



**TH PLANTATIONS BERHAD**  
Registration No. 197201001069 (12696-M)  
(Incorporated in Malaysia)



# ANNUAL REPORT 2022

## OPTIMISING

# PERFORMANCE



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# BASIS OF 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 2022 to 31 December 2022, 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 2021 and the Companies Act 2016.


### FORWARD-LOOKING STATEMENTS

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

### STATEMENT FROM THE BOARD OF DIRECTORS

We acknowledge our responsibility in ensuring the integrity of this Annual Report 2022. It is in the Board's opinion that this integrated report addresses all material issues and fairly presents the holistic performance of the Group.

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

 This icon tells you where you can find more information online at [www.thplantations.my](http://www.thplantations.my)


### FEEDBACK





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

### Investor Relations

Telephone : 03-2603 4800

Email : [info@thplantations.com](mailto:info@thplantations.com)

 This interactive PDF allows you to access information easily, search for a specific item or navigate between pages, sections and links.

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# CORPORATE INFORMATION

AS AT 3 APRIL 2023

## CORPORATE INFORMATION

AS AT 3 APRIL 2023

## BOARD OF DIRECTORS

### Datuk Dr. Ahmad Kushairi bin Din

Chairman  
Independent Non-Executive Director  
(Appointed on 18 March 2022)  
(Re-designated as Chairman on 28 June 2022)

### Dato' Sri Amrin bin Awaluddin

Non-Independent Non-Executive Director

### YM Tengku Dato' Seri Hasmuddin bin Tengku Othman

Non-Independent Non-Executive Director

### Haji Bakri bin Jamaluddin

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

### Muhammad Ramizu bin Mustaffa

Independent Non-Executive Director  
(Appointed on 5 April 2022)

### Ir. Mohamed Ajmel Hafiz bin Jamaludin

Independent Non-Executive Director  
(Appointed on 27 June 2022)

### Datuk Dr. Kamilia binti Ibrahim

Independent Non-Executive Director  
(Appointed on 28 June 2022)

### Dzul Effendy bin Ahmad Hayan

Non-Independent Non-Executive Director  
(Appointed on 30 March 2023)

## AUDIT & RISK MANAGEMENT COMMITTEE

- **Muhammad Ramizu bin Mustaffa**  
Chairman  
Independent Non-Executive Director  
(Appointed on 24 May 2022)
- **YM Tengku Dato' Seri Hasmuddin bin Tengku Othman**  
Member  
Non-Independent Non-Executive Director
- **Haji Bakri bin Jamaluddin**  
Member  
Independent Non-Executive Director  
(Appointed on 22 February 2022)
- **Ir. Mohamed Ajmel Hafiz bin Jamaludin**  
Member  
Independent Non-Executive Director  
(Appointed on 9 August 2022)

## NOMINATION & REMUNERATION COMMITTEE

- **Datuk Dr. Kamilia binti Ibrahim**  
Chairman  
Independent Non-Executive Director  
(Appointed as Member on 20 July 2022)  
(Re-designated as Chairman on 9 August 2022)
- **YM Tengku Dato' Seri Hasmuddin bin Tengku Othman**  
Member  
Non-Independent Non-Executive Director
- **Haji Bakri bin Jamaluddin**  
Member  
Independent Non-Executive Director  
(Appointed as Chairman on 30 May 2022)  
(Re-designated as Member on 9 August 2022)
- **Ir. Mohamed Ajmel Hafiz bin Jamaludin**  
Member  
Independent Non-Executive Director  
(Appointed on 9 August 2022)

## INVESTMENT COMMITTEE

- **Ir. Mohamed Ajmel Hafiz bin Jamaludin**  
Chairman  
Independent Non-Executive Director  
(Appointed on 9 August 2022)
- **Datuk Dr. Kamilia binti Ibrahim**  
Member  
Independent Non-Executive Director  
(Appointed on 9 August 22)
- **Muhammad Ramizu bin Mustaffa**  
Member  
Independent Non-Executive Director  
(Appointed on 9 August 22)

## CHIEF EXECUTIVE OFFICER

### Mohamed Zainurin bin Mohamed Zain

## COMPANY SECRETARIES

### Aliatun binti Mahmud

(LS 0008841)  
(SSM PC No. 201908003467)

### Wan Nurul Hidayah binti Wan Yusoff

(LS 0008555)  
(SSM PC No. 201908003468)

## AUDITORS

### KPMG PLT

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

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

## SHARE REGISTRAR

### Boardroom Share Registrars Sdn. Bhd.

11<sup>th</sup> Floor  
Menara Symphony  
No. 5 Jalan Prof. Khoo Kay Kim  
Seksyen 13  
46200 Petaling Jaya  
Selangor Darul Ehsan

Tel : 03 7890 4700  
Fax : 03 7890 4670  
Website : www.boardroomlimited.com  
Email : BSR.Helpdesk@boardroomlimited.com

## PLACE OF INCORPORATION AND DOMICILE

Malaysia

## REGISTERED OFFICE

Tingkat 23  
Menara TH Selborn  
153 Jalan Tun Razak  
50400 Kuala Lumpur

Tel : 03 2603 4800  
Fax : 03 2603 4695

## PRINCIPAL PLACE OF BUSINESS

Tingkat 17, 18 & 23  
Menara TH Selborn  
153 Jalan Tun Razak  
50400 Kuala Lumpur

Tel : 03 2603 4800  
Fax : 03 2603 4695

## INVESTOR RELATIONS & ENQUIRIES

Tingkat 23  
Menara TH Selborn  
153 Jalan Tun Razak  
50400 Kuala Lumpur

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

## PRINCIPAL BANKERS

Bank Islam Malaysia Berhad  
Maybank Islamic Bank Berhad

## STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad  
Listing Date : 27 April 2006  
Stock Name : TH PLANT  
Stock Code : 5112

## WEBSITE

www.thplantations.my

# CORPORATE STRUCTURE

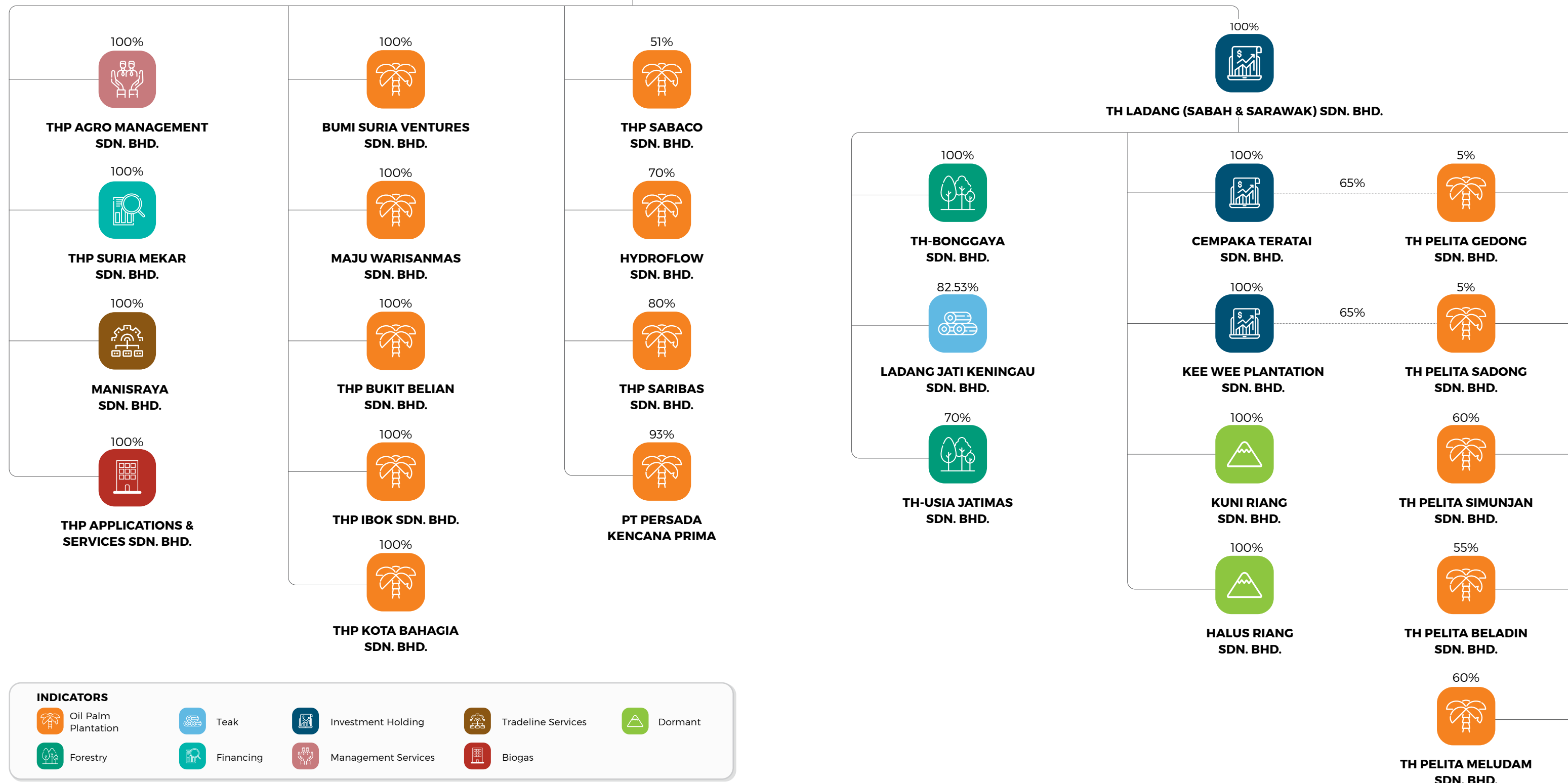
AS AT 3 APRIL 2023



TH PLANTATIONS BERHAD

## CORPORATE STRUCTURE

AS AT 3 APRIL 2023



**INDICATORS**

- Oil Palm Plantation
- Forestry
- Teak
- Financing
- Investment Holding
- Management Services
- Tradeline Services
- Biogas
- Dormant

# CHAIRMAN'S STATEMENT

## CHAIRMAN'S STATEMENT

السَّلَامُ عَلَيْكُمْ وَرَحْمَةُ اللَّهِ وَبَرَكَاتُهُ

Assalamualaikum Warahmatullahi Wabarakatuh



### DEAR VALUED SHAREHOLDERS,

I am pleased to present to you the Annual Report and Financial Report of TH Plantations Berhad and its subsidiaries ("the Group") for the financial year ended 31 December 2022.

Despite facing a challenging environment and an unprecedented year, the Group remained persistent in our pursuit of excellence, creating value for our stakeholders while being committed to our sustainability and governance practices.



**Datuk Dr. Ahmad Kushairi bin Din**  
Chairman

# A SOLID FOUNDATION FOR THE FUTURE



### OVERVIEW OF THE LANDSCAPE

The year 2022 was expected to be a year of recovery for most global economies following the momentum achieved in 2021. The rapid return to economic activity and the disruption in global supply chains led to an increase in energy, commodity and food prices as demand grew sharply.

The broader effect of the price increases was higher inflation and slower economic growth as central banks raised interest rates in an attempt to slow down inflation. This was reflected in the global gross domestic product, which registered a slower growth of 3.4% in 2022 according to the International Monetary Fund, compared to 5.9% in the previous year.

In Malaysia, the economy recorded an encouraging performance, growing by 8.7% in 2022, much faster than the previous year's growth of 3.1%. The growth was attributed to the first full year without lockdowns which then led to a strong recovery in consumer demand.

The Malaysian plantation industry still struggled with the acute shortage of workers, especially harvesters, which dragged yields per hectare down. Although borders reopened, the return of foreign workers to the fields did not recover to pre-pandemic levels. The country recorded overall Crude Palm Oil ("CPO") production of 18.5 million tonnes in 2022, marginally higher than 18.1 million tonnes in 2021, but still lower than the pre-pandemic year 2019 at 19.9 million tonnes.

### STRENGTHENING OUR FOUNDATION

- I** Sukuk Restructuring Programme
- II** Better cash position & sufficient funds for growth
- III** Estates and Mills improvement programmes
- IV** Stepping up the Transformation Phase
- V** Positive results - Dividend payout

In addressing current business challenges, THP continues to progress with its Strategic Recovery Plan ("SRP") in achieving its goals and creating long-term value. The plan is divided into two phases, i.e. the Rationalisation Phase and Transformation Phase. THP focuses its efforts on initiatives covering capital structure, operational efficiency and value creation initiatives.

As part of strengthening the capital structure, the Group achieved a significant milestone during the year

under review with the completion of our sukuk restructuring programme. The new repayment period, as a result of the new sukuk issuance, now enables us to concentrate on operational efficiency and value creation initiatives to ensure the sustainability of the Group.

In ensuring our operational efficiency, the Group emphasis on several value creation initiatives and a systematic monitoring and management system, as well as human capital development.

## CHAIRMAN'S STATEMENT

During the year under review, the Group posted net Profit After Tax ("PAT") of RM87.9 million and a 15.8% increase in revenue to RM881.3 million compared to RM760.8 million in the previous year. The improved revenue was supported by the higher average realised prices for Crude Palm Oil ("CPO"), Palm Kernel ("PK") and Fresh Fruit Bunches ("FFB"), which rose 19.0%, 4.2% and 21.5%, respectively. Despite facing a challenging operating environment, we were able to generate higher sales volume of CPO and PK.

The Board approved a total dividend payout of 3.0 sen per share (Interim dividend of 1.5 sen per share and final dividend of 1.5 sen per share) on the back of a stronger financial position and as a token of appreciation for the unwavering support of our shareholders.

## SUSTAINABILITY AT OUR CORE

Being part of an industry that directly impacts the environment, we are conscious of our role and responsibility in ensuring we adhere to Environment, Social and Governance ("ESG") standards. By doing so, we also ensure the sustainability of our operations and business in the long term.

The Group's estates and mills are Malaysian Sustainable Palm Oil ("MSPO") and MSPO Supply Chain Certification Standard ("MSPO SCCS") certified. Within our operations, we strive to minimise Greenhouse Gas ("GHG") emissions while complying with No Deforestation, No Peat, No Exploitation ("NDPE") policies, to ensure our products are accepted both locally and internationally. Our commitment to NDPE policies is clearly stated in the Sustainability Policy which was approved by the Board of Directors in 2020.

In addition, we implemented the following strategies in FY2022 to reduce our GHG emissions:

- Implementation of a systematic application programme of Empty Fruit Bunches ("EFB") for selected applicable areas in mineral soil.
- Installation of energy-efficient equipment and machinery in our mills.
- Use of renewable energy in our facilities.

Our commitment to the sustainability agenda involves a long-term strategy and the Group will continue to enhance our efforts on a yearly basis.

## STEADFAST IN OUR COMMITMENT TO GOVERNANCE

The Group is fully committed to upholding good governance and integrity practices. The Audit & Risk Management Committee ("ARMC") that was established in 2021 continues to oversee the Group's financial reporting and performance, internal and external audit functions, and risk management and internal control. The ARMC provides the Board with an efficient and effective mechanism to bring the transparency, focus and independent judgement needed to oversee the Group's direction.

Revenue

**RM881.3**  
million

Profit After Tax

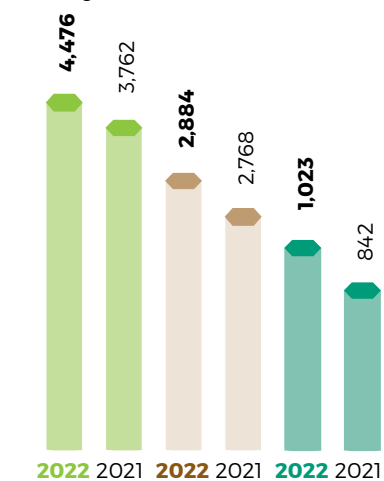
**RM87.9**  
million

Total Dividend Payout of

**3.0 sen**  
per share

(Interim dividend of 1.5 sen and final dividend of 1.5 sen)

Average Realised Price (RM / MT)



- Crude Palm Oil ("CPO")
- Palm Kernel ("PK")
- Fresh Fruit Bunches ("FFB")

The Board continues to set a strong tone for the Group's sustainability strategic direction where the CEO and the Sustainability Committee supports the Board in tracking its management and performance.



## OUTLOOK AND PROSPECTS

The global economy is poised to grow moderately in 2023, on the back of persistent inflationary pressures and the ongoing conflict in Ukraine. Nevertheless, major economies are seeing labour markets recovering, robust household consumption and rising business investment, as well as better-than-expected adaptation to the energy crisis in Europe. Inflationary pressures have started to soften and China has reopened its borders, which will likely boost demand for goods and services.

Within the palm oil market, global consumption is expected to increase in 2023, partly due to China's demand as well as Indonesia's upcoming increase of biodiesel use domestically. Climate change and weather uncertainty will have an impact on production, with the shift from the current weakening La Niña to a possibly strong El Niño event, which is normally seen as the dry season in Southeast Asia. On the back of these factors, prices of CPO, PK and FFB are likely to remain volatile in 2023.

While the prices of CPO, PK and FFB are likely to see some volatility, shortage of labour remains the biggest challenge for the Malaysian plantation industry in 2023. Furthermore, the wage gap between Indonesian and Malaysian workers has narrowed, making it less attractive for workers to come to Malaysia. The government has started talks with its counterparts in Indonesia and Bangladesh to resolve the situation and expedite the inflow of foreign workers.

## CHAIRMAN'S STATEMENT

As such, the Group's Strategic Recovery Plan ("SRP") and the initiatives under the Transformation Phase are crucial to cushioning external pressures and optimising our performance. We remain committed to enhancing our fundamentals and value for our shareholders by continuing to focus on operational efficiency, effective cost management and sustainability efforts.

Moving forward, the Group is developing a new 5-year business strategy aimed at putting us on an even stronger footing. With all the necessary strategies in place, I am confident that the Group will be able to overcome the challenges in the palm oil industry and generate greater value for all shareholders.

## ACKNOWLEDGEMENTS

On behalf of the Board of Directors, I would like to extend our appreciation to my predecessor, Tan Sri Abu Talib bin Othman, for his stewardship of the Board for the past three years. Our sincere thanks also goes to our former Board members Dato' Shari bin Hj Osman and Encik Mohd Adzahar bin Abdul Wahid for their contribution and guidance during their tenure. We wish them good health and the very best in their future undertakings.

In their place, I would like to welcome Datuk Dr. Kamilia binti Dato' Ibrahim and Ir. Mohamed Ajmel Hafiz bin Jamaludin to the Board. We look forward to their contribution and wisdom in elevating the Group towards a stronger and sustainable future.

I would like to take this opportunity to thank all our stakeholders, particularly our shareholders and our business partners, for their much-valued support and loyalty as we steer the Group to a stronger foundation.

Our heartfelt gratitude and thanks to all the dedicated employees and Management of the Group for their persistence in driving the business forward amid a challenging operating environment.

Thank You.

Wassalamualaikum Warahmatullahi Wabarakatuh

**DATUK DR. AHMAD KUSHAIRI BIN DIN**

*Chairman*

# CHIEF EXECUTIVE OFFICER'S MANAGEMENT DISCUSSION & ANALYSIS

## OPTIMISING PERFORMANCE FOR GROWTH



### DEAR SHAREHOLDERS,

TH Plantations Berhad stayed resilient in a year that was full of challenges, which included lingering impacts from the pandemic, acute labour shortages in Malaysia and disruptions in global supply chains that resulted in an energy crisis in Europe. We remain on course in implementing our strategies and optimising performance to deliver long-term growth for our shareholders.

For the year under review, I am pleased to report that the Group achieved a solid performance, and progressed on key initiatives under our Transformation Phase. This was made possible by the hard work put in by our employees as well as the support received from our stakeholders, including our Board of Directors, partners, suppliers and customers, who were instrumental in helping us overcome a challenging operating environment.

**Mohamed Zainur bin Mohamed Zain**  
Chief Executive Officer

# CHIEF EXECUTIVE OFFICER'S MANAGEMENT DISCUSSION & ANALYSIS

### OUR MARKETPLACE

It was another year of price rallies for the plantation sector in 2022, as supply of global oilseed and grain markets were affected by the conflict in Ukraine, which disrupted supply chains and pushed prices of many commodities higher. The price rally in vegetable oils was fuelled further when Indonesia took the step to restrict exports in April 2022.

While the prices of Crude Palm Oil ("CPO") remained volatile, prices of chemicals, fertilisers, fuel, spare parts and other raw materials were also trading higher. In Malaysia, the palm oil sector struggled with the unresolved shortage of workers, particularly in the first half of the year. The shortage of foreign workers in the palm oil sector reportedly affected yields, resulting in the country losing an estimated RM20 billion of revenue in 2022.

- Source:**
- <https://www.nst.com.my/news/nation/2023/01/873639/malaysia-indonesia-discuss-cpo-benchmark-pricing-fadillah>
  - <https://www.freemalaysiatoday.com/category/highlight/2023/01/26/labour-shortage-cost-palm-oil-sector-rm20bil-last-year-says-fadillah/>

On the back of high prices for CPO, Palm Kernel ("PK") and Fresh Fruit Bunches ("FFB"), the Group was able to generate higher revenue. Our two-pronged strategy to increase the purchase of FFB from third parties and optimise the capacity of our mills was successful in increasing our sales volume given the favourable palm products prices. We also mitigated the impact of the labour shortage by intensifying our mechanisation initiatives to improve productivity.

Upholding our commitment to sustainable practises, we utilised mill by-products such as Empty Fruit Bunches ("EFBs") to improve the soil condition in mineral areas, which will assist in reducing the use of inorganic fertiliser. This is part of our green initiative where we progressively decrease our dependency on inorganic fertiliser. We also installed energy-efficient equipment and machineries at our mills, and used renewable energy where possible at our facilities.

### TRANSFORMATION PHASE

Since 2019, the Group has been focused on the execution of the Strategic Recovery Plan, which seeks to enhance our foundations and propel us towards growth. The two-pronged plan comprised the Rationalisation Phase and the Transformation Phase.

	Components	Objectives	Strategies
Rationalisation Phase	Capital Structure	Restructuring of sukuk	Aim for an optimal capital structure in improving liquidity
Transformation Phase	Operational Efficiency	Improve yields and profitability	Focus on back-to-basic in increasing yields and reducing costs
	Value Creation Initiatives	Broaden income pool and improve business margin	Explore new business opportunities

**In FY2022 the Group continued our efforts to strengthen our fundamentals, focusing on the Transformation Phase.**

### Here are the outcomes:

**15.8% increase in revenue to RM881.3 million**

**8.8% increase in FFB purchased from third parties to 186,864 mt**

**3.3% increase in mills utilisation rate**

## CHIEF EXECUTIVE OFFICER'S MANAGEMENT DISCUSSION & ANALYSIS

In 2022, we achieved a significant milestone by successfully completing our Sukuk Wakalah restructuring of RM1.08 billion, which improved the Group's liquidity and provided more resources for our consolidation efforts.

The Group focused on the Transformation Phase, emphasising on strengthening the Group's operational efficiency and sustainability. We made a concerted effort to enhance the various operational programmes, governance practices and systems as listed below:

### PROGRAMMES

- |   |  |   |
|---|--|---|
| <p><b>1</b> <b>Scheduled Replanting Programme</b><br/>to achieve sustainable optimum crop production and oil palm age</p>   | <p><b>2</b> <b>Assets Consolidation Programme</b><br/>to achieve optimum crop production, higher yield, OER &amp; KER</p>                                | <p><b>3</b> <b>Improve Agronomic Input and Quality</b><br/>to achieve optimum yield potential</p>   |
| <p><b>4</b> <b>Effective Manpower Capability &amp; Knowledge</b><br/>to realign with the Performance Management System, Management &amp; Monitoring and encourage knowledge sharing practices</p> | <p><b>5</b> <b>Increase Purchasing of FFB</b><br/>to optimise mills' capacity by aggressive management in outsourcing and purchasing of external FFB</p> | <p><b>6</b> <b>Promote Biogas Production</b><br/>to explore utilisation of biomass including palm oil mill effluent (POME) as fuel for power generation</p> |

### GOVERNANCE PRACTICES

- |   |   |   |
|---|---|---|
| <p><b>1</b> <b>Sustainable Practices &amp; Compliance with the Malaysian Sustainable Palm Oil ("MSPO") standards, towards better Environment, Social and Governance ("ESG") Practices</b></p> | <p><b>2</b> <b>Enhance the Enterprise Risk Management Framework</b></p> | <p><b>3</b> <b>Enhance Policies &amp; Standard Operating Procedures</b></p> |
|---|---|---|

### SYSTEMS

- |  |  |  |
|--|--|--|
| <p><b>1</b> <b>Optimise Utilisation of Mill By-Products</b><br/>to serve as a substitute for inorganic fertiliser in estates and as fuel for steam production and power generation</p> | <p><b>2</b> <b>Enhance Use of Technology</b><br/>to further streamline our operations, enhance our reporting and increase efficiency</p> | <p><b>3</b> <b>Expand Mechanisation Initiatives</b><br/>to reduce dependency on labour and increase productivity</p> |
|--|--|--|

## FINANCIAL PERFORMANCE

The Group recorded its highest ever revenue of RM881.3 million since THP was established and a commendable Profit After Tax ("PAT") of RM87.9 million. Revenue rose 15.8% from RM760.8 million in FY2021 whilst PAT decreased 13.4% to RM101.6 million in FY2021 due to lower fair value changes on biological assets and cost incurred for consolidation programmes.

The Group achieved higher average realised prices for CPO at RM4,476, PK at RM2,884 and FFB at RM1,023. We recorded an 8.8% increase to 186,864 mt of FFB purchased from third parties. These factors enabled the Group to achieve higher sales volume of CPO and PK, resulting in an increase in revenue.

## CHIEF EXECUTIVE OFFICER'S MANAGEMENT DISCUSSION & ANALYSIS

### OPERATIONAL PERFORMANCE

The Group's efforts in engaging with the relevant government agencies helped to bridge the labour shortage gap. Nevertheless, the issue remained a challenge for the overall industry. Despite lower production and shortage of labour, we were able to increase the utilisation rate for all mills by 3.3% during the year under review as a result of increased FFB purchases from third-parties. Peninsular and Sabah mills recorded higher utilisation rates in 2022, which rose by 4.1% and 2.6% respectively, while Sarawak's utilisation rate declined by 1.66% due to shortage of harvesters.

The Group's total land bank in 2022 reduced marginally to 97,809 hectares from 98,221 hectares a year earlier. The decline was predominantly due to the exclusion of palm oil hectareage in Sarawak in compliance with MSPO. Our mature planted areas for oil palm improved by 186 hectares while immature planted areas of oil palm declined by 920 hectares because of the replanting activities in the Peninsular and Sabah region. The rubber and teak planted areas did not change in 2022.

	Oil Palm			Rubber/Teak		Total (Ha)
	Mature (Ha)	Immature (Ha)	In course of planting (Ha)	Immature (Ha)	Others (Ha)	
<b>2022</b>	<b>52,656</b>	<b>3,491</b>	<b>805</b>	<b>10,380</b>	<b>30,477</b>	<b>97,809</b>
2021	52,470	4,411	500	10,380	30,460	98,221
Variance	186	(920)	305	-	17	(412)

	Oil Palm 2022					
	Mature (Ha)	Immature (Ha)	In course of planting (Ha)	Planted Area (Ha)	Others (Ha)	Total (Ha)
Peninsular Malaysia	11,689	930	305	12,924	529	13,453
Sabah	7,299	1,274	500	9,073	857	9,930
Sarawak	32,666	475	-	33,141	18,643	51,784
Indonesia	1,002	812	-	1,815	5,115	6,929
<b>Total</b>	<b>52,656</b>	<b>3,491</b>	<b>805</b>	<b>56,952</b>	<b>25,144</b>	<b>82,096</b>

	Rubber & Teak 2022					
	Mature (Ha)	Immature (Ha)	In course of planting (Ha)	Planted Area (Ha)	Others (Ha)	Total (Ha)
Sabah	-	10,380	-	10,380	5,333	15,713
<b>Total</b>	<b>-</b>	<b>10,380</b>	<b>-</b>	<b>10,380</b>	<b>5,333</b>	<b>15,713</b>

	Total Land Bank 2022					
	Mature (Ha)	Immature (Ha)	In course of planting (Ha)	Planted Area (Ha)	Others (Ha)	Total (Ha)
<b>Total</b>	<b>52,656</b>	<b>13,871</b>	<b>805</b>	<b>67,332</b>	<b>30,477</b>	<b>97,809</b>



## CHIEF EXECUTIVE OFFICER'S MANAGEMENT DISCUSSION & ANALYSIS

### REPLANTING PROGRAMME

For the Group to achieve an optimal and sustainable crop production and oil palm age, we have put in place a consistent and scheduled replanting programme. We continued to invest actively in our replanting programme with the aim of reaching an optimum average age and yield across all the estates.

In 2022, the Group continued its replanting programme over 805 hectares of land bank, covering areas in (i) Ladang Sungai Mengah, Muadzam Shah, Pahang, (ii) Ladang Bukit Gold, Lahad Datu, Sabah and (iii) Ladang Bukit Belian, Sandakan, Sabah. The breakdown is indicated in the table below.

Estate	Actual	Estimate	Progress
	Ha	Ha	(%)
<b>Sungai Mengah, Pahang</b>	67.00	305.00	22
<b>Bukit Gold, Sabah</b>	187.00	280.00	67
<b>Bukit Belian, Sabah</b>	107.00	220.00	49
<b>Total</b>	<b>361.00</b>	<b>805.00</b>	<b>45</b>



## CHIEF EXECUTIVE OFFICER'S MANAGEMENT DISCUSSION & ANALYSIS

### MECHANISATION

The group continued to prioritise its mechanisation programme to counter the impact of labour shortage and to enhance operational efficiency at our estates. We invested a total of RM1.6 million in machinery such as Mechanical Buffalo, Fertiliser Spreader, Mechanical Crawler and Grabber.



The utilisation of mechanical buffalo for infield transportation has proven successful for FFB evacuation in flat and undulating soil areas in Semenanjung and Sabah. Thus in 2022, the Group focus on infield transportation on peat soil, which is mainly in the Sarawak region.

The Group tested the mechanical crawler (Land Surf) with a load capacity of 350kg. The trial showed that output per harvester improved by 38.0%, hence the Group purchased a total of 36 units for use at the estates. In Ladang Raja Udang, Pusa, Sarawak, the Group tested the larger crawler machine with a load capacity of 1,000kg, resulting in a 59.0% increase in harvester output. As a result, we leased 23 machines for all our estates in Sarawak that have peat soil to improve productivity and further decrease our reliance on manual labour.

Moving forward, the Group intends to integrate technology via real-time management by applying a digitalization platform. Unmanned Aerial Vehicles (UAV) will be our main tools to obtain information such as tree census/plantations inventory, monitoring/supervision, pests & diseases, and crop health. The Group will perform palm census pilot trial in a hilly area in Sungai Arip dan Sungai Karangan estates in Bintulu, Sarawak.

### MILLS

In 2022, as part of our Environmental, Social and Governance ("ESG") initiatives, the Group invested RM2.6 million to install Electrostatic Precipitator Systems ("EPS") at five of our mills to reduce air pollution emissions and improve air quality.

To reduce nut loss, we replaced the fibre cyclone at the Bukit Lawiang Palm Oil Mill and the nut crackers at the Sungai Tenegang Palm Oil Mill. These efforts ensure efficient milling operations, as well as optimum productivity and quality of products.

Moving forward, the Group will continue its effort to improve the productivity of our mills by investing in the necessary machinery.



## CHIEF EXECUTIVE OFFICER'S MANAGEMENT DISCUSSION & ANALYSIS

### AGRONOMIC BEST PRACTICES

The adoption of best agronomic practices is critical to the success of our business, as it helps to optimise crop growth, promote sustainability and ensure long-term profitability.

In 2022, we continued to improve in this area by adopting several new initiatives such as maintaining the water-table depth from the peat surface as part of water management in peat areas, retaining soft grasses in fields as a natural ground cover, good frond pruning to ensure optimum number of fronds, and keeping good cover crops in immature and young mature areas.



The Group adopted empty fruit bunch mulching in both immature and mature areas as the mulch acts as a supplementary nutrient source for the oil palms while concurrently retaining moisture in the ground. We planted beneficial plants, set up good nursery practices and adopted a 'zero burning technique' in all replanting areas.

As part of pest control measures, we had suppression of inter-rows and stacking rows to improve ventilation, enhance supervision capability, enhance general weed control and minimise potential breeding ground for pests. The Group also used bio-pesticides for bunch moths (also known as Tirathaba), and barn owls as biological control for rats. For treatment control of rats, we took the respond-baiting approach based on fresh damage census.

The Group also put in place a fertilisation programme to ensure manure application is maximised. As of December 2022, the fertiliser applied is 75.2% for Peninsular Malaysia, 87.8% for Sabah and 73.4% for Sarawak.



## CHIEF EXECUTIVE OFFICER'S MANAGEMENT DISCUSSION & ANALYSIS



### CONSOLIDATION

As part of the Group's Consolidation Programme, we saw the estates in Sarawak entering the second stage in 2022, which included upkeep and weeding works, improvement of roads and bridges, soil conservation, pest and disease control, and water management. Meanwhile, our estates in Peninsular and Sabah entered the third phase of the Consolidation programme, where we applied optimum manuring and expanded the mechanisation programme. All these efforts are expected to further improve yields, and in turn improve the overall profitability of the Group.

The table below shows the progress of the Consolidation Programme.

Region	Estimated Completion Date	Nature of Consolidation Works
Peninsular	July 2023	Weeding, pruning and sanitation pruning
Sabah	June 2023	Pruning, desilting drains and road upkeep
Sarawak	December 2023	Weeding, pruning, water management, road upkeep and optimum manuring application

## CHIEF EXECUTIVE OFFICER'S MANAGEMENT DISCUSSION & ANALYSIS

## CHIEF EXECUTIVE OFFICER'S MANAGEMENT DISCUSSION & ANALYSIS



### INCREASED PURCHASE OF FFB

Our two-pronged strategy to aggressively increase the purchase of FFB from third parties and optimise the capacity of our mills were successful in increasing our FFB processed and sales volume.

As part of efforts to increase FFB purchase, the Group introduced a Strategic Partnership Programme with local smallholders for the supply of FFB. The programme offered them the choice to sell their FFB to our mills at a fair price with lower transportation costs and on cash payment terms.

The programme received encouraging support from smallholders, registering 195 new suppliers and increasing the Raja Udang Palm Oil Mill utilisation rate by 5.8%. We hope to continue this programme in other mills in the Peninsular and Sabah regions as it has the potential to nurture and develop small suppliers to become super dealers. This is in line with our aspiration to contribute to the local communities where we operate, as well as build trust and loyalty to THP.



### SUSTAINABILITY PRACTICES

All of our estates and mills are MSPO and MSPO SCCS certified. Adhering to the highest standards of ESG is critical to our business, and as such, ESG practices are integrated into our daily operations.

Within our operations, we strive to minimise GHG emissions while complying with NDPE policies. The Group's commitment to the NDPE is included in our Sustainability Statement.

The Group also partnered a local non-governmental organisation in 2022 to address carbon emissions in a conservation and restoration project of degraded forest at Hutan Simpan Gunung Arong in Mersing, Johor, which covers about 4,300 hectares. This nature-based solution project is a 7-year commitment and is expected to be completed in 2029.

In 2022, the Group installed Tertiary Effluent Treatment Plants ("TETP") at our Sabah and Sarawak mills to treat wastewater effectively and minimise Biochemical Oxygen Demand ("BOD") and impact on the ecosystem. We have also completed the installation of the EPS, which reduces dust and improves air quality, at all six of our mills. In addition, solar panels are now installed at our estates to support the renewable energy agenda.

Annually, we conduct ESG awareness programme at mills and estates to increase the knowledge of our employees. To further embed the sustainability culture and mindset among our employees, we have set aside a dedicated Sustainability Month, where various related topics were discussed by both internal and external experts.

