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

ANNUAL REPORT 2020

OUR HIGHLIGHTS 2020

Optimistic outlook for THP on higher CPO price

The Group's revenue rose 12.45% to RM555.10 million, from RM493.65 million. The increases were mainly due to higher average realised prices for crude palm oil ("CPO"), Palm Kernel ("PK") and Fresh Fruits Bunches ("FFB") in 2020.

Refer more information at http://www.thplantations.my/.

THP progressing on its Strategic Recovery Plan

TH Plantations Berhad has commenced efforts to rationalise its group's non-performing assets to strengthen the Group's operations and finances. On 31 July 2020, the Group finalised the disposal of THP-YT Plantation Sdn Bhd ("THP-YT") to TDM Berhad, following on from the Heads of Agreement signing in 2019 and the execution of the Share Purchase Agreement ("SPA") on 3 March 2020.

Refer more information at http://www.thplantations.my/.

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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 2020 to 31 December 2020, 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.

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 our Investor Relations unit at 03-2603 4800 or email us at info@thplantations.com.

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.

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 http://www.thplantations.my/

This icon tells you about COVID-19-related information during this year pandemic

CORPORATE INFORMATION

AS AT 1 APRIL 2021

BOARD OF DIRECTORS

Tan Sri Abu Talib bin Othman
Chairman
Non-Independent
Non-Executive Director

Datuk Nik Mohd Hasyudeen bin Yusoff
Non-Independent
Non-Executive Director

Dato' Shari bin Haji Osman
Independent
Non-Executive Director

AUDIT COMMITTEE

Mohd Adzahar bin Abdul Wahid
Chairman
Independent
Non-Executive Director

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

Dato' Indera Dr. Md Yusop bin Omar
Member
Independent
Non-Executive Director

CHIEF EXECUTIVE OFFICER

Muzmi bin Mohamed

SECRETARIES

Aliatun binti Mahmud
(LS 0008841)
(SSM PC No. 201908003467)

Wan Nurul Hidayah binti Wan Yusoff
(LS 0008555)
(SSM PC No. 201908003468)

REGISTERED OFFICE

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PRINCIPAL BANKERS

- **Bank Islam Malaysia Berhad**
- **CIMB Bank Berhad**
- **Standard Chartered Bank Malaysia Berhad**

HEAD OFFICE

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STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad
Listed since 27 April 2006

Stock Name : THPLANT
Stock Code : 5112

CORPORATE INFORMATION
AS AT 1 APRIL 2021

Dato' Indera Dr. Md Yusop bin Omar
Independent
Non-Executive Director

Mohd Adzahar bin Abdul Wahid
Independent
Non-Executive Director

Dzul Effendy bin Ahmad Hayan
Non-Independent
Non-Executive Director

NOMINATION & REMUNERATION COMMITTEE

Dato' Shari bin Haji Osman
Chairman
Independent
Non-Executive Director

Mohd Adzahar bin Abdul Wahid
Member
Independent
Non-Executive Director

Dzul Effendy bin Ahmad Hayan
Member
Non-Independent
Non-Executive Director

AUDITORS

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PLACE OF INCORPORATION AND DOMICILE

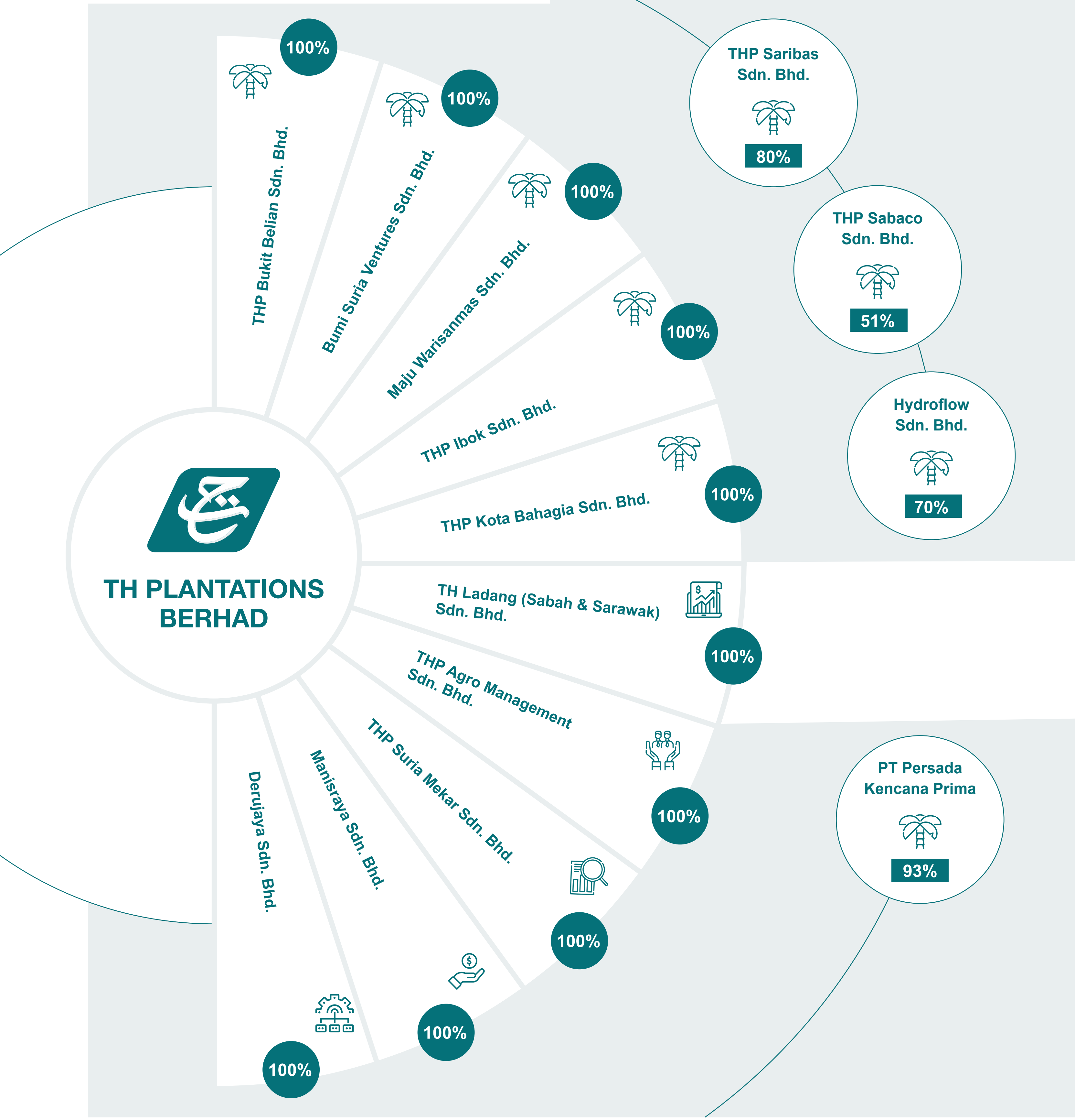
Malaysia

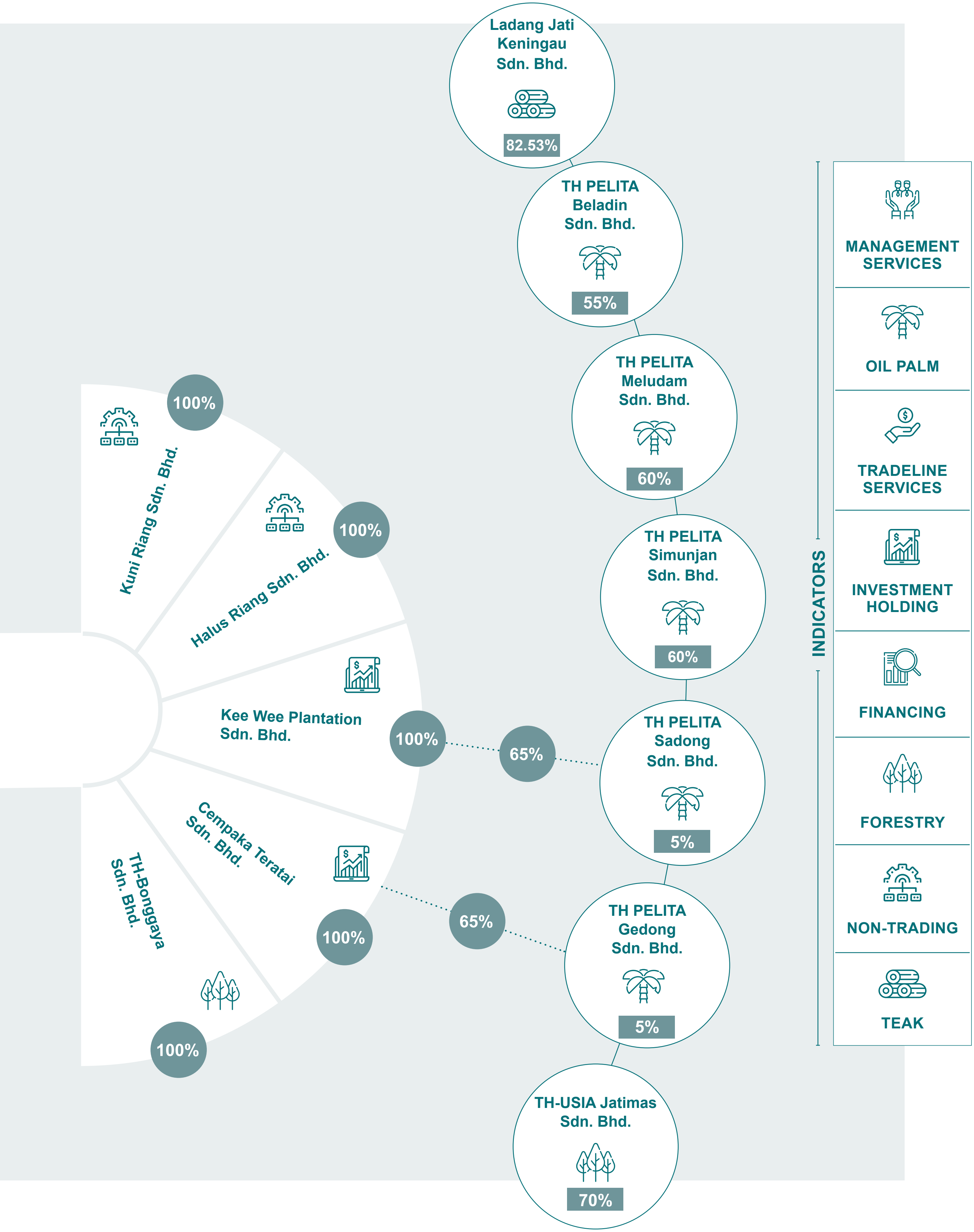
WEBSITE

www.thplantations.my

CORPORATE STRUCTURE

AS AT 1 APRIL 2021




Ladang Jati Keningau Sdn. Bhd.
82.53%
TH PELITA Beladin Sdn. Bhd.
55%
TH PELITA Meludam Sdn. Bhd.
60%
TH PELITA Simunjan Sdn. Bhd.
60%
TH PELITA Sadong Sdn. Bhd.
5%
TH PELITA Gedong Sdn. Bhd.
5%
TH-USIA Jatimas Sdn. Bhd.
70%
Kuni Riang Sdn. Bhd.
100%
Halus Riang Sdn. Bhd.
100%
Kee Wee Plantation Sdn. Bhd.
100%
65%
Cempaka Teratai Sdn. Bhd.
100%
65%
TH-Bonggaya Sdn. Bhd.
100%
INDICATORS
MANAGEMENT SERVICES
OIL PALM
TRADELINE SERVICES
INVESTMENT HOLDING
FINANCING
FORESTRY
NON-TRADING
TEAK

MANAGEMENT DISCUSSION & ANALYSIS

INDUSTRY LANDSCAPE IN FY2020

Overall, the palm oil industry did better in 2020 than it did in 2019, largely due to a strong increase in the average prices of palm oil commodities during the second half of 2020. The higher prices were buoyed mainly by lower production output and low inventories in Malaysia. Adding to the pricing uplift were increases in the prices of other edible oils and the announcement of a hike in Indonesian palm oil export levies.

The beginning of 2020 brought with it the COVID-19 global pandemic

The ensuing lockdowns across most of the world created an environment of uncertainty in the palm oil industry. Any impact of COVID-19 on overall demand, however, seemed to have been mostly concentrated in the first half of 2020 when the strictest lockdowns were implemented in many countries and retail spending was most affected.

The Movement Control Order ("MCO") imposed in Malaysia since 18 March 2020 and the freeze on the recruitment of foreign workers affected the ability of planters to capitalise on the high palm oil prices by increasing production output. The shortage of foreign workers across the industry was estimated at 35,000 workers, which led to a short-term negative effect on production output but forced palm oil companies to innovate for the long term.

Early on in the year, Indonesia announced that it was moving up to a B30 transport fuel mandate with 30% palm-based biodiesel. The government supported its B30 blending mandate by raising the palm oil export levies twice during the year, thereby creating a reduction in Indonesian exports. The overall demand for biodiesel was difficult to sustain due to the low-price environment for crude petroleum. Amidst various uplift factors, this was a significant drag on palm oil prices.

With regard to CPO exports, Malaysia exported 4.45 million MT of CPO in 2020, compared to 3.83 million MT in 2019. The increased export volume contributed to a reduction in palm oil inventory levels to 1.27 million MT in December 2020. Further affecting CPO stock levels was the lower production output in 2020 of 19.14 million MT, compared to 19.86 million MT in 2019.

PERFORMANCE OVERVIEW

The Group recorded a profit before tax of RM54.46 million for FY2020, a return to the black after declaring a loss before tax of RM245.01 million in 2019. While the jump in revenue contributed to improve profitability, the better performance was also brought about by reductions in the cost of sales and no significant impairment losses provisioned for in the year under review.

Higher average CPO prices during the year under review were the main contributor to the Group's increased revenue in FY2020. Revenue for the year increased by 12.45%, from RM493.65 million in FY2019 to RM555.10 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 2020 was RM2,538 per tonne compared to RM1,968 per tonne in 2019.

PROFIT BEFORE TAX

increase **122.23%**

RM54.46 million

REVENUE

increase **12.45%**

RM555.10 million

Overall THP pricing

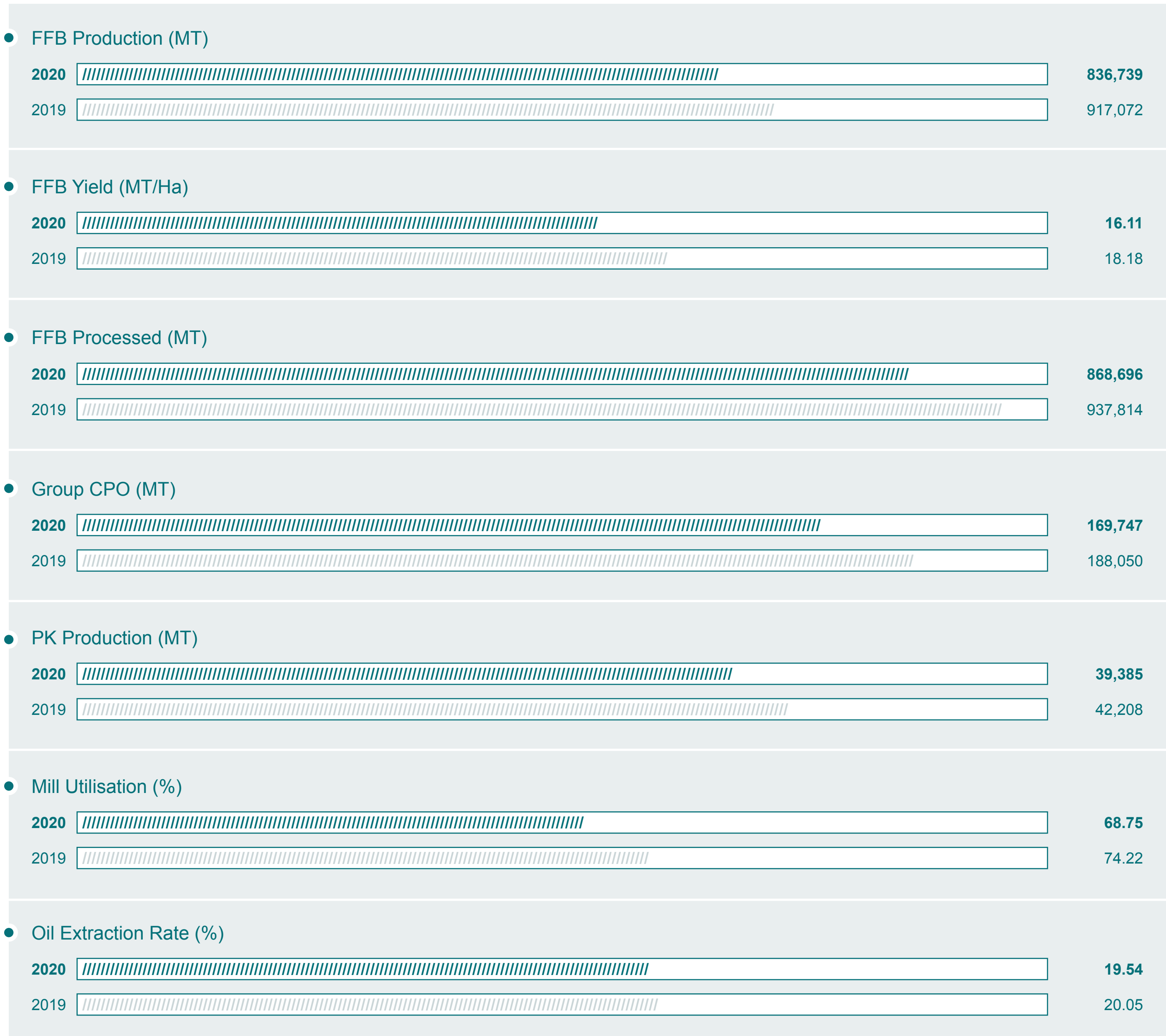
	2020	2019
CPO (RM/MT)	**2,538**	1,968
Palm Kernel (RM/MT)	**1,536**	1,172
FFB Sales (RM/MT)	**516**	377

The effect of the higher prices on revenue was mitigated by lower production of FFB by the Group. This was in line with the fall in overall production for the industry in 2020, which was 3.6% lower compared to 2019. This drop in overall production was a result of the non-optimal application of fertilisers in the previous years, a general cyclical effect, continuous labour shortages due to travel restrictions and unfavourable weather conditions.

The Group expects palm oil prices to remain favourable over the medium term given the above conditions and the overall low inventory level in Malaysia at the end of 2020. Combined with improved financial and operational efficiencies, this is anticipated to have a positive impact on the Group's financial position.

OPERATIONAL PERFORMANCE IN FY2020

The challenging working conditions and shortage of foreign workers due to the MCO impacted upstream (plantation) activities such as fertilising, harvesting and milling. These, coupled with the ongoing replanting activities, resulted in a reduction of total FFB production in 2020 by 8.8%, from 917,072 MT in 2019 to 836,739 MT. Correspondingly, the average yield per hectare dropped from 18.18 MT/Ha to 16.11 MT/Ha. The lower FFB production resulted in a 7.4% decrease in FFB processed at mills when compared to 2019. CPO production Group-wide also decreased to 169,748 MT, down from 188,051 MT the preceding year.



The Group's mature planted areas for oil palm increased marginally by 386 Ha, but the immature planted areas decreased substantially by 4,090 Ha or 45% compared to 2019. Most of the decrease was the result of the disposal of THP-YT and the reclassification of areas under Malaysian Sustainable Palm Oil ("MSPO") requirements in Sarawak. The rubber and teak planted areas remained largely unchanged from 2019.

	Oil Palm			Rubber/Teak		
	Mature (Ha)	Immature (Ha)	In the course of planting (Ha)	Immature (Ha)	Others (Ha)	Total (Ha)
2020	50,843	4,964	956	10,380	30,146	97,289
2019	50,457	9,054	747	10,380	30,338	100,976

Total acreage across the Group's oil palm planted areas decreased in 2020 by 3,704 Ha, mostly attributed to a significant decrease due to the disposal of THP-YT in Semenanjung Malaysia, dropping from a total of 16,048 Ha in 2019 to 13,454 Ha in 2020. The drop in immature planted areas was spread out evenly across Semenanjung, Sabah, Sarawak and Indonesia. Including rubber and teak planted areas that did not change in 2020, the Group's total planted areas in all its plantations amounted to 97,289 Ha.

	Oil Palm 2020					
	Mature (Ha)	Immature (Ha)	In the course of planting (Ha)	Planted Area (Ha)	Others (Ha)	Total (Ha)
Semenanjung	11,058	1,372	482	12,912	542	13,454
Sabah	7,345	1,261	474	9,080	850	9,930
Sarawak	31,438	1,557	-	32,995	18,268	51,263
Indonesia	1,002	774	-	1,776	5,153	6,929
Total	**50,843**	**4,964**	**956**	**56,763**	**24,813**	**81,576**

	Rubber & Teak 2020					
	Mature (Ha)	Immature (Ha)	In the course of planting (Ha)	Planted Area (Ha)	Others (Ha)	Total (Ha)
Sabah	-	10,380	-	10,380	5,333	15,713
Total	**-**	**10,380**	**-**	**10,380**	**5,333**	**15,713**

	Total Land Bank 2020					
	Mature (Ha)	Immature (Ha)	In the course of planting (Ha)	Planted Area (Ha)	Others (Ha)	Total (Ha)
Total	**50,843**	**15,344**	**956**	**67,143**	**30,146**	**97,289**

Replanting Programme FY2020

The Group's replanting efforts in 2020 proceeded smoothly with 100% completion in Sungai Buan and continued progress in Gunung Sumalayang, Bukit Gold and Bukit Belian, amounting to an average 70% progress level against the estimate.

Estate	Actual (Ha)	Estimate (Ha)	Progress (%)	Remarks
Sungai Buan	165.89	165.89	100%	Completed
Gunung Sumalayang	284.77	316.41	90%	Work in progress
Bukit Gold	150.00	300.00	50%	Work in progress
Bukit Belian	69.60	174.00	40%	Work in progress
Total	**670.26**	**956.30**	**70%**	

Replanting Programme FY2021

Estate	Estimate (Ha)
Bukit Gold	280.00
Bukit Belian	220.00
Total	**500.00**

STRATEGIC RECOVERY PLAN

The Group continued with the implementation of its Strategic Recovery Plan ("SRP"), which commenced in 2018. The goal of the SRP was to strengthen the Group's operations and finances, returning the Group to a stronger footing and ready to capitalise on growth opportunities. The SRP was two-pronged, including a rationalisation phase and a transformation phase.

The rationalisation phase involved divesting of non-performing companies and paring down debts, degearing and improving liquidity. The transformation phase was focused on operational efficiency to further improve yields and profitability, thereby creating value for stakeholders. A large part of this effort included enhanced mechanisation, to increase productivity and reduce labour dependencies.

Rationalisation

On 5 December 2019, THP had entered into a Share Purchase Agreement with Tamaco Plantation Sdn Bhd ("Tamaco") to dispose its entire equity interest in Bumi Suria Ventures Sdn. Bhd. and Maju Warisanmas Sdn. Bhd. ("SPA"). On 24 November 2020, the last condition precedent to be fulfilled i.e. the approval of the Economic Planning Unit of the Prime Minister's Office ("EPU") was obtained. However, on 4 December 2020, the said approval was withdrawn by EPU.

As the last condition precedent of the SPA was not satisfied by the expiry of the Long Stop Date on 31 March 2021, THP had decided not to extend the Long Stop Date. Tamaco is seeking a Judicial Review against the decision made by the EPU to withdraw their earlier approval. Tamaco has also initiated legal proceedings against THP to restrain THP from terminating the SPA pending the outcome of the Judicial Review. The status of the SPA is now subject to the outcome from the Court proceedings.

On 31 July 2020, the Group finalised the disposal of THP-YT to TDM Berhad, following on from the Heads of Agreement signing in 2019 and the execution of the SPA on 3 March 2020.

The challenging business landscape in 2020 has required the Group to restrategise by addressing both the near-term cash flow position and the medium-term and long-term cash positions. The currently high CPO prices have eased the Group's financial position but the management is cognisant of the sustainability of these high price levels. The Group will further explore opportunities in enhancing the implementation of the SRP.

Transformation of Operations

The Group continued the ongoing roll-out of the transformation plan that was part of the SRP. The main thrusts of the transformation centred on sustainability, replanting and the mechanisation of our operations. Efforts around sustainability included implementing Group-wide performance tracking and improvements in governance that will ultimately transform the organisation into a more responsible and sustainable plantations company by adhering to best practices in the agro-management sector.

Replanting

In line with sustainability, the Group actively continued our replanting programmes. The age profile of our planted areas for the Group as at end-2020 and several other key metrics are reflected below. Our structured replanting programme aims to reach an optimal average age and yield for all estates by 2025. Ensuring that more planted areas reach the prime mature age bracket will pave the way for sustainably higher FFB yields and oil extraction rates ("OER").

Age profile of planted areas for the Group

Age Profile	Planted Area (Ha)	%
Above 25 (Old Mature)	1,881.93	3
20 – 25 (Mature)	5,315.31	9
10 – 19 (Prime Mature)	29,287.79	52
4 – 9 (Young Mature)	14,357.66	25
< 4 (Immature)*	5,920.32	11
Total	56,763.01	100

* Including in the course of planting

Average Age Profile	Age
Mature	12
Planted	11

FFB Production	
MT	836,739
Yield/Ha	16.11

Mechanisation

In an effort to create operational efficiencies in our business, the Group has set up the Mechanisation & Innovation Unit ("MIU") to study and propose technologically innovative solutions that can be implemented in estate operations. This programme is expected to run for 3 years, beginning in 2021, with periodic reviews annually.

Aside from solving the dependency on manual labour and our susceptibility to labour shortages, it is hoped that mechanisation will improve current work methods and increase productivity and yield by maximising efficiency and minimising losses.

In the first phase, the mechanisation initiatives include mechanical cutters and lighter poles for harvesting, mechanical 'Buffalo' for infield FFB collection and tractors with grabbers for loading activities. Other initiatives include centralised Bin Systems for the main transportation of FFB to the mill, mechanical spreaders for manuring, mechanical circle cleaning and powerful sprays for weeding and hybrid drone sprayers for pest and disease control. The second phase will include enhancement of plantation operation and management platforms that will utilise GPS navigation installed in our machinery to function as real-time monitoring devices. This data-driven approach will improve oversight and control of the operations for a more efficient, consolidated and simplified decision-making process throughout the operations and management functions.

The MIU has also proposed the increased usage of drones that are supported by a Management Information System ("MIS") for mapping, surveying and tree counting, for more effective and efficient supervision. This will help augment our monitoring system that is due to commence nationwide in 2H2022.

The MIU will also engage with the local start-up ecosystem to meet commercial start-ups and scale-ups to accelerate the deployment of mechanisation and automation. The Group expects to be running live tests and trials on selected efforts in 2H2021.

Rehabilitation

During the current financial year, the Group has commenced on a rehabilitation exercise in certain estates and is committed to complete the rehabilitation exercise by the end of 2021. As a result from the rehabilitation exercise, the Group expects the performance of these estates under rehabilitation to further improve in the near future.

CARING ASSISTANCE PROGRAMME

In response to the devastating impact that the COVID-19 pandemic had on our staff and workers and local residents, traders, hawkers and entrepreneurs who live near our plantations and factory premises as well as engage with our estates and mills, the Group embarked on the Caring Assistance Programme ("CAP"). The programme was carried out in collaboration with Lembaga Tabung Haji, which embarked on this initiative as part of its corporate social responsibility ("CSR") mandate, with a total allocation of more than RM690,000 benefitting more than 6,000 recipients.

The CAP provided affected families of estate and mill workers as well as local residents with basic food assistance worth RM100 per family. Meanwhile, traders and hawkers of the estate and factory communities were assisted through the purchase of goods worth RM500. Estate workers received a token of appreciation amounting to RM100 each while B40 staff received RM300 each.

CHALLENGES, RISKS AND MITIGATION

The main challenge facing the palm oil sector across the board is a shortage of workers due to the restrictions brought about by the COVID-19 pandemic. The Group is also affected by this shortage and will continue to face this challenge until Malaysian borders reopen fully.

The Group has fully supported the government's efforts to control the pandemic by introducing and implementing SOPs within our business operations in line with government and industry initiatives and will continue to take measures to help contain the pandemic.

The establishment of the Group's new Sustainability Department gives emphasis to our efforts in the development and implementation of the Group's sustainability agenda and the MIU, to not only mitigate the labour shortage issue but also to create value in the future through enhancing production growth and cutting costs.

A key risk going forward will be challenges involving production. While low production is generally cyclical in nature, it has been made worse by the COVID-19 pandemic. Global vaccination efforts will be a mitigating factor here as the worker shortage eases with the gradual reopening of Malaysian borders, even as the general production cycle moves from trough to peak.

OUTLOOK FOR 2021

Notwithstanding our continued focus on the SRP as a way of improving our operational and financial position, our prospects in 2021 will largely depend on the movement of average palm oil commodity prices and improved production. The general view is that palm oil prices are expected to remain high during at least 1H2021, but we are anticipating that the prices will moderate in 2H2021 as production increases, stock level improves and global prices of oilseeds moderate.

Factors that can affect pricing include the following:

1. COVID-19 will continue to affect the overall price environment but this effect will be mitigated by the roll-out of the largest global vaccination programme in history. The consequences of the pandemic in 2021 will continue to be short-term labour shortages arising as a result of international border closures.
2. The ongoing impacts of the Indonesian B30 mandate will continue to support palm oil prices due to the huge quantity absorbed by the programme.
3. China's appetite for soy meal is expected to increase as the country continues to recover from the swine fever epidemic.
4. Continued anti-palm oil sentiment in Europe and the push to phase out palm oil biofuel usage by 2030 will be a drag on prices as the major economies of Europe focus on maximising their own oilseed production.

While Malaysia's palm oil production may not increase significantly in 2021, global production is expected to rebound, with Indonesian output expected to rise by up to 3.3 million MT. Despite increases expected in the production of oils across the board, total demand is projected to grow by 5 million MT in 2021. Meanwhile, the price of palm oil is likely to stabilise in July 2021 and hold steady for the rest of the year.

The palm oil sector remains strong, but a greater focus should be placed on the adoption of mechanisation and automation to further improve productivity. All players in the industry need to embrace innovation to future-proof their businesses and prevent being affected by supply shocks in the future such as the labour shortages arising from COVID-19.

Against this backdrop, we are anticipating a higher average CPO price for the year 2021. One of our aims in 2021 is to secure better prices for our palm products, as this will lead to better performance for the Group.

Looking further ahead to the next 5 to 10 years, we expect that palm oil production growth will slow down due to limited opportunity to expand planting areas in the past few years. This will provide long-term support for oil palm prices.

ACKNOWLEDGEMENTS

The management team would like to thank the Chairman and the Board of Directors for their wisdom, insights and counsel. We would like to extend our heartfelt gratitude to our employees for their dedication and commitment towards the Group during these challenging times. Additionally, we would like to convey our appreciation to our shareholders, customers, business partners, vendors and other stakeholders for their continued support throughout the year. We remain on a journey of transformation that will take the Group to a better financial footing where sustainable value can be created for all stakeholders as we reposition THP as a strong and robust pure upstream palm oil player.

LINKING SUSTAINABILITY TO OUR STRATEGY

"THIS YEAR'S SUSTAINABILITY STATEMENT MARKS THE FOURTH 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 2020."

We continue to develop 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 2020, all THP mills have been audited under certification of Malaysian Sustainable Palm Oil Supply Chain Certification Standard ("MSPO SCCS"). The certification body is in the process of finalising the MSPO SCCS report and certificate.

Guided by our values, we remain committed to our economic, environmental, and social 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 2020, 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 2020 to 31 December 2020, unless otherwise stated. The content of our Statement is underlined by our commitment towards achieving full MSPO SCCS certification before the year ends. Our main aim is to ensure business sustainability amidst the COVID-19 pandemic in 2020 and mitigate environmental challenges such as complying with the NDPE policy which is determined by major industry player.

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

Our 'tone at the top' is set by THP's Board of Directors ("the Board"), with whom the ultimate responsibility of setting the Group's sustainability strategic direction rests. The Board is supported by the Chief Executive Officer ("CEO") and the Sustainability Committee ("SC" or "Committee"). Our CEO is tasked with reporting to the Board on the Group's sustainability performance, as well as reviewing updates from the Committee on THP's sustainability management and preparation of the annual Sustainability Statement.

The Committee, which was reformed in November 2020, comprises various Heads of Departments (as listed below). It requires vibrant, competent and effective Committee members to steer THP into the mainstream supply chain of palm oil products. In addition, the Committee is responsible for monitoring the execution of the Board's strategic sustainability directions and overseeing the preparation of the Sustainability Statement.

No	Department/Designation	Role
01	Chief Executive Officer ("CEO")	Chairman
02	Plantation Director	Deputy Chairman
03	Sustainability	Secretariat
04	Plantation Controllers	Member
05	Marketing	Member
06	CEO's Office	Member
07	Engineering	Member
08	Estate Department	Member
09	Agronomy	Member
10	Legal & Secretarial	Member
11	Administration (Foreign Labour Unit)	Member
12	Heads of other Departments	By Invitation
13	***TH*** Representative	By Invitation

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 SC.

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 mills and estates.

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:

Engagement Platforms

1
- Annual General Meetings
- Quarterly announcements
- Special meetings

2
- Quarterly and special Board meetings
- Quarterly and special Board Committee meetings

3
- Quarterly management meetings and ad hoc meetings

4
- 'Open-door' policy
- Company intranet, special briefings
- Trainings

5
- Regular emails/in-person correspondence to discuss issues raised

6
- Informal grievance channels
- Donation programmes
- Land management schemes

7
- Monthly, annual and special reporting
- Forums

LINKING SUSTAINABILITY TO OUR STRATEGY

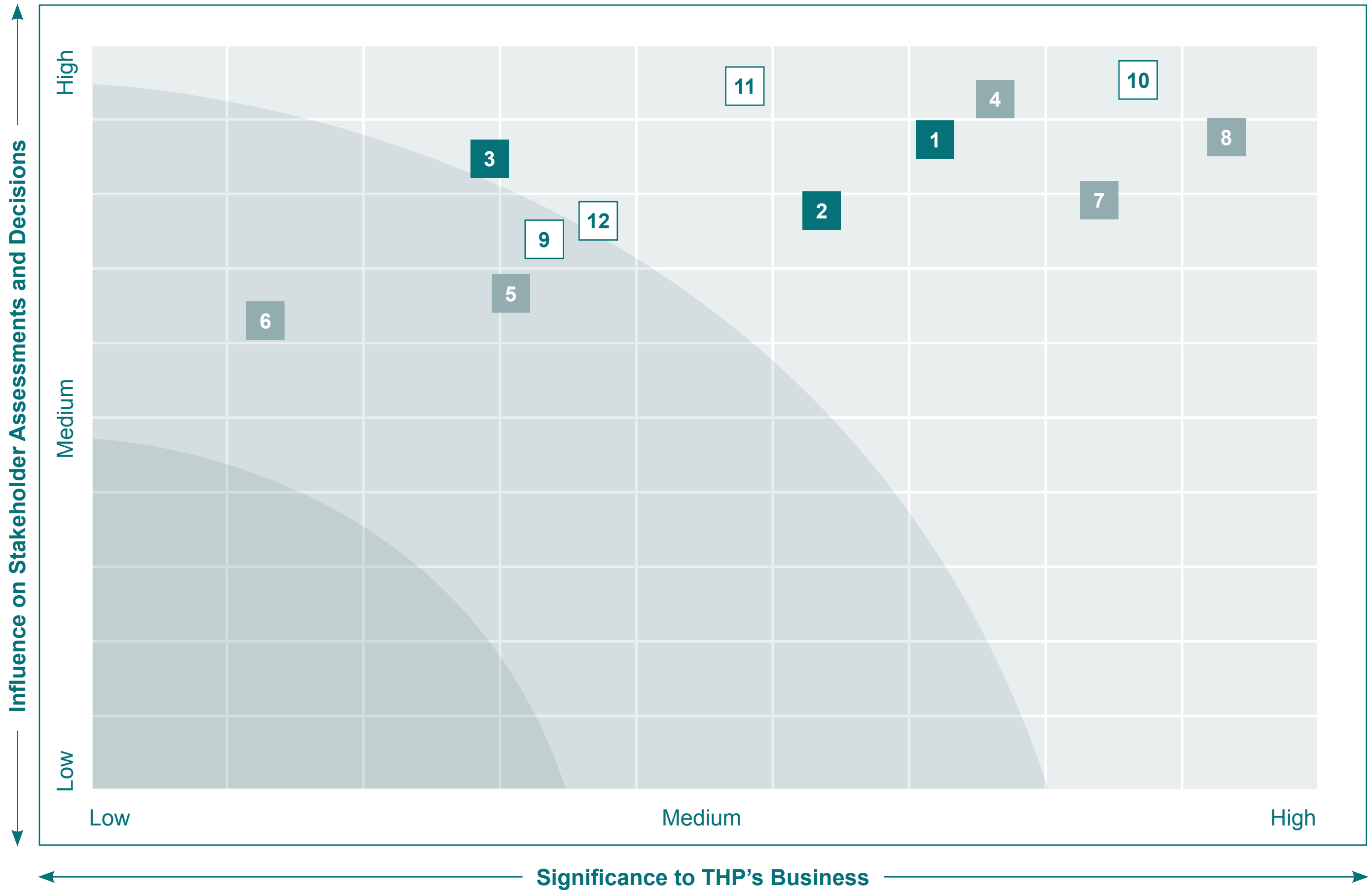
	Concerns	Management's Response
1	• Growth of THP's earnings • Dividend payout	• Refer to our Management Discussion & Analysis ("MD&A") on pages 6 to 11 and Audited Financial Statements on pages 75 to 218 • Product Quality and Operational Efficiency on pages 18 to 19
2	• Maintaining THP's financial support and growth • THP's relationship with its stakeholders • Maintaining good governance practices	• Refer to our MD&A on pages 6 to 11 and Audited Financial Statements on pages 75 to 218 • Governance and Ethics on page 20
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	• Product Quality and Operational Efficiency on pages 18 to 19 • Traceability and Supply Chain Management on page 20 • Occupational Safety and Health on on pages 28 to 32 • Effluents and Water Discharge Management on page 21 • Waste Management on pages 22 to 23 • Employee Welfare and Development on pages 32 to 34 • Human Rights on pages 27 to 28 • Water Management on page 24
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	• Occupational Safety and Health on pages 28 to 32 • Employee Welfare and Development on pages 32 to 34 • Human Rights on pages 27 to 28 • Governance and Ethics on page 20
5	• Meeting quality requirements and demand needs • THP's performance and management of EES matters	• Product Quality and Operational Efficiency on pages 18 to 19 • Traceability and Supply Chain Management on page 20 • Governance and Ethics on page 20 • Biodiversity and Conservation on pages 24 to 26 • NDPE Commitment on pages 25 to 26
6	• Management of effluent discharge • Provision of support elements (i.e. donations and medical facilities)	• Local Communities on pages 34 to 35 • Biodiversity and Conservation on pages 24 to 26 • Effluents and Water Discharge Management on page 21
7	• Meeting regulatory requirements (i.e. health and safety statistics, air emissions and effluent and discharge, etc.)	• Governance and Ethics on page 20 • Effluent and Water Discharge Management on page 21 • Human Rights on pages 27 to 28 • Occupational Safety and Health on pages 28 to 32 • Waste Management on pages 22 to 23 • Water Management on page 24

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.

LINKING SUSTAINABILITY TO OUR STRATEGY

MATERIALITY MATRIX

In 2020, we identified our material matters via Bursa Malaysia's Materiality Assessment Toolkit. We considered the impact of relevant matters on 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 Commitment	9. Human Rights 10. Occupational Safety and Health 11. Employee Welfare and Development 12. Local Communities

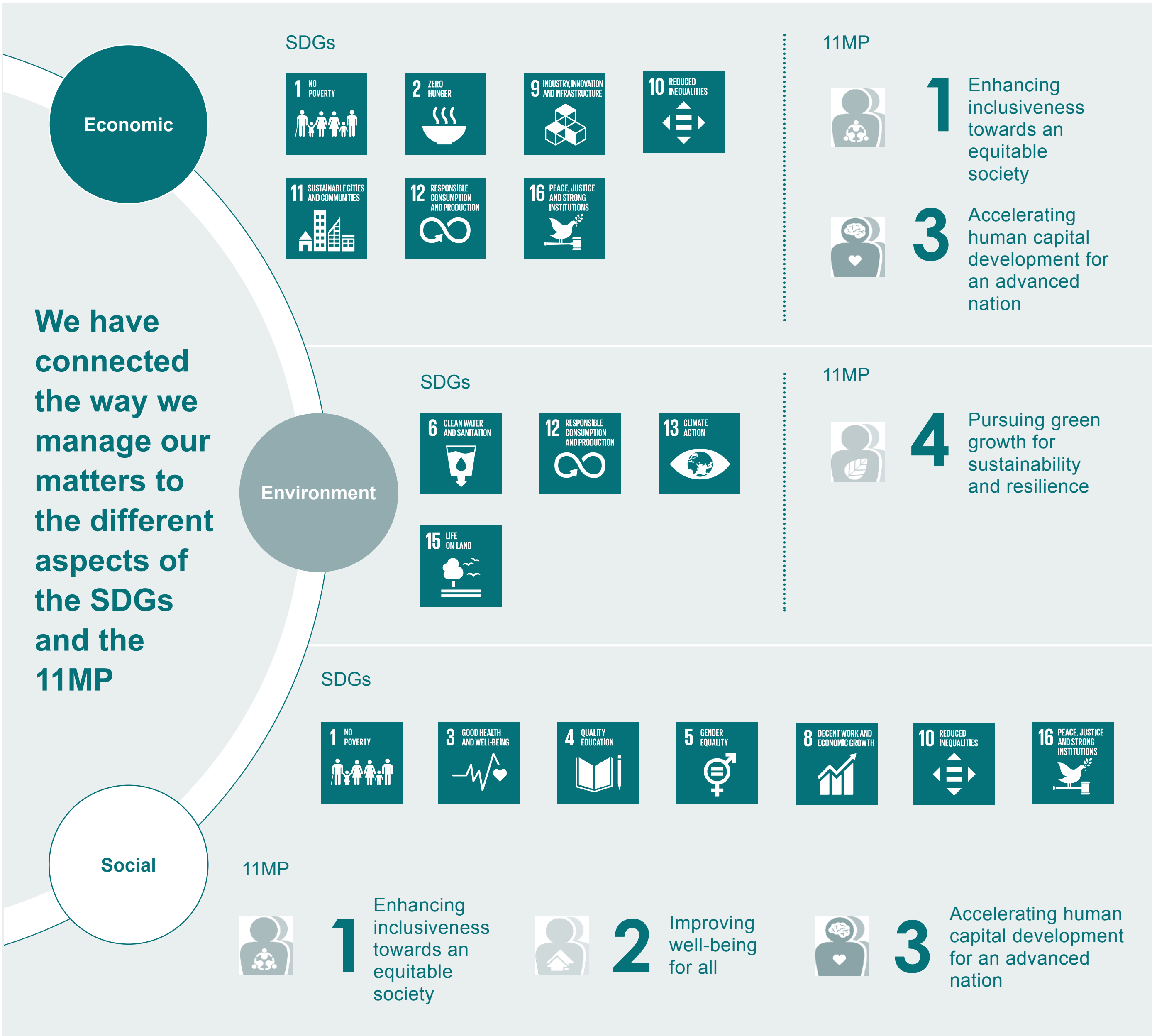
The next section provides details on how we manage all of our identified material sustainability matters, including key practices that we exercise and performance indicators that we monitor.

