITA Sadong Sdn. Bhd. ("THPSAD") are classified as assets held for sale as one disposal group ("the disposal group held for sale"). The efforts to sell the disposal group have commenced, and the sale is now expected to be completed in financial year 2022 instead of 2021. The carrying amount of assets held for sale are stated at cost.

Assets classified as held for sale are as below:

		Group	
	Note	2021 RM'000	2020 RM'000
Assets classified as held for sale			
Property, plant and equipment		**522,858**	516,102
Right-of-use assets		**202,276**	198,386
Plantation development expenditure		**6,581**	12,816
Deferred tax assets		**17,917**	14,450
Biological assets		**9,132**	13,956
Inventories		**2,009**	3,706
Current tax assets		**502**	571
Trade and other receivables		**14,981**	6,660
Prepayments and other assets		**69**	39
Cash and cash equivalents		**727**	501
At 31 December	15.1	**777,052**	767,187
Liabilities classified as held for sale are as below:			
Liabilities classified as held for sale			
Deferred tax liabilities		**79,379**	80,676
Payables and accruals		**11,979**	17,629
Current tax payable		**1,428**	1,586
Lease liabilities		**34,792**	34,901
At 31 December	15.1	**127,578**	134,792

15. ASSETS CLASSIFIED AS HELD FOR SALE (CONTINUED)

15.1 Movement of assets and liabilities classified as held for sale during the year

	Note	At 1 January 2021 RM'000	Movement during the year RM'000	At 31 December 2021 RM'000
Assets classified as held for sale				
Property, plant and equipment	15.1.1	**516,102**	6,756	**522,858**
Right-of-use assets	15.1.2	**198,386**	3,890	**202,276**
Plantation development expenditure	15.1.3	**12,816**	(6,235)	**6,581**
Deferred tax assets	15.1.4	**14,450**	3,467	**17,917**
Biological assets		**13,956**	(4,824)	**9,132**
Inventories		**3,706**	(1,697)	**2,009**
Current tax assets		**571**	(69)	**502**
Trade and other receivables		**6,660**	8,321	**14,981**
Prepayments and other assets		**39**	30	**69**
Cash and cash equivalents		**501**	226	**727**
Total		**767,187**	9,865	**777,052**
Liabilities classified as held for sale				
Deferred tax liabilities	15.1.4	**80,676**	(1,297)	**79,379**
Payables and accruals		**17,629**	(5,650)	**11,979**
Current tax payable		**1,586**	(158)	**1,428**
Lease liabilities		**34,901**	(109)	**34,792**
Total		**134,792**	(7,214)	**127,578**

Included in the current year movement of assets and liabilities classified as held for sale is the remaining disposal group in relation to investments in THPMEL, THPBEL, THPSIM, THPGED and THPSAD which are classified as assets held for sale as one disposal group ("the disposal group held for sale").

During the financial year, the disposal group held for sale is carried at the lower of its carrying amount or fair value less cost to sell. The carrying amount of the disposal group held for sale is stated at cost. The carrying amounts of the cash-generating unit of the disposal group as at 31 December 2021 amounted to RM649,474,000. The fair value less cost to sell are estimated based on non-binding indicative offer received from a third party.

Based on non-binding indicative offer, the estimated recoverable amount of the cash-generating unit is based on its fair value less cost to sell. The disposal group held for sale is stated at cost as the fair value less cost to sell is higher than the carrying amount of the disposal group held for sale.

15. ASSETS CLASSIFIED AS HELD FOR SALE (CONTINUED)

15.1 Movement of assets and liabilities classified as held for sale during the year (continued)

15.1.1 Property, plant and equipment

The movement of property, plant and equipment comprise the following:

		Group	
	Note	2021 RM'000	2020 RM'000
At 1 January		**516,102**	633,927
Transfer out of assets held for sale	a	**-**	(78,857)
Transfer from plantation development expenditure	15.1.3	**6,683**	19,414
Additions during the year		**130**	1,551
Written off during the year		**(57)**	-
Disposal		**-**	(56)
Disposal of a subsidiary	34	**-**	(59,877)
At 31 December		**522,858**	516,102

Note a

Property, plant and equipment transfer out of assets held for sale comprise the following:

		Group	
	Note	2021 RM'000	2020 RM'000
Cost	3	**-**	112,833
Accumulated depreciation	3	**-**	(33,976)
		-	78,857

15.1.2 Right-of-use assets

The movement of right-of-use assets comprise the following:

		Group	
	Note	2021 RM'000	2020 RM'000
At 1 January		**198,386**	249,391
Transfer out of assets held for sale	4	**-**	(46,324)
Addition		**3,900**	-
Disposal	(i)	**(10)**	(5)
Disposal of a subsidiary	34	**-**	(4,676)
At 31 December		**202,276**	198,386

(i) During current financial year, Sarawak State Government has issued an Award Letter to a subsidiary of the Group with the intention to take possession a portion of land with a compensation of RM306,439.

15. ASSETS CLASSIFIED AS HELD FOR SALE (CONTINUED)

15.1 Movement of assets and liabilities classified as held for sale during the year (continued)

15.1.3 Plantation development expenditure

The movement of plantation development expenditure comprise the following:

	Note	Group 2021 RM'000	Group 2020 RM'000
At 1 January		**12,816**	67,510
Transfer out of assets held for sale		**-**	(43,152)
Impairment loss		**-**	(288)
Additions during the year	15.1.3.1	**444**	8,410
Additions of nurseries		**4**	-
Transfer to property, plant and equipment	15.1.1	**(6,683)**	(19,414)
Disposal of a subsidiary	34	**-**	(250)
At 31 December		**6,581**	12,816

15.1.3.1 Additions

Included in additions during the year are as follows:

	2021 RM'000	2020 RM'000
Personnel expenses:		
- Wages, salaries and others	**210**	777
- Contribution to EPF	**14**	32
Finance cost*	**263**	719

* The finance cost is capitalised at profit margin 4.57% (2020: 6.56%) per annum.

15. ASSETS CLASSIFIED AS HELD FOR SALE (CONTINUED)

15.1 Movement of assets and liabilities classified as held for sale during the year (continued)

15.1.4 Deferred tax (assets)/liabilities

Movement in temporary differences during the year

Group	At 1.1.2020 RM'000	Recognised in profit or loss (Note 25) RM'000	Transfer out of assets held for sale (Note 9) RM'000	Disposal of a subsidiary (Note 34) RM'000	At 31.12.2020/ 1.1.2021 RM'000	Recognised in profit or loss (Note 25) RM'000	At 31.12.2021 RM'000
Unabsorbed capital allowances	(103,131)	67,820	(26,702)	-	**(62,013)**	**3,052**	**(58,961)**
Property, plant and equipment	153,517	(48,321)	18,777	7,643	**131,616**	**(6,650)**	**124,966**
Biological assets	4,290	(8,199)	716	(121)	**(3,314)**	**5,506**	**2,192**
Right-of-use assets	9,225	(7,576)	-	-	**1,649**	**(34)**	**1,615**
Lease liabilities	(9,363)	7,651	-	-	**(1,712)**	**(6,638)**	**(8,350)**
	54,538	11,375	(7,209)	7,522	**66,226**	**(4,764)**	**61,462**

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items (stated at gross):

	Group	
	2021 RM'000	2020 RM'000
Unutilised tax loss carry-forwards	**(126,749)**	(118,924)
At 31 December	**(126,749)**	(118,924)
Tax at 24% (2020: 24%)	**(30,420)**	(28,542)

In accordance with the provision of Finance Act 2021 requirement, the unutilised tax losses are available for utilisation in the next ten (10) years, for which, any excess at the end of the tenth (10th) year from the respective year of assessment. The unutilised tax losses which will expires in the year 2029 to year 2032, will be disregarded respectively. Tax losses can only be utilised once capital allowance has been fully exhausted for. Subsequent to this, deferred tax assets have not been recognised in respect for tax loss carry-forwards amounting to RM126,749,000 (2020: RM118,924,000) because it is no longer probable that future taxable profit will be available against which the Group can utilise the benefits there from.

15. ASSETS CLASSIFIED AS HELD FOR SALE (CONTINUED)

15.2 Transfer out of assets and liabilities held for sale

Included in transfer out of assets and liabilities held for sale is investments in Bumi Suria Ventures Sdn. Bhd. ("BSV") and Maju Warisanmas Sdn. Bhd. ("MWM"). In prior year, the Board of Directors are of the opinion that the efforts to sell investments in BSV and MWM which were classified as assets held for sale are no longer probable, hence the Group has reclassified the assets and liabilities of the subsidiary to its relevant financial statement captions.

15.3 Movement of investments in subsidiaries classified as assets held for sale during the year

The movement of investments in subsidiaries classified as assets held for sale comprise the following:

	Note	Company 2021 RM'000	Company 2020 RM'000
At 1 January		**-**	177,000
Transfer out of assets held for sale	(a)	**-**	(177,000)
At 31 December		**-**	-

a) In 2020, the Board of Directors are of the opinion that the efforts to sell investment in subsidiaries which was classified as assets held for sale in prior year is no longer probable, hence the Company has reclassified the investment in subsidiaries to its relevant financial statement captions.

16. CAPITAL AND RESERVES

	Note	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Share capital	16.1	**862,752**	862,752	**862,752**	862,752
Other reserves	16.2	**(80,658)**	(80,658)	**(100,129)**	(100,129)
Foreign currency translation reserves		**(13,054)**	(11,662)	**-**	-
		769,040	770,432	**762,623**	762,623

16.1 Share capital

	Group and Company Number of shares 2021 '000	Amount 2021 RM'000	Number of shares 2020 '000	Amount 2020 RM'000
Issued and fully paid shares with no par value classified as equity instruments:				
Ordinary shares				
At 1 January/31 December	**883,851**	**862,752**	883,851	862,752

16. CAPITAL AND RESERVES (CONTINUED)

16.1 Share capital (continued)

Ordinary shares

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company.

16.2 Other reserves

Other reserves relate to fair value adjustment on initial recognition of financial instruments and adjustment to the premium of share issued for the acquisition of subsidiaries.

17. LOANS AND BORROWINGS

		Group	
	Note	2021 RM'000	2020 RM'000
Non-current			
Secured			
Commodity Murabahah Term Financing-i	17.1	**155,558**	189,144
Commodity Murabahah Term Financing-i	17.2	**44,908**	45,502
Unsecured			
SUKUK Murabahah Medium Term Notes	17.3	**680,000**	780,000
Term Financing	17.4	**44,665**	39,821
		925,131	1,054,467
Current			
Secured			
Commodity Murabahah Term Financing-i	17.1	**30,000**	30,000
Commodity Murabahah Term Financing-i	17.2	**2,088**	-
Unsecured			
SUKUK Murabahah Medium Term Notes	17.3	**400,000**	75,000
Islamic Trade Financing-i	17.5	**14,476**	-
		446,564	105,000
		1,371,695	1,159,467

17. LOANS AND BORROWINGS (CONTINUED)

17.1 Commodity Murabahah Term Financing-i

THP Saribas Sdn. Bhd.

Security

The Commodity Murabahah Term Financing-i Facility, which was obtained by a subsidiary of the Group, is secured over the leasehold land with a carrying amount of RM7,323,000 (2020: RM7,491,000) (see Note 4).

Significant covenants

The Commodity Murabahah Term Financing-i loan facility is subject to the fulfilment of the following significant covenants:

(a) not to grant any financing, loan, advance, provide security or guarantee any person except for normal trade credit or trade guarantee in the ordinary course of business;

(b) not to incur, assume or permit to exist any indebtedness, loans or financing under Islamic banking principles except those already disclosed in writing and consented to by the bank and unsecured indebtedness incurred in the ordinary course of business of the subsidiary;

(c) not to create or permit to subsist any security interest over any of its assets, business or undertaking (except liens arising by operation of law and in the normal course of business which in the financier opinion is not material);

(d) not to dispose or lease all or a substantial part of its assets or undertaking except in the ordinary course of its business, on ordinary commercial terms and on arm's length basis; and

(e) not to declare any dividends in excess of ten percent (10%) of its paid-up capital or any amount in excess of fifty percent (50%) of its annual net income after tax or such other threshold as may be prescribed by the Financier, provided always any such permissible declaration of dividends may only be made if all payment obligation of the subsidiary is current.

17.2 Commodity Murabahah Term Financing-i

PT Persada Kencana Prima

Significant covenants

The Commodity Murabahah Term Financing-i are subject to the fulfilment of the following significant covenants:

(a) The subsidiary shall maintain a Finance Service Cover Ratio ("FSCR") of at least 1.25 times throughout the tenure of the Facility;

(b) The Company shall remain as holding company of the subsidiary either direct or indirect with effective shareholdings of 51% or more;

(c) The Company shall remain as subsidiary of Lembaga Tabung Haji;

(d) The subsidiary shall not declare or pay/repay advances, dividends or payments owing to the shareholders (including any interests) or redeem any preference shares without the prior written consent from the lender.

17. LOANS AND BORROWINGS (CONTINUED)

17.3 SUKUK Murabahah Medium Term Notes

THP Suria Mekar Sdn. Bhd.

The SUKUK Murabahah Medium Term Notes, which was issued by THP Suria Mekar Sdn. Bhd. to Lembaga Tabung Haji is a programme of up to RM1.20 billion in nominal value.

Significant covenants

(a) not to incur or permit to exist any indebtedness for borrowed monies (which, for the purpose of this paragraph, includes any monies raised through any Islamic financing transaction such as issuance of sukuk), nor give any guarantees in respect of any indebtedness for borrowed monies to any person or entity whatsoever;

(b) not to create or permit to exist any Security Interest on any of its present and future assets, other than any lien arising in the ordinary course of business by operation of law and not by way of contract;

(c) not to sell, transfer or otherwise dispose any of its assets, save for:

- i) where the sale, transfer or disposal is solely for the purposes of facilitating Shariah-compliant financing;
- ii) sale, transfer or disposal as contemplated by the terms of the transaction documents; and
- iii) where such assets to be sold, transferred or disposed of, do not exceed in aggregate of five percent (5%) of the Issuer's net assets (as shown in the latest audited consolidated accounts of the Issuer);

(d) not to obtain or permit to exist any loans or advances from its shareholder(s), unless these loans and advances are subordinated to the SUKUK Murabahah;

(e) not to declare or pay any dividends or make any distribution, whether income or capital in nature, to the Company if:

- i) an Event of Default has occurred, is continuing and has not been remedied or waived; or
- ii) any payment under the arrangement pertaining to the SUKUK Murabahah is overdue and unpaid or if any of the payments under the arrangement pertaining to the SUKUK Murabahah which has become payable has not been paid as a consequence of default by the Issuer.

17. LOANS AND BORROWINGS (CONTINUED)

17.4 Term Financing

TH-Bonggaya Sdn. Bhd.

The loans and borrowings were recognised at fair value at the date of the initial drawdown. The following table shows the valuation techniques used in the determination of fair values within Level 3, as well as the significant unobservable inputs used in the valuation models.

Description of valuation technique and inputs used	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
The fair value of the grant is the difference between the fair value of the government loan and the cash received from the loan. The fair value of the loan is determined using discounted cash flows. The valuation method considers the present value of net cash flows to be payables to lender, taking into account current profit margin rate (base lending rate plus spread), and expected repayment period. The expected net cash flows are discounted using risk-adjusted discount rates.	• Profit margin rate (7.76%) • Repayment period (20 years)	The estimated fair value would increase/(decrease) if: • Expected profit margin rate were higher/(lower); • Expected repayment period were longer/(shorter).

The total drawdown of Forest Plantations Facility as at 31 December 2021 is RM79,297,000 (2020: RM79,297,000).

Security

The term loan facility is a conventional loan granted by Forest Plantation Development Sdn. Bhd., a government agency.

Significant covenants

The term loan facility is subject to the fulfilment of the following significant covenants:

The subsidiary will not do or cause to be done the following except with the express written consent by Forest Plantation Development Sdn. Bhd. ("FPDSB"):

(i) Assign, transfer, sell, charge or otherwise howsoever deal with the subsidiary rights, title and interest under the loan agreement or the Security Documents or any part thereof or any interest therein or make the same subject to any change encumbrance liability or lien whatsoever or rescind remove or amend any condition or restriction affecting this Agreement or the Security Documents without the written consent of FPDSB first had and obtained; and

(ii) Give sub-concession of the Plantable Area, lease out or grant any license or otherwise howsoever part with the possession or make or accept the surrender of any lease whatsoever of and in respect of this Agreement or the Security Documents or the Plantable Area or the implementation of the Project without the consent in writing of FPDSB first had and obtained, provided however that nothing in this clause prohibits the Borrower from appointing or engaging sub-contractors to carry out various works or activities in relation to the implementation of the Project.

17. LOANS AND BORROWINGS (CONTINUED)

17.5 Islamic Trade Financing-i

Manisraya Sdn. Bhd.

Significant covenants

The Islamic trade financing facility is subject to the fulfilment of the following significant covenants:

(a) not to grant any financings, loans or advances, or provide security or guarantee any person, except for normal trade credit or trade guarantee in the ordinary course of business;

(b) not to incur, assume or permit to exist any indebtedness or any loan or any financing under Islamic banking principles except those already disclosed in writing and consented to by the bank and unsecured indebtedness incurred in the ordinary course of business of the subsidiary.

17.6 Reconciliation of movement of liabilities to cash flows arising from financing activities

Group	At 1 January 2021 RM'000	Loan repayment RM'000	Proceeds from drawdown of loans and borrowings RM'000	Other changes RM'000	At 31 December 2021 RM'000
Commodity Murabahah Term Financing-i	219,144	(33,750)	-	164	185,558
SUKUK Murabahah Medium Term Notes	855,000	(75,000)	300,000	-	1,080,000
Term Financing	39,821	-	-	4,844	44,665
Islamic Trade Financing-i	-	(3,000)	17,476	-	14,476
Commodity Murabahah Term Financing-i	45,502	-	-	1,494	46,996
	1,159,467	(111,750)	317,476	6,502	1,371,695

17. LOANS AND BORROWINGS (CONTINUED)

17.6 Reconciliation of movement of liabilities to cash flows arising from financing activities (continued)

Group	At 1 January 2020 RM'000	Loan repayment RM'000	Proceeds from drawdown of loans and borrowings RM'000	Other changes RM'000	At 31 December 2020 RM'000
Commodity Murabahah Term Financing-i	229,982	(11,000)	-	162	219,144
SUKUK Murabahah Medium Term Notes	895,000	(40,000)	-	-	855,000
Term Financing	37,908	-	-	1,913	39,821
Islamic Trade Financing-i	10,271	(77,180)	66,909	-	-
Commodity Murabahah Term Financing-i	46,254	-	-	(752)	45,502
Commodity Murabahah Revolving-i	60,000	(60,000)	-	-	-
	1,279,415	(188,180)	66,909	1,323	1,159,467

18. EMPLOYEE BENEFITS

	Group	
	2021 RM'000	2020 RM'000
Defined benefit obligations	**455**	545

The Staff Retirement Benefits Scheme ("the Scheme") provides pension benefits for eligible employees upon retirement. A subsidiary of the Group participated in making contributions to the Scheme.