As part of our workplace enhancement, we also invest in digital tools to reduce paper use while improving productivity. The Group proactively engages with the communities where we operate through our Corporate Social Responsibility ("CSR") and employee lifestyle programmes.

In 2022, we upgraded the housing facilities of our employees as well as added welfare and sports facilities for the benefit of our estate and mill staff.



## CHIEF EXECUTIVE OFFICER'S MANAGEMENT DISCUSSION & ANALYSIS

### OUR PEOPLE

The strength of the Group lies in the diversity of our multi-talented pool of employees. We believe we have the potential to grow the business further in the future by investing in our people. As such, we continually strive to enhance our Human Capital management to ensure we develop and retain the right talent for our operations.



In 2022, we embarked on the following initiatives:

- Establishing the Departmental One Page Strategy ("OPS")
- Setting of Key Performance Index ("KPI")
- Introducing Performance Management System ("PMS")

These initiatives promote a systematic and transparent approach to measuring the performance of employees and departments. It helps departments to demonstrate teamwork and partnership in delivering their KPIs. We believe these initiatives will act as an agent of change in organisational behaviour and promote operational efficiency.

As reflected on the cover page of the Annual Report, we have published the photos of the managers of THP's best estates and mills in 2022. They are En Suardi Abdurrachman of Ladang Sungai, Tenegang, En Mohd Johari Md Daud of Ladang Sungai Merchong and En Kamar Jamian of Kilang Sawit Bukit Lawiang. We believe that our multi-talented employees deserve this recognition as THP has only been able to succeed before of their efforts and determination.

The Group produces a quarterly internal bulletin to improve communication, bonding and stakeholder engagement. Several improvements such as the inclusion of work-life balance, human interest and interview topics were introduced in the bulletin.

Our employees have the opportunity to get to know the leadership of the Group through the interviews section in the bulletin. At the same time, the Group's leadership team also gets to know the multi-talented people that we have in the organisation.

The Group also places emphasis on enhancing employees' knowledge and capabilities. Besides industry training programmes, we also promote Knowledge Sharing Programmes such as Departmental Months where employees share their best practices with others.



## CHIEF EXECUTIVE OFFICER'S MANAGEMENT DISCUSSION & ANALYSIS

### STEERING INTO THE FUTURE

The year 2022 marked THP Group's 50<sup>th</sup> Golden Jubilee as TH's strategic investment arm in the plantation sector. Despite the various disruptions, the Group remained focused and steadfast in its efforts to protect the interests of all its stakeholders. Our Transformation Phase initiatives improved our operational adaptability and agility, allowing us to achieve long-term growth. The Group positive financial indicators clearly show that we are on track to becoming a sustainable company.

Moving forward, we will continue to roll out the initiatives under the Transformation Phase, which will play a part in ensuring the Group's growth, impact and sustainability.



I am also pleased to inform you that the Group is embarking on a five-year Strategic Business Plan (2023-2027) that is aimed at providing clearer structure, objectives, direction and priority areas of focus. We will endeavour to enhance operational efficiency through effective cost management and better resource investment. These will be part of our strategy to mitigate external pressures and ongoing industry challenges.

The Group will continue to uphold greater standards of governance by ensuring current policies and standard operating procedures are reviewed and enhanced to meet the current operational needs. The new Integrity Unit is tasked to create awareness of an ethics and integrity culture throughout the Group in our pursuit to improve performance.

### APPRECIATION

Last but not least, I would like to take this opportunity to express my appreciation to our Board of Directors for placing their trust in me to lead this transformation journey. In support of our "Ukhuwah" concept, we are committed to working together collectively in delivering the best outcome for the organisation - **Optimising Performance For Growth.**

My appreciation also goes to our partners, customers, stakeholders and shareholders for their continuous support and confidence in the Group. We promise to strive for operational excellence in ensuring a sustainable business by creating opportunities with positive growth and impact to ensure sustainable returns for our shareholders.

Thank you.

**MOHAMED ZAINURIN BIN MOHAMED ZAIN**  
CHIEF EXECUTIVE OFFICER

# OUR SUSTAINABILITY JOURNEY

## OUR SUSTAINABILITY JOURNEY

THP is pleased to report on our progress in the areas of implementation and monitoring of our various sustainability initiatives for the Financial Year 2022.

We are committed towards promoting awareness and driving the importance of sustainability as well as addressing global subjects and issues through embedding a sustainability culture within all levels of THP. To this end, we have developed a Sustainability Agenda with a three-pronged approach in the 3P's – Planet, People and Prosperity.



In the year under review, we have increased our efforts to protect and support the Planet in various aspects including strengthening our NDPE commitment, which is further emphasised in the Group Sustainability Policy. This is to ensure that there will be no deforestation or conversion of peatlands and measures will be implemented to conserve the rich biodiversity and ecosystem of our riparian, buffer zones and water catchments.

We are also cognisant that our day-to-day operations impact the environment and as such, we take conscious measures to enhance our management of waste and water, and lower our GHG emissions by reducing fuel and utilising alternative sources of fuel such as biogas and solar energy. Further to that, we continue to implement integrated pest management, recycling of by-products and minimising usage of pesticides and chemicals. We believe that all these efforts will go a long way in reducing the negative effects our business may have on the environment.

On the other hand, our sustainability efforts for People seeks to provide a sustainable livelihood for society by upholding human rights and social commitments, providing a safe and healthy

workplace for our employees, engaging fully with our stakeholders, and supporting the needs and careers of our workforce.

Our sustainability agenda extends to improve the Prosperity or rather, the economic contributions of our business to our nation as we strive to provide shared value to all our stakeholders by driving our business growth. This includes maintaining Good Agricultural Practices, improving product quality and operational efficiency. Additionally, we continue to develop key performance indicators ("KPIs") and regularly monitor our sustainability initiatives. To date, all of our estates and mills in Peninsular Malaysia, Sabah and Sarawak have been certified under Malaysian Sustainable Palm Oil ("MSPO"). As at December 2022, all THP mills have been audited under the certification of Malaysian Sustainable Palm Oil Supply Chain Certification Standard ("MSPO SCCS").

Sustainability is a journey of continuous improvement, where we embrace change and seek to do better for the sake of our future generations. We will continue our efforts to create a shared environment which does 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 of 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 rubber wood), 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 FFB, marketing CPO and PK, unless otherwise stated. We place emphasis on palm oil activities as it is our core business which contributes almost 100% of our revenue since 2018.

The reporting period of our Statement is from 1 January 2022 to 31 December 2022, unless otherwise stated. The content of our Statement is underlined by our commitment towards achieving full MSPO and MSPO SCCS certification before the year ends. Our main aim is to ensure business sustainability and mitigate environmental challenges such as complying with the NDPE policy which is determined by major industry players.

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

### SUSTAINABILITY GOVERNANCE

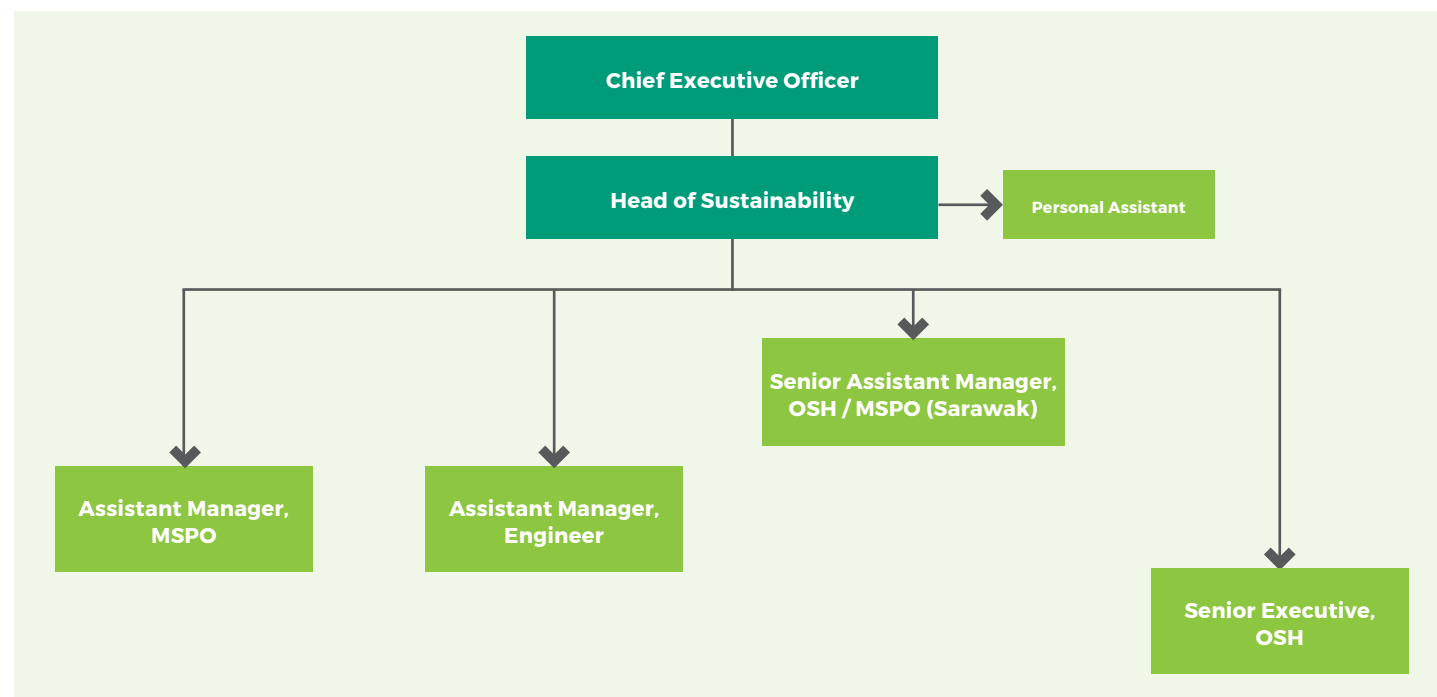
Our 'tone at the top' is set by THP's Board of Directors ("the Board"), with whom the ultimate responsibility of setting the Group's sustainability strategic direction rests. The Board is supported by the Chief Executive Officer ("CEO") and the Sustainability Committee ("SC" or "Committee"). Our CEO 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). This requires vibrant, competent and effective Committee members to steer THP into the mainstream supply chain of palm oil products. In addition, the Committee is also responsible for monitoring the execution of the Board's strategic sustainability directions and overseeing the preparation of the Sustainability Statement.

1 Chief Executive Officer ("CEO") Chairman	8 Estate Department Member
2 Plantation Director Deputy Chairman	9 Agronomy Member
3 Sustainability Secretariat	10 Legal & Secretarial Member
4 Plantation Controllers Member	11 Administration (Foreign Labour Unit) Member
5 Marketing Member	12 Heads of other Departments By Invitation
6 CEO's Office Member	13 LTH Representative By Invitation
7 Engineering Member	

## OUR SUSTAINABILITY JOURNEY

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 and reports directly to the CEO. The SD comprises two units, the MSPO Certification/Sustainability Unit and the Occupational Safety and Health ("OSH") Unit. The CEO oversees the overall implementation of the Group's sustainability efforts, while the Head of Sustainability directs and monitors the implementation of sustainability initiatives within the Group. Meanwhile, the Sustainability Unit ensures our operations are in compliance with MSPO standards, whereas the OSH Unit is responsible for the implementation of OSH managements system to be aligned with policies, acts and regulations.



THP also has in place a comprehensive Group Sustainability Policy which was revised and implemented by the Board since 26 November 2020 in compliance with buyers' NDPE Policy. Our Group Sustainability Policy is available for public viewing on our corporate website at <http://www.thplantations.my/sustainability.php>. We are committed to ensuring our updated Sustainability Policy is fully implemented to make sure that no violations which may affect the future of THP. Additionally, our Policy is in line with MSPO standards and is based on the following three major components:

Human Rights and Social Commitments	Environmental Responsibility Commitments	Ethic Business Commitments
<ul style="list-style-type: none"> <li>Upholding Human Rights</li> <li>A Safe and Healthy Workplace</li> <li>Employee Welfare and Promoting Career Development</li> <li>Respecting and Upholding Land Rights</li> <li>Creating Shared Value for Local and National Growth</li> </ul>	<ul style="list-style-type: none"> <li>No Deforestation, No Peat &amp; No Exploitation</li> <li>Efficient Use of Resources</li> <li>Waste, Effluent and Air Emissions Management</li> <li>Neighbouring Water Resources</li> <li>Zero Burning</li> <li>Biodiversity and Conservation</li> </ul>	<ul style="list-style-type: none"> <li>Procurement Practices</li> <li>Supply Chain Traceability</li> <li>Corporate Integrity Practices</li> </ul>

## OUR SUSTAINABILITY JOURNEY

### 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 created. Our approach to sustainability takes into consideration the long-term impact of our activities for both the Group and our stakeholders. As such, we proactively engaged with our stakeholders through our approach summarised below, which highlights their main concerns as well as THP's response:

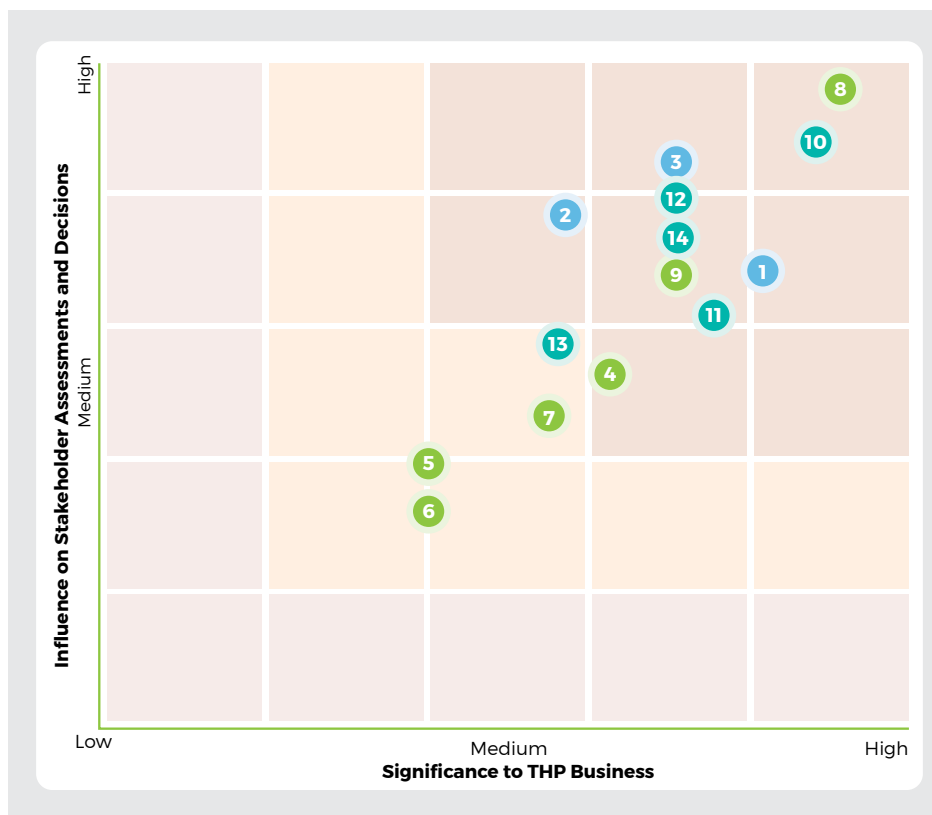
STAKEHOLDER GROUPS & ENGAGEMENT PLATFORMS	STAKEHOLDER CONCERNS
<b>Shareholders</b> <ul style="list-style-type: none"> <li>Annual General Meetings</li> <li>Quarterly announcements</li> <li>Special meetings</li> </ul>	<ul style="list-style-type: none"> <li>Management Discussion &amp; Analysis from pages 10 to 21</li> <li>Product Quality and Operational Efficiency on page 28</li> <li>Audited Financial Statements from pages 96 to 223</li> </ul>
<b>Directors</b> <ul style="list-style-type: none"> <li>Quarterly and special Board meetings</li> <li>Quarterly and special Board Committee meetings</li> </ul>	<ul style="list-style-type: none"> <li>Governance and Ethics on page 30</li> <li>Corporate Governance Overview Statement from pages 60 to 78</li> <li>Statement of Risk Management and Internal Control from pages 79 to 85</li> </ul>
<b>Management</b> <ul style="list-style-type: none"> <li>Operational meetings and ad hoc meetings</li> </ul>	<ul style="list-style-type: none"> <li>Product Quality and Operational Efficiency on page 28</li> <li>Traceability and Supply Chain Management on page 30</li> <li>Effluent and Water Discharge Management on page 31</li> <li>Waste Management on page 32</li> <li>Water Management on page 34</li> <li>Human Rights on page 37</li> <li>Occupational Safety and Health on page 38</li> <li>Employee Welfare and Development on page 41</li> </ul>
<b>Employees</b> <ul style="list-style-type: none"> <li>'Open-door' policy</li> <li>Company intranet, special briefings and bulletins</li> <li>Training</li> </ul>	<ul style="list-style-type: none"> <li>Governance and Ethics on page 30</li> <li>Human Rights on page 37</li> <li>Occupational Safety and Health on page 38</li> <li>Employee Welfare and Development on page 41</li> </ul>
<b>Customers</b> <ul style="list-style-type: none"> <li>Regular emails/in-person correspondence to discuss issues raised</li> </ul>	<ul style="list-style-type: none"> <li>Product Quality and Operational Efficiency from pages 28 to 29</li> <li>Traceability and Supply Chain Management on page 30</li> <li>Governance and Ethics on page 30</li> <li>Biodiversity and Conservation from pages 34 to 35</li> <li>NDPE Commitment on page 35</li> <li>Local Communities on page 44</li> </ul>
<b>Local Communities</b> <i>(i.e. towns, villages)</i> <ul style="list-style-type: none"> <li>Informal grievance channels</li> <li>Community programmes</li> <li>Land management schemes</li> </ul>	<ul style="list-style-type: none"> <li>Effluent and Water Discharge Management on page 31</li> <li>Biodiversity and Conservation from pages 34 to 35</li> <li>Local Communities on page 44</li> </ul>
<b>Local Authorities</b> <i>(i.e. Malaysian Palm Oil Board ("MPOB"), DOSH, DOE, municipal councils, etc.)</i> <ul style="list-style-type: none"> <li>Monthly, annual and special reporting</li> <li>Forums</li> </ul>	<ul style="list-style-type: none"> <li>Governance and Ethics on page 30</li> <li>Effluent and Water Discharge Management on page 31</li> <li>Waste Management on page 32</li> <li>Water Management on page 34</li> <li>Human Rights on page 37</li> <li>Occupational Safety and Health on page 38</li> </ul>

## OUR SUSTAINABILITY JOURNEY

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

### MATERIALITY MATRIX

In 2022, we identified our material matters via Bursa Malaysia's Materiality Assessment Toolkit. We considered the impact of relevant matters to the business and the importance of each matter to our stakeholder groups. Below is our materiality matrix:



#### Significance to THP's Business

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**
  - Product Quality and Operational Efficiency
  - Traceability and Supply Chain Management
  - Governance and Ethics
- ENVIRONMENT**
  - Effluent and Water Discharge Management
  - Waste Management
  - Water Management
  - Biodiversity and Conservation
  - NDPE
  - Greenhouse Gases ("GHG")
- SOCIAL**
  - Human Rights
  - Occupational Safety and Health
  - Employee Welfare and Development
  - Local Communities
  - Land Rights

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

## OUR SUSTAINABILITY JOURNEY

### MANAGING MATTERS TO CREATE SHARED VALUE

Governments, organisations and people of all backgrounds are unified in their 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 Twelfth Malaysia Plan ("12MP"), which took effect from 2021 to 2025 sets the direction to improve the country's Prosperity, Inclusivity and Sustainability.

Against the backdrop of the above-mentioned agendas, we want to communicate how our matters create value on these global platforms. Therefore, we have connected the way we manage our matters to the various aspects of the UN SDGs and 12MP. Our representations are shown below:



OUR SUSTAINABILITY JOURNEY

OUR SUSTAINABILITY JOURNEY

**ECONOMIC**

➤ **PRODUCT QUALITY AND OPERATIONAL EFFICIENCY**

As an upstream oil plantation business, we understand the importance of quality to meet 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 MD&A section of our Annual Report from pages 10 to 21, we further discuss our operational performance, efforts and significant achievements during the year.

In 2022, we made efforts to improve the operational efficiency of our estates through increasing the use of mechanisation in our processes, to reduce our dependence on manual labour and to increase efficiency and productivity.

**Customer Satisfaction**

Our customers are important stakeholders in the sustainable development of our operations. It is our responsibility to produce quality products that are responsibly sourced and produced, which benefit our customers and drive our business growth. 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 prepared alongside the Standard Quality Grade of the Malaysian Standards, MS814:2007 and MS236:2007, for CPO and PK respectively. The following table highlights our average performance against the targets:

Average Quality Indicators	Internal Target	Average Performance		
		2020	2021	2022
<b>CPO</b>				
Free Fatty Acid ("FFA") (%)	≤5.00	3.83	3.91	<b>3.95</b>
Deterioration of Bleachability Index ("DOBI")	≥2.30	2.52	2.58	<b>2.52</b>
Moisture & Impurities ("M&I") (%)	<0.25	0.18	0.18	<b>0.15</b>
<b>PK</b>				
Moisture (%)	<7.00	5.85	5.87	<b>6.19</b>
Dirt & Shell (%)	<6.00	4.75	4.78	<b>4.86</b>

**Good Agriculture Practices**

Our plantation operations are guided by our Standard Operating Procedure ("SOP") on Good Agriculture Practices ("GAP"). Key focus areas of GAP include managing optimum water levels, implementation of site-specific fertiliser programmes, application of integrated pest management (IPM), selection of suitable herbicides for effective weed control and stringent culling exercise to ensure no unproductive palms exist on the field.

**ECONOMIC**

**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 and plantation research. During the year, we carried out following significant projects:

**Key R&D projects in 2022**

- Oil palm mill by-products utilisation such as application of EFBs on field to improve soil structure, retain soil moisture and provide organic matter and as an additional source of nutrients.
- Collaborative research with reputable third parties on the utilisation of specifically formulated bait for suppressing rat population through an integrated comprehensive approach.
- Providing technical support service to estate operations in areas of land development, establishment of estate boundary, and replanting.
- Collaborative project on screening of planting materials with MPOB on authentication of quality seedlings/seeds via DNA testing.

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	2020	2021	2022
Budget for R&D:			
Annual Expenditure	1.6	1.5	<b>1.3</b>

**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:

- Management commitment and responsibility
- Transparency
- Compliance with legal requirements
- Social responsibility, safety and employment conditions
- Environment, natural resources, biodiversity and ecosystem services
- Best practices
- Development and new plantings

As of the end of December 2022, all THP estates and mills operate under MSPO and MSPO SCCS certification, which strengthens the credibility of our products and traceability measures, placing us in line with local and international palm oil market demands.

Apart from that, we also increased our engagement with stakeholders, especially FFB suppliers, to provide them support in their MSPO certification process. This will further strengthen the relationships we have with our suppliers, as we work towards common goals and generation of opportunities for future collaborations.

In line with our goal to become an integrated and sustainable plantation 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.



OUR SUSTAINABILITY JOURNEY

OUR SUSTAINABILITY JOURNEY

**ECONOMIC**

**TRACEABILITY AND SUPPLY CHAIN MANAGEMENT**

**GOVERNANCE AND ETHICS**

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.

**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 2021 ("MCCG 2021") and Bursa Malaysia's Listing Requirements.

*Further information on our Corporate Governance structure and initiatives during the year can be found in the Corporate Governance Overview Statement from pages 60 to 78.*

**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.

**Code of Ethics**

We have in place a Code of Ethics and Conduct ("The Code") which ensure that we maintain the highest standards of conduct, integrity and professionalism in all our activities and transactions. We strive to ensure that we conduct ourselves ethically, in accordance with applicable laws, rules and regulations at all times. The Code guides our employees on ethical behaviour and business conduct and includes disciplinary procedures that require the compliance of management and staff.

In 2022, our Human Capital Department took the initiative to organise roadshows on our Code of Ethics and Disciplinary Procedures among staff at estates and mills. These roadshows were conducted at various complexes in Pahang, Sabah and Sarawak.

**Traceability**

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



To ensure that 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 enable us to 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, with more information available on page 44. Our Procurement Department guides our procurement process by selecting suppliers based on specified criteria, including the extent of vendors' resources and skills, quality and composition of requested resource. Furthermore, our procurement process is governed by internal controls, such as limits of authority and approval from the Tender Committee to ensure fair practices.

**ENVIRONMENT**

**EFFLUENT AND WATER DISCHARGE MANAGEMENT**

We understand the importance of managing our environmental impact by appropriately handling our effluent and water discharge.

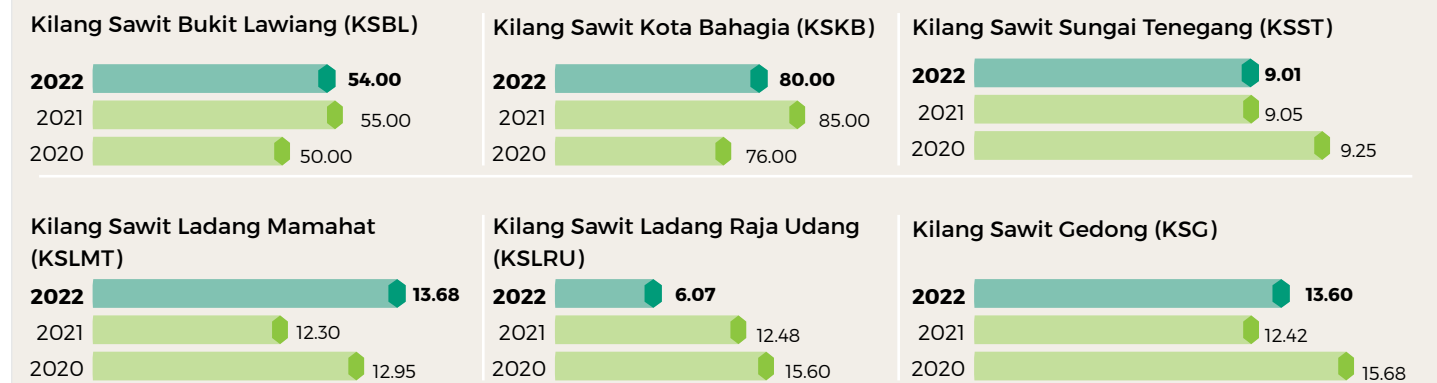
**Palm Oil Mill Effluent ("POME") and Biological Oxygen Demand ("BOD") Measurements**

POME is a significant by-product of processing FFB and without appropriate treatment, the effluent may be detrimental to the environment. 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 done by testing a sample of the treated effluent prior to discharge. Existing regulations require a BOD measurement not exceeding 100 mg/L and 20 mg/L in West Malaysia and Sarawak/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)**



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

In particular, our Sungai Tenegang palm oil mill achieved the lowest BOD measurement for the last three years. While for the year 2022, Raja Udang palm oil mill achieved the lowest measurement due to proper schedule maintenance of anaerobic pond which must be desludged approximately once every two to five years.

Year	2020	2021	2022
Total POME generated (metric tonne)	730,387	510,529	<b>510,073</b>

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

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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.

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.

**WASTE MANAGEMENT**

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

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

**Hazardous and Non-Hazardous Waste Management**

We constantly monitor and manage our waste as we focus on disposing our waste appropriately and reducing our waste output. Waste generated on our sites include scheduled (hazardous) and non-hazardous waste which constitutes less than 10mt/month on average. Third-party contractors are hired to assist in disposing our waste. Disposal of our scheduled waste is performed as required

**Biomass Residue**

Biomass residue is a by-product of FFB processing, which in turn are excellent sources of natural energy and fertiliser. Highlighted below is our performance data on biomass residue (we utilised more than 95% of the biomass residue in 2022, while the balance was sold):

Type of Biomass Residue	2020		2021		2022	
	Produced (mt)	Amount Re-utilised (mt)	Produced (mt)	Amount Re-utilised (mt)	Produced (mt)	Amount Re-utilised (mt)
EFBs	190,680.43	180,637.29	177,770.85	159,601.61	<b>162,351.38</b>	<b>157,900.54</b>
Shells	76,521.05	75,572.99	91,024.64	91,024.64	<b>69,395.16</b>	<b>67,225.31</b>
Fibre	144,518.31	138,988.07	122,876.52	122,876.52	<b>116,120.37</b>	<b>111,061.22</b>

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

**TYPES OF BIOMASS RESIDUE**

Empty Fruit Bunches	Shells	Fibres
<p><b>Methods of re-utilisation:</b></p> <ul style="list-style-type: none"> <li>Natural fertiliser in the plantations in West Malaysia, also known as mulching</li> <li>Bunch Ash created through incineration, which is used to fertilise peatland</li> </ul>	<p><b>Methods of re-utilisation:</b></p> <ul style="list-style-type: none"> <li>As a source of fuel for the boiler system</li> <li>Sold to other plantations or industries to be re-used as sources of fuel</li> </ul>	<p><b>Methods of re-utilisation:</b></p> <ul style="list-style-type: none"> <li>As a source of fuel for the boiler system</li> </ul>

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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.

waste, yield enhancement and strengthening our commitment towards our zero-burning policy.

**MANAGING OUR CARBON EMISSIONS**

It is our corporate responsibility to reduce our carbon footprint to slow down climate change and preserve our environment. We have in place strategies to reduce our GHG emissions, including implementing nature-based solutions, executing forest rehabilitation and conservation activities as well as initiatives to minimise our operational emissions.

In 2022, we have completed the installation of Tertiary Effluent Treatment Plant ("TETP") in our Sabah and Sarawak mills. Going forward, we will equip our mills with biogas plant and install a TETP in Peninsular mills to further reduce BOD to lower than 20ppm. In addition, we will also utilise palm product waste generated from palm kernel shells, EFB and fibres as fuel for renewable energy and change our fertiliser application where possible.

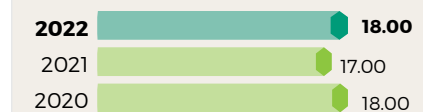
**Emission from the Boilers**

To minimise our GHG emissions, our efforts encompassed various aspects of our operations at our mills and estates. In 2022, we explored the feasibility of rooftop solar panels, while continuing to improve the operational efficiency and effectiveness of our processes, including peat management, replacing our boilers and turbines to increase efficiency, enhancing our management of

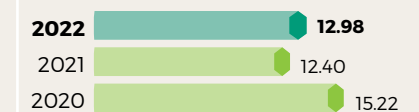
We monitor our boiler emissions via the Continuous Emissions Monitoring Systems ("CEMS"), which is implemented as part of local environmental regulations. The system monitors and concurrently updates the DOE on the contents of our emissions. At present, local regulations require us to maintain smoke opacity below 20%. Over the years, we have maintained our smoke opacity in line with regulations, as shown below:

**Smoke Opacity Readings (mg/L)**

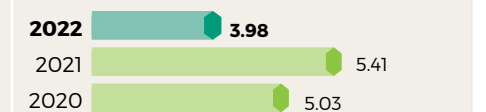
**Kilang Sawit Bukit Lawiang (KSBL)**



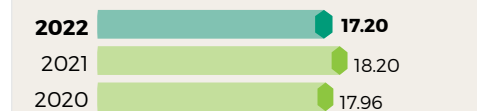
**Kilang Sawit Kota Bahagia (KSKB)**



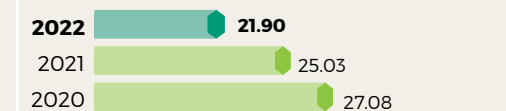
**Kilang Sawit Sungai Tenegang (KSST)**



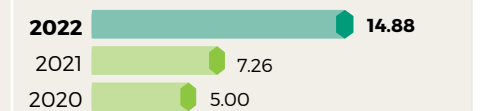
**Kilang Sawit Ladang Mamahat (KSLMT)**



**Kilang Sawit Ladang Raja Udang (KSLRU)**



**Kilang Sawit Gedong (KSG)**



BOD Limits: - Peninsular <100 mg/L; Sabah & Sarawak <20 mg/L

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

Capturing and reusing emissions as biofuel would effectively recycle emissions and reduce costs. Therefore, one of our planned measures would be to build a biogas plant at each of our sites. The plant will capture methane and produce biogas as a source of natural fuel at all our mills. These methane-capturing facilities are costly to build and as such, long-term planning and considerations would be necessary prior to its implementation.

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

**GHG Emission (tCO<sub>2</sub>e/mt FFB)**

Year	2020	2021	2022
Average Total Emission	1.99	1.93	<b>1.85</b>

We have managed to reduce 0.084mt or 4% of total GHG emission for the year 2022.

**WATER MANAGEMENT**

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

**Water Consumption**

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

At our Raja Udang Palm Oil 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 have manage to reduce our water consumption as per table below:

Year	2020	2021	2022
Total Water Consumed at Mill Operations (m <sup>3</sup> )	1,246,457	986,860	<b>912,060</b>

**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, water sampling is conducted in these areas 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.

**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. Since 2019, we have established 335.16 ha of riparian reserves and buffer zones.

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

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**Environmental Impact Assessments**

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

- |  |  |
|--|--|
| 1 soil erosion/slope stability and soil conditions     | 5 impact of replanting and abandonment |
| 2 water and noise pollution                            | 6 socio-economic and ecological impact |
| 3 potential loss of flora and fauna and their habitats | 7 safety and health                    |
| 4 waste disposal                                       | 8 peat soil subsidence                 |

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

**NDPE COMMITMENT**

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

**No Deforestation**

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

**No New Development on Peat**

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

**No Exploitation of People and Local Communities.**

To ensure no exploitation issues, we concern ourselves with:

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

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**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 team will provide the technical and advisory support for continuous management and care for the peatland. At the end of 2022, THP owned 44,749.27 ha of peatland, of which 14,924.84 ha is left unplanted and contributed to the biodiversity and conservation area.

**Integrated Pest Management**

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

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

**Towards Biodiversity Conservation**

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

**Canopy cover**

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

**Allowing natural decomposition of dead vegetation**

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

**Reducing human-wildlife conflicts**

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

**Zero Burning Policy**

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



OUR ENVIRONMENTAL INITIATIVES FOR 2022

We have increased our efforts to conserve the environment and reduce GHG emissions. Our key efforts include:

**Rehabilitation of Hutan Simpan Gunung Arong in Mersing, Johor**

We embarked on a 7-year (2022 - 2029) conservation and restoration project to rehabilitate the degrading Hutan Simpan Gunung Arong in Mersing, Johor, covering 4,300 ha, in collaboration with a local non-governmental organisation. Our focus in this project, was to conserve the biodiversity and ecosystem of the environment through nature-based solutions that will also increase carbon sinks, allowing us to address climate change issues.

**Installation of Solar Panels**

We have installed solar panels to save cost and to support our renewable energy agenda, in two separate initiatives:

- Solar Panels for Street Lighting along Ladang Sungai Merchong (Muadzam)
- Rooftop Solar Panels at the guardhouse of Ladang Gedong (Serian) and Sungai Karangan (Bintulu)

**Equipping our Mill with a Biogas Plant**

We have formed a joint venture project with a third party, to equip our Bukit Lawiang Mill with a Biogas Plant which signifies our commitment to reduce GHG emissions in our day-to-day mill operations.

SOCIAL

HUMAN RIGHTS

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

**Our Human Rights Commitment**

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

In 2022, we employed 5,303 employees and workers, of which 58% are local and 42% are foreign. Our commitment is to uphold their human rights by adhering to our Human Capital ("HC") Policies which outline the basic principles of human rights, as shown below:

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

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**Supporting our Foreign Workforce**

All our workers are treated fairly and equally. The hiring process for foreign workers is especially different as we will need to relocate them 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 obtaining quota approval to hire workers from Labour Department and Home Ministry. Upon request, our appointed agents will begin the recruitment and immigration process in Indonesia and will make flight arrangements for them. Our representatives will fetch them once they have arrived in Malaysia. All costs involved including levy fees payable to Malaysian government, visa application and first time flight ticket will be borne by the Company.