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"), which took effect from 2016 and was reviewed in 2018, set six strategic directions for the country to achieve greater prosperity by 2020.

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



LINKING SUSTAINABILITY TO OUR STRATEGY

ECONOMIC

1 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 6 to 11 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		
		2018	2019	2020
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**

Good Agriculture Practices

Our plantation operations are guided by our Standard Operating Procedure ("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 2020

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	2018	2019	2020
Budget for R&D: Annual Expenditure	2.4	2.4	**1.6**

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 2020, all THP mills have been audited by the appointed certification body to be fully MSPO SCCS-certified. MSPO and MSPO SCCS certification will strengthen the credibility of our products and traceability measures, which 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.

LINKING SUSTAINABILITY TO OUR STRATEGY

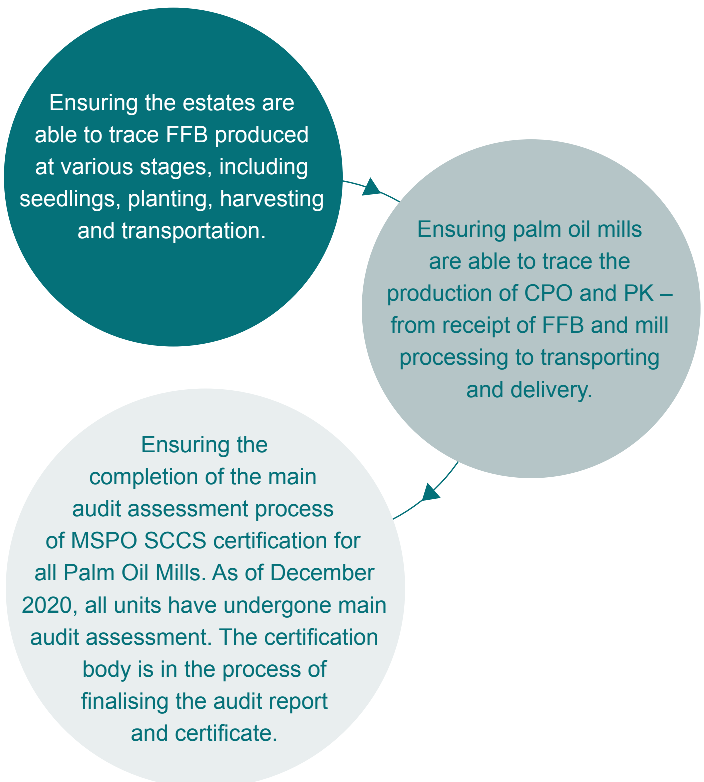
ECONOMIC

2 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 emphasise 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:



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 ("VDI") on page 35. 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 the 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.

3 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 on pages 48 to 60.

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

1 EFFLUENT AND WATER DISCHARGE MANAGEMENT

Palm Oil Mill Effluent ("POME") 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.

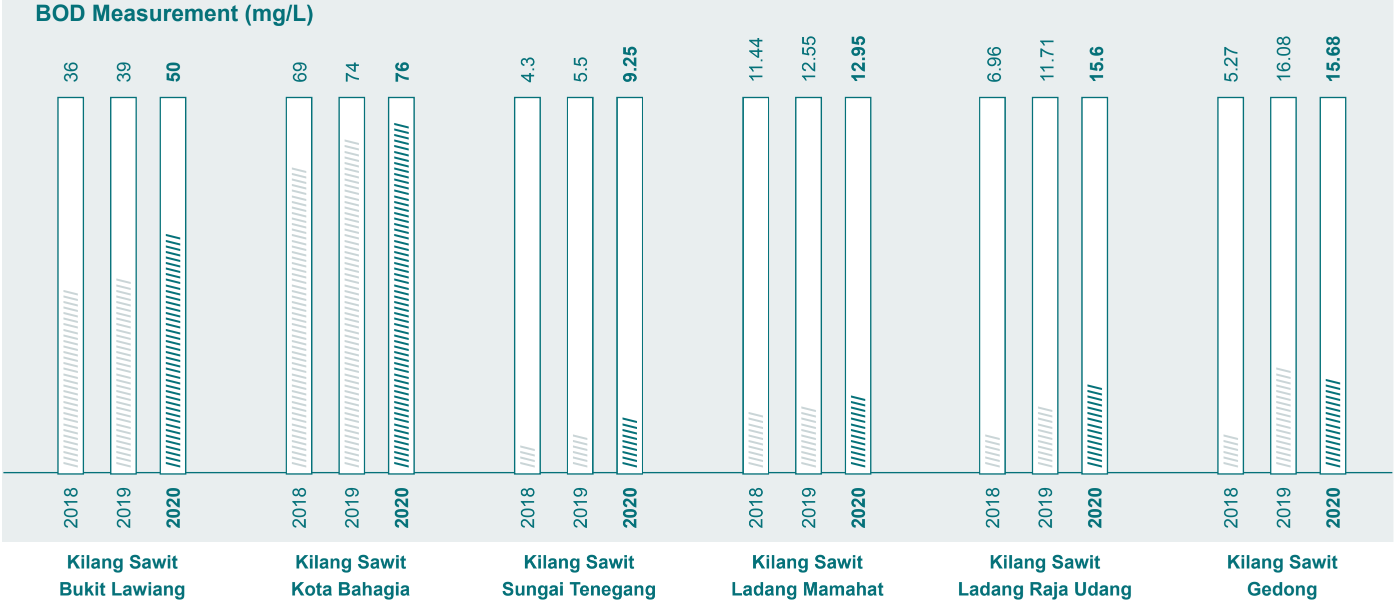
Palm Oil Mill Effluent ("POME") and Biological Oxygen Demand ("BOD") Measurements

Over years of technological evolution, 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 conducted by testing a sample of the treated effluent prior to discharge. Existing regulations require a BOD measurement not exceeding 100 mg/L, 50 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. To date, we have consistently remained within DOE limits.

BOD Measurement (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.

	2018	2019	2020
Total POME generated (MT)	607,285	555,819	**730,387**

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.

ENVIRONMENT

2 WASTE MANAGEMENT

The way we manage our waste influences our environmental footprint and our social licence 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 of our waste appropriately and reducing our waste output. Waste generated on our sites includes scheduled (hazardous) and non-hazardous waste which constitutes less than 10MT/month on average. Third-party contractors are hired to assist in disposing of 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 of 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 is an excellent source of natural energy and fertiliser. Highlighted below is our performance data on biomass residue (we utilised around 99% of shells and 96% of fibres in 2020 while the balance was sold).

Type of biomass residue	2018 Produced (MT)	2018 Amount reutilised (MT)	2019 Produced (MT)	2019 Amount reutilised (MT)	2020 Produced (MT)	2020 Amount reutilised (MT)
Empty Fruit Bunches	210,956	150,180	188,794	173,009	**190,680**	**180,637**
Shells	57,619	57,619	74,534	74,534	**76,521**	**75,573**
Fibres	126,461	126,461	93,627	93,627	**144,518**	**138,988**

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) are reused as organic fertiliser, albeit not measured. As we advance our sustainability agenda, we will focus on filling the gaps in our reporting disclosures, which includes measurement of other forms of biomass residue.

Empty Fruit Bunches

Methods of reutilisation:

- Organic fertiliser in the plantations in West Malaysia, also known as mulching
- Incineration to create Bunch Ash, which is used to fertilise peatland

Shells

Methods of reutilisation:

- As a source of fuel for the boiler system
- Sold to other plantations or industries to be reused as sources of fuel
- As a source of mulching in the main nursery

Fibres

Methods of reutilisation:

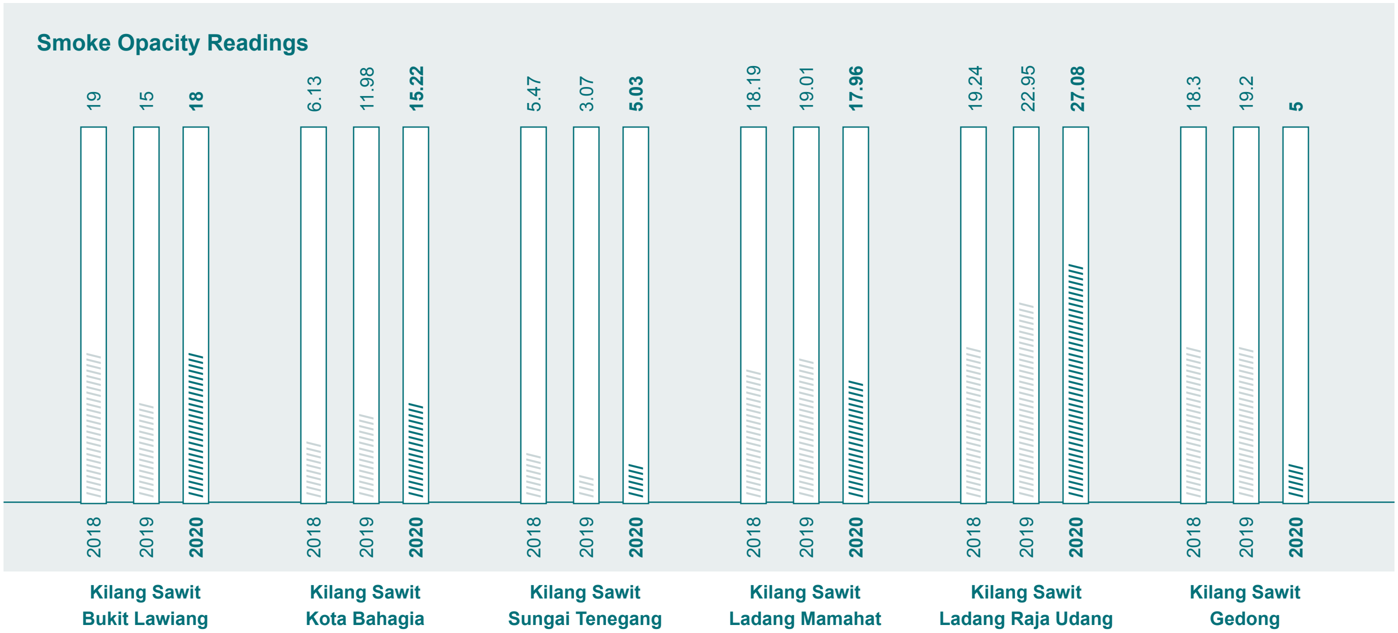
- As a source of fuel for the boiler system
- As a source of mulching in the main nursery

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.

LINKING SUSTAINABILITY TO OUR STRATEGY

Emission from the Boilers

We monitor our boiler emissions via the Continuous Emissions Monitoring System ("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:



In time to come, we believe that DOE regulations will include reporting requirements on emissions of dust particles and Greenhouse Gas ("GHG") emissions. In response to these upcoming requirements, we will implement additional measures to meet increasing regulations. For example, we are installing Electrostatic Precipitator ("ESP") as a measure to reduce dust particles in our emissions as per DOE requirements.

Capturing and reusing emissions as biofuel will effectively recycle emissions and reduce costs. Therefore, one of our planned measures is 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 evaluations will be necessary prior to their implementation.

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

GHG Emissions (tCO_2e/ MT FFB)	2018	2019	2020
Average Total Emissions	1.695	1.830	**1.986**

ENVIRONMENT

3 WATER MANAGEMENT

Our plantations and mills require a significant amount of water, thus managing the efficiency of our water consumption is a high priority for us. In doing so, we reduce operational cost and exercise good agricultural 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. Harvested rainwater is also used to manage water tables in 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.

Total water consumed in mill operations (m^3)		
2018	2019	2020
1,602,285	1,166,755	**1,246,457**

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 in newer technology which reduces water consumption. In the future, we seek to identify more opportunities to reduce our water consumption.

4 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 to respect 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 2020, 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 help to 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 into account into account before a replanting exercise is performed. These include the age of the oil palm (palms above 25 years of age would see their 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 floods 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

- To ensure protection of areas with High Conservation Value ("HCV") and High Carbon Stock ("HCS") by identifying these areas and conducting the relevant industry, national and international best practices to protect them.
- Prior to any plantation development activity, HCV areas and HCS forests must be identified for protection, conforming to international best practice guidance.
- Where feasible, explore options for natural forest restoration by working with expert stakeholders and communities.

No New Development on Peat

- No new development on peatland regardless of depth.
- Best Management Practices for existing plantation on peat will be stringent and aligned with relevant industry, national and international best practices, which include guidelines provided by the MPOB. Additionally, peatland management shall follow good agricultural practices as laid out in our policies, codes and SOPs.
- Where feasible, explore options for peat restoration by working with expert stakeholders and communities.

ENVIRONMENT

No Exploitation of People and Local Communities

To ensure no exploitation issues, we concern ourselves with:

- Upholding human rights
- Providing a safe and healthy workplace
- Promoting career development and employee welfare
- Respecting and upholding land rights
- 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 provides the technical and advisory support for continuous management and care of the peatland. As at end of 2020, 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 oil palm to ensure healthy yields and to avoid damaging the plantation. As part of our conservation efforts and to reduce 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. Our efforts include:

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

Towards Biodiversity Conservation

We have additional measures in place to conserve areas of natural flora and fauna around us. Our key measures 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 onto the 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 this would disrupt the process.

Reducing human-wildlife conflicts

To manage our impact on the environment, we ensure a minimum width of 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 SOPs 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

1 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 obligations to them. Our practices and internal systems are continuously reviewed and updated to mitigate any negative impact on 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. Thus, we uphold, respect and protect the rights of all individuals as we understand that this forms the foundation of sustainable business growth.

In 2020, we employed 7,560 workers, of whom 51.75% are foreign and 48.25% are local. Our commitment to them is to uphold their human rights. Although we have yet to formalise a policy on human rights, we have adhered to our Human Resource ("HR") SOPs that outline the basic principles of human rights, as shown below:

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. All of the foreign workers employed by us are from Indonesia.

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

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

SOCIAL

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 city council or municipal council areas and RM1,100 per month for areas other than city council or municipal council areas throughout Malaysia. The average monthly earnings of our workers in all our estates are highlighted below:

	2018	2019	2020
Average monthly earnings per worker	1,522	1,595	**1,740**

Other benefits provided to all our employees and workers are discussed under Employee Welfare on pages 31 to 36.

Engagement with Workers' Union

Workers have access to union representatives and are free to join workers' union. 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 the Malayan Agricultural Producers Association ("MAPA"), who engages 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 to 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.

2 OCCUPATIONAL SAFETY AND HEALTH

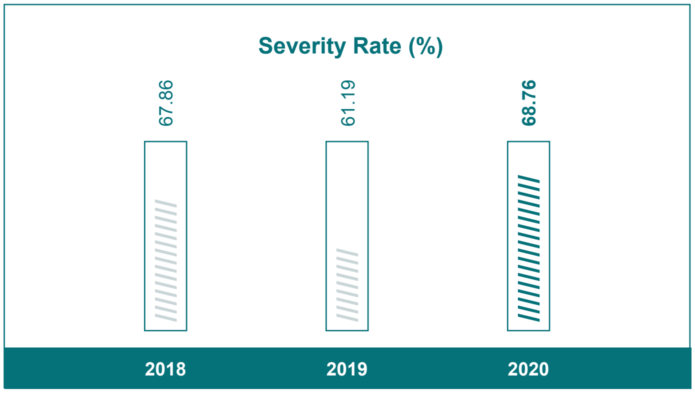
Our employees' and workers' safety and health are a top priority for us. Our policies and measures underline the management's strict approach to occupational safety and health. It is our duty to provide the best care to our employees, as a safe, healthy and conducive environment will benefit all stakeholders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

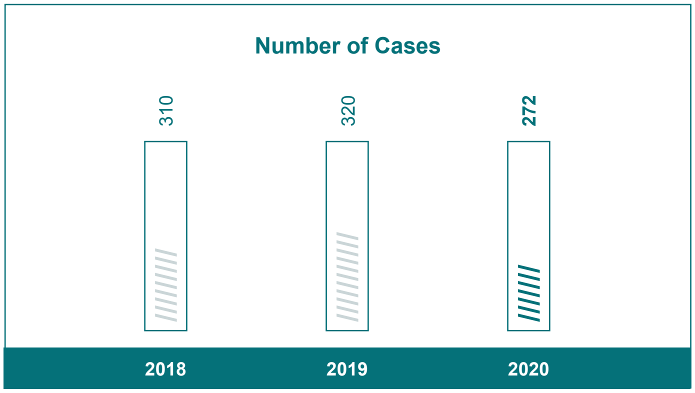
Our Policies

In 2020, we still maintained our Occupational Safety and Health Policy and Occupational Safety and Health for Chemical Substances Policy as per year 2019. Some of the key elements from our policies are highlighted below:

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

Incident Reports





THP has set an annual target of zero fatalities and of a reduction in the number of incident cases and year-on-year lost day rate of 5%. For year 2020, we achieved the target of zero fatalities with the number of cases decreasing by 15% and the severity rate increasing by 8%. The increase was due to the increase in the severity of injuries.

Safety and Health Training

Training schedules are reviewed by our OSH unit on a regular basis. As 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 sessions and more than 85% of employees were trained in 2020, as highlighted below:

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

Employees	2018	2019	2020
Plantation worker	16	12	**8**
Mill worker	8	7	**10**
Worker who uses chemicals	11	8	**7**
Management	7	4	**7**
Office staff	6	3	**5**

Our key annual training programmes for the year 2020 are highlighted below:

Name of Training	Content of Training	Frequency of Training	Attended by
Awareness of company policies and objectives (OSH Policy)	Communicated and implemented OSH Policy	Once/year	All management, staff and workers
Emergency Response Action Plan Procedure (Accident, Chemical Spillage, Fire, Flood, Drowning, Animal Attack)	SOPs of Emergency Response Plan ("ERP")	Once/year	All management, staff and workers

SOCIAL

Name of Training	Content of Training	Frequency of Training	Attended by
Basic First Aider	Basic first aider training	Once/year	OSH Committee
Fire extinguisher safety and fire drill (inspection & training)	Potential sources of fire and fire management procedures	Once/year	All management, staff and workers
PPE handling and replacement procedure	SOPs of PPE	5 times/year	All management, staff and workers
SOP training for estate & milling operations and best practices	Briefing on THP SOPs based on task/department	4 times/year	All management, staff and workers
SOP for COVID-19	To mitigate risk of COVID-19 infection	Once/year	All management, staff and 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:

- 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.
- Give advice on improving the safety and health aspects of the working environment.

The main areas inspected during the audit include:

1. Reviewing all records related to OSH.
2. Safety Operating Procedures of all worksites.
3. Amenities for emergency response.
4. Systematic maintenance of equipment and machinery.
5. Availability of amenities and infrastructure at the worksites.
6. Personal Protective Equipment ("PPE") provided by estates and mills.

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

Key findings from safety and health audit in 2020	Management's response
Workers did not wear PPE properly as required by employer	Training on PPE will be continued to educate the workers
Inadequate signage in fields	Signage will be in place
Noise Risk Assessment ("NRA") was not conducted	NRA will be fully assessed on August 2021
Lack of training and retraining for workers	Training and retraining will be carried out as planned
Some safety records were not updated	Safety records will be updated as per recommendation

Chemical Health Risk Assessment ("CHRA")

The Group's OSH Unit conducted CHRA on five plantations and two mills in Sabah and Sarawak in January 2019, 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 were 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 2019	Management action plan/ response
To carry out a Health Surveillance programme to check for symptoms of skin-related diseases since the chemicals handled were mostly denoted with the "sk" notation. This requirement is in accordance with Regulation 27(1) USECHH2000.	The Health Surveillance programme that is currently conducted includes checking for symptoms of skin-related diseases as recommended. Safety records will be updated as per recommendation.
To establish a safe system of work for the operation of water treatment plants and ensure that all OSH aspects are explicitly addressed in all future procedures. The safe system of work and practices need to be documented, implemented and periodically reviewed. This requirement is in accordance with Regulation 15(2) USECHH2000.	A Safe Operating Procedure has been set up for this work unit including an operations manual. OSH training is to be conducted to create awareness. The establishment of this system has been documented, implemented and reviewed.
It is recommended for the mill to provide proper PPE storage for all PPE that are currently in use. A systematic inspection and cleaning process for the PPE used is also needed as part of the PPE programme.	The PPE box is to be enhanced in terms of inventory and safety. The PPE box inventory is to be updated periodically to ensure the adequate provision of proper PPE accommodation for all PPE that are currently in use.

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Key findings from CHRA audit 2019	Management action plan/response
It is recommended for the Company to continue providing training to workers to ensure that they are competent when handling emergency situations. Additionally, workshop personnel are encouraged to be trained as competent first aiders. This training must be conducted on a periodic basis to ensure competency is still valid. This requirement is in accordance with OSHA 1994 Act 514 Part IV.	An Emergency Response Drill is to be implemented twice a year to maintain ERP personnel's knowledge and skills. Such training will help to improve the turnover time to reduce casualties in cases of accidents.

Management of noise levels

We monitor the levels of noise around the mills to ensure that levels are below the limits stipulated by local regulations. The average results of our noise monitoring in the last three years are 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.

Noise levels	2018	2019	2020
Average noise levels [Day dB(A)]	58	60	**50**
Average noise levels [Night dB(A)]	50	40	**45**

3 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, 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 is 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.

	2020	
Total number of employees	**Men**	**Women**
Management (Senior Management)	**11**	**3**
Employees (Management, Executives and Non-Executives)	**581**	**175**
Workers (Local)	**2,264**	**614**
Workers (Foreign)	**2,960**	**952**

Benefits for Employees 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, medical allowances and free life insurance.

Free life insurance is provided to our workers as well as free transport, accessible and free medical services and annual leave. Our workers and employees who work at our mills and estates are provided with free lodging, alongside the absorption of foreign workers' annual levy fees.

Furthermore, we support working parents among our employees by providing them with 60 days of maternity leave and rewarding our employees' children who perform well in school. We acknowledge parental leave as an important benefit to support work-life balance among 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	2018	2019	2020
Total number of employees who took parental leave			
Men	6	16	**1**
Women	5	6	**4**
Total number of employees who returned to work in the reporting year after parental leave			
Men	6	16	**1**
Women	5	6	**4**

We consider our employees' long-term needs via our contributions 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 employee training efforts are summarised below:

Average hours of training per employee	2018	2019	2020
Management	4	4	**8**
Employees	6	5	**4**
Workers	7	6	**13**

Training expenditure (RM)	2018	2019	2020
Total expenditure on trainings	217,096	66,586	**37,270**

Training for non-technical skills	Frequency of training	Employees who attended the training
JAS	Once/year	Estate Management
MAPA	Once/year	HQ Employees
SSM	Once/year	HQ Employees

SOCIAL

Training for technical skills	Frequency of training	Employees who attended the training
IT	Once/year	HQ Employees
MIA	3 times/year	CEO's Office & Legal

Employee Lifestyle Programmes

Various social and sporting events are organised outside the workplace to build teamwork and encourage work-life balance among our employees. Numerous activities were organised both at the headquarters and estate/mill level throughout 2020, including the following:

Date	Event
14 January	Football Competition organised by Ladang Lupar
30 January	Fire Extinguisher Briefing at Ladang Sungai Tenegang
4 February	Polio Immunisation Programme by KKM Batu Puteh, Sabah at Ladang Sungai Tenegang
8 February	'Program Gigi Sihat Bersama Kanak-kanak Creche' at Ladang Bukit Belian
15 February	Basic Occupational First Aid at Ladang Sungai Tenegang
8 March	Women's Volley Ball Friendly Match at Ladang Bukit Belian
11 September	'Program Mini Karnival Kerjaya 2020' Bersama JTK Sarawak at Dewan Pembangunan Sebuyau, Sarawak
26 September	'Program Mini Karnival Kerjaya Peringkat Sri Aman 2020'
12 October	'Program Kesedaran Penyalahgunaan Dadah oleh AADK' at Ladang Sungai Tisak

Our employees are important to us and we will strive to continuously provide them with competitive wages and welfare initiatives 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.

4 LOCAL COMMUNITIES

Our operations are located in numerous areas among diverse communities. This gives us the opportunity to cultivate significant relationships with surrounding communities and contribute to the national economy in the 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 have established a collaborative approach towards land management with them. Accordingly, we participate in 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 2020, 27,658 Ha of our Sarawak plantations were developed under the programme, with the participation of 2,301 landowners – a decrease from 2019 when we engaged with 3,156 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.

Total amount of incentives paid to local communities, as part of land management (RM)		
2018	2019	2020
3,718,851	5,110,494	**4,792,670**

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 our communities, we recognise that education plays an important role in helping families improve their livelihoods and gain a better future. We have encouraged this by participating in the Promoting Intelligence, Nurturing Talent and Advocating Responsibility ("PINTAR") programme since 2009. Under this programme, organisations adopt Malaysian schools and provide educational support, leadership, and motivational and team-building activities to encourage parental 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 "Kempen Jaya UPSR", "Program Kepong UPSR" and the "English Language Campaign". These programmes prepare Standard 6 students for the national exam known as Ujian Penilaian Sekolah Rendah ("UPSR"), via workshops by experienced tutors. The English Language Campaign urges the students to be proactive in language-based activities, such as the spelling bee. We also sponsor study materials to support the children.

In addition, we have extended financial support to students from the reformative classes at Sekolah Kebangsaan Kota Bahagia (Keratong, Pahang) and Sekolah Kebangsaan Obah (Belura, Sabah). In 2020, 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 among the locals. Through the 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 2020, we signed 744 contracts, worth RM78 million as part of the VDI initiative, of which, 39% were Bumiputera businesses with a total contract value of RM16 million.

Total number of contracts signed as part of the VDI		
2018	**2019**	**2020**
894	789	**744**

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 developing the national economy of countries we operate in.

Conclusion

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

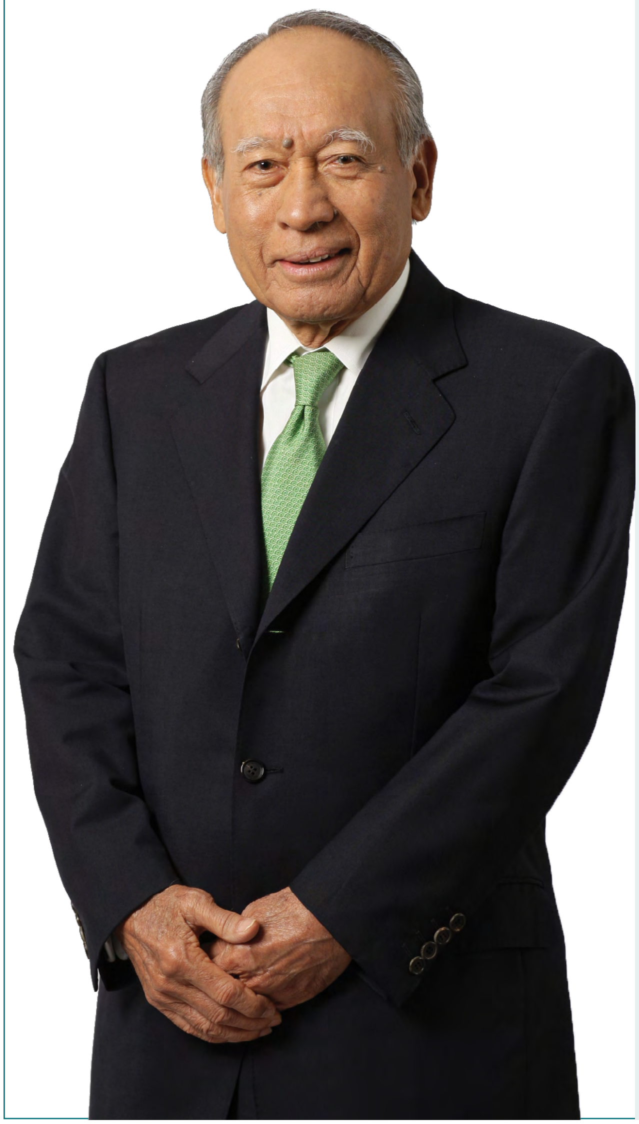
We will continue to monitor and manage our material matters and seek to bridge identified reporting gaps. With shifting tides and global trends in the plantation industry, we need to continuously adapt to internal and external changes while closely collaborating with our stakeholders. Led by our values, 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

Nationality	Gender	Age	Date of Appointment
MALAYSIAN	**MALE**	**82**	**26 MARCH 2019**



Length of Service (as at 1 April 2021):

2 years

Board Meeting Attendance in 2020:

9/9

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 and MUI Continental Berhad

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 2020.

DATUK NIK MOHD HASYUDEEN BIN YUSOFF

Non-Independent Non-Executive Director

Nationality	Gender	Age	Date of Appointment
MALAYSIAN	**MALE**	**55**	**20 AUGUST 2018**

Appointed to the Board of THP on 20 August 2018 as an Independent Non-Executive Director and was re-designated as a Non-Independent Non-Executive Director on 1 September 2019.

Length of Service (as at 1 April 2021):
2 years 7 months

Board Meeting Attendance in 2020:
9/9

Committee:
Nil

Interest in Securities of the Company and its Subsidiaries:
Nil

Present Directorship(s) in Other Public Companies:
- Listed: BIMB Holdings Berhad
- Non – Listed: Bank Islam Malaysia Berhad, Al-Hijrah Media Corporation and Yayasan Tabung Haji

Datuk Nik Mohd Hasyudeen is a Fellow of CPA Australia and he holds a degree in Business from Curtin University of Technology, Perth. He is currently the Group Managing Director and Chief Executive Officer of Lembaga Tabung Haji (***"TH"***). Prior to his appointment at ***TH***, he was the Chairman of Cagamas Holdings Berhad and board member of Federations of Investment Managers Malaysia, Malaysia Professional Accountancy Centre and Universiti Utara Malaysia.

He was formerly the Executive Director of Market and Corporate Supervision and Executive Chairman of the Audit Oversight Board at the Securities Commission Malaysia. He was also a member of Bursa Malaysia Listing Committee and the Corporate Debt Restructuring Committee set up by Bank Negara Malaysia. He was the former Board Member and Chairman of the Audit Committee of Danajamin Nasional Berhad and served on the Operational Review Panel of the Malaysian Anti-Corruption Commission.

Datuk Nik Mohd Hasyudeen 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 2020.

OUR BOARD LEADERSHIP

DATO' SHARI BIN HAJI OSMAN

Independent Non-Executive Director

Nationality	Gender	Age	Date of Appointment
MALAYSIAN	**MALE**	**67**	**1 JUNE 2015**

Length of Service (as at 1 April 2021):
5 years 10 months

Board Meeting Attendance in 2020:
9/9

Committee:

- Chairman of the Tender Committee A
- Chairman of the Tender Committee B
- Chairman of the Nomination & Remuneration Committee
- Member of the Audit 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

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.

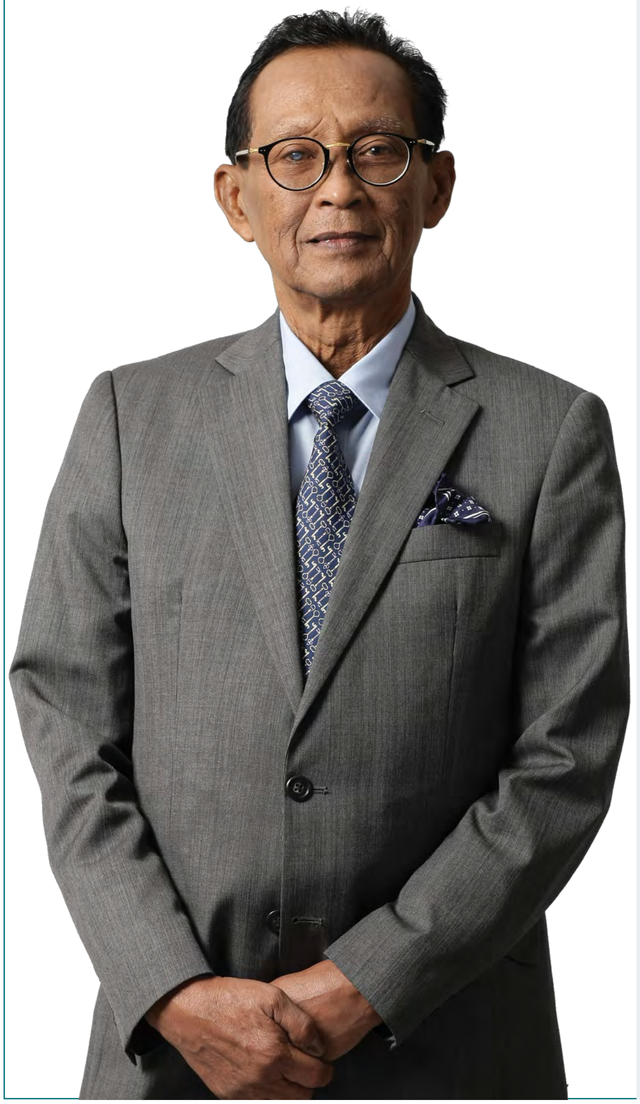
Dato' Shari does not have any family relationship with any director and/or major shareholder(s) of the Company nor any conflict of interest with the Company. He has not had a conviction for any offence within the past five (5) years and has not been imposed any penalty by the regulatory bodies during the financial year 2020.

OUR BOARD LEADERSHIP

DATO' INDERA DR. MD YUSOP BIN OMAR

Independent Non-Executive Director

Nationality	Gender	Age	Date of Appointment
MALAYSIAN	**MALE**	**68**	**1 JUNE 2015**



Length of Service (as at 1 April 2021):
5 years 10 months

Board Meeting Attendance in 2020:
9/9

Committee:
- Member of the Audit 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: TH Heavy Engineering Berhad
- Non – Listed: Nil

Dato' Indera Dr. Md Yusop graduated from University of Malaya in 1975 with a Bachelor of Arts and obtained his certificate in Public Administration in 1976. He received an Honorary Doctorate in Civil Law from Lincoln University College Malaysia in April 2015.

He served as an Administration and Diplomatic Officer in the Government sector for twenty (20) years.

Dato' Indera Dr. Md Yusop 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 2020.

OUR BOARD LEADERSHIP

MOHD ADZAHAR BIN ABDUL WAHID

Independent Non-Executive Director

Nationality	Gender	Age	Date of Appointment
MALAYSIAN	**MALE**	**56**	**24 MAY 2017**

Length of Service (as at 1 April 2021):
3 years 10 months

Board Meeting Attendance in 2020:
9/9

Committee:
- Chairman of the Audit Committee
- Chairman of the Investment Committee
- Member of the Nomination & Remuneration 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 ("BMB") (now known as Alliance Investment Bank Berhad) from October 1988 to April 1994. He held various positions in BMB 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. As an Executive Director, he was responsible for the overall management of PMCare which include strategic planning, business development and operations.

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 2020.

DZUL EFFENDY BIN AHMAD HAYAN

Non-Independent Non-Executive Director

Nationality	Gender	Age	Date of Appointment
MALAYSIAN	**MALE**	**40**	**27 MARCH 2019**

Length of Service (as at 1 April 2021):
2 years

Board Meeting Attendance in 2020:
9/9

Committee:
- Member of the Nomination & Remuneration Committee
- Member of the Investment Committee
- Member of the Tender Committee A
- Member of the Tender Committee B

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 sixteen (16) 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 ***TH*** 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 2020.

CHIEF EXECUTIVE OFFICER

MUZMI BIN MOHAMED

Nationality	Gender	Age	Date of Appointment
MALAYSIAN	**MALE**	**55**	**11 FEBRUARY 2019**

Length of Service (as at 1 April 2021):
2 years 1 month

Interest in Securities of the Company and its Subsidiaries:
Nil

Present Directorship(s) in Other Public Companies:
- Listed: Nil
- Non – Listed: Nil

Muzmi is a member of the Chartered Institute of Management Accountants (CIMA), United Kingdom and a member of the Malaysian Institute of Accountants (MIA).

He began his career as an accountant in Perbadanan Isi Sawit Felda in 1987 and Food Specialities (M) Berhad in 1989. In 1990, he joined Malaysian Kuwaiti Investment Company Sdn. Bhd. ("MKIC") as the Financial Controller and had served MKIC for 28 years whereby he had been exposed to various business sectors which included agriculture, property development, finance, insurance, manufacturing, services and energy. During his tenure in MKIC, he had held various positions including his last post as the Group's Deputy Chief Executive Officer before joining THP in February 2019.

Muzmi 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 2020.

AN EXPERIENCED MANAGEMENT TEAM

MUZMI BIN MOHAMED
Chief Executive Officer

Nationality	Gender	Age
MALAYSIAN	**MALE**	**55**

Date of Appointment
11 FEBRUARY 2019

Please refer to Muzmi Mohamed's profile on page 42 of this Annual Report.

RAHIMI RAMLI
Chief Financial Officer

Nationality	Gender	Age
MALAYSIAN	**MALE**	**51**

Date of Appointment
2 JANUARY 2020

Rahimi Ramli graduated with a Bachelor's degree in Accounting and Finance from Middlesex University, London, United Kingdom in 1993. He is a fellow member of the Association of Chartered Certified Accountants (ACCA) having completed the said professional body examination in 1995. He is also a chartered accountant registered with the Malaysian Institute of Accountancy (MIA) and a member of Chartered Tax Institute of Malaysia (CTIM) and was a professional member of the Internal Auditors, Malaysia. He began his career with KPMG, Kuala Lumpur Office in 1996 and gained invaluable financial experiences in both private sector and public practice accounting firms, including privately owned entities, public listed corporations as well as government owned companies before joining THP on 2 January 2020 as the Chief Financial Officer. Currently at THP, he oversees all accounting and treasury operations, financial reporting, cash management, taxation and all finance-related activities of the Group.

He is an Independent Non-Executive Director of Orion IXL Berhad.

Rahimi 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.

MAT SAAD RAMLI
Plantation Director

Nationality	Gender	Age
MALAYSIAN	**MALE**	**67**

Date of Appointment
1 OCTOBER 2019

Mat Saad Ramli graduated with a Diploma in Plantation & Industry Management from Institut Teknologi MARA. He carries with him more than 40 years of experience in the plantation industry, including an 14-years stint with Taiko Plantations, 8 years with U.I.E. (M) Berhad an associate company of United Plantations Berhad and few other plantation companies. He joined THP in 2002 and has been with THP for the past 11 years. He has held many senior roles in THP including being 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 the company and to ensure that all 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.

AN EXPERIENCED MANAGEMENT TEAM

MEGAT RIZAL EZZUDIN ABD MAULUD
General Manager, CEO Office

Nationality	Gender	Age
MALAYSIAN	**MALE**	**45**

Date of Appointment
1 MARCH 2020

Megat Rizal 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 also a Chartered Member of the Institute of Internal Auditors (IIA), Malaysia. His past experience 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 4 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.

ALIATUN MAHMUD
Head, Legal & Secretarial and Company Secretary

Nationality	Gender	Age
MALAYSIAN	**FEMALE**	**52**

Date of Appointment
1 JANUARY 2014

Aliatun holds a Master in Business Administration (MBA) degree from UiTM, a Diploma in Syariah Law and Practice from the International Islamic University of Malaysia as well as a Bachelor (Honours) of Laws (LLB) from UiTM. 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 17 years. In her current capacity, she manages all legal and secretarial matters of the companies owned as well as managed by THP.

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

Nationality	Gender	Age
MALAYSIAN	**FEMALE**	**50**

Date of Appointment
1 JANUARY 2014

Maizura holds a Bachelor's degree (Honours) in Chemistry from Universiti 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.

AN EXPERIENCED MANAGEMENT TEAM

IR RAMLI MOHD TAHAR
Chief Engineer

Nationality	Gender	Age
MALAYSIAN	**MALE**	**59**

Date of Appointment
1 AUGUST 1997

Ir Ramli holds a Bachelor's degree in Engineering (Agricultural) from UPM and also holds a First Grade Steam Engineer certification from the Department of Safety and Health. He was also certified as a Registered Professional Engineer by the Board of Engineers Malaysia in 2000. He began his career with FELDA in 1985 and joined the PLLTH as a Senior Assistant Manager on 2 January 1991. He has been with the Group for the past 30 years, and has held his current position since 1997. As Chief Engineer, he heads the Engineering Department, overseeing the strategy, planning and operations of all the mills under the Group. He also oversees the construction of new mills, whether THP-owned or THP-managed, as well as other engineering projects within the Group.

Ir 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.

OTHMAN SOMADI
General Manager, Marketing

Nationality	Gender	Age
MALAYSIAN	**MALE**	**57**

Date of Appointment
1 JANUARY 2009

Othman graduated with a Bachelor's degree in Business Administration (Marketing) and also holds a Diploma in Planting Industry and Management, both from UiTM. 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 as Deputy General Manager (Marketing of THP) in 2003. He is currently General Manager (Marketing) and is responsible for the trading and marketing of THP'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
General Manager, Agronomy

Nationality	Gender	Age
MALAYSIAN	**MALE**	**55**

Date of Appointment
7 FEBRUARY 2020

Ahmad Anuar graduated with a Bachelor's degree in Agricultural Science and also holds a Diploma in Agriculture, both from UPM. 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 & Agronomy) and based in Indonesia. He returned to THP in March 2019. He is is currently the General Manager of Agronomy Department and in his capacity, is responsible in providing agronomic advisory, and fertiliser recommendation 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.