19. TRADE AND OTHER PAYABLES

	Note	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Non-current					
Non-trade					
Amounts due to related companies	19.1	**1,728**	1,606	**-**	-
Accrued expenses	19.2	**12,892**	10,483	**-**	-
		14,620	12,089	**-**	-
Current					
Trade					
Trade payables		**29,150**	33,259	**6,884**	10,863
Non-trade					
Amounts due to holding corporation	19.3	**11,948**	18,241	**11,932**	17,921
Amounts due to subsidiaries	19.4	**-**	-	**400,925**	329,313
Other payables		**82,550**	157,483	**39,867**	116,757
		94,498	175,724	**452,724**	463,991
Transfer from assets held for sale		**-**	4,927	**-**	-
		123,648	213,910	**459,608**	474,854
		138,268	225,999	**459,608**	474,854

19.1 The amounts due to related companies are unsecured, no profit margin applied and stated at amortised cost. The amounts are to be repaid over the next six (6) years (2020: seven (7) years).

The following table shows the valuation technique used in the determination of fair value during initial recognition, which is within Level 3, as well as the significant unobservable inputs used in the valuation models in prior year.

Type	Significant unobservable inputs	Description of valuation technique and inputs used
• Amounts due to related companies	• Profit margin rate (7.60%)	Discounted cash flows using a rate based on the current market rate of borrowing of the Group and the Company at the entities reporting date.

The difference between nominal and fair value has been taken up in other reserve as contribution from the holding company in prior year.

19.2 The accrued expenses are in relation to interest accrued for term financing of a subsidiary. The amount is to be repaid after seventeen (17) years (2020: eighteen (18) years (see Note 17.4)).

19.3 The amounts due to holding corporation is unsecured, no profit margin applied, and is repayable on demand.

19.4 The amounts due to subsidiaries are unsecured, subject to profit margin ranges from 5.62% to 5.90% (2020: 3.23% to 5.90%) and are repayable on demand.

19. TRADE AND OTHER PAYABLES (CONTINUED)

19.5 Reconciliation of movement of dividend payables

2021	Non-controlling interest RM'000	Owners of the Company RM'000	Total RM'000
Group			
At 1 January	-	-	-
Dividend declared during the year	5,279	-	5,279
Dividend paid	(5,279)	-	(5,279)
At 31 December	-	-	-
2020			
Group			
At 1 January	10,300	-	10,300
Dividend declared during the year	-	-	-
Dividend paid	(10,300)	-	(10,300)
At 31 December	-	-	-

19.6 Reconciliation of movement of liabilities to cash flows arising from financing activities

	At 1 January 2021 RM'000	Net changes from financing cash flows RM'000	At 31 December 2021 RM'000
Group			
Amounts due to holding corporation	18,241	(6,293)	11,948
Amounts due to related companies	1,606	122	1,728
	19,847	(6,171)	13,676
Company			
Amounts due to holding corporation	17,921	(5,989)	11,932
Amounts due to subsidiaries	329,313	71,612	400,925
	347,234	65,623	412,857

19. TRADE AND OTHER PAYABLES (CONTINUED)

19.6 Reconciliation of movement of liabilities to cash flows arising from financing activities (continued)

	At 1 January 2020 RM'000	Net changes from financing cash flows RM'000	At 31 December 2020 RM'000
Group			
Amounts due to holding corporation	12,092	6,149	18,241
Amounts due to related companies	8,719	(7,113)	1,606
	20,811	(964)	19,847
Company			
Amounts due to holding corporation	11,972	5,949	17,921
Amounts due to related companies	7,226	(7,226)	-
Amounts due to subsidiaries	272,980	56,333	329,313
	292,178	55,056	347,234

20. DERIVATIVE FINANCIAL LIABILITIES

Group	2021 RM'000	2020 RM'000
Current		
Derivatives at fair value through profit or loss		
- Forward exchange contracts	-	17,403

In prior year, the Group entered into forward exchange contract in order to hedge the foreign exchange risk in relation to the variability in cash flows on the floating rate of Indonesian Rupiah ("IDR") and U.S. Dollars ("USD") loans. The forward exchange contract is used to manage the foreign currency exposures arising from the Group's receivables and payables denominated in currencies other than the functional currencies of Group entities. The forward exchange contract has maturity of less than one year after the end of the reporting period. The forward exchange contract is measured at fair value through profit or loss.

21. REVENUE

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Revenue from contracts with customers	**760,549**	554,915	**213,204**	125,171
Other revenue:				
Dividend income	**255**	182	**39,573**	182
Total revenue	**760,804**	555,097	**252,777**	125,353

21. REVENUE (CONTINUED)

21.1 Disaggregation of revenue

	Oil palm plantations		Other segments		Total	
Group	**2021 RM'000**	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Primary geographical markets						
Malaysia	**760,485**	554,224	**-**	-	**760,485**	554,224
Indonesia	**64**	691	**-**	-	**64**	691
	760,549	554,915	**-**	-	**760,549**	554,915
Major products						
Crude Palm Oil ("CPO")	**579,495**	431,018	**-**	-	**579,495**	431,018
Palm Kernel ("PK")	**102,231**	60,308	**-**	-	**102,231**	60,308
Fresh Fruits Bunches ("FFB")	**78,823**	63,589	**-**	-	**78,823**	63,589
	760,549	554,915	**-**	-	**760,549**	554,915
Timing and recognition						
At a point in time	**760,549**	554,915	**255**	182	**760,804**	555,097
Revenue from contracts with customers	**760,549**	554,915	**-**	-	**760,549**	554,915
Other revenue	**-**	-	**255**	182	**255**	182
Total revenue	**760,549**	554,915	**255**	182	**760,804**	555,097

	Oil palm plantations		Other segments		Total	
Company	**2021 RM'000**	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Major products						
Crude Palm Oil ("CPO")	**166,697**	94,908	**-**	-	**166,697**	94,908
Palm Kernel ("PK")	**29,354**	13,303	**-**	-	**29,354**	13,303
Fresh Fruits Bunches ("FFB")	**17,153**	16,960	**-**	-	**17,153**	16,960
	213,204	125,171	**-**	-	**213,204**	125,171
Timing and recognition						
At a point in time	**213,204**	125,171	**39,573**	182	**252,777**	125,353
Revenue from contracts with customers	**213,204**	125,171	**-**	-	**213,204**	125,171
Other revenue	**-**	-	**39,573**	182	**39,573**	182
Total revenue	**213,204**	125,171	**39,573**	182	**252,777**	125,353

21. REVENUE (CONTINUED)

21.2 Nature of goods and services

The following information reflects the typical transactions of the Group and the Company:

Nature of goods or services	Timing of recognition or method used to recognise revenue	Significant payment terms	Variable element in consideration
CPO	Revenue is recognised at a point in time when the goods are delivered and accepted by the customers at their premises.	Credit period of 30 days from invoice date.	There would be penalty charges where the quality of CPO is below certain threshold.
PK	Revenue is recognised at a point in time when the goods are delivered and accepted by the customers at their premises.	Credit period of 30 days from invoice date.	There would be penalty charges where the quality of PK is below certain threshold.
FFB	Revenue is recognised at a point in time when the goods are delivered and accepted by the customers at their premises.	Credit period of 30 days from invoice date.	Penalty in relation to ripeness standard of the crop.

The Group applies the practical expedient of exemption on the disclosure of information on remaining performance obligations that have original expected durations of one year or less.

22. COST OF SALES

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Oil palm plantations	**497,994**	382,480	**171,142**	99,734
Forestry	**3,413**	5,370	**-**	-
	501,407	387,850	**171,142**	99,734

23. FINANCE INCOME

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Profit margin income on financial assets that are not at fair value through profit or loss:				
- intercompany receivables	**-**	-	**6,765**	8,203
- loans and receivables	**3,120**	939	**3,081**	902
Finance income on finance lease receivable	**-**	-	**3,828**	3,828
Recognised in profit or loss	**3,120**	939	**13,674**	12,933

24. FINANCE COST

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Finance cost on financial liabilities that are not at fair value through profit or loss:				
- loans and borrowings	**75,150**	70,775	**14,128**	14,307
- interest expenses on lease liabilities	**9,242**	9,518	**4,903**	4,979
- profit margin expense on subsidiaries	**-**	-	**5,865**	6,302
- profit margin expense on related companies	**-**	34	**-**	34
	84,392	80,327	**24,896**	25,622
Recognised in profit or loss	**80,672**	70,889	**24,380**	25,256
Capitalised in plantation development expenditure* (Note a)	**3,720**	9,438	**516**	366
	84,392	80,327	**24,896**	25,622

a. Included in capitalised in plantation development expenditure are as follows:

		Group		Company	
	Note	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Finance cost capitalised in plantation development expenditure	5.1	**3,457**	8,719	**516**	366
Finance cost capitalised in plantation development expenditure in relation to assets held for sale		**263**	719	**-**	-
		3,720	9,438	**516**	366

* The finance cost is capitalised at profit margin 4.57% (2020: 6.56%) per annum.

25. TAX EXPENSE

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Current tax expense				
Malaysia - current year	**42,537**	28,401	**7,706**	3,944
- prior years	**(1,625)**	(135)	**(981)**	738
Total current tax recognised in profit or loss	**40,912**	28,266	**6,725**	4,682
Deferred tax expense				
Origination and reversal of temporary differences	**(9,684)**	2,496	**(484)**	(207)
Under/(Over) provision in prior year	**1,235**	(4,884)	**899**	973
Derecognition of deferred tax assets	**3,837**	1,124	**-**	-
Total deferred tax recognised in profit or loss (Note a)	**(4,612)**	(1,264)	**415**	766
Total income tax expense	**36,300**	27,002	**7,140**	5,448
Reconciliation of tax expense				
Profit/(loss) for the year	**101,569**	27,460	**236,860**	(16,340)
Total income tax expense	**36,300**	27,002	**7,140**	5,448
Profit/(loss) excluding tax	**137,869**	54,462	**244,000**	(10,892)
Tax calculated using Malaysian tax rate of 24% (2020: 24%)	**33,088**	13,071	**58,560**	(2,615)
Non-assessable income	**(69,788)**	(2,674)	**(55,194)**	(10,400)
Non-deductible expenses	**69,553**	20,500	**3,856**	16,752
Derecognition of deferred tax asset	**3,837**	1,124	**-**	-
(Over)/Under provided in prior years:				
- current tax	**(1,625)**	(135)	**(981)**	738
- deferred tax	**1,235**	(4,884)	**899**	973
Total income tax expense	**36,300**	27,002	**7,140**	5,448

a. Included in total deferred tax recognised in profit or loss are as follows;

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Deferred tax recognised in profit or loss	**152**	(12,639)	**415**	766
Deferred tax in relation to assets held for sale recognised in profit or loss	**(4,764)**	11,375	**-**	-
	(4,612)	(1,264)	**415**	766

NOTES TO THE FINANCIAL STATEMENTS

26. PROFIT/(LOSS) FOR THE YEAR

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Profit/(Loss) for the year is arrived at after charging:				
Auditors' remuneration				
Audit fees:				
- KPMG Malaysia	**730**	955	**150**	190
- Over provision audit fee	**(20)**	-	**-**	-
- Other auditors	**-**	16	**-**	-
Non-audit fees:				
- KPMG Malaysia	**173**	341	**20**	51
Material expenses/(income)				
Personnel expenses (including key management personnel):				
- Wages, salaries and others	**110,330**	123,767	**10,528**	11,152
- Contribution to Employees Provident Fund	**9,365**	8,779	**766**	728
Depreciation of property, plant and equipment	**65,875**	53,827	**5,524**	4,764
Impairment loss on property, plant and equipment	**-**	2,986	**-**	-
Reversal of impairment loss on property, plant and equipment	**(949)**	(15,982)	**-**	-
Property, plant and equipment written off	**666**	557	**-**	2
Property, plant and equipment in relation to assets held for sale written off	**57**	-	**-**	-
Gain on disposal of property, plant and equipment	**(6)**	(986)	**(6)**	-
Gain on disposal of property, plant and equipment in relation to assets held for sale	**-**	(147)	**-**	-
Depreciation of right-of-use assets	**12,685**	13,019	**1,019**	1,047
Gain on disposal of right-of-use assets	**-**	(41)	**-**	-
Gain on disposal of right-of-use assets in relation to assets held for sale	**(296)**	(13)	**-**	-
Impairment loss on plantation development expenditure	**-**	5,129	**-**	-
Change in fair value of forestry	**(7,489)**	(5,726)	**-**	-
Finance income on finance lease receivable	**-**	-	**(3,828)**	(3,828)
Change in fair value of biological asset	**14,058**	(4,220)	**1,877**	(1,018)
Expenses related to retirement benefit plan	**-**	60	**-**	-
Impairment loss on assets held for sale	**-**	288	**-**	-
Dividend income	**(255)**	(182)	**(39,573)**	(182)
Profit margin income from short-term investments and other receivables	**(3,120)**	(939)	**(9,846)**	(9,105)
Unrealised foreign exchange (gain)/ loss	**(1,642)**	20,714	**-**	-

26. PROFIT/(LOSS) FOR THE YEAR (CONTINUED)

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Material expenses/(income) (continued)				
Loss/(Gain) on disposal of a subsidiary	**-**	8,135	**-**	(1,129)
Finance costs	**71,430**	61,371	**19,477**	20,277
Finance costs on lease liabilities	**9,242**	9,518	**4,903**	4,979
Rental income from property	**-**	-	**(4)**	(9)
Impairment /(reversal) of financial instruments				
Impairment loss on amount due from subsidiaries	**-**	-	**29**	20,973
Reversal of impairment loss on amount due from subsidiaries	**-**	-	**(188,168)**	(2,457)
Impairment loss on other receivables	**10**	26	**-**	-
Reversal of impairment loss on amount due from related companies	**-**	(16)	**-**	-
Amount due from related companies written off	**-**	16	**-**	-
Reversal of impairment loss on investments in subsidiaries	**-**	-	**-**	(31,685)
Investments in subsidiaries written off	**-**	-	**-**	31,685

27. OTHER COMPREHENSIVE INCOME

Group	Before tax RM'000	Tax credit RM'000	Net of tax RM'000
2021			
Item that is or may be reclassified subsequently to profit or loss			
Foreign currency translation differences for foreign operations	**(1,497)**	**-**	**(1,497)**
2020			
Item that will not be reclassified subsequently to profit or loss			
Remeasurement on defined benefit liability	298	-	298
Item that is or may be reclassified subsequently to profit or loss			
Foreign currency translation differences for foreign operations	1,703	-	1,703

28. EARNINGS PER ORDINARY SHARE

The calculation of basic and diluted earnings per share for the year ended 31 December 2021 was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding calculated as follows:

	Group	
	2021 RM'000	2020 RM'000
Profit for the year attributable to shareholders	**70,166**	13,991

Weighted average number of ordinary shares

	Group	
	2021 RM'000	2020 RM'000
Weighted average number of ordinary shares at 31 December	**883,851**	883,851

Weighted average number of ordinary shares (diluted)

	Group	
	2021 RM'000	2020 RM'000
Weighted average number of ordinary shares at 31 December	**883,851**	883,851

	Group	
	2021 RM'000	2020 RM'000
Basic/Diluted earnings per ordinary share	**7.94**	1.58

29. OPERATING SEGMENTS

The Group has two reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different strategies. For each of the strategic business units, the Chief Executive Officer, who is the Chief Operating Decision Maker ("CODM"), reviews internal management reports on at least a quarterly basis. The following summary describes the operations in each of the Group's reportable segments:

- *Oil palm plantations* Includes cultivation of oil palm, processing of FFB, marketing of CPO, PK and FFB.
- *Forestry* Harvesting of rubberwood.

These operating segments are disaggregated due to different nature and different economic characteristic of the products.

The cultivation of oil palm, processing of FFB, marketing of CPO, PK and FFB are aggregated to form a reportable segment as oil palm plantations due to similar nature and economic characteristics of the products. The nature and methods of distribution of the products for these divisions are similar. The type of customers are similar, which is industrial customers.

There are varying levels of integration between reportable segments, the oil palm plantations and forestry reportable segments. This integration includes sharing of human resources function. The accounting policies of the reportable segments are the same as described in Note 2(t).

29. OPERATING SEGMENTS (CONTINUED)

Performance is measured based on segment profit before tax, interest, and depreciation, as included in the internal management reports that are reviewed by the CODM. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Segment assets

The total of segment asset is measured based on all assets of a segment, as included in the internal management reports that are reviewed by the CODM. Segment total asset is used to measure the return of assets of each segment.

Segment liabilities

Segment liabilities information is neither included in the internal management reports nor provided regularly to the CODM. Hence, no disclosure is made on segment liability.

Segment capital expenditure

Segment capital expenditure is the total cost incurred during the financial year to acquire property, plant and equipment.