Upon arriving at our sites, all foreign workers are provided with safe and secure accommodation close to their work site. In 2022, we took the initiative to replace and upgrade our employees' living quarters as part of our ongoing commitment to support our workers, which is also in compliance with local laws and regulations. Moreover, we also constructed welfare and sports facilities for the benefit of our estate and mill employees in line with ILO requirements.

We strictly adhere to the national minimum wage regulations in our areas of operation. Effective April/May 2022, the Malaysian Government has specified a minimum wage of RM1,500 per month for the work performed in a place of employment, under the Wage Order 2020. The average monthly earnings of our workers in all our estates are highlighted below:

Earnings (RM)	2020	2021	2022
Average monthly earnings per worker	1,740	1,870	<b>1,700</b>



Other benefits provided to all our employees and workers are discussed under Employee Welfare from pages 41 to 43.



**Engagement with Workers' Union**

Workers have access to union representatives and are free to join worker unions. This allows our workers to engage in open dialogue to 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 employees' and workers' interests when holding discussions with Malayan Agricultural Producers Association ("MAPA") who engage on THP's behalf. Topics discussed include basis of wages and other matters which impacted the staffs and workers.

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

**▶ OCCUPATIONAL SAFETY AND HEALTH**

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

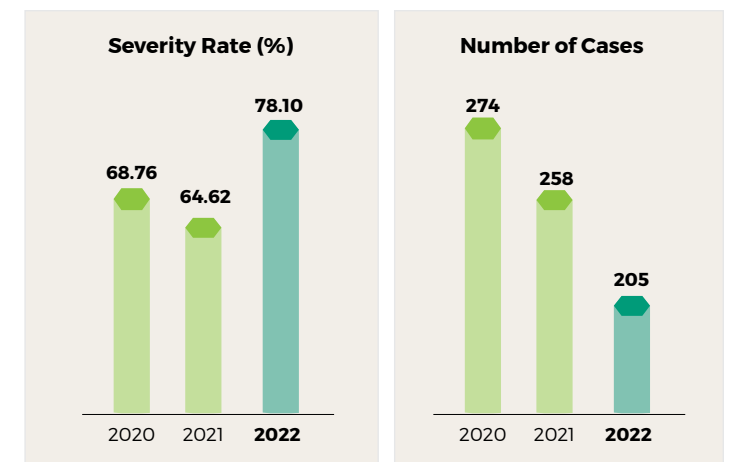
In 2022, our OSH department conducted a Compliance Visit to ensure that the practices in our mills and estates are in accordance with OSHA 1994, as well as to improve existing systems.

**Our Policies**

In 2022, we maintain our Occupational Safety and Health Policy and Occupational Safety and Health for Chemical Substances Policy as per year 2020. Some of the key elements from our policies are highlighted below:

- Provide safe and healthy working environment
- Communicate information, instruction, training and supervision to all employees
- Identify all accidents, diseases, poisoning 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

THP has set an annual target of zero fatalities, as well as a 5% reduction in incident cases and lost day rates from year to year. With a 20.5% decrease in cases, we were able to reach our goal of zero fatalities in 2022. However, due to the severity of injuries that resulted in the loss of more than four man days per case, the severity rate increased to 13.5%.



As a result, THP has taken proactive steps to substantially lower the severity rate of accidents in the future. Based on the possibility that an accident would occur in any activity, THP revised HIRARC and increased workers' awareness through training and briefing.

**Inspection of Mills' Factories & Machineries**

According to the Factory & Machinery Act of 1967, all of our mills must abide by the Mill's Factory & Machinery Inspection conducted by the Department of Occupational Safety & Health ("DOSH") Malaysia every 15 months. The inspections are conducted on an annual basis as part of our commitment to safety and include the Occupational Safety & Health Workplace Assessment ("OSHWA") and the assessment of machineries that are used in our operations such as boiler, unfired pressure vessel ("UPV") and hoisting machine.

**Safety and Health Training**

Our OSH unit regularly reviews the training plans. Workers and employees are assigned to pertinent training schedules and are obligated to attend them, as agreed. In accordance with the monitoring of training participation rates, more than 90% of all employees received training.



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Our key annual training programmes for the year 2022 are highlighted below:

Name of training	Content of training	Frequency of training	Attended by
Training on Mechanisation	Safe operating procedures on mechanical handling	Once/year	Tractor Driver & Harvester/ Loaders
Emergency Response Action Plan Procedure (Accident, Chemical Spillage, Fire, Flood, Drowning, Animal Attack)	SOP of Emergency Response Plan ("ERP")	Once/year	All management, staff & workers
Basic First Aider	Basic first aider training sessions	Once/year	OSH Committee
Fire Extinguisher Safety & Fire Drill (Inspection & Training)	Potential sources of fire and fire management procedures	Once/year	All management, staff & workers
Personal Protective Equipment ("PPE") Handling and Replacement Procedure	SOP of PPE	Five times/year	All management, staff and workers
SOP Training and Best Practices for Estates and Mill Operations	Briefing on THP SOP based on task/department	Four times/year	All management, staff and workers
Noise Exposure Training	Adequate training, instruction and information regarding noise exposure	Once/year	Any employees who are subjected to excessive noise exposure

**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; and
- Advise on improving the safety and health aspects of the working environment.

**The main areas inspected during the audit include:**

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

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

**Key Findings from Safety and Health Audit in 2022**

- Hazard Identification Risk Assessment Risk Control ("HIRARC") was reviewed and updated accordingly
- Awareness and Warning Signage was not maintained properly
- Inadequate training and retraining of workers
- Some training is not recorded
- Noise Risk Assessment ("NRA") findings
- The Medical Surveillance Report was not tabled and discussed

**Management's Response**

- Consistent revision of the HIRARC whenever necessary
- Signage needs to be maintained or replaced
- Training and retraining to be carried out as planned
- Training records to be updated as per recommendation
- Implementation of necessary action and conducting an audiometric test
- To update minutes of meeting by including discussion on medical surveillance report by Occupational Health Doctor ("OHD") or Health Assistant ("HA")
- To update minutes of meeting by including health surveillance report by HA or Visiting Medical Officer ("VMO")

**Management of Noise Levels**

We monitor the levels of noise around the mills to ensure that levels are below limits stipulated by the Environmental Quality Act 1974. All our mills operate within the permitted noise levels of 65 dB(A) during the day and 55 dB(A) at night.

Our employees are prohibited from being exposed to:

- Daily Noise Exposure Level ("NEL") of more than 85 dB(A) / Daily Personal Noise Dose ("DPND") of more than 100%
- Maximum Sound Pressure Level ("SPL") of more than 115 dB(A) at any time
- Peak Sound Pressure Level ("SPL") of more than 140 dB(C)

If employees are required to work in an environment with a DPND or NEL above 100%, earplugs are provided to protect their hearing, as per regular practice and recommendation from NRA.

**EMPLOYEE WELFARE AND DEVELOPMENT**

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



**Our People**

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

Total No. of Employees	2022	
	Men	Women
Management (Senior Management)	10	2
Employees (Management, Executives and Non-Executives)	532	186
Workers (Local)	1,880	470
Workers (Foreign)	1,597	626

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JOURNEYOUR SUSTAINABILITY  
JOURNEY

## SOCIAL

## Benefits for Employees and Workers

We strive to compensate our workforce by providing competitive benefits to support them, due to the ever-changing needs of society.

Besides annual leave and life insurance, employees and workers who work at our mills and estates are provided with free lodging, electricity, and water supply. For our foreign workers, we absorb their total recruitment cost including airfare, transportation cost and annual levy fees.

To support our employees, we provide a number of benefits, such as allowance for accommodation, transportation and travel, medical and life insurance. Furthermore, we support working parents amongst our employees, providing them with 98 days of maternity leave and awarding employees' children for their excellent performance at school. We acknowledge parental leave as an important benefit to support work-life balance amongst our employees. All permanent employees and workers are entitled to parental leave and all employees who took parental leave, returned to work as shown below:

Turnover Rates	2020	2021	2022
Total no. of employees who took parental leave			
- Men	1	3	2
- Women	4	1	3
Total no. of employees who returned to work in the reporting year after parental leave			
- Men	1	3	2
- Women	4	1	3

We consider our employees' long-term needs via our contribution to the Employees Provident Fund ("EPF") and Social Security Organisation ("SOCSO") on behalf of our employees. We also established the Retirement Gratuity Scheme, for which most 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 employees training and it is administered by our HC department which monitors and organises appropriate training programmes based on employees' skills and designations.

In 2022, we also held ESG briefings for the management of estates and mills to embed sustainability culture across all levels in our organisation, to emphasise the importance of sustainability and to encourage knowledge sharing. We also organised a Sustainability Month Programme to raise awareness amongst employees on the various aspects of sustainability, including various topics such as: Introduction of the Sustainability Department, MSPO, OSHA 1994, OSH Committee at headquarters and NDPE policy. Our estates and mills in Kluang, Kota Bahagia, Terengganu, Sabah and Sarawak also had OSH Compliance Visits conducted to ensure that their practices are in accordance with OSHA 1994.

During the year, the management of the Sustainability Department, Operations personnel and Finance department attended the International Palm Oil Sustainability Conference ("IPOSC") 2022 and sustainable financing talks organised by local financial institutions to increase their knowledge on sustainability challenges and opportunities in the Malaysian palm oil industry.

Average Hours of Training Per Employee	2020	2021	2022
Management	8	8	1
Employees	8	8	9
Workers	13	-	4

## SOCIAL

Training for Non-Technical Skills	Frequency of Training	Employees who Attended the Training
MPOB Seminar & Training	Twice/year	Marketing and Estate Management
QMSPRO Seminar HIRARC	Once/year	Representative Department
MAICSA & SSM	Twice/year	Secretarial Department
MPOC Market Forum 2022	Once/year	Marketing, Sustainability and Management
Basic Occupational First Aid	Once/year	Representative Department
MACA	Twice/year	Internal Audit Department
MAPA & Employment Law	Once/year	IT, HC and Management
MIA Institute of Accountants	Thrice/year	Finance Department
POC East Malaysia Palm & Lauril	Once/year	Marketing Department

Training for Technical Skills	Frequency of Training	Employees who Attended the Training
MPOB Seminar & Training	Twice/year	Agronomy and Estate Management
MIA Institute of Accountants	Once/year	Finance and Management
MPOC Seminar IPOSC 2022	Once/year	Sustainability and Management
NIOSH	Once/year	Estate Management
ISP	Once/year	Mechanical Department

## Employee Lifestyle Programmes

Various social and sporting events were held to build teamwork and to encourage employees' work-life balance. Numerous activities were organised both at the headquarters and at the estate/mill-level throughout 2022, including the following:

Date	Events
15 February	Program Vaksinasi Kanak-Kanak & Dos Penggalak Di Ladang Bukit Gold
1-31 March	'Sustainability Month' oleh Bahagian Kelestarian Ibu Pejabat
11 March	Program Vaksinasi Booster Daripada KKIA Kinabatangan Di Ladang Bukit Belian
18 March	Larian Keluarga (Persatuan Kaum Wanita-Ladang Bukit Belian) 2022
31 March	Majlis Persaraan Pengarah Perladangan
1 April	Program Ceramah Agama Sempena Menyambut Ramadhan
31 May	Majlis Jamuan Hari Raya Aidilfitri Peringkat Ibu Pejabat
1-30 June	'Engineering Month' oleh Bahagian Kejuruteraan & Kilang Ibu Pejabat
4 & 5 June	Pertandingan Memanah Anjuran THP Saribas Archery Club ("TSAC")
1-31 July	'Agronomy Month' oleh Bahagian Agronomi Ibu Pejabat
19 July	Sesi Perbincangan Bersama Pembekal Utama FFB Berkenaan Kepentingan Pensijilan MSPO oleh Bahagian Kelestarian Ibu Pejabat
18-19 August	Perlawanan Bola Jaring Antara Ahli PKW & Persahabatan Bersama NGO & Sekitar Kawasan Perkampungan, Anjuran Kompleks Sungai Tenegang
16 September	Riadah Ahli Persatuan Kaum Wanita Ladang Sungai Tenegang Ke Pulau-Pulau di Semporna, Sabah
28 & 29 October	Karnival Sukan Tabung Haji

## OUR SUSTAINABILITY JOURNEY

### SOCIAL

#### LOCAL COMMUNITIES

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

#### Serving the Local Communities

A number of our estates, especially estates located in Sarawak, are part of a land management programme with indigenous communities. We respect the rights of these communities, therefore we establish a collaborative approach towards land management with these communities. To do so, we participate in the Sarawak's Native Customary Rights ("NCR") Land Development Programme, which is managed by the Sarawak Land Custody and Development Authority. The programme enables us to work together with native landowners to develop and manage plantation land in certain areas. In 2022, 18% of the NCR land were part of the incentives payment programme involving 2,035 landowners. In exchange for their participation in the programme, indigenous landowners received 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.

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

	2020	2021	2022
Total amount of incentives paid to local communities, as part of land management (RM)	4,649,135	4,234,502	<b>4,340,961</b>

#### Unlocking Entrepreneurial Capabilities

One of the ways in which we help our communities achieve better future prospects is through the Vendor Development Initiative ("VDI"), which promotes entrepreneurship amongst the locals. Through VDI, we encourage individuals from our local communities to start a business that will allow them to become our business partner. By giving them the opportunity to earn contracts from THP, we are not only promoting an entrepreneurial culture among the locals, but also helping them earn a living. In addition to this, we also encourage the participation of Bumiputera contractors in the VDI programme. In 2022, we signed contracts worth RM154 million as part of the VDI initiative, of which, 38.80 % were Bumiputera businesses with a total contract value of RM59 million.

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

#### Conclusion

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

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

## OUR BOARD LEADERSHIP

### DATUK DR. AHMAD KUSHAIRI BIN DIN

Chairman, Independent Non-Executive Director



Malaysian Male 64

#### Date of Appointment

Chairman:  
28 June 2022

Independent Non-Executive Director:  
18 March 2022

#### Interest in Securities of the Company and its Subsidiaries

Nil

#### Membership of Board Committees

Nil

#### Present Directorship(s) in Other Public Companies

Listed

· Nil

Non - Listed

· Bank Pertanian Malaysia Berhad

#### Meeting Attendance

100%

Datuk Dr. Ahmad Kushairi holds a PhD in Genetics from Universiti Kebangsaan Malaysia, a Master of Science (Genetics) from University Kebangsaan Malaysia, a Master of Science (Agronomy) from Louisiana State University, USA, a Bachelor of Science in Agriculture (Agronomy) and a Diploma in Agriculture, both from Universiti Pertanian Malaysia.

He has served the Malaysian Palm Oil Board ("MPOB") since its establishment in 1979 until he retired as the Director-General in 2019. He has 40 years of experience, skills and knowledge, which amongst others include organisational management, oil palm breeding, quantitative genetics, seed production, plantation management and management of research. He has received numerous awards and honours from MPOB, national and international organisations, including Gold Medal Research Award, Director General's Science Excellence Challenge Trophy, Best Publication Award and Innovation Award.

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

Datuk Dr. Ahmad Kushairi does not have any family relationship with any director and/or major shareholder of THP nor any conflict of interest with THP. 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 2022.



## OUR BOARD LEADERSHIP

## OUR BOARD LEADERSHIP

**DATO' SRI  
AMRIN BIN AWALUDDIN**

Non-Independent Non-Executive Director



Malaysian Male 56

**Date of Appointment**  
1 July 2021**Interest in Securities of the Company  
and its Subsidiaries**  
Nil**Membership of Board Committees**  
Nil**Present Directorship(s) in Other  
Public Companies**

- Listed Companies
- Taliworks Corporation Berhad
  - Bank Islam Malaysia Berhad

- Non - Listed Companies
- Alhijrah Media Corporation (TV Hijrah) Berhad

**Meeting Attendance**  
100%

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

He served the Media Prima Berhad Group for 16 years from 2001 to 2017 having held several key positions and his last position was as the Group Managing Director of Media Prima Berhad. Prior to joining Media Prima Berhad Group, he held several key positions at Amanah Merchant Bank Berhad, Renong Berhad, Malaysia Resources Corporation Berhad ("MRCB") and Putera Capital Berhad.

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

Currently, he is the Group Managing Director and Chief Executive Officer of Lembaga Tabung Haji ("**TH**"), a major shareholder of THP.

Dato' Sri Amrin does not have any family relationship with any director and/or major shareholder of THP nor any conflict of interest with THP. 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 2022.

**YM TENGKU DATO' SERI  
HASMUDDIN BIN  
TENGKU OTHMAN**

Non-Independent Non-Executive Director



Malaysian Male 60

**Date of Appointment**  
30 September 2021**Interest in Securities of the Company  
and its Subsidiaries**  
Nil**Membership of Board Committees**

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

**Present Directorship(s) in Other  
Public Companies**

- Listed Companies
- Theta Edge Berhad

- Non - Listed Companies
- Aliran Ihsan Resources Berhad
  - Putrajaya Perdana Berhad

**Meeting Attendance**  
100%

YM Tengku Dato' Seri Hasmuddin obtains his Bachelor of Law (Honours) in 1986 from the University of Malaya. He is a practicing advocate and solicitor, having admitted to the Malaysian Bar on 14 July 1987.

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

He is a member of the Association of Chartered Islamic Finance Professionals Malaysia since 2009. He continues to play an active role in the development of this area of law through his involvement in the organisation of Kuala Lumpur Islamic Finance Forum ("KLIF"), an annual forum that gathers prominent personalities, practitioners and industry players of Islamic Finance as well as presenting papers on the subject both locally and internationally.

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

Currently, he sits on the boards of IJN Holdings Sdn. Bhd., Aliran Ihsan Resources Berhad and Putrajaya Perdana Berhad as well as Chairman of Theta Edge Berhad, a subsidiary of **TH**.

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

YM Tengku Dato' Seri Hasmuddin does not have any family relationship with any director and/or major shareholder of THP nor any conflict of interest with THP. 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 2022.

## OUR BOARD LEADERSHIP

**HAJI BAKRI BIN  
JAMALUDDIN**

Independent Non-Executive Director



Malaysian Male 58

**Date of Appointment**

2 January 2022

**Interest in Securities of the Company  
and its Subsidiaries**

Nil

**Membership of Board Committees**

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

**Present Directorship(s) in Other  
Public Companies**

Listed

- Nil

Non - Listed

- Nil

**Meeting Attendance**

88%

Haji Bakri holds a Diploma in Agriculture from Universiti Pertanian Malaysia.

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

He was the former Director of MPOB from June 2020 to September 2021 and the Managing Director of Danum Sinar Sdn. Bhd., a subsidiary of Puncak Niaga Holdings Berhad from January 2022 until October 2022. He was a committee member of the Dispute Resolution Committee of the Malaysia Palm Oil Certificate Council since July 2020 and Gabungan Asosiasi Pengusaha Kelapa Sawit Indonesia (GAPKI Kalimantan Timur) from 2014 to 2016. He was also a member of the Main Committee of the Mechanisation and Automation Research Consortium of Oil Palm from February 2021 until November 2021.

Currently, he is a Member of Parliament for Tangga Batu, Melaka.

Haji Bakri does not have any family relationship with any director and/or major shareholder of THP nor any conflict of interest with THP. 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 2022.

## OUR BOARD LEADERSHIP

**MUHAMMAD RAMIZU  
BIN MUSTAFFA**

Independent Non-Executive Director



Malaysian Male 45

**Date of Appointment**

5 April 2022

**Interest in Securities of the Company  
and its Subsidiaries**

Nil

**Membership of Board Committees**

- Chairman of the Audit & Risk Management Committee
- Member of the Investment Committee
- Member of the Tender Committee A

**Present Directorship(s) in Other  
Public Companies**

Listed

- Golden Pharos Berhad

Non - Listed

- Permodalan Terengganu Berhad

**Meeting Attendance**

100%

Muhammad Ramizu holds a Bachelor of Science in Finance and Accounting from the University of Salford, Manchester, United Kingdom and an International Baccalaureate Diploma from Mara College, Banting. He is a fellow of the Institute of Chartered Accountants in England and Wales ("ICAEW") and a member of the Malaysian Institute of Accountants ("MIA").

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

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

He is currently the Financial Advisor of Mentri Besar Terengganu (Incorporated).

Muhammad Ramizu does not have any family relationship with any director and/or major shareholder of THP nor any conflict of interest with THP. 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 2022.

## OUR BOARD LEADERSHIP

**IR. MOHAMED  
AJMEL HAFIZ BIN  
JAMALUDIN**

Independent Non-Executive Director



Malaysian Male 48

**Date of Appointment**

27 June 2022

**Interest in Securities of the Company  
and its Subsidiaries**

Nil

**Membership of Board Committees**

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

**Present Directorship(s) in Other  
Public Companies**

Listed

- Nil

Non - Listed

- Nil

**Meeting Attendance**

100%

Ir. Mohamed Ajmel Hafiz holds a Bachelor of Science in Mechanical Engineering (Petroleum) from the University of Southern California, Los Angeles. He is also a member of the Board of Engineers Malaysia and the Institution of Engineers, Malaysia.

He started his career as a mechanical/subsea engineer for Petronas Carigali Sdn. Bhd. from 1997 until 2009 and lead subsea engineer for Husky Oil China Ltd from 2009 until 2012. He was then appointed as Chief Executive Officer of Atlas Hall Sdn. Bhd., a subsidiary of Boustead Holdings Berhad from 2012 until 2014.

Amongst his current experience was as the technical director of Integrated Process Solutions Sdn. Bhd., director of Impetus Energy Sdn. Bhd., Onesubsea Malaysia Systems Sdn. Bhd. and CX-9 Engineering Sdn. Bhd. He was also a member of the Investment and Finance Committee of YAPEIM.

Ir. Mohamed Ajmel Hafiz does not have any family relationship with any director and/or major shareholder of THP nor any conflict of interest with THP. 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 2022.

**DATUK DR.  
KAMILIA BINTI  
IBRAHIM**

Independent Non-Executive Director



Malaysian Female 70

**Date of Appointment**

28 June 2022

**Interest in Securities of the Company  
and its Subsidiaries**

Nil

**Membership of Board Committees**

- Chairman of the Nomination & Remuneration Committee
- Member of the Investment Committee

**Present Directorship(s) in Other  
Public Companies**

Listed

- Nil

Non - Listed

- Nil

**Meeting Attendance**

100%

Datuk Dr. Kamilia holds a PhD in Enforcement of Court Orders from the International Islamic University Malaysia, a Masters of Laws (Constitutional Restitution and Land Laws) from the University of Malaya, a Bachelor of Laws from the University of Malaya and a Diploma in Syariah Legal Practice (Syariah Law) from the International Islamic University Malaysia.

She started her career with the Attorney General Chambers as a legal adviser in 1976. In 1977, she joined the University Technology of Malaysia ("UTM") as a law lecturer at the Faculty of Property Management until 1984.

She is the Principal Partner and the founder of Messrs. Kamilia Ibrahim & Co, a legal firm that provides services, in areas such as Property-Conveyancing matters, Litigation & Commercial Disputes, Banking & Finance (Conventional and Islamic), Commercial & Corporate, Islamic/Non-Islamic Estate Management and Family & Syariah as well as specialising in Environmental, Social and Governance ("ESG") related Climate Change Laws.

Her working experience includes the following:

- Between 1987 to 1995, she was a Director of Koperasi Usaha Bersatu Malaysia Berhad now known as KUB Malaysia Berhad and a Director of Pusat Rawatan Islam now known as Hospital PUSRAWI.
- Between 1996 to 2013, she was a Non-Executive Director and the Deputy Chairman of KUB Malaysia Berhad. She also sits on the Boards of the KUB Group of Companies as a director and the Chairman, amongst others A&W Malaysia, UNITAR, KUB Agro and KUB Enviro Berjaya.
- Between 1995 to 2000, she served as the Senator of the Malaysian Parliament. Amongst her roles as a Senator includes representing Malaysia at the Commonwealth Women Parliamentarians meeting held in London in 1996, monitoring the first election for the Nigerian Presidential and Senatorial Legislative Assembly in 1999 as well as attending the First International Islamic Women Conference in Tehran and Baghdad.
- Between 2004 to 2013, she was the Secretary General of the Malaysian Drug Prevention Association ("PEMADAM").
- She was the Chairman of the Malaysia Forest Fund from January 2022 until December 2022.

She is also actively involved in the Yayasan Dakwah Islamiah Malaysia ("YADIM"), in which she raises awareness among women about their rights in marriage and family, strengthening family institutions and spreading Islamic Fundamental Rights throughout Malaysia. Currently, she is the Deputy President of the Malaysian Dakwah Council.

Datuk Dr. Kamilia does not have any family relationship with any director and/or major shareholder of THP nor any conflict of interest with THP. She 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 2022.

## OUR BOARD LEADERSHIP

**DZUL EFFENDY BIN AHMAD HAYAN**

Non-Independent Non-Executive Director



Malaysian Male 42

**Date of Appointment**Non-Independent  
Non-Executive Director:  
30 March 2023Alternate Director to YM Tengku Dato'  
Seri Hasmuddin bin Tengku Othman:  
5 October 2021Non-Independent  
Non-Executive Director:  
27 March 2019**Membership of Board Committees**

Nil

**Interest in Securities of the Company and its Subsidiaries**

Nil

**Present Directorship(s) in Other Public Companies**Listed  
· NilNon - Listed  
· Nil**Meeting Attendance**

N/A

Dzul Effendy is a Fellow of the Association of Chartered Certified Accountants ("ACCA"), United Kingdom and has more than eighteen (18) 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 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 BMB 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.

In September 2018, he joined **TH** and he is currently the General Manager of Strategic Investment of **TH**.

Dzul Effendy does not have any family relationship with any director and/or major shareholder(s) of THP nor any conflict of interest with THP. 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 2022.

**CHIEF EXECUTIVE OFFICER****MOHAMED ZAINURIN BIN MOHAMED ZAIN**

Chief Executive Officer



Malaysian Male 55

**Date of Appointment**

1 October 2021

**Interest in Securities of the Company and its Subsidiaries**

Nil

**Committee**

Nil

**Present Directorship(s) in Other Public Companies**Listed  
· NilNon - Listed  
· Nil**Meeting Attendance**

100%

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

He has more than 32 years of experience in various capacities in several different industries namely, Integrated Agrifood (including Halal Food Supply Chain and Halal Logistics), Plantations, Food Manufacturing, Defence Industry and Aerospace sectors. Mohamed Zainurin has been involved in Halal Food Supply Chain and Agriculture Plantation since 2006 with Malaysian Agrifood Corporation Berhad, a Khazanah Nasional Berhad ("KNB") wholly owned subsidiary as Vice President of Finance and was subsequently promoted as Senior Vice President of Infrastructure Development. He then joined KNB as Senior Vice President of Agrifood Unit of Khazanah Research & Investment Division.

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

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

Mohamed Zainurin does not have any family relationship with any director and/or major shareholder(s) of the Company nor any conflict of interest with the Company. He has not had a conviction for any offence within the past five (5) years and has not been imposed any penalty by the regulatory bodies during the financial year 2022.

## OUR MANAGEMENT TEAM



**MOHD JAFRI  
ARSHAD**

Head of Operations

Malaysian Male 57

**Date of Appointment:**

1 March 2023

Mohd Jafri Arshad, 57, male, Malaysian, is the Head of Operations in THP, appointed on 1 March 2023.

Mohd Jafri holds a Bachelor's Degree of Science in Agriculture and a Diploma in Agriculture, both from Universiti Pertanian Malaysia. He began his career with Kuala Lumpur Kepong Berhad as a Cadet Planter in 1990 and was promoted to a Managerial position in 1999 with extensive experience in managing Rubber & Oil Palm estates. He joined THP on 1 March 2009 as an Estate Manager at Ladang Sungai Tenegang, Sabah was then appointed as an Estate Senior Manager based in Riau, Indonesia in 2012. Jafri has been entrusted to manage and oversee the operations of several Estates and Estate Department within the Group. In 2021, Mohd Jafri was appointed as the Acting Head of Plantation Controller and promoted as the Head of Operations in 2023. He currently oversees the plantation operations, ensuring estates adhere to the company's policies and procedures accordingly as well as motivating subordinates and workforce.

Mohd 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 (Sabah)

Malaysian Male 59

**Date of Appointment:**

16 March 2020

Mohamad Zuzari Abd Aziz, 59, male, Malaysian, is the Plantation Controller (Sabah) in THP, appointed on 16 March 2020.

Mohamad Zuzari holds a Diploma in Planting Industry and Management from the MARA University of Technology Malaysia. He began his career with Boustead Estate Agency as an Assistant Manager in 1985 and was given the exposure of managing various crops including oil palm, rubber and cocoa. He pioneered the introduction and implementation of oil palm mechanisation system in Boustead that includes fresh fruit bunch in field evacuation, application of fertilisers and the integration of monitoring system using GPS/GIS. He served 13 years in Boustead before joining THP in 1998 as the Estate Manager at TH Ladang (Sabah & Sarawak) Sdn. Bhd. to manage and oversee THP's teak planting programme. Mohamad Zuzari rose through the ranks during his 24-year tenure with THP holding various portfolios, including the successful implementation of sound water management processes for oil palm planted in THP's peat estates and overseeing the daily operations of the Group's peat estates in Indonesia as the General Manager of PT TH Indo Plantations Mohamad Zuzari was appointed the Plantation Controller (Sabah) in 2020 and currently oversees the plantation operations in Sabah, ensuring estates adhere to the company's policies and procedures accordingly as well as inspiring subordinates and workforce.

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



**GHAZALI AB  
TALIB**

Plantation Controller  
(Sarawak Region 2)

Malaysian Male 50

**Date of Appointment:**

16 June 2022

Ghazali Ab Talib, 50, male, Malaysian, is the Plantation Controller (Sarawak Region 2) in THP, appointed on 16 June 2022.

Ghazali holds a Diploma in Planting Industry Management from MARA University of Technology Malaysia. He began his career with Austral Enterprises Bhd. as an Assistant Manager before moving on to Kumpulan Guthrie Bhd., IOI Corporation Bhd., and Golden Land Berhad as Regional Manager. He joined THP in 2009 as Estate Manager in Ladang Mamahat. He was appointed as General Manager based in Riau, Indonesia in 2014. Ghazali has been entrusted to manage and oversee the operation of several estates. In 2022, he was appointed as Plantation Controller (Sarawak Region 2). As the PC, he is responsible for the overall estate operations or activities of all 7 estates in region 2 Sarawak in terms of production, maintenance, and administration in line with the company's goals, vision and mission.

Ghazali 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.



**ROZALI MD  
DESA**

Plantation Controller  
(Sarawak Region 1)

Malaysian Male 56

**Date of Appointment:**

16 June 2022

Rozali Md Desa, 56, male, Malaysian, is the Plantation Controller (Sarawak Region 1) in THP, appointed on 16 June 2022.

Rozali holds a Diploma in Planting Industry and Management from MARA University of Technology Malaysia and has been with THP since 2007. Prior to joining THP, Rozali has had stints in Kuala Lumpur Kepong Berhad, United Plantation Berhad, IOI Plantation, Pontian United, Berjaya City Plantation. In 2022, he was appointed as Plantation Controller (Sarawak Region 1), and in his capacity, oversees the plantation operations and ensures the estates adhere to all the company policies and SOPs.

Rozali 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  
AZAHAR YASIN**

Head, Mill &  
Engineering

Malaysian Male 57

**Date of Appointment:**

1 March 2023

Mohd Azahar Yasin, 57, male, Malaysian, is the Head of Mill & Engineering in THP, appointed on 1 March 2023.

Azahar holds a Bachelor of Science Degree in Mechanical Engineering from University of The Pacific, California and holds a Steam Engineer Certification of Competency from the Department of Occupational Safety and Health. He began his career with TDM Plantation Sdn Bhd in 1989 and subsequently joined THP in February 2004 as the Manager at Pulai, Ramin and Nyatoh Mill. He has been with THP for the past 19 years before he returned to the HQ in November 2021 as an Assistant General Manager of Mill & Engineering. As the Head of Mill & Engineering, he provides technical advisory on operation of the mills under THP to ensure that all activities are aligned with good milling practices and company's SOP. He also oversees engineering projects within THP.

Azahar 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

Malaysian Female 53

**Date of Appointment:**

1 January 2014

Aliatun Mahmud, 53, female, Malaysian, is the Head of Legal & Secretarial and Company Secretary in THP, appointed on 1 January 2014.

Aliatun holds a Master's in Business Administration (MBA) and a Bachelor's Degree (Honours) of Laws (LLB), both from the MARA University of Technology Malaysia as well as a Diploma in Syariah Law and Practice from the International Islamic University of Malaysia. She began her career at the Securities Commission of Malaysia in 1994 before moving 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 20 years. In her current capacity, she manages all legal and secretarial matters for the companies owned as well as those managed by the Group.

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

## OUR MANAGEMENT TEAM

**MAIZURA  
MOHAMED**Head, Strategy &  
Corporate Services

Malaysian Female 52

**Date of Appointment:**

1 January 2014

Maizura Mohamed, 52, female, Malaysian, is the Head of Strategy & Corporate Services in THP, appointed on 1 January 2014.

Maizura holds a Bachelor's Degree (Honours) in Chemistry from the University of Malaya, Malaysia. 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 in 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.

**MARLIYANA  
OMAR**

Head, Finance

Malaysian Female 41

**Date of Appointment:**

1 March 2023

Marliyana Omar, 41, female, Malaysian, is the Head of Finance in THP, appointed on 1 March 2023.

Marliyana holds a Bachelor's Degree in Accounting (Hons) from MARA University of Technology Malaysia. She is a Fellow Chartered Accountant of the Association of Chartered Certified Accountants ("ACCA") and a Member of the Malaysian Institute of Accountants ("MIA"). She started her career with Opus International Group PLC and subsequently joined KPMC in 2006. She joined THP in 2009 as the Assistant Manager. She is currently the Head of Finance and in her capacity, is responsible for managing, planning, implementation, and operations of all finance activities of the Group.

Marliyana 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.

**OTHMAN  
SOMADI**

Head, Marketing

Malaysian Male 59

**Date of Appointment:**

1 January 2009

Othman Somadi, 59, male, Malaysian, is the Head of Marketing in THP, appointed on 1 January 2009.

Othman holds a Bachelor's Degree in Business Administration (Marketing) and a Diploma in Planting Industry and Management, both from the MARA University of Technology Malaysia. He began his career as an Assistant Agricultural Officer with the Southeast Johore Development Authority in 1984 and thereafter joined Johore Tenggara Oil Palm Berhad in 1993 as a Senior Marketing Executive. He joined TH Ladang (Sabah & Sarawak) Sdn Bhd on 5 August 1996 as its Marketing Manager before being appointed THP's Deputy General Manager (Marketing) in 2003. He is currently Head of Marketing and is responsible for the trading and marketing of the Group's products.

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

**AHMAD  
ANUAR SAIRI**

Head, Agronomy

Malaysian Male 57

**Date of Appointment:**

7 February 2020

Ahmad Anuar Sairi, 57, male, Malaysian, is the Head of Agronomy in THP, appointed on 7 February 2020.

Ahmad Anuar holds a Bachelor's Degree in Agricultural Science and a Diploma in Agriculture, both from Universiti Pertanian Malaysia. He started his career as an Agronomist with FELDA Research in 1990 and subsequently joined Austral Enterprises in 1993. He joined THP in June 1999 as the Assistant Agronomist. He was seconded to Trurich Resources Sdn Bhd in 2014 and was appointed as Senior General Manager (Operation & Agronomist), based in Indonesia. He returned to THP in March 2019 as General Manager of the CEO's Office. He is currently the Head of Agronomy and in his capacity, is responsible in providing agronomic advisory, fertiliser recommendation, plantation research as well as innovation and development support for the Group.