AN EXPERIENCED MANAGEMENT TEAM

MD HANIF MD NOR
Plantation Controller

Nationality	Gender	Age
MALAYSIAN	**MALE**	**58**

Date of Appointment
1 MARCH 2020

Hanif holds a Diploma in Planting Industry and Management from UiTM. He began his career with Boustead Estates Agency as an Assistant Manager in 1983. He then joined TH Ladang (Sabah & Sarawak) Sdn. Bhd. on 27 December 1996 as Manager at Ladang Jati Keningau. He has risen up the ranks throughout the past 23 years with THP and in 2020 he was appointed the Plantation Controller. He currently oversees the plantation operations of THP's estates in Malaysia.

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.

MOHD JAFRI ARSHAD
Plantation Controller

Nationality	Gender	Age
MALAYSIAN	**MALE**	**55**

Date of Appointment
1 MARCH 2020

Jafri holds a Bachelor's degree Science in Agriculture and a Diploma in Agriculture, both from UPM. He began his career with Kuala Lumpur Kepong Berhad from a Cadet Planter in 1990 until he became a Manager in 1999 with an experience in managing Cocoa, Rubber & Oil Palm. On 1 March 2009, he joined THP as a Manager at Ladang Sungai Tenegang. He was appointed the Senior Manager and based in Riau, Indonesia in 2012. Jafri has been entrusted to manage and overseeing the operations of a few estates and the Estate Department before being appointed as Plantation Controller. He currently oversees the plantation operations and to ensure the estates adhere all the Company policies and SOP accordingly.

Jafri 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

Nationality	Gender	Age
MALAYSIAN	**MALE**	**57**

Date of Appointment
16 MARCH 2020

Zuzari holds a Diploma in Planting Industry and Management from UiTM. 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 which includes fresh fruit bunch in field evacuation, application of fertiliser and the integration of monitoring system using GPS/GIS. He served 13 years in Boustead before joining THP in 1998 as Manager at TH Ladang (Sabah & Sarawak) Sdn. Bhd. to manage and oversee THP's teak planting programme. Zuzari rose through the ranks during his 22 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 a group peat estates in Indonesia as the General Manager of TH Indo Plantation Sdn. Bhd. Zuzari was appointed the Plantation Controller in 2020 and currently oversees the operations of oil palm in Malaysia.

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.

AN EXPERIENCED MANAGEMENT TEAM

AHMAD NORDZRI RAZALI
General Manager, Estate

Nationality	Gender	Age
MALAYSIAN	**MALE**	**58**

Date of Appointment
16 MARCH 2020

Ahmad Nordzri holds a Diploma in Planting Industry and Management from UiTM and a Bachelor's degree in Business Administration from RMIT University, Melbourne. 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. On 15 March 1991, he joined THP 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 and based in Indonesia. He is currently the General Manager (Estate) 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.

SAMSHUL BAHRI MUHAMMAD
Assistant General Manager, Sustainability Department

Nationality	Gender	Age
MALAYSIAN	**MALE**	**48**

Date of Appointment
15 NOVEMBER 2020

Samshul Bahri graduated with a Bachelor's Degree (Hon) in Agribusiness from UPM and also holds a Diploma in Planting Industry Management from UiTM.

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

We view that good governance helps companies to take better decisions, for their own long-term benefit and that of the Malaysian economy overall. Our approach is summarised below:

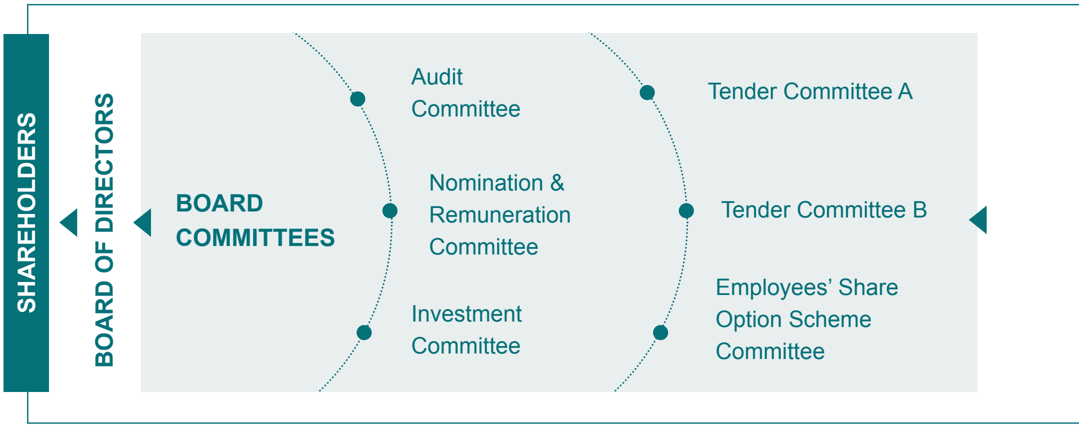
We believe that good governance leads to stronger value creation and lower risks for shareholders

It is the Board's responsibility to instil and maintain a culture of honesty, integrity and transparency throughout the business, through our policies, communications and by the way in which we act

We support corporate governance guidelines and apply them in a way that is meaningful to our business and consistent with our culture and values

This Corporate Governance Overview Statement is to be read in conjunction with the Corporate Governance Report 2020 which is available online at www.thplantations.my.

OUR GOVERNANCE STRUCTURE



BOARD ROLE AND COMPOSITION

Strategy

- 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

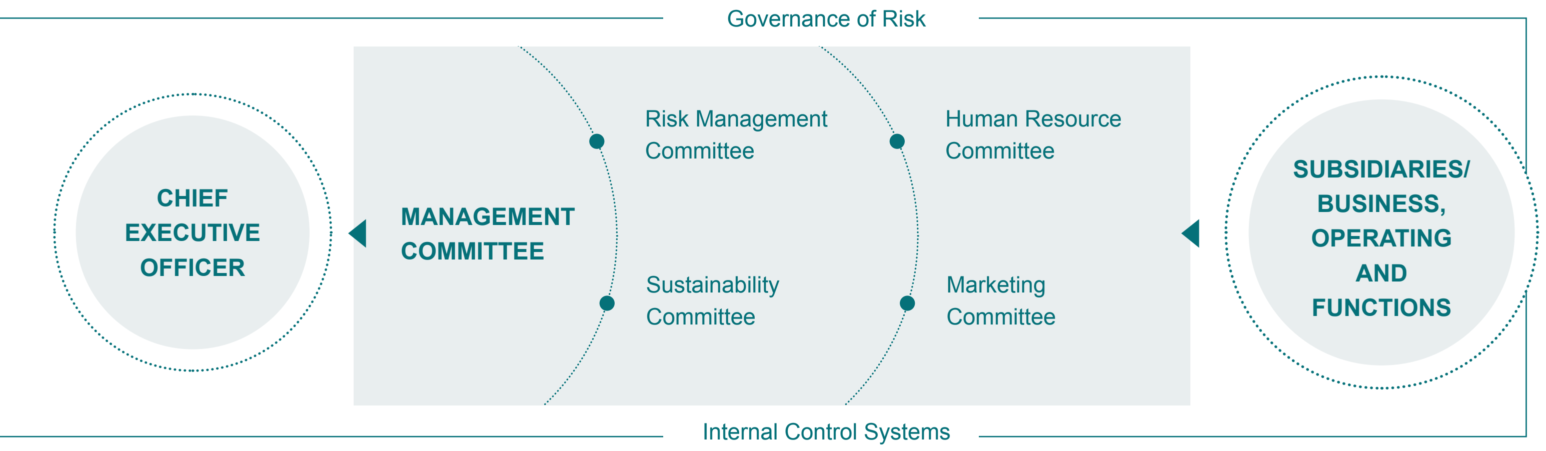
Governance

- 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

Performance

- 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 Malaysian Code on Corporate Governance 2017

CORPORATE GOVERNANCE OVERVIEW STATEMENT



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 meetings;
   - Ensures that all Directors contribute and participate at Board meetings; and
   - Drives discussion toward consensus and to achieve closure on such discussions.

ii. Chairs shareholder meetings;

iii. 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;

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

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

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.

CHIEF EXECUTIVE OFFICER/EXECUTIVE DIRECTOR

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.

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.

Taking into consideration the Company's present activities and size, the Board is of the view that the number and composition of the current Board are sufficient and well-balanced to ensure that its duties are carried out effectively and to provide assurance that no individual or small groups of individuals are allowed to dominate the Board's decision-making.

In discharging its duties, the Board is constantly mindful that the interests of THP Group's customers, 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.

In fulfilling this responsibility, the Board's functions are supported and reinforced through the various committees established at both the Board and the management levels. They are aided by the Internal Audit Department, which provides a strong check and balance as well as reasonable assurance on the adequacy of the Company's internal controls system, through regular meetings and discussions.

Details of the Internal Audit functions are further detailed in the Audit Committee Report as set out on pages 57 to 60 of this Annual Report.

At the same time, the Board also diligently sustains a dynamic and robust corporate climate, focused on strong ethical values.

To this end, active participation and structured dialogue involving key people at all levels are encouraged and conducted. Meanwhile, accessibility to information and transparency in all executive actions is consistently maintained. The corporate climate is also continuously fortified with value-centred programmes for team-building and active subscription to core values.

SEPARATION OF POSITIONS OF CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The Chairman has never held the post of CEO of the Company. The division of responsibilities between the Chairman and the CEO is to ensure that there is a balance of power and authority between them, thus avoiding any unfettered power of decision-making in any one individual. Therefore, it is evident that the roles of the Chairman and the CEO are distinguishable and clearly defined.

BOARD MEETINGS

Board meetings for the ensuing financial year are scheduled before the end of the current financial year to facilitate the planning of Board meetings by the Directors. Special Board Meetings are convened between the scheduled meetings to consider urgent proposals or matters that require urgent decisions or deliberation by the Board.

The Board is supplied with and assured of full and timely access to all relevant information to discharge its duties effectively. A set of Board papers is provided to each Board member in advance, at least seven (7) days, prior to every Board meeting. The Board papers contain, among other things, information on THP Group's performance and major operational, financial and corporate issues.

All Board decisions are properly minuted. Minutes of each Board meeting are circulated to all Directors for their review prior to their confirmation, which is normally done at the following Board meeting. The Directors may request for clarification or raise comments before the minutes are tabled for confirmation as being a correct record of the Board's proceedings. All conclusions of the Board meetings are duly recorded and the minutes are kept by the Company Secretary.

The Senior Management are also invited to attend the Board meetings to supply additional details or clarification on matters tabled for the Board's consideration and/or approval. Independent advisors and professionals appointed by the Company in relation to the various corporate exercises may also be invited to attend the meetings to provide explanation or clarification and advice for the benefit of the Directors.

The Chairman of the Audit Committee is to inform the Directors during Board meetings of any salient matters noted by the Audit Committee arising from audit findings that may require the Board's attention or direction.

In addition to matters relating to the Board's six (6) principal stewardship responsibilities, other specific topics tabled for the Board's deliberation include THP Group's key financial and operational results, THP Group's strategic and corporate initiatives, such as corporate plans and budget approvals, proposed acquisitions and disposals of material assets, major investments, as well as changes to THP Group's management and control structures, encompassing key policies, procedures and authority limits.

A total of nine (9) Board meetings were held in 2020.

The Directors' attendance at Board meetings for the financial year ended 31 December 2020 is detailed below:

TAN SRI ABU TALIB BIN OTHMAN
Chairman
Non-Independent Non-Executive Director
100 %
attended 9 out of 9 meetings

DATUK NIK MOHD HASYUDEEN BIN YUSOFF
Non-Independent Non-Executive Director
100 %
attended 9 out of 9 meetings

DATO' SHARI BIN HAJI OSMAN
Independent Non-Executive Director
100 %
attended 9 out of 9 meetings

DATO' INDERA DR. MD YUSOP BIN OMAR
Independent Non-Executive Director
100 %
attended 9 out of 9 meetings

MOHD ADZAHAR BIN ABDUL WAHID
Independent Non-Executive Director
100 %
attended 9 out of 9 meetings

DZUL EFFENDY BIN AHMAD HAYAN
Non-Independent Non-Executive Director
100 %
attended 9 out of 9 meetings

KEY BOARD DISCUSSION AND ACTIVITIES

A summary of the Board's key discussions and activities during the year is set out below:

1 FINANCIAL

i. Financial Statements for the financial year 2019
ii. Quarterly Report on Consolidated results
iii. Re-appointment of external auditors for the financial year 2020
iv. Audit fee for THP and Group for the financial year 2020
v. Updates on changes in accounting standards and/or policies
vi. THP Group's annual budget, cashflow projections
vii. Restructuring of SUKUK

2 GOVERNANCE AND POLICIES

i. Material litigation cases updates within the THP Group
ii. Code of Ethics for Employees and Group
iii. Sustainability Policy
iv. Procurement Policy
v. Marketing Policy

3 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 stabilize and strengthen THP Group's operations and finances
vi. Updates on sustainability matters
vii. Manpower shortage in plantation sector

4 SUCCESSION PLANNING, APPOINTMENT, RESIGNATION, REMUNERATION

i. Change of directorship in THP's subsidiaries
ii. Change in key Senior Management
iii. Board Evaluation Assessment
iv. Re-election Directors
v. Annual fees for the Board and Board Committees
vi. Benefits for employees of THP Group

5 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.
iii. Updates on the proposed disposal of THP-YT Plantation Sdn. Bhd. to TDM Berhad

6 OTHERS

i. Reports for inclusion in the Annual Report 2019
ii. Circular to Shareholders on the proposed renewal of shareholders' mandate for recurrent related party transactions

CORPORATE GOVERNANCE OVERVIEW STATEMENT

BOARD COMMITTEES

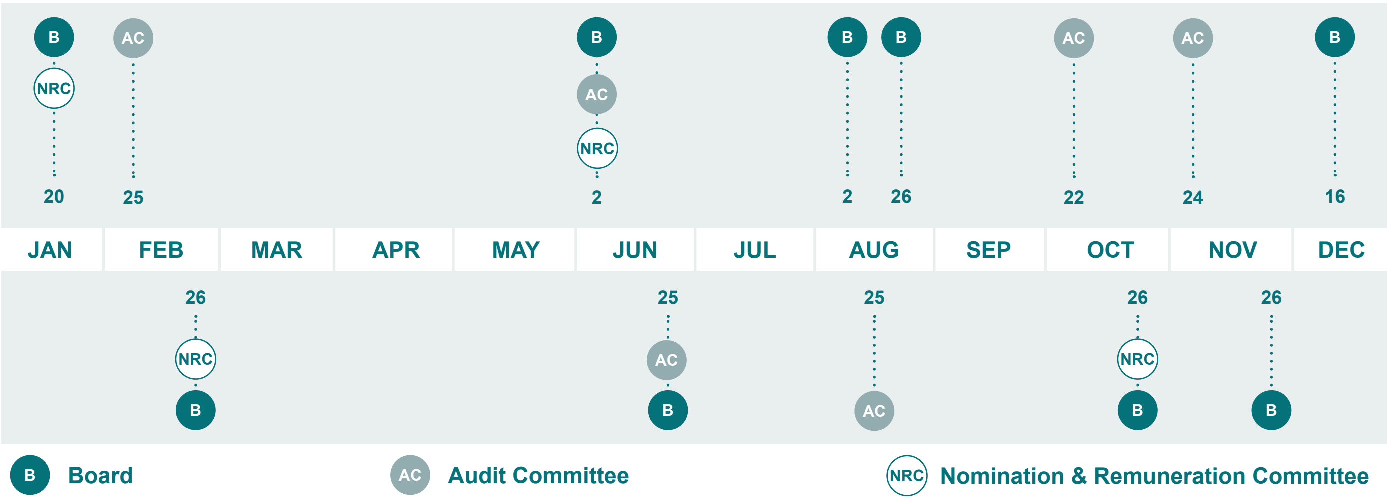
The Board has a number of committees to assist in discharging its duties effectively. The principal committees are the Audit Committee and the Nomination & Remuneration Committee.

The Company Secretary is the secretary to these committees and ensures that these committees adhere to the highest standards of Corporate Governance and apply the provisions and principles of the Code.

Professional advisers and members of the senior management team attend these committees meetings when they are invited to do so.

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 52 to 58.



NOMINATION & REMUNERATION COMMITTEE REPORT

The terms of reference of the Nomination & Remuneration Committee are available on the Company's website at www.thplantations.my.

Members and Attendance

DATO' SHARI BIN HAJI OSMAN
Chairman, Independent Non-Executive Director
100 %
attended 4 out of 4 meetings

MOHD ADZAHAR BIN ABDUL WAHID
Member, Independent Non-Executive Director
100 %
attended 4 out of 4 meetings

DZUL EFFENDY BIN AHMAD HAYAN
Member, Non-Independent Non-Executive Director
100 %
attended 4 out of 4 meetings

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Summary of Activities

During the financial year under review, the NRC performed a number of key activities, summarised amongst others as below:

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. Reviewing and recommending to the Board on the annual directors' remuneration.

4. Reviewing and recommending to the Board on the composition of the Board of Directors of THP's subsidiaries.

5. Reviewing and recommending to the Board on the proposal to revise THP Employees' Benefits.

6. Reviewing and recommending to the Board on the authority in approving employees' annual salary increment, salary adjustment, bonus, allowances, appointment and promotion.

7. Reviewing and recommending to the Board on the changes, movements, promotions and extension of contract of Senior Management Personnel in Head Office.

8. Reviewing and recommending to the Board on the appointment of members in 'Jawatankuasa Sumber Manusia' and its Terms of Reference.

9. Reviewing the organisation structure.

Structure and Procedure of the Nomination & Remuneration Committee

a. The actual decision as to who shall be appointed to the Board shall be the responsibility of the Board after considering the recommendations made by the Committee.

b. The determination of remuneration packages of Non-Executive Directors, including the Non-Executive Chairman shall be a matter to be considered by the Board as a whole and thereafter to be put forth to the shareholders for approval.

c. The CEO does not participate in discussions pertaining to his own remuneration.

d. The level of remuneration should be sufficient to attract and retain the Directors needed to steer the Company successfully. The level of remuneration should reflect the experience and responsibilities undertaken by the Non-Executive Directors concerned.

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.

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. However, no new Director has been appointed from the last AGM until the date of this Annual Report.

TENURE OF INDEPENDENT DIRECTORS

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

ASSESSMENT OF INDEPENDENCE DIRECTORS

The presence of three (3) Independent Non-Executive Directors, who neither engage in the day-to-day management of the Company, nor participate in any business dealings, or are involved in any other form of relationship with the Company, ensures that they remain free from any conflict of interest situation and facilitates the effective discharge of their roles and responsibilities as Independent Directors. They have fulfilled the criteria of independence as defined in the Listing Requirements.

Although all Directors shoulder equal responsibilities for THP Group's operations, the roles of these Independent Non-Executive Directors have proven to be particularly important in ensuring that all business strategies proposed by the Management are fully discussed and scrutinised, taking into account the long-term interest, not only THP's shareholders, but also of its employees, customers, suppliers and other THP Group stakeholders.

The Board and the Nomination & Remuneration Committee assessed the independence of the three (3) Independent Non-Executive Directors based on the criteria prescribed under the Listing Requirements in which an Independent Director should be independent and free from any business or other relationship which could interfere with the exercise of independent judgement or the ability to act in the best interest of the Company.

BOARD INDUCTION, EFFECTIVENESS AND TRAINING

The Board Effectiveness Review operates on an internal evaluation process carried out using a survey and questionnaire format. The process is detailed in the table below:

2020 Board Performance Evaluation

The evaluation focused on a number of key areas:

The skills and experience of the Board	**The Board's engagement with key stakeholders, including shareholders and employees**	**The effectiveness of the Board's decision-making**
The Board's management of risk		**The operation of the Board's committees**
Meetings and Board administration		**The Board's role with respect to the Group's strategy**

This Process Was Divided Into 3 Stages

STAGE 1	STAGE 2	STAGE 3
Completion of questionnaire A comprehensive questionnaire was sent to each Board member. Board members completed and returned the questionnaire to the Company Secretary.	**Evaluation of responses/reporting** 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.	**Discussions with the Board** The Nomination & Remuneration Committee discussed the draft conclusions. Subsequently, these conclusions and a draft action plan were recommended to the Board.

When a new Director is appointed to the Board, they will undergo specific briefings on the THP Group with the objectives of providing an overview of the Company's vision and mission, nature of business, current issues and the long term targets of the Group.

In compliance with the Listing Requirements, the Company regularly assesses the training needs of its Directors to ensure that they are well-equipped with the requisite knowledge and competencies to contribute effectively to the role of the Board.

In addition, the Directors are also encouraged to continue attending various training programmes that are relevant to further enhance their knowledge and expertise in discharging their responsibilities.

For the financial year ended 31 December 2020, the Directors attended conferences, seminars and training programmes, including those listed below:

Training/Seminar	Organiser	Event Date
Cyber Security Briefing & Training on Boardpac Solution	Bank Islam Malaysia Berhad	3 February 2020
Invest Malaysia 2020 Virtual Series 2 (Online)	Malaysia SME	20 July 2020
Director's Training : Impact of COVID-19 to the Economy	BIMB Holdings Berhad	5 August 2020
TH Scenario Planning Workshop	***TH***	25 – 27 August 2020
Bespoke Training for ***TH*** Nominee Directors	***TH***	25 – 26 September 2020
RAM Credit Summit 2020	RAM	20 October 2020
The Board's Leadership in Greening Financial Sector	FIDE	2 November 2020
TH Leadership Luncheon : Leadership During Times of Crisis and Disruption	***TH***	2 November 2020
Director's Training : Anti Money Laundering	BIMB Holdings Berhad	11 November 2020
Director's Training : Corruption Risk	BIMB Holdings Berhad	11 November 2020
Fraud Risks Management Online Workshop	PwC Malaysia	25 November 2020
United Against Corruption : Speak Up for Integrity	BIMB Holdings Berhad	9 December 2020

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:

1. Align with THP's strategic thrust and value drivers
2. 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
3. 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 Nomination & Remuneration Committee, 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

Directors' Fees

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

Directors' Benefits

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

Details of remuneration (including benefits-in-kind) of each Director for the year ended 31 December 2020 are as follows:

	Annual Monthly Fees						
	Board (RM)	Board Committees (RM)	Subsidiaries (RM)	Salary/ Bonus (RM)	Meeting Allowances (including subsidiaries) (RM)	Benefits-in-kind (RM)	Total (RM)
Tan Sri Abu Talib bin Othman	144,000	-	180,000	-	12,500	11,172	347,672
Datuk Nik Mohd Hasyudeen bin Yusoff	-	-	-	-	9,000	-	9,000
Dato' Shari bin Haji Osman	60,000	12,000	17,468	-	31,000	11,931	132,398
Dato' Indera Dr. Md Yusop bin Omar	60,000	12,000	12,000	-	20,500	15,642	120,142
Mohd Adzahar bin Abdul Wahid	60,000	24,000	108,000	-	23,000	3,004	218,004
Dzul Effendy bin Ahmad Hayan	-	-	-	-	22,000	-	22,000
Total	**324,000**	**48,000**	**317,468**	**-**	**118,000**	**41,748**	**849,216**

Number of Directors whose remuneration falls within the following bands:

Ranges of Remuneration	Number of Directors
Less than RM50,000	2
RM100,001 to RM150,000	2
RM200,001 to RM250,000	1
RM300,001 to RM350,000	1

AUDIT COMMITTEE REPORT

Introduction

The Board is pleased to present the Audit Committee Report of the Board for the financial year ended 31 December 2020.

Terms of Reference

The Audit Committee's roles and responsibilities are set out in the terms of reference which are available on the Company's website at www.thplantations.my.

Members and Attendance

A summary of members' attendance in Audit Committee meetings during the financial year under review is as follows:

MOHD ADZAHAR BIN ABDUL WAHID
Chaiman, Independent Non-Executive Director
(A member of the Malaysian Institute of Accountants (MIA)

100 %

attended 6 out of 6 meetings

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

100 %

attended 6 out of 6 meetings

DATO' INDERA DR. MD YUSOP BIN OMAR
Member, Independent Non-Executive Director

83 %

attended 5 out of 6 meetings

Management is invited to brief the Audit Committee on the Group's financial performance and relevant corporate matters as well as to address any enquiries raised by the Audit Committee. The Internal Audit Department ("IAD") attended all Audit Committee meetings and presented the internal audit findings to the Audit Committee and also presented the internal audit plan and activities. The external auditors were also invited to attend the Audit Committee meetings to present their reports on the audited financial statement.

All issues discussed and deliberated during the Audit Committee meetings were minuted by the Company Secretary. Any matters of significant concern raised by the internal and external auditors were duly conveyed by the Audit Committee to the Board.

Summary of Activities

During the financial year under review, the Audit Committee has carried out its duties and responsibilities in accordance with its terms of reference. The main activities undertaken by the Audit Committee during this period were as follows:

1. Reviewed quarterly financial and operational reports, interim financial results, interim financial report to Bursa Securities and the annual audited financial statements prior to submission to the Board for approval;

2. Reviewed and evaluated the performance of the subsidiaries of THP, including non-performing, as presented by Management;

3. Reviewed and approved the external auditors' scope of work and audit plan;

4. Reviewed with the external auditors, on the compliance of the Company's and THP Group's annual financial statements to Listing Requirements and the applicable approved accounting standards issued by the Malaysian Accounting Standards Board;

5. Reviewed with the external auditors, on the results of their audit;

6. Reviewed the conduct, and considered the remuneration and re-appointment of the external auditors;

7. Held independent meetings (without the presence of Management) with the external auditors on significant findings during the course of their audit;

8. Reviewed with the external consultants on the findings of their review of the acquisition exercises undertaken by THP and reported to the Board on relevant matters deliberated in the Audit Committee meetings;

9. Reviewed and approved the internal audit scope of work and audit plan;

10. Reviewed the internal audit findings and reported to the Board on relevant matters deliberated in the Audit Committee meetings;

11. Held independent meetings (without the presence of Management) with the internal auditors on significant findings during the course of their audit;

12. Performed periodic review on the system of internal controls that is in place and being observed; and

13. Reviewed the transactions of related party entered by the Company and THP Group to ensure that such transactions are undertaken on an arm's length basis on normal commercial terms which are not detrimental to the interests of the minority shareholders of the Company, and to ensure that the related internal control procedures are both sufficient and effective.

INTERNAL AUDIT FUNCTION AND ACTIVITIES

The internal audit function of THP Group is performed in-house and is independent from the main activities and operations of THP Group's operating units. The IAD reports directly to the Audit Committee and its primary function is to assist in discharging the Audit Committees' duties and responsibilities. It is the role of the IAD to provide the Audit Committee with periodic, independent and objective reports on the state of risks management and internal controls of THP Group's operations and the extent of compliance to the established policies, procedures and relevant statutory requirements.

During the financial year under review, the IAD has:

a) Conducted 26 audits and 4 follow-up on various operating units based on the annually approved internal audit plan and Management request;

b) Reviewed and evaluated the adequacy and application of financial and operational controls and continuously promoted the importance of effective internal controls throughout THP Group;

c) Reviewed and evaluated the operating units' compliance to the established policies, procedures and relevant statutory requirements;

d) Presented the findings and recommendations in the form of audit report for Management's actions and to the Audit Committee for further deliberation;

e) Performed follow-ups on the status of the findings and recommendations applied as carried out by the Management;

f) Collaborated with the external auditors to ensure sufficient coverage in the audit scope and avoid duplication wherever possible;

g) Undertaken special assignments as and when requested by the Audit Committee and/or Management and reported the results to the Audit Committee and/or Management.

The cost incurred for the internal audit function for the financial year under review was approximately **RM 1.06 Million**

This Audit Committee Report was approved by the THP Board on 23 March 2021.

ACCESS TO MANAGEMENT AND COMPANY SECRETARY

In carrying out their duties, each Director has unrestricted access to all information in the Company and independent access to Senior Management for information and clarification in furtherance of its duties. In addition, they are also able to seek advice from the Company Secretary and whenever necessary, independent professional advice, all at the expense of THP Group.

The Board is not only provided with quantitative information but also those which are qualitative in nature as they are pertinent and are of substantial necessity to enable the Board to deal with matters that are tabled at the meetings effectively. These include current updates of the THP Group's performance as well as information on external factors that may influence its business.

The Company Secretary are responsible to provide clear and professional advice to the Board on all governance matters and assist the Board on the implementation of an effective corporate governance system. Apart from advising the Board on governance and regulatory matters, the Company Secretary also organise and attend all Board meetings and ensure that all Directors receive timely, clear and concise information in advance prior to the scheduled meetings.

FINANCIAL REPORTING

The Board aims to present to shareholders, investors and regulatory authorities, a clear, balanced and comprehensive assessment of THP Group's financial performance and prospects. This assessment is primarily provided in quarterly financial reports, audited financial statements, annual reports as well as through material disclosures made in accordance with the Listing Requirements.

The Audit Committee assists the Board in scrutinising the information for disclosure to ensure accuracy, adequacy, transparency and compliance with the appropriate accounting standards and the financial statements give true and fair view of THP Group's financial position.

CORPORATE DISCLOSURE

The Company observes the Corporate Disclosure Guide issued by Bursa Securities as well as the disclosure requirements of the Listing Requirements. The Company also acknowledges the importance of timely and equal dissemination of material information to the shareholders, investors and public. Meetings and briefings are held periodically with investors, research analysts, bankers and the media to explain THP Group's latest performance results, current developments and future direction. While these forms of communications are important, the Company takes full cognisance of its responsibility not to disclose price-sensitive information.

LEVERAGING ON INFORMATION TECHNOLOGY FOR EFFECTIVE DISSEMINATION OF INFORMATION

The Company maintains a corporate website at www.thplantations.my which provides all other public corporate and financial information, such as THP Group's quarterly announcements of its financial results, announcements and disclosures made pursuant to disclosures required by the Listing Requirements and other corporate information on THP Group. Shareholders and the public can also direct their queries through the email contacts provided in the corporate website.

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.

The 46th AGM of the Company held on 3 August 2020 was conducted on a fully virtual basis via live streaming and through the Remote Participation and Voting ("RPV") facilities. Shareholders who attended the 46th AGM via RPV could also submit their questions during the meeting for the Company to respond.

Chairman of the Board chaired the 46th AGM of the Company. All Directors and Senior Management were present at the 46th AGM to respond to the questions raised by the shareholders or proxies.

At the 46th AGM, the CEO presented the Company's operational and financial performance for the financial under review as well as the Company's strategic recovery plan. The presentation is supported by visual and graphical presentation of key financial figures and key operational highlights to facilitate shareholders' understanding and analyses of the Company's performance.

The proceedings at the 46th AGM were recorded in the minutes of meeting which is made available in the Company's corporate website.

INVESTOR RELATION

The Board has in place an Investor Relations Policy to ensure continual and appropriate communication with all stakeholders. As part of the Investor Relations Policy, an authorised spokesperson will guide and steer communications made by THP's Senior Management and employees. This allows for clear alignment of messaging and establishes accurate and precise information is given to the media and the market.

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:

1. Used appropriate accounting policies and consistently applied them
2. Made judgments and estimates that are reasonable and prudent; and
3. 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 Statement on Corporate Governance was approved by the THP Board on 23 March 2021.

STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

“THE STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (“THE STATEMENT”) IS MADE PURSUANT TO THE MAIN MARKET LISTING REQUIREMENTS OF BURSA SECURITIES BERHAD AND IS GUIDED BY THE STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL – GUIDELINES FOR DIRECTORS OF LISTED ISSUERS. THE STATEMENT OUTLINES THE NATURE OF RISK MANAGEMENT AND INTERNAL CONTROL WITHIN THE TH PLANTATIONS BERHAD GROUP (“THPB GROUP” OR “THE GROUP”) FOR THE FINANCIAL YEAR UNDER REVIEW.”

RESPONSIBILITY AND ACCOUNTABILITY

Pursuant to the Malaysian Code on Corporate Governance (MCCG) 2017, the Board of a listed company is required to acknowledge their overall responsibility in the establishment and overseeing a sound risk management framework and internal control system.

To support the Board’s responsibility, the Audit Committee (“AC”) is assigned to oversee not only the Group’s financial reporting and audit related matters, but also on the Group’s risk management and internal control, with the support from Management’s Risk Management Committee (“RMC”).

The AC is empowered by a clearly established and approved Terms of Reference (“TOR”) in the above mentioned responsibilities. Accordingly, the Board is committed to the continuous development and maintenance of the risk management framework and internal control system in order to safeguard the stakeholder’s interests and the Group’s assets.

However, due to the limitations that are inherent in risk management framework and internal control system, the Board recognises that such systems are designed to manage, rather than eliminate, the risks identified to an acceptable level of risk appetite set and approved by the Board. The system by its nature can only provide reasonable but not an absolute assurance against financial misstatements, operational failures, fraud or loss. The concept of reasonable assurance recognises that the cost of control procedures should not exceed the expected benefits.

MANAGEMENT RESPONSIBILITY

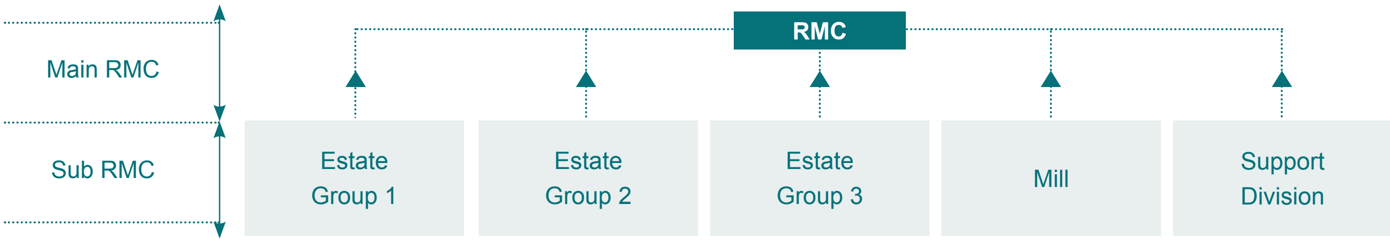
The existence of the RMC is to oversee the risk management activities within the Group by continuously review, monitor and update the framework. The RMC has a board mandate to ensure effective implementation of the objectives outlined in the Risk Management Policy (“RMP”) and its compliance within the Group. The RMC would inform the AC in AC meetings of risk management issues when it arises.

The followings are the main roles and responsibilities of the RMC:

- Assist the Board in implementing the objectives outlined in the RMP;
- 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 key operational risks including corporate matters;
- Assist the Board in reviewing and updating the existing risk profile and risk mapping in line with the needs of the current business environment, if any;
- Assist the Board in reviewing and reporting on the status of completion of action plans; and
- Report to the Audit Committee on any major changes to the risk profile requiring immediate attention or notification, if any.

STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL

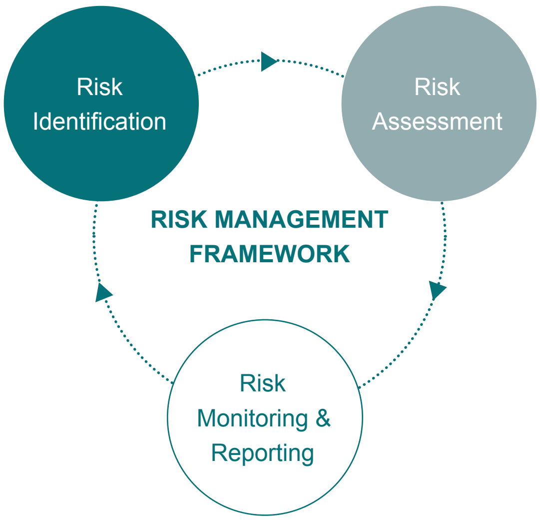
The Group's Main RMC is chaired by the Chief Executive Officer and supported by five (5) Sub-RMCs where the members are selected among the key Senior Management of various departments and Manager of estates and mills:



Each Estate Group chaired by Plantation Controller while Mill and Support Division are chaired by Chief Engineer and Chief Financial Officer respectively.

RISK MANAGEMENT FRAMEWORK

The monitoring and review process in Risk Management Framework ("RMF") involves the following key processes:

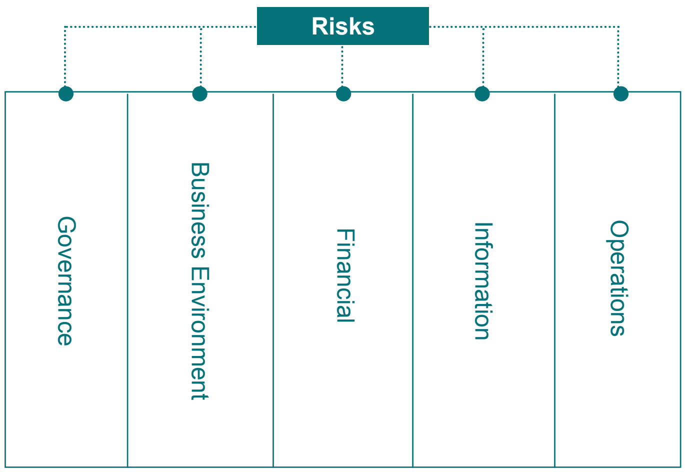


These processes tracks the current status of the risk profile, identify changes in the risk context and ensures that the controls are adequate in both design and operations.

Risk Identification

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

Risk that has been identified and assessed is categorised under one of the following categories:



The maximum risk exposure and tolerance by the Group are deliberated and decided in line with the long term profitability and survival of the business.

Risk Assessment

Risk assessment is an exercise of evaluating risk by considering estimates of both likelihood and impact in order to ascertain its relevance to the business and efficacy of current treatments. The Risk Owner is responsible for the assessment of risk exposure within the business operations which involves identifying the range of options for treating risk including accepting, mitigating, spreading, transferring, avoiding or monitoring the risk. Appropriate risk treatment plans are then prepared after assessing each option followed by implementation of those plans. Control plans are in place to ensure accountabilities and meeting the required expectation and deadline.

Risk Monitoring and Reporting

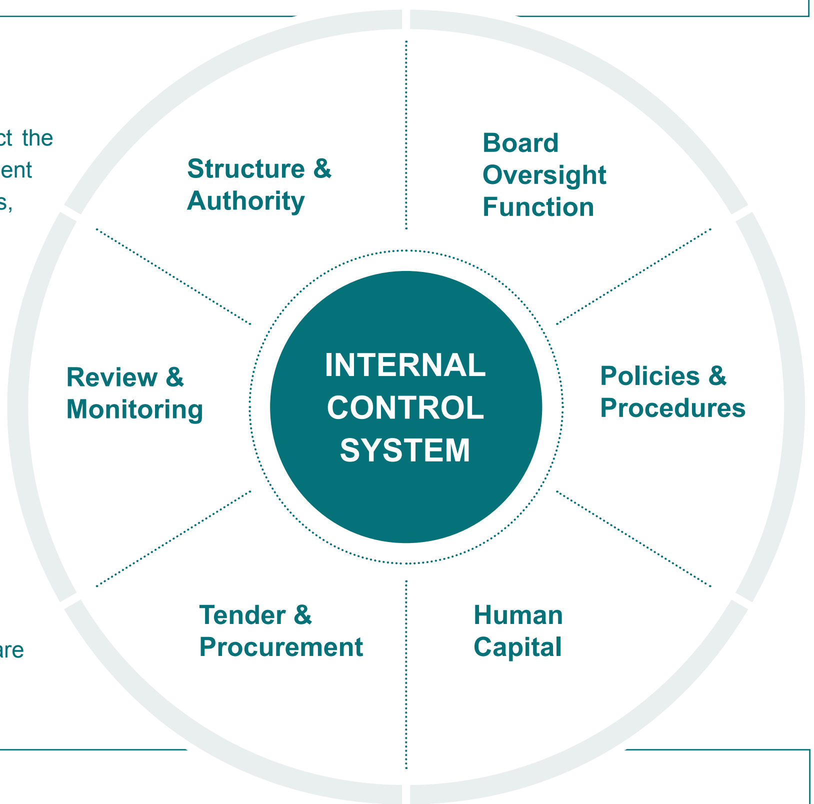
The process serves as a monitoring and reporting tool for Management. Any material issues regarding risk management are to be reported and discussed at either Management level or Board level or both, depending on the significance of the risk. The monitoring of the implementation and review of the risk management strategies and action plans are done as and when required by Management and the Board.

INTERNAL CONTROL SYSTEM

The internal control system has been designed to reflect the risk profiles established in the Group's risk management framework. The system is formulated based on experiences, relevant rules and regulations and industry's best practices to mitigate the identified risks that suit the risks appetite set by Management and the Board. The RMC would continuously review, monitor and update the existing risks, including any emerging risks face by the Group and report them to the AC accordingly.

Thus, the Group has designed and implemented a sound system of internal control that enable the business to be operated in an effective and efficient manner in order to achieve the Group's business objectives and to safeguard its interest.

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



Board's Oversight Function

The Audit Committee supports the Board's oversight function in evaluating the business performance of the Group and effectiveness and compliance of the Group's internal control system through operation and financial reports from Management and audit reports from the Internal Audit Department and External Auditors. Key findings are brought to the attention and deliberation of the Audit Committee which, in turn, will report these matters to the Board.

Structure and Authority

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

Formal authorisation policy and procedures are in place to define lines of accountabilities and delegation of authority for planning, executing, controlling and monitoring business operations and risks.

The organisational structure and authorisation policy and procedures are periodically reviewed and enhanced to incorporate any emerging business and operational needs.

STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL

Policies and Procedures

The Board and Management acknowledge the importance of documented policies and Standard Operating Procedures ("SOP") in managing the operations of the Group. This is to ensure that proper internal control system is designed, implemented and adhered accordingly to manage the operational and financial risks and the risk of fraud and material misstatements, which may affect the goals and objectives of the Group.

The established policies and SOPs are periodically reviewed and updated by Management, as and when required, to reflect changes in business environment and the needs to ensure its relevancies and effectiveness. These would be tabled and approved by the Board accordingly.

The RMC and AC do not review and approve these policies and SOPs, as these do not fall under their responsibilities defined in the RMP.

Performance Review and Monitoring

The Group's performances are reviewed and discussed in Management meetings on monthly basis or as and when required by the Chief Executive Officer. In every meeting, Management focus are on the current operation and financial issues and actual results against management plans, forecast and prior year achievements. Any significant variances that are identified would be analysed by Management and corrective actions would be taken accordingly.

For estates and mills performances, they are directly monitored by the Plantation Director and supported by the, Plantation Controller (for estates) and Chief Engineer (for mills). The Managers of the estates and mills will prepare and submit Monthly Progress Report to Management for reporting, monitoring and reviewing purposes and for their operational performance assessments.

The Key Performance Indicators ("KPI") and the operational targets of the estates and mills are clearly set and agreed based on expected productivity, profitability, efficiency and cost control of the year.

Human Capital Management

The Group acknowledged human capital as an important element of a successful business. As such, Human Resources Department ("HRD") has a plan on human capital management, especially in the training and development programmes, to ensure employees are kept up to date with necessary competencies and knowledge in order to perform their responsibilities toward achieving the Group's goals and objectives.