	Oil palm plantations		Forestry		Total	
Group	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Segment profit/(loss)	**326,732**	242,644	**4,596**	1,038	**331,328**	243,682
Included in the measure of segment profit/(loss) are:						
Revenue from external customers	**760,549**	554,915	**-**	-	**760,549**	554,915
Fair value change on biological asset	**(14,058)**	4,220	**-**	-	**(14,058)**	4,220
Fair value change on forestry	**-**	-	**7,489**	5,726	**7,489**	5,726
Not included in the measure of segment profit but provided to Group's Chief Executive Officer						
Depreciation	**(78,928)**	(65,810)	**(520)**	(480)	**(79,448)**	(66,290)
Finance costs	**(138,296)**	(130,447)	**(15,171)**	(11,617)	**(153,467)**	(142,064)
Profit margin income from short-term investments and receivables	**49,733**	69,863	**37**	32	**49,770**	69,895
Segment assets	**4,110,568**	4,264,385	**40,522**	28,440	**4,151,090**	4,292,825
Additions to non-current assets other than financial instrument and deferred tax assets	**41,733**	42,824	**13,079**	14,878	**54,812**	57,702

29. OPERATING SEGMENTS (CONTINUED)

Reconciliations of reportable segment revenues, profit or loss, assets and other material items

Group	2021 RM'000	2020 RM'000
Profit or loss		
Total profit or loss for reportable segments	**331,328**	243,682
Other non-reportable segments	**255**	182
Depreciation and amortisation	**(79,448)**	(66,290)
Finance cost	**(80,672)**	(70,889)
Finance income	**3,120**	939
Unallocated (expenses)/income:		
Impairment loss	**(10)**	(8,603)
Reversal of impairment loss	**949**	-
Corporate expenses	**(30,527)**	(29,684)
Gain/(loss) on unrealised foreign exchange	**1,642**	(20,714)
Others	**(8,768)**	5,839
Consolidated profit/(loss) before tax	**137,869**	54,462

29. OPERATING SEGMENTS (CONTINUED)

Reconciliations of reportable segment revenues, profit or loss, assets and other material items (continued)

	Fair value gain/(loss) on biological asset RM'000	Fair value gain on forestry RM'000	External revenue RM'000	Depreciation RM'000	Finance costs RM'000	Profit margin income RM'000	Segment assets RM'000	Additions to non-current assets RM'000
2021								
Total reportable segments	(14,058)	7,489	760,549	(79,448)	(153,467)	49,770	4,151,090	54,812
Other non-reportable segments	-	-	255	-	-	-	-	-
Elimination of inter-segment transaction or balances	-	-	-	-	72,795	(46,650)	(1,289,184)	-
Consolidated total	(14,058)	7,489	760,804	(79,448)	(80,672)	3,120	2,861,906	54,812
2020								
Total reportable segments	4,220	5,726	554,915	(66,290)	(142,064)	69,895	4,292,825	57,702
Other non-reportable segments	-	-	182	-	-	-	-	-
Elimination of inter-segment transaction or balances	-	-	-	-	71,175	(68,956)	(1,627,608)	-
Consolidated total	4,220	5,726	555,097	(66,290)	(70,889)	939	2,665,217	57,702

29. OPERATING SEGMENTS (CONTINUED)

Geographical segments

In presenting information on the basis of geographical segments, segment revenue is based on geographical location of customers. Segment assets are based on the geographical location of the assets. The amounts of non-current assets do not include financial instruments and deferred tax assets.

	Revenue		Non-current assets	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Malaysia	**760,485**	554,224	**1,567,322**	1,595,902
Indonesia	**64**	691	**81,952**	82,530
	760,549	554,915	**1,649,274**	1,678,432

Major customers

The following are major customers with revenue equal or more than 10 percent of Group revenue:

	2021 RM'000	2020 RM'000	Segment
Customer A	**131,748**	60,266	Oil palm plantations
Customer B	**47,236**	37,118	Oil palm plantations
Customer C	**188,912**	205,296	Oil palm plantations

30. FINANCIAL INSTRUMENTS

30.1 Categories of financial instruments

The table below provides an analysis of financial instruments as at 31 December 2021 categorised as follows:

(a) Fair value through profit or loss ("FVTPL"); and
(b) Amortised cost ("AC").

30. FINANCIAL INSTRUMENTS (CONTINUED)

30.1 Categories of financial instruments (continued)

2021	Carrying amount RM'000	AC RM'000	FVTPL RM'000
Group			
Financial assets			
Other investments	40,160	38,335	1,825
Trade and other receivables	37,046	37,046	-
Cash and cash equivalents	260,219	260,219	-
	337,425	335,600	1,825
Financial liabilities			
Loans and borrowings	(1,371,695)	(1,371,695)	-
Trade and other payables	(138,268)	(138,268)	-
	(1,509,963)	(1,509,963)	-
Company			
Financial assets			
Other investments	37,375	35,550	1,825
Trade and other receivables	90,844	90,844	-
Cash and cash equivalents	256,635	256,635	-
	384,854	383,029	1,825
Financial liabilities			
Trade and other payables	(459,608)	(459,608)	-
	(459,608)	(459,608)	-

30. FINANCIAL INSTRUMENTS (CONTINUED)

30.1 Categories of financial instruments (continued)

2020	Carrying amount RM'000	AC RM'000	FVTPL RM'000
Group			
Financial assets			
Other investments	4,526	2,701	1,825
Trade and other receivables*	26,061	26,061	-
Cash and cash equivalents	84,481	84,481	-
	115,068	113,243	1,825
Financial liabilities			
Loans and borrowings	(1,159,467)	(1,159,467)	-
Trade and other payables	(225,999)	(225,999)	-
Derivatives liabilities	(17,403)	-	(17,403)
	(1,402,869)	(1,385,466)	(17,403)
Company			
Financial assets			
Other investments	1,825	-	1,825
Trade and other receivables	81,024	81,024	-
Cash and cash equivalents	74,277	74,277	-
	157,126	155,301	1,825
Financial liabilities			
Trade and other payables	(474,854)	(474,854)	-
	(474,854)	(474,854)	-

* exclude non-financial instruments

30.2 Net gains and losses arising from financial instruments

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Net gains/(losses) on:				
Financial assets at amortised cost	**3,110**	913	**197,985**	(5,583)
Financial liabilities at amortised cost	**(73,508)**	(74,120)	**(19,993)**	(20,643)
Fair value through profit or loss				
- Unrealised foreign exchange loss	**-**	(17,403)	**-**	-
	(70,398)	(90,610)	**177,992**	(26,226)

Included in losses on financial liabilities of the Group and the Company measured at amortised cost are RM3,720,000 (2020: RM9,438,000) and RM516,000 (2020: RM366,000) respectively which are capitalised in plantation development expenditure (see Note 24).

30. FINANCIAL INSTRUMENTS (CONTINUED)

30.3 Financial risk management

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk
- Hedging activities

30.4 Credit risk

Credit risk is the risk of a financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from their receivables from customers and cash and cash equivalents. The Company's exposure to credit risk arises principally from loans and advances to inter-companies and receivables from customers. There are no significant changes as compared to prior periods.

Trade receivable

Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on customers requiring credit over a certain amount. The Group and the Company do not require collateral in respect of financial assets.

At each reporting date, the Group or the Company assesses whether any of the trade receivables are credit impaired.

The gross carrying amounts of credit impaired trade receivables are written off (either partially or full) when there is no realistic prospect of recovery. This is generally the case when the Group or the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Nevertheless, trade receivables that are written off could still be subject to enforcement activities.

There are no significant changes as compared to previous year.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk arising from trade receivables are represented by the carrying amounts in the statement of financial position.

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are stated at their realisable values. A significant portion of these receivables are regular customers that have been transacting with the Group and the Company. The Group and the Company use ageing analysis to monitor the credit quality of the receivables. Any receivables having significant balances past due more than sixty (60) days, which are deemed to have higher credit risk, are monitored individually.

30. FINANCIAL INSTRUMENTS (CONTINUED)

30.4 Credit risk (continued)

Trade receivable (continued)

Recognition and measurement of impairment losses

In managing credit risk of trade receivables, the Group manages its debtors and takes appropriate actions (including but not limited to legal actions) to recover long overdue balances. Generally, trade receivables will pay within 30 days.

The Company uses an allowance matrix to measure ECLs of trade receivables.

Loss rates are based on actual credit loss experience over the past three years. The Group also considers differences between (a) economic conditions during the period over which the historic data has been collected, (b) current conditions and (c) the Group's view of economic conditions over the expected lives of the receivables. Nevertheless, the Group believes that these factors are immaterial for the purpose of impairment calculation for the year.

The following table provides information about the exposure to credit risk and ECLs for trade receivables as at 31 December 2021 which are grouped together as they are expected to have similar risk nature.

	Gross RM'000	Loss allowances RM'000	Net RM'000
2021			
Group			
Not past due	**32,068**	**-**	**32,068**
Credit impaired			
Individually impaired	**6**	**(6)**	**-**
	32,074	**(6)**	**32,068**
Company			
Not past due	**8,248**	**-**	**8,248**
2020			
Group			
Not past due	18,294	-	18,294
Credit impaired			
Individually impaired	6	(6)	-
	18,300	(6)	18,294
Company			
Not past due	6,774	-	6,774

30. FINANCIAL INSTRUMENTS (CONTINUED)

30.4 Credit risk (continued)

Trade receivable (continued)

Recognition and measurement of impairment losses (continued)

The movements in the allowance for impairment in respect of trade receivables during the financial year are shown below:

Group	Credit impaired RM'000
At 1 January 2020/1 January 2021	**6**
Net remeasurement of loss allowance	**-**
At 31 December 2021	**6**

The allowance account in respect of trade receivables is used to record impairment losses. Unless the Group is satisfied that recovery of the amount is probable, the amount considered irrecoverable is written off against the receivable.

No further impairment in respect of trade receivables of the Company is necessary.

Cash and cash equivalents

The cash and cash equivalents are held with banks and financial institutions. As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

These banks and financial institutions have low credit risks. In addition, some of the bank balances are insured by government agencies. Consequently, the Group and the Company are of the view that the loss allowance is not material and hence, it is not provided for.

Other receivables

Credit risks on other receivables are mainly arising from advances to employees.

Advances to employees have a low credit risks due to the monthly deduction to their wages. Consequently, the Company is of the view that the loss allowance is not material and hence, it is not provided for.

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
At 1 January	**11,188**	11,162	**6,482**	6,482
Net remeasurement of loss allowance	**10**	26	**-**	-
At 31 December	**11,198**	11,188	**6,482**	6,482

30. FINANCIAL INSTRUMENTS (CONTINUED)

30.4 Credit risk (continued)

Financial guarantees

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured financial guarantees to banks in respect of banking facility granted to a subsidiary. The Company monitors the ability of the subsidiary to service their loans on a regular basis.

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit amounted to RM46,996,000 (2020: RM45,502,000) representing the outstanding banking facilities of the subsidiary as at the end of the reporting period.

Recognition and measurement of impairment loss

The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. The Company considers a financial guarantee to be credit impaired when:

a) the subsidiary is unlikely to repay its credit obligation to the bank in full; or
b) the subsidiary is continuously loss making and has a deficit shareholders' fund.

The Company determines the probability of default of the guaranteed loans individually using internal information available.

There is no history of default on their loan by subsidiary and there is no indication that the subsidiary may default on their loan.

Investments and other financial assets

Risk management objectives, policies and processes for managing the risk

Short term investments are allowed only in liquid securities and only with counterparties that have a credit rating equal to or better than the Group.

Exposure to credit risk, credit quality and collateral

At the end of the reporting period, the Group and the Company have only placed excess cash in shariah compliant short-term deposit with licensed financial institution. The maximum exposure to credit risk is represented by the carrying amount in the statement of financial position.

In view of the sound credit rating of counterparties, management does not expect any counterparty to fail to meet its obligation.

Inter-company and related company loans and advances

Risk management objectives, policies and processes for managing the risk

The Group and the Company provide loans and advances to related companies and subsidiaries. The Group and the Company monitor the results of the related companies and subsidiaries regularly, as well as their ability to repay the loans and advances on an individual basis.

The Company also manage credit on net investment in a lease together with its leasing arrangement with its subsidiary.

30. FINANCIAL INSTRUMENTS (CONTINUED)

30.4 Credit risk (continued)

Inter-company and related company loans and advances (continued)

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position.

Inter-companies and related company loans and advances provided are not secured by any collateral or supported by any other credit enhancements.

Recognition and measurement of impairment loss

It is assumed that there is a significant increase in credit risk when a related company and subsidiary's financial position deteriorates significantly. As the Group and the Company are able to determine the timing of payments of the related company and subsidiary's loans and advances when they are payable, loans and advances are considered to be in default when the related companies and subsidiaries are not able to pay when demanded. A related company and subsidiary's loans and advances are considered to be credit impaired when:

a) the related company and subsidiary are unlikely to repay their loans or advances to the Company in full;
b) the related company and subsidiary's loans and advances are overdue for more than 365 days; or
c) the related company and subsidiary are continuously loss making and has a deficit in shareholders' fund.

The Group and the Company determine the probability of default for these loans and advances individually using internal information available.

The movements in the allowance for impairment in respect of related companies' balances and advances during the year are as follows:

	Group RM'000	Company RM'000
Lifetime ECL		
At 1 January 2020	4,774	392,927
Net remeasurement of loss allowance	-	18,516
At 31 December 2020/1 January 2021	**4,774**	**411,443**
Net remeasurement of loss allowance	**-**	**(188,139)**
At 31 December 2021	**4,774**	**223,304**

The significant increase in net measurement of loss allowance is primarily due to change in market condition which the subsidiaries operates in.

At the end of the reporting period, there is no impairment on net investment in a lease during the year.

30.5 Liquidity risk

Liquidity risk is the risk that the Group and the Company will not be able to meet its financial obligations as they fall due. The Group's and the Company's exposure to liquidity risk arises principally from its various payables, loans and borrowings.

The Group and the Company maintain a level of cash and cash equivalents and financing facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

30. FINANCIAL INSTRUMENTS (CONTINUED)

30.5 Liquidity risk (continued)

Maturity analysis

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

Group	Carrying amount RM'000	Contractual profit margin rate %	Contractual cash flows RM'000	Under 1 year RM'000	1 – 2 years RM'000	2 – 5 years RM'000	More than 5 years RM'000
2021							
Non-derivative financial liabilities							
SUKUK Murabahah Medium Term Notes	1,080,000	4.50 - 6.65	1,256,703	449,894	142,688	453,080	211,041
Term Financing	44,665	3.00	123,501	-	-	-	123,501
Commodity Murabahah Term Financing-i	185,558	3.91 - 4.34	208,306	37,329	78,714	92,263	-
Commodity Murabahah Term Financing-i	46,996	3.29 - 5.71	53,007	3,827	9,878	33,917	5,385
Islamic Trade Financing-i	14,476	2.16	14,498	14,498	-	-	-
Amount due to holding corporation	11,948	-	11,948	11,948	-	-	-
Amount due to a related company	1,728	7.60	2,683	-	-	-	2,683
Trade and other payables	124,592	-	124,592	124,592	-	-	-
Lease liabilities	79,973	6.00 - 8.20	545,388	5,100	10,843	15,095	514,350
	1,589,936		2,340,626	647,188	242,123	594,355	856,960
2020							
Non-derivative financial liabilities							
SUKUK Murabahah Medium Term Notes	855,000	5.56 - 6.65	1,073,717	75,640	106,660	406,463	484,954
Term Financing	39,821	3.00	126,875	-	-	-	126,875
Commodity Murabahah Term Financing-i	219,144	5.80 - 6.12	265,235	42,436	40,649	126,159	55,991
Commodity Murabahah Term Financing-i	45,502	4.91 - 5.71	57,525	2,788	4,786	29,901	20,050
Amount due to holding corporation	18,241	-	18,241	18,241	-	-	-
Amount due to a related company	1,606	7.60	2,683	-	-	-	2,683
Trade and other payables	206,152	-	206,152	206,152	-	-	-
Lease liabilities	81,831	6.70 - 8.20	666,037	8,260	6,147	14,972	636,658
	1,467,297		2,416,465	353,517	158,242	577,495	1,327,211

30. FINANCIAL INSTRUMENTS (CONTINUED)

30.5 Liquidity risk (continued)

Maturity analysis (continued)

Company	Carrying amount RM'000	Contractual profit margin rate %	Contractual cash flows RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	More than 5 years RM'000
2021							
Non-derivative financial liabilities							
Amount due to subsidiaries	400,925	5.62 - 5.90	423,457	423,457	-	-	-
Amount due to holding corporation	11,932	-	11,932	11,932	-	-	-
Trade and other payables	46,751	-	46,751	46,751	-	-	-
Financial guarantee	-	-	44,908	44,908	-	-	-
Lease liabilities	61,770	8.20	514,224	3,221	7,086	11,337	492,580
	521,378		1,041,272	530,269	7,086	11,337	492,580
2020							
Non-derivative financial liabilities							
Amount due to subsidiaries	329,313	3.23 - 5.90	340,032	340,032	-	-	-
Amount due to holding corporation	17,921	-	17,921	17,921	-	-	-
Trade and other payables	127,620	-	127,620	127,620	-	-	-
Financial guarantee	-	-	45,502	45,502	-	-	-
Lease liabilities	60,722	8.20	517,445	3,221	6,764	18,777	488,683
	535,576		1,048,520	534,296	6,764	18,777	488,683

30. FINANCIAL INSTRUMENTS (CONTINUED)

30.6 Market risk

Market risk is the risk that changes in market prices, such as profit margin rate that will affect the Group's financial position or cash flows.

30.6.1 Currency risk

The Group is exposed to foreign currency risk on purchases that are denominated in a currency other than the respective functional currencies of Group entities. The currencies giving rise to this risk are primarily Indonesia Rupiah ("IDR").

Exposure to foreign currency risk

The Group's exposure to foreign currency (a currency which is other than the functional currency of the Group entities) risk, based on carrying amounts as at the end of the reporting period was:

Group	Denominated in IDR 2021 RM'000	Denominated in IDR 2020 RM'000
Balances recognised in the statement of financial position		
Trade payables	**177**	139
Net exposure	**177**	139

The impact of the changes in foreign currency exchange rate is not expected to have any material financial impacts to the current period financial statements of the Group, thus no sensitivity analysis performed.

30.6.2 Profit margin risk

The Group's and the Company's fixed rate borrowings is exposed to a risk of change in its fair value due to changes in profit margin rates.

Risk management objectives, policies and processes for managing the risk

The Group and the Company adopt a policy of ensuring that almost all borrowings are on a fixed profit margin basis.

30. FINANCIAL INSTRUMENTS (CONTINUED)

30.6 Market risk (continued)

30.6.2 Profit margin risk (continued)

Exposure to profit margin risk

The profit margin profile of the Group's and the Company's significant profit margin bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Fixed rate instruments				
Financial assets	**294,718**	74,250	**254,625**	70,000
Financial liabilities	**(1,139,141)**	(978,258)	**(61,770)**	(60,722)
	(844,423)	(904,008)	**192,855**	9,278
Floating rate instruments				
Financial assets	**-**	-	**81,780**	71,983
Financial liabilities	**(232,554)**	(264,646)	**(400,925)**	(329,313)
	(232,554)	(264,646)	**(319,145)**	(257,330)

As at 31 December 2021, the Group's and the Company's exposure to the variable profit margin risk are the amount due to related companies, loans and borrowings, amount due from subsidiaries and lease liabilities which carries profit margin rates as stated in Note 19, Note 17 and Note 13.