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

**MEGAT RIZAL  
EZZUDIN  
ABD MAULUD**Head, Risk &  
Compliance

Malaysian Male 47

**Date of Appointment:**

1 January 2023

Megat Rizal Ezzudin, 47, male, Malaysian, is the Head of Risk & Compliance in THP, appointed on 1 January 2023.

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 is 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. In 2020, Megat Rizal was appointed as General Manager of the CEO's Office until end of 2022. After briefly holding the said position, he was then appointed as Head of Risk & Compliance and is responsible for overseeing the organisation's risk management strategies and compliance.

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.

**ANIS  
ZUHANI  
AHMAD**Head, Investor  
Relations

Malaysian Female 52

**Date of Appointment:**

1 November 2019

Anis Zuhani Ahmad, 52, female, Malaysian, is the Head of Investor Relations in THP, appointed on 1 November 2019.

Anis holds a Master's in Business Administration from MARA University of Technology Malaysia and a Bachelor's Degree (Honours) in Education TESL from Universiti Kebangsaan Malaysia. She started her career with the Education Ministry in 1993 and move to the private sector as she joined the Malaysia Airports Berhad Group in 1995, the Maju Holding's Group in 2005 and Bank Islam Malaysia Berhad in 2008. Anis was appointed as the General Manager, Corporate Communications of Lembaga Tabung Haji in 2012. She has more than 25 years of working experience holding key positions in several organisations and has extensive exposure in Strategic Planning and Integrated Communication Management. She was seconded to THP on 1 November 2019 as General Manager Corporate Communications and is currently the Head of Investor Relations, responsible for overseeing the Group's Investor Relations and Corporate Communications functions.

Anis Zuhani 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.

## OUR MANAGEMENT TEAM



**SAMSHUL  
BAHRI  
MUHAMMAD**

Head, Sustainability

Malaysian Male 50

**Date of Appointment:**  
15 November 2020

Samshul Bahri, 50, male, Malaysian, is the Head of Sustainability in THP, appointed on 15 November 2020.

Samshul holds a Bachelor's Degree (Hons) in Agribusiness from Universiti Pertanian Malaysia and a Diploma in Planting Industry Management from the MARA University of Technology. He began his career in THP on 1 July 1999 as Executive in the Estate Department. In 2010, he was posted to the Sarawak Regional Office as an Operation Manager and rose up the ranks within the 8 years there to Assistant General Manager before he returned to the HQ in 2018. He was appointed as the Head of Sustainability Department in November 2020 and is primarily responsible for sustainability initiatives and innovation within the Group.

Samshul 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.



**HAMIDON  
HASSAN**

Head,  
Information  
Technology

Malaysian Male 57

**Date of Appointment:**  
1 January 2010

Hamidon Hassan, 57, male, Malaysian, is the Head of Information Technology in THP, appointed on 1 January 2010.

Hamidon holds a Diploma in Computer Science from Universiti Pertanian Malaysia and a Bachelor's Degree in Computer Science from Universiti Kebangsaan Malaysia. He has vast experience in the plantation sector, having spent 20 years in Island & Peninsular Berhad before joining THP on 1 January 2010. As the Head of Information Technology, he is responsible in overseeing the entire IT planning and operations for the Company.

Hamidon 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 BADLI  
SHAH MOHD SAID**

Head, Human Capital

Malaysian Male 47

**Date of Appointment:**  
1 March 2023

Mohd Badli Shah, 47, male, Malaysian, is the Head of Human Capital in THP, appointed on 1 March 2023.

Badli Shah holds a Master's in Business Administration (MBA) from University of Malaya, Malaysia and a Bachelor's Degree in Accounting & Business from University of Sunderland, United Kingdom. He began his career with Avon Cosmetics (M) Sdn Bhd as an Executive in 2000 before joining Teras Kimia Sdn Bhd in 2009 as an Internal Auditor. He joined THP's Internal Audit Department in July 2011 as an Assistant Manager. In March 2020, he was appointed as a Senior Manager Internal Audit before assuming the role as Head of Human Capital where he oversees the activities and operations of the Human Capital Department, which involves, among others, payroll, compensation and benefits, selection and recruitment, training, and development.

Badli Shah 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.



**ABDULLAH  
ASYA'ARI  
JUNOH**

Head, Estate  
Department

Malaysian Male 47

**Date of Appointment:**  
16 January 2023

Abdullah Asya'ari, 47, male, Malaysian, is the Head of Estate Department in THP, appointed on 16 January 2023.

Abdullah Asya'ari holds a Bachelor's Degree in Agribusiness from Universiti Putra Malaysia and an Advance Professional Diploma of Associate ("AISP") from The Incorporated Society of Planters. He began his career as an Assistant Manager with Golden Hope Plantation Berhad in 2000 before joining Felde Technoplant in 2005. He joined THP in 2009 as Senior Assistant Manager at Ladang Pasir Besar and went on to assume a number of estates within the Group before he returned to the HQ in January 2023. He is currently the Head of Estate Department where he oversees the administrative estate operations, GPS / GIS, mechanisation as well as supporting the Head of Operations, Plantation Controller and Estate Management under THP Group.

Abdullah Asya'ari 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.



**TUAN LOKMAN  
TUAN ISMAIL**

Head, Administration

Malaysian Male 48

**Date of Appointment:**  
1 September 2017

Tuan Lokman Tuan Ismail, 48, male, Malaysian, is the Head of Administration in THP, appointed on 1 September 2017.

Tuan Lokman holds a Diploma in Management from the University of Malaya, Malaysia. He is also a certified member of the Malaysian Takaful Association ("MTA"). Tuan Lokman began his career as a support staff in Administration & Human Resource Department in November 1997. He spent 26 years in THP, rising the ranks as a Senior Manager up to the Head of Administration position. In his current capacity, he oversees the administrative services and planning matters for THP, maximising the value of Insurance Coverage and ensuring reliable Foreign Workers recruitment services.

Tuan Lokman 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.



**KHAIRIZAL AB  
KARIM**

Head, Procurement

Malaysian Male 43

**Date of Appointment:**  
1 January 2023

Khairizal Ab Karim, 43, male, Malaysian, is the Head of Procurement in THP, appointed on 1 January 2023.

Khairizal holds a Bachelor of Management (Accounting) from University Technology Malaysia. He is a Certified Integrity Officer ("CeIO") from Malaysia Anti-Corruption Academy ("MACA"). He joined THP as an Audit Assistant in 2004. He was appointed as Manager Internal Audit Department in 2017. In 2020, he was transferred to Human Capital Department before he joined Procurement in 2022. He was appointed as the Head of Procurement in January 2023, where he is responsible for ensuring a systematic procurement process in adherence to internal controls to obtain cost-effective, efficient and quality goods and services to support THP's business requirements.

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

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

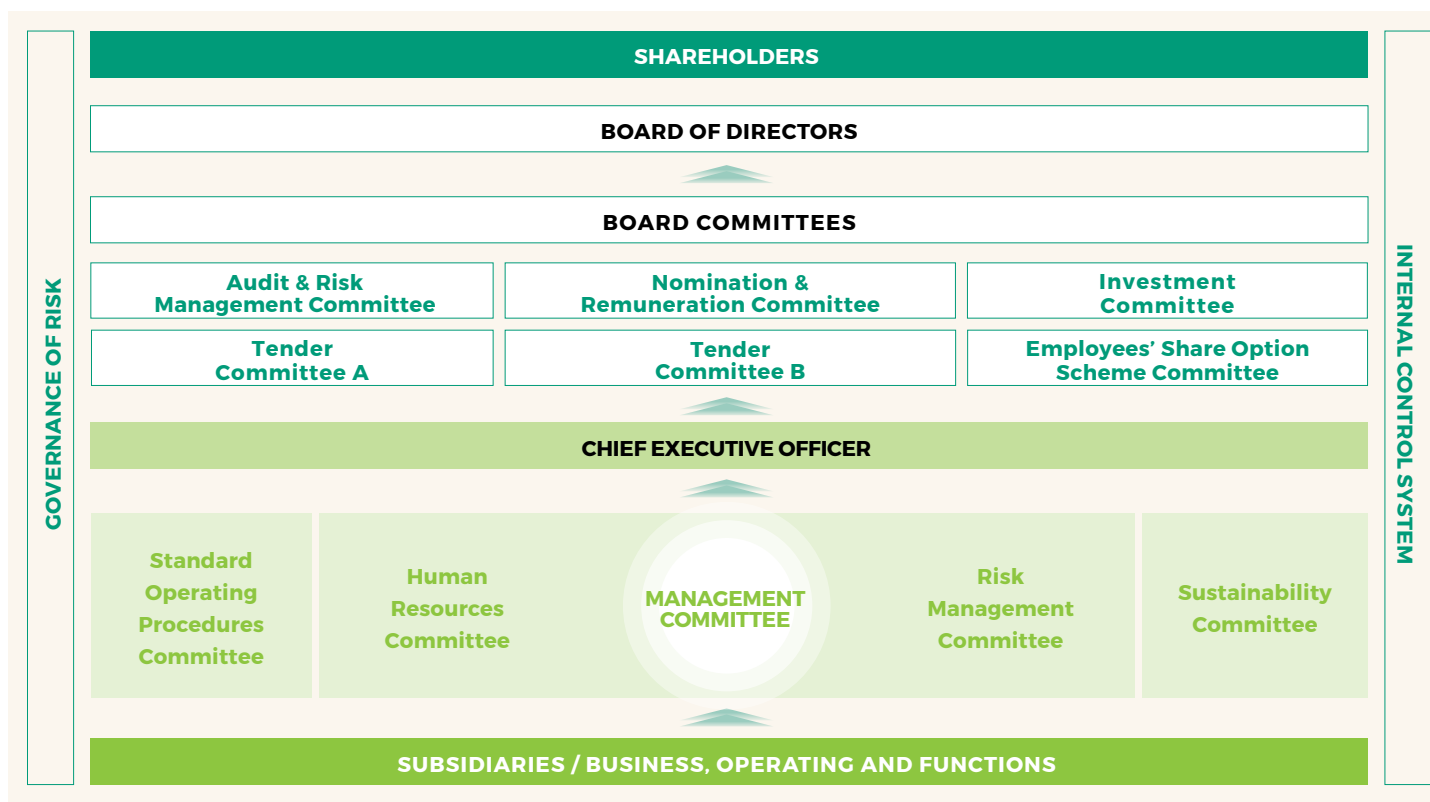
## THE BOARD AFFIRMS THAT IT SHALL CONTINUE TO INTEGRATE GOOD AND EFFECTIVE CORPORATE GOVERNANCE PRACTICES INTO THE OVERALL BUSINESS DIRECTION AND MANAGEMENT OF THE GROUP.

The Board and its subsidiary companies firmly affirms its commitment to the integration of robust and effective corporate governance practices into the overall business direction and management. As custodians of the Company's governance standards, the Board is charged with the responsibility of upholding corporate governance as an integral part of the Group's operations, with a strong focus on maximizing shareholder value and enhancing investors' interests.

As guardians of corporate governance, the Board is dedicated to ensuring the Company's compliance with the Malaysian Code on Corporate Governance 2021 ("the MCCG 2021"), the Bursa Malaysia Securities Berhad's Main Market Listing Requirements ("Listing Requirements"), and the Corporate Governance Guide issued by Bursa Malaysia Berhad ("CG Guide").

This statement provides a comprehensive summary of THP's corporate governance practices for the financial year ended 31 December 2022 ("FY2022"). Readers are encouraged to refer to the Corporate Governance Report, available online at [www.thplantations.my](http://www.thplantations.my), for a more detailed overview of the Company's corporate governance practices.

### OUR GOVERNANCE STRUCTURE



### PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

#### BOARD ROLES

##### Strategy

- Sets 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
- Ensures that resources are in place to deliver the strategy

##### Governance

- Instil and maintain a culture of honesty, integrity and transparency
- Ensures that financial and other controls and processes for risk management are in place and working effectively
- Sets an effective remuneration policy
- Maintains effective relationships with shareholders

##### Performance

- Reviews progress towards strategic and operational goals and the performance of management
- Ensures that Board balance and committee membership are appropriate and effective, and fully compliant with the requirements of the MCCG 2021

#### CHAIRMAN

The Chairman of the Board plays a critical leadership role in overseeing the conduct of the Board and its interactions with shareholders and other stakeholders.

The roles of the Chairman are as follows:

- Provides leadership to the Board
  - Plans Board meetings;
  - Ensures the Board receives proper information in a timely manner;
  - Chairs all Board/shareholder meetings;
  - Ensures that all Directors contribute and participate at Board meetings; and
  - Drives discussion toward consensus and to achieve closure on such discussions.
- Represents the Board to shareholders and be the spokesperson at the Annual General Meeting ("AGM"). Supports the role of the CEO in reporting operational and public relations matters;
- Ensures the integrity and effectiveness of the governance process; and
- Performs other responsibilities as assigned by the Board from time-to-time.

#### CHIEF EXECUTIVE OFFICER

The CEO is responsible for the day-to-day management of both the Company and Group, and is an integral member of the Senior Management team. In many cases, the CEO also serves as an Executive Director, holding a dual role in providing strategic direction to the Board while managing the Company's operations on a daily basis.

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

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

#### NON-EXECUTIVE DIRECTOR

Non-Executive Directors serve as a vital bridge between management, shareholders, and other stakeholders, providing essential checks and balances to ensure that high standards of corporate governance are upheld. Their primary focus is on safeguarding the interests of shareholders and other stakeholders, and they are responsible for ensuring that THP applies these high standards of corporate governance.

Under the Companies Act, 2016 ("the Act"), there is no legal distinction between the duties imposed on Executive and Non-Executive Directors. All directors, including independent directors, are required to act in the best interests of THP and to exercise independent judgment without any external influence.

The roles of Independent Directors are as follows:

- Not to be involved in day-to-day operations of the Company or running of the business; and
- Protects the interests of shareholders and contributes to impartial board oversight.



## CORPORATE GOVERNANCE OVERVIEW STATEMENT

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### COMPANY SECRETARY

As a key support to the Board, the Company Secretary provides independent and impartial advice to the Board, helping to ensure that it operates in accordance with the highest standards of corporate governance. In addition to providing independent advice, the Company Secretary is also responsible for ensuring that there is good information flow between the Board and management, shareholders, and other stakeholders.

The roles of the Company Secretary are as follows:

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

### BOARD CHARTER

The Board Charter has long served as a reliable guide for excellence in corporate governance at our Company. Rooted in the principles and recommendations of the MCCG 2021, it represents a comprehensive embodiment of our governance practices, Board policies, and guidelines.

This Charter is a valuable resource for our Directors, offering detailed references for the Board's role, powers, duties, and functions. It outlines rigorous processes and procedures for the Board and its committees to fulfill their stewardship responsibilities with utmost effectiveness and efficiency.

To ensure continued compliance with current rules and regulations, our Board Charter undergoes annual review and updates as necessary. We maintain its relevance and accuracy in a constantly evolving corporate landscape.

Our Board Charter is available to interested parties on our website, [www.thplantations.my](http://www.thplantations.my) as part of our commitment to transparency and good governance.

### BOARD COMPOSITION

The Board comprises highly experienced individuals who are leaders in their respective fields of enterprise. Their wealth of knowledge, backgrounds, and sound judgement is indispensable in ensuring that THP Group maintains the highest standards of performance, accountability, and ethical behaviour, as demanded by our stakeholders.

As at 31 December 2022, the Board consists of seven (7) members, of whom five (5) are Independent Non-Executive Directors, and the remaining two (2) are Non-Independent Non-Executive Directors, including an Alternate Director.

Profiles of each Board member are provided on pages 45 to 52 of this Annual Report. Given the Company's current activities and size, the Board believes that the current number and composition are sufficient and well-balanced to effectively discharge their duties, while ensuring that no individual or group of individuals dominates the Board's decision-making.

The Board is constantly mindful of its duty to safeguard the interests of the Group's customers, investors, and all other stakeholders. In fulfilling its responsibilities, the Board adheres to the highest standards of corporate governance and is committed to upholding the trust and confidence of our stakeholders.

### BOARD RESPONSIBILITIES

The Board is responsible for the overall conduct of the Group's business and has the powers and duties set out in the Board Charter, among others, include the following:

- i. Reviewing and adopting strategic plans for the Company, primarily the five (5) year rolling strategic plan for the Group.
- ii. 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.
- iii. Identifying principal risks and ensuring the implementation of appropriate systems to manage these risks.
- iv. Implementing succession planning, including the appointment and recruitment of Senior Management team members.
- v. Developing and implementing an investor relations policy or shareholders' communications policy for the Company.
- vi. 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

The Board is committed to upholding high standards of corporate governance and is supported by various committees established at both the Board and management levels, as well as the Internal Audit Department ("IAD"). Regular meetings and discussions with the IAD ensure that the Company's internal controls system is adequate and provides a strong check and balance.

In addition, the Board maintains a dynamic and robust corporate climate that prioritizes strong ethical values. Active participation and structured dialogue involving key people at all levels are encouraged and conducted, while accessibility to information and transparency in all executive actions are consistently maintained. The Board also invests in value-centered programs for team building and active subscription to core values to continuously fortify the corporate climate.

### SEPARATION OF POSITIONS OF CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The Chairman plays a pivotal role in leading the Board, overseeing its agenda, and fostering a culture of open communication and debate, while the CEO, with the support of senior management, is responsible for proposing the Group's strategy, executing the business plan in line with the Board's approved strategy, and implementing the decisions made by the Board.

The clear division of responsibilities between the Chairman and CEO ensures a balance of power and authority, avoiding any one individual having unchecked decision-making powers. As such, the roles of the Chairman and CEO are distinct and clearly defined, allowing for effective leadership and governance of the company.

### BOARD COMMITTEES

While the Board maintains a schedule of key matters that are reserved for their decision, the Board discharges some of their responsibilities through delegation to Board Committees.

All Board Committees operate within clearly defined Terms of Reference ("ToR"), primarily to assist the Board in discharging its responsibilities whilst the ultimate responsibility for the final decision lies with the full Board. The Board Committees bring an increased focus on key areas and probe them more deeply, thereby gaining a greater understanding of the details.

The Board currently has five (5) main Board Committees as follows:

- i. Nomination & Remuneration Committee;
- ii. Audit & Risk Management Committee;
- iii. Investment Committee;
- iv. Tender Committee A; and
- vi. Tender Committee B.

CORPORATE GOVERNANCE  
OVERVIEW STATEMENT

The Nomination & Remuneration Committee ("NRC") Report, Audit & Risk Management Committee ("ARMC") Report and Investment Committee ("IC") Report are provided on pages 66 to 77 of this Annual Report.

All deliberations and decisions taken by the Board Committees are documented and recommended by the respective Board Committees prior to submission as Board papers for deliberation at Board meetings.

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 MCGG 2021.

Only Committee members are entitled to attend meetings however, other Board members may attend at any time if they choose to do so. Professional advisers and members of the Senior Management team shall attend these committee meetings when they are invited to do so.



The responsibilities of these committees are set out in the individual ToR, which are available on the Company's website at [www.thplantations.my](http://www.thplantations.my).

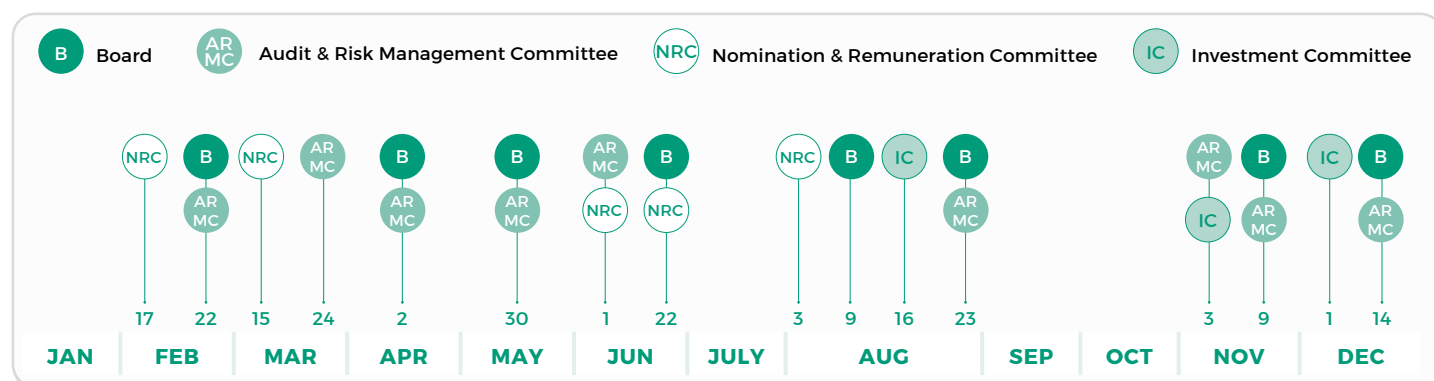


The roles and responsibilities of the Board Committees, along with the activities undertaken during FY2022, are outlined in each of their respective reports are provided on pages 66 to 77 of this Annual Report.

## BOARD MEETINGS

To facilitate efficient planning, Board meetings for the upcoming financial year are scheduled prior to the end of the current financial year. Special Board Meetings may be held between the scheduled meetings in the event of urgent matters that require prompt attention from the Board. The Board is provided with comprehensive and timely access to all relevant information necessary to carry out its duties effectively. In advance of each meeting, a set of Board papers is distributed to each member, containing information on the Group's performance, key operational, financial, and corporate issues.

All Board decisions are recorded in minutes and circulated to Directors for review and confirmation at the following meeting. Directors are encouraged to request clarification or provide feedback before confirming the minutes as a correct record of proceedings. Senior Management may attend the meetings to provide additional details or clarification on matters, and independent advisors or professionals may be invited to offer advice. The Chairman of the ARMC is responsible for informing the Board of salient matters arising from audit findings that require the Board's attention. The Board's agenda may also cover specific topics such as the Group's financial and operational results, strategic and corporate initiatives, acquisitions and disposals of material assets, major investments, and changes to management and control structures, including key policies, procedures, and authority limits.

CORPORATE GOVERNANCE  
OVERVIEW STATEMENT

A total of 8 Board meetings were held in 2022 and all Directors have complied with the minimum fifty per centum (50%) attendance as required under Paragraph 15.05 (3) of the Listing Requirements.

The Directors' attendance at Board meetings for the FY2022 is detailed below:

Name of Directors	Number of Meetings Attended %
<b>Datuk Dr. Ahmad Kushairi bin Din<sup>1</sup></b> Chairman, Independent Non-Executive Director	100% 7/7
<b>Dato' Sri Amrin bin Awaluddin</b> Non-Independent Non-Executive Director	100% 8/8
<b>YM Tengku Dato' Seri Hasmuddin bin Tengku Othman</b> Non-Independent Non-Executive Director	100% 8/8
<b>Haji Bakri bin Jamaluddin<sup>2</sup></b> Independent Non-Executive Director	88% 7/8
<b>Muhammad Ramizu bin Mustaffa<sup>3</sup></b> Independent Non-Executive Director	100% 6/6
<b>Ir. Mohamed Ajmel Hafiz bin Jamaludin<sup>4</sup></b> Independent Non-Executive Director	100% 4/4
<b>Datuk Dr. Kamilia binti Ibrahim<sup>5</sup></b> Independent Non-Executive Director	100% 4/4
<b>Dzul Effendy bin Ahmad Hayan</b> Alternate Director to YM Tengku Dato' Seri Hasmuddin bin Tengku Othman	N/A
<b>Tan Sri Abu Talib bin Othman<sup>6</sup></b> Chairman, Non-Independent Non-Executive Director	50% 1/2
<b>Mohd Adzahar bin Abdul Wahid<sup>7</sup></b> Senior Independent Non-Executive Director	100% 2/2
<b>Dato' Shari bin Haji Osman<sup>8</sup></b> Independent Non-Executive Director	100% 2/2

## Notes:

<sup>1</sup> Appointed as Director on 18 March 2022 and redesignated as Chairman on 28 June 2022

<sup>2</sup> Appointed as Director on 2 January 2022

<sup>3</sup> Appointed as Director on 5 April 2022

<sup>4</sup> Appointed as Director on 27 June 2022

<sup>5</sup> Appointed as Director on 28 June 2022

<sup>6</sup> Resigned as Director on 30 May 2022

<sup>7</sup> Resigned as Director on 11 May 2022

<sup>8</sup> Resigned as Director on 30 May 2022

## KEY BOARD DISCUSSION AND ACTIVITIES

## Financial

- Financial Statements for the FY2021
- Audit fee for THP and Group for the FY2021
- Appointment of External Auditors for the financial year ending 2022
- Quarterly Report on Consolidated Results
- Updates on changes in accounting standards and/or policies
- The Group's annual budget, cashflow projections
- Restructuring of SUKUK
- Interim dividend for the financial year ending 31 December 2022

## Governance and Policies

- Updates on material litigation cases within the Group
- Director's Fit & Proper Policy
- Schedule of Board meetings for the FY2022
- Status of compliance with MCGG 2021
- Formation of a temporary Board Committee

## Operation, Risk, Strategy, Sustainability

- Updates on the Group's estates performance
- Business growth and improving yields
- Improving operational efficiency
- Purchase of FFB from smallholders
- 5 years Replanting Programme of the Group
- Land issues in Sarawak
- Risk Register and the Group Top 20 Risks
- Risk Management Framework
- Strategy Recovery Plan to stabilize and strengthen the Group's operations and finances
- Updates on sustainability matters
- Updates on Recovery Plan Project
- Organisation structure
- 5 years Business Plan of the Group from 2023 to 2027

## Appointment and Resignation

- Review Board and Board Committees composition
- Change of directorship in the Board
- Change of directorship in the Subsidiaries Board
- Change of composition of Board Committees
- Board Evaluation Assessment (assessment of the effectiveness of the Board, Board Committees, Individual Directors and Independent Directors)
- Re-election of Directors
- Change in Key Senior Management
- Top Management Movements

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## Remuneration

- Annual fees for the Board and Board Committees
- Remuneration package of new directors
- Performance bonus for employees of the Group
- Salary increments for employees of the Group.

## Investment and Divestment


- Updates on THP's assets rationalisation plan
- Assessment on the effectiveness of joint venture performance

## Others

- Reports for inclusion in the Annual Report 2021
- Circular to Shareholders for Recurrent Related Party Transactions

## THE GOVERNANCE OF SUSTAINABILITY

The Board bears ultimate responsibility for the governance of sustainability. The CEO and the Sustainability Committee provide support to the Board in implementing, tracking, evaluating, and revising the Group's sustainability policy and initiatives. The CEO provides the Board with updates on the Group's sustainability performance and reviews reports from the Committee on the Group's sustainability management and the development of the annual Sustainability Statement. The Sustainability Committee, which includes various Head of Departments, is responsible for overseeing the implementation of the Board's strategic sustainability direction and supervising the development of the Sustainability Statement. Further information on the Sustainability Statement are provided on pages 22 to 44 of this Annual Report.

 The ToR of the NRC are available on the Company's website at [www.thplantations.my](http://www.thplantations.my)

## MEMBERS AND ATTENDANCE

The NRC comprises Non-Executive Directors with a majority being Independent Directors. The composition of the NRC complies with the requirements of both the Listing Requirements and the MCGG 2021.

## NOMINATION &amp; REMUNERATION COMMITTEE REPORT

The Board is pleased to present the NRC Report for the FY2022. The NRC assists the Board in reviewing the size and balance of the Board to ensure an appropriate mix of skills, experience and knowledge, succession planning, human capital development and the development of the remuneration framework for the Directors, Management and employees.

The structure and procedures of the NRC in remuneration function are as follows:

- The remuneration of Directors shall be the ultimate responsibility of the Board after considering the recommendations made by the NRC.
- 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.
- 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
- The CEO does not participate in discussions pertaining to his own remuneration.

Name of Directors	Number of Meetings Attended %
<b>Datuk Dr. Kamilia binti Ibrahim<sup>1</sup></b> <i>Chairman, Independent Non-Executive Director</i>	100% 1/1
<b>YM Tengku Dato' Seri Hasmuddin bin Tengku Othman</b> <i>Member, Non-Independent Non-Executive Director</i>	100% 5/5
<b>Haji Bakri bin Jamaluddin<sup>2</sup></b> <i>Member, Independent Non-Executive Director</i>	100% 3/3
<b>Ir. Mohamed Ajmel Hafiz bin Jamaludin<sup>3</sup></b> <i>Member, Independent Non-Executive Director</i>	N/A
<b>Datuk Dr. Ahmad Kushairi bin Din<sup>4</sup></b> <i>Member, Independent Non-Executive Director</i>	100% 2/2
<b>Dato' Shari bin Haji Osman<sup>5</sup></b> <i>Chairman, Independent Non-Executive Director</i>	100% 2/2
<b>Mohd Adzahar bin Abd Wahid<sup>6</sup></b> <i>Member, Senior Independent Non-Executive Director</i>	100% 2/2

## Notes:

- Appointed as Member on 20 July 2022 and redesignated as Chairman on 9 August 2022
- Appointed as Chairman on 30 May 2022 and redesignated as Member on 9 August 2022
- Appointed as Member on 9 August 2022
- Appointed as Member on 24 May 2022 and resigned as Member on 21 July 2022
- Resigned as Member on 30 May 2022
- Resigned as Member on 11 May 2022

Meetings of the NRC are attended by the CEO. Other members of the Senior Management are invited to meetings of the NRC when necessary to support detailed discussion on matters relevant to the agenda of the meeting.

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## SUMMARY OF ACTIVITIES OF NRC

The main activities undertaken by the NRC during the FY2022, were as follows:

## NOMINATION FUNCTION

- Assessing and recommending to the Board, the continuation of service of the Directors who are seeking re-election at the AGM.
- Reviewing and assessing the annual performance and effectiveness of the Board.
- Assessing and recommending to the Board, the appointment of new Directors on the Board.
- Reviewing and recommending to the Board, the composition of the Subsidiaries Board.
- Assessing and recommending to the Board, the appointment of new key Senior Management.
- Reviewing and recommending to the Board, the changes, movements, promotions and extension of contracts of Senior Management Personnel in Head Office.
- Reviewing and recommending to the Board, the changes to the organisation structure.

## REMUNERATION FUNCTION

- Reviewing and recommending to the Board, the annual directors' remuneration.
- Reviewing and recommending to the Board, the authority in approving employees' salary increments, bonus, allowances, appointment and promotion.

## OTHERS

- Reviewing and recommending to the Board, the Directors' Fit & Proper Policy.
- Reviewing the disclosure in the Annual Report on the NRC Report.

## APPOINTMENTS

The NRC plays a vital role in the leadership and succession planning of the Board and Key Senior Management. It ensures that proper procedures are in place for nominating, training, and evaluating Directors. The NRC takes the lead in the process of appointing new Board members or identifying potential candidates. The policy on Board appointments involves the NRC developing an appropriate specification that outlines the necessary skills and experience required for the role. Shortlisted candidates are then interviewed by the Chairman and members of the NRC, and where applicable, third-party feedback is sought. After careful consideration, the NRC makes a recommendation to the Board to appoint the preferred candidate.

During the FY2022, the NRC oversaw a change in the Board's composition. Three (3) directors of THP left during the FY2022, namely Tan Sri Abu Talib bin Othman and Dato Shari bin Haji Osman, both resigned on 30 May 2022 and Mohd Adzahar bin Abdul Wahid, who resigned on 11 May 2022.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board appointed the following Independent Non-Executive Directors during the FY2022:

- i. Haji Bakri bin Jamaluddin on 2 January 2022
- ii. Datuk Dr. Ahmad Kushairi bin Din on 18 March 2022
- iii. Muhammad Ramizu bin Mustafa on 5 April 2022
- iv. Ir. Mohamed Ajmel Hafiz Jamaludin on 27 June 2022
- v. Datuk Dr. Kamilia binti Ibrahim on 28 June 2022

On 30 March 2023, Dzul Effendy bin Ahmad Hayan was redesignated from Alternate Director to YM Tengku Dato' Seri Hasmuddin bin Tengku Othman to Non-Independent Non-Executive Director.

For change in Key Senior Management of THP, Shahrizal bin Suhainy resigned as the Chief Financial Officer of THP on 14 November 2022.

The Company Secretary ensures that all appointments are properly made and that all necessary information is obtained from the Directors, both for the Company's own records and for the purposes of meeting statutory obligations as well as obligations arising from the Listing Requirements.

### RE-ELECTION OF DIRECTORS

The process of re-electing Directors allows shareholders to regularly evaluate the composition and effectiveness of the Board. In alignment 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 at lease once in every three (3) years and shall be eligible for re-election at the AGM.

At this upcoming 49<sup>th</sup> AGM of the Company, Dato' Sri Amrin bin Awaluddin and YM Tengku Dato' Seri Hasmuddin bin Tengku Othman are subject to retirement by rotation under Clause 89 of the Company's Constitution.

However, Dato' Sri Amrin bin Awaluddin has expressed his intention not to seek for re-election at the 49<sup>th</sup> AGM of the Company. Hence, Dato' Sri Amrin bin Awaluddin will retire as the Non-Independent Non-Executive Director of THP at the conclusion of the 49<sup>th</sup> AGM of the Company. Whilst, YM Tengku Dato' Seri Hasmuddin bin Tengku Othman, being eligible has offered himself for re-election at the 49<sup>th</sup> AGM of the Company.

The Company's Constitution also provide that newly-appointed directors shall hold office until the next AGM and shall then be eligible for re-election. The following Directors, who have been appointed since the last AGM shall retire in accordance with Clause 94 of the Company's Constitution and being eligible, have offered themselves for re-election:

- i. Ir. Mohamed Ajmel Hafiz Jamaludin
- ii. Datuk Dr. Kamilia binti Ibrahim
- iii. Dzul Effendy bin Ahmad Hayan

### TENURE FOR INDEPENDENT DIRECTORS

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

### INDEPENDENCE DIRECTORS

The Board gives careful attention to maintaining the independence, composition, and balance of its members. To preserve the continuity of Board processes and the effectiveness of the team's personal interactions, the Group systematically refreshes Board and Committee membership. The Board believes that it has the appropriate blend of skills, experience, independence, and knowledge of the Group to fulfill its obligations and responsibilities effectively, as required by the MCCG 2021.

Moreover, the Directors are mindful of their legal duties to act in good faith and promote the Company's success for its shareholders, while also considering the interests of other stakeholders. The Directors' biographies on pages 45 to 52 reveal a diverse set of skills and experiences that enable them to provide independent judgment on issues like strategy, performance, risk management, resource allocation, and standards of conduct, all of which are critical to the Group's success.

## 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:

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

### Criteria for Assessment

1 Board composition together with the utilisation of the experience, skills and expertise, as well as diversity of Board members.	4 Understanding by the Board of the prevailing culture within the Group.	7 Risk management and the effectiveness of the Board in considering the Group's risk management framework and internal controls.
2 Board dynamics and the interaction between the Chairman, Non-Executive Directors and management to achieve the Board's objectives.	5 Quality, timeliness of delivery and presentation of Board papers and Board support.	8 The effectiveness of the Board's strategic and operational oversight.
3 Leadership and succession planning including the oversight of the Group's processes for managing, developing and retaining talent.	6 Time management and operational performance of Board and Board Committee meetings.	9 Priorities for change that would enhance Board performance.

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

When a new Director is appointed to the Board, they will undergo specific briefings on the 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.