The performance of the individual employees is also evaluated annually through reviews of KPI by respective Heads of Department ("HOD"). This review will allow HRD to identify future talent among employees and utilise this process to formulate a succession plan for key positions in the Group.

Tender and Procurement

The Group has Tender Committee A and B represented by at least one Board member, and responsible for reviewing, deliberating and approving tender award of major contracts and ensuring that the procurement processes are complied with its procurement ethics, policies and requirements.

The Tender Committee A consists of at least three (3) Board members of the company and comprising exclusively Non-Executive Directors, majority of whom are Independent, while the Tender Committee B consists of at least (3) members and one (1) member must be an Independent Non-Executive Director. Tender Committee A approves tender award that has a value of above RM1.5 million on a single contract, while Tender Committee B approves tender award with value between RM350,000 up to RM1.5 million.

For any contract within Management's authorisation limit, a clearly defined policies and procedures on procurement of goods and services are in place to effectively control the process of awarding contract or procuring goods and services by main office, estates and mills. The tender committee comprises member of Senior Management which encourages transparency in awarding the contract.

Comprehensive internal control measures are implemented and monitored throughout all tender awards and procurement processes to safeguard the interests of the Group financially and operationally.

ANTI-BRIBERY AND CORRUPTION

The Group adopts a zero tolerance approach against all forms of bribery and corruption in carrying out its daily operations. With the implementation of Section 17A MACC Act coming into force in June 2020, the Group had performed a due diligence and risk assessment to ensure all operational and financial activities and its business policies complies with the provision of the Act.

The Group also established an Integrity and Governance Unit (IGU), under CEO's Office in February 2020, to foster the principle of abhorring corruption, abuse of power and malpractices. The IGU's staff had attended several briefings and trainings organised by the Malaysian Anti-Corruption Agency (MACC), Malaysian Institute of Corporate Governance (MICG) and Bursa Malaysia. Other participants on the briefing and training sessions were from the Board and senior management.

Currently, the Group is planning to conduct session for training and awareness among staff and would implement any approved policies regarding bribery and corruption in order to curb the issue effectively.

INTERNAL AUDIT FUNCTION

The Internal Audit Department's ("IAD") function is to provide the Audit Committee, 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 Audit Committee's duties and responsibilities by implementing a systematic and disciplined approach to review the business processes using a risk-based methodology in performing the audit assignments. A comprehensive Audit Report is produced to highlight audit findings and provide recommendations to Management for comments and actions. A follow-up audit would be carried out to monitor status of completion and compliance to the agreed action plans.

Significant audit findings are also presented and deliberated by the Audit Committee on a periodic basis as appropriate.

REVIEW OF EFFECTIVENESS

The processes adopted to review and monitor the effectiveness of the Risk Management and Internal Control system are:

1. Reporting of higher risk exposures to the Board, via Management, if any;
2. Reviewing the financial and operational information received regularly by Management from various reports with respect to risk management and internal control related issues; and
3. 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 Committee during the financial year under review.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The external auditors have reviewed this 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 2020, 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

Based on the observations and reports provided to the Board for the financial year under review, the Board is of the opinion that the risk management and internal control system that is in place is adequate and effective to safeguard the interests of the Group's stakeholders, their investments and the Group's assets.

There was no material losses incurred during the financial year under review as a result of weaknesses in the internal control. Management has taken the necessary measures to improve the risks management and internal control system by continuously reviewing, monitoring and considering all risks faced by the Group to ensure that the risks are within acceptable levels within the Group's business objectives.

The Board have received 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.

ADDITIONAL COMPLIANCE INFORMATION

a. Utilisation of Proceeds from Corporate Proposal

During the year, the Company had fully utilised all the proceeds raised from the Proposed Disposal of 70% equity interests in THP-YT Plantation Sdn. Bhd. to TDM Berhad totaling of RM69.0 million for the purpose of repayment of financing obligations.

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 ended 31 December 2020 by the Company's auditors, or a firm or corporation affiliated to the Auditor's firm amounted to RM970,891 and RM340,800 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 2020 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 2020 between the THP and/or its subsidiary companies with related parties are set out below:-

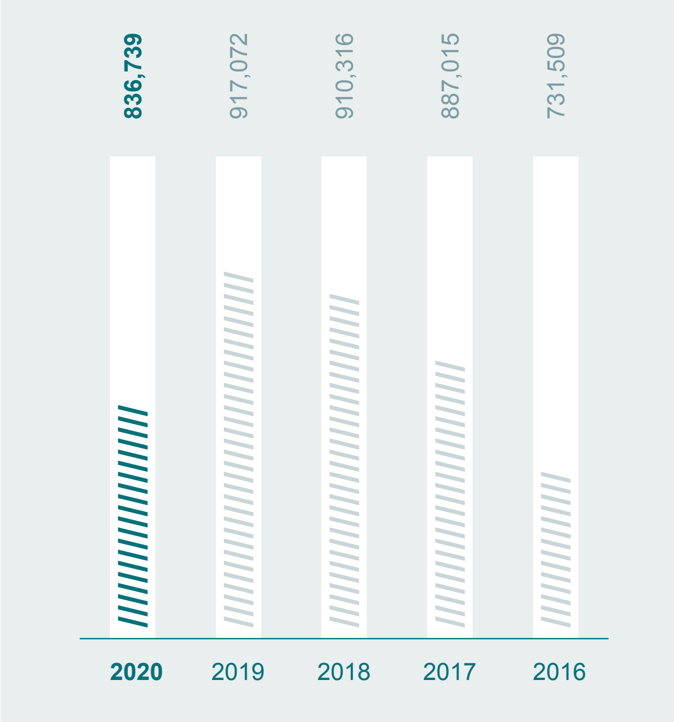
THP and/or Subsidiaries Transacting with Related Parties	Related Parties	Relationship with THP	Type of Transaction	Aggregate Value of Transaction RM'000
THP	Lembaga Tabung Haji	Holding Company	Lease of land	2,928
	TH Travel Services Sdn. Bhd.	Related Company	Purchase of flight tickets	119
THP Agro Management Sdn. Bhd.	Deru Semangat Sdn. Bhd.* TH Indo Industries Sdn. Bhd. TH Indopalms Sdn. Bhd.	Related Company	Provision of management services	261

Notes:

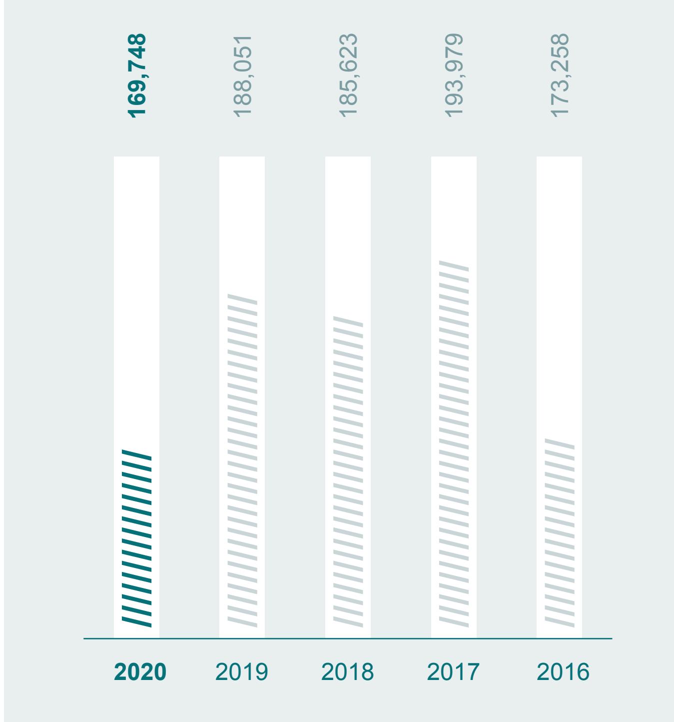
* *With effect from 15 January 2021, THP Agro Management Sdn. Bhd. ceased as the management agent of Deru Semangat Sdn. Bhd.*

PERFORMANCE STATISTICS

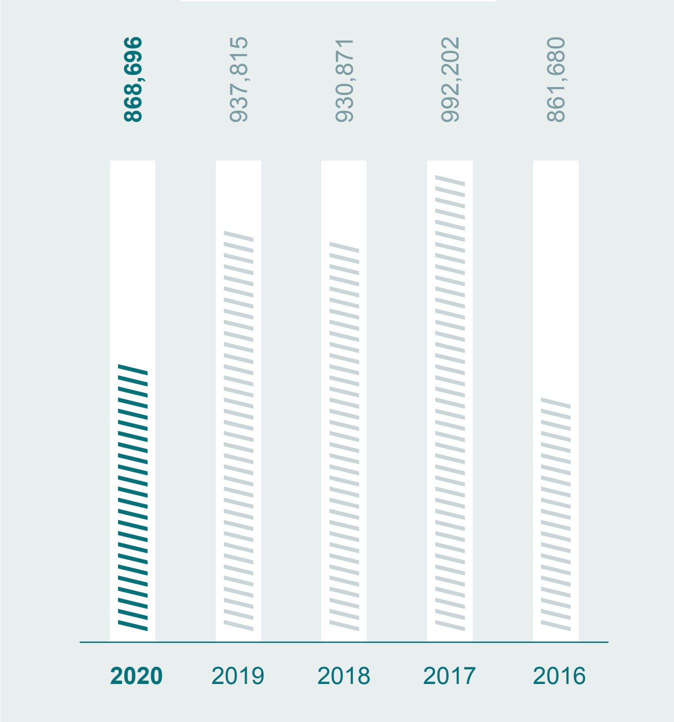
FFB PRODUCED (MT)



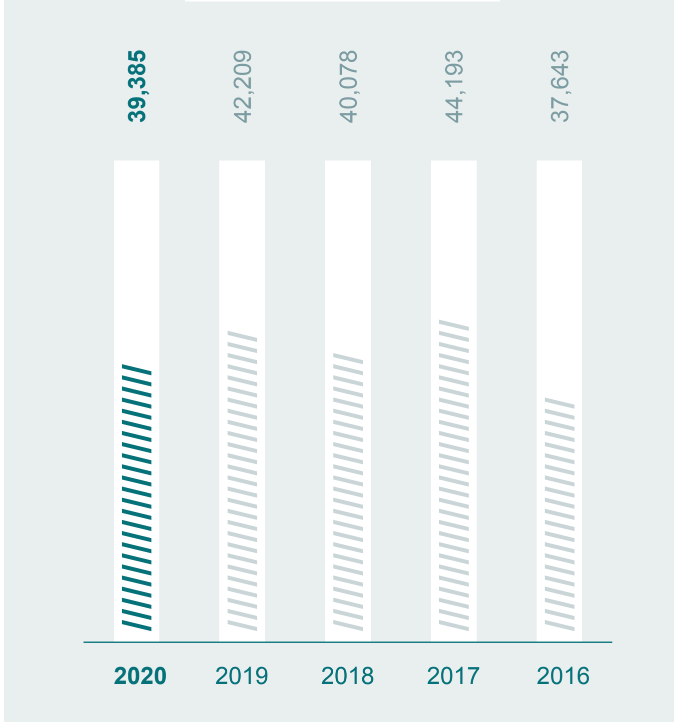
CPO PRODUCTION (MT)



FFB PROCESSED (MT)



PK PRODUCTION (MT)



PERFORMANCE STATISTICS

GROUP 5-YEAR PLANTATION STATISTICS

	2020	2019	2018	2017	2016
PRODUCTION (MT)					
FFB produced - total	**836,739**	917,072	910,316	887,015	731,509
FFB processed - total	**868,696**	937,815	930,871	992,202	861,680
FFB Purchased	**155,135**	180,723	180,852	235,745	207,294
YIELD AND EXTRACTION RATES					
FFB yield (tonnes per mature hectare)	**16.11**	18.18	18.59	18.14	15.36
OER (%)	**19.54**	20.05	19.94	19.55	20.11
KER (%)	**4.53**	4.50	4.31	4.45	4.37
AVERAGE SELLING PRICES (RM PER TONNE)					
Crude palm oil	**2,538**	1,968	2,121	2,672	2,463
Palm Kernel	**1,536**	1,172	1,709	2,444	2,365
FFB	**516**	377	408	539	516
AREA STATEMENT (Ha)					
Oil Palm					
- mature	**50,843**	50,457	48,955	48,893	47,630
- immature	**4,964**	9,054	9,114	11,457	13,474
Planted Area	**55,807**	59,511	58,069	60,350	61,104
Other crops					
- mature	**-**	-	-	-	-
- immature	**10,380**	10,380	10,797	8,873	9,028
Planted Area	**10,380**	10,380	10,797	8,873	9,028
Total Planted Area	**66,187**	69,891	68,866	69,223	70,132
In Course of Planting	**956**	747	5,128	4,753	4,147
Reserve land, building sites etc	**30,146**	30,338	27,025	27,010	30,492
Titled Area	**97,289**	100,976	101,019	100,986	104,771

PERFORMANCE STATISTICS

GROUP 5-YEAR KEY FINANCIAL INDICATORS

Revenue (RM'000)

2020	**555,097**
2019	493,650
2018	519,324
2017	687,982
2016	562,310

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

2020	**54,462**
2019	(245,009)
2018	(678,111)
2017	60,999
2016	127,296

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

2020	**27,460**
2019	(273,134)
2018	(658,382)
2017	31,230
2016	150,469

Basic Earnings per Share (sen)

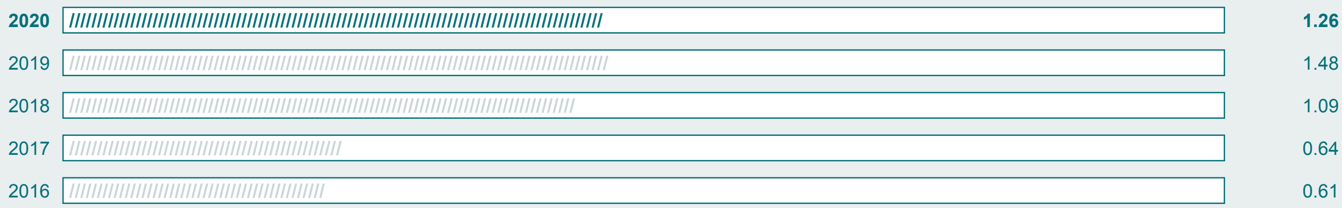
2020	**1.58**
2019	(25.63)
2018	(67.27)
2017	2.54
2016	16.64

Net Assets per Share (RM)

2020	**0.66**
2019	0.64
2018	0.90
2017	1.51
2016	1.57

PERFORMANCE STATISTICS

Net Debt to Equity Ratio (times)



	2020	2019	2018	2017	2016
PROFITABILITY AND RETURNS					
Gross profit margin (%)	**31.96**	9.54	(21.00)	27.01	14.00
PBT/(LBT) margin (%)	**9.81**	(49.63)	(130.58)	8.87	22.64
Profit/(Loss) after tax and after minority interest margin (%)	**2.52**	(45.88)	(114.50)	3.26	26.15
Return on average shareholders' Equity (%)	**2.44**	(33.39)	(54.03)	1.56	10.77
Return on Capital Employed (%)	**6.43**	(8.22)	(29.84)	6.07	11.26
Net assets per share (RM)	**0.66**	0.64	0.90	1.51	1.57
SOLVENCY AND LIQUIDITY					
Debt to equity ratio (times)	**1.26**	1.48	1.09	0.64	0.61
Interest cover (times)	**1.76**	(2.26)	(9.14)	1.88	3.44
Current ratio (times)	**1.97**	2.35	2.94	1.26	1.22
FINANCIAL MARKET					
EPS (sen)					
- basic	**1.58**	(25.63)	(67.27)	2.54	16.64
- diluted	**1.58**	(25.63)	(67.27)	2.54	16.64
Gross dividend paid per share (sen)	**-**	-	-	3.60	6.00
Gross dividend paid rate (%)	**0.00**	0.00	0.00	3.69	12.00
Gross dividend yield (%)	**0.00**	0.00	0.00	3.13	5.45
Net dividend payout rate (%)	**0.00**	0.00	0.00	3.69	12.00
Price to earnings ratio (times)	**36.01**	(2.54)	(0.69)	44.28	6.61
Price-to-book ratio (times)	**0.59**	0.70	0.38	0.57	0.53

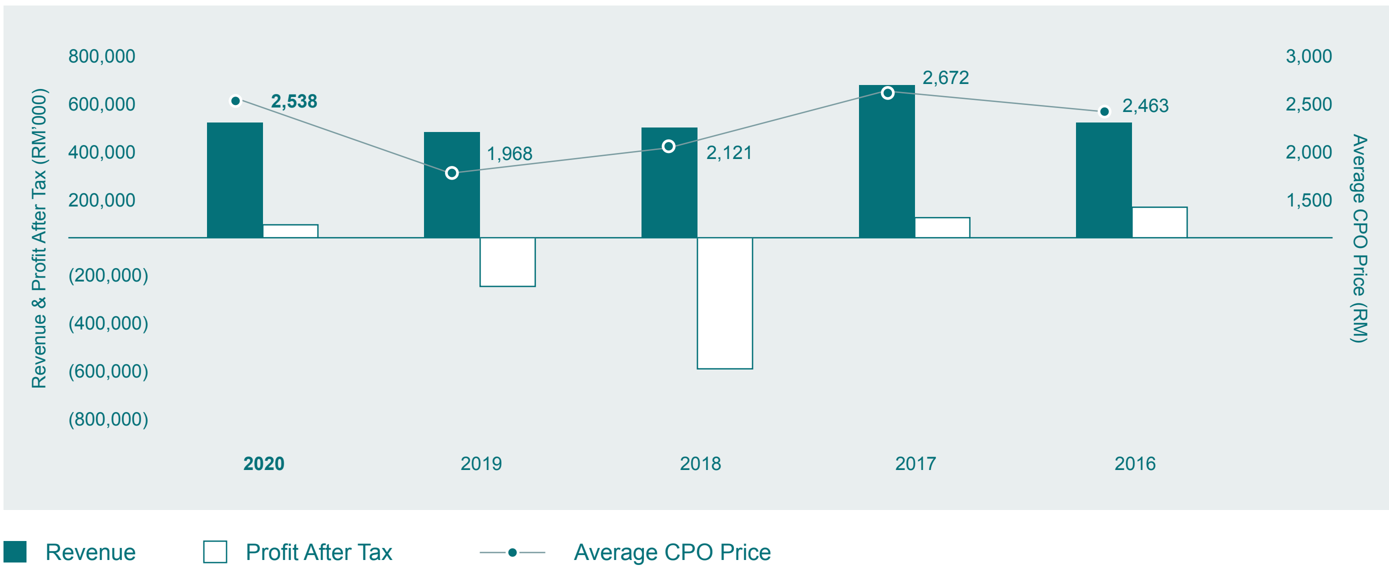
PERFORMANCE STATISTICS

GROUP 5-YEAR KEY FINANCIAL STATISTICS

STATEMENT OF INCOME STATEMENT HIGHLIGHTS (RM'000)

	2020	2019	2018	2017	2016
Revenue	**555,097**	493,650	519,324	687,982	562,310
Results from operating activities	**124,412**	(170,361)	(612,106)	121,656	175,954
Profit margin income from short term investments and receivables	**939**	648	1,001	3,884	2,538
Finance cost	**(70,889)**	(75,296)	(67,006)	(64,541)	(51,196)
Profit/(Loss) before tax	**54,462**	(245,009)	(678,111)	60,999	127,296
Tax expense	**(27,002)**	(28,125)	19,729	(29,769)	23,173
Net profit/(loss) for the year	**27,460**	(273,134)	(658,382)	31,230	150,469
Attributable to :					
Owners of the Company	**13,991**	(226,498)	(594,608)	22,409	147,070
Non-controlling interests	**13,469**	(46,636)	(63,774)	8,821	3,399
Net profit/(loss) for the year	**27,460**	(273,134)	(658,382)	31,230	150,469

GROUP 5-YEAR PROFIT VS AVERAGE CPO PRICE



PERFORMANCE STATISTICS

GROUP 5-YEAR KEY FINANCIAL STATISTICS

STATEMENT OF FINANCIAL POSITION HIGHLIGHTS (RM'000)

	2020	2019	2018	2017	2016
ASSETS					
Other non-current assets	**1,720,265**	1,562,060	1,955,841	3,229,147	3,216,643
Intangible asset	**-**	-	-	73,265	73,265
Total non-current assets	**1,720,265**	1,562,060	1,955,841	3,302,412	3,289,908
Other current assets	**860,471**	1,105,589	861,901	160,834	226,489
Cash and cash equivalents	**84,481**	68,953	50,561	99,175	163,771
Total current assets	**944,952**	1,174,542	912,462	260,009	390,260
Total assets	**2,665,217**	2,736,602	2,868,303	3,562,421	3,680,168
EQUITY					
Share capital	**862,752**	862,752	862,752	862,752	441,925
Share premium	**-**	-	-	-	420,827
Other reserves	**(80,658)**	(80,935)	(80,958)	(80,786)	(82,557)
Share option reserve	**-**	-	-	-	2,213
Foreign currency translation reserves	**(11,662)**	(13,246)	(11,790)	(8,012)	-
(Accumulated loss)/Retained earnings	**(190,152)**	(204,143)	22,355	634,639	679,403
Total equity attributable to owners of the Company	**580,280**	564,428	792,359	1,408,593	1,461,811
Non-controlling interests	**269,813**	253,376	302,736	367,647	364,807
Total equity	**850,093**	817,804	1,095,095	1,776,240	1,826,618
LIABILITIES					
Long term borrowings	**1,054,467**	1,139,644	1,199,510	1,196,183	1,175,374
Other long term liabilities	**281,627**	278,779	263,472	384,061	357,371
Total non-current liabilities	**1,336,094**	1,418,423	1,462,982	1,580,244	1,532,745
Other current liabilities	**374,030**	360,604	268,682	158,080	207,654
Loans and borrowings	**105,000**	139,771	41,544	47,857	113,151
Total current liabilities	**479,030**	500,375	310,226	205,937	320,805
Total liabilities	**1,815,124**	1,918,798	1,773,208	1,786,181	1,853,550
Total equity and liabilities	**2,665,217**	2,736,602	2,868,303	3,562,421	3,680,168

GROUP 5-YEAR KEY FINANCIAL STATISTICS

STATEMENT OF CASH FLOW HIGHLIGHTS (RM'000)

	2020	2019	2018	2017	2016
Profit/(Loss) before tax	**54,462**	(245,009)	(678,111)	60,999	127,296
Adjustment for non-cash items	**131,325**	377,118	764,283	146,098	42,072
Changes in working capital	**30,783**	90,050	46,582	46,472	(59,490)
Cash generated from operations	**216,570**	222,159	132,754	253,569	109,878
Profit margin income from short term investments and receivables	**939**	648	1,001	3,884	2,538
Profit margin expenses on payables, borrowing cost, tax and zakat paid	**(87,775)**	(88,784)	(97,275)	(97,354)	(96,315)
Net cash generated from operating activities	**129,734**	134,023	42,269	160,099	16,101
Acquisition of property, plant and equipment	**(5,133)**	(7,859)	(17,816)	(39,533)	(35,706)
Plantation development expenditure	**(27,338)**	(49,065)	(54,068)	(63,286)	(62,585)
Forestry	**(14,398)**	(11,698)	(25,290)	(12,740)	(23,348)
Proceeds from disposal of property, plant, equipment and investing activities	**1,579**	145	116	6	603
Proceeds from disposal of right-of-use-assets	**75**	-	-	-	-
Proceeds from disposal of subsidiary	**69,147**	-	-	-	153,065
(Increase)/Decrease in other investment	**(1,462)**	649	1,400	232	607
Net cash generated from/(used in) investing activities	**22,470**	(67,828)	(95,658)	(115,321)	32,636
Proceeds from drawdown of loans and borrowings	**66,909**	187,700	175,369	375,931	248,548
Repayments of loans and borrowings	**(188,180)**	(165,046)	(161,360)	(409,617)	(192,219)
Dividends paid to owners of the Company	**-**	(155)	(18,155)	(90,039)	(11,223)
Dividends paid to non-controlling interests	**(10,300)**	(4,314)	-	(4,792)	(6,694)
Increase/(Decrease) in amount due to holding corporation	**6,149**	(1,094)	(965)	7,355	4,971
(Decrease)/Increase in amount due to related companies	**(7,113)**	(59,997)	10,231	11,851	(3,906)
Payment of lease liabilities	**(4,071)**	(4,874)	-	-	-
Net cash (used in)/generated from financing activities	**(136,606)**	(47,780)	5,120	(109,311)	39,477
Net increase/(decrease) in cash and cash equivalents	**15,598**	18,415	(48,269)	(64,533)	88,214

PERFORMANCE STATISTICS

GROUP QUARTERLY PERFORMANCE

FINANCIAL PERFORMANCE (RM'000)

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 year	**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 year	**3,195**	**23,864**	**13,349**	**(12,948)**
Earnings/(Loss) per share (sen)				
- basic	**0.18**	**1.78**	**0.92**	**(1.30)**
- diluted	**0.18**	**1.78**	**0.92**	**(1.30)**

2019	Q4	Q3	Q2	Q1
Revenue	136,247	136,007	106,113	115,283
Results from operating activities	(149,751)	(28,882)	(8,585)	16,857
Profit margin income from short term investments and receivables	313	128	109	98
Finance cost	(14,659)	(20,037)	(20,612)	(19,988)
Loss Before Tax	(164,097)	(48,791)	(29,088)	(3,033)
Taxation	(37,377)	8,778	6,343	(5,869)
Net loss for the year	(201,474)	(40,013)	(22,745)	(8,902)
Attributable to :				
Owners of the Company	(167,648)	(31,609)	(19,150)	(8,091)
Non-controlling interests	(33,826)	(8,404)	(3,595)	(811)
Net loss for the year	(201,474)	(40,013)	(22,745)	(8,902)
Loss per share (sen)				
- basic	(18.96)	(3.58)	(2.17)	(0.92)
- diluted	(18.96)	(3.58)	(2.17)	(0.92)

FINANCIAL STATEMENTS

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020

The Directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2020.

PRINCIPAL ACTIVITIES

The 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 8 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 8 to the financial statements.

RESULTS

	Group RM'000	Company RM'000
Profit/(Loss) for the year attributable to:		
Owners of the Company	13,991	(16,340)
Non-controlling interests	13,469	-
	27,460	(16,340)

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 2019 and the Directors do not recommend any dividend in respect of the financial year ended 31 December 2020.

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020

DIRECTORS OF THE COMPANY

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

Tan Sri Abu Talib bin Othman
Datuk Nik Mohd Hasyudeen bin Yusoff
Dato' Indera Dr. Md Yusop bin Omar
Dato' Shari bin Haji Osman
Mohd Adzahar bin Abdul Wahid
Dzul Effendy bin Ahmad Hayan

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
Mohammed Hayssam bin Musa
Datuk Syed Hood bin Syed Edros
Abang Dato' Dr Haji Ariffin bin Abang Haji Borhan
Datuk Bolhassan bin Di @ Ahmad bin Di
Muzmi bin Mohamed
Aliatun binti Mahmud
Kamri bin Ramlee
Dato' Dr. Darus Hj. Ahmad
George Lentton Anak Indang
Datuk Hamzah bin Datuk Haji Mohd Zakaria
Yeo Kian Kok
Ishamudin bin Hashim
Abdul Rashid bin Abdul Kassim
Datuk Haji Sapin @ Sairin bin Karano @ Karno
Datuk Haji Mohammad Yusof bin Hj Apdal
Abdul Raof bin Mohamed
Mohd Badaruddin bin Ismail
Dato' Posa bin Haji Majais
Alam Shah bin Abdul Rahman
Md Hanif bin Md Nor
Ir Ramli bin Mohd Tahar
Monaliza binti Zaidel (appointed on 1 January 2020)
Idris bin Ibrahim (appointed on 1 March 2020)
Mohd Jafri bin Arshad (appointed on 1 July 2020)
Mat Saad bin Ramli (appointed on 1 July 2020)
Megat Rizal Ezzudin bin Abd Maulud (appointed on 1 July 2020)
Othman bin Omar (appointed on 15 March 2021)
Wan Abu Bakar bin Wan Hamid (resigned on 29 February 2020)
Dato' Sulaiman bin Mohd Yusof (retired on 22 July 2020)
Maizura binti Mohamed (resigned on 29 July 2020)
Dato' Abdul Majit bin Ahmad Khan (resigned on 31 July 2020)
Datu Jumastapha bin Lamat (resigned 1 February 2021)

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020

DIRECTORS' INTERESTS IN SHARES

None of the Directors holding office at 31 December 2020 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 1.1.2020/ date of appointment	Bought	Sold	At 31.12.2020
Interest in the Company:				
Aliatun binti Mahmud				
- own	**88,000**	**-**	**-**	**88,000**
Mat Saad bin Ramli				
- own	**2,000**	**-**	**-**	**2,000**
Megat Rizal Ezzudin bin Abd Maulud				
- own	**2,000**	**-**	**-**	**2,000**
Ir Ramli bin Mohd Tahar				
- own	**10,000**	**-**	**-**	**10,000**
Md Hanif bin Md Noor				
- own	**5,000**	**-**	**-**	**5,000**

None of the other Directors of the subsidiaries holding office at 31 December 2020 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 of the Company for the financial year ended 31 December 2020 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.

SUBSEQUENT EVENT

Subsequent event during the financial year is disclosed in Note 37 to the financial statements.

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020

AUDITORS

The auditors, KPMG Desa Megat PLT, have indicated their willingness to accept re-appointment.

The auditors' remuneration is disclosed in Note 28 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

……………………………………………………

Datuk Nik Mohd Hasyudeen bin Yusoff
Director

Kuala Lumpur,

Date: 15 April 2021

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

		Group		Company	
	Note	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Assets					
Property, plant and equipment	3	**858,905**	774,085	**99,702**	88,207
Right-of-use assets	4	**676,291**	634,060	**56,811**	57,871
Plantation development expenditure	5	**131,125**	111,410	**13,410**	24,220
Forestry	6	**12,111**	6,385	**-**	-
Investments in subsidiaries	8	**-**	-	**980,489**	810,489
Other investments	9	**1,825**	1,825	**1,825**	1,825
Deferred tax assets	10	**40,008**	34,295	**-**	-
Finance lease receivable	11	**-**	-	**46,661**	46,673
Total non-current assets		**1,720,265**	1,562,060	**1,198,898**	1,029,285
Inventories	12	**14,244**	7,902	**1,974**	986
Biological asset	13	**41,664**	35,405	**7,465**	6,447
Current tax assets		**1,837**	6,744	**1,483**	3,459
Other investments	9	**2,701**	1,239	**-**	-
Finance lease receivable	11	**-**	-	**11**	11
Trade and other receivables	14	**26,086**	31,375	**81,024**	76,059
Prepayments and other assets		**6,752**	8,022	**114**	1,313
Cash and cash equivalents	15	**84,481**	68,953	**74,277**	63,610
		177,765	159,640	**166,348**	151,885
Assets classified as held for sale	16	**767,187**	1,014,902	**-**	177,000
Total current assets		**944,952**	1,174,542	**166,348**	328,885
Total assets		**2,665,217**	2,736,602	**1,365,246**	1,358,170

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

		Group		Company	
	Note	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Equity					
Capital and reserve	17	**770,432**	768,571	**762,623**	762,623
Accumulated losses/Retained earnings		**(190,152)**	(204,143)	**33,544**	49,884
Equity attributable to owners of the Company		**580,280**	564,428	**796,167**	812,507
Non-controlling interests		**269,813**	253,376	**-**	-
Total equity		**850,093**	817,804	**796,167**	812,507
Liabilities					
Loans and borrowings	18	**1,054,467**	1,139,644	**-**	-
Lease liabilities		**75,608**	75,121	**58,114**	59,796
Employee benefits	19	**545**	730	**-**	-
Deferred tax liabilities	10	**193,385**	193,102	**34,136**	33,370
Trade and other payables	20	**12,089**	9,826	**-**	-
Total non-current liabilities		**1,336,094**	1,418,423	**92,250**	93,166
Loans and borrowings	18	**105,000**	139,771	**-**	60,000
Derivative liabilities	21	**17,403**	-	**-**	-
Lease liabilities		**6,223**	1,605	**1,975**	926
Current tax liabilities		**1,702**	685	**-**	-
Trade and other payables	20	**213,910**	209,610	**474,854**	391,571
		344,238	351,671	**476,829**	452,497
Liabilities classified as held for sale	16	**134,792**	148,704	**-**	-
Total current liabilities		**479,030**	500,375	**476,829**	452,497
Total liabilities		**1,815,124**	1,918,798	**569,079**	545,663
Total equity and liabilities		**2,665,217**	2,736,602	**1,365,246**	1,358,170

The notes on pages 93 to 209 form an integral part of these financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2020

		Group		Company	
	Note	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Revenue	22	**555,097**	493,650	**125,353**	108,958
Fair value changes on forestry	6	**5,726**	(43,215)	**-**	-
Fair value changes on biological asset	13	**4,220**	11,031	**1,018**	2,193
Cost of sales	23	**(387,651)**	(414,362)	**(99,734)**	(87,610)
Gross profit		**177,392**	47,104	**26,637**	23,541
Other income		**19,777**	16,156	**3,967**	182,607
Administrative expenses		**(29,684)**	(30,085)	**(6,200)**	(10,718)
Other expenses	24	**(43,073)**	(203,011)	**(2,000)**	(1,843)
Impairment loss on financial instruments		**-**	(525)	**(20,973)**	(272,553)
Results from operating activities		**124,412**	(170,361)	**1,431**	(78,966)
Finance income	25	**939**	648	**12,933**	13,143
Finance costs	26	**(70,889)**	(75,296)	**(25,256)**	(24,550)
Net finance costs		**(69,950)**	(74,648)	**(12,323)**	(11,407)
Profit/(Loss) before tax		**54,462**	(245,009)	**(10,892)**	(90,373)
Tax expense	27	**(27,002)**	(28,125)	**(5,448)**	(5,204)
Profit/(Loss) for the year	28	**27,460**	(273,134)	**(16,340)**	(95,577)
Other comprehensive income, net of tax					
Items that will not be reclassified subsequently to profit or loss					
Remeasurement on defined benefit liability	29	**298**	25	**-**	-
		298	25	**-**	-
Items that are or may be reclassified subsequently to profit or loss, net of tax					
Foreign currency translation differences for foreign operations	29	**1,703**	(1,566)	**-**	-
		1,703	(1,566)	**-**	-
Other comprehensive income/(expense) for the year, net of tax		**2,001**	(1,541)	**-**	-

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020

		Group		Company	
		2020	2019	2020	2019
	Note	RM'000	RM'000	RM'000	RM'000
Total comprehensive income/(expense) for the year		**29,461**	(274,675)	**(16,340)**	(95,577)
Profit/(Loss) attributable to:					
Owners of the Company		**13,991**	(226,498)	**(16,340)**	(95,577)
Non-controlling interests		**13,469**	(46,636)	**-**	-
Profit/(Loss) for the year		**27,460**	(273,134)	**(16,340)**	(95,577)
Total comprehensive income/(expense) attributable to:					
Owners of the Company		**15,852**	(227,931)	**(16,340)**	(95,577)
Non-controlling interests		**13,609**	(46,744)	**-**	-
Total comprehensive income/(expense) for the year		**29,461**	(274,675)	**(16,340)**	(95,577)
Basic earnings/(loss) per ordinary share (sen)	30	**1.58**	(25.63)	**-**	-
Diluted earnings/(loss) per ordinary share (sen)	30	**1.58**	(25.63)	**-**	-

The notes on pages 93 to 209 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2020

Group	Note	Attributable to owners of the Company						Non-controlling interest RM'000	Total equity RM'000
		Non-distributable				Distributable			
		Share capital RM'000	Other reserve RM'000	Foreign currency translation reserves RM'000	Total capital reserve RM'000	Retained earnings/ (Accumulated losses) RM'000	Total RM'000		
At 1 January 2019		862,752	(80,958)	(11,790)	770,004	22,355	792,359	302,736	1,095,095
Foreign currency translation differences for foreign operations		-	-	(1,456)	(1,456)	-	(1,456)	(110)	(1,566)
Remeasurement loss on defined benefit liability		-	23	-	23	-	23	2	25
Total other comprehensive income/(expense) for the year		-	23	(1,456)	(1,433)	-	(1,433)	(108)	(1,541)
Loss for the year		-	-	-	-	(226,498)	(226,498)	(46,636)	(273,134)
Total comprehensive income/ (expense) for the year		-	23	(1,456)	(1,433)	(226,498)	(227,931)	(46,744)	(274,675)
Contribution by and distribution to owners of the Company									
Dividends to owners of the Company		-	-	-	-	-	-	(2,616)	(2,616)
Total transactions with owners of the Company		-	-	-	-	-	-	(2,616)	(2,616)
At 31 December 2019		862,752	(80,935)	(13,246)	768,571	(204,143)	564,428	253,376	817,804

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

		Attributable to owners of the Company							
		Non-distributable				Distributable			
Group	Note	Share capital RM'000	Other reserve RM'000	Foreign currency translation reserves RM'000	Total capital reserve RM'000	Retained earnings/ (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	36	-	-	-	-	-	-	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

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2020

		Attributable to owners of the Company				
		Non-distributable			Distributable	
Company	**Note**	**Share capital RM'000**	**Other reserve RM'000**	**Total capital reserve RM'000**	**Retained earnings RM'000**	**Total equity RM'000**
At 1 January 2019		862,752	(100,129)	762,623	145,461	908,084
Loss for the year		-	-	-	(95,577)	(95,577)
Total comprehensive expense for the year		-	-	-	(95,577)	(95,577)
At 31 December 2019/1 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		**862,752**	**(100,129)**	**762,623**	**33,544**	**796,167**

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2020

		Group		Company	
	Note	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Cash flows from operating activities					
Profit/(Loss) before tax		**54,462**	(245,009)	**(10,892)**	(90,373)
Adjustments for:					
Depreciation of property, plant and equipment	3	**53,827**	60,435	**4,764**	3,687
Impairment loss on property, plant and equipment	3	**2,986**	75,845	**-**	-
Reversal of impairment loss on property, plant and equipment	3	**(15,982)**	(5,368)	**-**	-
Property, plant and equipment written off	3	**557**	244	**2**	38
Property, plant and equipment written off in relation to assets held for sale	16	**-**	5	**-**	-
Net gain on disposal of property, plant and equipment	28	**(986)**	(96)	**-**	(240)
Net gain on disposal of property, plant and equipment in relation to assets held for sale	28	**(147)**	-	**-**	-
Depreciation of right-of-use assets	4	**13,019**	14,170	**1,047**	985
Impairment loss on right-of-use assets	4	**-**	22,819	**-**	-
Net gain on disposal of right-of-use assets	28	**(41)**	-	**-**	-
Net gain on disposal of right-of-use assets in relation to assets held for sale	28	**(13)**	-	**-**	-
Impairment loss on plantation development expenditure	5	**5,329**	20,316	**-**	-
Reversal of impairment loss on plantation development expenditure	5	**-**	(1,833)	**-**	-
Change in fair value of forestry	6	**(5,726)**	43,215	**-**	-
Impairment loss on intangible asset	24	**-**	9,761	**-**	-
Reversal of impairment loss on investment in subsidiaries classified as assets held for sale	16	**-**	-	**-**	(177,000)
Impairment loss on trade receivables	14	**-**	6	**-**	-
Impairment loss on amount due from subsidiaries	28	**-**	-	**20,973**	272,543

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Cash flows from operating activities (continued)					
Adjustments for:					
Reversal of impairment loss on amount due from subsidiaries	14	**-**	-	**(2,457)**	-
Impairment loss on other receivables	28	**-**	13	**-**	10
Impairment loss on amount due from related companies	28	**-**	506	**-**	-
Change in fair value on biological asset	13	**(4,220)**	(11,031)	**(1,018)**	(2,193)
Expenses related to retirement benefit plan		**60**	(18)	**-**	-
Dividend income	22	**(182)**	(73)	**(182)**	(2,796)
Impairment loss on assets held for sale	24	**288**	73,355	**-**	-
Profit margin income from short-term investments and other receivables	25	**(939)**	(648)	**(9,105)**	(9,312)
Finance income on finance lease receivable	25	**-**	-	**(3,828)**	(3,831)
Unrealised foreign exchange	28	**20,741**	-	**-**	-
(Loss)/Gain on disposal of a subsidiary	36	**(8,135)**	-	**1,129**	-
Finance costs	26	**61,371**	66,461	**20,277**	19,930
Finance costs on lease liabilities	26	**9,518**	8,835	**4,979**	4,620
Operating profit before changes in working capital		**185,787**	131,910	**25,689**	16,068
Change in inventories		**(6,342)**	8,746	**(988)**	3,068
Change in trade and other payables		**(52,248)**	74,963	**30,948**	86,105
Change in trade and other receivables, prepayments and other assets		**(144,615)**	193,104	**(34,179)**	42,911
Change in employee benefits		**185**	181	**-**	-
Change in assets held for sale		**247,715**	(269,991)	**-**	-
Change in liabilities held for sale		**(13,912)**	82,724	**-**	-
Cash generated from operations		**216,570**	221,637	**21,470**	148,152
Profit margin income from short-term investments and other receivables	25	**939**	648	**9,105**	9,312
Finance income on finance lease receivable	25	**-**	-	**3,828**	3,831
Finance costs	26	**(61,371)**	(66,461)	**(20,277)**	(19,930)
Finance costs on lease liabilities	26	**(9,518)**	(8,835)	**(4,979)**	(4,620)
Tax paid		**(22,898)**	(14,951)	**(2,705)**	(844)
Tax refund		**6,012**	1,463	**-**	1,945
Net cash generated from operating activities		**129,734**	133,501	**6,442**	137,846

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Cash flows from investing activities					
Acquisition of property, plant and equipment	3	**(3,582)**	(6,941)	**(1,248)**	(798)
Acquisition of property, plant and equipment in relation to assets held for sale	16	**(1,551)**	(918)	**-**	-
Plantation development expenditure	(i)	**(19,647)**	(36,339)	**(3,824)**	(6,004)
Plantation development expenditure in relation to assets held for sale	(ii)	**(7,691)**	(12,726)	**-**	-
Forestry	(iii)	**(14,398)**	(11,176)	**-**	-
Proceeds from disposal of property, plant and equipment		**1,376**	145	**-**	266
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		**18**	-	**-**	-
(Increase)/Decrease in other investments		**(1,462)**	649	**-**	517
Proceeds from disposal of a subsidiary	36	**69,147**	-	**8,129**	-
Dividends received		**-**	-	**2,905**	219
Net cash generated from/(used in) investing activities		**22,470**	(67,306)	**5,962**	(5,800)
Cash flows from financing activities					
Dividends paid to owners of the Company	20.5	**-**	(155)	**-**	(155)
Dividends paid to non-controlling interests	20.5	**(10,300)**	(4,314)	**-**	-
Proceeds from drawdown of loans and borrowings	18	**66,909**	187,700	**-**	60,000
Loan repayment	18	**(188,180)**	(151,331)	**(60,000)**	-
Loan repayment in relation to liabilities held for sale		**-**	(13,715)	**-**	-
Increase/(Decrease) in amounts due to holding corporation	20.6	**6,149**	(1,094)	**5,949**	(1,214)
Decrease in amounts due to related companies	20.6	**(7,113)**	(59,997)	**(7,226)**	(60,102)
Increase/(Decrease) in amounts due to subsidiaries	20.6	**-**	-	**56,333**	(111,051)
Payment of lease liabilities		**(4,071)**	(4,874)	**(633)**	(244)
Proceed from lease receivable	11	**-**	-	**3,840**	3,840
Net cash used in financing activities		**(136,606)**	(47,780)	**(1,737)**	(108,926)
Net increase in cash and cash equivalents		**15,598**	18,415	**10,667**	23,120
Cash and cash equivalents at 1 January	(iv)	**69,384**	50,969	**63,610**	40,490
Cash and cash equivalents at 31 December	(iv)	**84,982**	69,384	**74,277**	63,610

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2020

Cash outflows for leases as a lessee

		Group		Company	
	Note	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Included in net cash from operating activities					
Finance costs on lease liabilities	26	**9,518**	8,835	**4,979**	4,620
Included in net cash from financing activities					
Payment of lease liabilities		**(4,071)**	(4,874)	**(633)**	(244)
Total cash outflows for leases		**5,447**	3,961	**4,346**	4,376

Reconciliation of movement of lease liabilities to cash flows arising from financing activities.