Profit margin risk sensitivity analysis

Fair value sensitivity analysis for fixed rate instruments

The Group and the Company do not account for any fixed rate financial liabilities at fair value through profit or loss. Therefore, a change in profit margin rates at the end of the reporting period would not affect profit or loss.

30. FINANCIAL INSTRUMENTS (CONTINUED)

30.6 Market risk (continued)

30.6.2 Profit margin risk (continued)

Profit margin risk sensitivity analysis (continued)

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points ("bp") in profit margin rates at the end of the reporting period would have increased/(decreased) post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant.

	Profit or loss			
	100 bp increase 2021 RM'000	100 bp decrease 2021 RM'000	100 bp increase 2020 RM'000	100 bp decrease 2020 RM'000
Group				
Floating rate instruments	**(1,767)**	**1,767**	(2,011)	2,011
Company				
Floating rate instruments	**(2,426)**	**2,426**	(1,956)	1,956

30.7 Hedging activities

30.7.1 Currency risk – Transactions in foreign currency

In prior year, the Group's subsidiary, PT Persada Kencana Prima, has entered into a forward exchange contract in order to hedge the foreign currency risk in relation to the variability in cash flows on the floating rate of its Commodity Murabahah Term Financing-i ("CMTF-i") amounted of USD11,279,000 ("derivative"). The forward exchange contract has maturity of less than one year after the end of the reporting period.

The subsidiary is exposed to transactional foreign currency risk to the extent that there is a mismatch between the currency in which the borrowings is denominated and the functional currencies of the subsidiary. The functional currency of the subsidiary is primarily the Indonesian Rupiah ("IDR"). The currency in which this transaction is primarily denominated in U.S. Dollars ("USD").

The subsidiary determines the existence of an economic relationship between the hedging instrument and hedged item based on the currency, amount and timing of their respective cash flows. The subsidiary assesses whether the derivative designated in each hedging relationship is expected to be and has been effective in offsetting changes in cash flows of the hedged item using the hypothetical derivative method.

30. FINANCIAL INSTRUMENTS (CONTINUED)

30.7 Hedging activities (continued)

30.7.1 Currency risk – Transactions in foreign currency (continued)

In these hedge relationships, the main sources of ineffectiveness are:

- the effect of the counterparty and the Group's own credit risk on the fair value of the forward foreign exchange contracts, which is not reflected in the change in the fair value of the hedged cash flows attributable to the change in exchange rates; and
- changes in the timing of the hedged transactions.

In 2020, the subsidiary concluded that the hedge is ineffective as there is no economic relationship between the hedging instrument and hedged item. Thus, the derivative is measured at fair value through profit or loss.

There is no hedge transaction in foreign currency entered by the Group during the financial year.

30.8 Fair value information

The carrying amounts of cash and cash equivalents, short-term receivables and payables reasonably approximate their fair values due to the relatively short-term nature of these financial instruments.

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statement of financial position.

	Fair value of financial instruments carried at fair value				
Group	**Level 1 RM'000**	**Level 2 RM'000**	**Level 3 RM'000**	**Total RM'000**	**Carrying amount RM'000**
2021					
Financial assets					
Unquoted shares	**-**	**-**	**1,825**	**1,825**	**1,825**
2020					
Financial assets					
Unquoted shares	-	-	1,825	1,825	1,825

30. FINANCIAL INSTRUMENTS (CONTINUED)

30.8 Fair value information (continued)

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statement of financial position (continued).

Group	Fair value of financial instruments not carried at fair value			Total	Carrying amount
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	RM'000	RM'000
2021					
Financial liabilities					
SUKUK Murabahah Medium Term Notes – unsecured	**-**	**-**	**(690,157)**	**(690,157)**	**(680,000)**
Term Financing	**-**	**-**	**(42,194)**	**(42,194)**	**(46,665)**
Commodity Murabahah Term Financing-i	**-**	**-**	**(138,945)**	**(138,945)**	**(155,558)**
Commodity Murabahah Term Financing-i	**-**	**-**	**(43,913)**	**(43,913)**	**(44,908)**
Amount due to related companies	**-**	**-**	**(1,428)**	**(1,428)**	**(1,728)**
			(916,637)	**(916,637)**	**(928,859)**
2020					
Financial liabilities					
SUKUK Murabahah Medium Term Notes – unsecured	-	-	(731,123)	(731,123)	(780,000)
Term Financing	-	-	(49,490)	(49,490)	(39,821)
Commodity Murabahah Term Financing-i	-	-	(182,416)	(182,416)	(189,144)
Commodity Murabahah Term Financing-i	-	-	(46,262)	(46,262)	(45,502)
Amount due to related companies	-	-	(2,546)	(2,546)	(1,606)
	-	-	(1,011,837)	(1,011,837)	(1,056,073)

Company	Fair value of financial instruments carried at fair value			Total	Carrying amount
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	RM'000	RM'000
2021					
Financial assets					
Unquoted shares	**-**	**-**	**1,825**	**1,825**	**1,825**
2020					
Financial assets					
Unquoted shares	-	-	1,825	1,825	1,825

30. FINANCIAL INSTRUMENTS (CONTINUED)

30.8 Fair value information (continued)

The following table shows the valuation techniques used in the determination of fair values within Level 3, as well as the key unobservable inputs used in the valuation models.

Financial instruments not carried at fair value

Type	Description of valuation technique and inputs used
• Amount due to related companies • Loans and borrowings	Discounted cash flows using a rate based on the current market rate of borrowing of the Group and Company at the entities reporting date.

Financial instruments carried at fair value

Type	Description of valuation technique and inputs used
• Unquoted shares	Net assets value at the entities reporting date.

Interest rates used to determine financial instrument

The interest rates used to discount estimated cash flows, when applicable, are as follows:

	2021	2020
Loans and borrowings, amount due from subsidiaries and related companies and finance lease receivables	**5.37%**	6.70%

31. CAPITAL MANAGEMENT

The Group's objective when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Directors monitor and are determined to maintain an optimal debt-to-equity ratio that complies with debt covenants and regulatory requirements.

In prior years, the Group has adopted a Rationalisation Exercise, which involves proposed disposal of certain subsidiaries. Those subsidiaries assets have been revalued and the excess of the carrying amount over the fair value less cost to sell of those assets have been recognised in the profit or loss as impairment, resulting in a decrease in the Group's equity. The impairment recognised to the profit or loss does not have an impact to the cash flow of the Group. However, it has substantially reduced the Group's equity, hence the debt-to-equity ratio has breached the "less than one time" ratio.

31. CAPITAL MANAGEMENT (CONTINUED)

The debt-to-equity ratios at 31 December 2021 and at 31 December 2020 were as follows:

		Group	
	Note	2021 RM'000	2020 RM'000
Total borrowings	17	**1,371,695**	1,159,467
Lease liabilities		**79,973**	81,831
Less: Cash and cash equivalents	14	**(260,219)**	(84,481)
Less: Other investments	8	**(38,335)**	(2,701)
Net debt		**1,153,114**	1,154,116
Total equity		**944,886**	850,093
Debt-to-equity ratios		**122%**	136%

31.1 The subsidiary, PT Persada Kencana Prima, Finance Service Cover Ratio ("FSCR") is applied to the Commodity Murabahah Term Financing-i issued by the subsidiary;

As disclosed in Note 17.2 (a), the subsidiary is required to maintain a FSCR of at least 1:25 times. The FSCR ratios at 31 December 2021 and at 31 December 2020 were as follows:

	2021	2020
Subsidiary's FSCR	**2.09**	2.92

32. CAPITAL AND OTHER COMMITMENTS

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Property, plant and equipment				
Authorised but not contracted for:				
Within one year	**59,232**	42,389	**4,990**	6,124
Plantation development expenditure				
Authorised but not contracted for:				
Within one year	**26,071**	28,706	**3,533**	3,955
	85,303	71,095	**8,523**	10,079

33. RELATED PARTIES

Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. Key management personnel include all the Directors of the Group, and certain members of senior management of the Group.

The Group has related party relationship with its holding corporation, subsidiaries, related companies and certain members of senior management of the Group.

Significant related party transactions

Related party transactions have been entered into in the normal course of business under normal trade terms. The significant related party transactions of the Group and the Company are shown below. The balances related to the below transactions are shown in Note 13 and 19.

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
A. Holding corporation				
Expenses				
Rental of land	**(2,928)**	(2,928)	**(2,928)**	(2,928)
B. Related companies				
Income				
Management fees income	**308**	261	**-**	-
Expenses				
Purchase of flight tickets	**(37)**	(119)	**(1)**	(6)
C. Subsidiaries companies				
Income				
Profit margin income from subsidiaries receivables	**-**	-	**6,765**	8,203
Expenses				
Management fees	**-**	-	**(7,516)**	(4,443)
Profit margin expense from subsidiaries payables	**-**	-	**(5,865)**	(6,302)

33. RELATED PARTIES (CONTINUED)

Significant related party transactions (continued)

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
D. Key management personnel				
Non-executive directors				
- Fees	**(1,464)**	(1,477)	**(520)**	(479)
Other key management personnel				
- Short-term employee benefits	**(2,035)**	(1,905)	**(2,035)**	(1,905)
	(3,499)	(3,382)	**(2,555)**	(2,384)

Other key management personnel comprise persons other than the Directors of Group entities, having authority and responsibility for planning, directing and controlling the activities of the Group entities either directly or indirectly.

For certain salaried key management personnel, the Group also contributes to state plans at the rate which is higher than statutory rate.

34. DISPOSAL OF A SUBSIDIARY

On 31 July 2020, the Group and the Company have disposed 25,900,000 ordinary shares (equivalent to 70% equity interests) held in THP-YT Plantation Sdn. Bhd. for total sales consideration of RM69,797,000. Include in the total sales consideration is the purchase consideration of RM8,129,000 for the disposal of shares in THP-YT Plantation Sdn. Bhd. and debt settlement of RM62,000,000 in relation to amount due to a subsidiary of THP-YT Plantation Sdn. Bhd. subsequent to the disposal. The loss on disposal was recognised in profit and loss.

34. DISPOSAL OF A SUBSIDIARY (CONTINUED)

Effect of disposal on the financial position of the Group;

	Note	RM'000
Property, plant and equipment ("PPE")		59,877
Right-of-use assets		4,676
Plantation development expenditure ("PDE")		250
Deferred tax assets		7,522
Biological assets		1,880
Inventories		9
Trade and other receivables		1,159
Prepayment and other assets		66
Cash and cash equivalents		650
Trade and other payables		(17,671)
Amount due to a related company written off		16,686
		75,104
Non-controlling interest		2,828
Net assets and liabilities		77,932
Loss on disposal	26	(8,135)
Consideration received		69,797
Less: Cash and bank balances		(650)
Net cash inflow		69,147

Effect of disposal on the financial position of the Company;

	Note	RM'000
Cost of investment as at 31 December 2020		7,000
Reversal of accumulated impairment loss of cost of investment		31,685
Disposal of a subsidiary	7	38,685
Impairment loss of cost of investment written off	7	(31,685)
		7,000
Gain on disposal	26	1,129
Consideration received		8,129

35. COMPARATIVE FIGURES

During the year, plantation development expenditure on teak has been reclassified in forestry to conform with the current financial year presentation. As a result, certain line items have been amended in the statements of financial position, statements of profit or loss and other comprehensive income, statements of cashflows and the related notes to the financial statements. Comparative figures have been adjusted to conform to the current year's presentation. The effect of reclassification are disclosed below:

Statements of financial position

	Group 31.12.2020	
	As restated RM'000	As previously reported RM'000
Plantation development expenditure	129,138	131,125
Forestry	14,098	12,111

Statements of profit or loss and other comprehensive income

	Group 31.12.2020	
	As restated RM'000	As previously reported RM'000
Cost of sales	387,850	387,651
Other expenses	42,874	43,073

Statements of cashflows

	Group 31.12.2020	
	As restated RM'000	As previously reported RM'000
Net cash generated from operating activities	124,574	129,734
Net cash generated from investing activities	27,630	22,470

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

In the opinion of the Directors, the financial statements set out on pages 85 to 192 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2021 and of their financial performance and cash flows for the financial year then ended.

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

……………………………………………………………

Mohd Adzahar bin Abdul Wahid
Director

……………………………………………………………

Dato' Sri Amrin bin Awaluddin
Director

Kuala Lumpur,

Date: 8 April 2022

STATUTORY DECLARATION

PURSUANT TO SECTION 251(1)(B) OF THE COMPANIES ACT 2016

I, **Shahrizal bin Suhainy**, the officer primarily responsible for the financial management of TH Plantations Berhad, do solemnly and sincerely declare that the financial statements set out on pages 85 to 192 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the above named Shahrizal bin Suhainy, NRIC: 840622-71-5089, MIA CA 43652, in Kuala Lumpur in the Federal Territory on 8 April 2022.

……………………………………….

Shahrizal bin Suhainy

Before me:

PESURUHJAYA SUMPAH
W 465
KAPT (B) JASNI BIN YUSOFF
01 JAN 2022 - 31 DIS 2022
MALAYSIA

Commissioner for Oaths

Lot 1.08, Tingkat 1,
Bangunan KWSP, Jln Raja La.
50350 Kuala Lumpur
Tel: 019 6600745

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF TH PLANTATIONS BERHAD
(Registration No. 197201001069 (12696-M))
(Incorporated in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of TH Plantations Berhad, which comprise the statements of financial position as at 31 December 2021 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 85 to 192.

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 2021, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our auditors' 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 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.

Assessment of the Group's ability to continue as a going concern

Refer to Note 1(b) – Basis of preparation : Basis of measurement and Note 1(d)(ii) – Basis of preparation : Use of estimates and judgements - Assets held for sale.

The key audit matter:

The Group's use of the going concern basis of accounting and the associated extent of uncertainty is a key audit matter due to the high level of judgement required by us in evaluating the Group's assessment of going concern and the events or conditions that may cast significant doubt on their ability to continue as a going concern. These are outlined in Note 1(b) – Basis of measurement.

We assessed the levels of uncertainty related to the Group's ability to continue as going concern by focusing on the following:

- the availability of remaining financing facility of RM220,000,000. This included the feasibility, amount of available facility, issuance process, availability period and potential repayment of facility;
- the liquidity of the Group's current assets in meeting short-term obligations and covenants; and
- the feasibility, quantum of potential proceeds, and progress of the proposed planned disposal of five (5) subsidiaries.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF TH PLANTATIONS BERHAD
(Registration No. 197201001069 (12696-M))
(Incorporated in Malaysia)

Key Audit Matters (continued)

How the matter was addressed in our audit

We performed the following audit procedures, among others:

- assessed the availability and the issuance process of available financing facility of RM220,000,000 taking into account the conditions for utilisation of the available facility based on the financing facility agreement;
- assessed the liquidity of the Group's current assets in meeting short-term obligations;
- assessed compliance with loan covenants, on or before reporting period taking into account any breach that may trigger immediate repayment;
- assessed the feasibility and progress of the proposed planned disposal to determine the classification of assets held for sale;
- read the minutes of meeting discussion between the Group and the prospective buyer in relation to the status and progress of the disposal plan; and
- evaluated the Group's going concern disclosures by comparing them to our understanding of the matter and the Group's plans to address those events or conditions and accounting standard requirements.

Group – Impairment of plantation assets

Refer to Note 1(d)(i) and (ii) – Basis of preparation: Use of estimates and judgements – Recoverable amount of bearer plant and Assets held for sale, Note 2(k) – Significant accounting policy: Impairment, Note 3 – Property, plant and equipment, Note 5 – Plantation development expenditure and Note 15 – Assets classified as held for sale.

The key audit matter

During the year, the Group performed impairment assessment on plantation assets of the disposal group (refer to Note 15 – Assets classified as held for sale) and certain cash generating units of plantation assets (refer to Note 3 – Property, plant and equipment and Note 5 – Plantation development expenditure) either based on valuations performed by registered valuers, non-binding offer received from prospective buyers or value in use calculations performed by the Group, to determine the estimated recoverable amounts of those plantation assets.

Where the recoverable amount is lower than the carrying amount of the plantation assets, the carrying amounts of the asset is reduced to its estimated recoverable amount and the difference is regarded as an impairment loss. There is no impairment recorded during the year.

The key assumptions applied by the Group and registered valuers in determining the recoverable amounts are highly sensitive. They could significant affect the carrying amount of the assets as well as any impairment charge for the year.

We identified impairment of plantation assets as a key audit matter because:

- the carrying amounts of these plantation assets were significant to the financial statements of the Group;
- there was significant judgement involved in evaluating the key assumptions used in the discounted cash flows by the independent valuer such as cash flows period, expected projected yield, sales price, upkeep and maintenance cost and discount rates;
- there was significant judgement involved in evaluating the key assumptions used in the value in use calculations performed by the Group such as cash flows period, expected projected yield, sales price, upkeep and maintenance cost and discount rates;

Key Audit Matters (continued)

Group – Impairment of plantation assets (continued)

Refer to Note 1(d)(i) and (ii) – Basis of preparation: Use of estimates and judgements – Recoverable amount of bearer plant and Assets held for sale, Note 2(k) – Significant accounting policy: Impairment, Note 3 – Property, plant and equipment, Note 5 – Plantation development expenditure and Note 15 – Assets classified as held for sale. (continued)

The key audit matter (continued)

We identified impairment of plantation assets as a key audit matter because: (continued)

- there was no direct comparable prices to the recent market transaction; and
- there was no active market for certain plantation assets.