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For FY2022, the Directors attended conferences, seminars and training programmes, including those listed below:

Training/Seminar	Organiser
<b>Datuk Dr. Ahmad Kushairi bin Din</b>	
Induction Programme - In-house Programme	THP
Mandatory Accreditation Programme	ICDM
<b>Dato' Sri Amrin bin Awaluddin</b>	
Fundamental Disruption of Asset Management and Securities	Bank Islam Malaysia Berhad
Permukiman Agensi Agama Persekutuan Tahun 2022	Jabatan Perdana Menteri
Internet of Things	Theta Edge Berhad
Future of Islamic Banking	Bank Islam Malaysia Berhad
Sustainability and Its Impact on Organisations: What Directors Need to Know	ICLIF & Asian School of Business
Future of Finance & Society	Bank Negara Malaysia & INCEIF
Islamic Finance & Shariah for Board Members	ISRA Institute
AML/CFT - Legal & Regulatory Environment	Bank Islam Malaysia Berhad
Khazanah Megatrends Forum 2022	Khazanah
ESG - Phase 2 Project	Bank Islam Malaysia Berhad
Voluntary Carbon Market	<b>TH</b>
The Malaysian Code of Corporate Governance 2021 - In-house Programme	THP
<b>YM Tengku Dato' Seri Hasmuddin bin Tengku Othman</b>	
Board Risk Intelligence Executive Masterclass Asia (Malaysia Series) 2022	Asian World Centre
The Malaysian Code of Corporate Governance 2021 - In-house Programme	THP
<b>Haji Bakri bin Jamaluddin</b>	
Induction Programme - In-house Programme	THP
Mandatory Accreditation Programme	ICDM
The Malaysian Code of Corporate Governance 2021 - In-house Programme	THP
Anti-Bribery & Corruption	Puncak Niaga Berhad
<b>Muhammad Ramizu bin Mustaffa</b>	
Induction Programme - In-house Programme	THP
World Congress of Accountant	The Institute of Chartered Accountants and International Federation of Accountants
Terengganu Inc Group Corporate Directors' Programme 2022: Enhancing Governance & Leadership and Post Pandemic Environment	Terengganu Incorporated
<b>Datuk Dr. Kamilia binti Ibrahim</b>	
Induction Programme - In-house Programme	THP
Mandatory Accreditation Programme	ICDM
<b>Ir. Mohamed Ajmel Hafiz bin Jamaludin</b>	
Induction Programme - In-house Programme	THP
Mandatory Accreditation Programme	ICDM
<b>Dzul Effendy bin Ahmad Hayan</b>	
Awareness Programme on Thriving Performance Conversation	<b>TH</b>
Program "Professional Mentoring Certification for Senior Leaders"	<b>TH</b>
Invest Asean: Framing a Future	Maybank Investment Bank Berhad
<b>TH</b> Nominee Director's Training Programme 2022	<b>TH</b>
Workshop Session with Mercer - SAA Finalisation & Hedging Framework	<b>TH</b>
<b>TH</b> Knowledge Sharing Workshop on Investment Management and Monitoring	<b>TH</b>

All Directors have successfully completed the Mandatory Accreditation Programme ("MAP") prescribed by Bursa Malaysia Securities Berhad. The Listing Requirements require newly appointed directors of public listed companies to attend the MAP within four (4) months after their appointment.

**DIRECTORS' REMUNERATION**

The Board believes that the level of remuneration offered by the 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:

- Align with THP's strategic thrust and value drivers;
- 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 the Group; and
- Support the philosophy of value-based management.

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

The remuneration of the Non-Executive Director includes Directors' fees and attendance allowance for each Board and Board Committee meetings that they attended as well as medical insurance coverage in Malaysia.

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

**DIRECTORS' FEES**

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

**DIRECTORS' BENEFITS**

<b>Meeting Allowance</b>	Board and Board Committee meetings of RM1,000.00 per meeting
<b>Other benefits</b>	Medical and insurance coverage in Malaysia

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Details of remuneration (including benefits-in-kind) of each Director for the FY2022 are as follows:

	RM						
	Annual Monthly Fees			Salary & Bonus	Meeting Allowances (including subsidiaries)	Benefits-in-kind	Total
	Board	Board Committees	Subsidiaries				
Datuk Dr. Ahmad Kushairi bin Din <sup>1</sup>	89,958	N/A	40,065	N/A	10,000	10,610	150,633
Dato' Sri Amrin bin Awaluddin	-	N/A	-	N/A	8,000	1,050	9,050
YM Tengku Dato' Seri Hasmuiddin bin Tengku Othman	60,000	12,000	106,942	N/A	35,500	4,602	219,044
Alternate Director: Dzul Effendy bin Ahmad Hayan	N/A	N/A	N/A	N/A	N/A	1,050	1,050
Haji Bakri bin Jamaluddin <sup>2</sup>	59,839	10,215	72,647	N/A	28,000	4,587	175,288
Muhammad Ramizu bin Mustafa <sup>3</sup>	44,333	14,516	43,490	N/A	18,500	3,576	124,415
Ir. Mohamed Ajmel Hafiz bin Jamaludin <sup>4</sup>	30,667	4,742	38,013	N/A	14,500	4,522	92,444
Datuk Dr. Kamalia binti Ibrahim <sup>5</sup>	30,500	N/A	76,352	N/A	16,000	1,050	123,902
Tan Sri Abu Talib bin Othman <sup>6</sup>	59,613	N/A	74,516	N/A	3,000	1,323	138,452
Mohd Adzahar bin Abdul Wahid <sup>7</sup>	21,774	8,710	39,194	N/A	10,000	4,602	84,280
Dato' Shari bin Haji Osman <sup>8</sup>	24,839	4,968	27,000	N/A	14,000	5,748	76,555
<b>TOTAL</b>	<b>421,523</b>	<b>55,151</b>	<b>518,219</b>	<b>N/A</b>	<b>157,500</b>	<b>42,720</b>	<b>1,195,113</b>

**Notes:**

<sup>1</sup> Appointed as Director on 18 March 2022 and redesignated as Chairman on 28 June 2022

<sup>2</sup> Appointed as Director on 2 January 2022

<sup>3</sup> Appointed as Director on 5 April 2022

<sup>4</sup> Appointed as Director on 27 June 2022

<sup>5</sup> Appointed as Director on 28 June 2022

<sup>6</sup> Resigned as Director on 30 May 2022

<sup>7</sup> Resigned as Director on 11 May 2022

<sup>8</sup> Resigned as Director on 30 May 2022

Number of Directors whose remuneration falls within the following bands:

Ranges of Remuneration	Number of Directors
Less than RM50,000	2
RM50,001 to RM100,000	3
RM100,001 to RM150,000	3
RM150,001 to RM200,000	2
More than RM200,001	1

**PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT****AUDIT & RISK MANAGEMENT COMMITTEE**

The Board is pleased to present the ARMC Report for the FY2022.

The Group established the ARMC to be in line with Listing Requirements. Its main roles and functions are to oversee the Group's financial reporting and performance, internal and external audit functions and risk management and internal control oversight.



The ToR of the ARMC are available on the Company's website at [www.thplantations.my](http://www.thplantations.my).

**MEMBERS AND ATTENDANCE**

A total of nine (9) meetings were held during the FY2022. Details of the composition of the ARMC and their attendance are as follows:

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

Name of Directors	Number of Meetings Attended %
<b>Muhammad Ramizu bin Mustafa<sup>1</sup></b> <i>Chairman, Independent Non-Executive Director</i>	100% 6/6
<b>YM Tengku Dato' Seri Hasmuiddin bin Tengku Othman<sup>2</sup></b> <i>Member, Non-Independent Non-Executive Director</i>	100% 9/9
<b>Bakri bin Jamaluddin<sup>3</sup></b> <i>Member, Independent Non-Executive Director</i>	75% 6/8
<b>Ir. Mohamed Ajmel Hafiz bin Jamaludin<sup>4</sup></b> <i>Member, Independent Non-Executive Director</i>	100% 4/4
<b>Mohd Adzahar bin Abdul Wahid<sup>5</sup></b> <i>Chairman, Senior Independent Non-Executive Director</i>	100% 3/3
<b>Dato' Shari bin Haji Osman<sup>5</sup></b> <i>Member, Independent Non-Executive Director</i>	100% 3/3

**Notes:**

<sup>1</sup> Appointed as Chairman on 24 May 2022

<sup>2</sup> Resigned as Chairman on 11 May 2022

<sup>3</sup> Appointed as Member on 22 February 2022

<sup>4</sup> Appointed as member on 9 August 2022

<sup>5</sup> Resigned as Member on 30 May 2022

1 All four (4) members are Non-Executive Directors and the majority of the members are Independent Directors

2 Muhammad Ramizu bin Mustafa is a member of the Malaysian Institute of Accountants ("MIA") and his profile is provided on page 49 of this Annual Report

3 No alternate director is appointed as a member of ARMC

4 The Chairman of the ARMC is an Independent Director

5 The Chairman of the ARMC is not the Chairman of the Board

6 None of the ARMC members are a former audit partners of the Group's external auditor

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## SUMMARY OF ACTIVITIES OF THE ARMC

The main activities undertaken by the ARMC during the FY2022 were as follows:

## FINANCIAL REPORTING

- a) Reviewed the quarterly financial results and yearly financial statements, including their corresponding announcement, to ensure compliance with Listing Requirements, applicable and approved accounting standards of the Malaysian Financial Reporting Standards ("MFRS") and other statutory laws and regulations prior to the Board for approval. The details of the activities are as follows:

Date of Meeting	Quarterly Result/ Financial Statement Reviewed
22 Feb 2022	Unaudited fourth quarter results for the year ended 31 December 2021
24 Mar 2022	Audited Financial Statement for the financial year ended 31 December 2021
30 May 2022	Unaudited first quarter results for the period ended 31 March 2022
23 Aug 2022	Unaudited second quarter results for the period ended 30 June 2022
9 Nov 2022	Unaudited third quarter results for the period ended 30 September 2022

- b) Reviewed and assessed the impact on changes of accounting policies, adoption of new accounting standards and treatments, tax review, financial and legal disclosures and also significant judgements and estimates applied in the Group's financial statements; and
- c) Reviewed and evaluated the quarterly and yearly operational and financial performances of the Group, as presented by Management.

## INTERNAL AUDIT

- a) Reviewed and approved the scope of the internal audit, along with the annual audit plan, budget, and resource requirements to ensure sufficient coverage of the Group's activities;
- b) Reviewed and analysed significant internal audit findings from the internal audit reports, as well as the follow-up outcomes and the status of audit work executed by internal auditors;
- c) Evaluated the sufficiency of measures taken by the Management in resolving and addressing issues, ensuring that all significant concerns were adequately tackled in a timely manner; and
- d) Reviewed the adequacy of internal auditors experiences, competencies and resources to ensure internal audit works are carried out effectively.

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

## RISK MANAGEMENT AND INTERNAL CONTROL

- a) Conducted a review of the existing risk management and internal control system, and discussed the risks and corresponding controls that should be put in place to minimize the identified risks;
- b) Evaluated and analysed the adequacy and efficiency of Management's internal control measures in recognising, evaluating, mitigating, and overseeing both financial and non-financial risks;
- c) Reviewed the revised and expanded ToR of ARMC prior to recommending to the Board for approval;
- d) Reviewed and approved the Company's revised risk management framework, policy and procedures;
- e) Assessed the organization's corporate risk profile and provided updated reports on the current risk status, along with recommended action plans to reduce the potential risks; and
- f) Promoted awareness and sound risk management culture within the Company.

## EXTERNAL AUDIT

- a) Reviewed the external auditor's scope of works and audit plan for the Group;
- b) Evaluated the sufficiency, proficiency, and background of the external auditors appointed for the audit engagement, as well as their effectiveness in conducting the audit. Additionally, reviewed the audit fees and potential re-appointment of the auditors to the Board for recommendation;
- c) Evaluated the performance of the external auditors, as well as their suitability, impartiality, and autonomy in performing the audit;
- d) Conducted a review with the external auditors regarding the conformity of the Group's yearly financial statements to the Listing Requirements, as well as the relevant accounting standards of the MFRS and other legal and regulatory mandates;
- e) Examined and discussed the external auditor's management letter(s) and the corresponding management response(s); and
- f) Examined and discussed any noteworthy audit discoveries and concerns that surfaced during the interim and final audits, significant financial and accounting problems, as well as any other topics that the external auditors wished to address in the presence of senior management.

The external auditors have assured the ARMC that in accordance with the terms of all relevant professional and regulatory requirements, they had been independent throughout the audit engagement for the FY2022.

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

## OTHER

- a) Reviewed the related party disclosures and transactions of the Group in compliance with Listing Requirements, MFRS, the Act and the Group's internal guideline to ensure that such transactions are undertaken on commercial terms which are not detrimental to the interests of the minority shareholders of the Group and to ensure that the related internal control procedures are both sufficient and effective;

CORPORATE GOVERNANCE  
OVERVIEW STATEMENTCORPORATE GOVERNANCE  
OVERVIEW STATEMENT

## INTERNAL AUDIT FUNCTION AND ACTIVITIES

The Group's IAD operates independently from the Group's business and operating units. The IAD's primary function is to assist the ARMC in fulfilling its responsibilities, to which it reports directly.

The IAD's role is to provide the ARMC with regular, impartial, and objective reports on the sufficiency and effectiveness of the Group's risk management and internal control systems. This includes assessing the extent to which the Group's operating and business units comply with relevant policies, procedures, and statutory laws and regulations. As an independent observer, the IAD also participates in tender-box opening sessions, price negotiation sessions, and tender committee meetings.

The IAD adheres to the Group's Internal Audit Charter and the internal audit standards set forth by the Institute of Internal Auditors. The audits it conducts encompass a wide range of operational areas within the Group, such as estate and mill management, procurement and contract management, accounting and financial controls, and resource management and administration.

During the FY2022, the IAD has:

<b>A</b>	Prepared the internal audit scope and annual internal audit plan for approval by ARMC;	<b>E</b>	Produced internal audit reports for Management's responses and actions;
<b>B</b>	Conducted 31 audits on various operating units based on the annually approved internal audit plan and Management request;	<b>F</b>	Performed follow-up audit review on internal audit findings based on previous internal audit reports;
<b>C</b>	Reviewed and evaluated the adequacy and effectiveness of the Group's risk management and internal control system;	<b>G</b>	Reported to the ARMC on periodic basis, the key internal audit findings, status of follow-up audit reviews, status of internal audit works and the adequacy of resources within IAD;
<b>D</b>	Reviewed and evaluated the state of compliances of the Group's operating and business units with its established policies and procedures, and its applicable statutory laws and regulations;	<b>H</b>	Undertook ad-hoc reviews and special assignments on matters arising from the audits and/or as and when requested by the ARMC and/or Management and reported the results to the ARMC and/or Management.

Throughout the year, the Group's internal audit functions were carried out internally, and no elements of the internal audit programs and plans were outsourced. Furthermore, all internal auditors are members of the Institute of Internal Auditors Malaysia.

The IAD also provided in-house audit training for its auditors to develop their skills and abilities, as well as training for the Group's operating unit personnel to increase their awareness of internal controls.

The total cost incurred by the IAD of the Group for the FY2022 was approximately RM0.94 million.

This Audit & Risk Management Committee Report was approved by the THP Board on 29 March 2023.

## INVESTMENT COMMITTEE REPORT

On February 2022, the THP Board had reactivated the IC of the Company.

## COMPOSITION

Under its ToR, the IC shall comprise of at least three (3) members, comprising exclusively Non-Executive Directors. The IC held three (3) meetings in FY2022.

Name of Directors	Number of Meetings Attended %
<b>Ir. Mohamed Ajmel Hafiz bin Jamaludin<sup>1</sup></b> <i>Chairman, Independent Non-Executive Director</i>	100% 3/3
<b>Datuk Dr. Kamilia binti Ibrahim<sup>2</sup></b> <i>Member, Independent Non-Executive Director</i>	67% 2/3
<b>Muhammad Ramizu bin Mustaffa<sup>3</sup></b> <i>Member, Independent Non-Executive Director</i>	100% 3/3
<b>Datuk Dr. Ahmad Kushairi bin Din<sup>4</sup></b> <i>Chairman, Independent Non-Executive Director</i>	N/A
<b>YM Tengku Dato' Seri Hasmuddin bin Tengku Othman<sup>5</sup></b> <i>Member, Non-Independent Non-Executive Director</i>	N/A
<b>Dato' Shari bin Haji Osman<sup>6</sup></b> <i>Member, Independent Non-Executive Director</i>	N/A
<b>Mohd Adzahar bin Abdul Wahid<sup>7</sup></b> <i>Member, Independent Non-Executive Director</i>	N/A

## Notes:

<sup>1</sup> Appointed as Chairman on 9 August 2022

<sup>2</sup> Appointed as Member on 9 August 2022

<sup>3</sup> Appointed as Member on 9 August 2022

<sup>4</sup> Appointed as Chairman on 18 March 2022 and resigned as Chairman on 9 August 2022

<sup>5</sup> Resigned as Member on 9 August 2022

<sup>6</sup> Resigned as Member on 30 May 2022


<sup>7</sup> Resigned as Member on 11 May 2022

Meetings of the IC are attended by the CEO. Other members of Senior Management are invited to meetings of the IC when necessary to support detailed discussion on matters relevant to the agenda of the meeting.

## ROLES

The purpose of the IC is to review and recommend to the Board the Group's Investment Policy, strategic direction, strategic plan pertaining to investment and divestment activities and monitor significant matters related to all existing and potential investments of the Group.

The functions and responsibilities of the IC are to evaluate proposals on new investments and disposals of significant value to ensure consistency with the Strategic Plan and returns in excess of a hurdle rate adjusted for risk and performance premium, to recommend investments of a prescribed amount as determined by the Board from time to time. This includes and is not limited to investments, divestments and large capital expenditures together with the required project financing.

 The ToR of the IC are available on the Company's website at [www.thplantations.my](http://www.thplantations.my)

During FY2022, the activities of the IC are summarised below:

- 1 Reviewing the strategic direction and strategic plan of the Group
- 2 Reviewing the existing investments portfolios i.e. the joint venture subsidiaries
- 3 Reviewing and recommending the proposed investments and divestments, including their funding requirements.



## CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

#### STAKEHOLDER ENGAGEMENT

The Company adheres to the Corporate Disclosure Guide issued by Bursa Securities, as well as the disclosure requirements of the Listing Requirements, recognising the significance of providing timely and equitable disclosure of material information to shareholders, investors, and the public.

The Group holds regular meetings and briefings with investors, research analysts, bankers, and the media to discuss its recent performance results, current developments, and future plans. However, the Company recognises its obligation to refrain from disclosing any information that could potentially impact the stock price. As a result, while these forms of communication are crucial, the Company is careful in its responsibility to avoid revealing price-sensitive information.

#### CONDUCT OF GENERAL MEETINGS

The AGM provides an important platform for shareholders to interact directly with the Board. The Board will assess the most practical and effective voting method to facilitate shareholders' voting process, considering aspects such as practicability, efficiency, and reliability.

At least 28 days before the AGM, shareholders will receive written notification, either in hardcopy or electronic format, containing the Notice of AGM and Annual Report's publication on the Company's website. The notification will include a designated website link where shareholders can download a copy of the Notice of AGM and Annual Report. Shareholders have the right to request a hardcopy of the Company's Annual Report through the designated channel.

The 48<sup>th</sup> AGM held on 23 June 2022 was conducted on a virtual basis via live streaming and through the Remote Participation and Electronic Voting ("RPEV") facilities. Shareholders attending the AGM via RPEV were able to submit their questions during the meeting for the Company to respond.

Datuk Dr. Ahmad Kushairi bin Din chaired the 48<sup>th</sup> AGM, with all Directors and Senior Management present to address any queries raised by shareholders or proxies.

During the meeting, the CEO presented the Company's financial and operational performance for the year under review, along with the strategic recovery plan. The presentation included visual and graphical aids, such as key financial figures and operational highlights, to help shareholders understand and analyze the Company's performance.

The minutes of the 48<sup>th</sup> AGM proceedings are available on the Company's corporate website.

#### DIRECTORS' RESPONSIBILITY STATEMENT IN THE PREPARATION OF AUDITED FINANCIAL STATEMENTS

The Directors are 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 Act to prepare audited financial statements for each financial year which provide a true and fair view of the state of affairs of the Group at the end of the financial year and of the profit and loss of the Company and the Group for the financial year under review. In preparing these audited financial statements, the Directors have:

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

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

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

This Corporate Governance Overview Statement was approved by the THP Board on 29 March 2023.

## STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL

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

#### BOARD RESPONSIBILITY

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

Embedding risk management process and capability in all aspects of the Group's activities;

Identify and manage risks within the acceptable level of risk appetite;

Reviewing the effectiveness and adequacy of the risk management and internal control system; and

Establishing reporting and monitoring mechanism.

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

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

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

#### MANAGEMENT RESPONSIBILITY

##### Risk Management Committee

The Board delegates to the RMC the responsibility for reviewing and monitoring the vital enterprise risks. The RMC has a broad mandate to ensure the effective implementation of the objectives outlined in ERMP and compliance throughout the Group.

The RMC is chaired by the Chief Executive Officer and supported by key Senior Management of various divisions/departments. The RMC is responsible for periodic reporting of higher risk exposures to the Board and will closely monitor the vital enterprise-level risks that are identified.

## STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL

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

Organise the required risk management resources;
Active monitoring of risk management initiatives;
Hold quarterly meetings with the Risk Management & Compliance Department to discuss key risks;
Identify and evaluate of new strategic risks including corporate matters (e.g., Regulatory, Business Development) and key operational risks;
Assist the Board in implementing the objectives outlined in the risk management policy;
Assist the Board in reviewing and updating the existing risk profile;
Assist the Board in reviewing and reporting on the status of completion of action plans;
Provide information to the Board through quarterly risk management report;
Prepare quarterly risk management reports for submission to the Board;
Ensure finalised risk profile incorporate comments from the Board;
Champion risk awareness and training efforts across THP Group;
Ensure the management are available to update the ARMC on risk profile and action plans; and
Report to the ARMC on any major changes to the risk profile requiring immediate attention/notification.

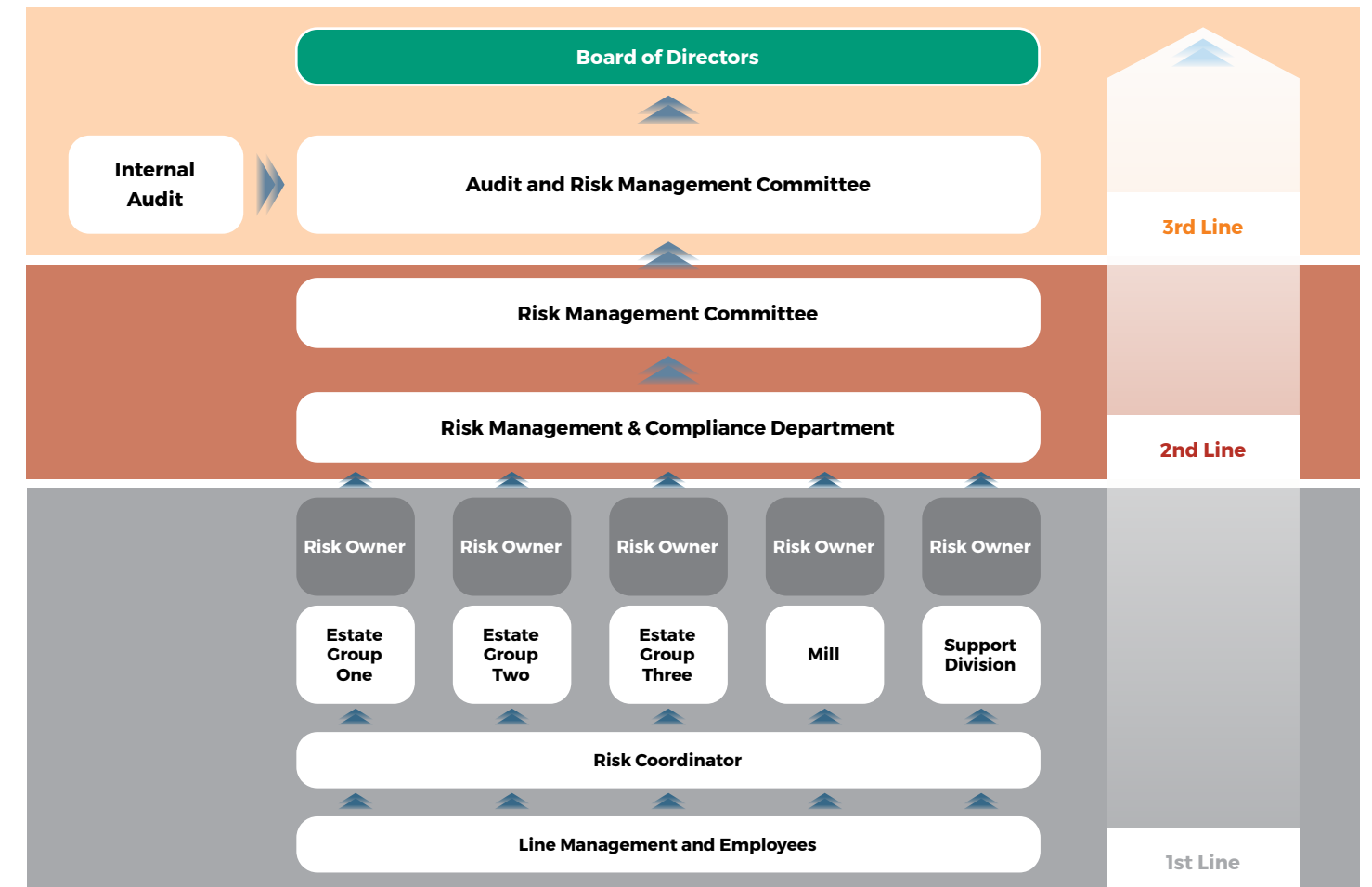
### Risk & Compliance Department

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

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

## STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL

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



### RISK MANAGEMENT FRAMEWORK

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



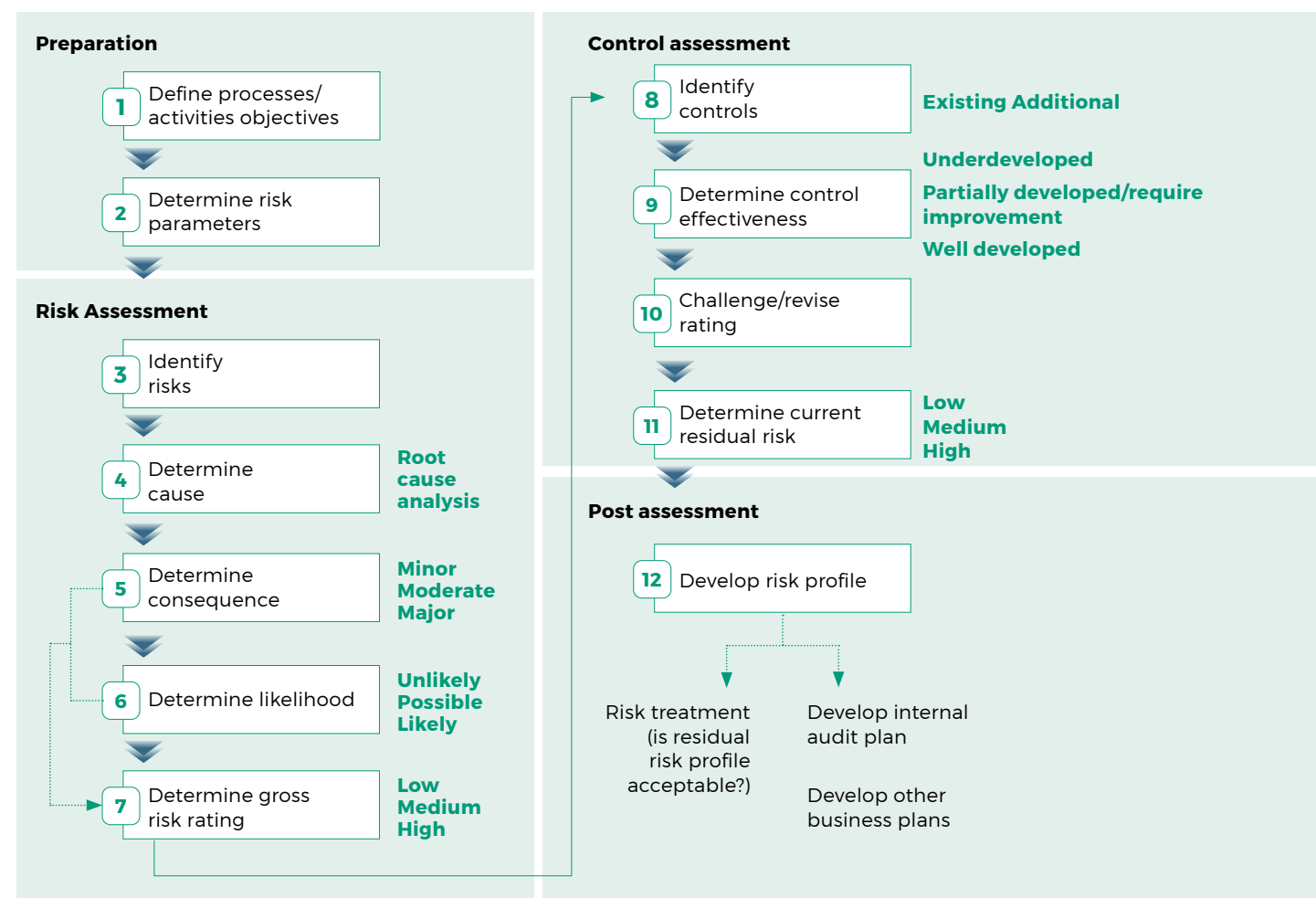
These processes allow the Group to identify, evaluate and track the status of the risk profile and changes in the risk context and ensure that the risk treatment and control measures are adequate in design and operations and effective in its implementation.

## STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL

### Risk Assessment Process

Risk assessment is the overall process of risk identification, risk analysis and risk evaluation. Risk assessment should be conducted systematically, iteratively, and collaboratively, drawing on the knowledge and views of stakeholders. It should use the best available information, supplemented by further enquiry as necessary.

Our risk assessment process is illustrated in the following diagram:



## STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL

Risk Owners are required to identify key business risks, both actual risks that have happened and potential risks, associated with the processes within their business area under one of the following categories:



### Risk Communication

Communication and consultation are important considerations at each step of the risk management process. It is important to develop a communication plan for both internal and external stakeholders at the earliest stage of the process.

Any urgent and material issues regarding risk management are to be reported and discussed at either the Management level, Board level or both, varying depending on the significance of the risk and the business area.

### Risk Action Plan and Monitoring

Monitoring and review step takes place in all stages of risk management process. Ongoing risk monitoring and periodic review provide reasonable assurance that risks are being managed effectively.

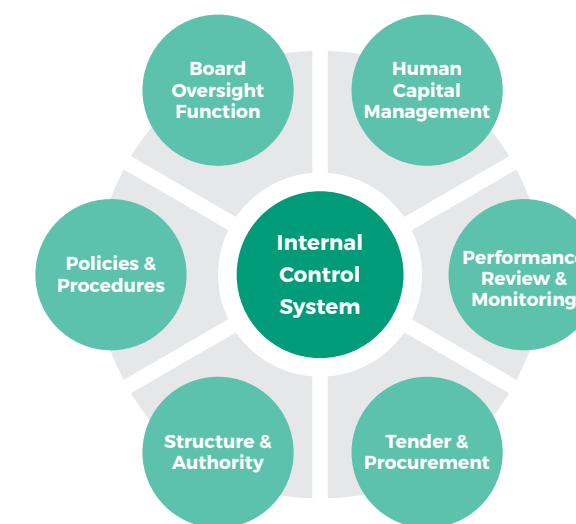
The monitoring of the implementation on risk treatment and control measures and the review of the risk management strategies and action plans are done accordingly and reported as and when necessary or required by the Board.

### INTERNAL CONTROL SYSTEM

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

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

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



## STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL

### Board's Oversight Function

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

### Policies and Procedures

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

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

### Structure and Authority

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

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

### Human Capital Management

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

### Performance Review and Monitoring

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

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

### Tender and Procurement

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

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

### ANTI-BRIBERY AND CORRUPTION

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

The Group had issued codes of ethics and conduct policy and disciplinary procedure to complement the adoption of Whistleblowing Policy by the Group. Each employee has to live by the codes to curb unethical conducts. The Group has also conducted briefing sessions to provide awareness among employees in relation to anti-bribery and corruption.

### INTERNAL AUDIT FUNCTION

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

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

### REVIEW OF EFFECTIVENESS

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

Reporting of higher risk exposures to the Board, via Management, if any;

Reviewing the financial and operational information regularly received from various reports with respect to risk management and internal control issues; and

Reviewing the financial and operational activities, risk management and internal control system by the IAD based on the annual audit plan as approved by the ARMC during the financial year under review.

## STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL

### REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The external auditors have reviewed the Group's Statement on Risk Management and Internal Control pursuant to the scope set out in Audit and Assurance Practice Guide ("AAPG") 3, Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants ("MIA") for inclusion in the annual report of the Group for the year ended 31 December 2022, 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.

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

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

This statement is made in accordance with a resolution of the Board 29 March 2023.

## ADDITIONAL COMPLIANCE INFORMATION

### a. Utilisation of Proceeds from Corporate Proposals

There is no proceed from Corporate Proposals during the financial year ended 31 December 2022.

### b. Audit and Non-Audit Fees

The amount of audit fees and non-audit fees incurred for services rendered to the Company and its subsidiaries for the financial year by the Company's auditors, or a firm or corporation affiliated to the Auditor's firm amounted to RM730,000 and RM150,000 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 2022 or which were entered into since the end of the previous financial period.