	At 1 January 2020 RM'000	Net Changes from financing cash flow 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**	**(533)**	**-**	**60,089**

(i) Plantation development expenditure

		Group		Company	
	Note	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Additions of plantation development expenditure	5	**(27,871)**	(42,937)	**(4,282)**	(6,816)
Additions of nurseries	5	**(1,610)**	(1,703)	**-**	-
Finance cost	5	**8,719**	7,226	**366**	686
Depreciation of property, plant and equipment	5	**930**	797	**79**	126
Depreciation of right-of-use asset	5	**185**	278	**13**	-
		(19,647)	(36,339)	**(3,824)**	(6,004)

(ii) Plantation development expenditure of assets held for sale

		Group	
	Note	2020 RM'000	2019 RM'000
Additions of plantation development expenditure	16	**(8,410)**	(18,163)
Additions of nurseries	16	**-**	(3)
Finance cost	16	**719**	5,440
		(7,691)	(12,726)

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2020

(iii) Forestry

	Note	Group 2020 RM'000	Group 2019 RM'000
Additions of forestry plantation	6	**(14,878)**	(25,083)
Transfer from nurseries	6	**-**	13,385
Depreciation of property, plant and equipment	6	**480**	522
		(14,398)	(11,176)

(iv) Cash and cash equivalents

	Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Deposits		**74,250**	59,662	**70,000**	57,000
Less: Other investments	9	**(2,701)**	(1,239)	**-**	-
	15	**71,549**	58,423	**70,000**	57,000
Cash and bank balances		**13,433**	10,961	**4,277**	6,610
		84,982	69,384	**74,277**	63,610
Assets classified as held for sale	16.1	**(501)**	(431)	**-**	-
	15	**84,481**	68,953	**74,277**	63,610

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, Platinum East 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 2020 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 2020 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 8 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 15 April 2021.

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 2021

- Amendments to MFRS 9, *Financial Instruments*, MFRS 139, *Financial Instruments: Recognition and Measurement*, MFRS 7, *Financial Instruments: Disclosures*, MFRS 4, *Insurance Contracts* and MFRS 16, *Leases – Interest Rate Benchmark Reform – Phase 2*

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 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*

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 have early adopted the Amendment to MFRS 16, *Leases – COVID-19-Related Rent Concessions*, which effective for annual periods beginning on or after 1 June 2020 and Amendment to MFRS 16, *Leases – COVID-19-Related Rent Concessions beyond of 30 June 2021*, which effective for annual periods beginning on or after 1 April 2021.

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

- from the annual period beginning on 1 January 2021 for those amendments that are effective for annual periods beginning on or after 1 January 2021.

- 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 which is not applicable to the Group and the 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 2020, the Group had net current assets of RM465,922,000 (which included net non-current assets that are classified as assets held for sale equivalents of RM629,857,000). 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 RM163,935,000. 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 approval 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 five (5) subsidiaries in the next 12 months which has been classified as assets held for sale, with carrying amount of RM632,395,000 as at 31 December 2020. The aforesaid forecasts incorporate proceeds to be received from the disposal of the subsidiaries, repayments for current payables, committed expenditure and other future expected expenditure, and revenue/receipts from newly mature area of 1,571 hectare.

1. BASIS OF PREPARATION (CONTINUED)

(b) Basis of measurement (continued)

The Directors expect to "roll-over" the amounts due to its subsidiaries which are due in the next 12 months, with carrying amount of RM329,313,000 as at 31 December 2020.

In addition, the Group and the Company have sought and obtained formal support from its holding corporation, Lembaga Tabung Haji on 25 March 2021. The immediate holding corporation will provide the necessary level of financial support to the Group and the Company to enable them to meet the payment of debts, as and when they fall due should they be unable to do so.

The obligation to provide financial support shall remain in full force and effect until 12 months from the aforesaid date of formal support.

Based on the cash flow forecast and the financial support received from its holding corporation, the Director have concluded that it is appropriate for them to prepare the consolidated financial statements using the going concern basis.

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) Depreciation of estate

The rate used to depreciate the estate is based on the expected Fresh Fruit Bunches ("FFB") production of the estate. Estimating the production trend involves significant judgement, selection of variety of methods and assumptions that are normally based on past yield trend of the estates and comparable estates in the area as disclosed in Note 3. The actual yield, however, may be different from expected.

(ii) Recoverable amount of bearer plant

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 or whether there have been significant changes with adverse effect in the market environment in which the bearer plant operates in.

When there is an indication of impairment, management measured the recoverable amounts based on value in use or fair value less cost to sell of the bearer plant. Significant assumptions used to derive value in use or fair value less cost to sell are as shown in Note 3 and Note 24.

1. BASIS OF PREPARATION (CONTINUED)

(d) Use of estimates and judgements (continued)

(iii) Biological asset

Biological assets are measured at fair value less cost to sell with the changes in fair value recognised in profit or loss. Significant assumption used to derive fair value are shown in Note 13.

(iv) Recoverable amount of plantation development expenditure ("PDE")

Management reviews its PDE for objective evidence of impairment annually. Significant delay in maturity is considered as an indication of impairment. 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 PDE or whether there have been significant changes with adverse effect in the market environment in which the PDE operates in.

When there is an indication of impairment, management measured the recoverable amounts based on value in use or fair value less cost to sell of the PDE. Significant assumptions used to derive value in use or fair value less cost to sell are as shown in Note 5 and Note 24.

(v) Assets held for sale

The fair value less cost to sell of assets held for sale is determined using valuation prepared by independent valuers. The valuation involved making assumptions about discount rate, future price of fresh fruits bunches, yield of fresh fruits bunches, future upkeep and cultivation cost and harvesting cost. As such, these estimated fair values are subject to significant uncertainty. Significant assumptions used to derive fair values are as shown in Note 16 and Note 24.

(vi) Forestry

The fair value of forestry is determined using valuation prepared by an independent valuer. The valuation 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.

(vii) Contingencies

Determination of the treatment of contingent liabilities is based on management's view of the expected outcome of the contingencies after consulting legal counsel for litigation cases.

(viii) Leases

The Group and the Company assess at lease commencement by applying significant judgement whether it is reasonably certain to exercise the extension options. The Group and the Company consider all facts and circumstances including their past practices and any cost that will be incurred to change the asset if an option to extend is not taken, to help them determine the lease term.

The Group and the Company also applied judgement and assumptions in determining the incremental borrowing rate of the respective leases as disclosed in Note 4. The Group and the Company first determine the closest available borrowing rates before using significant judgement to determine the adjustments required to reflect the term, security, value or economic environment of the respective leases.

1. BASIS OF PREPARATION (CONTINUED)

(d) Use of estimates and judgements (continued)

(ix) 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 32.4.

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

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 the Group entities, unless otherwise stated.

The Group and the Company have early adopted the Amendment to MFRS 16, Leases – COVID-19-Related Rent Concessions, which effective for annual periods beginning on or after 1 June 2020 and Amendment to MFRS 16, Leases – COVID-19-Related Rent Concessions beyond of 30 June 2021, which effective for annual periods beginning on or after 1 April 2021. The amendment introduces an optional practical expedient for leases in which the Group and the Company are lessee – i.e. for leases to which the Group and the Company apply the practical expedient, the Group and the Company are not required to assess whether eligible rent concessions that are a direct consequence of the COVID-19 coronavirus pandemic are lease modification. There is no material impact from the early adoption of Amendment to MFRS 16.

(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. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the ability to direct the activities of the investee that significantly affect the investee's return.

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 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.

NOTES TO THE FINANCIAL STATEMENTS

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. This includes derivative financial assets (except for a derivative that is a designated and effective hedging instrument). 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) Hedge accounting

(a) Cash flow hedge

A cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with all, or a component of, a recognised asset or liability or a highly probable forecast transaction and could affect the profit or loss. In a cash flow hedge, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised in other comprehensive income and accumulated in equity and the ineffective portion is recognised in profit or loss. The effective portion of changes in the fair value of the derivative that is recognised in other comprehensive income is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge.

(b) Hedge of a net investment

A hedge of a net investment is a hedge in the interest of the net assets of a foreign operation. In a net investment hedge, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised in other comprehensive income and the ineffective portion is recognised in profit or loss. The cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss on disposal of the foreign operation.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Financial instruments (continued)

(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.

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.

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. The bearer plant is depreciated over its remaining useful lives based on the estimated individual estate annual production yield table.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Property, plant and equipment (continued)

(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.

(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 annual production yield table. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Leases (continued)

(i) Definition of a lease (continued)

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.

(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.

COVID-19-related rent concessions

The Group and the Company have applied Amendment to MFRS 16, Leases – COVID-19-Related Rent Concessions. 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

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 MFRS 15 to allocate the consideration in the contract based on the stand-alone selling prices.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Leases (continued)

(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.

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.

(b) As a lessor

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of "revenue".

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 in MFRS 9, Financial Instruments (see Note 2(k)(i)).

(f) Intangible assets

(i) Goodwill

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

(ii) Amortisation

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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 and nurseries 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 or loss.

The fair value of forestry and nurseries are derived from the fair value less cost to sell based on the valuation prepared by an independent valuer.

(i) Inventories

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.

(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 that are determined to have low credit risk at the reporting date except for 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Impairment (continued)

(i) Financial assets (continued)

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, 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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Impairment (continued)

(ii) Other assets (continued)

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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

Grants 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.

(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 rendered.

(v) Profit margin income

Profit margin income is recognised as it accrues, using the effective interest method.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

(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. In addition, equity accounting of equity-accounted associates and joint venture ceases once classified as held for sale or distribution.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

NOTES TO THE FINANCIAL STATEMENTS

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 2019		1,141,337	200,702	193,345	14,566	43,824	3,535	1,597,309
Transfer from asset held for sale	16	28,851	3,352	466	44	1,139	-	33,852
Additions		-	644	807	225	868	4,397	6,941
Transfer from plantation development expenditure	5	35,904	-	-	-	-	-	35,904
Written off		(4,148)	(425)	(1,315)	(61)	(1,148)	-	(7,097)
Disposals		-	-	-	-	(481)	-	(481)
Transfer to assets held for sale	16	(341,042)	(35,571)	(48,883)	(112)	(3,940)	(793)	(430,341)
Transfers		-	4,185	303	-	24	(4,512)	-
Effect of movement in exchange rate		-	17	17	6	18	-	58
At 31 December 2019/1 January 2020		**860,902**	**172,904**	**144,740**	**14,668**	**40,304**	**2,627**	**1,236,145**
Transfer from asset held for sale	16	**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		**966,722**	**210,557**	**144,481**	**14,815**	**48,010**	**2,757**	**1,387,342**

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 2019								
Accumulated depreciation		275,348	61,998	102,871	13,465	31,733	-	485,415
Accumulated impairment loss		5,368	-	-	-	-	-	5,368
		280,716	61,998	102,871	13,465	31,733	-	490,783
Transfer from asset held for sale	16	4,891	540	57	43	633	-	6,164
Depreciation for the year	3.1	44,283	6,553	8,139	299	1,958	-	61,232
Written off		(4,034)	(373)	(1,245)	(56)	(1,145)	-	(6,853)
Disposals		-	-	-	-	(432)	-	(432)
Impairment loss	3.4	75,845	-	-	-	-	-	75,845
Reversal of impairment loss		(5,368)	-	-	-	-	-	(5,368)
Effect of movement in exchange rate		-	3	10	5	9	-	27
Transfer to asset held for sale	16	(111,604)	(9,868)	(35,241)	(74)	(2,551)	-	(159,338)
At 31 December 2019								
Accumulated depreciation		208,884	58,853	74,591	13,682	30,205	-	386,215
Accumulated impairment loss		75,845	-	-	-	-	-	75,845
At 31 December 2019/1 January 2020		**284,729**	**58,853**	**74,591**	**13,682**	**30,205**	**-**	**462,060**

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 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 asset held for sale	16	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	3.4	2,986	-	-	-	-	-	2,986
Reversal of impairment loss	3.5	(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
Carrying amounts								
At 1 January 2019		860,621	138,704	90,474	1,101	12,091	3,535	1,106,526
At 31 December 2019		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

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 2019		68,365	19,278	20,044	254	5,674	-	113,615
Additions		-	347	64	73	24	290	798
Transfer from plantation development expenditure	5	16,306	-	-	-	-	-	16,306
Disposal		-	-	-	-	(26)	-	(26)
Written off		(1,273)	(205)	(237)	(44)	(393)	-	(2,152)
At 31 December 2019/1 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		**97,629**	**19,484**	**20,002**	**286**	**5,640**	**933**	**143,974**

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 2019		6,487	12,373	15,091	216	4,468	-	38,635
Depreciation for the year	3.1	2,843	313	464	28	165	-	3,813
Written off		(1,269)	(199)	(214)	(39)	(393)	-	(2,114)
At 31 December 2019/1 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		**11,017**	**12,804**	**15,810**	**230**	**4,411**	**-**	**44,272**
Carrying amounts								
At 1 January 2019		61,878	6,905	4,953	38	1,206	-	74,980
At 31 December 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**

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

3.1 Breakdown of depreciation charge for the year, are as follows:

		Group		Company	
	Note	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Recognised in profit or loss*		**53,827**	60,435	**4,764**	3,687
Capitalised in plantation development expenditure	5	**930**	797	**79**	126
		54,757	61,232	**4,843**	3,813

* Included in depreciation charge for the year that recognised in profit or loss is depreciation of property, plant and equipment in forestry of RM480 (2019: RM522).

3.2 Change in estimate

Bearer plant

During the financial year ended 31 December 2020, the Group and the Company revised the annual production yield table to reflect the potential yield of each individual bearer plant of the Group and Company.

The yield per hectare is determined by internal planting advisors, who have appropriate recognised professional qualifications and experience in the field.

The effect of these changes on depreciation expense, recognised in cost of sales, in current and future periods are as follows:

Group	2020 RM'000	2021 RM'000	2022 RM'000	2023 RM'000	2024 RM'000
(Decrease)/Increase in depreciation expense	**(4,239)**	5,251	7,351	5,792	7,506

Company	2020 RM'000	2021 RM'000	2022 RM'000	2023 RM'000	2024 RM'000
Increase in depreciation expense	**395**	478	245	98	101

3.3 The Group and the Company depreciated bearer plant based on yield estimates which is estimated based on the past trend yield per hectare which in turn is dependent on the age of the trees. The yield per hectare is determined by internal planting advisors, who have appropriate professional qualifications and experience in the field. The estimate of the potential yield requires significant judgement and is dependent on past trend production of the Group and the Company. The actual yield, however, may be different from expected.

3.4 Impairment on property, plant and equipment

Current year

During the financial year, the Group has recorded impairment losses of RM2,986,000 in relation to bearer plant of its subsidiaries. See Note 24 for further details of impairment losses.

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

3.4 Impairment on property, plant and equipment (continued)

Prior year

In prior year, the Group engaged a registered valuer to value the bearer plant ("cash-generating unit") of a subsidiary that has not been performing up to the Group's expectation.

Based on the valuation performed by the valuer, the Group recognised an impairment loss of RM75,845,000 as the carrying amount of the cash-generating unit was higher than the fair value less cost to sell as per valuation report.

The fair value less cost to sell was based on management estimates having regard to estimated resale value, which was 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 was a Level 3 fair value measurement. See Note 24.2 for further details of the impairment loss.

3.5 Reversal of impairment loss on property, plant and equipment

In 2019, the Group engaged a registered valuer to value the estates of a subsidiary, THP Saribas Sdn. Bhd., that has not been performing up to the Group's expectation. The Group exercised significant judgement in assessing the cash-generating unit's recoverable amount using fair value less cost to sell. The cash-generating unit consists of planted area in relation to palm oil, plantable area in relation to palm oil and palm oil mill which the recoverable amount based on valuation report are RM39,608 per hectare and RM23,810 per hectare respectively. An impairment loss on bearer plant of RM75,845,000 was recognised in prior year's profit or loss.

During the current financial year, the Group has commenced a rehabilitation exercise on bearer plant in certain estates ("cash-generating unit") with a carrying amount of RM315,712,415. The Group is committed to complete the rehabilitation exercise by 2021. 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 2021, 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).

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

3.5 Reversal of impairment loss on property, plant and equipment (continued)

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 in the profit or loss.

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.

3.6 Impairment testing on property, plant and equipment

Included in impairment testing of bearer plant, are the following:

(i) Hydroflow Sdn. Bhd.

Current year

During the financial year, the Group has assessed the plantations assets value of certain bearer plant ("cash-generating unit") of the subsidiary that has not been performing up to the Group's expectation. The carrying amount of the bearer plant as at 31 December 2020 amounted to RM33,775,000. The bearer plant's recoverable amount is based on value in use method of RM31,887 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 in current 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 CGU, taking into account expected projected FFB yield, FFB sales price, plantation land value, and upkeep and maintenance cost. The expected net cash flows are discounted using risk-adjusted discount rates.	• Expected projected FFB yield (12.00mt/ha – 24.00mt/ha) • FFB sales price (RM503/mt) • Upkeep and maintenance cost (RM1,109/ha - RM2,132/ha) • Pre-tax discount rate for bearer plant (15%)	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)

3.6 Impairment testing on property, plant and equipment (continued)

(i) Hydroflow Sdn. Bhd. (continued)

Current year (continued)

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 10% would have resulted in an impairment loss of RM1,350,075.
- A reduction in price of FFB by 5% would have resulted in an impairment loss of RM242,558.
- An increase of 2% in the discount rate would have resulted in an impairment loss of RM963,101.

(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 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 which the recoverable amount based on valuation report are RM10,831 per hectare and RM10,500 per hectare respectively.

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.

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); • Plantation land value were lower/(higher); or

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

3.6 Impairment testing on property, plant and equipment (continued)

(ii) PT Persada Kencana Prima (continued)

Current year (continued)

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 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 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

	Note	Group RM'000
At 1 January 2019		731,369
Transfer from assets held for sale	16	82,700
Depreciation for the year	4.2	(14,448)
Impairment loss	4.5	(22,819)
Effect of movement in exchange rate		50
Transfer to assets held for sale	16	(142,792)
At 31 December 2019/1 January 2020		634,060
Transfer from assets held for sale	16	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		**676,291**

		Company RM'000
1 January 2019		58,856
Depreciation for the year	4.2	(985)
At 31 December 2019/1 January 2020		57,871
Depreciation for the year	4.2	(1,060)
At 31 December 2020		**56,811**

4. RIGHT-OF-USE ASSETS (CONTINUED)

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 RM7,491,000 (2019: RM7,674,000) are pledged as securities for borrowings as disclosed in Note 18.

4.2 Breakdown of depreciation charge for the year, are as follows:

	Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Recognised in profit or loss		**13,019**	14,170	**1,047**	985
Capitalised in plantation development expenditure	5	**185**	278	**13**	-
		13,204	14,448	**1,060**	985

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.

	Lease liabilities recognised (discounted) RM'000	Potential future lease payments not included in lease liabilities (discounted) RM'000
2020		
Lands	**14,107**	**5,971**
2019		
Lands	15,156	5,107

4.4 Significant judgements and assumptions in relation to leases

The Group assesses at lease commencement by applying significant judgement whether it is reasonably certain to exercise the extension options. The Group consider all facts and circumstances including their past practices and any cost that will be incurred to change the asset if an option to extend is not taken, to help them determine the lease term.

The Group also applied judgement and assumptions in determining the incremental borrowing rate of the respective leases. The Group first determines the closest available borrowing rates before using significant judgement to determine the adjustments required to reflect the term, security, value or economic environment of the respective leases.

4. RIGHT-OF-USE ASSETS (CONTINUED)

4.5 Impairment on right-of-use assets

Prior year

In prior year, the Group engaged a registered valuer to value the bearer plant (“cash-generating unit”) of a subsidiary that has not been performing up to the Group’s expectation.

Based on the valuation performed by the valuer, the Group recognised an impairment loss of RM22,819,000 as the carrying amounts of the cash-generating unit were higher than the fair values less cost to sell as per valuation reports.

The fair values less cost to sell were based on management estimates having regard to estimated resale value, which were 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 was a Level 3 fair value measurement. See Note 24.2 for further details of the impairment loss.

4.6 Impairment testing on right-of-use assets

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, 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 which the recoverable amount based on valuation report are RM10,831 per hectare and RM10,500 per hectare respectively.

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 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 3.6 for further details of the key assumptions used to derive to the fair value less cost to sell.

NOTES TO THE FINANCIAL STATEMENTS

5. PLANTATION DEVELOPMENT EXPENDITURE

Group	Note	Oil Palm 2020 RM'000	Oil Palm 2019 RM'000	Teak 2020 RM'000	Teak 2019 RM'000	Total 2020 RM'000	Total 2019 RM'000
At 1 January		**109,423**	84,842	**1,987**	-	**111,410**	84,842
Additions during the year	5.1	**27,671**	42,783	**200**	154	**27,871**	42,937
Addition of nurseries		**1,610**	1,703	**-**	-	**1,610**	1,703
Transfer to property, plant and equipment	3	**(45,441)**	(35,904)	**-**	-	**(45,441)**	(35,904)
Impairment loss on plantation development expenditure	5.2	**(5,129)**	(20,316)	**(200)**	-	**(5,329)**	(20,316)
Reversal of impairment loss of plantation development expenditure	5.3	**-**	-	**-**	1,833	**-**	1,833
Transfer from assets held for sale	16	**43,152**	35,633	**-**	-	**43,152**	35,633
Transfer to assets held for sale	16	**-**	(1,928)	**-**	-	**-**	(1,928)
Effect of movement in exchange rate		**(2,148)**	2,610	**-**	-	**(2,148)**	2,610
At 31 December		**129,138**	109,423	**1,987**	1,987	**131,125**	111,410

	Note	Company 2020 RM'000	Company 2019 RM'000
At 1 January		**24,220**	33,710
Additions	5.1	**4,282**	6,816
Transfer to property, plant and equipment	3	**(15,092)**	(16,306)
At 31 December		**13,410**	24,220

5.1 Additions

Included in additions during the year are as follows:

	Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Depreciation of property, plant and equipment	3	**930**	797	**79**	126
Depreciation of right-of-use assets	4	**185**	278	**13**	-
Personnel expenses:					
- Wages, salaries and others		**9,173**	14,524	**2,041**	2,730
- Contribution to EPF		**368**	558	**78**	212
Finance cost*	26	**8,719**	7,226	**366**	686
Management fees capitalised		**-**	-	**213**	251

* The finance cost is capitalised net interest expense at profit margin ranges from 5.56% to 6.65% (2019: 5.56% to 6.65%) per annum.

5. PLANTATION DEVELOPMENT EXPENDITURE (CONTINUED)

5.2 Impairment loss on Plantation Development Expenditure ("PDE")

Current year

During the financial year, the Group has recorded impairment losses of RM5,329,000 in relation to PDE of its subsidiaries. See Note 24 for further details of impairment losses.

Prior year

In prior financial year, the Group engaged registered valuers in prior years to value the PDE ("cash-generating unit") of the subsidiaries that have not been performing up to the Group's expectation.

Based on the valuation performed by the valuer, the Group recognised an impairment loss of RM20,316,000 as the carrying amounts of the cash-generating unit were higher than the fair values less cost to sell as per valuation reports.

The fair values less cost to sell were based on management estimates having regard to estimated resale value, which were 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 was a Level 3 fair value measurement. See Note 24.2 for further details of the impairment loss.

5.3 Reversal of impairment loss on Plantation Development Expenditure ("PDE")

In prior year, management has reviewed the fair value less cost to sell of the plantation development expenditure of a subsidiary, Ladang Jati Keningau Sdn. Bhd., and noted that the fair value less cost to sell was determined to be higher than the carrying amount of the PDE and reversal of impairment loss of RM1,833,000 was recognised. The fair value less cost to sell of plantation development expenditure was estimated based on the subsidiary Directors' valuation, which was based on the offer letter received from a minority shareholder of the subsidiary to acquire the PDE based on its current condition.

5.4 Impairment testing on Plantation Development Expenditure ("PDE")

Current year

(i) Hydroflow Sdn. Bhd.

During the financial 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 PDE's recoverable amount is based on value in use method of RM42,710 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 in current 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 CGU, taking into account expected projected FFB yield, FFB sales price, plantation land value, 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)

5. PLANTATION DEVELOPMENT EXPENDITURE (CONTINUED)

5.4 Impairment testing on Plantation Development Expenditure ("PDE") (continued)

Current year (continued)

(i) Hydroflow Sdn. Bhd. (continued)

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.

(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 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 which the recoverable amount based on valuation report are RM10,831 per hectare and RM10,500 per hectare respectively.

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 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 3.6 (ii) for further details of the key assumptions used to derive to the fair value less cost to sell.

6. FORESTRY

		Group	
	Note	2020 RM'000	2019 RM'000
At 1 January		**6,385**	49,825
Additions	6.1	**14,878**	25,083
Transfer from nurseries		**-**	(13,385)
Additions charged to profit or loss		**(14,878)**	(11,923)
Change in fair value recognised to profit or loss		**5,726**	(43,215)
At 31 December		**12,111**	6,385

6.1 Additions

Included in additions during the year are as follows:

	2020 RM'000	2019 RM'000
Personnel expenses:		
- Wages, salaries and others	**1,239**	1,363
- Contribution to Employees Provident Fund	**206**	210
Depreciation of property, plant and equipment	**480**	522

6.2 Fair value information

Fair value of forestry is categorised as follows:

	Level 3	
	2020 RM'000	2019 RM'000
Forestry	**12,111**	6,385

* Fair value of nurseries are deemed at cost.

The valuation was based on the highest and best use of the forestry which is the felling of timber which is consistent with prior year valuation.

6. FORESTRY (CONTINUED)

6.2 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, canopy wood 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 (140tonne/ha - 315tonne/ha) • Clear bole price (RM175/tonne) • Log extraction cost (RM81/tonne) • Pre-tax discount rate (10%) • Land rental rate (3%)	• Expected clear bole volume (94tonne/ha - 234tonne/ha) • Clear bole price (RM166/tonne) • Log extraction cost (RM81/tonne) • Pre-tax discount rate (10%) • Land rental rate (1%)	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).

6. FORESTRY (CONTINUED)

6.2 Fair value information (continued)

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). During the year, the land rental rate of 3% has been used as compared to prior year where a land rental rate of 1% was used. 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 of fair value gain by RM4,308,000.
- A reduction of timber price by 10% would have resulted in a decrease of fair value gain by RM4,308,000.
- An increase of 2% in the discount rate would have resulted in a decrease of fair value gain by RM4,072,000.

If the key assumptions used during the current year is consistent with prior year, the impact would have been as follows:

- Factoring 1% in the land rental rate which is consistent with prior year would have resulted in an increase of fair value gain of RM15,638,000.

7. INTANGIBLE ASSET – GOODWILL

		Group	
	Note	2020 RM'000	2019 RM'000
Cost			
Goodwill		-	-
Transfer from assets held for sale		-	9,761
Impairment loss	24	-	(9,761)
		-	-

8. INVESTMENTS IN SUBSIDIARIES

		Company	
	Note	2020 RM'000	2019 RM'000
Unquoted shares at cost			
At 1 January		**810,489**	816,242
Reversal of impairment loss on investment in subsidiaries	8.1	**31,685**	-
At 31 December		**842,174**	816,242
Transfer from assets held for sale	16.3	**177,000**	72,500
Disposal of a subsidiary	36	**(38,685)**	-
		980,489	888,742
Advances to a subsidiary	8.2	**-**	(78,253)
		980,489	810,489

8.1 During the year, the Company has an investment in THP-YT Plantation Sdn. Bhd.. See Note 36 for further details of the disposal of the subsidiary.

8.2 Terms of the advances in prior year were as follows:

a) The advances have no fixed redemption date and the subsidiary has an option to redeem all or part of the advances at the end of the twelfth year from date of issuance and thereafter on each subsequent periodic distribution date; and

b) The advances were unsecured and carries a periodic distribution rate of 5.61% - 6.65% per annum.

The following table shows the valuation technique used in the determination of the fair value of the advances during initial recognition, which was classified within Level 3, as well as the significant unobservable inputs used in the valuation models in prior year.

Type	Significant unobservable inputs in prior year	Description of valuation technique and inputs used
• Advances to subsidiary	• Profit margin rate (7.60%) • Repayment period of 10 years	Discounted cash flows using a rate based on the current market rate of borrowing of the subsidiary at the entities reporting date.

The difference between nominal and fair value of the debt has been recognised as equity investment in the subsidiary in prior year.

8. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

8.3 Details of the subsidiaries are as follows:

Name of subsidiary	Principal place of business/ Country of incorporation	Effective ownership interest and voting interest 2020 %	2019 %	Principal activities
Direct subsidiaries				
THP Ibok Sdn. Bhd.	Malaysia	**100**	100	Cultivation of oil palm and marketing of FFB.
THP-YT Plantation Sdn. Bhd.^	Malaysia	**-**	70	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.
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.
Manisraya Sdn. Bhd.	Malaysia	**100**	100	Tradeline services in dealing and trading of FFB.
THP Suria Mekar Sdn. Bhd.	Malaysia	**100**	100	Special purpose vehicle.
PT Persada Kencana Prima #	Indonesia	**93**	93	Cultivation of oil palm and marketing of FFB.
Indirect subsidiaries held through TH Ladang (Sabah & Sarawak) Sdn. Bhd.				
Ladang Jati Keningau Sdn. Bhd.	Malaysia	**82.53**	82.53	Teak plantation
TH-Bonggaya Sdn. Bhd.	Malaysia	**100**	100	Forestry.
TH-USIA Jatimas Sdn. Bhd.	Malaysia	**70**	70	Forestry.
Derujaya Sdn. Bhd.	Malaysia	**100**	100	Dormant.
Halus Riang Sdn. Bhd.	Malaysia	**100**	100	Dormant

^ *The Company was disposed on 31 July 2020.*

\# *Not audited by KPMG Desa Megat PLT*

8. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

8.3 Details of the subsidiaries are as follows: (continued)

Name of subsidiary	Principal place of business/ Country of incorporation	Effective ownership interest and voting interest 2020 %	2019 %	Principal activities
Indirect subsidiaries held through TH Ladang (Sabah & Sarawak) Sdn. Bhd. (continued)				
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.

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
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**

8. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Non-controlling interests in subsidiaries (continued)

Subsidiary name	NCI percentage of ownership interest and voting interest (%)	Carrying amount of NCI RM'000	Profit/ (Loss) allocated to NCI RM'000
2019			
THP Sabaco Sdn. Bhd.	49	194,291	3,507
THP Saribas Sdn. Bhd.	20	(27,288)	(21,000)
THP-YT Plantation Sdn. Bhd.	30	(4,191)	(2,242)
Hydroflow Sdn. Bhd.	30	24,683	(165)
TH PELITA Gedong Sdn. Bhd.	30	68,759	(592)
TH PELITA Sadong Sdn. Bhd.	30	48,492	687
TH PELITA Meludam Sdn. Bhd.	40	(16,471)	(4,258)
Other individually immaterial subsidiaries	-	(34,899)	(22,573)
Total		253,376	(46,636)

NOTES TO THE FINANCIAL STATEMENTS

8. 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 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.	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	-

8. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Non-controlling interests in subsidiaries (continued)

	Summarised financial information before intra-group elimination												
	As at 31 December 2019					Year ended 31 December 2019							
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.	341,049	108,977	(22,419)	(31,095)	396,512	69,007	7,157	7,157	16,709	(13,334)	(3,255)	120	2,634
THP Saribas Sdn. Bhd.	356,806	15,497	(435,368)	(73,375)	(136,440)	104,023	(105,000)	(105,000)	43,270	(1,823)	(46,363)	(4,916)	-
THP-YT Plantation Sdn. Bhd.	64,649	1,913	(78,685)	(1,847)	(13,970)	7,299	(7,473)	(7,473)	948	(935)	-	13	-
Hydroflow Sdn. Bhd.	120,828	2,552	(38,422)	(2,681)	82,277	6,685	(550)	(550)	1,341	(1,327)	-	14	-
TH PELITA Gedong Sdn. Bhd.	181,452	84,269	(17,325)	(19,199)	229,197	101,556	(1,973)	(1,973)	1,796	(867)	(840)	89	-
TH PELITA Sadong Sdn. Bhd.	104,621	69,504	(6,849)	(5,636)	161,640	26,277	2,290	2,290	991	(118)	(840)	33	-
TH PELITA Meludam Sdn. Bhd.	133,011	2,447	(157,943)	(18,692)	(41,177)	20,261	(10,645)	(10,645)	22,817	(470)	(22,317)	30	-

8. 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	
	2020 RM'000	2019 RM'000
Cash and cash equivalents	**5,084**	190
Rights-of-use assets	**7,491**	7,674
At 31 December	**12,575**	7,864

The above restrictions arise from the following:

Restriction imposed by bank covenants

The covenants of bank loans taken by THP Saribas Sdn. Bhd., a subsidiary of the Company, restrict the ability of the subsidiary to make any loans or advance or guarantee or grant any credit to any of its directors, shareholders, or subsidiaries or related companies except in the ordinary course of business and on commercial terms and on an arm's length basis.

The covenants of bank loan taken by THP Saribas Sdn. Bhd., subsidiary of the Company, 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 18.

9. OTHER INVESTMENTS

		Group		Company	
	Note	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Non-current					
Fair value through profit or loss	9.1	**1,825**	1,825	**1,825**	1,825
Current					
Amortised cost	9.2	**2,701**	1,239	**-**	-

9.1 This is in relation to investments in unquoted shares in Malaysia.

9.2 Included in other investments of the Group and of the Company is deposits placed with licensed banks with a profit margin ranging from 1.77% to 3.23% (2019: 3.13% to 3.45%) which is maintained by the Group and the Company with a related corporation.

10. DEFERRED TAX (ASSETS)/LIABILITIES

Recognised deferred tax (assets)/liabilities

Deferred tax (assets) and liabilities are attributable to the following:

Group	Assets		Liabilities		Net	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Property, plant and equipment	**(40,914)**	-	**180,447**	197,787	**139,533**	197,787
Fair value adjustment on initial recognition of financial liabilities	**-**	-	**9,665**	177	**9,665**	177
Unabsorbed capital allowances	**(36,611)**	(63,685)	**-**	-	**(36,611)**	(63,685)
Biological assets	**-**	-	**9,954**	8,027	**9,954**	8,027
Right-of-use assets	**-**	-	**14,493**	10,097	**14,493**	10,097
Lease liabilities	**(18,331)**	(11,481)	**-**	-	**(18,331)**	(11,481)
Others	**(1,710)**	-	**36,384**	17,885	**34,674**	17,885
Tax (assets)/liabilities	**(97,566)**	(75,166)	**250,943**	233,973	**153,377**	158,807
Set off tax	**57,558**	40,871	**(57,558)**	(40,871)	**-**	-
Net tax (assets)/liabilities	**(40,008)**	(34,295)	**193,385**	193,102	**153,377**	158,807

Company	Assets		Liabilities		Net	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Property, plant and equipment	**-**	-	**13,212**	12,846	**13,212**	12,846
Fair value adjustment on initial recognition of financial liabilities	**-**	-	**-**	177	**-**	177
Unabsorbed capital allowances	**-**	(733)	**-**	-	**-**	(733)
Biological assets	**-**	-	**1,791**	1,547	**1,791**	1,547
Right-of-use assets	**-**	-	**13,050**	13,286	**13,050**	13,286
Lease liabilities	**(15,827)**	(14,632)	**-**	-	**(15,827)**	(14,632)
Finance lease receivable	**-**	-	**11,201**	11,204	**11,201**	11,204
Others	**-**	-	**10,709**	9,675	**10,709**	9,675
Net tax (assets)/liabilities	**(15,827)**	(15,365)	**49,963**	48,735	**34,136**	33,370

10. 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	
	2020 RM'000	2019 RM'000
Unutilised tax loss carry-forwards	**(428,325)**	(304,599)
At 31 December	**(428,325)**	(304,599)
Tax at 24% (2019: 24%)	**(102,798)**	(73,104)

In accordance with the provision of Finance Act 2019 requirement, the unutilised tax losses are available for utilisation in the next seven (7) years, for which, any excess at the end of the seventh (7th) year, will be disregarded. 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 RM428,325,000 because it is no longer probable that future taxable profit will be available against which the Group can utilise the benefits there from.

10. DEFERRED TAX (ASSETS)/LIABILITIES (CONTINUED)

Movement in temporary differences during the year

Group	At 1.1.2019 RM'000	Recognised in profit or loss (Note 27) RM'000	Transfer to assets held for sale (Note 16) RM'000	Transfer from assets held for sale (Note 16) RM'000	At 31.12.2019/ 1.1.2020 RM'000	Recognised in profit or loss (Note 27) RM'000	Transfer from assets held for sale (Note 16) RM'000	At 31.12.2020 RM'000
Unabsorbed capital allowances	(128,328)	74,002	-	(9,359)	(63,685)	(46,095)	26,702	(83,078)
Property, plant and equipment	341,006	(71,032)	(80,970)	8,783	197,787	22,262	(18,777)	201,272
Fair value adjustment on initial recognition of financial liabilities	522	(345)	-	-	177	(177)	-	-
Biological assets	8,558	1,307	(2,178)	340	8,027	1,370	(716)	8,681
Right-of-use assets	17,160	(7,063)	-	-	10,097	2,835	-	12,932
Lease liabilities	(17,160)	5,679	-	-	(11,481)	(15,547)	-	(27,028)
Others	(23,382)	38,527	-	2,740	17,885	22,713	-	40,598
	198,376	41,075	(83,148)	2,504	158,807	(12,639)	7,209	153,377

Company	At 1.1.2019 RM'000	Recognised in profit or loss (Note 27) RM'000	At 31.12.2019/ 1.1.2020 RM'000	Recognised in profit or loss (Note 27) RM'000	At 31.12.2020 RM'000
Property, plant and equipment	13,257	(411)	12,846	366	13,212
Fair value adjustment on initial recognition of financial liabilities	522	(345)	177	(177)	-
Unabsorbed capital allowances	(477)	(256)	(733)	733	-
Biological assets	1,021	526	1,547	244	1,791
Right-of-use assets	13,523	(237)	13,286	(236)	13,050
Lease liabilities	(13,523)	(1,109)	(14,632)	(1,195)	(15,827)
Finance lease receivable	11,207	(3)	11,204	(3)	11,201
Others	2,339	7,336	9,675	1,034	10,709
	27,869	5,501	33,370	766	34,136

NOTES TO THE FINANCIAL STATEMENTS

11. FINANCE LEASE RECEIVABLE

Net investment in lease

Company	2020 RM'000	2019 RM'000
At 1 January	**46,684**	46,693
Finance income	**3,828**	3,831
Lease payments received	**(3,840)**	(3,840)
At 31 December	**46,672**	46,684

The future minimum lease payments under the finance lease together with the present value of the net minimum lease payments were as follows:

Company	2020 RM'000	2019 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	**246,720**	250,560
Total undiscounted lease payments	**277,440**	281,280
Less : Unearned finance income	**(230,768)**	(234,596)
At 31 December	**46,672**	46,684

Company	2020 RM'000	2019 RM'000
Analysed as:		
Within one year	**11**	11
1 – 2 years	**27**	25
2 – 5 years	**89**	76
Over 5 years	**46,545**	46,572
Total finance lease receivable	**46,672**	46,684

Company	2020 RM'000	2019 RM'000
Comprising:		
Current	**11**	11
Non-current	**46,661**	46,673
Total finance lease receivable	**46,672**	46,684

For the financial year ended 31 December 2020, the Company recognised finance lease income of RM3,828,000 in the profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

12. INVENTORIES

At cost	Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Finished goods		**3,993**	4,163	**761**	652
Stores		**10,180**	5,092	**1,213**	334
		14,173	9,255	**1,974**	986
Transfer from assets held for sale	16	**71**	86	**-**	-
Transfer to assets held for sale		**-**	(1,439)	**-**	-
		14,244	7,902	**1,974**	986
Recognised in profit or loss:					
Inventories recognised as cost		**330,565**	340,484	**94,910**	83,912

13. BIOLOGICAL ASSET

Group	Note	2020 RM'000	2019 RM'000
At 1 January		**35,405**	35,658
Change in fair value recognised in profit or loss		**3,197**	7,405
		38,602	43,063
Transfer from assets held for sale	16	**3,062**	1,417
Transfer to assets held for sale		**-**	(9,075)
At 31 December		**41,664**	35,405

Company	2020 RM'000	2019 RM'000
At 1 January	**6,447**	4,254
Change in fair value recognised in profit or loss	**1,018**	2,193
At 31 December	**7,465**	6,447

13.1 Breakdown of changes in fair value of biological assets recognised in profit or loss for the year, are as follows:

	Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Biological asset		**3,197**	7,405	**1,018**	2,193
Biological asset classified as assets held for sale	16	**1,023**	3,626	**-**	-
		4,220	11,031	**1,018**	2,193

13. BIOLOGICAL ASSET (CONTINUED)

13.2 The Group and the Company have 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 3 months prior to harvest, FFB more than 3 months 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 (RM279/mt – RM743/mt) (2019: RM231/mt – RM576/mt), collection cost (RM75/mt – RM137/mt) (2019: RM62/mt – RM120/mt) and biological transformation factors.