How the matter was addressed in our audit

We performed the following audit procedures, among others:

i. non-binding offer from prospective buyers

    - read the non-binding offer between the Group and offer from prospective buyers;
    - read the minutes of discussion between the Group and the prospective buyers in relation to the status or progress of the disposal plan; and
    - assessed the appropriateness of classification of assets based on the offer received from prospective buyers in line with relevant accounting standards.

ii. valuations performed by registered valuers

    - evaluated the registered valuer's competency, capabilities and objectivity;
    - read the valuation report and interviewed the valuer to understand the methodology used by the valuer in deriving the market value of forestry assets;
    - evaluated the appropriateness of the following key assumptions used in the discounted cash flows;

        i. Commodity price – compared the price used in forecast against external source;

        ii. Cashflow period – compared the cash flow period to the historical production cycle of the plantation assets;

        iii. Upkeep and maintenance costs – compared the assumptions to the cost of similar estates and with our expectation based on our knowledge of the industry;

        iv. Production quantity – compared the assumptions to the historical production based on age of the trees and planted areas; and

        v. Discount rate – compared the discount rate to industry practice and external source.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF TH PLANTATIONS BERHAD
(Registration No. 197201001069 (12696-M))
(Incorporated in Malaysia)

Key Audit Matters (continued)

Group – Impairment of plantation assets (continued)

Refer to Note 1(d)(i) and (ii) – Basis of preparation: Use of estimates and judgements – Recoverable amount of bearer plant and Assets held for sale, Note 2(k) – Significant accounting policy: Impairment, Note 3 – Property, plant and equipment, Note 5 – Plantation development expenditure and Note 15 – Assets classified as held for sale. (continued)

How the matter was addressed in our audit (continued)

We performed the following audit procedures, among others: (continued)

ii. valuations performed by registered valuers (continued)

- checked the accuracy and relevance of the key input data provided by the group to the registered valuers;
- evaluated the Group's basis in adopting valuations performed by a registered valuer in prior year for one of the Group's subsidiary is still relevant for the current year to industry practice and external source; and
- assessed whether the Group's disclosures about the sensitivity of the outcome of the impairment assessments to changes in key assumptions reflect the risks inherent in the valuation of plantation asset.

iii. value in use calculations as prepared by the Group

- evaluated the value in use calculations and the process by which they were developed;
- compared the value in use calculations to the Group's approved business plans;
- compared previous value in use calculations to current year results to assess the performance of the business and the reliability of the forecasting process;
- evaluated the appropriateness of the following key assumptions used in the value in use calculations as performed by the Group;

  i. Commodity price – compared the price used in forecast against external source;

  ii. Cashflow period – compared the cash flow period to the historical production cycle of the plantation assets;

  iii. Upkeep and maintenance costs – compared the assumptions to the cost of similar estates and with our expectation based on our knowledge of the industry;

  iv. Production quantity – compared the assumptions to the historical production based on age of the trees and planted areas; and

  v. Discount rate – compared the discount rate to industry practice and external source.

- considered the sensitivity analysis of the key assumptions;
- checked the accuracy and relevance of the key input data used in the value in use calculations as provided by the Group; and
- assessed whether the Group's disclosures about the sensitivity of the outcome of the impairment assessments to changes in key assumptions reflect the risks inherent in the valuation of plantation asset.

Key Audit Matters (continued)

Group – Valuation of forestry assets

Refer to Note 1(d)(iii) – Basis of preparation: Use of estimates and judgements – Forestry, Note 2(h) - Significant accounting policy: Forestry and Note 6 – Forestry.

The key audit matter

The Group has significant carrying amount of forestry assets amounting to RM21,587,000 as at 31 December 2021 which was carried at fair value less cost to sell. The fair values of forestry assets were determined using valuation performed by an independent valuer and an offer from a market participant.

We identified the valuation of forestry assets as a key audit matter because:

- the carrying amount of forestry assets was significant to the Group's financial statements; and
- there was significant judgement involved in evaluating the key assumptions used in the discounted cash flows by the independent valuer such as expected timber volume, timber sales price, log extraction cost, upkeep and maintenance cost, land rental and discount rates.

How the matter was addressed in our audit

We performed the following audit procedures, among others:

i. valuation performed by an independent valuer

  - evaluated the registered valuer's competency, capabilities and objectivity;
  - read the valuation report and interviewed the valuer to understand the methodology used by the valuer in deriving the market value of forestry assets;
  - evaluated the appropriateness of the following key assumptions used in the discounted cash flows;

    i. Timber volume – compared the volume in forecast against the input data provided by the Group to the authority's estimates;

    ii. Timber price – compared the price used in forecast against external source;

    iii. Log extraction cost – compared the log extraction cost used in forecast to be based on the expected timber volume;

    iv. Upkeep and maintenance costs – compared the assumptions to the cost of similar estates and with our expectation based on our knowledge of the industry;

    v. Land rental rate – compared the land rental rate to industry practice and external source; and

    vi. Discount rate – compared the discount rate to industry practice and external source.

  - checked the accuracy and relevance of the key input data provided by management to the registered valuer; and
  - evaluated the adequacy of the disclosures in the financial statements, in describing the inherent degree of subjectivity and key assumptions used in deriving market value.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF TH PLANTATIONS BERHAD
(Registration No. 197201001069 (12696-M))
(Incorporated in Malaysia)

Key Audit Matters (continued)

Group – Valuation of forestry assets (continued)

Refer to Note 1(d)(iii) – Basis of preparation: Use of estimates and judgements – Forestry, Note 2(h) - Significant accounting policy: Forestry and Note 6 – Forestry. (continued)

How the matter was addressed in our audit (continued)

ii. offer from a market participant

- read and evaluated the non-binding offer between the Group and offer from a market participant.

We have determined that there are no key audit matters in the audit of the separate financial statements of the Company to communicate in our auditors' report.

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 annual report 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 annual report and, in doing so, consider whether the annual report 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 the annual report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and 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 International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Group and of the Company.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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.

- 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 gives a true and fair view.

- 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 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 auditors' report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF TH PLANTATIONS BERHAD
(Registration No. 197201001069 (12696-M))
(Incorporated in Malaysia)

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors are disclosed in Note 7 to the financial statements.

Other Matter

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.

KPMG Desa Megat PLT
(LLP0010082-LCA & AF 0759)
Chartered Accountants

Muhammad Azman Bin Che Ani
Approval Number: 02922/04/2024 J
Chartered Accountant

Petaling Jaya
Date: 8 April 2022

TABUNG HAJI
حي على الفلاح

The Board of Directors
TH PLANTATIONS BERHAD
Level 35
MoF Inc. Tower
No. 9 Persiaran KLCC
50088 Kuala Lumpur

Ref. no : SI (S) 429/18/1 Jld 2 (21)
Date : 7 April 2022

TH PLANTATIONS BERHAD
RECEIVED
8 APR 2022
LEGAL & SECRETARIAL

Dear Sirs,

NOTICE OF NOMINATION OF MESSRS. KPMG PLT

Pursuant to Section 280 of the Companies Act, 2016, we, being a major shareholder of TH Plantations Berhad ("THP"), holding 73.84% of the total shares in THP, hereby give notice of our intention to nominate Messrs. KPMG PLT (AF0758) as Auditors of THP and of our intention to propose the following ordinary resolution to be tabled at the forthcoming 48th Annual General Meeting of THP:-

"**THAT** subject to the receipt of the consent to act as auditors, Messrs. KPMG PLT (AF0758) be and is hereby appointed as Auditors of the Company for the financial year ending 31 December 2022 in place of the retiring Auditors, Messrs. KPMG Desa Megat PLT and to hold office until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration."

Thank you.

TH PLANTATIONS BERHAD
RECEIVED
11 APR 2022
Time: AM/PM
Pejabat Ketua Pegawai Kewangan

"BERKHIDMAT UNTUK NEGARA"

"Saya Yang Menjalankan Amanah"

DATO' AMRIN BIN AWALUDDIN
Group Managing Director
and Chief Executive Officer
LEMBAGA TABUNG HAJI

KPMG

KPMG PLT
(LLP0010081-LCA & AF 0758)
Chartered Accountants
Level 10, KPMG Tower
8, First Avenue, Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan, Malaysia

Telephone +60 (3) 7721 3388
Fax +60 (3) 7721 3399
Website www.kpmg.com.my

Private and Confidential

Our ref.: P/MABCA/ARIF/MSER/yywn

The Board of Directors
TH Plantations Berhad
Level 35, MoF Inc. Tower
No. 9, Persiaran KLCC
50088 Kuala Lumpur

Contact: Muhammad Arif ext.3184

Attention: Encik Mohd Adzahar bin Abdul Wahid

15 April 2022

Dear Sirs

TH Plantations Berhad ("the Company")
Consent to act as auditors

We refer to the nomination letter dated 7 April 2022 from the major shareholder of the Company, Lembaga Tabung Haji.

Pursuant to the provisions of the Companies Act, we hereby consent to act as statutory auditors of the Company. This consent is to remain valid until it is withdrawn, amended or superseded.

Yours faithfully

Khaw Hock Hoe
Partner

GLOSSARY

AC	Audit Committee
AGM	Annual General Meeting
ARMC	Audit & Risk Management Committee
BOD	Biological Oxygen Demand
Bursa Depository	Bursa Malaysia Depository Sdn. Bhd.
Bursa Malaysia	Bursa Malaysia Securities Berhad
CEMS	Continuous Emissions Monitoring Systems
CHRA	Chemical Health Risk Assessment
DOE	Department of Environment
DOSH	Department of Occupational Safety and Health
EES	Economic, Environmental and Social
EFB	Empty Fruit Bunch(es)
EIA	Environmental Impact Assessment
EPS	Earning Per Share
ERP	Emergency Response Plan
ESP	Electrostatic Precipitator
ESOS	Employees' Share Option Scheme
FFB	Fresh Fruit Bunch(es)
FY2021	Financial Year Ended 31 December 2021
GAP	Good Agricultural Practices
GHG	Greenhouse Gas
GIS	Geographic Information System
GLCs	Government-Linked Companies
HA	Hospital Assistant
Ha/ha	Hectares
HCS	High Carbon Stock
HCV	High Conservation Value
HIRARC	Hazard Identification, Risk Assessment, Risk Control
IAD	Internal Audit Department
IC	Investment Committee
INFERS	Integrated Fertilisers Recommendation System
IT	Information Technology
JAS	Jabatan Alam Sekitar
KER	Kernel Extraction Rate
KPIs	Key Performance Indicators
LCC	Legumes Cover Crop
Listing Requirements	Main Market of Listing Requirements of Bursa Malaysia
MAPA	Malayan Agricultural Producers Association
MASB	Malaysian Accounting Standard Board
MIA	Malaysian Institute of Accountants
MPOB	Malaysian Palm Oil Board
MSPO	Malaysian Sustainable Palm Oil
MSPO SCCS	Malaysian Sustainable Palm Oil Supply Chain Certification Standard
MT	Metric Tonnes
NCR	Native Customary Rights
NDPE	No Deforestation, No Peat and No Exploitation
OER	Oil Extraction Rate
OSH	Occupational Safety & Health
OSHA	Occupational Safety & Health Administration
PAT	Profit After Tax
PBT	Profit Before Tax
PIP	Performance Improvement Programme
PK	Palm Kernel
POME	Palm Oil Mill Effluent
PPE	Personal Protective Equipment
Q1/Q2/Q3/Q4	Financial Quarter
RECAL	Recognition of Employees' Children's Achievement in Learning
RMF	Risk Management Framework
RPG	Recommended Practice Guide
RMP	Risk Management Policy
ROD	Record of Depositors
ROE	Return on Equity
R&D	Research and Development
SDGs	United Nation Sustainable Development Goals
SOP/SOPs	Standard Operating Procedures
SPA	Sale Purchase Agreement
SPV	Special Purpose Vehicle
SRP	Strategic Recovery Plan
SSM	Suruhanjaya Syarikat Malaysia
TH	Lembaga Tabung Haji
THP or the Company	TH Plantations Berhad
THP Group or the Group	TH Plantations Berhad and Subsidiaries
THPAM	THP Agro Management Sdn. Bhd.
The Board	The Board of Directors of THP
The Code	Malaysian Code on Corporate Governance
UAV	Unmanned Aerial Vehicle
USECHH	Use and Standard of Exposure Chemical Hazardous to Health
VDI	Vendor Development Initiative
Yield	FFB Production per Hectare

PROPERTIES OWNED BY THE GROUP

AT 31 DECEMBER 2021

Johor

Pahang

Terengganu

Sarawak

1. **Ladang Bukit Lawiang**
   Kluang, Johor

   Ladang Gunung Sumalayang
   Kluang, Johor

   Kilang Sawit Bukit Lawiang
   Kluang, Johor

2. **Ladang Kota Bahagia**
   Keratong, Pahang

   Kilang Sawit Kota Bahagia
   Keratong, Pahang

   Ladang Sungai Mengah
   Keratong, Pahang

   Ladang Sungai Buan
   Keratong, Pahang

3. **Ladang Sungai Merchong**
   Muadzam Shah, Pahang

4. **Ladang Ulu Chukai**
   Kemaman, Terengganu

5. **Ladang Sungai Ibok**
   Kemaman, Terengganu

6. **Ladang Kenyalang**
   Pusa, Sarawak

   Ladang Raja Udang
   Pusa, Sarawak

   Ladang Enggang
   Pusa, Sarawak

   Ladang Merbok
   Pusa, Sarawak

   Ladang NCR Saribas
   Pusa, Sarawak

   Kilang Sawit Ladang Raja Udang
   Pusa, Sarawak

7. **Ladang Sungai Kerian**
   Samarahan, Sarawak

8. **Ladang Gedong**
   Serian, Sarawak

   Ladang Sematan
   Serian, Sarawak

   Kilang Sawit Gedong
   Serian, Sarawak

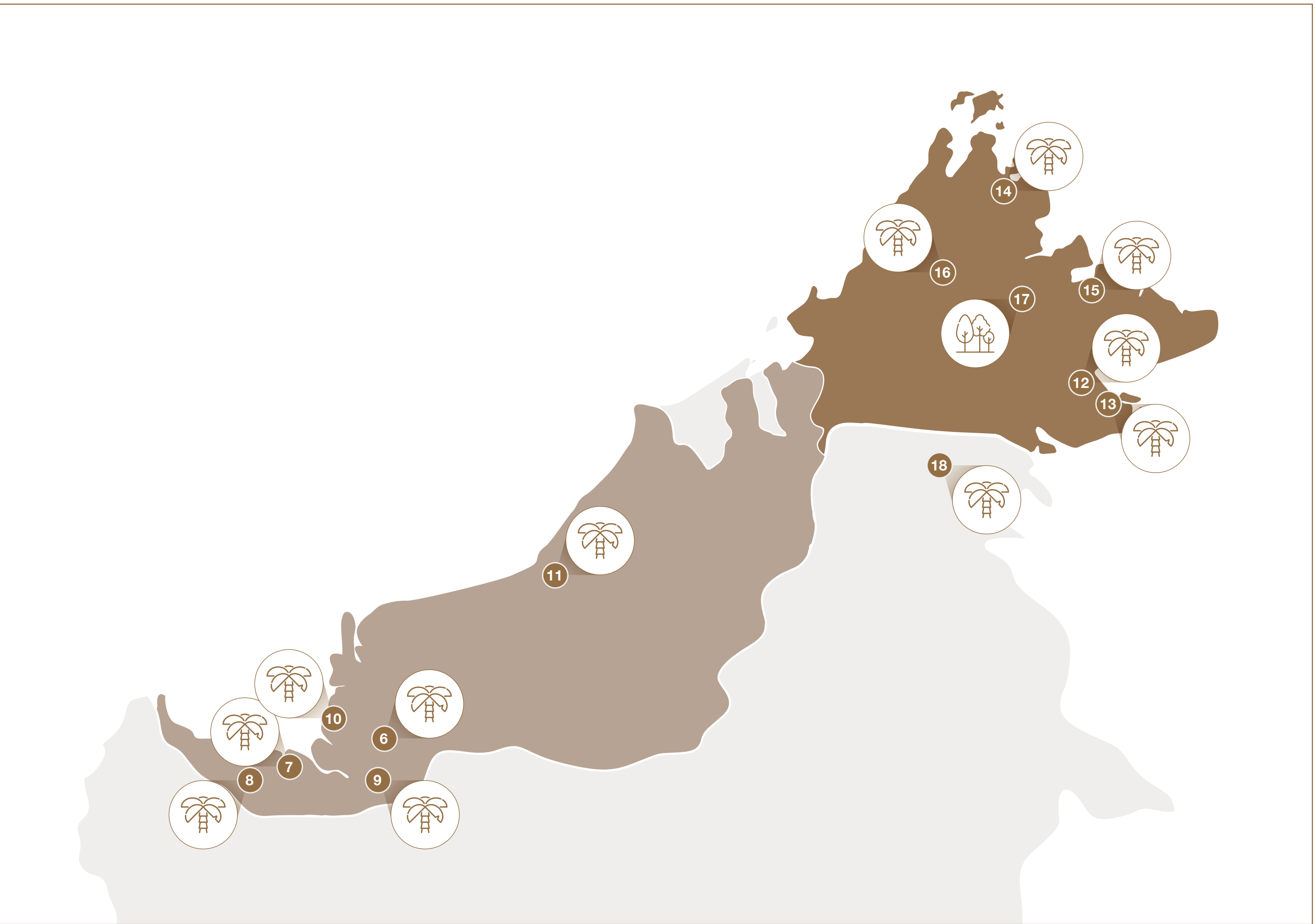
   Ladang Sadong
   Serian, Sarawak

   Ladang Lupar
   Serian, Sarawak

9. **Ladang Kepayang**
   Samarahan, Sarawak

   Ladang Semalatong
   Samarahan, Sarawak

PROPERTIES OWNED BY THE GROUP
AT 31 DECEMBER 2021



Sabah

Indonesia

10. Ladang NCR
Beladin, Sarawak

Ladang Tanjung Lilin
Meludam, Sarawak

Ladang Semarang
Meludam, Sarawak

11. Ladang Sungai Arip
Bintulu, Sarawak

Ladang Sungai Karangan
Bintulu, Sarawak

12. Ladang Sungai Tenegang
Lahad Datu, Sabah

Ladang Sungai Koyah
Lahad Datu, Sabah

Kilang Sawit Sungai Tenegang
Lahad Datu, Sabah

13. Ladang Bukit Gold
Lahad Datu, Sabah

14. Ladang Mamahat
Kota Marudu, Sabah

Kilang Sawit Ladang Mamahat
Kota Marudu, Sabah

15. Ladang Bukit Belian
Sandakan, Sabah

16. Ladang Jati Keningau
Keningau, Sabah

17. Ladang Klagan 1
Sandakan, Sabah

Ladang Klagan 2
Sandakan, Sabah

Ladang Klagan 3
Sandakan, Sabah

Ladang Klagan 4
Sandakan, Sabah

Ladang Klagan 5
Sandakan, Sabah

Ladang Jatimas
Sandakan, Sabah

18. PT Persada Kencana Prima
Kalimantan, Indonesia

PROPERTIES OWNED BY THE GROUP
AT 31 DECEMBER 2021

PLANTATIONS

Location	Approximate Age of Building	Tenure	Year of Expiry	Titles Area Hectares	Description	Net Book Value RM'000
PENINSULAR MALAYSIA						
TH Plantations Berhad						
Ladang Ulu Chukai Kemaman, Terengganu	-	Leasehold	2051	902	Oil Palm Estate	20,624
Ladang Bukit Lawiang Ladang Gunung Sumalayang Kluang, Johor	-	Leasehold	2091	4,058	Oil Palm Estate	74,798
Kilang Sawit Bukit Lawiang Kluang, Johor	33	Leasehold	2091	10^	Palm Oil Mill	7,344
THP Kota Bahagia Sdn. Bhd.[1]						
Ladang Kota Bahagia Keratong, Pahang	-	Leasehold	2071 and 2073	1,858	Oil Palm Estate	36,519
Kilang Sawit Kota Bahagia Keratong, Pahang	46	Leasehold	2071	9.804^	Palm Oil Mill	7,809
Ladang Sungai Mengah Keratong, Pahang	-	Leasehold	2073, 2090, 2093	2,196	Oil Palm Estate	36,614
Ladang Sungai Buan Keratong, Pahang	-	Leasehold	2093 and 2108	1,795	Oil Palm Estate	29,257
Ladang Sungai Merchong Muadzam Shah, Pahang	-	Leasehold	2085	1,720	Oil Palm Estate	37,266
THP Ibok Sdn. Bhd.[2]						
Ladang Sungai Ibok Kemaman, Terengganu	-	Leasehold	2042 and 2052	924	Oil Palm Estate	20,943
SABAH						
THP Sabaco Sdn. Bhd.						
Ladang Sungai Tenegang Ladang Sungai Koyah Lahad Datu, Sabah	-	Leasehold	2083	3,886	Oil Palm Estate	148,188
Kilang Sawit Sungai Tenegang Lahad Datu, Sabah	30	Leasehold	2083	50^	Palm Oil Mill	11,576
Ladang Bukit Gold Lahad Datu, Sabah	-	Leasehold	2076	2,020	Oil Palm Estate	73,465
Ladang Mamahat Kota Marudu, Sabah	-	Leasehold	2096, 2098 and 2099	2,936	Oil Palm Estate	98,362
Kilang Sawit Ladang Mamahat Kota Marudu, Sabah	13	Leasehold	2096	25^	Palm Oil Mill	11,409