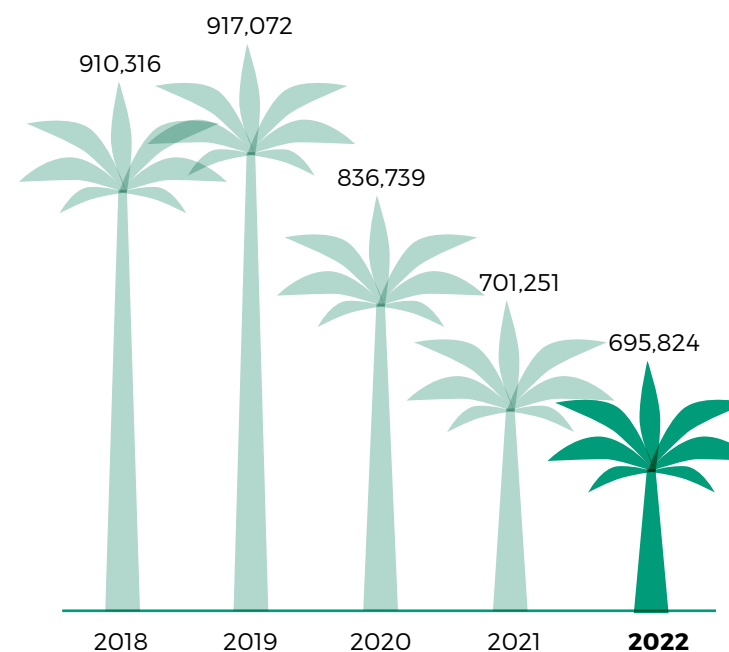
### d. Recurrent Related Party Transactions

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 2022 between the THP and/or its subsidiary companies with related parties are set out below:-

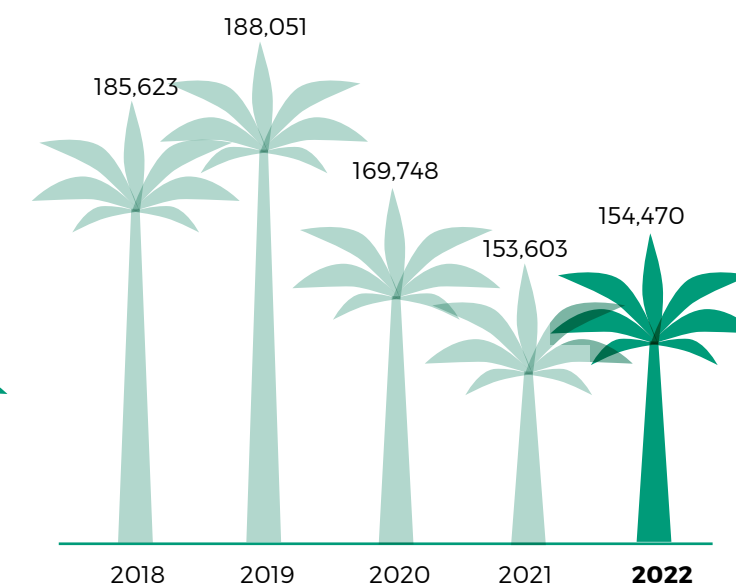
THP and/or Subsidiaries Transacting with Related Parties	Related Parties	Relationship with THP	Type of Transaction	Aggregate Value of Transaction RM'000
THP	Lembaga Tabung Haji	Holding Company	Lease of land	2,928
	TH Travel Services Sdn. Bhd.	Related Company	Purchase of flight tickets	392
	Lembaga Tabung Haji	Holding Company	Lease of office space	85

## PERFORMANCE STATISTICS

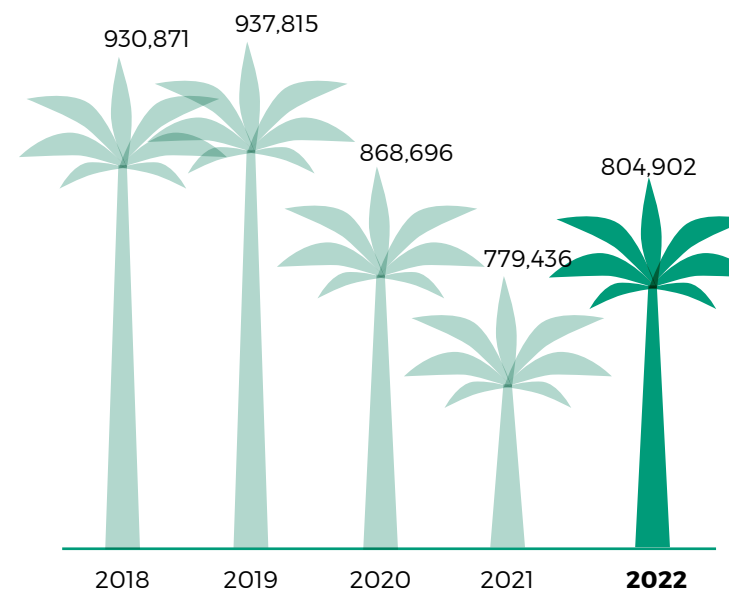
### FFB PRODUCED (MT)



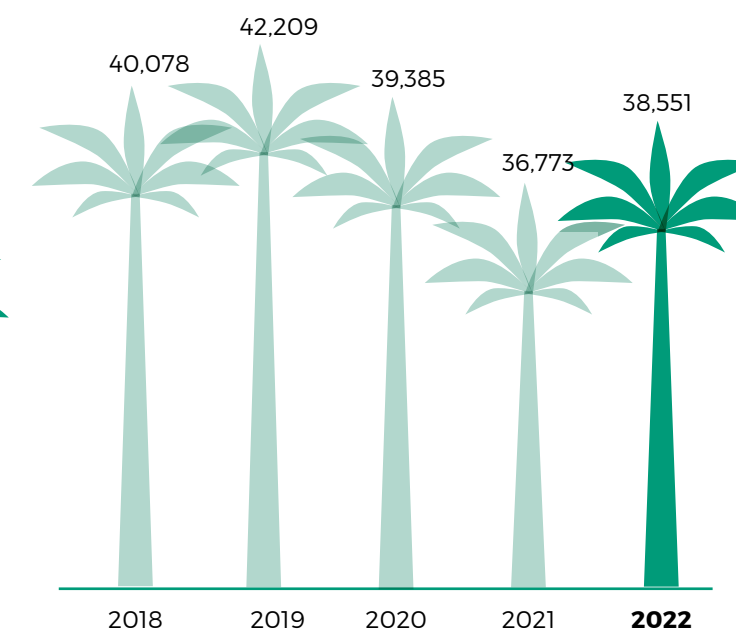
### CPO PRODUCTION (MT)



### FFB PROCESSED (MT)



### PK PRODUCTION (MT)

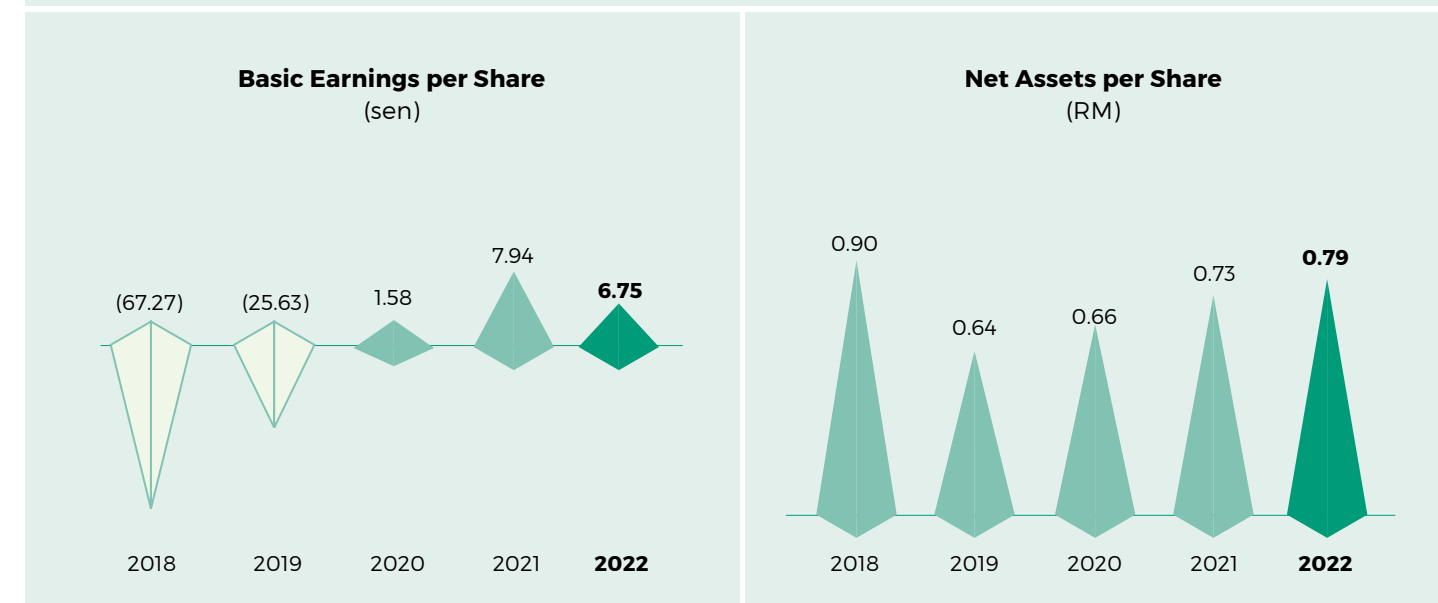
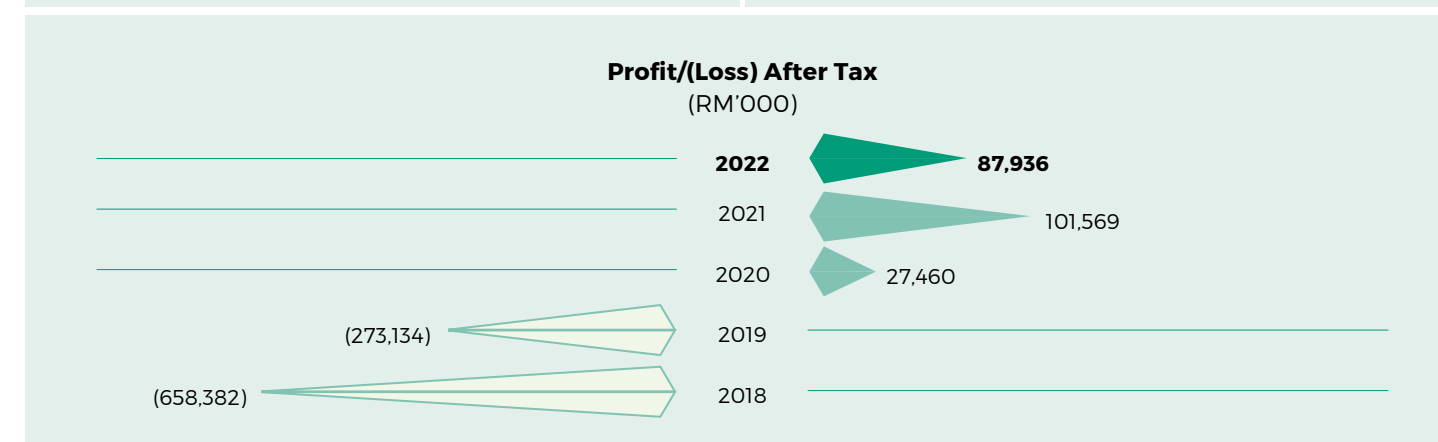
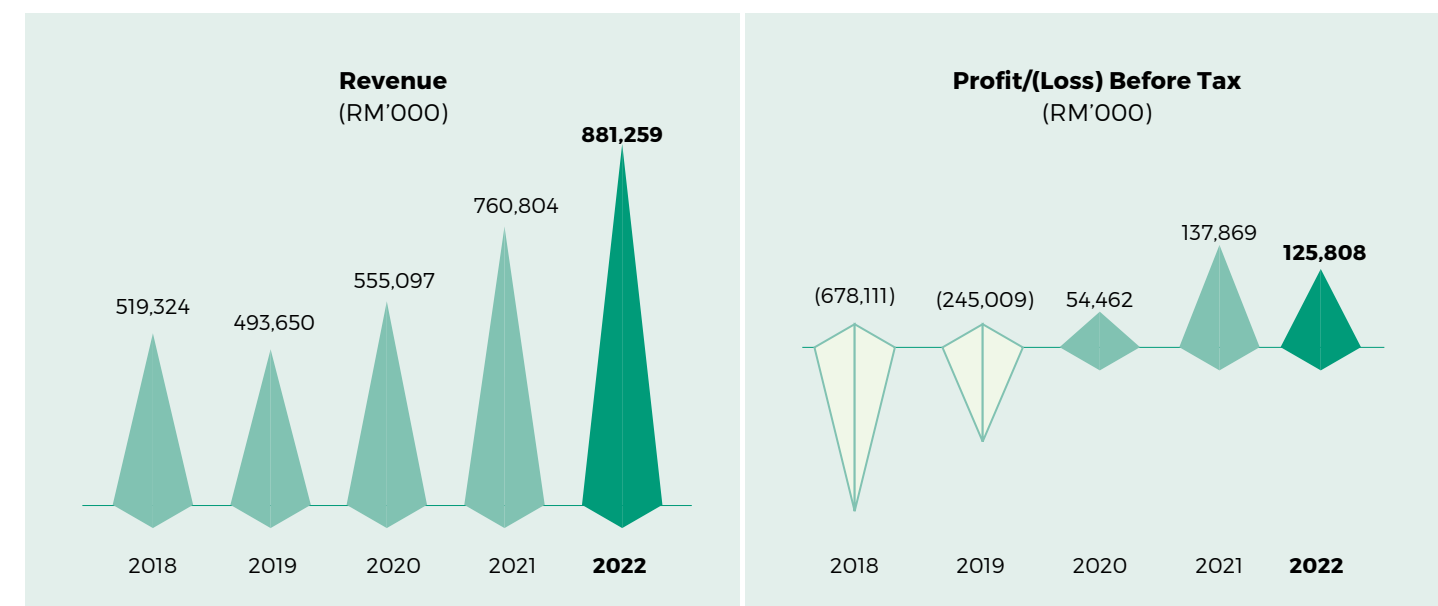


## PERFORMANCE STATISTICS

## GROUP 5-YEAR PLANTATION STATISTICS

	2022	2021	2020	2019	2018
<b>PRODUCTION (METRIC TONNES)</b>					
FFB produced - total	695,824	701,251	836,739	917,072	910,316
FFB processed - total	804,902	779,436	868,696	937,815	930,871
FFB purchased	186,864	171,823	155,135	180,723	180,852
<b>YIELD AND EXTRACTION RATES</b>					
FFB yield ( tonnes per mature hectare)	13.21	13.36	16.11	18.18	18.59
OER (%)	19.19	19.71	19.54	20.05	19.94
KER (%)	4.79	4.72	4.53	4.50	4.31
<b>AVERAGE SELLING PRICES (RM PER TONNE)</b>					
Crude palm oil	4,476	3,762	2,538	1,968	2,121
Palm kernel	2,884	2,768	1,536	1,172	1,709
FFB	1,023	842	516	377	408
<b>AREA STATEMENT (HECTARES)</b>					
Oil Palm					
- mature	52,656	52,470	50,843	50,457	48,955
- immature	3,491	4,411	4,964	9,054	9,114
<b>Planted Area</b>	<b>56,147</b>	56,881	55,807	59,511	58,069
Other crops					
- mature	-	-	-	-	-
- immature	10,380	10,380	10,380	10,380	10,797
<b>Planted Area</b>	<b>10,380</b>	10,380	10,380	10,380	10,797
<b>Total Planted Area</b>	<b>66,527</b>	67,261	66,187	69,891	68,866
<b>In Course of Planting</b>					
Reserve land, building sites etc	30,477	30,460	30,146	30,338	27,025
Titled area	97,809	98,221	97,289	100,976	101,019

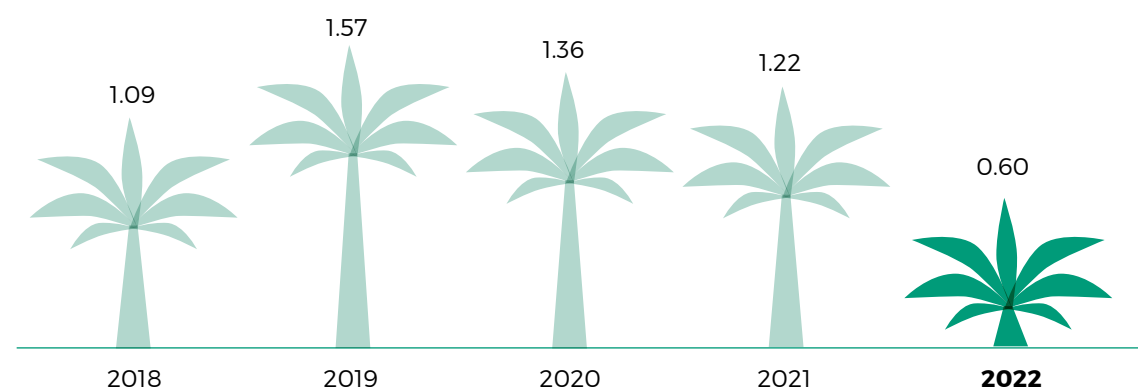
## PERFORMANCE STATISTICS



## PERFORMANCE STATISTICS

## Net Debt to Equity Ratio

(times)



## GROUP 5-YEAR KEY FINANCIAL INDICATORS

	2022	2021	2020	2019	2018
<b>PROFITABILITY AND RETURNS</b>					
Gross profit/(loss) margin (%)	28.56	33.23	31.92	9.54	(21.00)
Profit/(loss) before tax margin (%)	14.28	18.12	9.81	(49.63)	(130.58)
Profit/(loss) after tax and minority interest margin (%)	7.80	9.22	2.52	(45.88)	(114.50)
Return on average shareholders' equity (%)	10.20	11.42	2.44	(33.39)	(54.03)
Return on capital employed (%)	12.36	11.13	6.43	(8.22)	(29.84)
Net assets per share (RM)	0.79	0.73	0.66	0.64	0.90
<b>SOLVENCY AND LIQUIDITY</b>					
Debt to equity ratio (times)	0.60	1.22	1.36	1.57	1.09
Interest cover (times)	2.69	2.67	1.76	(2.26)	(9.14)
Current ratio (times)	3.86	1.66	1.97	2.35	2.94
<b>FINANCIAL MARKET</b>					
EPS (sen)					
- basic	6.75	7.94	1.58	(25.63)	(67.27)
- diluted	6.75	7.94	1.58	(25.63)	(67.27)
Gross dividend payout per share (sen)	3.00	-	-	-	-
Gross dividend rate (%)	3.07	-	-	-	-
Gross dividend yield (%)	5.71	-	-	-	-
Net dividend payout rate (%)	3.07	-	-	-	-
Price-to-earnings ratio (times)	7.78	7.56	36.01	(2.54)	(0.69)
Price-to-book ratio (times)	0.35	0.56	0.59	0.70	0.38

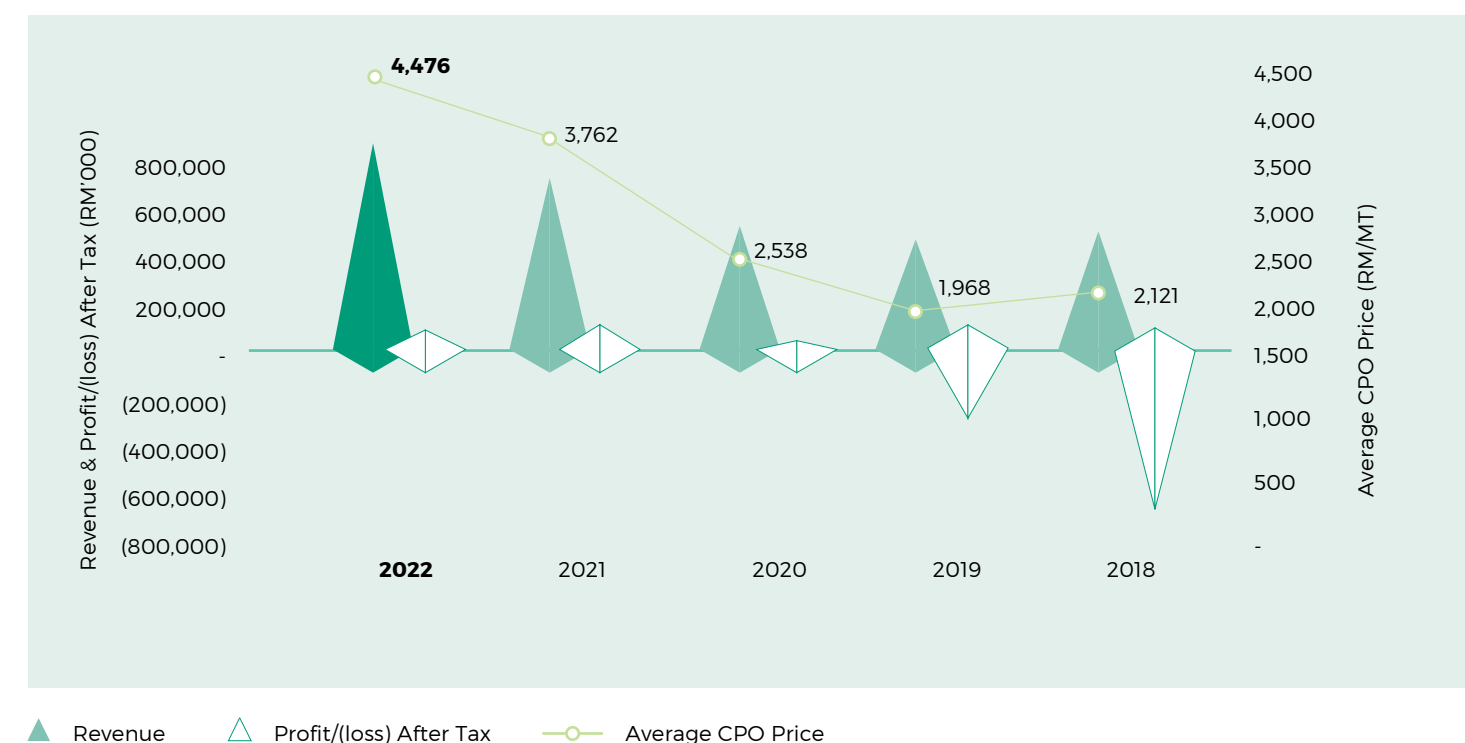
## PERFORMANCE STATISTICS

## GROUP 5-YEAR KEY FINANCIAL INDICATORS

## STATEMENT OF INCOME STATEMENT HIGHLIGHTS (RM'000)

	2022	2021	2020	2019	2018
Revenue	881,259	760,804	555,097	493,650	519,324
Results from operating activities	194,618	215,421	124,412	(170,361)	(612,106)
Profit margin income from short term investments and receivables	3,432	3,120	939	648	1,001
Finance cost	(72,242)	(80,672)	(70,889)	(75,296)	(67,006)
<b>Profit/(loss) before tax</b>	<b>125,808</b>	137,869	54,462	(245,009)	(678,111)
Tax expense	(37,872)	(36,300)	(27,002)	(28,125)	19,729
<b>Net profit/(loss) for the year</b>	<b>87,936</b>	101,569	27,460	(273,134)	(658,382)
Attributable to :					
Owners of the Company	68,771	70,166	13,991	(226,498)	(594,608)
Non-controlling interests	19,165	31,403	13,469	(46,636)	(63,774)
<b>Net profit/(loss) for the year</b>	<b>87,936</b>	101,569	27,460	(273,134)	(658,382)

## GROUP 5-YEAR PROFIT VS AVERAGE CPO PRICE



## PERFORMANCE STATISTICS

GROUP 5-YEAR KEY FINANCIAL INDICATORS  
STATEMENT OF FINANCIAL POSITION HIGHLIGHTS (RM'000)

	2022	2021	2020	2019	2018
<b>ASSETS</b>					
Other non-current assets	1,654,818	1,691,145	1,720,265	1,562,060	1,955,841
<b>Total non-current assets</b>	<b>1,654,818</b>	1,691,145	1,720,265	1,562,060	1,955,841
Other current assets	909,429	910,542	860,471	1,105,589	861,901
Cash and cash equivalents	116,200	260,219	84,481	68,953	50,561
<b>Total current assets</b>	<b>1,025,629</b>	1,170,761	944,952	1,174,542	912,462
<b>Total assets</b>	<b>2,680,447</b>	2,861,906	2,665,217	2,736,602	2,868,303
<b>EQUITY</b>					
Share capital	862,752	862,752	862,752	862,752	862,752
Other reserves	(80,663)	(80,658)	(80,658)	(80,935)	(80,958)
Foreign currency translation reserves	(9,664)	(13,054)	(11,662)	(13,246)	(11,790)
(Accumulated losses)/retained earnings	(73,566)	(119,986)	(190,152)	(204,143)	22,355
<b>Total equity attributable to owners of the Company</b>	<b>698,859</b>	649,054	580,280	564,428	792,359
Perpetual sukuk	300,000	-	-	-	-
Non-controlling interests	308,249	295,832	269,813	253,376	302,736
Total equity	1,307,108	944,886	850,093	817,804	1,095,095
<b>LIABILITIES</b>					
Long term borrowings	824,358	925,131	1,054,467	1,139,644	1,199,510
Other long term liabilities	283,402	285,975	281,627	278,779	263,472
<b>Total non-current liabilities</b>	<b>1,107,760</b>	1,211,106	1,336,094	1,418,423	1,462,982
Other current liabilities	233,579	259,350	374,030	360,604	268,682
Loans and borrowings	32,000	446,564	105,000	139,771	41,544
<b>Total current liabilities</b>	<b>265,579</b>	705,914	479,030	500,375	310,226
<b>Total liabilities</b>	<b>1,373,339</b>	1,917,020	1,815,124	1,918,798	1,773,208
<b>Total equity and liabilities</b>	<b>2,680,447</b>	2,861,906	2,665,217	2,736,602	2,868,303

## PERFORMANCE STATISTICS

GROUP 5-YEAR KEY FINANCIAL INDICATORS  
STATEMENT OF CASH FLOW HIGHLIGHTS (RM'000)

	2022	2021	2020	2019	2018
<b>Profit/(loss) before tax</b>	<b>125,808</b>	137,869	54,462	(245,009)	(678,111)
Adjustment for non-cash items	159,968	160,266	131,124	377,118	764,283
Changes in working capital	(17,267)	(117,824)	25,824	90,050	46,582
Cash generated from operations	268,509	180,311	211,410	222,159	132,754
Profit margin income from short term investments and receivables	3,432	3,120	939	648	1,001
Profit margin expenses on payables, borrowing cost, tax and zakat paid	(129,471)	(119,906)	(87,775)	(88,784)	(97,275)
<b>Net cash generated from operating activities</b>	<b>142,470</b>	63,525	124,574	134,023	36,480
Acquisition of property, plant and equipment	(24,902)	(18,824)	(5,133)	(7,859)	(17,816)
Plantation development expenditure	(20,279)	(25,568)	(36,576)	(49,065)	(54,068)
Forestry	-	-	-	(11,698)	(25,290)
Proceeds from disposal of property, plant and equipment	-	6	1,579	145	116
Proceeds from disposal of right-of-use assets	-	306	75	-	-
Proceeds from disposal of subsidiary	-	-	69,147	-	-
Decrease/(increase) in other investment	10,412	(35,634)	(1,462)	649	1,400
Dividend received	456	182	-	-	-
<b>Net cash (used in)/generated from investing activities</b>	<b>(34,313)</b>	(79,532)	27,630	(67,828)	(95,658)
Proceeds from drawdown of loans and borrowings	708,345	317,476	66,909	187,700	175,369
Proceeds from drawdown of perpetual sukuk	300,000	-	-	-	-
Repayments of loans and borrowings	(1,226,067)	(111,750)	(188,180)	(165,046)	(161,360)
Dividends paid to owners of the Company	(13,144)	-	-	(155)	(18,155)
Dividends paid to non-controlling interests	(9,683)	(5,279)	(10,300)	(4,314)	-
Decrease/(increase) in amount due to holding corporation	(11,948)	(6,293)	6,149	(1,094)	(965)
Decrease/(increase) in amount due to related companies	(1,728)	122	(7,113)	(59,997)	10,231
Payment of lease liabilities	1,491	(2,305)	(4,071)	(4,874)	-
<b>Net cash (used in)/generated from financing activities</b>	<b>(252,734)</b>	191,971	(136,606)	(47,780)	5,120
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(144,577)</b>	175,964	15,598	18,415	(54,058)



## PERFORMANCE STATISTICS

GROUP QUARTERLY PERFORMANCE  
FINANCIAL PERFORMANCE (RM'000)

2022				
	Q4	Q3	Q2	Q1
<b>Revenue</b>	<b>219,312</b>	213,392	250,445	198,110
Results from operating activities	<b>62,528</b>	37,043	36,427	58,620
Profit margin income from short term investments and receivables	<b>816</b>	778	740	1,098
Finance cost	<b>(18,930)</b>	(13,940)	(19,345)	(20,027)
<b>Profit before tax</b>	<b>44,414</b>	23,881	17,822	39,691
Taxation	<b>(9,162)</b>	(7,737)	(8,101)	(12,872)
Net profit for the quarter	<b>35,252</b>	16,144	9,721	26,819
Attributable to :				
Owners of the Company	<b>23,050</b>	14,367	9,763	21,591
Non-controlling interests	<b>12,202</b>	1,777	(42)	5,228
Net profit for the quarter	<b>35,252</b>	16,144	9,721	26,819
Earnings per share (sen)				
- basic	<b>2.07</b>	1.13	1.10	2.44
- diluted	<b>2.07</b>	1.13	1.10	2.44

2021				
	Q4	Q3	Q2	Q1
<b>Revenue</b>	<b>247,547</b>	205,866	176,148	131,243
Results from operating activities	<b>36,016</b>	79,375	58,368	41,662
Profit margin income from short term investments and receivables	<b>1,353</b>	1,311	243	213
Finance cost	<b>(26,134)</b>	(20,991)	(17,049)	(16,498)
<b>Profit before tax</b>	<b>11,235</b>	59,695	41,562	25,377
Taxation	<b>(1,594)</b>	(19,932)	(8,978)	(5,796)
Net profit for the quarter	<b>9,641</b>	39,763	32,584	19,581
Attributable to :				
Owners of the Company	<b>1,828</b>	26,805	26,567	14,966
Non-controlling interests	<b>7,813</b>	12,958	6,017	4,615
Net profit for the quarter	<b>9,641</b>	39,763	32,584	19,581
Earnings per share (sen)				
- basic	<b>0.21</b>	3.03	3.01	1.69
- diluted	<b>0.21</b>	3.03	3.01	1.69

# FINANCIAL STATEMENTS

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# DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2022

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2022

## Principal activities

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

## Ultimate holding company

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

## Subsidiaries

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

## Results

	Group RM'000	Company RM'000
Profit/(loss) for the year attributable to:		
Owners of the Company	68,771	(25,632)
Non-controlling interests	19,165	-
	87,936	(25,632)

## 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

In respect of the financial year ended 31 December 2022, the Company paid an interim ordinary dividend of 1.50 sen per ordinary share, tax exempt under the single-tier tax system, totalling RM13,258,000 declared on 23 August 2022 and paid on 11 October 2022.

The final ordinary dividend recommended by the Directors in respect of the financial year ended 31 December 2022 is 1.50 sen per ordinary share, tax exempt under the single-tier tax system, totaling RM13,258,000.

## Directors of the Company

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

### Director

Datuk Dr. Ahmad Kushairi bin Din (appointed on 18 March 2022)  
Dato' Sri Amrin bin Awaluddin  
YM Tengku Dato' Seri Hasmuddin bin Tengku Othman  
Haji Bakri bin Jamaluddin (appointed on 2 January 2022)  
Muhammad Ramizu bin Mustafa (appointed on 5 April 2022)  
Ir. Mohamed Ajmel Hafiz bin Jamaludin (appointed on 27 June 2022)  
Datuk Dr. Kamilia binti Ibrahim (appointed on 28 June 2022)  
Tan Sri Abu Talib bin Othman (resigned on 30 May 2022)  
Dato' Shari bin Haji Osman (resigned on 30 May 2022)  
Mohd Adzahar bin Abdul Wahid (resigned on 11 May 2022)

### Alternate

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  
Abang Dato' Dr Haji Ariffin bin Abang Haji Bohan  
Datuk Bolhassan bin Di @ Ahmad bin Di  
Aliatun binti Mahmud  
George Lentton Anak Indang  
Yeo Kian Kok  
Dato' Posa bin Haji Majais  
Alam Shah bin Abdul Rahman  
Datu Monaliza binti Zaidel  
Mohamed Zainurin bin Mohamed Zain  
Hazem Mubarak bin Musa  
Benjamin Anak Kudang  
Abdul Kadir @ Kadir bin Zainuddin (appointed on 27 January 2022)  
Mohd Azahar bin Yasin (appointed on 1 September 2022)  
Bibi Umizah binti Osman (appointed on 1 October 2022)  
Mat Saad bin Ramli (resigned on 31 May 2022)  
Md Hanif bin Md Nor (resigned on 8 June 2022)  
Dato' Indera Dr. Md Yusop bin Omar (resigned on 20 June 2022)  
Datuk Syed Hood bin Syed Edros (retired on 30 June 2022)  
Othman bin Omar (resigned on 12 August 2022)  
Hamidon bin Hassan (resigned on 17 August 2022)  
Ahmad Nordzri bin Razali (resigned on 18 August 2022)  
Dato' Dr. Darus bin Haji Ahmad (resigned on 1 September 2022)  
Adnan bin Ariffin (resigned on 1 September 2022)  
Othman bin Somadi (resigned on 1 September 2022)  
Mohd Jafri bin Arshad (resigned on 1 September 2022)  
Kamri bin Ramlee (deceased on 24 September 2022)  
Shahrizal bin Suhainy (resigned on 14 November 2022)  
Datuk Hamzah bin Datuk Haji Mohd Zakaria (resigned on 16 January 2023)  
Datuk Haji Sapin @ Sairin bin Karano @ Karno (resigned on 16 January 2023)  
Datuk Haji Mohammad Yusof bin Haji Apdal (resigned on 16 January 2023)  
Idris bin Ibrahim (resigned on 1 March 2023)

## DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2022**Directors' interests in shares**

None of the Directors holding office at 31 December 2022 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 31.12.2022
	At 1.1.2022	Bought	Sold	
<b>Interest in the Company:</b>				
Aliatun binti Mahmud - own	88,000	-	(35,000)	53,000

None of the other Directors of the subsidiaries holding office at 31 December 2022 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 shown below) 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.

The directors' benefits paid to or receivable by directors in respect of the financial year ended 31 December 2022 are as follows:

	From the Company RM'000	From subsidiary companies RM'000
Directors of the Company:		
Fees	650	1,152

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 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 costs 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.

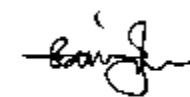
In the opinion of the Directors, the financial performance of the Group and the Company for the financial year ended 31 December 2022 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

**Auditors**

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

The auditors' remuneration of the Group and Company during the year are RM730,000 and RM150,000 respectively.

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



.....  
**Muhammad Ramizu bin Mustaffa**  
Director



.....  
**Dato' Sri Amrin bin Awaluddin**  
Director

Kuala Lumpur,

Date: 29 March 2023

## STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022

## STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022

(CONTINUED)

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Assets</b>					
Property, plant and equipment	3	832,686	860,052	101,940	100,848
Right-of-use assets	4	651,387	663,538	50,638	55,788
Plantation development expenditure	5	90,983	104,097	11,600	13,464
Forestry	6	38,958	21,587	-	-
Investments in subsidiaries	7	-	-	1,026,003	980,989
Other investments	8	1,825	1,825	1,825	1,825
Deferred tax assets	9	38,979	40,046	-	-
Finance lease receivable	10	-	-	46,630	46,646
<b>Total non-current assets</b>		<b>1,654,818</b>	1,691,145	<b>1,238,636</b>	1,199,560
Inventories	11	32,988	20,113	2,615	1,977
Biological asset	12	20,113	32,432	2,841	5,588
Current tax assets		8,493	1,041	3,909	-
Other investments	8	27,923	38,335	24,700	35,550
Finance lease receivable	10	-	-	15	14
Trade and other receivables	13	32,959	37,046	350,860	90,844
Prepayments and other assets		5,913	4,523	114	105
Cash and cash equivalents	14	116,200	260,219	97,714	256,635
		<b>244,589</b>	393,709	<b>482,768</b>	390,713
Assets classified as held for sale	15	781,040	777,052	-	-
<b>Total current assets</b>		<b>1,025,629</b>	1,170,761	<b>482,768</b>	390,713
<b>Total assets</b>		<b>2,680,447</b>	2,861,906	<b>1,721,404</b>	1,590,273

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Equity</b>					
Capital and reserve	16	772,425	769,040	762,623	762,623
(Accumulated losses)/ Retained earnings		(73,566)	(119,986)	231,514	270,404
<b>Equity attributable to owners of the Company</b>		<b>698,859</b>	649,054	<b>994,137</b>	1,033,027
Perpetual sukuk	17	300,000	-	-	-
Non-controlling interests		308,249	295,832	-	-
<b>Total equity</b>		<b>1,307,108</b>	944,886	<b>994,137</b>	1,033,027
<b>Liabilities</b>					
Loans and borrowings	18	824,358	925,131	-	-
Lease liabilities		74,730	77,325	56,046	59,950
Employee benefits	19	428	455	-	-
Deferred tax liabilities	9	192,810	193,575	34,141	34,551
Trade and other payables	20	15,434	14,620	214,494	-
<b>Total non-current liabilities</b>		<b>1,107,760</b>	1,211,106	<b>304,681</b>	94,501
Loans and borrowings	18	32,000	446,564	-	-
Lease liabilities		2,870	2,648	1,499	1,820
Current tax liabilities		1,519	5,476	-	1,317
Trade and other payables	20	90,633	123,648	421,087	459,608
		<b>127,022</b>	578,336	<b>422,586</b>	462,745
Liabilities classified as held for sale	15	138,557	127,578	-	-
<b>Total current liabilities</b>		<b>265,579</b>	705,914	<b>422,586</b>	462,745
<b>Total liabilities</b>		<b>1,373,339</b>	1,917,020	<b>727,267</b>	557,246
<b>Total equity and liabilities</b>		<b>2,680,447</b>	2,861,906	<b>1,721,404</b>	1,590,273

The notes on pages 113 to 214 form an integral part of these financial statements.

# STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Revenue	21	881,259	760,804	312,540	252,777
Fair value changes on forestry	6	17,371	7,489	-	-
Fair value changes on biological asset	12	(15,513)	(14,058)	(2,747)	(1,877)
Cost of sales	22	(631,433)	(501,407)	(202,632)	(171,142)
<b>Gross profit</b>		<b>251,684</b>	252,828	<b>107,161</b>	79,758
Other income		10,291	11,004	4,783	1,327
Administrative expenses		(40,406)	(30,527)	(10,575)	(8,834)
Other expenses		(25,431)	(17,874)	(1,456)	(5,684)
Reversal of impairment loss on investment of subsidiaries		-	-	45,014	-
(Impairment loss)/reversal of impairment loss on amount due from subsidiaries		-	-	(142,481)	188,139
Impairment loss on financial instruments		(1,520)	(10)	-	-
<b>Results from operating activities</b>		<b>194,618</b>	215,421	<b>2,446</b>	254,706
Finance income	23	3,432	3,120	10,923	13,674
Finance costs	24	(72,242)	(80,672)	(29,214)	(24,380)
<b>Net finance costs</b>		<b>(68,810)</b>	(77,552)	<b>(18,291)</b>	(10,706)
<b>Profit/(loss) before tax</b>		<b>125,808</b>	137,869	<b>(15,845)</b>	244,000
Tax expense	25	(37,872)	(36,300)	(9,787)	(7,140)
<b>Profit/(loss) for the year</b>	26	<b>87,936</b>	101,569	<b>(25,632)</b>	236,860
<b>Other comprehensive income, net of tax</b>					
<b>Items that will not be reclassified subsequently to profit or loss</b>					
Remeasurement on defined benefit asset	27	(5)	-	-	-
		(5)	-	-	-
<b>Items that are or may be reclassified subsequently to profit or loss, net of tax</b>					
Foreign currency translation differences for foreign operations	27	3,643	(1,497)	-	-
		3,643	(1,497)	-	-
<b>Other comprehensive income/(expense) for the year, net of tax</b>		<b>3,638</b>	(1,497)	-	-

# STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2022  
(CONTINUED)

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Total comprehensive income/ (expense) for the year</b>		<b>91,574</b>	100,072	<b>(25,632)</b>	236,860
<b>Profit/(loss) attributable to:</b>					
Owners of the Company		68,771	70,166	(25,632)	236,860
Non-controlling interests		19,165	31,403	-	-
<b>Profit/(loss) for the year</b>		<b>87,936</b>	101,569	<b>(25,632)</b>	236,860
<b>Total comprehensive income/ (expense) attributable to:</b>					
Owners of the Company		72,156	68,774	(25,632)	236,860
Non-controlling interests		19,418	31,298	-	-
<b>Total comprehensive income/ (expense) for the year</b>		<b>91,574</b>	100,072	<b>(25,632)</b>	236,860
<b>Basic/ Diluted earnings per ordinary share (sen)</b>	28	<b>6.75</b>	7.94	-	-

The notes on pages 113 to 214 form an integral part of these financial statements.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2022

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

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2022

(CONTINUED)

Group	Note	Attributable to owners of the Company							Total equity RM'000	
		Non-distributable			Distributable					
		Share capital RM'000	Other reserves RM'000	Foreign currency translation reserves RM'000	Total capital reserve RM'000	Accumulated losses RM'000	Total RM'000	Perpetual sukuk RM'000		Non-controlling interest RM'000
<b>At 1 January 2022</b>		862,752	(80,658)	(13,054)	769,040	(119,986)	649,054	-	295,832	944,886
Foreign currency translation differences for foreign operations		-	-	3,390	3,390	-	3,390	-	253	3,643
Remeasurement on defined benefit liability		-	(5)	-	(5)	-	(5)	-	-	(5)
Total other comprehensive expense for the year		-	(5)	3,390	3,385	-	3,385	-	253	3,638
Profit for the year		-	-	-	-	68,771	68,771	-	19,165	87,936
<b>Total comprehensive (expense)/income for the year</b>		-	(5)	3,390	3,385	68,771	72,156	-	19,418	91,574
Perpetual sukuk		-	-	-	-	-	-	300,000	-	300,000
Profit distribution of perpetual sukuk		-	-	-	-	(9,093)	(9,093)	-	-	(9,093)
Increase in investment in subsidiary		-	-	-	-	-	-	-	2,682	2,682
<i>Contribution by and distribution to owners of the Company</i>										
Dividend to owner of the Company	29	-	-	-	-	(13,258)	(13,258)	-	(9,683)	(22,941)
<b>Total transactions with owners of the Company</b>		-	-	-	-	(13,258)	(13,258)	-	(9,683)	(22,941)
<b>At 31 December 2022</b>		862,752	(80,663)	(9,664)	772,425	(73,566)	698,859	300,000	308,249	1,307,108

Note 16

## STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2022

Company	Attributable to owners of the Company				Total equity RM'000
	Non-distributable		Distributable		
	Share capital RM'000	Other reserves RM'000	Total capital reserve RM'000	Retained earnings RM'000	
<b>At 1 January 2021</b>	862,752	(100,129)	762,623	33,544	796,167
Profit for the year	-	-	-	236,860	236,860
<b>Total comprehensive income for the year</b>	-	-	-	236,860	236,860
<b>At 31 December 2021/ 1 January 2022</b>	862,752	(100,129)	762,623	270,404	1,033,027
Loss for the year	-	-	-	(25,632)	(25,632)
<b>Total comprehensive expense for the year</b>	-	-	-	(25,632)	(25,632)
<i>Contribution by and distribution to owners of the Company</i>					
Dividends to owners of the Company	29	-	-	(13,258)	(13,258)
<b>Total transactions with owners of the Company</b>	-	-	-	(13,258)	(13,258)
<b>At 31 December 2022</b>	<b>862,752</b>	<b>(100,129)</b>	<b>762,623</b>	<b>231,514</b>	<b>994,137</b>

Note 16

## STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2022

Note	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Cash flows from operating activities</b>				
Profit/(loss) before tax	<b>125,808</b>	137,869	<b>(15,845)</b>	244,000
<i>Adjustments for:</i>				
Depreciation of property, plant and equipment	<b>68,909</b>	65,875	<b>6,094</b>	5,524
Reversal of impairment loss on property, plant and equipment	-	(949)	-	-
Property, plant and equipment written off	<b>3,947</b>	666	<b>105</b>	-
Property, plant and equipment written off in relation to assets held for sale	<b>22</b>	57	-	-
Loss/(gain) on disposal of property, plant and equipment	<b>127</b>	(6)	<b>127</b>	(6)
Depreciation of right-of-use assets	<b>10,361</b>	12,685	<b>1,020</b>	1,019
Gain on disposal of right-of-use assets in relation to assets held for sale	-	(296)	-	-
Impairment loss on nursery	<b>2,840</b>	-	-	-
Change in fair value of forestry	<b>(17,371)</b>	(7,489)	-	-
Impairment loss on other receivables	<b>1,520</b>	10	-	-
Impairment loss/(reversal of impairment loss) on amount due from subsidiaries	-	-	<b>142,481</b>	(188,139)
Reversal of impairment loss on investments in subsidiaries	-	-	<b>(45,014)</b>	-
Gain on remeasurement of lease liabilities	<b>(2,213)</b>	-	<b>(2,213)</b>	-

The notes on pages 113 to 214 form an integral part of these financial statements.

## STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2022  
(CONTINUED)

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Cash flows from operating activities (continued)</b>					
<i>Adjustments for:</i>					
Change in fair value of biological asset	12	15,513	14,058	2,747	1,877
Expenses related to retirement benefit plan	26	27	-	-	-
Dividend income	21	(201)	(255)	(53,628)	(39,573)
Profit margin income from short-term investments and other receivables	23	(3,432)	(3,120)	(7,098)	(9,846)
Finance income on finance lease receivable	23	-	-	(3,825)	(3,828)
Unrealised foreign exchange	26	7,677	(1,642)	-	-
Finance costs	24	62,981	71,430	24,173	19,477
Finance costs on lease liabilities	24	9,261	9,242	5,041	4,903
<b>Operating profit before changes in working capital</b>		<b>285,776</b>	298,135	<b>54,165</b>	35,408
Change in inventories		(12,875)	(5,869)	(638)	(3)
Change in trade and other payables		(686)	(82,851)	(394,625)	143,226
Change in trade and other receivables, prepayments and other assets		(18,869)	(32,482)	(43,158)	(50,338)
Change in employee benefits		27	-	-	-
Change in assets held for sale		4,157	10,592	-	-
Change in liabilities held for sale		10,979	(7,214)	-	-
<b>Cash generated from/(used in) operations</b>		<b>268,509</b>	180,311	<b>(384,256)</b>	128,293
Profit margin income from short-term investments and other receivables	23	3,432	3,120	7,098	9,846
Finance income on finance lease receivable	23	-	-	3,825	3,828
Finance costs	24	(62,981)	(71,430)	(24,173)	(19,477)
Finance costs on lease liabilities	24	(9,261)	(9,242)	(5,041)	(4,903)
Zakat paid		(1,185)	(570)	-	-

## STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2022  
(CONTINUED)

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Tax paid		(56,756)	(38,667)	(15,423)	(6,167)
Tax refund		712	3	-	2,240
<b>Net cash generated from/(used in) operating activities</b>		<b>142,470</b>	63,525	<b>(417,970)</b>	113,660
<b>Cash flows from investing activities</b>					
Acquisition of property, plant and equipment	3	(18,442)	(14,737)	(2,089)	(2,539)
Acquisition of property, plant and equipment in relation to assets held for sale	15	(2,673)	(130)	-	-
Acquisition of right-of-use assets	4	(2,430)	(57)	-	-
Acquisition of right-of-use assets in relation to assets held for sale	15	(1,357)	(3,900)	-	-
Plantation development expenditure	(i)	(19,676)	(25,120)	(3,462)	(4,181)
Plantation development expenditure in relation to assets held for sale	(ii)	(603)	(448)	-	-
Proceeds from disposal of property, plant and equipment		-	6	-	6
Proceeds from disposal of right-of-use assets in relation to assets held for sale		-	306	-	-
Decrease/(increase) in other investments		10,412	(35,634)	10,850	(35,550)
Increase in investment in subsidiary	7	-	-	-	500
Dividends received		456	182	53,883	39,318
<b>Net cash (used in)/generated from investing activities</b>		<b>(34,313)</b>	(79,532)	<b>59,182</b>	(2,446)



## STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2022  
(CONTINUED)

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Cash flows from financing activities</b>					
Dividends paid to non-controlling interests	20.6	(9,683)	(5,279)	-	-
Dividend paid to owners of the Company	20.6	(13,144)	-	(13,144)	-
Proceeds from drawdown of perpetual sukuk	17	300,000	-	-	-
Proceeds from drawdown of loans and borrowings	18	708,345	317,476	-	-
Loan repayment	18	(1,226,067)	(111,750)	-	-
Decrease in amounts due to holding corporation	20.7	(11,948)	(6,293)	(11,932)	(5,989)
(Decrease)/increase in amounts due to related companies	20.7	(1,728)	122	-	-
Increase in amounts due to subsidiaries	20.7	-	-	218,988	71,612
Payment of lease liabilities		1,491	(2,305)	2,115	1,681
Proceed from lease receivable	10	-	-	3,840	3,840
<b>Net cash (used in)/ generated from financing activities</b>		<b>(252,734)</b>	191,971	<b>199,867</b>	71,144
<b>Net (decrease)/increase in cash and cash equivalents</b>					
Cash and cash equivalents at 1 January	(iii)	260,946	84,982	256,635	74,277
<b>Cash and cash equivalents at 31 December</b>	(iii)	<b>116,369</b>	260,946	<b>97,714</b>	256,635

## Cash outflows for leases as a lessee

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Included in net cash from operating activities</b>					
Finance costs on lease liabilities	24	9,261	9,242	5,041	4,903
<b>Included in net cash from financing activities</b>					
Payment of lease liabilities		1,491	(2,305)	2,115	1,681
<b>Total cash outflows for leases</b>		<b>10,752</b>	6,937	<b>7,156</b>	6,584

## STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2022  
(CONTINUED)

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

	Net changes					At 31 December 2022 RM'000
	At 1 January 2022 RM'000	from financing cash flows RM'000	Acquisition of new lease RM'000	Remeasurement of lease liabilities	Other changes RM'000	
<b>Group</b>						
Lease liabilities	79,973	1,491	2,430	(6,340)	46	77,600
<b>Company</b>						
Lease liabilities	61,770	2,115	-	(6,340)	-	57,545

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

## (i) Plantation development expenditure

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Additions of plantation development expenditure	5	(19,597)	(23,616)	(3,524)	(4,265)
Additions of nurseries	5	(790)	(2,392)	-	-
Depreciation of property, plant and equipment	5	673	730	59	80
Depreciation of right-of-use asset	5	38	158	3	4
		<b>(19,676)</b>	(25,120)	<b>(3,462)</b>	(4,181)

## STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2022  
(CONTINUED)

## (ii) Plantation development expenditure of assets held for sale

	Note	Group	
		2022 RM'000	2021 RM'000
Additions of plantation development expenditure	15	(603)	(444)
Additions of nurseries	15	-	(4)
		<b>(603)</b>	<b>(448)</b>

## (iii) Cash and cash equivalents

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Deposits		<b>114,913</b>	294,718	<b>111,690</b>	290,175
Less: Other investments	8	<b>(27,923)</b>	(38,335)	<b>(24,700)</b>	(35,550)
	14	<b>86,990</b>	256,383	<b>86,990</b>	254,625
Cash and bank balances		<b>29,379</b>	4,563	<b>10,724</b>	2,010
		<b>116,369</b>	260,946	<b>97,714</b>	256,635
Assets classified as held for sale	15.1	<b>(169)</b>	(727)	-	-
	14	<b>116,200</b>	260,219	<b>97,714</b>	256,635

## 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**

Tingkat 23  
Menara TH Selborn  
153, Jalan Tun Razak  
50400 Kuala Lumpur

The consolidated financial statements of the Company as at and for the financial year ended 31 December 2022 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities").

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

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

These financial statements were authorised for issue by the Board of Directors on 29 March 2023.

**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:

The notes on pages 113 to 214 form an integral part of these financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

## 1. BASIS OF PREPARATION (CONTINUED)

## (a) Statement of compliance (continued)

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

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

**MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2024**

- Amendment to MFRS 16, *Leases – Lease Liability in a Sale and Leaseback*
- Amendment to MFRS 101, *Presentation of Financial Statements – Non-current Liabilities with Covenants and Classification of Liabilities as Current or Non-current*

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

- 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 and amendments to MFRS 17, *Insurance Contracts – Initial application of MFRS 17 and MFRS 9 – Comparative Information* which are not applicable to the Group or Company.
- from the annual period beginning on 1 January 2024 for the amendments that are effective for annual periods beginning on or after 1 January 2024.

## NOTES TO THE FINANCIAL STATEMENTS

## 1. BASIS OF PREPARATION (CONTINUED)

## (b) Basis of measurement

The financial statements have been prepared on the historical cost basis other than as disclosed in Note 2.

## (c) Functional and presentation currency

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

## (d) Use of estimates and judgements

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

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

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

**(i) Recoverable amount of bearer plant, plantation development expenditure and right-of-use assets (“plantation assets”)**

Management reviews its plantation assets 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 plantation assets or whether there have been significant changes with adverse effect in the market environment in which the plantation assets operates in.

When there is an indication of impairment, management measured the recoverable amounts based on fair value less cost to sell of the plantation assets. Significant assumptions used to derive to the fair value less cost to sell are as shown in Note 3, 4 and 5.

**(ii) Assets held for sale**

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

## NOTES TO THE FINANCIAL STATEMENTS

## NOTES TO THE FINANCIAL STATEMENTS

**1. BASIS OF PREPARATION (CONTINUED)****(d) Use of estimates and judgements (continued)****(iii) Forestry**

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

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

The Group and the Company provide loans and advances to related companies and subsidiaries. The Group and the Company monitor the results of the related companies and subsidiaries regularly, as well as their ability to repay the loans and advances on an individual basis as disclosed in Note 31.4.

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

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

**2. SIGNIFICANT ACCOUNTING POLICIES**

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

**(a) Basis of consolidation****(i) Subsidiaries**

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

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

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

**(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.

## NOTES TO THE FINANCIAL STATEMENTS

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(a) Basis of consolidation (continued)****(ii) Business combinations (continued)**

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.

## NOTES TO THE FINANCIAL STATEMENTS

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(a) Basis of consolidation (continued)****(vi) Transactions eliminated on consolidation**

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

**(b) Foreign currency****(i) Foreign currency transactions**

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

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

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

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

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(b) Foreign currency (continued)****(ii) Operations denominated in functional currencies other than Ringgit Malaysia (continued)**

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.

**(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.

## NOTES TO THE FINANCIAL STATEMENTS

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(c) Financial instruments (continued)****(ii) Financial instrument categories and subsequent measurement****Financial assets**

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

**(a) Amortised cost**

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

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

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

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

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)).

## NOTES TO THE FINANCIAL STATEMENTS

## NOTES TO THE FINANCIAL STATEMENTS

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

## (c) Financial instruments (continued)

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

**Financial liabilities**

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

**(a) Amortised cost**

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

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

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

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

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

- (a) if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise;
- (b) a group of financial liabilities or assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the Group's key management personnel; or
- (c) if a contract contains one or more embedded derivatives and the host is not a financial asset in the scope of MFRS 9, where the embedded derivative significantly modifies the cash flows and separation is not prohibited.

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

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

## (c) Financial instruments (continued)

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

**Financial liabilities (continued)**

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

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

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

**(iii) Regular way purchase or sale of financial assets**

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

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

- (a) the recognition of an asset to be received and the liability to pay for it on the trade date; and
- (b) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

**(iv) Financial guarantee contracts**

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

Financial guarantees issued are initially measured at fair value.

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

## NOTES TO THE FINANCIAL STATEMENTS

**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.

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

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

## NOTES TO THE FINANCIAL STATEMENTS

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(d) Property, plant and equipment (continued)****(i) Recognition and measurement (continued)**

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

Bearer plant is living plant that is used in the production of agriculture produce for more than one period. The bearer plant that is available for use are measured at cost less accumulated depreciation and any accumulated impairment losses. Cost includes plantation expenditure, which represents the total cost incurred from land clearing to the point of harvesting.

**(ii) Subsequent costs**

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

**(iii) Depreciation**

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

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



## NOTES TO THE FINANCIAL STATEMENTS

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

## (d) Property, plant and equipment (continued)

## (iii) Depreciation (continued)

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.

## NOTES TO THE FINANCIAL STATEMENTS

## 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.

## NOTES TO THE FINANCIAL STATEMENTS

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(e) Leases (continued)****(ii) Recognition and initial measurement (continued)****(b) As a lessor**

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

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

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

**(iii) Subsequent measurement****(a) As a lessee**

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

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

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.

## NOTES TO THE FINANCIAL STATEMENTS

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(e) Leases (continued)****(iii) Subsequent measurement (continued)****(a) As a lessee (continued)**

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

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

## NOTES TO THE FINANCIAL STATEMENTS

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**(f) Intangible assets****(i) Goodwill**

Goodwill arising 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.

**(g) Plantation development expenditure**

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

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

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

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

**(h) Forestry**

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**(i) Inventories**

Inventories are measured at the lower of cost and net realisable value.

The cost of finished goods is calculated using the weighted average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. The cost includes an appropriate share of production overheads based on normal operating capacity.

Cost of stores consists of the invoiced value from suppliers and is calculated using the weighted average method.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

**(j) Cash and cash equivalents**

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three months or less, and are used by the Group and the Company in the management of their short-term commitments. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

**(k) Impairment****(i) Financial assets**

The Group and the Company recognise loss allowances for expected credit losses on financial assets measured at amortised cost. Expected credit losses are a probability-weighted estimate of credit losses.

The Group and the Company measure loss allowances at an amount equal to lifetime expected credit loss, cash and bank balance for which credit risk has not increased significantly since initial recognition, which are measured at 12-month expected credit loss. Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit loss.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information, where available.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, while 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12 months after the reporting date. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company are exposed to credit risk.

## NOTES TO THE FINANCIAL STATEMENTS

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(k) Impairment (continued)****(i) Financial assets (continued)**

The Group and the Company estimate the expected credit losses on trade receivables using a provision matrix with reference to historical credit loss experience.

At each reporting date, the Group and the Company assess whether financial assets carried at amortised cost are credit impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The gross carrying amount of a financial asset is written off (either partially or full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group or the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's or the Company's procedures for recovery amounts due.

**(ii) Other assets**

The carrying amounts of other assets (except for inventories, assets held for sale, finance lease receivables, deferred tax asset and forestry) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill which has indefinite useful lives, the recoverable amount is estimated each period at the same time.

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.

## NOTES TO THE FINANCIAL STATEMENTS

**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.

**(i) Ordinary shares**

Ordinary shares are classified as equity.

**(ii) Perpetual sukuk**

Perpetual sukuk is classified as equity as there is no contractual obligation to redeem the instrument. The perpetual sukuk is redeemable only at the option of the Company's subsidiary.

Profit distribution on perpetual sukuk is recognised in the consolidated statement of changes in equity in the period in which it is declared.

**(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.

## NOTES TO THE FINANCIAL STATEMENTS

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**(m) Employee benefits (continued)****(ii) State plans**

The Group's contributions to statutory pension funds are charged to profit or loss in the financial year to which they relate. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

**(n) Provisions**

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

**(o) Revenue and other income****(i) Goods sold**

Revenue is measured based on the consideration specified in a contract with a customer in exchange for transferring goods or services to a customer, excluding amounts collected on behalf of third parties. The Group and the Company recognise revenue when or as it transfers control over a product or service to customer. An asset is transferred when or as the customer obtains control of the asset.

The Group and the Company transfer control of a good or service at a point in time unless one of the following criteria is met:

- (a) the customer simultaneously receives and consumes the benefits provided as the Group and the Company performs;
- (b) the Group's and the Company's performance create or enhance an asset that the customer controls as the asset is created or enhanced; or
- (c) the Group's and the Company's performance do not create an asset with an alternative use and the Group and the Company have an enforceable right to payment for performance completed to date.

**(ii) Government grants**

Government grants are recognised initially as deferred income at fair value when there is reasonable assurance that they will be received and that the Group will comply with the conditions associated with the grant; they are then recognised in profit or loss as other income on a systematic basis over the useful life of the asset.

Grant that compensate the Group for expenses incurred are recognised in profit or loss as other income on a systematic basis in the same periods in which the expenses are recognised.

**(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.

## NOTES TO THE FINANCIAL STATEMENTS

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**(o) Revenue and other income (continued)****(iv) Management fees**

Management fees income is recognised in profit or loss upon services are rendered.

**(v) Profit margin income**

Profit margin income is recognised as it accrues, using the effective interest method in profit or loss.

**(p) Biological asset**

Biological asset comprise agricultural produce that grows on oil palm plantations.

A gain or loss arising on initial recognition of a biological asset at fair value less costs to sell and from a change in fair value less costs to sell of a biological asset shall be included in profit or loss for the period in which it arises.

**(q) Borrowing costs**

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is incurred, borrowing costs are incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

**(r) Income tax**

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

## NOTES TO THE FINANCIAL STATEMENTS

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**(r) Income tax (continued)**

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

Where assets are carried at their fair value in accordance with the accounting policy set out in Note 2(h) and Note 2(p), the amount of deferred tax recognised is measured using tax rates that would apply on sale of those assets at their carrying value at the reporting date unless the asset is depreciable and is held with the objective to consume substantially all of the economic benefits embodied in the asset over time, rather than through sale. In all other cases, the amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. Deferred tax and liabilities are not discounted.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

**(s) Earnings per ordinary share**

The Group presents basic and diluted earnings per share data for its ordinary shares ("EPS").

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

As perpetual sukuk may be repurchased under the Group's tender offer to the holders, the excess of the fair value of the consideration paid to the perpetual sukuk holders over the carrying amount of the perpetual sukuk represents a return to the holders of the perpetual sukuk and a charge to retained earnings for the entity. This amount is deducted in calculating profit or loss attributable to ordinary equity holders of the Company.

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.

## NOTES TO THE FINANCIAL STATEMENTS

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**(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 accounting policy. 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, which continue to be measured in accordance with the Group's. 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, property, plant and equipment and right-of-use assets once classified as held for sale or distribution are not amortised or depreciated.

## NOTES TO THE FINANCIAL STATEMENTS

## NOTES TO THE FINANCIAL STATEMENTS

## 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.

## 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
<b>Cost</b>								
At 1 January 2021		966,722	210,557	144,481	14,815	48,010	2,757	1,387,342
Additions		-	340	2,427	566	3,604	7,800	14,737
Transfer from plantation development expenditure	5	57,109	-	-	-	-	-	57,109
Written off		(4,667)	(167)	(1,012)	(39)	(754)	(7)	(6,646)
Disposals		-	-	-	-	(14)	-	(14)
Transfers from work-in-progress		-	579	2,128	(3)	12	(2,716)	-
Effect of movement in exchange rate		785	11	9	2	11	1	819
At 31 December 2021/1 January 2022		<b>1,019,949</b>	<b>211,320</b>	<b>148,033</b>	<b>15,341</b>	<b>50,869</b>	<b>7,835</b>	<b>1,453,347</b>
Additions		-	<b>616</b>	<b>1,385</b>	<b>63</b>	<b>5,136</b>	<b>11,242</b>	<b>18,442</b>
Transfer from plantation development expenditure	5	<b>29,199</b>	-	-	-	-	-	<b>29,199</b>
Written off		<b>(6,425)</b>	<b>(20,242)</b>	<b>(1,339)</b>	<b>(429)</b>	<b>(2,623)</b>	-	<b>(31,058)</b>
Disposals		-	-	-	-	<b>(509)</b>	-	<b>(509)</b>
Transfers from work-in-progress		-	<b>5,065</b>	<b>5,783</b>	<b>484</b>	-	<b>(11,332)</b>	-
Effect of movement in exchange rate		<b>(1,580)</b>	<b>(19)</b>	<b>(12)</b>	<b>(6)</b>	<b>(19)</b>	<b>(1)</b>	<b>(1,637)</b>
At 31 December 2022		<b>1,041,143</b>	<b>196,740</b>	<b>153,850</b>	<b>15,453</b>	<b>52,854</b>	<b>7,744</b>	<b>1,467,784</b>

## NOTES TO THE FINANCIAL STATEMENTS

## NOTES TO THE FINANCIAL STATEMENTS



## 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
<b>Accumulated depreciation and impairment loss</b>								
At 1 January 2021								
Accumulated depreciation		264,229	70,237	80,064	14,016	37,042	-	465,588
Accumulated impairment loss		62,849	-	-	-	-	-	62,849
		327,078	70,237	80,064	14,016	37,042	-	528,437
Depreciation for the year	3.1	45,086	12,333	6,725	330	2,131	-	66,605
Written off		(4,526)	(111)	(580)	(37)	(726)	-	(5,980)
Disposals		-	-	-	-	(14)	-	(14)
Impairment loss transfer from plantation development expenditure	5	5,129	-	-	-	-	-	5,129
Reversal of impairment loss		(949)	-	-	-	-	-	(949)
Effect of movement in exchange rate		51	4	1	5	6	-	67
At 31 December 2021/ 1 January 2022								
Accumulated depreciation		304,840	82,463	86,210	14,314	38,439	-	526,266
Accumulated impairment loss		67,029	-	-	-	-	-	67,029
		371,869	82,463	86,210	14,314	38,439	-	593,295

## 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 31 December 2021/ 1 January 2022								
Accumulated depreciation		304,840	82,463	86,210	14,314	38,439	-	526,266
Accumulated impairment loss		67,029	-	-	-	-	-	67,029
		371,869	82,463	86,210	14,314	38,439	-	593,295
Depreciation for the year	3.1	46,690	13,157	6,987	393	2,355	-	69,582
Written off		(6,125)	(16,745)	(1,219)	(429)	(2,593)	-	(27,111)
Disposals		-	-	-	-	(382)	-	(382)
Effect of movement in exchange rate		(246)	(9)	(10)	(6)	(15)	-	(286)
At 31 December 2022								
Accumulated depreciation		345,159	78,866	91,968	14,272	37,804	-	568,069
Accumulated impairment loss		67,029	-	-	-	-	-	67,029
		412,188	78,866	91,968	14,272	37,804	-	635,098
<b>Carrying amounts</b>								
At 1 January 2021		639,644	140,320	64,417	799	10,968	2,757	858,905
At 31 December 2021/ 1 January 2022		648,080	128,857	61,823	1,027	12,430	7,835	860,052
At 31 December 2022		628,955	117,874	61,882	1,181	15,050	7,744	832,686



## NOTES TO THE FINANCIAL STATEMENTS

## 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
<b>Cost</b>								
At 1 January 2021		97,629	19,484	20,002	286	5,640	933	143,974
Additions		-	116	451	49	791	1,132	2,539
Transfer from plantation development expenditure	5	4,211	-	-	-	-	-	4,211
Transfer from work-in-progress		-	27	2,020	-	-	(2,047)	-
Written off		-	-	-	(3)	(252)	-	(255)
At 31 December 2021/1 January 2022		<b>101,840</b>	<b>19,627</b>	<b>22,473</b>	<b>332</b>	<b>6,179</b>	<b>18</b>	<b>150,469</b>
Additions		-	119	21	17	1,056	876	2,089
Transfer from plantation development expenditure	5	5,388	-	-	-	-	-	5,388
Transfer from work- in-progress		-	-	638	-	-	(638)	-
Disposal		-	-	-	-	(127)	-	(127)
Written off		-	-	(774)	(2)	(169)	-	(945)
At 31 December 2022		<b>107,228</b>	<b>19,746</b>	<b>22,358</b>	<b>347</b>	<b>6,939</b>	<b>256</b>	<b>156,874</b>

## NOTES TO THE FINANCIAL STATEMENTS

## 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
<b>Accumulated depreciation</b>								
At 1 January 2021		11,017	12,804	15,810	230	4,411	-	44,272
Depreciation for the year	3.1	4,415	322	554	37	276	-	5,604
Written off		-	-	-	(3)	(252)	-	(255)
At 31 December 2021/1 January 2022		<b>15,432</b>	<b>13,126</b>	<b>16,364</b>	<b>264</b>	<b>4,435</b>	<b>-</b>	<b>49,621</b>
Depreciation for the year	3.1	4,810	324	640	28	351	-	6,153
Written off		-	-	(669)	(2)	(169)	-	(840)
At 31 December 2022		<b>20,242</b>	<b>13,450</b>	<b>16,335</b>	<b>290</b>	<b>4,617</b>	<b>-</b>	<b>54,934</b>
<b>Carrying amounts</b>								
At 1 January 2021		86,612	6,680	4,192	56	1,229	933	99,702
At 31 December 2021/1 January 2022		86,408	6,501	6,109	68	1,744	18	100,848
At 31 December 2022		<b>86,986</b>	<b>6,296</b>	<b>6,023</b>	<b>57</b>	<b>2,322</b>	<b>256</b>	<b>101,940</b>

## NOTES TO THE FINANCIAL STATEMENTS

## NOTES TO THE FINANCIAL STATEMENTS

## 3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Recognised in profit or loss		<b>68,909</b>	65,875	<b>6,094</b>	5,524
Capitalised in plantation development expenditure	5	<b>673</b>	730	<b>59</b>	80
		<b>69,582</b>	66,605	<b>6,153</b>	5,604

## 3.2 Impairment testing on property, plant and equipment

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

The Group has engaged a registered valuer in prior year to value the plantation assets which consists of bearer plant, plantation development expenditure ("PDE") and right-of-use assets ("ROU") of the subsidiary that has not been performing up to Group's expectation. The total carrying amount of bearer plant, PDE and ROU of the subsidiary as at 31 December 2022 amounted to RM81,148,000. The Group is of the view that the fair value less cost to sell are consistent with prior year valuation report as there is no significant change in the market condition. The cash-generating unit consist of planted area in relation to palm oil and plantable area.

The following table summarises the valuation method and assumptions used in the determination of fair value less cost to sell as well as the significant unobservable inputs used in the valuation models in current year.

## 3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

## 3.2 Impairment testing on property, plant and equipment (continued)

Description of valuation technique and inputs used	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
<p><b>Plantations assets</b></p> <p>Discounted cash flows:</p> <p>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.</p>	<p>Expected projected FFB yield (3.55 mt/ha - 19.30 mt/ha)</p> <p>FFB sales price (RM657/mt - RM673/mt)</p> <p>Upkeep and maintenance cost (RM2,035/ha - RM2,622/ha)</p> <p>Pre-tax discount rate (10%)</p>	<p>The estimated fair value would increase/(decrease) if:</p> <ul style="list-style-type: none"> <li>Expected projected FFB yield were higher/(lower);</li> <li>FFB sales price higher/(lower);</li> <li>Upkeep and maintenance cost were lower/(higher);</li> <li>Discount rates were lower/(higher).</li> </ul>

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

The estimated recoverable amount of the cash-generating unit is based on its fair value less cost to sell. No impairment loss is being recognised as the recoverable amount of the cash-generating unit is higher than the carrying amount of the cash-generating unit.

The above estimates are particularly sensitive in the following cases:

- A reduction in price of FFB by 5% would have resulted in an impairment loss of RM886,000.
- A reduction in yield per hectare by 10% would have resulted in an impairment loss of RM3,074,000.
- An increase in discount rate by 2% would have resulted in an impairment loss of RM1,318,000.

## NOTES TO THE FINANCIAL STATEMENTS

## 4. RIGHT-OF-USE ASSETS

	Note	Group RM'000
At 1 January 2021		676,291
Addition		57
Depreciation for the year	4.2	(12,843)
Effect of movement in exchange rate		33
At 31 December 2021/1 January 2022		<b>663,538</b>
Addition		<b>2,430</b>
Remeasurement of lease liabilities		<b>(4,127)</b>
Depreciation for the year	4.2	<b>(10,399)</b>
Effect of movement in exchange rate		<b>(55)</b>
At 31 December 2022		<b>651,387</b>

		Company RM'000
1 January 2021		56,811
Depreciation for the year	4.2	(1,023)
At 31 December 2021/1 January 2022		<b>55,788</b>
Remeasurement of lease liabilities		<b>(4,127)</b>
Depreciation for the year	4.2	<b>(1,023)</b>
At 31 December 2022		<b>50,638</b>

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 and Company amounting to RM9,899,000 (2021: RM7,323,000) are pledged as securities for borrowings as disclosed in Note 17 and Note 18.

## NOTES TO THE FINANCIAL STATEMENTS

## 4. RIGHT-OF-USE ASSETS (CONTINUED)

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

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Recognised in profit or loss		<b>10,361</b>	12,685	<b>1,020</b>	1,019
Capitalised in plantation development expenditure	5	<b>38</b>	158	<b>3</b>	4
		<b>10,399</b>	12,843	<b>1,023</b>	1,023

## 4.3 Extension options

The Native Communal Reserve ("NCR") land lease and building lease agreement contain extension options exercisable by the Group up to three (3) years before the end of the non-cancellable contract period. The extension options held are exercisable only by the Group and not by the lessors. The Group assesses at lease commencement whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within its control. The Group has not included the potential future lease payment in the lease liabilities.