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 RM6,878,000. If the collection cost increase or decrease by 10%, profit or loss of the Group would have decreased or increased by approximately RM1,334,000.

14. TRADE AND OTHER RECEIVABLES

		Group		Company	
	Note	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Non-current					
Non-trade					
Amount due from subsidiary	14.1	**-**	-	**-**	93,038
Impairment loss on amount due from subsidiary		**-**	-	**-**	(93,038)
		-	-	**-**	-
Current					
Trade					
Trade receivables		**18,300**	28,756	**6,774**	6,170
Impairment loss on trade receivables		**(6)**	(6)	**-**	-
		18,294	28,750	**6,774**	6,170

14. TRADE AND OTHER RECEIVABLES (CONTINUED)

		Group		Company	
	Note	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Current					
Non-trade					
Amount due from subsidiaries	14.2	**-**	-	**479,158**	357,373
Amount due from related companies	14.3	**4,774**	4,870	**4,268**	4,268
Other receivables		**18,051**	22,086	**8,749**	14,619
		22,825	26,956	**492,175**	376,260
Impairment loss on amount due from subsidiaries		**-**	-	**(409,632)**	(295,621)
Reversal of impairment loss on amount due from subsidiaries		**-**	-	**2,457**	-
Impairment loss on amount due from related companies		**(4,774)**	(4,774)	**(4,268)**	(4,268)
Impairment loss on other receivables		**(11,165)**	(11,165)	**(6,482)**	(6,482)
		6,886	11,017	**74,250**	69,889
		25,180	39,767	**81,024**	76,059
Transfer from assets held for sale	16	**906**	17	**-**	-
Transfer to assets held for sale		**-**	(8,409)	**-**	-
		26,086	31,375	**81,024**	76,059

14.1 Terms of the advances to subsidiary were as follows:

a) The advances have no fixed redemption date and the subsidiary has an option to redeem all or part of the advances at the end of the twelfth year from date of issuance and thereafter on each subsequent periodic distribution date; and

b) The advances were unsecured and carries a periodic distribution rate of 5.61% - 6.65% per annum. The periodic distribution was repayable on demand.

14.2 The amount due from subsidiaries are unsecured, subjected to profit margin of 5.56% to 6.65% (2019: 5.56% to 6.65%) and repayable on demand.

14.3 The amount due from related companies are unsecured, no profit margin applied and repayable on demand.

15. CASH AND CASH EQUIVALENTS

		Group		Company	
	Note	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Deposits placed with licensed banks	15.1	**71,549**	58,423	**70,000**	57,000
Cash and bank balances	15.2	**12,918**	10,708	**4,277**	6,610
		84,467	69,131	**74,277**	63,610
Transfer from assets held for sale	16	**14**	26	**-**	-
Transfer to assets held for sale		**-**	(204)	**-**	-
		84,481	68,953	**74,277**	63,610

15.1 Deposits which are placed with licensed banks for the Group and the Company have profit margins ranging between 1.77% to 3.23% (2019: 2.80% to 3.30%). Included in the deposits placed with licensed banks are RM70,000,000 (2019: RM57,000,000) which are maintained by the Group and the Company with a related corporation.

15.2 Included in the bank balances are RM4,026,000 (2019: RM7,204,000) and RM3,138,000 (2019: RM6,029,000) which are maintained by the Group and the Company respectively with a related corporation.

16. ASSETS CLASSIFIED AS HELD FOR SALE

In prior year, investments in THP-YT Plantation Sdn. Bhd. ("THP-YT"), Bumi Suria Ventures Sdn. Bhd. ("BSV"), Maju Warisanmas Sdn. Bhd. ("MWM"), 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 presented as assets held for sale. These investments relate to the oil palm plantations segment of the Group.

On 31 July 2020, the Group and the Company have disposed an investment in THP-YT. See Note 36 for further detail on disposal.

In the current year, the Board of Directors are of the opinion that the sale of investments in BSV and MWM, which were classified as assets held for sale in prior year are no longer probable to be completed in the next 12 months. The Group has reclassified the assets and liabilities of the subsidiaries to its relevant financial statement captions.

As at 31 December 2020, investments in THPMEL, THPBEL, THPSIM, THPGED and THPSAD are classified as assets held for sale as one disposal group ("the disposal group"). The efforts to sell the disposal group have commenced, and the sale is now expected to be completed in financial year 2021 instead of 2020. The carrying amount of assets held for sale are stated at cost.

16. ASSETS CLASSIFIED AS HELD FOR SALE (CONTINUED)

Assets classified as held for sale are as below:

		Group	
	Note	2020 RM'000	2019 RM'000
Assets classified as held for sale			
Property, plant and equipment		**516,102**	633,927
Right-of-use assets		**198,386**	249,391
Plantation development expenditure		**12,816**	67,510
Deferred tax assets		**14,450**	28,894
Biological assets		**13,956**	17,875
Inventories		**3,706**	1,827
Current tax assets		**571**	4,744
Trade and other receivables		**6,660**	10,146
Prepayments and other assets		**39**	157
Cash and cash equivalents		**501**	431
At 31 December	16.1	**767,187**	1,014,902

Liabilities classified as held for sale are as below:

		Group	
	Note	2020 RM'000	2019 RM'000
Liabilities classified as held for sale			
Deferred tax liabilities		**80,676**	83,432
Payables and accruals		**17,629**	30,311
Current tax payable		**1,586**	-
Lease liabilities		**34,901**	34,961
At 31 December	16.1	**134,792**	148,704

		Company	
	Note	2020 RM'000	2019 RM'000
Assets classified as held for sale			
Investments in subsidiary	16.2	**-**	177,000

16. ASSETS CLASSIFIED AS HELD FOR SALE (CONTINUED)

16.1 Movement of assets and liabilities classified as held for sale during the year

	Note	At 1 January 2020 RM'000	Transfer out of assets held for sale (Note 38) RM'000	Movement during the year RM'000	Impairment loss RM'000	Disposal of a subsidiary (Note 36) RM'000	At 31 December 2020 RM'000
Assets classified as held for sale							
Property, plant and equipment	16.1.1	633,927	(78,857)	20,909	-	(59,877)	516,102
Right-of-use assets	16.1.2	249,391	(46,324)	(5)	-	(4,676)	198,386
Plantation development expenditure	16.1.3	67,510	(43,152)	(11,004)	(288)	(250)	12,816
Deferred tax assets	16.1.4	28,894	(8,602)	1,680	-	(7,522)	14,450
Biological assets	13	17,875	(3,062)	1,023	-	(1,880)	13,956
Inventories	12	1,827	(71)	1,959	-	(9)	3,706
Current tax assets		4,744	(54)	(4,119)	-	-	571
Trade and other receivables	14	10,146	(906)	(1,421)	-	(1,159)	6,660
Prepayments and other assets		157	(70)	18	-	(66)	39
Cash and cash equivalents	15	431	(14)	734	-	(650)	501
Total		1,014,902	(181,112)	9,774	(288)	(76,089)	767,187
Liabilities classified as held for sale							
Deferred tax liabilities	16.1.4	83,432	(1,393)	(1,363)	-	-	80,676
Payables and accruals	20	30,311	(4,927)	18,916	-	(26,671)	17,629
Current tax payable		-	-	1,586	-	-	1,586
Lease liabilities		34,961	(4,039)	3,979	-	-	34,901
Total		148,704	(10,359)	23,118	-	(26,671)	134,792

16. ASSETS CLASSIFIED AS HELD FOR SALE (CONTINUED)

16.1 Movement of assets and liabilities classified as held for sale during the year (continued)

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 2020 amounted to RM706,164,000. The fair value less cost to sell are estimated based on valuation reports performed by a registered valuer which the Group engaged in 2018 and 2019. The Group is of the view that the fair value less cost to sell is consistent with prior years valuation reports as there was no significant change in the market condition.

Based on the valuation performed by the valuer, 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.

The fair value less cost to sell was based on management estimates having regard to estimated resale value, which was 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 was a Level 3 fair value measurement. See Note 24.2 for further details of the key assumptions used to derive to the fair value less cost to sell.

The above estimates are particularly sensitive in the following assumptions:

- A reduction in FFB yield per hectare by 10% would have resulted in an impairment loss of RM38,114,000.
- A reduction in price of FFB by 10% would have resulted in an impairment loss of RM67,514,000.
- An increase in discount rate by 3% would have resulted in an impairment loss of RM30,114,000.

16.1.1 Property, plant and equipment

The movement of property, plant and equipment comprise the following:

		Group	
	Note	2020 RM’000	2019 RM’000
At 1 January		**633,927**	566,670
Transfer into right-of-use assets	16.1.2	**-**	(191,978)
Transfer out of assets held for sale	a	**(78,857)**	(27,688)
Impairment loss		**-**	(26,046)
Transfer from plantation development expenditure	16.1.3	**19,414**	41,053
Additions during the year		**1,551**	918
Written off during the year		**-**	(5)
Disposal		**(56)**	-
Disposal of a subsidiary	36	**(59,877)**	-
		516,102	362,924
Transfer to assets held for sale	b	**-**	271,003
At 31 December		**516,102**	633,927

NOTES TO THE FINANCIAL STATEMENTS

16. ASSETS CLASSIFIED AS HELD FOR SALE (CONTINUED)

16.1 Movement of assets and liabilities classified as held for sale during the year (continued)

16.1.1 Property, plant and equipment (continued)

Note a
Property, plant and equipment transfer out of assets held for sale comprise the following:

		Group	
	Note	2020 RM'000	2019 RM'000
Cost	3	**112,833**	33,852
Accumulated depreciation	3	**(33,976)**	(6,164)
		78,857	27,688

Note b
Property, plant and equipment transfer into assets held for sale comprise the following:

		Group	
	Note	2020 RM'000	2019 RM'000
Cost	3	**-**	430,341
Accumulated depreciation	3	**-**	(159,338)
		-	271,003

16.1.2 Right-of-use assets

The movement of right-of-use assets comprise the following:

		Group	
	Note	2020 RM'000	2019 RM'000
At 1 January		**249,391**	35,014
Transfer from property, plant and equipment	16.1.1	**-**	191,978
Transfer out of assets held for sale	4	**(46,324)**	(82,700)
Impairment loss		**-**	(37,693)
Disposal		**(5)**	-
Disposal of a subsidiary	36	**(4,676)**	-
		198,386	106,599
Transfer to assets held for sale	4	**-**	142,792
At 31 December		**198,386**	249,391

16. ASSETS CLASSIFIED AS HELD FOR SALE (CONTINUED)

16.1 Movement of assets and liabilities classified as held for sale during the year (continued)

16.1.3 Plantation development expenditure

The movement of plantation development expenditure comprise the following:

		Group	
	Note	2020 RM'000	2019 RM'000
At 1 January		**67,510**	133,718
Transfer out of assets held for sale		**(43,152)**	(35,633)
Impairment loss	24	**(288)**	(9,616)
Additional during the year	16.1.3.1	**8,410**	18,163
Additional of nurseries		**-**	3
Transfer to property, plant and equipment	16.1.1	**(19,414)**	(41,053)
Disposal of a subsidiary	36	**(250)**	-
		12,816	65,582
Transfer to assets held for sale	5	**-**	1,928
At 31 December		**12,816**	67,510

16.1.3.1 Additions

Included in additions during the year are as follows:

	2020 RM'000	2019 RM'000
Personnel expenses:		
- Wages, salaries and others	**777**	4,036
- Contribution to EPF	**32**	192
Finance cost*	**719**	5,440

* The finance cost is capitalised net interest expense at profit margin ranges from 5.56% to 6.65% (2019: 5.56% to 6.65%) per annum.

16. ASSETS CLASSIFIED AS HELD FOR SALE (CONTINUED)

16.1 Movement of assets and liabilities classified as held for sale during the year (continued)

16.1.4 Deferred tax (assets)/liabilities

Movement in temporary differences during the year

Group	At 1.1.2019 RM'000	Recognised in profit or loss (Note 27) RM'000	Transfer into assets held for sale (Note 10) RM'000	Transfer out of assets held for sale RM'000	At 31.12.2019/ 1.1.2020 RM'000	Recognised in profit or loss (Note 27) RM'000	Transfer out of assets held for sale (Note 10) RM'000	Disposal of a subsidiary (Note 36) RM'000	At 31.12.2020 RM'000
Unabsorbed capital allowances	(99,491)	(12,999)	-	9,359	**(103,131)**	**67,820**	**(26,702)**	**-**	**(62,013)**
Property, plant and equipment	95,684	(14,354)	80,970	(8,783)	**153,517**	**(48,321)**	**18,777**	**7,643**	**131,616**
Biological assets	1,582	870	2,178	(340)	**4,290**	**(8,199)**	**716**	**(121)**	**(3,314)**
Right-of-use assets	9,375	(150)	-	-	**9,225**	**(7,576)**	**-**	**-**	**1,649**
Lease liabilities	(9,375)	12	-	-	**(9,363)**	**7,651**	**-**	**-**	**(1,712)**
Others	3,360	(620)	-	(2,740)	**-**	**-**	**-**	**-**	**-**
	1,135	(27,241)	83,148	(2,504)	**54,538**	**11,375**	**(7,209)**	**7,522**	**66,226**

16. ASSETS CLASSIFIED AS HELD FOR SALE (CONTINUED)

16.1 Movement of assets and liabilities classified as held for sale during the year (continued)

16.1.4 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	
	2020 RM'000	2019 RM'000
Unutilised tax loss carry-forwards	**(118,924)**	(202,257)
At 31 December	**(118,924)**	(202,257)
Tax at 24% (2019: 24%)	**(28,542)**	(48,542)

In accordance with the provision of Finance Act 2019 requirement, the unutilised tax losses are available for utilisation in the next seven (7) years, for which, any excess at the end of the seventh (7th) year, will be disregarded. 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 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.

16.2 Transfer out of assets and liabilities held for sale

Included in transfer out of assets and liabilities held for sale is investments in BSV and MWM. During the financial 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 in prior year are no longer probable, hence the Group has reclassified the assets and liabilities of the subsidiary to its relevant financial statement captions.

16.3 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:

		Company	
	Note	2020 RM'000	2019 RM'000
At 1 January		**177,000**	72,500
Transfer out of assets held for sale	(a)	**(177,000)**	(72,500)
Reversal of impairment loss	(b)	**-**	177,000
At 31 December		**-**	177,000

a) During the financial year, 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. ASSETS CLASSIFIED AS HELD FOR SALE (CONTINUED)

16.4 Movement of investment in subsidiary classified as held for sale in prior year

a) In prior financial year, the Board of Directors were of the opinion that the efforts to sell investment in a subsidiary which was classified as assets held for sale in prior year was no longer probable, hence the Company has reclassified the investment in a subsidiary to its relevant financial statement captions.

b) Reversal of impairment loss in prior year comprise the following;

	Note	Company 2020 RM'000	Company 2019 RM'000
THP-YT Plantation Sdn. Bhd.	(i)	**-**	7,000
Bumi Suria Ventures Sdn. Bhd./Maju Warisanmas Sdn. Bhd.	(ii)	**-**	170,000
At 31 December		**-**	177,000

(i) In prior year, the Company has entered into a non-binding heads of agreements with TDM Berhad ("TDM"), with an offer price of RM69,000,000 which comprise of RM7,000,000 for the acquisition of shares of THP-YT Plantation Sdn. Bhd. and TDM will make a repayment of RM62,000,000 relating to amount due to a subsidiary of the Company subsequent to the disposal.

The fair value less cost to sell of the subsidiary are estimated based on the Directors' valuation, which are based on the non-binding heads of agreements between the Company's and TDM dated 5 December 2019 to acquire the shares of the subsidiary. The fair value less cost to sell is higher than the carrying amount. Subsequently, a reversal of impairment loss of RM7,000,000 has been recognised as "other income" in profit or loss of the Company.

(ii) In prior year, the Company has entered into a Sale and Purchase Agreement with Tamaco Plantation Sdn. Bhd. ("Tamaco") to dispose the shares of the subsidiaries for a purchase consideration of RM170,000,000. The recoverable amount of a cash-generating unit is based on its purchased consideration less cost to sell. The fair value less cost to sell is higher than the carrying amount. Subsequently, a reversal of impairment loss of RM170,000,000 has been recognised as "other income" in profit or loss of the Company.

17. CAPITAL AND RESERVES

	Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Share capital	17.1	**862,752**	862,752	**862,752**	862,752
Other reserve	17.2	**(80,658)**	(80,935)	**(100,129)**	(100,129)
Foreign currency translation reserves		**(11,662)**	(13,246)	**-**	-
		770,432	768,571	**762,623**	762,623

17.1 Share capital

	Group and Company Number of shares 2020 '000	Amount 2020 RM'000	Number of shares 2019 '000	Amount 2019 RM'000
Issued and fully paid shares classified as equity instruments:				
Ordinary shares				
At 1 January/31 December	**883,851**	**862,752**	883,851	862,752

17. CAPITAL AND RESERVES (CONTINUED)

17.1 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.

17.2 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.

18. LOANS AND BORROWINGS

		Group		Company	
	Note	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Non-current					
Secured					
Commodity Murabahah Term Financing-i	18.1	**189,144**	200,482	**-**	-
Commodity Murabahah Term Financing-i	18.2	**45,502**	46,254	**-**	-
Unsecured					
SUKUK Murabahah Medium Term Notes	18.3	**780,000**	855,000	**-**	-
Term Financing	18.4	**39,821**	37,908	**-**	-
		1,054,467	1,139,644	**-**	-
Current					
Secured					
Commodity Murabahah Term Financing-i	18.1	**30,000**	29,500	**-**	-
Unsecured					
SUKUK Murabahah Medium Term Notes	18.3	**75,000**	40,000	**-**	-
Islamic Trade Financing-i	18.5	**-**	10,271	**-**	-
Commodity Murabahah Revolving-i	18.6	**-**	60,000	**-**	60,000
		105,000	139,771	**-**	60,000
		1,159,467	1,279,415	**-**	60,000

18.1 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 RM7,491,000 (2019: RM7,674,000) (see Note 4).

18. LOANS AND BORROWINGS (CONTINUED)

18.1 Commodity Murabahah Term Financing-i (continued)

THP Saribas Sdn. Bhd. (continued)

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 financings, loans, 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 effect or permit any form of merger, reconstruction, consolidation, amalgamation or reduction in share capital or otherwise approve or permit any change of ownership or control;

(e) 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;

(f) 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;

(g) not to enter into any profit sharing or other similar arrangement whereby the subsidiary’s income or profits are shared with any other person/or company unless such arrangement is entered into in the ordinary course of business on ordinary commercial terms and on arm’s length basis, or enter into any management agreement whereby its business is managed by a third party;

(h) not to decrease or alter the subsidiary’s authorised or issued capital or alter the structure thereof or the rights attached thereto; and

(i) not to breach such other covenants as may be prescribed by the Bank in the financing documents.

18.2 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;

18. LOANS AND BORROWINGS (CONTINUED)

18.2 Commodity Murabahah Term Financing-i (continued)

PT Persada Kencana Prima (continued)

Significant covenants (continued)

The Commodity Murabahah Term Financing-i are subject to the fulfilment of the following significant covenants (continued):

(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 utilise the Facility within its permitted purposes only;

(e) Subordination of all existing advances and future advances from the subsidiary's shareholders/directors/related companies of not less than 40% of the Plantation Cost i.e. USD16,740,000;

(f) The subsidiary shall not without the written consent of the lender incur any additional financings or borrowings; or provide guarantees, indemnities or similar assurances against financial loss in respect of any indebtedness of any affiliate or any third party, whether actual or contingent, other than normal trade guarantees to contractors or suppliers in the ordinary course of business;

(g) 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;

(h) The subsidiary shall undertake to transfer and/or cause to transfer all revenue/income/equity contribution/takaful proceeds/insurance proceeds from the Proposed Development into Rupiah Revenue Account and USD Proceeds Account;

(i) The subsidiary shall maintain takaful or insurance in accordance with the provisions of relevant Transaction Documents, and the Bank shall be endorsed as the loss payee, and the subsidiary shall further maintain relevant commercial and regulatory licenses that are material for the Proposed Development;

(k) The subsidiary shall undertake not to open and maintain any bank account(s) and or place any cash or cash equivalents or deposit in any other bank account, other than Designated Accounts;

(l) The subsidiary shall submit the visiting agent's report on the development, cultivation and operations of the Plantation Land prepared by an independent third party agent on a half yearly basis;

(m) The subsidiary shall not change its business activity that may lead to a Material Adverse Effect;

(n) The Bank to also be given the opportunity to provide other banking services including but not limited to cash management, takaful or insurances, end-financing and hedging products subject to terms and conditions which are mutually agreed;

(o) In the event that the subsidiary or any of its subsidiaries plan for listing or require any other investment banking services, the subsidiary shall inform the Bank of such requirements and the Bank or any of the Bank's affiliates shall be given the first right of refusal and the opportunity to provide a bid and to match the best offer for the provision of advice on the listing or provide the investment banking services required (subject to terms and conditions which are mutually agreeable between the Customer and the Bank).

18. LOANS AND BORROWINGS (CONTINUED)

18.3 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 grant any advances or loans to any party, save and except for:

- i) loans to its directors, officers or employees as part of their terms of employment;

(f) 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;

(g) not to take any step to wind up or dissolve itself;

(h) not to add, delete, amend or substitute its Memorandum and Articles of Association in a manner inconsistent with the provisions of the transaction documents, unless otherwise required under the law;

(i) not to reduce or in any way whatsoever alter, except increase, its authorised or paid-up capital, whether by varying the amount, structure or value thereof or the rights attached thereto or by converting any of its share capital into stocks, or by consolidating, dividing or sub-dividing all or any of its shares, or by any other manner;

18. LOANS AND BORROWINGS (CONTINUED)

18.3 SUKUK Murabahah Medium Term Notes (continued)

THP Suria Mekar Sdn. Bhd. (continued)

Significant covenants (continued)

(j) not to enter into any agreement with the Company, or associated companies, unless such agreement is entered into:

i) in the ordinary course of its business;
ii) on an arm's-length basis; and
iii) will not have a Material Adverse Effect on the Issuer;

(k) not to change the utilisation of proceeds of the SUKUK Murabahah Programme;

(l) not to engage or carry on any other business other than that as currently carried out;

(m) not to suspend or threaten to suspend any part of its business;

(n) not to consolidate or amalgamate or merge with or into, or transfer all or substantially all its assets to, or acquire all or substantially all the assets (including shares and/or stocks of any class, partnership or joint venture interest) of another entity;

(o) not to enter into a transaction, whether directly or indirectly, with interested persons (including a director, substantial shareholder or persons connected with them) unless:

i) such transaction shall be on terms that are no less favourable to the Issuer than those which could have been obtained in a comparable transaction from persons who are not interested; and
ii) with respect to transactions involving an aggregate payment or value equal to or greater than such amount representing twenty five percent (25%) of the Issuer's net asset as reflected in its then current audited financial statement, the Issuer obtains a certification from an independent adviser that the transaction is carried out on fair and reasonable terms, provided that the Issuer certifies to the Investor or the Joint Lead Managers, that the transaction complies with paragraph (i) above, that (where applicable) the Issuer has received the certification referred to in paragraph (i) above and that the transaction has been approved by the majority of the Board of Directors or shareholders in a general meeting, as the case may require; and

(p) not to enter into any partnership, profit-sharing or royalty agreement or other arrangement of whatsoever nature whereby the Issuer's income or profits derived from its main activity(ies) are, or might be, shared with any other person, firm or company or enter into any management contract or other arrangement of whatsoever nature whereby the Issuer's business or operations are managed by any other person, firm or company, unless entered into in its ordinary course of business.

18. LOANS AND BORROWINGS (CONTINUED)

18.4 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 2020 is RM79,297,000 (2019: 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.

18. LOANS AND BORROWINGS (CONTINUED)

18.5 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;

(c) not to create or permit to subsist any Security Interest over any of its present and future assets, business or undertaking, except liens arising by operation of law and in the normal course of business and not by way of contract;

(d) not to effect or permit any form of merger, reconstruction, consolidation, amalgamation or reduction in share capital or otherwise approve or permit any change of ownership or control;

(e) not to dispose, sell or transfer or otherwise dispose of 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;

(f) not to enter into any partnership, profit-sharing or royalty agreement or other arrangement or whatsoever nature whereby the Issuer's income or profits derived from its main activities are, or might be, shared with any other person, firm or a company or enter into any management contract or other arrangement of whatsoever nature whereby the Issuer's business or operations are managed by any other person, firm or company, unless entered into in its ordinary course of business;

(g) not to engage or carry on any other business other than that as currently carried out or suspend or threaten to suspend any part of its business;

(h) not to add, delete, amend or substitute its Memorandum or Articles of Association in a manner inconsistent with the provisions of the facility agreement, the other Security Documents and/or Transaction Documents, unless otherwise required under the law;

(i) not to take any step to wind up or dissolve itself;

(j) not to obtain or permit to exist any loans or advances from its shareholders, unless these loans and advances are subordinated to the Facilities in accordance with the provisions of this Agreement, the other Security Documents and/or Transaction Documents; and

(k) not to enter into any agreement with its shareholders, subsidiaries or associated companies, unless such agreement is entered into in the ordinary course of business, on an arm's-length basis and will not have a material adverse effect on the subsidiary.

18. LOANS AND BORROWINGS (CONTINUED)

18.6 Commodity Murabahah Revolving-i

Security

The Commodity Murabahah Revolving-i Facility, which was obtained by the Company, is secured over:

(i) The Master Facilities Agreement for Commodity Murabahah Facility;

(ii) Memorandum of charge over the following shares of 13,135,000 units of Bumi Suria Ventures Sdn. Bhd. and 1,151,998 units of Maju Warisanmas Sdn. Bhd.; and

(iii) Security Documents such as Deed of Assignment over the Proceeds Account (to be defined herein) to be maintained with the Financier and such other documents as may be deemed necessary by the Bank at any time or as advised by its solicitors.

The Commodity Murabahah Revolving-i Facility is subject to the fulfilment of the following significant covenants:

(a) The Company shall mandate RHB Investment Bank Berhad as the Transaction and Principal adviser for the proposed rationalisation exercise;

(b) The ultimate holding company shall remain as the controlling shareholder (directly or indirectly) and maintain at least 51% of shareholding in the Customer throughout the tenure of the Facility. Prior written consent shall be obtained should there be a dilution in ultimate holding company's shareholding in Customer to below 51%;

(c) The Group shall maintain Financing to equity ratio not exceeding 1.25 times throughout the tenure of the Banking Facility;

(d) Payment of dividends is allowed subject to no arrears in the banking facility;

(e) No further borrowings are to be obtained by the Customer throughout the tenure of the Banking Facility without prior written consent by the Bank except for hire purchase, finance lease obligations and other short-term facilities;

(f) Other terms and conditions as may be advised by the Bank's solicitors and agreed by Customer.

The loan was fully paid during the year.

18. LOANS AND BORROWINGS (CONTINUED)

18.7 Reconciliation of movement of liabilities to cash flows arising from financing activities.

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**

Group	At 1 January 2019 RM'000	Loan repayment RM'000	Proceeds from drawdown of loans and borrowings RM'000	Other changes RM'000	At 31 December 2019 RM'000
Commodity Murabahah Term Financing-i	259,819	(30,000)	-	163	229,982
SUKUK Murabahah Medium Term Notes	895,000	-	-	-	895,000
Term Financing	36,079	-	-	1,829	37,908
Islamic Trade Financing-i	11,544	(121,331)	120,058	-	10,271
Commodity Murabahah Term Financing-i	38,612	-	7,642	-	46,254
Commodity Murabahah Revolving-i	-	-	60,000	-	60,000
	1,241,054	(151,331)	187,700	1,992	1,279,415

18. LOANS AND BORROWINGS (CONTINUED)

18.7 Reconciliation of movement of liabilities to cash flows arising from financing activities (continued)

	At 1 January 2020 RM'000	Loan repayment RM'000	Proceeds from drawdown of loans and borrowings RM'000	At 31 December 2020 RM'000
Company				
Commodity Murabahah Revolving-i	**60,000**	**(60,000)**	**-**	**-**
	60,000	**(60,000)**	**-**	**-**

	At 1 January 2019 RM'000	Loan repayment RM'000	Proceeds from drawdown of loans and borrowings RM'000	At 31 December 2019 RM'000
Company				
Commodity Murabahah Revolving-i	-	-	60,000	(60,000)
	-	-	60,000	(60,000)

19. EMPLOYEE BENEFITS

	Group	
	2020 RM'000	2019 RM'000
Defined benefit obligations	**545**	730

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.

20. TRADE AND OTHER PAYABLES

	Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Non-current					
Non-trade					
Amounts due to related companies	20.1	**1,606**	1,493	**-**	-
Accrued expenses	20.2	**10,483**	8,333	**-**	-
		12,089	9,826	**-**	-
Current					
Trade					
Trade payables		**33,259**	53,709	**10,863**	8,968
Non-trade					
Amounts due to holding corporation	20.3	**18,241**	12,092	**17,921**	11,972
Amounts due to subsidiaries	20.4	**-**	-	**329,313**	272,980
Amounts due to related companies	20.4	**-**	7,226	**-**	7,226
Other payables		**139,752**	121,118	**114,574**	87,583
Accrued expenses		**17,731**	18,927	**2,183**	2,842
Dividend payable:					
- Owner of the company	20.5	**-**	-	**-**	-
- Non-controlling interest	20.5	**-**	10,300	**-**	-
		175,724	169,663	**463,991**	382,603
Transfer from assets held for sale	16	**4,927**	2,636	**-**	-
Transfer to assets held for sale		**-**	(16,398)	**-**	-
		213,910	209,610	**474,854**	391,571
		225,999	219,436	**474,854**	391,571

20.1 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 seven (7) years (2019: eight (8) 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.

20. TRADE AND OTHER PAYABLES (CONTINUED)

20.2 The accrued expenses are in relation to interest accrued for term financing of a subsidiary. The amount is to be repaid after eighteen (18) years (2019: nineteen (19) years (see Note 18.4)).

20.3 The amounts due to holding corporation is unsecured, no profit margin applied, and is repayable on demand.

20.4 The amounts due to subsidiaries and related companies are unsecured, subject to profit margin ranges from 3.23% to 5.90% (2019: 3.13% to 5.90%) and are repayable on demand.

20.5 Reconciliation of movement of dividend payables

2020	Non-controlling interest RM'000	Owners of the Company RM'000	Total RM'000
Group			
At 1 January	**10,300**	**-**	**10,300**
Dividend declared during the year	**-**	**-**	**-**
Dividend paid	**(10,300)**	**-**	**(10,300)**
At 31 December	**-**	**-**	**-**
Company			
At 1 January		**-**	**-**
Dividend declared during the year		**-**	**-**
Dividend paid		**-**	**-**
At 31 December		**-**	**-**
2019			
Group			
At 1 January	11,998	155	12,153
Dividend declared during the year	2,616	-	2,616
Dividend paid	(4,314)	(155)	(4,469)
At 31 December	10,300	-	10,300
Company			
At 1 January		155	155
Dividend declared during the year		-	-
Dividend paid		(155)	(155)
At 31 December		-	-

20. TRADE AND OTHER PAYABLES (CONTINUED)

20.6 Reconciliation of movement of liabilities to cash flows arising from financing activities

	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

	At 1 January 2019 RM'000	Net changes from financing cash flows RM'000	At 31 December 2019 RM'000
Group			
Amounts due to holding corporation	13,186	(1,094)	12,092
Amounts due to related companies	68,716	(59,997)	8,719
	81,902	(61,091)	20,811
Company			
Amounts due to holding corporation	13,186	(1,214)	11,972
Amounts due to related companies	67,328	(60,102)	7,226
Amounts due to subsidiaries	384,031	(111,051)	272,980
	464,545	(172,367)	292,178

21. DERIVATIVE FINANCIAL LIABILITIES

	2020 RM'000	2019 RM'000
Group		
Current		
Derivatives at fair value through profit or loss		
- Forward exchange contracts	17,403	-

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.

NOTES TO THE FINANCIAL STATEMENTS

22. REVENUE

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Revenue from contracts with customers	**554,915**	493,577	**125,171**	106,162
Other revenue:				
Dividend income	**182**	73	**182**	2,796
Total revenue	**555,097**	493,650	**125,353**	108,958

22.1 Disaggregation of revenue

	Oil palm plantations		Other segments		Total	
Group	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Primary geographical markets						
Malaysia	**554,224**	493,577	**-**	-	**554,224**	493,577
Indonesia	**691**	-	**-**	-	**691**	-
	554,915	493,577	**-**	-	**554,915**	493,577
Major products						
Crude Palm Oil ("CPO")	**431,018**	382,750	**-**	-	**431,018**	382,750
Palm Kernel ("PK")	**60,308**	50,681	**-**	-	**60,308**	50,681
Fresh Fruits Bunches ("FFB")	**63,589**	60,146	**-**	-	**63,589**	60,146
	554,915	493,577	**-**	-	**554,915**	493,577
Timing and recognition						
At a point in time	**554,915**	493,577	**-**	-	**554,915**	493,577
Revenue from contracts with customers	**554,915**	493,577	**-**	-	**554,915**	493,577
Other revenue	**-**	-	**182**	73	**182**	73
Total revenue	**554,915**	493,577	**182**	73	**555,097**	493,650
Company						
Major products						
Crude Palm Oil ("CPO")	**94,908**	86,368	**-**	-	**94,908**	86,368
Palm Kernel ("PK")	**13,303**	12,310	**-**	-	**13,303**	12,310
Fresh Fruits Bunches ("FFB")	**16,960**	7,484	**-**	-	**16,960**	7,484
	125,171	106,162	**-**	-	**125,171**	106,162
Timing and recognition						
At a point in time	**125,171**	106,162	**-**	-	**125,171**	106,162
Revenue from contracts with customers	**125,171**	106,162	**-**	-	**125,171**	106,162
Other revenue	**-**	-	**182**	2,796	**182**	2,796
Total revenue	**125,171**	106,162	**182**	2,796	**125,353**	108,958

22. REVENUE (CONTINUED)

22.2 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.

23. COST OF SALES

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Oil palm plantations	**384,749**	408,729	**99,734**	87,610
Forestry	**2,902**	5,633	**-**	-
	387,651	414,362	**99,734**	87,610

24. OTHER EXPENSES

Included in other expenses are impairments in relation to property, plant and equipment, plantation development expenditure, intangible assets and assets held for sale.

		Group	
	Note	2020 RM'000	2019 RM'000
Impairment of:			
Property, plant and equipment	24.1	**2,986**	75,845
Plantation development expenditure	24.1	**5,329**	20,316
Right-of-use assets	24.1	**-**	22,819
Intangible assets	24.1	**-**	9,761
Assets held for sale	24.1	**288**	73,355
		8,603	202,096

24. OTHER EXPENSES (CONTINUED)

24.1 Impairment of property, plant and equipment, plantation development expenditure (“PDE”), intangible assets and assets held for sale in 2020

The details of impairment loss are as follows:

2020	Note	Property, plant and equipment RM’000	Plantation development expenditure RM’000	Total	Assets held for sale RM’000	Total
Group						
Hydroflow Sdn. Bhd.	(i)	78	5,129	5,207	-	5,207
Ladang Jati Keningau Sdn. Bhd.	(ii)	-	200	200	-	200
THP Kota Bahagia Sdn. Bhd.	(iii)	948	-	948	-	948
TH PELITA Gedong Sdn. Bhd.*	(iv)	-	-	-	288	288
THP Saribas Sdn. Bhd.	(v)	1,960	-	1,960	-	1,960
		2,986	5,329	8,315	288	8,603

* These are in relation to disposal group held for sale (see Note 16).

24. OTHER EXPENSES (CONTINUED)

24.1 Impairment of property, plant and equipment, PDE, intangible assets and assets held for sale in 2020 (continued)

(i) Hydroflow Sdn. Bhd.

During the financial year, one (1) area of the estates and of the PDE of the subsidiary have been inaccessible due to natives intrusion, in which no future income is expected to be generated from these areas by the Group. The Group had fully impaired the estates and PDE in relation to the inaccessible areas amounted to RM78,000 and RM5,129,000 respectively.

(ii) Ladang Jati Keningau Sdn. Bhd.

During the financial year, the Group has performed impairment testing in respect to the additional assets of the PDE of the subsidiary. The Group is of the view that the fair value less cost to sell is consistent as per prior year estimation based on the Directors' valuation, which was based on the offer letter received from a minority shareholder of the subsidiary to acquire the PDE based on the current condition of the assets amounted to RM1,986,000.

Based on the fair value less cost to sell, the recoverable amount was lower than the carrying amount of the PDE and an impairment loss of RM200,000 is recognised in the profit or loss.

(iii) THP Kota Bahagia Sdn. Bhd.

During the financial year, the Group has assessed the plantations assets value of certain bearer plant ("cash-generating unit") of the subsidiary that has not been performing up to the Group's expectation. The carrying amount of the bearer plant as at 31 December 2020 amounted to RM3,009,000. The bearer plant's recoverable amount is based on value in use method of RM32,384 per hectare.

The following table summarises the valuation method and assumptions used in the determination of value in use is within Level 3 of fair value measurement, 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 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, and upkeep and maintenance cost. The expected net cash flows are discounted using risk-adjusted discount rates.	• Expected projected FFB yield (17mt/ha - 24mt/ha) • FFB sales price (RM522/mt) • Upkeep and maintenance cost (RM1,240/ha - RM2,698/ha) • Pre-tax discount rate for bearer plant (15%)	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 Group has recognised an impairment loss of RM948,000 in the profit or loss as the carrying amount of the cash-generating unit is higher than the recoverable amount.

24. OTHER EXPENSES (CONTINUED)

24.1 Impairment of property, plant and equipment, PDE, intangible assets and assets held for sale in 2020 (continued)

(iii) THP Kota Bahagia Sdn. Bhd. (continued)

The above estimates were particularly sensitive to the following assumptions:

- A reduction in FFB yield per hectare by 5% would have resulted in an increase of impairment loss of RM178,540.
- A reduction in price of FFB by 5% would have resulted in an increase of impairment loss of RM207,692.
- An increase of 5% in the discount rate would have resulted in an increase of impairment loss of RM456,581.

(iv) TH PELITA Gedong Sdn. Bhd.

During the financial year, one (1) area of PDE of the subsidiary has experienced heavy floods, in which no future income is expected to be generated from this area. The Group had fully impaired RM288,000 in relation to carrying amount of the area and recognised in the Group profit or loss.

(v) THP Saribas Sdn. Bhd.

During the financial year, the Group has assessed the plantations assets value of certain bearer plant ("cash-generating unit") of the subsidiary that has not been performing up to the Group's expectation. The carrying amount of the bearer plant as at 31 December 2020 amounted to RM3,300,000. The bearer plant's recoverable amount is based on value in use method of RM29,802 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 (16.00 mt/ha - 26.00 mt/ha) • FFB sales price (RM433/mt - RM536/mt) • Pre-tax discount rate (14%)	The estimated fair value would increase/(decrease) if: • Expected projected FFB yield were higher/(lower); • FFB sales price higher/(lower); or • Discount rates were lower/(higher).

24. OTHER EXPENSES (CONTINUED)

24.1 Impairment of property, plant and equipment, PDE and intangible assets in 2020 (continued)

(v) THP Saribas Sdn. Bhd. (continued)

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 Group has recognised an impairment loss of RM1,960,000 in the profit or loss as the carrying amount of the cash-generating unit is higher than the recoverable amount.

The above estimates are particularly sensitive in the following cases:

- A reduction in price of FFB by 5% would have resulted in an increase of impairment loss of RM9,603,000.
- A reduction in yield per hectare by 5% would have resulted in an increase of impairment loss of RM6,800,000.
- An increase in discount rate by 1% would have resulted in an increase of impairment loss of RM3,400,000.

24.2 Impairment of property, plant and equipment, plantation development expenditure ("PDE"), intangible assets and assets held for sale in 2019

The Board of Directors have approved a plan to dispose the Group's interest in eight (8) subsidiaries, six (6) subsidiaries on 26 November 2018 and two (2) subsidiaries on 1 August 2019 respectively. In prior year, Hydroflow Sdn. Bhd., which was classified as assets held for sale in 2018 has been transferred out from assets held for sale as the Group does not expect for the subsidiary to be disposed in the next 12 months.

In prior year, the Group has received an offer for Bumi Suria Ventures Sdn. Bhd./Maju Warisanmas Sdn. Bhd. and THP-YT Plantation Sdn. Bhd. and has used the offer price as the basis for fair value less cost to sell for the subsidiary's plantations assets.

24. OTHER EXPENSES (CONTINUED)

24.2 Impairment of property, plant and equipment, plantation development expenditure (“PDE”), intangible assets and assets held for sale in 2019 (continued)

The details of impairment loss are as follows:

2019	Note	Property, plant and equipment RM’000	Plantation development expenditure RM’000	Right-of-use assets RM’000	Intangible assets RM’000	Assets held for sale RM’000	Total RM’000
Group							
Bumi Suria Ventures Sdn. Bhd./ Maju Warisanmas Sdn. Bhd.*	(i)	-	-	-	-	23,021	23,021
Hydroflow Sdn. Bhd.	(ii)	-	-	12,476	9,761	-	22,237
THP-YT Plantation Sdn. Bhd.*	(iii)	-	-	-	-	14,345	14,345
TH PELITA Simunjan Sdn. Bhd.*	(iv)	-	-	-	-	31,800	31,800
PT Persada Kencana Prima	(v)	-	14,940	-	-	-	14,940
TH PELITA Gedong Sdn. Bhd.*	(vi)	-	5,376	1,473	-	-	6,849
THP Saribas Sdn. Bhd.	(vii)	75,845	-	3,976	-	-	79,821
TH PELITA Sadong Sdn. Bhd.*	(viii)	-	-	4,894	-	-	4,894
TH PELITA Beladin Sdn. Bhd.*	(ix)	-	-	-	-	4,189	4,189
		75,845	20,316	22,819	9,761	73,355	202,096

* These are in relation to disposal group held for sale.

24. OTHER EXPENSES (CONTINUED)

24.2 Impairment of property, plant and equipment, plantation development expenditure ("PDE"), intangible assets and assets held for sale in 2019 (continued)

(i) Bumi Suria Ventures Sdn. Bhd./Maju Warisanmas Sdn. Bhd.