PROPERTIES OWNED BY THE GROUP
AT 31 DECEMBER 2021

PLANTATIONS

Location	Approximate Age of Building	Tenure	Year of Expiry	Titles Area Hectares	Description	Net Book Value RM'000
SABAH						
THP Bukit Belian Sdn. Bhd.						
Ladang Bukit Belian Sandakan, Sabah	-	Leasehold	2887	1,088	Oil Palm Estate	37,543
TH-Bonggaya Sdn. Bhd.						
Ladang Klagan 1 Ladang Klagan 2 Ladang Klagan 3 Ladang Klagan 4 Ladang Klagan 5 Sandakan, Sabah	-	Licensed for 100 years	2098	10,117	Forestry	134,929
TH-USIA Jatimas Sdn. Bhd.						
Ladang Jatimas Sandakan, Sabah	-	Licensed for 100 years	2098	4,046	Forestry	52,370
Ladang Jati Keningau Sdn. Bhd.						
Ladang Jati Keningau Sandakan, Sabah	-	Leasehold	2078	1,550	Teak Estate	28,073
SARAWAK						
THP Saribas Sdn. Bhd.[3]						
Ladang Kenyalang Ladang Raja Udang Ladang Enggang Ladang Merbok Ladang NCR Saribas Pusa, Sarawak	-	Leasehold	2060	10,357∞	Oil Palm Estate	339,284
Kilang Sawit Ladang Raja Udang Pusa, Sarawak	9	Leasehold	2060	9^	Palm Oil Mill	45,841
Hydroflow Sdn. Bhd.						
Ladang Sungai Kerian Samarahan, Sarawak	-	Leasehold	2064 and 2067	5,583	Oil Palm Estate	123,861
TH PELITA Gedong Sdn. Bhd.						
Ladang Gedong Ladang Sematan Serian, Sarawak	-	Leasehold	2058	7,967	Oil Palm Estate	230,823
Kilang Sawit Gedong Serian, Sarawak	17	N/a*	N/a	217*	Palm Oil Mill	29,479

PROPERTIES OWNED BY THE GROUP
AT 31 DECEMBER 2021

PLANTATIONS

Location	Approximate Age of Building	Tenure	Year of Expiry	Titles Area Hectares	Description	Net Book Value RM'000
SARAWAK						
TH PELITA Sadong Sdn. Bhd.						
Ladang Sadong Ladang Lupar Serian, Sarawak	-	Leasehold	2060	4,549	Oil Palm Estate	160,627
TH PELITA Simunjan Sdn. Bhd.						
Ladang Kepayang Ladang Semalatong Samarahan, Sarawak	-	Not available as the estate is located on NCR land. Principle Deed and Trust Deed has not been finalised as survey works is yet completed The land shall be alienated to TH PELITA Simunjan Sdn. Bhd. for a period of sixty (60) years pursuant to the Simunjan Joint Venture Agreement	-	9,630[4]	Oil Palm Estate	117,095
TH PELITA Beladin Sdn. Bhd.						
Ladang NCR Beladin, Sarawak	-	Not available as the estate is located on NCR land. Principle Deed and Trust Deed had been finalized on 28 October 2020 The land shall be alienated to TH PELITA Beladin Sdn. Bhd. for a period of sixty (60) years pursuant to the Beladin Joint Venture Agreement	-	1,577[5]	Oil Palm Estate	31,276
TH PELITA Meludam Sdn. Bhd.						
Ladang Tanjung Lilin Ladang Semarang Meludam, Sarawak	-	Leasehold	2066	6,018	Oil Palm Estate	155,833

PLANTATIONS

Location	Approximate Age of Building	Tenure	Year of Expiry	Titles Area Hectares	Description	Net Book Value RM'000
Bumi Suria Ventures Sdn. Bhd.						
Ladang Sungai Arip Ladang Sungai Karangan Sibu-Bintulu, Sarawak	-	Leasehold	2065 and 2066	6,514	Oil Palm Estate	134,322#
PT Persada Kencana Prima						
Ladang Menjelutung	-	Leasehold	2052	6,929	Oil Palm Estate	62,589

HOSPITALITY

Location	Approximate Age of Building	Tenure	Area Sq feet	Description	Net Book Value RM'000
PENINSULAR MALAYSIA					
Tanjung Tuan Resort, Port Dickson, Negeri Sembilan	32	-	1,222	1 Unit 3 Rooms Apartment	9
Awana Kijal Resort, Kijal, Terengganu	19	-	816	1 Unit 3 Rooms Apartment	45

Notes:

1. *Registered under the ownership of Lembaga Tabung Haji*
2. *Registered under the ownership of Syarikat Peladang LUTH Sdn Bhd (the former name of THP Ibok Sdn Bhd)*
3. *Registered under the ownership of Kenyalang Resources Sdn Bhd. (the former name of THP Saribas Sdn. Bhd)*
4. *Gross area as stated in the Simunjan Joint Venture Agreement*
5. *Gross area as stated in the Beladin Joint Venture Agreement*

* *On 13 September 2012, TH PELITA Gedong Sdn. Bhd. received an offer from the Ministry of Resource Planning and Environment for the alienation of the land alongside Lot 166, Block 6 of Melikin Land District, where the Gedong Palm Oil Mill is located and TH PELITA Gedong Sdn. Bhd. is currently undertaking the procedures for the alienation of said land*

∞ *As per MSPO requirement*

^ *Part of the titled area under Ladang Kota Bahagia (Kilang Sawit Kota Bahagia), Ladang Bukit Lawiang (Kilang sawit Bukit Lawiang), Ladang Sungai Tenegang (Kilang Sawit Sungai Tenegang), Ladang Mamahat (Kilang Sawit Ladang Mamahat) and Ladang Raja Udang (Kilang Sawit Ladang Raja Udang)*

\# *Includes the net book value of land owned under Maju Warisanmas Sdn. Bhd. Amounting to RM4.11 million*

N/a *Not applicable*

DIRECTORY OF ESTATES AND MILLS

Company	Estates	Designation	Address
TH Plantations Berhad	**Ladang Bukit Lawiang** Tel: 07-7863063	**Jalaludin b Sukri** (Manager)	Karung Berkunci 522, 86009 Kluang, Johor
	Ladang Gunung Sumalayang Tel: 07-7863444	**Alinan b Kadar** (Manager)	Karung Berkunci 535, 86009 Kluang, Johor
	Ladang Ulu Chukai Tel: 09-8676336	**Mahya b Masrom** (Manager)	Peti Surat 2, 24107 Kijal, Kemaman, Terengganu
	Kilang Sawit Bukit Lawiang Tel: 07-7864540	**Kamar b Jamian** (Senior Manager)	Peti Surat 114, 86007 Kluang, Johor
THP Kota Bahagia Sdn Bhd	**Ladang Kota Bahagia** Tel: 09-4524826	**Nor Ali Akmar b Mahadi** (Manager)	Peti Surat 19, 26700 Muadzam Shah, Pahang
	Ladang Sungai Mengah Tel: 09-4524979	**Tuah b Nawi** (Manager)	Peti Surat 21, 26700 Muadzam Shah, Pahang
	Ladang Sungai Buan Tel: 09-4524996	**Rozali b Md Desa** (Senior Manager)	Peti Surat 18, 26700 Muadzam Shah, Pahang
	Ladang Sungai Merchong Tel: 09-4521069	**Mohd Johari b Md Daud** (Manager)	Peti Surat 4, 26700 Muadzam Shah, Pahang
	Kilang Sawit Kota Bahagia Tel: 09-4524936	**Muhamad Murshid b Mukhtar** (Manager)	Peti Surat 20, 26700 Muadzam Shah, Pahang
THP Ibok Sdn Bhd	**Ladang Sungai Ibok** Tel: 09-8676543	**Mahya b Masrom** (Manager)	Peti Surat 2, 24107 Kijal, Kemaman, Terengganu
THP Sabaco Sdn Bhd	**Ladang Sungai Tenegang** Tel: 089-959124	**Rosli b Ahmed Khalil** (Senior Manager)	Karung Berkunci 12, 91109 Lahad Datu, Sabah
	Ladang Sungai Koyah Tel: 089-959814/959815	**Mat Faisal b Ismail** (Manager)	Karung Berkunci No. 6, 91109 Lahad Datu, Sabah
	Ladang Bukit Gold Tel: 089-959819	**Juna b Palatuwi** (Senior Manager)	Peti Surat 60389, 91113 Lahad Datu, Sabah
	Ladang Mamahat Tel: 089-278013	**Abdul Kahar b Sariman** (Manager)	PPM 184 Elopura, 90000, Sandakan, Sabah
	Kilang Sawit Sungai Tenegang Tel: 089-959812	**Aizuddin b Abdul Hamid** (Acting Manager)	KM 41, Jalan Lahad Datu - Sandakan, Peti Surat 60626, 91115 Lahad Datu, Sabah

Company	Estates	Designation	Address
THP Sabaco Sdn Bhd	**Kilang Sawit Ladang Mamahat** Tel: 089-278023/278024	**Abdul Naziz Ashady b Abdul Rahman** (Manager)	Karung Berkunci 29, 89109 Kota Marudu, Sabah
THP Bukit Belian Sdn Bhd	**Ladang Bukit Belian** Tel: 089-278031/278030	**Martin@Zaini Soili** (Manager)	WDT 167, Kota Kinabatangan, 90200 Sandakan, Sabah
Ladang Jati Keningau Sdn Bhd	**Ladang Jati Keningau** Tel: 089-278035/278036	**Mustaming b Abu** (Manager)	FMU18, Bonggaya Forest, Reserve, KM 50 Jln Sapi-Paitan, off KM95 Jln Sandakan-Telupid, 90100, Beluran, Sabah
TH-Usia Jatimas Sdn Bhd	**Ladang Jatimas** Tel: 089-278035/278036	**Mustaming b Abu** (Manager)	FMU18, Bonggaya Forest, Reserve, KM 50 Jln Sapi-Paitan, off KM95 Jln Sandakan-Telupid, 90100, Beluran, Sabah
TH-Bonggaya Sdn Bhd	**Ladang Klagan 1** Tel: 089-278018	**Mustaming b Abu** (Manager)	FMU18, Bonggaya Forest, Reserve, KM 50 Jln Sapi-Paitan, off KM95 Jln Sandakan-Telupid, 90100, Beluran, Sabah
	Ladang Klagan 2 Tel: 089-278018	**Mustaming b Abu** (Manager)	FMU18, Bonggaya Forest, Reserve, KM 50 Jln Sapi-Paitan, off KM95 Jln Sandakan-Telupid, 90100, Beluran, Sabah
	Ladang Klagan 3 Tel: 089-278018	**Mustaming b Abu** (Manager)	FMU18, Bonggaya Forest, Reserve, KM 50 Jln Sapi-Paitan, off KM95 Jln Sandakan-Telupid, 90100, Beluran, Sabah
	Ladang Klagan 4 Tel: 089-278018	**Mustaming b Abu** (Manager)	FMU18, Bonggaya Forest, Reserve, KM 50 Jln Sapi-Paitan, off KM95 Jln Sandakan-Telupid, 90100, Beluran, Sabah
	Ladang Klagan 5 Tel: 089-278018	**Mustaming b Abu** (Manager)	FMU18, Bonggaya Forest, Reserve, KM 50 Jln Sapi-Paitan, off KM95 Jln Sandakan-Telupid, 90100, Beluran, Sabah

DIRECTORY OF ESTATES AND MILLS

Company	Estates	Designation	Address
THP Saribas Sdn Bhd	**Ladang Kenyalang** Tel: 013-8370535	**Abdullah Asya'ari b Junoh** (Manager)	KM20, Jalan Pusa-Sessang, 94950 Pusa, Sarawak
	Ladang Raja Udang Tel: 013-8627147	**Ghazali b Ab Talib** (Senior Manager)	KM11, Jalan Pusa-Sessang, 94950 Pusa, Sarawak
	Ladang Enggang Tel: 083-474910	**Nazim b Abdul Hamid** (Acting Manager)	KM6, Jalan Pusa-Sessang, 94950 Pusa, Sarawak
	Ladang Merbok Tel: 013-8033213/083-485901	**Sazali b Zainol** (Acting Manager)	KM7, Jalan Besar Pusa, 94950 Pusa, Sarawak
	Ladang NCR Saribas Tel: 013-8370535	**Abdullah Asya'ari b Junoh** (Manager)	KM20, Jalan Pusa-Sessang, 94950 Pusa, Sarawak
	Kilang Sawit Ladang Raja Udang Tel: 083-485930/013-8047376	**Zamaludin b Sarkawi** (Manager)	Blok 3, Lot No. 44 & 45, Sablor Land District, 94950 Pusa, Sarawak
TH Pelita Meludam Sdn Bhd	**Ladang Tanjung Lilin** Tel: 083-474913	**Mohamad Safri b Alwi Umar** (Acting Manager)	KM 4, Jalan Pusa-Beladin, 94950 Pusa, Sarawak
	Ladang Semarang Tel : 019-8546030	**Baharin b Salleh** (Manager)	KM 18, Jalan Pusa-Meludam, 94950 Pusa, Sarawak
TH Pelita Beladin Sdn Bhd	**Ladang NCR** Tel: 083-474913	**Mohamad Safri b Alwi Umar** (Acting Manager)	KM 4, Jalan Pusa-Beladin, 94950 Pusa, Sarawak
TH Pelita Simunjan Sdn Bhd	**Ladang Kepayang** Tel: 019-8624737	**Singgat Anak Birai** (Manager)	KM 21, Kampung Isu, 98400 Simunjan, Sarawak
	Ladang Semalatong Tel: 082-804907	**Ismail b Sadari** (Senior Manager)	KM 21, Kampung Semalatong, 98400 Simunjan, Sarawak
TH Pelita Gedong Sdn Bhd	**Ladang Gedong** Tel: 082-882902/019-8185513	**Abang Ahmad Saifulhadi b Abang Iskandar** (Manager)	KM 8, Jalan Gedong P.O. Box 32, 94700 Serian, Sarawak
	Ladang Sematan Tel: 019-8243657	**Helmi b Mokhtarrudin** (Manager)	KM 8, Jalan Gedong P.O. Box 32, 94700 Serian, Sarawak
	Kilang Sawit Gedong Tel: 019-3762696	**Md Nazri b Md Noh** (Manager)	KM 8, Jalan Gedong P.O. Box 32, 94700 Serian, Sarawak

Company	Estates	Designation	Address
TH Pelita Sadong Sdn Bhd	**Ladang Sadong** Tel: 082-895512	**Mohd Rushdi b Munar** (Acting Manager)	KM 8, Jalan Gedong P.O. Box 32, 94700 Serian, Sarawak
	Ladang Lupar Tel: 019-8898657	**Harisfadzillah b Lamat** (Manager)	KM 8, Jalan Gedong P.O. Box 32, 94700 Serian, Sarawak
Hydroflow Sdn Bhd	**Ladang Sungai Kerian** Tel: 013-8373431	**Mohadzari b Johari** (Acting Manager)	Lot 1227, Jalan Kg Ulu Gedong 94700 Gedong, Sarawak
Bumi Suria Ventures Sdn Bhd	**Ladang Sungai Karangan** Tel: 084-375831	**Girman @ Perman b Sirah** (Senior Manager)	KM 91, Jalan Bintulu - Sibu, P.O Box 3325, 97000 Bintulu, Sarawak
	Ladang Sungai Arip Tel: 084-375830	**Ahmad Mazwan b Jamaludin** (Manager)	KM 91, Jalan Bintulu - Sibu, P.O Box 3325, 97000 Bintulu, Sarawak

ANALYSIS OF SHAREHOLDINGS

AS AT 4 APRIL 2022

SHAREHOLDING STRUCTURE

Issued Shares : 883,851,470 Ordinary Shares
Voting Rights : One vote per one ordinary shares held

ANALYSIS BY SIZE OF SHAREHOLDINGS

Size of Shareholdings	No. of Holders	%	No. of Issued Shares	%
Less than 100	301	2.95	4,732	0.00
100 to 1,000	1,209	11.84	606,417	0.07
1,001 to 10,000	6,701	65.64	29,056,875	3.29
10,001 to 100,000	1,780	17.44	52,462,954	5.93
100,001 to less than 5% of issued shares	216	2.12	149,125,861	16.87
5% and above of issued shares	1	0.01	652,594,631	73.84
Total	**10,208**	**100.00**	**883,851,470**	**100.00**

DIRECTORS' SHAREHOLDINGS

		No. of Ordinary Shares Held			
No.	**Directors**	**Direct**	**%**	**Indirect**	**%**
1	Tan Sri Abu Talib bin Othman	Nil	Nil	Nil	Nil
2	Dato' Sri Amrin bin Awaluddin	Nil	Nil	Nil	Nil
3	Tengku Dato' Seri Hasmuddin bin Tengku Othman	Nil	Nil	Nil	Nil
	Alternate Director: Dzul Effendy bin Ahmad Hayan	Nil	Nil	Nil	Nil
4	Mohd Adzahar bin Abdul Wahid	Nil	Nil	Nil	Nil
5	Dato' Shari bin Haji Osman	Nil	Nil	Nil	Nil
6	Datuk Dr. Ahmad Kushairi bin Din	Nil	Nil	Nil	Nil
7	Bakri bin Jamaluddin	Nil	Nil	Nil	Nil
8	Muhammad Ramizu bin Mustaffa *(Appointed on 5 April 2022)*	N/A	N/A	N/A	N/A

SUBSTANTIAL SHAREHOLDER

		No. of Ordinary Shares Held			
No.	**Substantial Shareholder**	**Direct**	**%**	**Indirect**	**%**
1	Lembaga Tabung Haji	652,594,631	73.84	Nil	Nil

TOP THIRTY SHAREHOLDERS

No.	Shareholders	No. of Shares Held	%
1	Lembaga Tabung Haji	652,594,631	73.84
2	Kong Goon Khing	39,797,000	4.50
3	Alliancegroup Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Yayasan Pok dan Kassim	9,969,360	1.13
4	Pertubuhan Peladang Negeri Terengganu	5,870,294	0.66
5	Kong Goon Siong	5,059,300	0.57
6	RHB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for VM Team Engineering Sdn Bhd	4,000,000	0.45
7	CIMB Islamic Nominees (Tempatan) Sdn. Bhd. Affin Hwang Asset Management Berhad for Majlis Ugama Islam dan Adat Resam Melayu Pahang	3,977,760	0.45
8	Alliancegroup Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Chong Yiew On (6000006)	3,827,000	0.43
9	Neoh Choo Ee & Company, Sdn. Berhad	3,700,000	0.42
10	Alliancegroup Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Kong Kok Choy (8092812)	3,500,000	0.40
11	Kenanga Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Mohd Yusuf Ali bin Abdullah	3,150,000	0.36
12	RHB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Mohd Yusuf Ali bin Abdullah	2,475,000	0.28
13	Amin Baitulmal Johor	2,400,000	0.27
14	Majlis Agama Islam Wilayah Persekutuan	2,400,000	0.27
15	AMSEC Nominees (Tempatan) Sdn. Bhd. Ambank (M) Berhad for Lim Huat Bee (6720-1502)	1,856,900	0.21
16	HLIB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Yap Qwee Beng	1,540,300	0.17
17	Chua Soh Peng	1,438,700	0.16
18	Kenanga Nominees (Asing) Sdn. Bhd. Exempt An for Phillip Securities Pte Ltd (Client Account)	1,202,000	0.14
19	Dynaquest Sdn. Bhd.	1,200,000	0.14
20	Tai Yat Choy	1,018,600	0.12
21	CGS-CIMB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Zalaraz Sdn. Bhd. (MY3113)	1,000,000	0.11
22	HLB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Lee Poh Kwee	1,000,000	0.11
23	Affin Hwang Nominees (Asing) Sdn. Bhd. DBS Vickers Secs (S) Pte Ltd for Little Rain Assets Limited	917,000	0.10
24	Affin Hwang Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Chee Chi Vun (M02)	900,000	0.10
25	DB (Malaysia) Nominee (Asing) Sdn. Bhd. The Bank of New York Mellon for Acadian Emerging Markets Micro-Cap Equity Master Fund	893,600	0.10

ANALYSIS OF SHAREHOLDINGS
AS AT 4 APRIL 2022

TOP THIRTY SHAREHOLDERS (CONTINUED)

No.	Shareholders	No. of Shares Held	%
26	Cartaban Nominees (Asing) Sdn. Bhd. SSBT Fund 0MUA for Teachers' Retirement System of the State of Illinois	889,800	0.10
27	Kong Chew Ching	816,000	0.09
28	HSBC Nominees (Asing) Sdn. Bhd. JPMCB NA for Teachers' Retirement System of the City of New York	799,900	0.09
29	HSBC Nominees (Asing) Sdn. Bhd. J.P. Morgan Securities PLC	746,100	0.08
30	Wong Mee Kwong	728,000	0.08
	TOTAL	**759,666,545**	**85.93**

NOTICE OF 48TH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Forty-Eighth Annual General Meeting ("48th AGM") of TH Plantations Berhad ("THP" or "the Company") will be held on a virtual basis through live streaming from the Broadcast Venue at **Dewan Perkasa, Level 34, MoF Inc. Tower, No. 9 Persiaran KLCC, 50088 Kuala Lumpur** on **Thursday, 23 June 2022** at **10.00 a.m.** to transact the following businesses:

As Ordinary Business

1. To receive the Audited Financial Statements for the year ended 31 December 2021 together with Reports of the Directors and the Auditors thereon.

2. To approve the payment of Directors' fees and benefits payable of up to RM906,000.00 for the period from 24 June 2022 until the next Annual General Meeting of the Company to be held in 2023. — Ordinary Resolution 1

3. To re-elect the following Directors, who shall retire in accordance with Clause 94 of the Constitution of the Company and being eligible, have offered themselves for re-election:
   i. Dato' Sri Amrin bin Awaluddin — Ordinary Resolution 2
   ii. Tengku Dato' Seri Hasmuddin bin Tengku Othman — Ordinary Resolution 3
   iii. Bakri bin Jamaluddin — Ordinary Resolution 4
   iv. Datuk Dr. Ahmad Kushairi bin Din — Ordinary Resolution 5
   v. Muhammad Ramizu bin Mustaffa — Ordinary Resolution 6

4. To appoint Messrs. KPMG PLT as Auditors of the Company in place of the retiring Auditors, Messrs. KPMG Desa Megat PLT. — Ordinary Resolution 7

   Notice of Nomination pursuant to Section 280 of the Companies Act 2016 ("the Act") have been received by the Company for the nomination of Messrs. KPMG PLT, who have given their consent to act as Auditors of the Company in place of the retiring Auditors, Messrs. KPMG Desa Megat PLT and of the intention to propose the following ordinary resolution:-

   "**THAT** Messrs. KPMG PLT (AF0758) be hereby appointed as Auditors of the Company for the financial year ending 31 December 2022 in place of the retiring Auditors, Messrs. KPMG Desa Megat PLT and to hold office until the conclusion of the next Annual General Meeting at a remuneration to be fixed by the Directors."

As Special Business

To consider, and if deemed fit, to pass with or without modification, the following Resolutions:

5. **Proposed Renewal of Shareholders' Mandate for Existing Recurrent Related Party Transactions of a Revenue or Trading Nature and Proposed New Shareholders' Mandate for Additional Recurrent Related Party Transactions of a Revenue or Trading Nature** — Ordinary Resolution 8

   "**THAT** subject always to the provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given for the renewal of the Shareholders' Mandate for the Company and/or its Subsidiaries to enter into existing recurrent related party transactions of a revenue or trading nature as set out in Section 2.4.1 of the Circular to Shareholders dated 29 April 2022 with the related parties described therein provided that such transactions are necessary for the Group's day-to-day operations, carried out in the normal course of business, at arm's length, 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;

“**THAT** a new Shareholders’ Mandate be and is hereby granted for the Company and/or its Subsidiaries to enter into additional recurrent related party transactions of a revenue or trading nature as set out in Section 2.4.2 of the Circular to Shareholders dated 29 April 2022 with the related parties described therein provided that such transactions are necessary for the Group’s day-to-day operations, carried out in the normal course of business, at arm’s length, 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;

AND THAT such approval granted shall take effect immediately upon passing of this Resolution and shall continue to be in force until:

i. the conclusion of the next Annual General Meeting (“AGM”) of the Company following the forthcoming AGM at which such mandate is approved, at which time it will lapse, unless by a resolution passed at the next AGM, the mandate is renewed;

ii. the expiration of the period within which the next AGM of the Company after the forthcoming AGM is required to be held pursuant to Section 340(2) of the Act, (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or

iii. revoked or varied by a resolution passed by the shareholders in a general meeting, whichever is earlier.

AND THAT the Directors of the Company and/or its Subsidiaries be and are hereby authorised to do all such acts and things as may be necessary in the best interests of the Company and to give full effect to the Recurrent Related Party Transactions as authorised by this Resolution.”

6. **Authority to Issue & Allot Shares Pursuant to Sections 75 and 76 of the Companies Act 2016** Ordinary Resolution 9

“**THAT** subject to the Act, the Constitution of the Company and the approvals of the Bursa Malaysia Securities Berhad (“Bursa Securities”) and other relevant governmental and/or regulatory authorities, where such approval is required, the Directors of the Company be and are hereby authorised and empowered pursuant to Section 75 and 76 of the Act to issue and allot shares in the Company from time to time and upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit, PROVIDED that the aggregate number of shares issued pursuant to this Resolution does not exceed ten per centum (10%) of the total number of issued shares (excluding treasury shares) of the Company for the time being and that the Directors be and are also empowered to obtain the approval for the listing and quotation of the additional shares so issued on the Bursa Securities and that such authority shall continue to be in force until the conclusion of the next AGM of the Company.

THAT the Directors of the Company be and are hereby authorised to give effect to this Resolution with full powers to assent to any conditions, modifications, variations and/or amendments as they may deem fit in the best interest of the Company and/or as may be imposed by the relevant authorities.

AND THAT the Directors of the Company be and are hereby authorised to implement, finalise, complete, take all necessary steps and to do all acts in relation to this Resolution.”

7. To transact any other business of which due notice shall have been received in accordance with the Act and the Constitution of the Company.

FURTHER NOTICE IS HEREBY GIVEN THAT for the purpose of determining a member who shall be entitled to attend at the 48th AGM, the Company shall request for Bursa Malaysia Depository Sdn. Bhd. ("Bursa Depository"), in accordance with Clause 65(b) of the Constitution of the Company and Section 34(1) of the Securities Industry (Central Depositories) Act 1991 (SICDA), to issue a Record of Depositors ("ROD") as at 16 June 2022. Only a depositor whose name appear on the ROD as at 16 June 2022 shall be entitled to attend, participate and vote at the 48th AGM or appoint proxy/proxies to attend, participate and vote on his/her behalf.

By Order of the Board

ALIATUN BINTI MAHMUD (LS0008841) (SSM PC No.201908003467)
WAN NURUL HIDAYAH BINTI WAN YUSOFF (LS0008555) (SSM PC No.201908003468)
Company Secretaries

Kuala Lumpur
Date: 29 April 2022

NOTES:

1. **Virtual Annual General Meeting**

 i. **The 48th AGM of the Company will be held on a virtual basis through live streaming from the Broadcast Venue and members are only allowed to participate remotely through the Remote Participation and Electronic Voting ("RPEV") facilities.**

 ii. The Broadcast Venue of the 48th AGM is strictly for the purpose of complying with Section 327(2) of the Act which requires the Chairman of the Meeting to be at the main venue. **NO SHAREHOLDERS** will be allowed to be physically present at the Broadcast Venue on the day of the 48th AGM.

 iii. As such, we strongly encourage you to make use of the RPEV facilities to attend, speak (in the form of real time submission of typed texts) and vote (collectively, "participate") at the 48th AGM. The right to speak is not limited to verbal communication only but includes other modes of expression such as real time submission of typed texts.

 Please read the notes provided in the **Administrative Guide** for further details.

2. **Proxy and Entitlement of Participation**

 i. Only a Member whose name appear on the ROD as at 16 June 2022 shall be entitled to participate at the 48th AGM or appoint proxy(ies) on his/her behalf.

 ii. A Member entitled to participate at the 48th AGM may appoint not more than two (2) proxies to participate on his/her behalf. A proxy may but need not be a member of the Company.

 iii. Where a Member appoints two (2) proxies, the appointment shall not be valid unless he/she specifies his/her shareholdings to be represented by each proxy. Each proxy appointed shall represent a minimum of 100 shares.

 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.

 iv. The instrument in appointing a proxy shall be in writing under the hand of the appointer or of his/her attorney duly authorised in writing or, if the appointer is a corporation, either under its Common Seal or under the hand of its officer or attorney duly authorised by the corporation.

 v. The instrument in appointing a proxy must be deposited at the Company's Registered Office at Level 35, MoF Inc. Tower, No. 9 Persiaran KLCC, 50088 Kuala Lumpur not less than 24 hours before the time set for holding the 48th AGM or **no later than Wednesday, 22 June 2022** at **10.00 a.m.** or any adjourned meeting at which the person named in the instrument proposes to vote and in default, the instrument of proxy shall not be treated as valid.

3. **Item 1 of the Agenda**
 Audited Financial Statements for the year ended 31 December 2021

 This Agenda item is meant for discussion only as the provision of Section 340(1)(a) of the Act does not require a formal approval from the shareholders for the Audited Financial Statements. Hence, this Agenda is **not put forward for voting**.

4. **Item 2 of the Agenda**
Directors' Fees and Benefits Payable

The fees and benefits to the Directors of the Company are paid based on the following Remuneration Structure which has not been changed since the last AGM:

Directors' Fees

Board/Board Committees	Monthly Fees Chairman (RM)	Monthly Fees Members (RM)
Board	12,000.00	5,000.00
Audit & Risk Management Committee	2,000.00	1,000.00
Nomination & Remuneration Committee	Nil	Nil
Investment Committee	Nil	Nil
Tender Committee A	Nil	Nil
Tender Committee B	Nil	Nil

Directors' Benefits

Meeting Allowance	Board and Board Committees meetings: RM1,000.00 per meeting
Other benefits	Medical and insurance coverage

At the last 47th AGM of the Company held on 24 June 2021, the shareholders had approved the directors' fees and benefits payable of up to RM760,000.00 for the period from 25 June 2021 until the date of the 48th AGM of the Company. The expected total amount to be utilized is approximately RM685,000.00 or 90% of the approved amount.

The proposed directors' fees and benefits payable are estimated to increase for the period from 24 June 2022 until the next AGM of the Company to be held in June 2023. As such, the Board of Directors has endorsed the Nomination & Remuneration Committee's recommendation to seek the shareholders' approval at the 48th AGM of the Company for an amount of up to RM906,000.00 as the directors' fees and benefits payable to the Directors. Among the reasons for the increase are as follows:

i. Increase in the number of the Board members from 6 to 8;
ii. Increase in the number of members of the Board Committees; and
iii. Increase in the number of meetings of the Board and the Board Committees.

The payment of directors' fees and benefits will be made on a monthly basis or as and when incurred, after the Directors have discharged their responsibilities and rendered their services to the Company. In the event that the proposed directors' fees and benefits are insufficient (e.g. due to an increase in the Board size or holding of additional meetings of the Board and/or Board Committees), approval for additional fees will be sought at the next AGM.

5. **Item 3 of the Agenda**
Re-election of Directors

Clause 89 of the Constitution of the Company states that at every AGM, at least one-third (1/3) of the Directors for the time being shall retire from office. Clause 90 of the Constitution of the Company states that all Directors shall retire from office at least once in every three (3) years but shall be eligible for re-election.

Tan Sri Abu Talib bin Othman is due for retirement by rotation at the 48th AGM of the Company in accordance to Clause 89 of the Constitution of the Company. The Board of Directors has endorsed the Nomination & Remuneration Committee's recommendation to re-elect Tan Sri Abu Talib bin Othman based on the satisfactory outcome of his Board Evaluation Assessment. Tan Sri Abu Talib bin Othman has demonstrated his dedication, commitment and diligence as the Chairman of the Board, as well as effectively contribute sound and wise advice in all Board deliberations.

However, Tan Sri Abu Talib bin Othman has expressed his intention not to seek for re-election at the 48th AGM of the Company. Hence, Tan Sri Abu Talib bin Othman will retire as the Chairman and the Non-Independent Non-Executive Director of THP at the conclusion of the 48th AGM of the Company.

Clause 94 of the Constitution of the Company states that the Board shall, at any time appoint a Director to fill the casual vacancy or as an addition to the existing Board and a Director appointed under this Clause shall hold office only until the next annual general meeting of the Company and shall then be eligible for re-election.

Dato' Sri Amrin bin Awaluddin, Tengku Dato' Seri Hasmuddin bin Tengku Othman, Bakri bin Jamaluddin, Datuk Dr. Ahmad Kushairi bin Din and Muhammad Ramizu bin Mustaffa are due for retirement by casual vacancy at the 48th AGM of the Company in accordance to Clause 94 of the Constitution of the Company. Being eligible, all of them have offered themselves for re-election at the 48th AGM of the Company.

The profiles of the retiring Directors are set out on pages 35 to 43 of this Annual Report.

6. Item 4 of the Agenda
Appointment of New Auditors

The Company has received a Notice of Nomination from Lembaga Tabung Haji, being the major shareholder of the Company for the nomination of Messrs KPMG PLT as Auditors of the Company for the financial year ending 31 December 2022 in place of Messrs KPMG Desa Megat PLT who will be retiring as Auditors at the 48th AGM of the Company.

The Board of Directors has endorsed the Audit & Risk Management Committee's recommendation and has recommended for the above proposal to be tabled to the shareholders for approval at the 48th AGM of the Company.

A copy of the Notice of Nomination and the Consent to Act as Auditors from Messrs KPMG PLT are set out on pages 203 to 204 of this Annual Report.

7. Item 5 of the Agenda
Proposed Renewal of Shareholders' Mandate for Existing Recurrent Related Party Transactions of a Revenue or Trading Nature ("RRPTs") and Proposed New Shareholders' Mandate for Additional RRPTs

The proposed Ordinary Resolution 8, if passed, will allow the Company and/or its Subsidiaries to enter into existing and additional RRPTs with the mandated related parties provided that such transactions are necessary for the Group's day-to-day operations, carried out in the normal course of business, at arm's length, on commercial terms which are not more favourable to the related parties than those generally available to the public and are not detrimental to the minority shareholders.