On 5 December 2019, the Company has entered into a Sale and Purchase Agreement with Tamaco Plantation Sdn. Bhd. ("Tamaco") to dispose the subsidiaries for a purchase consideration of RM170,000,000 on the assumption that the subsidiaries will be in a cash and debt free position (save for the inter-company advances) and have no other assets other than the properties and the fixed assets on the completion date. Net current assets or net current liabilities was adjusted by increasing or decreasing the purchase consideration.

The recoverable amount of a cash-generating unit was based on its fair value less cost to sell. The fair value less cost to sell of plantation assets of the subsidiary were estimated based on the Directors' valuation, which were based on the Sale and Purchase Agreement between the Company and Tamaco to acquire the subsidiaries based on its current condition. The carrying amount of cash-generating unit was higher than the recoverable amount. An impairment loss of RM23,021,000 has been recognised in the prior year Group profit or loss.

(ii) Hydroflow Sdn. Bhd.

In prior year, the Group has assessed the plantation assets value of the subsidiary that has not been performing up to the Group's expectation. The carrying amount of the bearer plant, PDE and right-of-use ("ROU") assets as at 31 December 2019 amounted to RM18,404,000, RM32,835,000 and RM74,366,000 respectively. The Group has engaged a registered valuer in 2018 to value the plantation assets of the subsidiary. The cash-generating unit consist of planted area in relation to oil palm and unplantable area which the recoverable amount based on valuation report were RM40,742 per hectare and RM14,826 per hectare respectively. The Group was of the view that the fair value less cost to sell in prior year were consistent as per 2018 valuation report as there was no significant change in the market condition.

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 prior year.

Description of valuation technique and inputs used	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 CGU, taking into account 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 (6.00mt/ha - 25.00mt/ha) • FFB sales price (RM550/mt) • Upkeep and maintenance cost (RM1,200/ha -RM2,000/ha) • Pre-tax discount rate (14%) • Plantation land value (Nil) • Pre-tax discount rate for land (Nil)	The estimated fair value would increase/(decrease) if: • Expected projected FFB yield were higher/(lower); • FFB sales price were higher/(lower); • Upkeep and maintenance cost were lower/(higher); • Discount rates were lower/(higher); • Plantation land value were lower/(higher); or • Discount rates were lower/(higher).

24. OTHER EXPENSES (CONTINUED)

24.2 Impairment of property, plant and equipment, plantation development expenditure ("PDE"), intangible assets and assets held for sale in 2019 (continued)

(ii) Hydroflow Sdn. Bhd. (continued)

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 recoverable amount of a cash-generating unit was based on its fair value less cost to sell. The carrying amount of cash-generating unit was higher than the recoverable amount of RM40,742 per hectare for planted area in relation to oil palm and RM14,826 per hectare for unplantable area. A further impairment loss of RM22,237,000 has been recognised in the prior year Group profit or loss.

The above estimates were particularly sensitive to the following assumptions:

- A reduction in FFB yield per hectare by 5% would have resulted in an increase of impairment loss of RM7,100,000.
- A reduction in price of FFB by 5% would have resulted in an increase of impairment loss of RM8,800,000.
- An increase of 5% in the upkeep and maintenance cost would have resulted in an increase of impairment loss of RM2,500,000.
- An increase of 1% in the discount rate would have resulted in an increase of impairment loss of RM5,600,000.
- Factoring plantation land value consistent with valuation that was performed in 2017 (RM18,100/ha) discounted at 4.25%, it would have resulted in a decrease of impairment loss of RM11,331,000.
- If a pre-tax discount rate of 9% been used, it would have resulted in no impairment loss.

(iii) THP-YT Plantation Sdn. Bhd. ("THP-YT")

Based on the non-binding heads of agreements between the Company and TDM Berhad ("TDM") dated 5 December 2019, the offered price to acquire THP-YT was RM69,000,000 which comprise of RM7,000,000 for the acquisition of shares of THP-YT Sdn. Bhd. and TDM will make a repayment of RM62,000,000 relating to amount due to a subsidiary of the Company subsequent to the disposal.

The recoverable amount of a cash-generating unit was based on its fair value less cost to sell. The fair value less cost to sell of plantation assets of the subsidiary were estimated based on the Directors' valuation, which were based on the non-binding heads of agreements between the Company and TDM dated 5 December 2019 to acquire the subsidiary based on its current condition. The carrying amount of cash-generating unit was higher than the fair value less cost to sell. An impairment loss of RM14,345,000 has been recognised in the prior year Group profit or loss.

24. OTHER EXPENSES (CONTINUED)

24.2 Impairment of property, plant and equipment, plantation development expenditure ("PDE"), intangible assets and assets held for sale in 2019 (continued)

(iv) TH PELITA Simunjan Sdn. Bhd.

The Group has engaged a registered valuer in 2018 to value the plantation assets of the subsidiary. The cash-generating unit consist of planted area in relation to palm oil which the recoverable amount based on valuation report is RM38,320 per hectare. The Group was of the view that the fair value less cost to sell in prior year were consistent as per 2018 valuation report as there is no significant change in the market condition.

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 prior year.

Description of valuation technique and inputs used	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 CGU, taking into account 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 (6.00mt/ha – 25.00mt/ha) • FFB sales price (RM550/mt) • Upkeep and maintenance cost (RM1,300/ha – RM1,700/ha) • Pre-tax discount rate (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 values assigned to the key assumptions represent valuer's assessment of future trends in the oil palm industry and were based on external sources and internal sources (historical data).

The recoverable amount of a cash-generating unit was based on its fair value less cost to sell. Based on the fair value less cost to sell, the carrying amount of cash-generating unit was higher than the recoverable amount of RM38,320 per hectare for planted area in relation to palm oil. An impairment loss of RM31,800,000 has been recognised in prior year profit or loss.

The above estimates were particularly sensitive in the following assumptions:

- A reduction in FFB yield per hectare by 5% would have resulted in an increase of impairment loss of RM10,700,000.
- A reduction in price of FFB by 5% would have resulted in an increase of impairment loss of RM13,200,000.
- An increase of 5% in the upkeep and maintenance cost would have resulted in an increase of impairment loss of RM3,500,000.
- An increase of 1% in the discount rate would have resulted in an increase of impairment loss of RM7,800,000.
- If a plantation land value of RM31,540 per hectare was included in the discounted cash flow discounted at 4.25%, it would have resulted in a decrease of impairment loss of RM29,256,000.

24. OTHER EXPENSES (CONTINUED)

24.2 Impairment of property, plant and equipment, plantation development expenditure ("PDE"), intangible assets and assets held for sale in 2019 (continued)

(iv) TH PELITA Simunjan Sdn. Bhd. (continued)

- If a pre-tax discount rate of 9% been used, it would have resulted in no impairment loss.
- If no future replanting cost nor future revenue are considered if an area is due for replanting before the end of the cycle, it would have resulted in a decrease of impairment loss amounting to RM1,000,000.

(v) Impairment in relation to PT Persada Kencana Prima

In 2018, the Group has engaged a registered valuer to value the estates of the subsidiary that has not been performing up to the Group's expectation. The carrying amount of the PDE and ROU as at 31 December 2019 amounted to RM80,298,000 and RM1,614,000 respectively. The cash-generating unit consist of planted area in relation to palm oil and plantable area which the recoverable amount based on valuation report were RM6,593 per hectare and RM13,826 per hectare respectively. The Group was of the view that the fair value less cost to sell in prior year were consistent as per 2018 valuation report as there was no significant change in the market condition.

Fair value less cost to sell was based on management estimates having regard to estimated resale value which was 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 was a Level 3 fair value measurement.

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 prior year.

Description of valuation technique and inputs used	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 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 (7.00mt/ha - 25.00mt/ha) • FFB sales price (RM298/mt - RM331/mt) • Upkeep and maintenance cost (RM640/ha - RM2,400/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); • Plantation land value were lower/(higher); or • Discount rates were lower/(higher).

24. OTHER EXPENSES (CONTINUED)

24.2 Impairment of property, plant and equipment, plantation development expenditure ("PDE"), intangible assets and assets held for sale in 2019 (continued)

(v) Impairment in relation to PT Persada Kencana Prima (continued)

The values assigned to the key assumptions represent valuer's assessment of future trends in the oil palm industry and were based on external sources and internal sources (historical data).

The recoverable amount of a cash-generating unit was based on its fair value less cost to sell. The carrying amount of cash-generating unit was higher than the recoverable amount of RM6,593 per hectare for planted area in relation to palm oil and RM13,826 per hectare for plantable area. A further impairment loss of RM14,940,000 has been recognised in the prior year profit or loss is in regard to additions during the year.

The above estimates were particularly sensitive to the following assumptions:

- A reduction in FFB yield per hectare by 5% would have resulted in an increase of impairment loss of RM457,000.
- A reduction in price of FFB by 5% would have resulted in an increase of impairment loss of RM457,000.
- An increase of 5% in the upkeep and maintenance cost would have resulted in an increase of impairment loss of RM457,000.
- An increase of 1% in the discount rate would have resulted in an increase of impairment loss of RM457,000.

(vi) Impairment in relation to TH PELITA Gedong Sdn. Bhd.

In prior year, one (1) area estate of PDE has experienced heavy floods, in which no future income was expected to be generated from this area.

Subsequent to this, the Group had fully impaired RM5,376,000 in relation to carrying amount of the PDE of the estate as at 31 December 2019 and recognised in the prior year profit or loss.

The Group has also engaged a registered valuer in prior year to perform the valuation of the subsidiary's assets to determine the fair value of the respective subsidiary's plantation assets. The cash-generating unit consist of planted area in relation to palm oil, plantable area in relation to palm oil and palm oil mill which the recoverable amount based on valuation report are RM39,042 per hectare, RM4,972 per hectare and RM850,000 per metric tonne capacity respectively.

24. OTHER EXPENSES (CONTINUED)

24.2 Impairment of property, plant and equipment, plantation development expenditure ("PDE"), intangible assets and assets held for sale in 2019 (continued)

(vi) Impairment in relation to TH PELITA Gedong Sdn. Bhd. (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 prior year.

Description of valuation technique and inputs used	Significant unobservable inputs in prior year	Inter-relationship between significant unobservable inputs and fair value measurement
Plantations assets Discounted cash flows: The valuation method considers the present value of net cash flows to be generated from estates, 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 (6.00mt/ha - 25.00mt/ha) • FFB sales price (RM510/mt - RM550/mt) • Upkeep and maintenance cost (RM1,200/ha - RM2,200/ha) • Pre- tax discount rate (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).
Mill Market approach: Fair value of land of the mill are based on sales price of comparable land in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is market price per hectare.	• Market price per hectare	• The estimated fair value would increase/(decrease) if the market price per hectare is higher/(lower).
Replacement cost approach: The most significant input into this valuation approach is replacement cost per square foot for building and replacement cost per unit for plant and machinery and adjusted by the depreciation of the assets.	• Cost per square foot and new replacement cost per unit • Depreciation rate	• The estimated fair value would increase/(decrease) if the cost per square foot and replacement cost per unit are higher/(lower). • The estimated fair value would increase/(decrease) if the depreciation rate is lower/(higher)

The recoverable amount of a cash-generating unit was based on its fair value less cost to sell. The carrying amount of cash-generating unit was higher than the recoverable amount of RM39,042 per hectare for planted area in relation to palm oil, RM4,972 per hectare for plantable area and RM850,000 per metric tonne capacity for palm oil mill. An impairment loss of RM1,473,000 has been recognised in the prior year profit or loss.

24. OTHER EXPENSES (CONTINUED)

24.2 Impairment of property, plant and equipment, plantation development expenditure ("PDE"), intangible assets and assets held for sale in 2019 (continued)

(vi) Impairment in relation to TH PELITA Gedong Sdn. Bhd. (continued)

The above estimates were particularly sensitive in the following cases:

- An increase of 1% in the discount rate would have resulted in an increase of impairment loss of RM11,500,000.
- A reduction in price of FFB by 5% would have resulted in an increase of impairment loss of RM20,400,000.
- A reduction in yield per hectare by 5% would have resulted in an increase of impairment loss of RM17,900,000.
- An increase of 5% in the upkeep and maintenance cost would have resulted in an increase of impairment loss of RM6,500,000.
- If a plantation land value of RM74,132 per hectare (based on the mill land value) was included in the discounted cash flow discounted at 5%, it would have resulted in a no impairment loss.
- If a pre-tax discount rate of 9% been used, it would have resulted in no impairment loss.
- If no future replanting cost nor future revenue are considered if an area is due for replanting before the end of the cycle, it would have resulted in an increase of impairment loss amounting to RM10,100,000.

(vii) Impairment in relation to THP Saribas Sdn. Bhd.

In prior year, the Group has engaged a registered valuer to value the estates of the subsidiary that has not been performing up to the Group's expectation. The carrying amount of bearer plant and mill of the subsidiary as at 31 December 2019 amounted to RM317,745,000 and RM52,472,000 respectively. The Group has exercised significant judgement in assessing the estate recoverable amount using fair value less cost to sell. The cash-generating unit consist of planted area in relation to palm oil, plantable area in relation to palm oil and palm oil mill which the recoverable amount based on valuation report are RM39,608 per hectare, RM23,810 per hectare and RM900,000 per metric tonne capacity respectively.

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 prior year.

Description of valuation technique and inputs used	Significant unobservable inputs in prior year	Inter-relationship between significant unobservable inputs and fair value measurement
Plantations assets Discounted cash flows: The valuation method considers the present value of net cash flows to be generated from estates, 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 (5.00mt/ha - 24.00mt/ha) • FFB sales price (RM510/mt - RM550/mt) • Upkeep and maintenance cost (RM1,200/ha - RM2,300/ha) • Pre-tax discount rate (14% -16%)	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 values assigned to the key assumptions represent valuer's assessment of future trends in the oil palm industry and were based on external sources and internal sources (historical data).

24. OTHER EXPENSES (CONTINUED)

24.2 Impairment of property, plant and equipment, plantation development expenditure ("PDE"), intangible assets and assets held for sale in 2019 (continued)

(vii) Impairment in relation to THP Saribas Sdn. Bhd. (continued)

The recoverable amount of a cash-generating unit was based on its fair value less cost to sell. The carrying amount of cash-generating unit was higher than the recoverable amount of RM39,608 per hectare for planted area in relation to palm oil, RM23,810 per hectare for plantable area in relation to palm oil and RM900,000 per metric tonne capacity for palm oil mill. An impairment loss of RM79,821,000 has been recognised in prior year profit or loss.

The above estimates were particularly sensitive in the following cases:

- A reduction in price of FFB by 5% would have resulted in an increase of impairment loss of RM43,090,000.
- A reduction in yield per hectare by 5% would have resulted in an increase of impairment loss of RM34,950,000.
- An increase in upkeep and maintenance cost by 5% would have resulted in an increase of impairment loss of RM12,050,000.
- An increase in discount rate by 1% would have resulted in an increase of impairment loss of RM20,800,000.
- Factoring plantation land value of RM74,132/ha (based on the mill land value) discounted at 5% would have resulted in no impairment loss.
- Discount rate at 9% for land with titles and 11% for Native Customary Rights ("NCR") land would have resulted in no impairment loss.
- A reduction in the new replacement cost of plant and machinery by 10% would have resulted in an increase of impairment loss of RM3,672,000.
- An increase in depreciation rate of the mill by 10% would have resulted in an increase of impairment loss of RM4,672,000.

(viii) Impairment in relation to TH PELITA Sadong Sdn. Bhd.

The Group has engaged a registered valuer in prior year to perform the valuation of the subsidiary's assets to determine the fair value of the respective subsidiary's plantation assets. The cash-generating unit consist of planted area and plantable area in relation to palm oil which the recoverable amount based on valuation report were RM42,329 per hectare and RM3,433 per hectare respectively.

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 prior year.

Description of valuation technique and inputs used	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 CGU, taking into account 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 (6.00mt/ha - 25.00mt/ha) • FFB sales price (RM510/mt - RM550/mt) • Upkeep and maintenance cost (RM1,200/ha - RM2,200/ha) • Pre-tax discount rate (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).

24. OTHER EXPENSES (CONTINUED)

24.2 Impairment of property, plant and equipment, plantation development expenditure ("PDE"), intangible assets and assets held for sale in 2019 (continued)

(viii) Impairment in relation to TH PELITA Sadong Sdn. Bhd. (continued)

The values assigned to the key assumptions represent valuer's assessment of future trends in the oil palm industry and were based on external sources and internal sources (historical data).

The recoverable amount of a cash-generating unit was based on its fair value less cost to sell. The carrying amount of cash-generating unit was higher than the recoverable amount of RM42,329 per hectare for planted area and RM3,433 per hectare for plantable area in relation to palm oil. An impairment loss of RM4,894,000 has been recognised in prior year profit or loss.

The above estimates were particularly sensitive in the following assumptions:

- An increase of 1% in the discount rate would have resulted in an increase of impairment loss of RM8,100,000.
- A reduction in price of FFB by 5% would have resulted in an increase of impairment loss of RM14,800,000.
- A reduction in yield per hectare by 5% would have resulted in an increase of impairment loss of RM12,100,000.
- An increase of 5% in the upkeep and maintenance cost would have resulted in an increase of impairment loss of RM4,100,000.
- Factoring plantation land value of RM74,132/ha (based on the Gedong mill land value) discounted at 5% would have resulted in no impairment loss.
- If a pre-tax discount rate of 9% been used, it would have resulted in no impairment loss.
- If no future replanting cost nor future revenue are considered if an area is due for replanting before the end of the cycle, it would have resulted in an increase of impairment loss amounting to RM6,100,000.

(ix) Impairment in relation to TH PELITA Beladin Sdn. Bhd.

An area of bearer plant of a subsidiary of the Group were planted on a Native Customary Rights ("NCR") land amounted 991.85 Ha. The carrying amount of the bearer plant was RM28,367,000.

From 2011, the subsidiary had entered into several Principal Deeds with NCR Land Owners to lease the NCR land measuring 831.57 Ha out of 991.85 Ha to mitigate the exposure.

In prior year, the Board of the subsidiary had decided that the probability of the subsidiary to enter into an agreement for 160.28 Ha NCR was remote as there was no claim from the NCR Land Owners on the area, in which no future income was expected to be generated from this areas by the Group.

Subsequent to this, the Group had fully impaired RM4,189,000 in relation to carrying amount of the bearer plant of the 160.28 Ha NCR areas as at 31 December 2019 and recognised in the prior year profit or loss.

25. FINANCE INCOME

	Group		Company	
	2020 RM'000	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**
Profit margin income on financial assets that are not at fair value through profit or loss:				
- intercompany receivables	**-**	-	**8,203**	8,715
- loans and receivables	**939**	648	**902**	597
Finance income on finance lease receivable	**-**	-	**3,828**	3,831
Recognised in profit or loss	**939**	648	**12,933**	13,143

26. FINANCE COST

	Group		Company	
	2020 RM'000	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**
Finance cost on financial liabilities that are not at fair value through profit or loss:				
- loans and borrowings	**70,775**	78,959	**14,307**	13,339
- interest expenses on lease liabilities	**9,518**	8,835	**4,979**	4,620
- profit margin expense on subsidiaries	**-**	-	**6,302**	7,109
- profit margin expense on related companies	**34**	168	**34**	168
	80,327	87,962	**25,622**	25,236
Recognised in profit or loss	**70,889**	75,296	**25,256**	24,550
Capitalised in plantation development expenditure* (Note a)	**9,438**	12,666	**366**	686
	80,327	87,962	**25,622**	25,236

a. Included in capitalised in plantation development expenditure are as follows;

	Group		Company	
	2020 RM'000	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**
Finance cost capitalised in plantation development expenditure	**8,719**	7,226	**366**	686
Finance cost capitalised in plantation development expenditure in relation to assets held for sale	**719**	5,440	**-**	-
	9,438	12,666	**366**	686

* The finance cost is capitalised net interest expense at profit margin ranges from 4.17% to 6.65% (2019: 5.56% to 6.67%) per annum.

27. TAX EXPENSE

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Current tax expense				
Malaysia - current year	**28,401**	13,880	**3,944**	-
- prior years	**(135)**	411	**738**	(297)
Total current tax recognised in profit or loss	**28,266**	14,291	**4,682**	(297)
Deferred tax expense				
Origination and reversal of temporary differences	**2,496**	(41,010)	**(207)**	160
(Over)/Under provision in prior year	**(4,884)**	19,269	**973**	5,341
Derecognition of deferred tax assets	**1,124**	35,575	**-**	-
Total deferred tax recognised in profit or loss (Note a)	**(1,264)**	13,834	**766**	5,501
Total income tax expense	**27,002**	28,125	**5,448**	5,204
Reconciliation of tax expense				
Profit/(loss) for the year	**27,460**	(273,134)	**(16,340)**	(95,577)
Total income tax expense	**27,002**	28,125	**5,448**	5,204
Profit/(loss) excluding tax	**54,462**	(245,009)	**(10,892)**	(90,373)
Tax calculated using Malaysian tax rate of 24% (2019: 24%)	**13,071**	(58,802)	**(2,615)**	(21,690)
Non-assessable income	**(2,674)**	(857)	**(10,400)**	(47,552)
Non-deductible expenses	**20,500**	32,529	**16,752**	69,402
Derecognition of deferred tax asset	**1,124**	35,575	**-**	-
Under/(Over) provided in prior years:				
- current tax	**(135)**	411	**738**	(297)
- deferred tax	**(4,884)**	19,269	**973**	5,341
Total income tax expense	**27,002**	28,125	**5,448**	5,204

a. Included in total deferred tax recognised in profit or loss are as follows;

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Deferred tax recognised in profit or loss	**(12,639)**	41,075	**766**	5,501
Deferred tax in relation to assets held for sale recognised in profit or loss	**11,375**	(27,241)	**-**	-
	(1,264)	13,834	**766**	5,501

NOTES TO THE FINANCIAL STATEMENTS

28. PROFIT/(LOSS) FOR THE YEAR

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Loss for the year is arrived at after charging:				
Auditors' remuneration:				
- Audit fees				
KPMG Malaysia	**955**	972	**190**	190
Other auditors	**16**	15	**-**	-
- Non-audit fees				
KPMG Malaysia	**341**	227	**51**	22
Material expenses/(income)				
Personnel expenses (including key management personnel):				
- Wages, salaries and others	**123,767**	131,098	**11,152**	10,102
- Contribution to Employees Provident Fund	**8,779**	9,485	**728**	927
Depreciation of property, plant and equipment	**53,827**	60,435	**4,764**	3,687
Impairment loss on property, plant and equipment	**2,986**	75,845	**-**	-
Reversal of impairment loss on property, plant and equipment	**(15,982)**	(5,368)	**-**	-
Property, plant and equipment written off	**557**	244	**2**	38
Property, plant and equipment in relation to assets held for sale written off	**-**	5	**-**	-
Net gain on disposal of property, plant and equipment	**(986)**	(96)	**-**	(240)
Net gain on disposal of property, plant and equipment in relation to assets held for sale	**(147)**	-	**-**	-
Depreciation of right-of-use assets	**13,019**	14,170	**1,047**	985
Impairment loss on right-of-use assets	**-**	22,819	**-**	-
Net gain on disposal of right-of-use assets	**(41)**	-	**-**	-
Net gain on disposal of right-of-use assets in relation to assets held for sale	**(13)**	-	**-**	-
Impairment loss on plantation development expenditure	**5,329**	20,316	**-**	-
Reversal of impairment loss on plantation development expenditure	**-**	(1,833)	**-**	-
Change in fair value of forestry	**(5,726)**	43,215	**-**	-
Impairment loss on intangible asset	**-**	9,761	**-**	-
Reversal of impairment loss on investment in subsidiaries classified as assets held for sale	**-**	-	**-**	(177,000)
Finance income on finance lease receivable	**-**	-	**(3,828)**	(3,831)
Change in fair value of biological asset	**(4,220)**	(11,031)	**(1,018)**	(2,193)
Expenses related to retirement benefit plan	**185**	181	**-**	-

28. PROFIT/(LOSS) FOR THE YEAR (CONTINUED)

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Material expenses/(income) (continued)				
Impairment loss on assets held for sale	**288**	73,355	**-**	-
Dividend income	**(182)**	(73)	**(182)**	(2,796)
Profit margin income from short-term investments and other receivables	**(939)**	(648)	**(9,105)**	(9,312)
Finance income on finance lease receivable	**-**	-	**(3,828)**	(3,831)
Unrealised foreign exchange loss	**20,741**	-	**-**	-
Loss/(Gain) on disposal of a subsidiary	**8,135**	-	**(1,129)**	-
Finance costs	**61,371**	66,461	**20,277**	19,930
Finance costs on lease liabilities	**9,518**	8,835	**4,979**	4,620
Rental expense of property (Note a)	**-**	4,621	**-**	4,621
Rental income from property	**-**	-	**(9)**	(4,627)
Impairment/(reversal) of financial instruments				
Impairment loss on trade receivables	**-**	6	**-**	-
Impairment loss on amount due from subsidiaries	**-**	-	**20,973**	272,543
Reversal of impairment loss on amount due from subsidiaries	**-**	-	**(2,457)**	-
Impairment loss on other receivables	**-**	13	**-**	10
Impairment loss on amount due from related companies	**-**	506	**-**	-
Reversal of impairment loss on amount due from related companies	**(16)**	(49)	**-**	(49)
Amount due from related companies written off	**16**	49	**-**	49
Reversal of impairment loss on trade receivables	**-**	(157)	**-**	-
Trade receivables written off	**-**	157	**-**	-
Reversal of impairment loss on investments in subsidiaries	**-**	-	**(31,685)**	-
Investments in subsidiaries written off	**-**	-	**31,685**	-

Note a

In prior year, the Group leases a building with contract terms of one (1) year. These leases were short-term. The Group and the Company have elected not to recognise right-of-use assets and lease liabilities for these leases.

29. OTHER COMPREHENSIVE INCOME

Group	Before tax RM'000	Tax credit RM'000	Net of tax RM'000
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**
2019			
Item that will not be reclassified subsequently to profit or loss			
Remeasurement on defined benefit liability	25	-	25
Item that is or may be reclassified subsequently to profit or loss			
Foreign currency translation differences for foreign operations	(1,566)	-	(1,566)

30. EARNINGS PER ORDINARY SHARE

The calculation of basic and diluted earnings per share for the year ended 31 December 2020 was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding calculated as follows:

	Group	
	2020 RM'000	2019 RM'000
Profit/(loss) for the year attributable to shareholders	**13,991**	(226,498)

Weighted average number of ordinary shares

	Group	
	2020 '000	2019 '000
Weighted average number of ordinary shares at 31 December	**883,851**	883,851

30. EARNINGS PER ORDINARY SHARE (CONTINUED)

Weighted average number of ordinary shares (diluted)

	Group	
	2020 ’000	**2019 ’000**
Weighted average number of ordinary shares at 31 December	**883,851**	883,851

	Group	
	2020 Sen	**2019 Sen**
Basic earnings/(loss) per ordinary share	**1.58**	(25.63)
Diluted earnings/(loss) per ordinary share	**1.58**	(25.63)

31. 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).

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.

31. OPERATING SEGMENTS (CONTINUED)

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.

Group	Oil palm plantations		Forestry		Total	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Segment profit/(loss)	**242,644**	167,716	**1,038**	(46,080)	**243,682**	121,636
Included in the measure of segment profit/(loss) are:						
Revenue from external customers	**554,915**	493,577	**-**	-	**554,915**	493,577
Change in fair value of biological assets	**4,220**	11,031	**-**	-	**4,220**	11,031
Change in fair value of forestry	**-**	-	**5,726**	(43,215)	**5,726**	(43,215)
Not included in the measure of segment profit but provided to Group's Chief Executive Officer						
Depreciation	**(65,810)**	(74,083)	**(480)**	(522)	**(66,290)**	(74,605)
Finance costs	**(130,447)**	(139,107)	**(11,617)**	(11,581)	**(142,064)**	(150,688)
Profit margin income from short-term investments and receivables	**69,863**	70,540	**32**	48	**69,895**	70,588
Segment assets	**4,264,385**	**4,258,821**	**28,440**	**23,297**	**4,292,825**	**4,282,118**
Additions to non-current assets other than financial instrument and deferred tax assets	**42,824**	68,962	**14,878**	25,083	**57,702**	94,045

31. OPERATING SEGMENTS (CONTINUED)

Reconciliations of reportable segment revenues, profit or loss, assets and other material items

Group	2020 RM'000	2019 RM'000
Profit or loss		
Total profit or loss for reportable segments	**243,682**	121,636
Other non-reportable segments	**182**	73
Depreciation	**(66,290)**	(74,605)
Finance cost	**(70,889)**	(75,296)
Finance income	**939**	648
Unallocated (expenses)/income:		
Impairment loss	**(8,603)**	(202,096)
Corporate expenses	**(29,684)**	(30,085)
Loss on unrealised foreign exchange	**(20,716)**	-
Others	**5,841**	14,716
Consolidated profit/(loss) before tax	**54,462**	(245,009)

	Fair value gain/(loss) on biological assets RM'000	Fair value loss 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
2020								
Total profit or loss for 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**
2019								
Total profit or loss for reportable segments	11,031	(43,215)	493,577	(74,605)	(150,688)	70,588	4,282,118	94,045
Other non-reportable segments	-	-	73	-	-	-	-	-
Elimination of inter-segment transaction or balances	-	-	-	-	75,392	(69,940)	(1,545,516)	-
Consolidated total	11,031	(43,215)	493,650	(74,605)	(75,296)	648	2,736,602	94,045

31. 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	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Malaysia	**554,224**	493,577	**1,595,902**	1,443,072
Indonesia	**691**	-	**82,530**	82,868
	554,915	493,577	**1,678,432**	1,525,940

Major customers

The following are major customers with revenue equal or more than 10 percent of Group revenue:

	2020 RM'000	2019 RM'000	Segment
Mewaholeo Industries Sdn. Bhd.	**60,266**	50,296	Oil palm plantations
SOP Edible Oils Sdn. Bhd.	**37,118**	41,529	Oil palm plantations
Wilmar International Limited	**205,296**	125,577	Oil palm plantations

32. FINANCIAL INSTRUMENTS

32.1 Categories of financial instruments

The table below provides an analysis of financial instruments as at 31 December 2020 categorised as follows:

(a) Fair value through profit or loss ("FVTPL"); and
(b) Amortised cost ("AC").

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)**

* exclude non-financial instruments

32. FINANCIAL INSTRUMENTS (CONTINUED)

32.1 Categories of financial instruments (continued)

2020	Carrying amount RM'000	AC RM'000	FVTPL RM'000
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)**	**-**
2019			
Group			
Financial assets			
Other investments	3,064	1,239	1,825
Trade and other receivables*	31,082	31,082	-
Cash and cash equivalents	68,953	68,953	-
	103,099	101,274	1,825
Financial liabilities			
Loans and borrowings	(1,279,415)	(1,279,415)	-
Trade and other payables	(219,436)	(219,436)	-
	(1,498,851)	(1,498,851)	-
Company			
Financial assets			
Other investments	1,825	-	1,825
Trade and other receivables*	75,993	75,993	-
Cash and cash equivalents	63,610	63,610	-
	141,428	139,603	1,825
Financial liabilities			
Trade and other payables	(391,571)	(391,571)	-
Loans and borrowings	(60,000)	(60,000)	-
	(451,571)	(451,571)	-

* exclude non-financial instruments

32. FINANCIAL INSTRUMENTS (CONTINUED)

32.2 Net gains and losses arising from financial instruments

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Net gains/(losses) on:				
Financial assets at amortised cost	**939**	123	**(5,583)**	(263,241)
Financial liabilities at amortised cost	**(74,147)**	(79,777)	**(20,643)**	(20,616)
Fair value through profit or loss				
- Unrealised foreign exchange loss	**(17,403)**	-	**-**	-
	(90,611)	(79,654)	**(26,226)**	(283,857)

Included in losses on financial liabilities of the Group and the Company measured at amortised cost are RM9,438,000 (2019: RM12,666,000) and RM366,000 (2019: RM686,000) respectively which are capitalised in plantation development expenditure (see Note 26).

32.3 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

32.4 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.

32. FINANCIAL INSTRUMENTS (CONTINUED)

32.4 Credit risk (continued)

Trade receivable (continued)

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.

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 2020 which are grouped together as they are expected to have similar risk nature.

2020	Gross RM'000	Loss allowances RM'000	Net RM'000
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**
2019			
Group			
Not past due	28,750	-	28,750
Credit impaired			
Individually impaired	6	(6)	-
	28,756	(6)	28,750
Company			
Not past due	6,170	-	6,170

32. FINANCIAL INSTRUMENTS (CONTINUED)

32.4 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 2019/1 January 2020	**6**
Amount written off	**-**
Net remeasurement of loss allowance	**-**
At 31 December 2020	**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 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	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
At 1 January	**11,165**	11,152	**6,482**	6,472
Net remeasurement of loss allowance	**-**	13	**-**	10
At 31 December	**11,165**	11,165	**6,482**	6,482

32. FINANCIAL INSTRUMENTS (CONTINUED)

32.4 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 RM45,502,000 (2019: RM46,254,000) 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.

As at the end of the reporting period, there was no indication that the subsidiary would 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.

32. FINANCIAL INSTRUMENTS (CONTINUED)

32.4 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 2019	4,317	120,433
Net remeasurement of loss allowance	506	272,543
Amount due from related companies written off	(49)	(49)
At 31 December 2019/1 January 2020	**4,774**	**392,927**
Net remeasurement of loss allowance	**-**	**20,973**
At 31 December 2020	**4,774**	**413,900**

The significant increase in net measurement of loss allowance is primarily due to change in market condition which the subsidiaries operates in.

32.5 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 bank 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.

32. FINANCIAL INSTRUMENTS (CONTINUED)

32.5 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
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**
2019							
Non-derivative financial liabilities							
SUKUK Murabahah Medium Term Notes	895,000	5.56 - 6.65	1,166,482	40,341	79,821	379,402	666,918
Term Financing	37,908	3.00	126,875	-	-	-	126,875
Islamic Trade Financing-i	10,271	3.41 - 3.80	10,641	10,641	-	-	-
Commodity Murabahah Term Financing-i	229,982	5.80 - 6.12	282,277	42,653	41,335	122,935	75,354
Commodity Murabahah Term Financing-i	46,254	4.91 - 5.71	61,494	2,848	2,840	25,716	30,090
Commodity Murabahah Revolving-i	60,000	5.64	63,384	63,384	-	-	-
Amount due to holding corporation	12,092	-	12,092	12,092	-	-	-
Amount due to related companies	8,719	3.13 - 7.60	10,147	7,464	-	-	2,683
Trade and other payables	198,625	-	198,625	190,292	-	-	8,333
Lease liabilities	76,726	8.20	558,365	7,896	5,098	15,939	529,432
	1,575,577		2,490,382	377,611	129,094	543,992	1,439,685

32. FINANCIAL INSTRUMENTS (CONTINUED)

32.5 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
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**	**2,788**	**4,786**	**17,878**	**20,050**
Lease liabilities	**60,722**	**8.20**	**517,445**	**3,221**	**6,764**	**18,777**	**488,683**
	535,576		**1,048,520**	**491,582**	**11,550**	**36,655**	**508,733**
2019							
Non-derivative financial liabilities							
Commodity Murabahah Revolving-i	60,000	5.64	63,384	63,384	-	-	-
Amount due to subsidiaries	272,980	3.13 - 5.90	281,865	281,865	-	-	-
Amount due to holding corporation	11,972	-	11,972	11,972	-	-	-
Amount due to related companies	7,226	3.13 - 3.38	7,461	7,461	-	-	-
Trade and other payables	99,393	-	99,393	99,393	-	-	-
Financial guarantee	-	-	46,254	2,848	2,840	15,545	25,021
Lease liabilities	60,722	8.20	523,350	5,905	3,220	10,307	503,918
	512,293		1,033,679	472,828	6,060	25,852	528,939

32. FINANCIAL INSTRUMENTS (CONTINUED)

32.6 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.

32.6.1 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 2020 RM'000	2019 RM'000
Balances recognised in the statement of financial position		
Trade payables	**139**	260
Net exposure	**139**	260

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.

32.6.2 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.

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	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Fixed rate instruments				
Financial assets	**74,250**	59,662	**70,000**	57,000
Financial liabilities	**(978,258)**	(1,079,905)	**(60,722)**	(132,694)
	(904,008)	(1,020,243)	**9,278**	(75,694)
Floating rate instruments				
Financial assets	**-**	-	**71,983**	61,752
Financial liabilities	**(264,646)**	(284,955)	**(329,313)**	(280,206)
	(264,646)	(284,955)	**(257,330)**	(218,454)

32. FINANCIAL INSTRUMENTS (CONTINUED)

32.6 Market risk (continued)

32.6.2 Profit margin risk (continued)

Exposure to profit margin risk (continued)

As at 31 December 2020, 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 20, Note 18 and Note 14.

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.

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 2020 RM'000	100 bp decrease 2020 RM'000	100 bp increase 2019 RM'000	100 bp decrease 2019 RM'000
Group				
Floating rate instruments	**(2,011)**	**2,011**	(2,166)	2,166
Company				
Floating rate instruments	**(1,956)**	**1,956**	(1,660)	1,660

32.7 Hedging activities

32.7.1 Currency risk – Transactions in foreign currency

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.

32. FINANCIAL INSTRUMENTS (CONTINUED)

32.7 Hedging activities (continued)

32.7.1 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.

As at 31 December 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.

32.8 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.

Group	Fair value of financial instruments not carried at fair value				Carrying amount
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	RM'000
2020					
Financial assets					
Unquoted shares	**-**	**-**	**1,825**	**1,825**	**1,825**
Financial liabilities					
SUKUK Murabahah Medium Term Notes – unsecured	**-**	**-**	**(749,572)**	**(749,572)**	**(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	**-**	**-**	**(43,450)**	**(43,450)**	**(45,502)**
Amount due to related companies	**-**	**-**	**(2,514)**	**(2,514)**	**(1,606)**
	-	**-**	**(1,027,442)**	**(1,027,442)**	**(1,056,073)**
2019					
Financial assets					
Unquoted shares	-	-	1,825	1,825	1,825
Financial liabilities					
SUKUK Murabahah Medium Term Notes – unsecured	-	-	(765,670)	(765,670)	(855,000)
Term Financing	-	-	(37,433)	(37,433)	(37,908)
Commodity Murabahah Term Financing-i	-	-	(184,412)	(184,412)	(200,482)
Commodity Murabahah Term Financing-i	-	-	(41,606)	(41,606)	(46,254)
Amount due to related companies	-	-	(2,479)	(2,479)	(1,493)
	-	-	(1,031,600)	(1,031,600)	(1,141,137)

NOTES TO THE FINANCIAL STATEMENTS

32. FINANCIAL INSTRUMENTS (CONTINUED)

32.8 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).

Company	Fair value of financial instruments not carried at fair value				Carrying amount
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	RM'000
2020					
Financial assets					
Unquoted shares	**-**	**-**	**1,825**	**1,825**	**1,825**
2019					
Financial assets					
Unquoted shares	-	-	1,825	1,825	1,825

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.
• Amount due from subsidiaries and related companies	Discounted cash flows using a rate based on the current market rate of borrowing of the subsidiaries 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:

	2020	2019
Loans and borrowings, amount due from subsidiaries and related companies and finance lease receivables	**6.70%**	8.20%

33. 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.

The debt-to-equity ratios at 31 December 2020 and at 31 December 2019 were as follows:

		Group	
	Note	**2020 RM'000**	**2019 RM'000**
Total borrowings	18	**1,159,467**	1,279,415
Lease liabilities		**81,831**	76,726
Less: Cash and cash equivalents	15	**(84,481)**	(68,953)
Less: Other investments	9	**(2,701)**	(1,239)
Net debt		**1,154,116**	1,285,949
Total equity		**850,093**	817,804
Debt-to-equity ratios		**136%**	157%

33.1 The subsidiary's 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 18.2 (a), the subsidiary is required to maintain a FSCR of at least 1:25 times. The FSCR ratios at 31 December 2020 and at 31 December 2019 were as follows:

	2020	**2019**
Subsidiary's FSCR	**2.92**	3.18

34. CAPITAL AND OTHER COMMITMENTS

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Property, plant and equipment				
Approved and contracted for:				
Within one year	**-**	1,316	**-**	-
Authorised but not contracted for:				
Within one year	**42,389**	26,473	**6,124**	5,175
Plantation development expenditure				
Authorised but not contracted for:				
Within one year	**28,706**	46,792	**3,955**	6,818
	71,095	74,581	**10,079**	11,993

35. 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 14 and 20.

NOTES TO THE FINANCIAL STATEMENTS

35. RELATED PARTIES (CONTINUED)

Significant related party transactions (continued)

	Group		Company	
	2020 RM'000	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**
A. Holding corporation				
Expenses				
Rental of land	**(2,928)**	(2,928)	**(2,928)**	(2,928)
B. Related companies				
Income				
Management fees income	**261**	325	**-**	-
Expenses				
Purchase of flight tickets	**(119)**	(362)	**(6)**	(27)
Insurance premium	**-**	(4,397)	**-**	(513)
C. Subsidiaries companies				
Income				
Rental of premise	**-**	-	**-**	4,621
Profit margin income from subsidiaries receivables	**-**	-	**7,150**	7,682
Expenses				
Management fees	**-**	-	**(4,443)**	(3,855)
Profit margin expense from subsidiaries payables	**-**	-	**(21,698)**	(19,409)
D. Key management personnel				
Non-executive directors				
- Fees	**(1,477)**	(1,903)	**(479)**	(632)
Other key management personnel				
- Short-term employee benefits	**(1,905)**	(1,685)	**(1,905)**	(1,685)
	(3,382)	(3,588)	**(2,384)**	(2,317)

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 salaried key management personnel, the Group also contributes to state plans at the rate which is higher than statutory rate.

The estimated monetary value of Directors' benefit-in-kind is RM Nil (2019: RM36,000).

36. 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.

Effect of disposal on the financial position of the Group;

	Note	RM'000
Property, plant and equipment ("PPE")	16.1	59,877
Right-of-use	16.1	4,676
Plantation development expenditure ("PDE")	16.1	250
Deferred tax assets	16.1	7,522
Biological assets	16.1	1,880
Inventories	16.1	9
Trade and other receivables	16.1	1,159
Prepayment and other assets	16.1	66
Cash and cash equivalents	16.1	650
Trade and other payables	16.1	(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	28	(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	**8**	**38,685**
Impairment loss of cost of investment written off	**8**	**(31,685)**
		7,000
Gain on disposal	**28**	**1,129**
Consideration received		**8,129**

37. SUBSEQUENT EVENT

Event after the reporting period

Contingent liability

On 30 March 2021 and 31 March 2021, the Company has been served with a sealed copy of a Writ of Summons and a judicial review application from Tamaco Plantation Sdn. Bhd. ("Tamaco").