The shareholders are advised to refer to the Circular to Shareholders dated 29 April 2022 for more information.

8. **Item 6 of the Agenda**
Authority to Issue & Allot Shares Pursuant to Sections 75 and 76 of the Companies Act 2016

The proposed Ordinary Resolution 9 is a new mandate to be obtained from the shareholders at the 48th AGM of the Company and if passed, will give the authority to the Directors of the Company from time to time to issue and allot new shares of the Company up to an aggregate amount not exceeding 10% of the total number of issued shares (excluding treasury shares) for the time being ("General Mandate") for such purposes as the Directors consider would be in the best interest of the Company.

The General Mandate, if granted will provide the Company the flexibility to raise funds expeditiously for the purpose to improve the Company's liquidity and financial flexibility without having to convene a general meeting and thereby reducing administrative time and costs associated with the convening of additional general meetings.

The General Mandate will allow for possible issuance of shares and/or fund raising exercises including but not limited to the placement of shares for the repayment of borrowings and/or working capital.

The General Mandate, unless revoked or varied by the Company at a general meeting, will expire at the conclusion of the next AGM of the Company.

ADMINISTRATIVE GUIDE

VIRTUAL 48TH ANNUAL GENERAL MEETING

Date	Time	Broadcast Venue
Thursday, 23 June 2022	10.00 a.m.	Dewan Perkasa, Level 34, MoF Inc. Tower No. 9 Persiaran KLCC, 50088 Kuala Lumpur

IMPORTANT NOTICE

MODE OF MEETING

i. **The 48th AGM of the Company will be held on a virtual basis through live streaming from the Broadcast Venue and members are only allowed to participate remotely through the Remote Participation and Electronic Voting ("RPEV") facilities.**

ii. The Broadcast Venue of the 48th AGM is strictly for the purpose of complying with Section 327(2) of the Companies Act, 2016 which requires the Chairman of the Meeting to be at the main venue. **NO SHAREHOLDERS** will be allowed to be physically present at the Broadcast Venue on the day of the 48th AGM.

iii. As such, we strongly encourage you to make use of the RPEV facilities to attend, speak (in the form of real time submission of typed texts) and vote (collectively, "participate") at the 48th AGM. Pursuant to SC Guidance, the right to speak is not limited to verbal communication only but includes other modes of expression such as real time submission of typed texts.

iv. The RPEV facilities can be accessed as follows:

   a. Scanning the QR code given to you in the email along with your RPEV User ID and Password; **OR**

   b. Alternatively, you may access via website URL at https://meeting.boardroomlimited.my.

1. ENTITLEMENT OF PARTICIPATION

Only a Member whose names appear on the Record of Depositors ("ROD") as at **16 June 2022** shall be entitled to participate at the 48th AGM or appoint proxy(ies) on his/her behalf.

2. PROXY

i. A member entitled to participate at the 48th AGM may appoint not more than two (2) proxies to participate on his/her behalf. A proxy may but need not be a member of the Company.

ii. Where a member appoints two (2) proxies, the appointment shall not be valid unless he/she specifies his/her shareholdings to be represented by each proxy. Each proxy appointed, shall represent a minimum of 100 shares.

iii. The instrument in appointing a proxy must be deposited at the Company's Registered Office at **Level 35, MoF Inc. Tower, No. 9 Persiaran KLCC, 50088 Kuala Lumpur** not less than 24 hours before the time set for holding the 48th AGM or **no later than Wednesday, 22 June 2022 at 10.00 a.m.**, or any adjourned meeting at which the person named in the instrument proposes to vote and in default, the instrument of proxy shall not be treated as valid.

iv. If you wish to participate in the 48th AGM, please do not submit any Proxy Form. You will not be allowed to participate in the 48th AGM together with a proxy appointed by you.

v. If you have submitted your Proxy Form and subsequently decide to participate in the meeting, please contact the Officer In-Charge (refer to item 10) **no later than Wednesday, 22 June 2022 at 10.00 a.m.** to revoke the appointment of your proxy.

3. CORPORATE MEMBER

Any corporate member who wishes to appoint a representative instead of a proxy to participate at the 48th AGM should lodge the certificate of appointment under the seal of the corporation at the Company's Registered Office at **Level 35, MoF Inc. Tower, No. 9 Persiaran KLCC, 50088 Kuala Lumpur** not less than 24 hours before the time set for holding the 48th AGM or **no later than Wednesday, 22 June 2022 at 10.00 a.m.**, or any adjourned meeting at which the person named in the instrument proposes to vote and in default, the instrument of proxy shall not be treated as valid.

4. REMOTE PARTICIPATION AND ELECTRONIC VOTING ("RPEV")

i. Please note that the RPEV is available to:

   a. Individual members;
   b. Corporate shareholders;
   c. Authorised Nominees; and
   d. Exempt Authorised Nominees.

ii. If you choose to participate in the meeting online, you will be able to view a live streaming of the 48th AGM, submit questions and submit your votes in real time whilst the meeting is in progress.

iii. Please follow the steps below on how to request for RPEV User ID and Password in order to participate at the 48th AGM remotely.

PRIOR TO THE DAY OF THE 48TH AGM

STEP 1 – REGISTER ONLINE WITH BOARDROOM SMART INVESTOR PORTAL (FOR FIRST TIME REGISTRATION ONLY)

[Note: If you have already signed up with Boardroom Smart Investor Portal, you are not required to register again. You may proceed to Step 2 – Submit Request for RPEV User ID and Password]

a. Open an internet browser latest version of Chrome, Firefox, Safari Edge or Opera is recommended.
b. Go to Boardroom Smart Investor Portal ("BSIP") website at https://investor.boardroomlimited.com.
c. Click on <<REGISTER>> to sign up for a BSIP account.
d. Complete registration with all required information. Upload and attach your MyKAD (front and back) or Passport. Click on <<REGISTER>>.
e. You will receive an email from BSIP Online for email address verification. Click on <<VERIFY EMAIL ADDRESS>> from the email received to proceed with the registration.
f. Once your email address is verified, you will be re-directed to BSIP Online for verification of mobile number. Click on <<REQUEST OTP CODE>> and an OTP Code will be sent to the registered mobile number. You will need to enter the OTP Code and click on <<ENTER>> to complete the process.
g. Once your mobile number is verified, registration of your new BSIP account will be pending for final verification.
h. An email will be send to you to inform the approval of your BSIP account within one (1) business day. Subsequently, you can login at https://investor.boardroomlimited.com with the email address and password filled up by you during registration to proceed.

ADMINISTRATIVE GUIDE
VIRTUAL 48TH ANNUAL GENERAL MEETING

STEP 2 – SUBMIT REQUEST FOR RPEV USER ID AND PASSWORD

[Note: The registration for RPEV will be opened on ***Friday, 29 April 2022 until Wednesday, 22 June 2022. Shareholders are encourage to register at least 24 hours before the commencement of the 48th AGM to avoid any delay in the registration.****]*

Individual Members

a. Open an internet browser latest version of Chrome, Firefox, Safari Edge or Opera is recommended.
b. Go to BSIP website at https://investor.boardroomlimited.com.
c. Login with your registered email address and password.
[Note: if you do not have an account with BSIP, please sign-up/register with BSIP for free – Refer to Step 1 above]
d. Select and click on <<CORPORATE MEETING>>.
e. Go to <<TH PLANTATIONS BERHAD VIRTUAL 48TH AGM>> and click on <<ENTER>>.
f. Go to <<VIRTUAL>> and click on <<REGISTER FOR RPEV>>.
g. Read and agree to the Terms & Conditions.
h. Enter your CDS Account Number and click on <<SUBMIT>> to complete your request.
i. You will receive a notification that your RPEV registration has been received and is being verified.
j. Upon system verification against the 48th AGM ROD as at 16 June 2022, you will receive an email from Boardroom either approving or rejecting your registration for the RPEV.
k. If approved, RPEV credential will be provided in your email.
l. Please note that one (1) User ID and Password can only log on to one (1) device at a time.

[Note: Closing for submission of request is on ***Wednesday, 22 June 2022*** *at* ***10.00 a.m.****]*

Corporate Shareholders, Authorised Nominee and Exempt Authorised Nominee

a. Write in to bsr.helpdesk@boardroomlimited.com by providing the name of Member, CDS Account Number accompanied with the Certificate of Appointment of Corporate Representative or Form of Proxy to submit the request.
b. Please provide a copy of Corporate Representative's or proxy holder's MyKAD (front & back) or Passport as well as his/her email address.
c. You will receive a notification from Boardroom that your request has been received.
d. Upon system verification of your registration against the 48th AGM's ROD as at **16 June 2022**, you will receive your RPEV User ID and Password along with the email from Boardroom if your registration is approved.
e. Please note that one (1) User ID and Password can only log on to one (1) device at a time.
f. Please note that the closing date and time to submit your request is on **Wednesday, 22 June 2022** at **10.00 a.m.**

ON THE DAY OF THE 48TH AGM

STEP 3 – LOGIN TO MEETING PLATFORM

a. The Meeting Platform will be opened for login starting one (1) hour before the commencement of the 48th AGM, which is from **9.00 a.m.** on **Thursday, 23 June 2022**.
b. The Meeting Platform can be accessed via one (1) of the following:
   - Scanning the QR code given to you in the email along with your RPEV User ID and Password; **OR**
   - Alternatively, you may access via website URL at https://meeting.boardroomlimited.my.
c. Enter the Meeting ID No. and sign in with the RPEV User ID and Password provided to you via the email notification in Step 2 above.

STEP 4 - PARTICIPATION

[Note: Questions submitted online will be moderated before being sent to the Chairman to avoid repetition]

a. If you would like to view the live webcast, click on the broadcast icon.
b. If you would like to ask a question during the 48th AGM, click on the messaging icon.
c. Type your message within the chat box and click on <<SEND>> once completed.

[Note: Please note that the quality of the connectivity to Virtual AGM Portal for live webcast as well as for remote participation and electronic voting is highly dependent on the bandwidth and the stability of the internet connectivity available at the location of the remote users].

STEP 5 - VOTING

a. Once the 48th AGM is open for voting, the polling icon will appear with the resolutions and your voting choices.
b. To vote, click on voting direction from the options provided. A confirmation message will appear to show your vote has been received.
c. To change your vote, click on another voting director.
d. If you wish to cancel your vote, please click on <<CANCEL>>.

STEP 6 - END OF PARTICIPATION

a. Upon the announcement by the Chairman on the closure of the 48th AGM, the live webcast will end.
b. You can now logout from the Meeting Platform.

5. PROCEDURE OF THE 48th AGM

i. The User Login Guide for participation, posing questions and voting at the 48th AGM will be emailed to you together with your RPEV User ID and Password once your registration has been approved.

ii. The 48th AGM will start promptly at 10.00 a.m.

iii. Please ensure you are connected to the internet at all times in order to participate when the 48th AGM has commenced. Therefore, it is your responsibility to ensure that connectivity during the 48th AGM is maintained. Kindly note that the quality of the live streaming is dependent on the bandwidth and the stability of the internet connection at the location of the remote participants.

iv. Strictly **NO** unauthorised recording or photography of the proceedings of the 48th AGM are allowed.

6. SUBMISSION OF QUESTIONS

Shareholders and proxies may raise relevant questions to the Company through the following avenues:

(A) Prior to the day of the 48th AGM

Questions may be submitted via email to info@thplantations.com **no later than Wednesday, 22 June 2022 at 10.00 a.m.**

(B) On the day of the 48th AGM (23 June 2022)

Questions may be submitted to the Messaging window via RPEV facilities during the live streaming.

ADMINISTRATIVE GUIDE
VIRTUAL 48TH ANNUAL GENERAL MEETING

7. NO FOOD VOUCHER AND DOOR GIFTS

There will be **NO DISTRIBUTION OF DOOR GIFT AND FOOD VOUCHER** for members/proxies who participate in the 48th AGM.

8. PERSONAL DATA PRIVACY

By registering for the RPEV and/or submitting the instrument appointing a proxy(ies) and/or representative(s), the member of the Company has consented to the use of such data for purposes of processing and administration by the Company (or its agents); and to comply with any laws, listing rules, regulations and/or guidelines. The member agrees that he/she will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the shareholder's breach of warranty.

9. ANNUAL REPORT 2021, CIRCULAR TO SHAREHOLDERS AND CORPORATE GOVERNANCE REPORT 2021

The following documents are available at http://www.thplantations.my/annual_report.php:

1. Annual Report 2021
2. Circular to Shareholders on the Proposed Renewal of Shareholders' Mandate for Existing Recurrent Related Party Transactions of a Revenue or Trading Nature ("RRPTs") and Proposed New Shareholders' Mandate for an Additional RRPTs
3. Corporate Governance Report 2021
4. Notice of the 48th AGM, Administrative Guide, Proxy Form and Request Form

10. ENQUIRIES

If you have any enquiry in relation to the 48th AGM, **RPEV** and **Proxy Form**, please contact the Share Registrar of the Company during office hours as follows:

Address	:	Boardroom Share Registrars Sdn. Bhd. 11th Floor, Menara Symphony No. 5 Jalan Prof. Khoo Kay Khim Seksyen 13 46200 Petaling Jaya Selangor Darul Ehsan
Tel (Helpdesk)	:	03 7890 4700
Fax	:	03 7890 4670
Email	:	bsr.helpdesk@boardroomlimited.com
Officer incharge	:	Cik Nursyahirah binti Che Rahimi
Tel	:	03 7890 4754
Email	:	nursyahirah.cherahimi@boardroomlimited.com

TH PLANTATIONS BERHAD

Registration No. 197201001069 (12696-M)
(Incorporated in Malaysia)

PROXY FORM

VIRTUAL 48TH ANNUAL GENERAL MEETING

I/We, ______________________________ (FULL NAME IN BLOCK LETTERS)

NRIC No./Passport No./Company No. ______________________ of ______________________

______________________ (RESIDENTIAL ADDRESS) ______________________ (EMAIL ADDRESS)

being member/members of TH PLANTATIONS BERHAD ("the Company") hereby appoint ______________________

______________________________ (FULL NAME IN BLOCK LETTERS)

NRIC No./Passport No./Company No. ______________________ of ______________________

______________________ (RESIDENTIAL ADDRESS) ______________________ (EMAIL ADDRESS)

or failing him/her ______________________________ (FULL NAME IN BLOCK LETTERS)

NRIC No./Passport No./Company No. ______________________ of ______________________

______________________ (RESIDENTIAL ADDRESS) ______________________ (EMAIL ADDRESS)

or failing him/her, the CHAIRMAN OF THE MEETING as my/our proxy to vote for me/us and on my/our behalf at the Forty-Eighth Annual General Meeting ("48th AGM") of the Company to be held on a virtual basis through live streaming from the Broadcast Venue at **Dewan Perkasa, Level 34, MoF Inc. Tower, No. 9 Persiaran KLCC, 50088 Kuala Lumpur** on **Thursday, 23 June 2022** at **10.00 a.m.** or at any adjournment thereof.

My/our proxy is to vote as indicated below:

RESOLUTION NO.	ORDINARY BUSINESS	FOR	AGAINST
Ordinary Resolution 1	To approve the payment of Directors' fees and benefits payable of up to RM906,000.00 for the period from 24 June 2022 until the next Annual General Meeting of the Company to be held in 2023.		
Ordinary Resolution 2	To re-elect Dato' Sri Amrin bin Awaluddin as a Director.		
Ordinary Resolution 3	To re-elect Tengku Dato' Seri Hasmuddin bin Tengku Othman as a Director.		
Ordinary Resolution 4	To re-elect Bakri bin Jamaluddin as a Director.		
Ordinary Resolution 5	To re-elect Datuk Dr. Ahmad Kushairi bin Din as a Director.		
Ordinary Resolution 6	To re-elect Muhammad Ramizu bin Mustaffa as a Director.		
Ordinary Resolution 7	To appoint Messrs. KPMG PLT as Auditors of the Company in place of the retiring Auditors, Messrs. KPMG Desa Megat PLT at a remuneration to be fixed by the Directors.		
RESOLUTION NO.	**SPECIAL BUSINESS**	**FOR**	**AGAINST**
Ordinary Resolution 8	To approve the Proposed Renewal of Shareholders' Mandate for Existing Recurrent Related Party Transactions of a Revenue or Trading Nature ("RRPTs") and Proposed New Shareholders' Mandate for an Additional RRPTs.		
Ordinary Resolution 9	To approve the Proposed Authority to Issue & Allot Shares pursuant to Sections 75 and 76 of the Companies Act, 2016.		

(Please indicate with an "X" how you wish your vote to be cast. If no specific direction as to the voting is given, the proxy will vote or abstain at his/her own discretion).

For the appointment of two (2) proxies, the percentage of shareholdings to be represented by the proxies:

	NO. OF SHARES	PERCENTAGE
First Proxy		
Second Proxy		
TOTAL		100%

CDS Account No.	
Number of Ordinary Shares Held	

Dated this __________ day of __________________ 2022

____
Signature/Common Seal of Shareholder

NOTES:

i. Only a Member whose name appear on the ROD as at 16 June 2022 shall be entitled to participate at the 48th AGM or appoint proxy(ies) on his/her behalf.

ii. A Member entitled to participate at the 48th AGM may appoint not more than two (2) proxies to participate on his/her behalf. A proxy may but need not be a member of the Company.

iii. Where a Member appoints two (2) proxies, the appointment shall not be valid unless he/she specifies his/her shareholdings to be represented by each proxy. Each proxy appointed shall represent a minimum of 100 shares.

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.

iv. The instrument in appointing a proxy shall be in writing under the hand of the appointer or of his/her attorney duly authorised in writing or, if the appointer is a corporation, either under its Common Seal or under the hand of its officer or attorney duly authorised by the corporation.

v. The instrument in appointing a proxy must be deposited at the Company's Registered Office at Level 35, MoF Inc. Tower, No. 9 Persiaran KLCC, 50088 Kuala Lumpur not less than 24 hours before the time set for holding the 48th AGM or **no later than Wednesday, 22 June 2022** at **10.00 a.m.** or any adjourned meeting at which the person named in the instrument proposes to vote and in default, the instrument of proxy shall not be treated as valid.

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STAMP

The Company Secretary
TH PLANTATIONS BERHAD
Level 35
MoF Inc. Tower
No. 9 Persiaran KLCC
50088 Kuala Lumpur

Fold Here

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