The cases involved are as follows;

(i) Tamaco Plantation Sdn. Bhd. (Company No. 45922-D) (referred to as "Plaintiff") vs TH Plantations Berhad ("the Company") (Kuala Lumpur High Court Writ of Summons dated 29 March 2021 No. WA-22NCC-144-03-2021)

The Plaintiff has sought relief under the Writ of Summons against the Company are as follows;

i) A declaration that the Plaintiff and the Company are entitled to continue to complete the SPA;

ii) A declaration that the time to complete the SPA and/or long-stop date is independent (at large);

iii) A declaration that the Company was estopped by its own conduct to terminate the SPA;

iv) A declaration that the termination letter in relation to the extension of time of the Agreement as issued by the Company's solicitor dated 25 March 2021 be null and void;

v) An order for permanent injunction order be granted to the Plaintiff against the Company to prohibit the Defendant from terminating the SPA;

vi) An order for specific performance order be given to the Plaintiff against the Company to perform the SPA; and

vii) General, exemplary and aggravated damages.

The outcome of the inter-parte hearing of the Notice Application are as follows:

i) The Court has granted the Plaintiff an ad interim injunction against the Company, which injunction will remain effective until the next hearing fixed on 5 May 2021;

ii) The Company is restrained from giving effect to Clause 3.4 of the SPA i.e. that the SPA will automatically terminate if the conditions precedent are not met by the expiry of the Long Stop Date; and

iii) The case management is fixed on 12 April 2021 for directions on the Writ of Summons.

Subsequent to the case management heard on 12 April 2021, the following directions were given by the Deputy Registrar of the Kuala Lumpur High Court:

i) The Company is required to file its Defence by 26 April 2021;

ii) Plaintiff is required to file its Reply by 10 May 2021; and

iii) A case management is fixed on 20 May 2021 and any interlocutory application should be filed by the said date.

37. SUBSEQUENT EVENT (CONTINUED)

The cases involved are as follows; (continued)

(ii) Tamaco Plantation Sdn. Bhd. (Company No. 45922-D) ("Applicant" or "Tamaco") vs Ketua Pengarah Unit Perancang Ekonomi Di Jabatan Perdana Menteri (referred as "1st Respondent") and TH Plantations Berhad (Company No. 12696-M) (referred as "2nd Respondent") (both referred as "Respondents") (High Court of Malaya at Kuala Lumpur in the Federal Territory of Malaysia (Special Powers Division) Application for Judicial Review No. WA-25-71-03/2021)

The Applicant filed a judicial review application against the Respondents and the claims are as follows;

i) An order for certiorari to quash the decision of the 1st Respondent dated 4.12.2020 that retracted/cancelled the Approval Letter dated 24.11.2020 issued by the 1st Respondent to the Applicant in connection with the acquisition of the 2nd Respondent's shares in BSV and MWM by the Applicant pursuant to the SPA;

ii) A declaration that the 1st Respondent's retraction/cancellation of the Approval Letter dated 24.11.2020 is invalid, null and void;

iii) A declaration that the Applicant and the 2nd Respondent are entitled to proceed to complete the SPA subject to the terms set out in the Approval Letter dated 24.11.2020;

iv) General damages to be paid by the 1st Respondent to the Applicant or alternatively, damages to be assessed and paid by the 1st Respondent to the Applicant.

On 31 March 2021, the Applicant obtained on an ex-parte basis, leave to commence the judicial review application from the High Court against the Respondents for the above relief sought. The Applicant also obtained an interim stay of the 1st Respondent's said decision dated 4.12.2020.

Subsequent to the hearing of the inter-partes application for a stay which was required to be heard at the High Court on 12.4.2021, the High Court Judge has decided as follows:

i) The ad interim stay order should continue until the outcome of the Judicial Review proceedings to quash the decision of the EPU;

ii) Both Respondents are to file their respective Affidavits in Reply by 12 May 2021;

iii) The Applicant is to file its Affidavit by 14 June 2021; and

iv) The Judicial Review application has been fixed for case management on 21 June 2021.

The Directors are of the opinion that disclosure of any further information about the above matter would be prejudicial to the interests of the Company.

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 81 to 209 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 2020 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

……………………………………………………...........….

Datuk Nik Mohd Hasyudeen bin Yusoff
Director

Kuala Lumpur,

Date: 15 April 2021

STATUTORY DECLARATION

PURSUANT TO SECTION 251(1)(B) OF THE COMPANIES ACT 2016

I, **Rahimi bin Ramli**, 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 81 to 209 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 Rahimi Bin Ramli, NRIC: 700318-11-5025, MIA CA 18018, in Kuala Lumpur in the Federal Territory on 15 April 2021.

……………………………………………

Rahimi bin Ramli

Before me:

PESURUHJAYA SUMPAH
W 465
KAPT (B) JASNI BIN YUSOFF
1 JAN 2019 - 31 DIS 2021
MALAYSIA

Commissioner for Oaths

Lot 1.08, Tingkat 1,
Bangunan KWSP, Jln Raja Laut
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 2020 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 81 to 209.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2020, and of their financial performance and 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.

Group – Impairment of plantation assets

Refer to Note 2(k) - Significant accounting policy: Impairment, Note 3 – Property, plant and equipment, Note 5 – Plantation development expenditure, Note 16 – Assets held for sale and Note 24 - Other expenses.

The key audit matter:

As disclosed in Note 24, the Group had recorded impairment losses on certain cash-generating units of plantations assets of RM8,603,000, of which RM8,315,000 of the impairment loss was based on recoverable amount determined by value in use calculations, as performed by the Group.

Also, as disclosed in Note 3.6, the Group had recorded a reversal on impairment losses made in prior year of RM15,982,000 on certain cash-generating units of plantations assets, based on recoverable amount determined by value in use calculations, as performed by the Group.

Impairment tests were also performed on plantation assets of the disposal group (refer to Note 16 – Assets held for sale) and certain cash generating units of plantation assets (refer to Note 24 – Other expenses) either based on valuations performed by registered valuers or value in use calculations as performed by the Group, as recoverable amounts of those plantation assets.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF TH PLANTATIONS BERHAD

Key Audit Matters (continued)

Group – Impairment of plantation assets (continued)

Refer to Note 2(k) - Significant accounting policy: Impairment, Note 3 – Property, plant and equipment, Note 5 – Plantation development expenditure, Note 16 – Assets held for sale and Note 24 - Other expenses.

The key audit matter: (continued)

Those impairment tests results, recorded impairment losses and reversal of impairment losses were highly sensitive to the key assumptions applied by the Group and registered valuers. In some situations, had the same key assumptions were applied using market information or current year results, those impairment tests results could differ significantly, such as higher impairment losses or lower reversal of impairment losses might be recorded.

We identified impairment of plantation assets as a key audit matter because:

- They are significant to the financial statements of the Group;
- The valuation process involved significant judgment in determining the appropriate valuation methodology and assumptions;
- The key assumptions applied are highly sensitive and subjective, which are susceptible to manipulation;
- There are no direct comparable prices; and
- There is no active market for certain plantation assets.

How the matter was addressed in our audit

Our audit procedures included, amongst others:

- We have evaluated and challenged the key assumption used in determining the recoverable amounts by comparing them with our understanding of the industry and with internal and external information;
- We have evaluated the Group's cashflow forecasts and the process by which they are developed. We compared these forecasts to the Group's approved business plans and compared previous forecasts to current year results to assess the performance of the business and the reliability of the forecasting process. In situations where the forecasted numbers are inconsistent with current year results, we evaluated the sensitivity of these assumptions;
- We have evaluated and challenged the following key assumptions used in the cashflows;

  i. Commodity price – we compared the price used in forecast against external source;

  ii. Cashflow period – we compared the assumptions to the historical production cycle;

  iii. Upkeep and maintenance costs – we compared the assumptions to the cost of similar estates and with our expectation based on our knowledge of the industry;

  iv. Production quantity – we compare the assumptions to the historical production based on age of the trees and planted areas; and

  v. Discount rate – we compared the discount rate to industry practice and external source.
- We have 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 assets;

Key Audit Matters (continued)

Group – Impairment of plantation assets (continued)

Refer to Note 2(k) - Significant accounting policy: Impairment, Note 3 – Property, plant and equipment, Note 5 – Plantation development expenditure, Note 16 – Assets held for sale and Note 24 - Other expenses.

How the matter was addressed in our audit (continued)

Our audit procedures included, amongst others: (continued)

- We have evaluated the registered valuers' competencies, capabilities an objectivity;
- We have evaluated whether the valuations performed by the registered valuers in prior year are still relevant for the current year;
- We have read the valuation report and interviewed the registered valuers to determine the appropriateness of the methodologies and key assumptions used by the registered valuers; and
- We have checked, on a sample basis, the accuracy and relevance of the input data provided by the Group to the registered valuers;

Group – Forestry

Refer to Note 2(h) - Significant accounting policy: Forestry and Note 6 – Forestry

The key audit matter

The Group has significant carrying amount of forestry assets which is carried at fair value less cost to sell.

During the financial year, the valuation was based on the highest and best use of the forestry which is the felling of timber.

The registered valuer is of the opinion that as the result of the decrease in latex price in recent years, it is not cost effective to extract latex from the rubber trees, thus, the valuation for the current financial year does not account for tapping of latex.

We identified the fair valuation of forestry as a key audit matter because:

- Its significant amount in the Group's financial statements; and
- It required us to exercise significant judgement in evaluating the appropriateness of assumptions applied in determining the fair value.

How the matter was addressed in our audit

Our audit procedures included, amongst others:

- We evaluated the registered valuer's competency and capabilities;
- Read the valuation report and interviewed the valuer to understand the variation in methodology used by the valuer;
- We checked, on a sample basis the accuracy and relevance of the input data provided by the Group to the registered valuer;

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF TH PLANTATIONS BERHAD

Key Audit Matters (continued)

Group – Forestry (continued)

Refer to Note 2(h) - Significant accounting policy: Forestry and Note 6 – Forestry

How the matter was addressed in our audit (continued)

Our audit procedures included, amongst others: (continued)

- We evaluated and challenged the key assumptions used in determining the recoverable amounts by comparing them with our understanding of the industry and with internal and external information; and

- We also considered the adequacy of the disclosures in the financial statements, in describing the inherent degree of subjectivity and key assumptions used in the estimates.

Group – Going concern

Refer to Note 1(b) – Basis of measurement.

At 31 December 2020, the Group had net current assets of RM465,922,000 (which included net non-current assets that are classified as assets held for sale equivalents of RM629,857,000). 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 RM163,935,000.

The Group finances its operation activities using a combination of cash on hand, operating cash flows, which are generated mainly from the sales of CPO, PK and FFB, and borrowings.

Based on their review of cash flow forecasts of the Group, the Directors have concluded that it is appropriate for them to prepare the consolidated financial statements using the going concern basis of accounting as the ultimate holding corporation has express willingness to provide the necessary level of financial support to the Group to enable them to meet the payment of debts, as and when they fall due should they be unable to do so. The going concern basis of accounting presumes that the Group has adequate resources to remain in operation based on the cash flow forecasts and the financial support received from its holding corporation, Lembaga Tabung Haji, on 25 March 2021, and that the Directors intend it to do so, for at least one year from the date of the financial statements.

We identified the assessment of going concern as a key audit matter because the Group's going concern is dependent on the realisation of assets held for sale which has increased the risk that the Group may not be able to continue to operate as a going concern.

How the matter was addressed in our audit

Our audit procedures included, amongst others:

- evaluated the capability of the ultimate holding corporation to support the Group,

- reviewed the loan covenants to determine breach if any, on or before reporting period: and

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.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF TH PLANTATIONS BERHAD

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.

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.

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

- 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.

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 8 to the financial statements.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF TH PLANTATIONS BERHAD

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: 02922/04/2022 J
Chartered Accountant

Petaling Jaya

Date:15 April 2021

PROPERTIES OWNED BY THE GROUP

AT 31 DECEMBER 2020

PLANTATIONS

Location	Approximate Age Of Building	Tenure	Year Of Expiry	Titled Area Hectares	Description	Net Book Value RM'000
PENINSULAR MALAYSIA						
TH Plantations Berhad						
Ladang Ulu Chukai Kemaman, Terengganu	-	Leasehold	2051	902	Oil Palm Estate	21,524
Ladang Bukit Lawiang Ladang Gunung Sumalayang Kluang, Johor	-	Leasehold	2091	4,058	Oil Palm Estate	74,265
Kilang Sawit Bukit Lawiang Kluang, Johor	32	Leasehold	2091	10^	Palm Oil Mill	6,301
THP Kota Bahagia Sdn. Bhd.[1]						
Ladang Kota Bahagia Keratong, Pahang	-	Leasehold	2071 and 2073	1,858	Oil Palm Estate	38,389
Kilang Sawit Kota Bahagia Keratong, Pahang	45	Leasehold	2071	9.804^	Palm Oil Mill	7,090
Ladang Sungai Mengah Keratong, Pahang	-	Leasehold	2073, 2090, and 2093	2,196	Oil Palm Estate	37,939
Ladang Sungai Buan Keratong, Pahang	-	Leasehold	2093 and 2108	1,796	Oil Palm Estate	30,836
Ladang Sungai Merchong Muadzam Shah, Pahang	-	Leasehold	2085	1,720	Oil Palm Estate	32,946
THP Ibok Sdn. Bhd.[2]						
Ladang Sungai Ibok Kemaman, Terengganu	-	Leasehold	2042 and 2052	924	Oil Palm Estate	22,190
SABAH						
THP Sabaco Sdn. Bhd.						
Ladang Sungai Tenegang Ladang Sungai Koyah Lahad Datu, Sabah	-	Leasehold	2083	3,886	Oil Palm Estate	152,615

PROPERTIES OWNED BY THE GROUP
AT 31 DECEMBER 2020

PLANTATIONS						
Location	**Approximate Age Of Building**	**Tenure**	**Year Of Expiry**	**Titled Area Hectares**	**Description**	**Net Book Value RM'000**
SABAH						
THP Sabaco Sdn. Bhd.						
Kilang Sawit Sungai Tenegang Lahad Datu, Sabah	29	Leasehold	2083	50^	Palm Oil Mill	11,145
Ladang Bukit Gold Lahad Datu, Sabah	-	Leasehold	2076	2,020	Oil Palm Estate	74,956
Ladang Mamahat Kota Marudu, Sabah	-	Leasehold	2096, 2098 and 2099	2,936	Oil Palm Estate	101,677
Kilang Sawit Ladang Mamahat Kota Marudu, Sabah	12	Leasehold	2096	25^	Palm Oil Mill	11,400
THP Bukit Belian Sdn. Bhd.						
Ladang Bukit Belian Sandakan, Sabah	-	Leasehold	2887	1,088	Oil Palm Estate	37,956
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	136,868
TH-USIA Jatimas Sdn. Bhd.						
Ladang Jatimas Sandakan, Sabah	-	Licensed for 100 years	2098	4,046	Forestry	53,160
Ladang Jati Keningau Sdn. Bhd.						
Ladang Jati Keningau Sandakan, Sabah	-	Leasehold	2078	1,550	Teak Estate	28,574

PROPERTIES OWNED BY THE GROUP AT 31 DECEMBER 2020

PLANTATIONS

Location	Approximate Age Of Building	Tenure	Year Of Expiry	Titled Area Hectares	Description	Net Book Value RM'000
Sarawak						
THP Saribas Sdn. Bhd.[3]						
Ladang Kenyalang Ladang Raja Udang Ladang Enggang Ladang Merbok Ladang NCR Saribas Pusa, Sarawak	-	Leasehold	2060	9,422∞	Oil Palm Estate	360,552
Kilang Sawit Ladang Raja Udang Pusa, Sarawak	8	Leasehold	2060	9^	Palm Oil Mill	48,376
Hydroflow Sdn. Bhd.						
Ladang Sungai Kerian Samarahan, Sarawak	-	Leasehold	2064 and 2067	5,583	Oil Palm Estate	110,039
TH PELITA Gedong Sdn. Bhd.						
Ladang Gedong Ladang Sematan Serian, Sarawak	-	Leasehold	2058, 2074 and 2075	7,967	Oil Palm Estate	226,659
Kilang Sawit Gedong Serian, Sarawak	16	N/a*	N/a	217*	Palm Oil Mill	29,472
TH PELITA Sadong Sdn. Bhd.						
Ladang Sadong Ladang Lupar Serian, Sarawak	-	Leasehold	2060	4,549	Oil Palm Estate	159,202
TH PELITA Simunjan Sdn. Bhd.						
Ladang Kepayang Ladang Semalatong Samarahan, Sarawak	-	Not available as the estates are located on NCR land. Principal Deed and Trust Deed have yet to be finalised as survey works are yet to be completed. The NCR 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	111,995

PROPERTIES OWNED BY THE GROUP
AT 31 DECEMBER 2020

PLANTATIONS

Location	Approximate Age Of Building	Tenure	Year Of Expiry	Titled Area Hectares	Description	Net Book Value RM'000
TH PELITA Beladin Sdn. Bhd.						
Ladang NCR Beladin, Sarawak	-	LCDA Holdings Sdn Bhd shall within sixty (60) months as from the Effective Date, procure or cause to procure the alienation of the NCR Land by the Sarawak Government to TH PELITA Beladin Sdn Bhd for oil palm plantation for a term of sixty (60) years subject to such terms as the Sarawak Government may impose under the Sarawak Land Code, and consequently to issue the lease title thereof.	-	1,577[5]	Oil Palm Estate	31,276
TH PELITA Meludam Sdn. Bhd.						
Ladang Tanjung Lilin Ladang Semarang Meludam, Sarawak	-	Leasehold	2066	6,021	Oil Palm Estate	155,884
Bumi Suria Ventures Sdn. Bhd.						
Ladang Sungai Arip Ladang Sungai Karangan Sibu-Bintulu, Sarawak	-	Leasehold	2065 and 2066	6,514	Oil Palm Estate	135,291[#]
PT Persada Kencana Prima						
Ladang Menjelutung		Leasehold	2052	6,929	Oil Palm Estate	52,378

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	31	-	1,222	1 Unit 3 Rooms Apartment	9

PROPERTIES OWNED BY THE GROUP
AT 31 DECEMBER 2020

HOSPITALITY

Location	Approximate Age Of Building	Tenure	Area Sq feet	Description	Net Book Value RM'000
PENINSULAR MALAYSIA					
Awana Kijal Resort, Kijal, Terengganu	18	-	816	1 Unit 3 Rooms Apartment	51

HEAD OFFICE

Location	Approximate Age Of Building	Tenure	Area Sq feet	Description	Net Book Value RM'000
PENINSULAR MALAYSIA					
Platinum East Tower, Persiaran KLCC, Kuala Lumpur	-	Leasehold	56,214[6]	Head Office	22,368

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.
6. Registered under the ownership of Urusharta Jemaah Sdn. Bhd.
** 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 Lawing (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 RM4.220 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** (Acting 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	**Usran b Mohd Zin** (Manager)	Peti Surat 2 24107 Kijal Kemaman, Terengganu
	Kilang Sawit Bukit Lawiang Tel: 07-7864540	**Mohd Azahar b Yasin** (Assistant General 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 Darul Makmur
	Ladang Sungai Mengah Tel: 09-4524979	**Helmi b Mokhtarrudin** (Manager)	Peti Surat 21 26700 Muadzam Shah Pahang Darul Makmur
	Ladang Sungai Buan Tel: 09-4524996	**Rozali b Md Desa** (Senior Manager)	Peti Surat 18 26700 Muadzam Shah Pahang Darul Makmur
	Ladang Sungai Merchong Tel: 0116-5731211	**Md Johari b Md Daud** (Manager)	Peti Surat 4 26700 Muadzam Shah Pahang Darul Makmur
	Kilang Sawit Kota Bahagia Tel: 09-4524936	**Isa b Jabar** (Senior Manager)	Peti Surat 20 26700 Muadzam Shah Pahang Darul Makmur
THP Ibok Sdn Bhd	**Ladang Sungai Ibok** Tel: 09-8676543	**Usran b Mohd Zin** (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	**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)	Karung Berkunci 1 89109 Kota Marudu, Sabah
	Kilang Sawit Sungai Tenegang Tel: 089-845499	**Muhamad Murshid b Mukhtar** (Senior Asisstant Manager)	Peti Surat 60626 91115 Lahad Datu, Sabah
	Kilang Sawit Ladang Mamahat Tel: 089-259100	**Abdul Naziz Ashady b Abdul Rahman** (Senior Assistant Manager)	Karung Berkunci 29 89109 Kota Marudu, Sabah

DIRECTORY OF ESTATES AND MILLS

COMPANY	ESTATES	DESIGNATION	ADDRESS
THP Bukit Belian Sdn Bhd	**Ladang Bukit Belian** Tel: 089-278031	**Martin@Zaini Soili** (Manager)	WDT 167 Kota Kinabatangan 90200 Sandakan, Sabah
Ladang Jati Keningau Sdn Bhd	**Ladang Jati Keningau** Tel: 089-278035	**Mohd Nor b Sulaiman** (Manager)	Peti Surat 3480 90739 Sandakan, Sabah
TH Usia Jatimas Sdn Bhd	**Ladang Jatimas** Tel: 089-278035	**Mohd Nor b Sulaiman** (Manager)	Peti Surat 3480 90739 Sandakan, Sabah
TH Bonggaya Sdn Bhd	**Ladang Klagan 1** Tel: 089-278031 089-278030	**Mustaming b Abu** (Manager)	Peti Surat 3480 90739 Sandakan, Sabah
	Ladang Klagan 2 Tel: 089-278031	**Mustaming b Abu** (Manager)	Peti Surat 3480 90739 Sandakan, Sabah
	Ladang Klagan 3 Tel: 089-278031	**Mustaming b Abu** (Manager)	Peti Surat 3480 90739 Sandakan, Sabah
	Ladang Klagan 4 Tel: 089-278031	**Mustaming b Abu** (Manager)	Peti Surat 3480 90739 Sandakan, Sabah
	Ladang Klagan 5 Tel: 089-278031	**Mustaming b Abu** (Manager)	Peti Surat 3480 90739 Sandakan, Sabah
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, Lot 1, Blok 3, Sablor Land District, 94950 Pusa, Sarawak
	Ladang Enggang Tel: 083-474909	**Mahya b Masrom** (Manager)	KM6, Jalan Pusa-Sessang, 94950 Pusa, Sarawak
	Ladang Merbok Tel: 083-485902 013-8033213	**Sazali b Zainol** (Acting Manager)	No.14, Jalan Feeder Pusa Ground Floor New Shophouse Pusa Bazaar, 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: 083-485928	**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: 013-8151559	**Baharin b Salleh** (Acting 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

DIRECTORY OF ESTATES AND MILLS

COMPANY	ESTATES	DESIGNATION	ADDRESS
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: 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	**Tuah b Nawi** (Manager)	KM 8, Jalan Gedong P.O. Box 32, 94700 Serian, Sarawak
	Kilang Sawit Gedong Tel: 082-896515/18	**Md Nazri b Md Noh** (Manager)	KM 8, Jalan Gedong P.O. Box 32, 94700 Serian, Sarawak
TH PELITA Sadong Sdn Bhd	**Ladang Sadong** Tel: 082-895512	**Ahmad Mazwan b Jamaludin** (Manager)	KM 8, Jalan Gedong P.O. Box 32, 94700 Serian, Sarawak
	Ladang Lupar Tel: 082-882906	**Harisfadzillah b Lamat** (Manager)	KM 8, Jalan Gedong P.O. Box 32, 94700 Serian, Sarawak
Hydroflow Sdn Bhd	**Ladang Sungai Kerian** Tel: 013-8253160	**Alias b Bakir** (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	**Girman @ Perman b Sirah** (Senior Manager)	KM 91, Jalan Bintulu - Sibu, P.O Box 3325, 97000 Bintulu, Sarawak

ANALYSIS OF SHAREHOLDINGS

AS AT 1 APRIL 2021

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	288	3.00	4,509	0.00
100 to 1,000	1,055	10.99	509,779	0.06
1,001 to 10,000	6,284	65.45	26,796,352	3.03
10,001 to 100,000	1,753	18.26	51,742,338	5.85
100,001 to less than 5% of issued shares	220	2.29	152,203,861	17.22
5% and above of issued shares	1	0.01	652,594,631	73.84
Total	**9,601**	**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.	Datuk Nik Mohd Hasyudeen bin Yusoff	Nil	Nil	Nil	Nil
3.	Dato' Shari bin Haji Osman	Nil	Nil	Nil	Nil
4.	Dato' Indera Dr. Md Yusop bin Omar	Nil	Nil	Nil	Nil
5.	Mohd Adzahar bin Abdul Wahid	Nil	Nil	Nil	Nil
6.	Dzul Effendy bin Ahmad Hayan	Nil	Nil	Nil	Nil

SUBSTANTIAL SHAREHOLDER

		No. of Ordinary Shares Held			
No.	Substantial Shareholder	Direct	%	Indirect	%
1.	Lembaga Tabung Haji	652,594,631	73.84	Nil	Nil

ANALYSIS OF SHAREHOLDINGS
AS AT 1 APRIL 2021

TOP THIRTY SHAREHOLDERS

No.	Shareholders	No. of Ordinary Shares Held	%
1.	Lembaga Tabung Haji	652,594,631	73.84
2.	Public Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Kong Goon Khing (E-JCL)	43,036,400	4.87
3.	Alliancegroup Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Yayasan Pok dan Kassim	9,969,360	1.13
4.	Public Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Kong Goon Siong (E-JCL)	6,120,000	0.69
5.	Pertubuhan Peladang Negeri Terengganu	5,870,294	0.66
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.	Neoh Choo Ee & Company, Sdn. Berhad	3,700,000	0.42
9.	Alliancegroup Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Chong Yiew On (6000006)	3,266,900	0.37
10.	RHB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Veloo A/L Karupayah	3,000,000	0.34
11.	Maybank Nominees (Tempatan) Sdn. Bhd. Amanahraya Investment Management Sdn. Bhd. for Majlis Agama Islam Negeri Sembilan (C417-260272)	2,415,840	0.27
12.	Amin Baitulmal Johor	2,400,000	0.27
13.	Majlis Agama Islam Wilayah Persekutuan	2,400,000	0.27
14.	Majlis Agama Islam dan Adat Melayu Perak Darul Ridzuan	2,320,000	0.26
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	1,680,000	0.19
17.	Dynaquest Sdn. Bhd.	1,200,000	0.14
18.	Chua Soh Peng	1,194,700	0.14
19.	Tai Yat Choy	1,018,600	0.12
20.	Alliancegroup Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Kong Kok Choy (8092812)	1,000,000	0.11
21.	CGS-CIMB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Zalaraz Sdn. Bhd. (MY3113)	1,000,000	0.11
22.	AMSEC Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Tan Peng Nguang	984,500	0.11

ANALYSIS OF SHAREHOLDINGS
AS AT 1 APRIL 2021

No.	Shareholders	No. of Ordinary Shares Held	%
23.	Tan Eng Yee	982,700	0.11
24.	Affin Hwang Nominees (Asing) Sdn. Bhd. DBS Vickers Secs (S) Pte Ltd for Asia Humanistic Capital Inc	917,000	0.10
25.	Public Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Allan Kong Siong Kien (E-JCL)	875,000	0.10
26.	Public Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Kong Chew Ching (E-JCL)	816,000	0.09
27.	Maybank Nominees (Tempatan) Sdn. Bhd. Mtrustee Berhad for Tabung Baitulmal Sarawak (Majlis Islam Sarawak) (FM-ASSAR-TBS) (419511)	758,900	0.09
28.	Affin Hwang Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Tee Kim Tee @ Tee Ching Tee (TEE0063C)	754,000	0.09
29.	Ang Chai Eng	740,300	0.08
30.	Public Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Kelvin Kong Siong Kang (E-JCL)	730,000	0.08
	TOTAL	**761,579,785**	**86.16**

NOTICE OF 47TH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Forty-Seventh Annual General Meeting ("47th AGM") of TH Plantations Berhad ("THP" or "the Company") will be held on a fully virtual basis via live streaming from the Broadcast Venue at **Dewan Perkasa, Level 34, Platinum East Tower, No. 9 Persiaran KLCC, 50088 Kuala Lumpur** on **Thursday, 24 June 2021** at **10.00 a.m.** to transact the following businesses:

As Ordinary Businesses

1. To receive the Audited Financial Statements for the year ended 31 December 2020 together with Reports of the Directors and the Auditors thereon.

2. To approve the payment of Directors' fees and benefits payable of up to RM760,000.00 for the period from 25 June 2021 until the next Annual General Meeting of the Company to be held in 2022. Ordinary Resolution 1

3. To re-elect Datuk Nik Mohd Hasyudeen bin Yusoff, who shall retire by rotation in accordance with Clause 89 of the Constitution of the Company and being eligible, has offered himself for re-election. Ordinary Resolution 2

4. To re-appoint Messrs. KPMG Desa Megat PLT as Auditors of the Company in respect of the financial year ending 31 December 2021 and to authorise the Board of Directors to determine the Auditors' remuneration. Ordinary Resolution 3

As Special Business

To consider, and if deemed fit, to pass with or without modification, the following Resolution:

5. **Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature** Ordinary Resolution 4

   "**THAT**, subject always to the provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements"), approval be hereby given for the renewal of the existing Shareholders' Mandate for the Company and/or its Subsidiaries to enter into recurrent related party transactions of a revenue or trading nature as set out in Section 2.4 of the Circular to Shareholders dated 30 April 2021 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 to give full effect to the Recurrent Related Party Transactions as authorised by this Resolution."

6. 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, speak and vote at the 47th 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 18 June 2021. Only a depositor whose names appear on the ROD as at 18 June 2021 shall be entitled to attend, speak and vote at the 47th AGM or appoint proxy/proxies to attend, speak 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: 30 April 2021

NOTICE OF 47TH ANNUAL GENERAL MEETING

NOTES:

1. **Mode of Meeting**

   i. **The 47th AGM of the Company will be held on a fully virtual basis via live streaming from the Broadcast Venue and through the Remote Participation and Voting ("RPV") facilities.**

   ii. The Broadcast Venue of the 47th 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 47th AGM.

   iii. As such, we strongly encourage you to make use of the RPV facilities to attend, speak (in the form of real time submission of typed texts) and vote (collectively, "participate") at the 47th 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 names appear on the ROD as at 18 June 2021 shall be entitled to participate at the 47th AGM or appoint proxy(ies) on his/her behalf.

   ii. A Member entitled to participate at the 47th 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, Platinum East Tower, No. 9 Persiaran KLCC, 50088 Kuala Lumpur not less than 24 hours before the time set for holding the 47th AGM or **no later than 23 June 2021** 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 2020

   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 proposed Ordinary Resolution 1, if passed, will allow the payment of directors' fees and benefits payable for the period commencing from 25 June 2021 until the next Annual General Meeting of the Company to be held in 2022.

The payment of directors' fees 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.

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

Directors' Fees

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

Directors' Benefits

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

5. **Item 3 of the Agenda**
Re-election of Director

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 each three (3) years but shall be eligible for re-election.

Datuk Nik Mohd Hasyudeen bin Yusoff and Dato' Indera Dr. Md Yusop bin Omar are due to retire at the 47th AGM of the Company in accordance to Clause 89 of the Constitution of the Company.

Datuk Nik Mohd Hasyudeen bin Yusoff, being eligible has offered himself for re-election at the 47th AGM of the Company. Dato' Indera Dr. Md Yusop bin Omar has expressed his intention not to seek for re-election at the 47th AGM of the Company. Hence, he will retire at the conclusion of the 47th AGM of the Company.

6. **Item 5 of the Agenda**
Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

The proposed Ordinary Resolution 4, if passed, will allow the Company and/or its Subsidiaries to enter into recurrent related party transactions of a revenue or trading nature 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 not detrimental to the minority shareholders. Shareholders are advised to refer to the Circular to Shareholders dated 30 April 2021 for more information.

ADMINISTRATIVE GUIDE

FOR THE FULLY VIRTUAL 47TH ANNUAL GENERAL MEETING ("47TH AGM")

Date	Time	Broadcast Venue
Thursday, 24 June 2021	10.00 a.m.	Dewan Perkasa, Level 34, Platinum East Tower, No. 9 Persiaran KLCC 50088 Kuala Lumpur

IMPORTANT NOTICE

MODE OF MEETING

i. **The 47th AGM of the Company will be held on a fully virtual basis via live streaming from the Broadcast Venue and through the Remote Participation and Voting ("RPV") facilities.**

ii. The Broadcast Venue of the 47th 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 47th AGM.

iii. As such, we strongly encourage you to make use of the RPV facilities to attend, speak (in the form of real time submission of typed texts) and vote (collectively, "participate") at the 47th 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.

iv. The RPV facilities can be accessed as follows:

   a. Launch **Lumi AGM** by scanning the QR code given to you in the email along with your remote participation User ID and Password; **OR**

   b. Alternatively, you may access to **Lumi AGM** via website URL at https://web.lumiagm.com/.

1. ENTITLEMENT OF PARTICIPATION

Only a Member whose names appear on the Record of Depositors ("ROD") as at **18 June 2021** shall be entitled to participate at the 47th AGM or appoint proxy(ies) on his/her behalf.

2. PROXY

i. A member entitled to participate at the 47th 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, Platinum East Tower, No. 9 Persiaran KLCC, 50088 Kuala Lumpur** not less than 24 hours before the time set for holding the 47th AGM or **no later than 23 June 2021** 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 47th AGM, please do not submit any Proxy Form. You will not be allowed to participate in the 47th 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, 23 June 2021** 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 47th AGM should lodge the certificate of appointment under the seal of the corporation at the Company's Registered Office at **Level 35, Platinum East Tower, No. 9 Persiaran KLCC, 50088 Kuala Lumpur** not less than 24 hours before the time set for holding the 47th AGM or **no later than 23 June 2021** 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.

ADMINISTRATIVE GUIDE
FOR THE FULLY VIRTUAL 47TH ANNUAL GENERAL MEETING ("47TH AGM")

4. REMOTE PARTICIPATION AND VOTING ("RPV")

i. Please note that the RPV 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 47th 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 a login User ID and Password in order to participate at the 47th AGM remotely.

PRIOR TO THE DAY OF THE 47TH 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 RPV User ID and Password]

a. Access website https://boardroomlimited.my
b. Click <<Login>> and click <<Register>> to sign up as a user.
c. Complete registration and upload softcopy of MyKAD (front and back) or Passport.
d. Please enter a valid email address and wait for email verification from Boardroom.
e. Your registration will be verified and approved within one (1) business day and an email notification will be provided to you.

STEP 2 – SUBMIT REQUEST FOR RPV USER ID AND PASSWORD

*[Note: The registration for remote access will be opened on **Friday, 30 April 2021 until Wednesday, 23 June 2021**]*

Individual Members

a. Login to https://boardroomlimited.my using your User ID and Password above.
b. Select "Virtual Meeting" from main menu and select the correct Corporate Event **"TH Plantations Berhad Fully Virtual 47th AGM"**.
c. Enter your CDS Account Number.
d. Read and agree to the terms & conditions and thereafter submit your request.

Corporate Shareholders

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. Corporate shareholder must also provide a copy of Corporate Representative's MyKAD (front & back) or Passport as well as his/her email address.
c. Corporate shareholder will receive a notification from Boardroom that your request has been received and is being verified.
d. Upon system verification of your registration against the 47th AGM's ROD as at **18 June 2021**, the Corporate shareholder will receive an email from Boardroom either approving or rejecting your registration for remote participation.
e. Corporate shareholder will also receive your remote access User ID and Password along with the email from Boardroom if your registration is approved.
f. Please note that the closing date and time to submit your request is on **Wednesday, 23 June 2021** at **10.00 a.m.**

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 Form of Proxy to submit the request.
b. Authorised nominee and exempt authorised nominee must also provide a copy of the Proxy Holder's MyKAD (front & back) or Passport as well as his/her email address.
c. Authorised nominee and exempt authorised nominee will receive a notification from Boardroom that your request has been received and is being verified.
d. Upon system verification of your registration against the 47th AGM's ROD as at **18 June 2021**, Authorised nominee and exempt authorised nominee will receive an email from Boardroom either approving or rejecting your registration for remote participation.
e. Authorised nominee and exempt authorised nominee will also receive your remote access User ID and Password along with the email from Boardroom if your registration is approved.
f. Please note that the closing date and time to submit your request is on **Wednesday, 23 June 2021** at **10.00 a.m.**

ADMINISTRATIVE GUIDE
FOR THE FULLY VIRTUAL 47TH ANNUAL GENERAL MEETING ("47TH AGM")

ON THE DAY OF THE 47TH AGM

STEP 3 – LOGIN TO VIRTUAL AGM PORTAL

[Note: Please note that the quality of the connectivity to Virtual AGM Portal for live webcast as well as for remote participation and voting is highly dependent on the bandwidth and the stability of the internet connectivity available at the location of the remote users].

a. The Virtual AGM Portal will be opened for login starting one (1) hour before the commencement of the 47th AGM, which is from **9.00 a.m. on Thursday, 24 June 2021.**
b. Please follow the steps given to you in the email along with your remote access User ID and Password to login the Virtual AGM Portal (Refer to Step 2 above).
c. The steps given will also guide you on how to view live webcast, ask questions and vote.
d. The live webcast will end and the Messaging window (for asking questions) will be disabled once the Chairman announces the closure of the 47th AGM.
e. You can then logout from the Virtual AGM Portal.

5. PROCEDURE OF THE 47th AGM

i. The Login User Guide for participation, posing questions and voting at the 47th AGM will be emailed to you together with your remote access User ID and Password once your registration has been approved.

ii. The 47th 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 47th AGM has commenced. Therefore, it is your responsibility to ensure that connectivity during the 47th 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 47th 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 47th AGM

Questions may be submitted via email to info@thplantations.com **no later than Wednesday, 23 June 2021 at 10.00 a.m.**

(B) On the day of the 47th AGM (24 June 2021)

Questions may be submitted to the Messaging window via RPV facilities during the live streaming.

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 47th AGM.

8. PERSONAL DATA PRIVACY

By registering for the RPV 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 2020, CIRCULAR TO SHAREHOLDERS AND CORPORATE GOVERNANCE REPORT 2020

The following documents are available at http://www.thplantations.my/annual_report.php:

i. Annual Report 2020
ii. Circular to Shareholders on the Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature
iii. Corporate Governance Report 2020
iv. Notice of the 47th AGM, Administrative Guide, Proxy Form and Request Form

10. ENQUIRIES

If you have any enquiry in relation to the 47th AGM, **Lumi AGM**, **RPV** 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	: Cik Nursyahirah binti Che Rahimi 03 7890 4754

GLOSSARY

AC	Audit Committee
AGM	Annual General Meeting
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
CPO	Crude Palm Oil
DOE	Department of Environment
DOSH	Department of Occupational Safety and Health
ED	Executive Director
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)
FY2020	Financial Year Ended 31 December 2020
GAP	Good Agricultural Practices
GHG	Greenhouse Gas
GIS	Geographic Information System
GLCs	Government-Linked Companies
GLCT	Government-Linked Company Transformation
HA	Hospital Assistant
Ha	Hectares
HCS	High Carbon Stock
HCV	High Conservation Value
HIRARC	Hazard Identification, Risk Assessment, Risk Control
IAD	Internal Audit Department
IC	Investment Committee
INED	Independent Non-Executive Director
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
NED	Non-Executive Director
NINED	Non-Independent Non-Executive Director
OER	Oil Extraction Rate
OSH	Occupational Safety and Health
OSHD	Occupational Safety & Health Doctor
PAT	Profit After Tax
PBT	Profit Before Tax
PIP	Performance Improvement Programme
PK	Palm Kernel
POME	Palm Oil Mill Effluent
PPE	Personal Protective Equipment
RECAL	Recognition of Employees' Children's Achievement in Learning
RMC	Risk Management Committee
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	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
VDI	Vendor Development Initiative
Yield	FFB Production per Hectare

TH PLANTATIONS BERHAD

Registration No. 197201001069 (12696-M)
(Incorporated in Malaysia)

PROXY FORM

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-Seventh Annual General Meeting ("47th AGM") of the Company to be held on a fully virtual basis via live streaming from the Broadcast Venue at **Dewan Perkasa, Level 34, Platinum East Tower, No. 9 Persiaran KLCC, 50088 Kuala Lumpur** on **Thursday, 24 June 2021** at **10.00 a.m.** or at any adjournment thereof.

My/our proxy is to vote as indicated below:

RESOLUTION NO.	ORDINARY BUSINESSES	FOR	AGAINST
Ordinary Resolution 1	To approve the payment of Directors' fees and benefits payable of up to RM760,000.00 for the period from 25 June 2021 until the next Annual General Meeting of the Company to be held in 2022.		
Ordinary Resolution 2	To re-elect Datuk Nik Mohd Hasyudeen bin Yusoff as a Director.		
Ordinary Resolution 3	To re-appoint Messrs. KPMG Desa Megat PLT as Auditors of the Company and to authorise the Board of Directors to determine their remuneration.		
RESOLUTION NO.	**SPECIAL BUSINESS**	**FOR**	**AGAINST**
Ordinary Resolution 4	Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature.		

(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 ________________ 2021

____
Signature/Common Seal of Shareholder

NOTES:

i. *The 47th AGM of the Company will be held on a fully virtual basis via live streaming from the Broadcast Venue and through the Remote Participation and Voting ("RPV") facilities.*

ii. *The Broadcast Venue of the 47th 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 47th AGM.*

iii. *As such, we strongly encourage you to make use of the RPV facilities to attend, speak (in the form of real time submission of typed texts) and vote (collectively, "participate") at the 47th 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.*

iv. *Only a Member whose names appear on the ROD as at 18 June 2021 shall be entitled to participate at the 47th AGM or appoint proxy(ies) on his/her behalf.*

v. *A Member entitled to participate at the 47th 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.*

vi. *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.

vii. *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.*

viii. *The instrument in appointing a proxy must be deposited at the Company's Registered Office at Level 35, Platinum East Tower, No. 9 Persiaran KLCC, 50088 Kuala Lumpur not less than 24 hours before the time set for holding the 47th AGM or* ***no later than 23 June 2021*** *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.*

Fold Here

STAMP

The Company Secretary
TH PLANTATIONS BERHAD
Level 35
Platinum East Tower
No. 9 Persiaran KLCC
50088 Kuala Lumpur

Fold Here

TH PLANTATIONS BERHAD
Level 35, Platinum East Tower
No. 9 Persiaran KLCC, 50088 Kuala Lumpur

www.thplantations.my