Group	Potential future lease payments	
	Lease liabilities recognised (discounted) RM'000	not included in lease liabilities (discounted) RM'000
<b>2022</b>		
Lands	<b>12,825</b>	<b>7,101</b>
Buildings	<b>2,526</b>	<b>2,590</b>
<b>2021</b>		
Lands	13,498	6,502

## NOTES TO THE FINANCIAL STATEMENTS

## 4. RIGHT-OF-USE ASSETS (CONTINUED)

## 4.4 Impairment testing on right-of-use assets

The Group has engaged a registered valuer in prior year to value the plantation assets which consists of bearer plant, plantation development expenditure ("PDE") and right-of-use assets ("ROU") of the subsidiary that has not been performing up to Group expectation. The total carrying amount of bearer plant, PDE and ROU as at 31 December 2022 amounted to RM81,148,000. The Group is of the view that the fair value less cost to sell are consistent with prior year valuation report as there is no significant change in the market condition. The cash-generating unit consist of planted area in relation to palm oil and plantable area.

The estimated recoverable amount of the cash-generating unit is based on its fair value less cost to sell. No impairment loss is being recognised as the recoverable amount of the cash-generating unit is higher than the carrying amount of the cash-generating unit.

Fair value less cost to sell is based on management estimates having regard to estimated resale value, which is determined by an external, independent professional valuer, having appropriate recognised professional qualifications and recent experience in the location and category of assets being valued. Fair value less cost to sell is a Level 3 fair value measurement. See Note 3.2 for further details of the key assumptions used to derive to the fair value less cost to sell.

## 5. PLANTATION DEVELOPMENT EXPENDITURE

Group	Note	Oil palm	
		2022 RM'000	2021 RM'000
At 1 January		167,804	197,974
Additions during the year	5.1	19,597	23,616
Addition of nurseries		790	2,392
Transfer to property, plant and equipment	3	(29,199)	(57,109)
Effect of movement in exchange rate		(1,462)	931
At 31 December		157,530	167,804
<b>Accumulated impairment loss</b>			
At 1 January		63,707	68,836
Impairment loss on nursery	5.3	2,840	-
Transfer of impairment loss to property, plant and equipment	3	-	(5,129)
At 31 December		66,547	63,707
<b>Carrying amount</b>			
At 31 December		90,983	104,097

## NOTES TO THE FINANCIAL STATEMENTS

## 5. PLANTATION DEVELOPMENT EXPENDITURE (CONTINUED)

	Note	Company	
		2022 RM'000	2021 RM'000
At 1 January		13,464	13,410
Additions during the year	5.1	3,524	4,265
Transfer to property, plant and equipment	3	(5,388)	(4,211)
At 31 December		11,600	13,464

## 5.1 Additions

Included in additions during the year are as follows:

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Depreciation of property, plant and equipment	3	673	730	59	80
Depreciation of right-of-use assets	4	38	158	3	4
Personnel expenses:					
- Wages, salaries and others		6,701	7,887	1,150	1,657
- Contribution to EPF		368	326	56	64
Finance cost*	24	3,955	3,457	543	516
Management fees capitalised		-	-	229	288

\* The finance cost is capitalised based on profit margin 4.50% - 6.65% (2021: 4.57%) per annum.

## NOTES TO THE FINANCIAL STATEMENTS

## NOTES TO THE FINANCIAL STATEMENTS

**5. PLANTATION DEVELOPMENT EXPENDITURE (CONTINUED)**

**5.2** During the financial year, certain plantation development expenditure of the Company amounting to RM11,600,000 are pledged as securities for borrowings as disclosed in Note 17.

**5.3 Impairment loss on nursery**

During the year, a nursery belongs to one of the subsidiary was overgrown in which no future income is expected to be generated from the nursery.

Subsequent to this, the Group has fully impaired RM2,840,000 in relation to carrying amount of the nursery as at 31 December 2022 and recognised in profit or loss.

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

The Group has engaged a registered valuer to value the plantation assets which consists of bearer plant, plantation development expenditure ("PDE") and right-of-use assets ("ROU") of the subsidiary that has not been performing up to Group expectation. The total carrying amount of bearer plant, PDE and ROU as at 31 December 2022 amounted to RM81,148,000. The Group is of the view that the fair value less cost to sell are consistent with prior year valuation report as there is no significant change in the market condition. The cash-generating unit consist of planted area in relation to palm oil and plantable area.

The estimated recoverable amount of the cash-generating unit is based on its fair value less cost to sell. No impairment loss is being recognised as the recoverable amount of the cash-generating unit is higher than the carrying amount of the cash-generating unit.

Fair value less cost to sell is based on management estimates having regard to estimated resale value, which is determined by an external, independent professional valuer, having appropriate recognised professional qualifications and recent experience in the location and category of assets being valued. Fair value less cost to sell is a Level 3 fair value measurement. See Note 3.2 for further details of the key assumptions used to derive to the fair value less cost to sell.

**6. FORESTRY**

	Group	
	2022 RM'000	2021 RM'000
At 1 January	21,587	14,098
Additions	16,400	13,079
Additions charged to profit or loss	(16,400)	(13,079)
Change in fair value recognised to profit or loss	17,371	7,489
At 31 December	38,958	21,587

**6.1 Fair value information**

Fair value of forestry is categorised as follows:

	Level 3	
	2022 RM'000	2021 RM'000
Forestry	38,958	21,587

The fair value of forestry is determined by external, independent professional valuer on an annual basis except for RM1,987,000 which is determined based on an offer from a market participant at as it is basis.

## NOTES TO THE FINANCIAL STATEMENTS

## NOTES TO THE FINANCIAL STATEMENTS

## 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, upkeep and maintenance cost and land rental. The expected net cash flows are discounted using risk-adjusted discount rates.	<ul style="list-style-type: none"> <li>Expected clear bole volume (142tonne/ha - 330tonne/ha)</li> <li>Clear bole price (RM190/tonne)</li> <li>Log extraction cost (RM86/tonne - RM90/tonne)</li> <li>Pre-tax discount rate (10%)</li> <li>Land rental rate (3%)</li> </ul>	<ul style="list-style-type: none"> <li>Expected clear bole volume (142tonne/ha - 325tonne/ha)</li> <li>Clear bole price (RM180/tonne)</li> <li>Log extraction cost (RM86/tonne)</li> <li>Pre-tax discount rate (10%)</li> <li>Land rental rate (3%)</li> </ul>	<p>The estimated fair value would increase/(decrease) if:</p> <ul style="list-style-type: none"> <li>Expected clear bole volume were higher/(lower);</li> <li>Clear bole price higher/(lower);</li> <li>Log extraction cost were lower/(higher);</li> <li>Discount rates were lower/(higher); or</li> <li>Land rental rates were lower/(higher).</li> </ul>

## Valuation processes applied by the Group for Level 3 fair value

The fair value of forestry is determined by an external, independent professional valuer, having appropriate recognised professional qualifications and recent experience in the location and category of forestry being valued. The independent professional valuer provides the fair value of the Group's forestry annually. Changes in Level 3 fair values are analysed by the management annually.

The values assigned to the key assumptions represent management's assessment of current trends in forestry in Malaysia and are based on both external and internal sources (historical data). The changes in the key assumptions as compared to prior year are as the result from the change in the market condition of the assets.

The above estimates are particularly sensitive in the following cases:

- A reduction of timber volume by 10% would have resulted in a decrease in the change of fair value by RM6,230,000.
- A reduction of timber price by 10% would have resulted in a decrease in the change of fair value by RM6,230,000.
- An increase of 2% in the discount rate would have resulted in a decrease of fair value gain by RM7,132,000.

6.3 The fair value less cost to sell of forestry amounting RM1,987,000 was estimated based on the Director's valuation, which was based on the offer letter received from a minority shareholder of the subsidiary to acquire forestry based on its current condition.

## 7. INVESTMENTS IN SUBSIDIARIES

	Note	Company	
		2022 RM'000	2021 RM'000
<b>Unquoted shares at cost</b>			
At 1 January		<b>980,989</b>	980,489
Acquisition of subsidiaries	7.1	-	#
Increase in investment in subsidiary	7.2	-	500
Reversal of impairment loss on investment in subsidiaries	7.3	<b>45,014</b>	-
At 31 December		<b>1,026,003</b>	980,989

# Represent RM2.

7.1 Acquisition of 2 ordinary shares of RM1 each representing 100% equity interest in THP Applications & Services Sdn. Bhd. from TH Ladang (Sabah & Sarawak) Sdn. Bhd. for total consideration of RM2. This transaction has no financial impact to the Group.

7.2 In prior year, the Company has increase its investment in THP Applications & Services Sdn. Bhd.

7.3 During the financial year, the Company carried out an impairment test on some of the cost of investments in certain subsidiaries. The recoverable amount of the investment are higher than the carrying amount. A reversal of impairment loss of RM45,014,000 has been recognised as other income in profit or loss of the Company during the year.

7.4 Details of the subsidiaries are as follows:

Name of subsidiary	Principal place of business/Country of incorporation	Effective ownership interest and voting interest		Principal activities
		2022 %	2021 %	
<b>Direct subsidiaries</b>				
THP Ibok Sdn. Bhd.	Malaysia	<b>100</b>	100	Cultivation of oil palm and marketing of FFB.
THP Sabaco Sdn. Bhd.	Malaysia	<b>51</b>	51	Cultivation of oil palm, processing of FFB and marketing of CPO, PK and FFB.
THP Bukit Belian Sdn. Bhd.	Malaysia	<b>100</b>	100	Cultivation of oil palm and marketing of FFB.
THP Saribas Sdn. Bhd.	Malaysia	<b>80</b>	80	Cultivation of oil palm, processing of FFB and marketing of CPO, PK and FFB.

## NOTES TO THE FINANCIAL STATEMENTS

**7. INVESTMENTS IN SUBSIDIARIES (CONTINUED)**

7.4 Details of the subsidiaries are as follows:

Name of subsidiary	Principal place of business/Country of incorporation	Effective ownership interest and voting interest		Principal activities
		2022 %	2021 %	
<b>Direct subsidiaries</b>				
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.
THP Suria Mekar Sdn. Bhd.	Malaysia	100	100	Special purpose vehicle.
Manisraya Sdn. Bhd.	Malaysia	100	100	Tradeline services in dealing and trading of FFB.
PT Persada Kencana Prima #	Indonesia	93	93	Cultivation of oil palm and marketing of FFB.
THP Applications & Services Sdn. Bhd.	Malaysia	100	100	Investment and collaboration with companies involved in potential biogas plant project.

# Not audited by KPMG PLT

## NOTES TO THE FINANCIAL STATEMENTS

**7. INVESTMENTS IN SUBSIDIARIES (CONTINUED)**

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

Name of subsidiary	Principal place of business/Country of incorporation	Effective ownership interest and voting interest		Principal activities
		2022 %	2021 %	
<b>Direct subsidiaries held through TH Ladang (Sabah &amp; Sarawak) Sdn. Bhd.</b>				
Ladang Jati Keningau Sdn. Bhd.	Malaysia	82.53	82.53	Teak.
TH-Bonggaya Sdn. Bhd.	Malaysia	100	100	Forestry.
TH-USIA Jatimas Sdn. Bhd.	Malaysia	70	70	Forestry.
Halus Riang Sdn. Bhd.	Malaysia	100	100	Dormant.
Kuni Riang Sdn. Bhd.	Malaysia	100	100	Dormant.
TH PELITA Meludam Sdn. Bhd.	Malaysia	60	60	Cultivation of oil palm and marketing of FFB.
Cempaka Teratai Sdn. Bhd.	Malaysia	100	100	Investment holding.
Kee Wee Plantation Sdn. Bhd.	Malaysia	100	100	Investment holding.
TH PELITA Gedong Sdn. Bhd.	Malaysia	70	70	Cultivation of oil palm, processing of FFB and marketing of CPO, PK and FFB.
TH PELITA Sadong Sdn. Bhd.	Malaysia	70	70	Cultivation of oil palm and marketing of FFB.
TH PELITA Simunjan Sdn. Bhd.	Malaysia	60	60	Cultivation of oil palm, processing of FFB and marketing of CPO, PK and FFB.
TH PELITA Beladin Sdn. Bhd.	Malaysia	55	55	Cultivation of oil palm and marketing of FFB.

## NOTES TO THE FINANCIAL STATEMENTS

## NOTES TO THE FINANCIAL STATEMENTS

## 7. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

## Non-controlling interests in subsidiaries

The Group's subsidiaries that have a material non-controlling interests ("NCI") are as follows:

Subsidiary name	NCI percentage of ownership interest and voting interest (%)	Carrying amount of NCI RM'000	Profit/(Loss) allocated to NCI RM'000
<b>2022</b>			
THP Sabaco Sdn. Bhd.	49	226,333	15,986
THP Saribas Sdn. Bhd.	20	(24,772)	(1,177)
Hydroflow Sdn. Bhd.	30	20,653	1,055
TH PELITA Gedong Sdn. Bhd.	30	79,291	2,804
TH PELITA Sadong Sdn. Bhd.	30	60,912	4,417
TH PELITA Meludam Sdn. Bhd.	40	(8,277)	2,131
Other individually immaterial subsidiaries	-	(45,891)	(6,051)
<b>Total</b>		<b>308,249</b>	<b>19,165</b>
<b>2021</b>			
THP Sabaco Sdn. Bhd.	49	219,460	17,598
THP Saribas Sdn. Bhd.	20	(23,595)	(839)
Hydroflow Sdn. Bhd.	30	19,748	392
TH PELITA Gedong Sdn. Bhd.	30	76,486	3,178
TH PELITA Sadong Sdn. Bhd.	30	56,915	5,464
TH PELITA Meludam Sdn. Bhd.	40	(10,408)	5,514
Other individually immaterial subsidiaries	-	(42,774)	96
<b>Total</b>		<b>295,832</b>	<b>31,403</b>

## 7. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

## Non-controlling interests in subsidiaries (continued)

Subsidiary name	Summarised financial information before intra-group elimination													
	As at 31 December 2022						Year ended 31 December 2022							
	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/(expense) 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 equivalents RM'000	Dividends paid to NCI RM'000	
THP Sabaco Sdn. Bhd.	348,876	153,019	(25,353)	(14,637)	461,905	149,139	32,624	32,624	30,046	(11,486)	(18,598)	(38)	9,113	
THP Saribas Sdn. Bhd.	307,503	30,144	(295,621)	(165,888)	(123,862)	158,530	(5,887)	(5,887)	54,735	(2,917)	(46,885)	4,933	-	
Hydroflow Sdn. Bhd.	96,543	2,910	(19,611)	(10,998)	68,844	21,077	3,516	3,516	1,906	(1,404)	(500)	2	150	
TH PELITA Gedong Sdn. Bhd.	184,131	101,332	(13,292)	(7,869)	264,302	133,623	9,348	9,348	1,279	(1,295)	-	(16)	-	
TH PELITA Sadong Sdn. Bhd.	102,236	111,583	(5,225)	(5,553)	203,041	40,068	14,723	14,723	1,793	(432)	(1,400)	(39)	420	
TH PELITA Meludam Sdn. Bhd.	140,016	3,515	(96,580)	(67,644)	(20,693)	34,735	5,327	5,327	192	(392)	-	(200)	-	



## NOTES TO THE FINANCIAL STATEMENTS

## NOTES TO THE FINANCIAL STATEMENTS

## 7. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

## Non-controlling interests in subsidiaries (continued)

Subsidiary name	Summarised financial information before intra-group elimination						Year ended 31 December 2021							
	As at 31 December 2021		Year ended 31 December 2021				As at 31 December 2021		Year ended 31 December 2021					
	Non-current assets	Current assets	Non-current liabilities	Current liabilities	Net assets/(liabilities)	Revenue	Profit/(loss) for the year	Total comprehensive income/(expense)	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Net increase/(decrease) in cash and cash equivalents	Dividends paid to NCI	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
THP Sabaco Sdn. Bhd.	350,138	137,396	(25,039)	(14,617)	447,878	125,886	35,915	35,915	22,306	(13,142)	(9,657)	(493)	4,731	
THP Saribas Sdn. Bhd.	332,867	24,856	(427,828)	(47,870)	(117,975)	147,781	(4,197)	(4,197)	52,048	(3,527)	(53,465)	(4,944)	-	
Hydroflow Sdn. Bhd.	98,195	2,124	(32,325)	(2,167)	65,827	15,464	1,306	1,306	288	(287)	-	1	-	
TH PELITA Gedong Sdn. Bhd.	184,065	91,294	(14,731)	(5,674)	254,954	128,747	10,593	10,593	3,464	(2,538)	(912)	14	274	
TH PELITA Sadong Sdn. Bhd.	102,209	96,101	(5,678)	(2,914)	189,718	36,493	18,213	18,213	2,371	(1,426)	(912)	33	274	
TH PELITA Meludam Sdn. Bhd.	136,534	2,129	(162,399)	(2,283)	(26,019)	37,350	13,784	13,784	7,138	291	(7,491)	(62)	-	

## 7. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

## 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	
	2022 RM'000	2021 RM'000
Cash and cash equivalents	5,072	140
Right-of-use assets	7,156	7,323
At 31 December	12,228	7,463

The above restrictions arise from the following:

## Restriction imposed by bank covenants

The covenants of bank loan taken by THP Saribas Sdn. Bhd., a subsidiary of the Group, restrict the ability of the subsidiary to create or permit to subsist any security interest over any of its assets, business or undertaking except liens arising by operation of law and in the normal course of business which in the financiers reasonable opinion is not material. It also restricts the ability of the subsidiary to dispose or lease all or a substantial part of its assets or undertaking except in the ordinary course of their businesses and on ordinary commercial terms and on an arm's length basis. The covenants of bank loan taken by the subsidiary is as disclosed in Note 18.

## 8. OTHER INVESTMENTS

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Non-current</b>					
Fair value through profit or loss	8.1	1,825	1,825	1,825	1,825
<b>Current</b>					
Amortised cost	8.2	27,923	38,335	24,700	35,550

8.1 This is in relation to an investments in unquoted shares in Malaysia.

8.2 Included in other investments of the Group and of the Company is deposits placed with licensed banks with a profit margin ranging from 1.55% to 4.00% (2021: 1.60% to 2.10%) which is maintained by the Group and the Company with a related corporation.

## NOTES TO THE FINANCIAL STATEMENTS

## 9. DEFERRED TAX (ASSETS)/LIABILITIES

## Recognised deferred tax (assets)/liabilities

Deferred tax assets and liabilities are attributable to the following:

Group	Assets		Liabilities		Net	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Property, plant and equipment	(43,556)	(41,057)	180,038	178,275	136,482	137,218
Fair value adjustment on initial recognition of financial liabilities	-	-	9,665	9,665	9,665	9,665
Unabsorbed capital allowances	(34,175)	(35,614)	-	-	(34,175)	(35,614)
Biological assets	-	-	4,788	7,739	4,788	7,739
Right-of-use assets	-	-	12,023	13,772	12,023	13,772
Lease liabilities	(16,079)	(17,172)	-	-	(16,079)	(17,172)
Others	(2,439)	(2,026)	43,566	39,947	41,127	37,921
Tax (assets)/liabilities	(96,249)	(95,869)	250,080	249,398	153,831	153,529
Set off tax	57,270	55,823	(57,270)	(55,823)	-	-
Net tax (asset)/liabilities	(38,979)	(40,046)	192,810	193,575	153,831	153,529

Company	Assets		Liabilities		Net	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Property, plant and equipment	-	-	13,063	13,068	13,063	13,068
Biological assets	-	-	682	1,341	682	1,341
Right-of-use assets	-	-	11,586	12,813	11,586	12,813
Lease liabilities	(13,811)	(14,825)	-	-	(13,811)	(14,825)
Finance lease receivable	-	-	11,195	11,198	11,195	11,198
Others	(150)	(111)	11,576	11,067	11,426	10,956
Net tax (assets)/liabilities	(13,961)	(14,936)	48,102	49,487	34,141	34,551

## NOTES TO THE FINANCIAL STATEMENTS

## 9. DEFERRED TAX (ASSETS)/LIABILITIES (CONTINUED)

## Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items (stated at gross):

	Group	
	2022 RM'000	2021 RM'000
Unutilised tax loss carry-forwards	(649,145)	(619,747)
At 31 December	(649,145)	(619,747)
Tax at 24% (2021: 24%)	(155,795)	(148,739)

In accordance with the provision of Finance Act 2021 requirement, the unutilised tax losses are available for utilisation in the next ten (10) years, for which, any excess at the end of the tenth (10th) year from the respective year of assessment. The unutilised tax losses which will expires in the year 2029 to year 2032, will be disregarded respectively. Tax losses can only be utilised once capital allowance has been fully exhausted for. Subsequent to this, deferred tax assets have not been recognised in respect for tax loss carry-forwards amounting to RM649,145,000 (2021: RM619,747,000) as it is not probable that future taxable profit will be available against which the Group can utilise the benefits there from.

## Movement in temporary differences during the year

Group	At	Recognised in	At	Recognised in	At
	1.1.2021 RM'000	profit or loss (Note 25) RM'000	31.12.2021/ 1.1.2022 RM'000	profit or loss (Note 25) RM'000	31.12.2022 RM'000
Unabsorbed capital allowances	(36,611)	997	(35,614)	1,439	(34,175)
Property, plant and equipment	139,533	(2,315)	137,218	(736)	136,482
Fair value adjustment on initial recognition of financial liabilities	9,665	-	9,665	-	9,665
Biological assets	9,954	(2,215)	7,739	(2,951)	4,788
Right-of-use assets	14,493	(721)	13,772	(1,749)	12,023
Lease liabilities	(18,331)	1,159	(17,172)	1,093	(16,079)
Others	34,674	3,247	37,921	3,206	41,127
	153,377	152	153,529	302	153,831

## NOTES TO THE FINANCIAL STATEMENTS

## NOTES TO THE FINANCIAL STATEMENTS

## 9. DEFERRED TAX (ASSETS)/LIABILITIES (CONTINUED)

## Movement in temporary differences during the year (continued)

Company	At 1.1.2021 RM'000	Recognised in profit or loss (Note 25) RM'000	At 31.12.2021/ 1.1.2022 RM'000	Recognised in profit or loss (Note 25) RM'000	At 31.12.2022 RM'000
Property, plant and equipment	13,212	(144)	13,068	(5)	13,063
Biological assets	1,791	(450)	1,341	(659)	682
Right-of-use assets	13,050	(237)	12,813	(1,227)	11,586
Lease liabilities	(15,827)	1,002	(14,825)	1,014	(13,811)
Finance lease receivable	11,201	(3)	11,198	(3)	11,195
Others	10,709	247	10,956	470	11,426
	34,136	415	34,551	(410)	34,141

## 10. FINANCE LEASE RECEIVABLE

## Net investment in lease

Company	2022 RM'000	2021 RM'000
At 1 January	46,660	46,672
Finance income	3,825	3,828
Lease payments received	(3,840)	(3,840)
At 31 December	46,645	46,660

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

Company	2022 RM'000	2021 RM'000
<b>Minimum lease payments</b>		
Within one year	3,840	3,840
1 – 2 years	7,680	7,680
2 – 5 years	11,520	19,200
Over 5 years	246,720	242,880
Total undiscounted lease payments	269,760	273,600
Less: Unearned finance income	(223,115)	(226,940)
At 31 December	46,645	46,660

## 10. FINANCE LEASE RECEIVABLE (CONTINUED)

## Net investment in lease (continued)

Company	2022 RM'000	2021 RM'000
<b>Analysed as:</b>		
Within one year	15	14
1 – 2 years	34	32
2 – 5 years	62	104
Over 5 years	46,534	46,510
Total finance lease receivable	46,645	46,660

Company	2022 RM'000	2021 RM'000
<b>Comprising:</b>		
Current	15	14
Non-current	46,630	46,646
Total finance lease receivable	46,645	46,660

For the financial year ended 31 December 2022, the Company recognised finance lease income of RM3,825,000 (2021: RM3,828,000) in the profit or loss.

## 11. INVENTORIES

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>At cost</b>				
Finished goods	6,139	4,522	1,581	1,350
Stores	26,849	15,591	1,034	627
	32,988	20,113	2,615	1,977
Recognised in profit or loss:				
Inventories recognised as cost of sales	561,426	434,074	196,507	165,586

## NOTES TO THE FINANCIAL STATEMENTS

## NOTES TO THE FINANCIAL STATEMENTS

## 12. BIOLOGICAL ASSET

Group	2022 RM'000	2021 RM'000
At 1 January	32,432	41,664
Change in fair value recognised in profit or loss	(12,313)	(9,234)
Effect of movement in exchange rate	(6)	2
At 31 December	20,113	32,432

Company	2022 RM'000	2021 RM'000
At 1 January	5,588	7,465
Change in fair value recognised in profit or loss	(2,747)	(1,877)
At 31 December	2,841	5,588

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

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Biological asset		(12,313)	(9,234)	(2,747)	(1,877)
Biological asset classified as assets held for sale	15	(3,200)	(4,824)	-	-
		(15,513)	(14,058)	(2,747)	(1,877)

12.2 During the financial year, the Group and the Company have harvested approximately 695,824 tonnes (2021: 701,251 tonnes) and 83,030 tonnes (2021: 82,679 tonnes) of FFB respectively.

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 one (1) month prior to harvest, FFB more than one (1) month before harvesting are excluded from the valuation as their fair values are considered negligible. The fair value of FFB is calculated based on income approach which considers the net present value of all directly attributable net cash flows including imputed contributory asset charges. Biological assets is 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 (RM608/mt - RM756/mt) (2021: RM969/mt - RM1,202/mt).

The fair value measurement of the Group and the Company biological assets are 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 and Company would have increased or decreased by approximately RM3,370,000 and RM353,000.

## 13. TRADE AND OTHER RECEIVABLES

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Non-Current</b>					
<b>Non-trade</b>					
Amount due from subsidiaries	13.1	-	-	313,501	-
Impairment loss on amount due from subsidiaries		-	-	(313,501)	-
		-	-	-	-
<b>Current</b>					
<b>Trade</b>					
Trade receivables		32,463	32,074	7,629	8,248
Impairment loss on trade receivables		(6)	(6)	-	-
		32,457	32,068	7,629	8,248
<b>Current</b>					
<b>Non-trade</b>					
Amount due from subsidiaries	13.2	-	-	390,560	300,816
Amount due from related companies	13.3	4,774	4,774	4,268	4,268
Other receivables		13,220	16,176	7,169	7,298
		17,994	20,950	401,997	312,382
Impairment loss on amount due from subsidiaries		-	-	(48,016)	(219,036)
Impairment loss on amount due from related companies		(4,774)	(4,774)	(4,268)	(4,268)
Impairment loss on other receivables		(12,718)	(11,198)	(6,482)	(6,482)
		502	4,978	343,231	82,596
		32,959	37,046	350,860	90,844

## NOTES TO THE FINANCIAL STATEMENTS

**13. TRADE AND OTHER RECEIVABLES (CONTINUED)**

- 13.1** The amount due from subsidiaries are unsecured, subjected to profit margin of 5.44%. The amount is to be repaid after twelve (12) years.
- 13.2** The amount due from subsidiaries are unsecured, subjected to profit margin of 5.44% to 6.23% (2021: 4.50% to 6.65%) and repayable on demand.
- 13.3** The amount due from related companies are unsecured, no profit margin applied and repayable on demand.

**14. CASH AND CASH EQUIVALENTS**

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Deposits placed with licensed banks	14.1	86,990	256,383	86,990	254,625
Cash and bank balances	14.2	29,210	3,836	10,724	2,010
		<b>116,200</b>	260,219	<b>97,714</b>	256,635

- 14.1** Deposits which are placed with licensed banks for the Group and the Company have profit margins ranging between 1.55% to 4.00% (2021: 1.60% to 2.10%). Included in the deposits placed with licensed banks are RM66,720,000 (2021: RM254,625,000) which are maintained by the Group and the Company with a related corporation.
- 14.2** Included in the bank balances are RM9,473,000 (2021: RM2,881,000) and RM9,040,000 (2021: RM1,906,000) which are maintained by the Group and the Company respectively with a related corporation.

## NOTES TO THE FINANCIAL STATEMENTS

**15. ASSETS CLASSIFIED AS HELD FOR SALE**

As at 31 December 2022, investments in TH PELITA Meludam Sdn. Bhd. ("THPMEL"), TH PELITA Beladin Sdn. Bhd. ("THPBEL"), TH PELITA Simunjan Sdn. Bhd. ("THPSIM"), TH PELITA Gedong Sdn. Bhd. ("THPGED") and TH PELITA Sadong Sdn. Bhd. ("THPSAD") are classified as assets held for sale as one disposal group ("the disposal group held for sale"). The efforts to sell the disposal group have commenced, and the sale is now expected to be completed in financial year 2023 instead of 2022. The carrying amount of assets held for sale are stated at cost.

Assets classified as held for sale are as below:

	Note	Group	
		2022 RM'000	2021 RM'000
<b>Assets classified as held for sale</b>			
Property, plant and equipment		525,509	522,858
Right-of-use assets		203,633	202,276
Plantation development expenditure		7,184	6,581
Deferred tax assets		23,808	17,917
Biological assets		5,932	9,132
Inventories		6,715	2,009
Current tax assets		1,719	502
Trade and other receivables		6,355	14,981
Prepayments and other assets		16	69
Cash and cash equivalents		169	727
At 31 December	<b>15.1</b>	<b>781,040</b>	777,052

Liabilities classified as held for sale are as below:

<b>Liabilities classified as held for sale</b>			
Deferred tax liabilities		79,111	79,379
Payables and accruals		23,082	11,979
Current tax payable		1,401	1,428
Lease liabilities		34,963	34,792
At 31 December	<b>15.1</b>	<b>138,557</b>	127,578

## NOTES TO THE FINANCIAL STATEMENTS

## 15. ASSETS CLASSIFIED AS HELD FOR SALE (CONTINUED)

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

	Note	At 1 January 2022 RM'000	Movement during the year RM'000	At 31 December 2022 RM'000
<b>Assets classified as held for sale</b>				
Property, plant and equipment	15.1.1	522,858	2,651	525,509
Right-of-use assets	15.1.2	202,276	1,357	203,633
Plantation development expenditure	15.1.3	6,581	603	7,184
Deferred tax assets	15.1.4	17,917	5,891	23,808
Biological assets		9,132	(3,200)	5,932
Inventories		2,009	4,706	6,715
Current tax assets		502	1,217	1,719
Trade and other receivables		14,981	(8,626)	6,355
Prepayments and other assets		69	(53)	16
Cash and cash equivalents		727	(558)	169
<b>Total</b>		<b>777,052</b>	<b>3,988</b>	<b>781,040</b>
<b>Liabilities classified as held for sale</b>				
Deferred tax liabilities	15.1.4	79,379	(268)	79,111
Payables and accruals		11,979	11,103	23,082
Current tax payable		1,428	(27)	1,401
Lease liabilities		34,792	171	34,963
<b>Total</b>		<b>127,578</b>	<b>10,979</b>	<b>138,557</b>

## NOTES TO THE FINANCIAL STATEMENTS

## 15. ASSETS CLASSIFIED AS HELD FOR SALE (CONTINUED)

## 15.1 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 2022 amounted to RM686,586,000. The fair value less cost to sell are estimated based on non-binding indicative offer received from a third party.

Based on non-binding indicative offer, the estimated recoverable amount of the cash-generating unit is based on its fair value less cost to sell. The disposal group held for sale is stated at cost as the fair value less cost to sell is higher than the carrying amount of the disposal group held for sale.

## 15.1.1 Property, plant and equipment

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

	Note	Group 2022 RM'000	2021 RM'000
At 1 January		522,858	516,102
Transfer from plantation development expenditure	15.1.3	-	6,683
Additions during the year		2,673	130
Written off during the year		(22)	(57)
<b>At 31 December</b>		<b>525,509</b>	<b>522,858</b>

## 15.1.2 Right-of-use assets

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

	Note	Group 2022 RM'000	2021 RM'000
At 1 January		202,276	198,386
Additions during the year		1,357	3,900
Disposals	(i)	-	(10)
<b>At 31 December</b>		<b>203,633</b>	<b>202,276</b>

## NOTES TO THE FINANCIAL STATEMENTS

## 15. ASSETS CLASSIFIED AS HELD FOR SALE (CONTINUED)

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

## 15.1.2 Right-of-use assets (continued)

(i) In prior year, Sarawak State Government has issued an Award Letter to a subsidiary of the Group with the intention to take possession a portion of land with a compensation of RM306,439.

## 15.1.3 Plantation development expenditure

The movement of plantation development expenditure comprise the following:

	Note	Group	
		2022 RM'000	2021 RM'000
At 1 January		6,581	12,816
Additions during the year	15.1.3.1	603	444
Additions of nurseries		-	4
Transfer to property, plant and equipment	15.1.1	-	(6,683)
At 31 December		7,184	6,581

## 15.1.3.1 Additions

Included in additions during the year are as follows:

	2022 RM'000	2021 RM'000
Personnel expenses:		
- Wages, salaries and others	204	210
- Contribution to EPF	11	14
Finance cost*	322	263

\* The finance cost is capitalised at profit margin 4.87% - 5.40% (2021: 4.57%) per annum.

## NOTES TO THE FINANCIAL STATEMENTS

## 15. ASSETS CLASSIFIED AS HELD FOR SALE (CONTINUED)

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

## 15.1.4 Deferred tax (assets)/liabilities

Movement in temporary differences during the year

	Recognised in profit or loss		Recognised in profit or loss		At 31.12.2022 RM'000
	At 1.1.2021 RM'000	(Note 25) RM'000	At 31.12.2021/ 1.1.2022 RM'000	(Note 25) RM'000	
<b>Group</b>					
Unabsorbed capital allowances	(62,013)	3,052	(58,961)	518	(58,443)
Property, plant and equipment	131,616	(6,650)	124,966	(9,860)	115,106
Biological assets	(3,314)	5,506	2,192	(768)	1,424
Right-of-use assets	1,649	(34)	1,615	13	1,628
Lease liabilities	(1,712)	(6,638)	(8,350)	(41)	(8,391)
Other	-	-	-	3,979	3,979
	66,226	(4,764)	61,462	(6,159)	55,303

## Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items (stated at gross):

	Group	
	2022 RM'000	2021 RM'000
Unutilised tax loss carry-forwards	(135,298)	(126,749)
At 31 December	(135,298)	(126,749)
Tax at 24% (2021: 24%)	(32,472)	(30,420)

In accordance with the provision of Finance Act 2021 requirement, the unutilised tax losses are available for utilisation in the next ten (10) years, for which, any excess at the end of the tenth (10<sup>th</sup>) year from the respective year of assessment. The unutilised tax losses which will expires in the year 2028 to year 2031, will be disregarded respectively. Tax losses can only be unutilised 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 RM135,298,000 (2021: RM126,749,000) because it is no longer probable that future taxable profit will be available against which the Group can utilise the benefits there from.

## NOTES TO THE FINANCIAL STATEMENTS

## NOTES TO THE FINANCIAL STATEMENTS

## 16. CAPITAL AND RESERVES

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Share capital	16.1	862,752	862,752	862,752	862,752
Other reserves	16.2	(80,663)	(80,658)	(100,129)	(100,129)
Foreign currency translation reserves		(9,664)	(13,054)	-	-
		772,425	769,040	762,623	762,623

## 16.1 Share capital

	Group and Company			
	Number of shares	Amount	Number of shares	Amount
	2022 '000	2022 RM'000	2021 '000	2021 RM'000
Issued and fully paid shares with no par value classified as equity instruments:				
Ordinary shares				
At 1 January/31 December	883,851	862,752	883,851	862,752

## Ordinary shares

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company.

## 16.2 Other reserves

Other reserves relate to fair value adjustment on initial recognition of financial instruments and adjustment to the premium of share issued for the acquisition of subsidiaries.

## 17. PERPETUAL SUKUK

	Group	
	2022 RM'000	2021 RM'000
Nominal value		
At 1 January/31 December	300,000	-

During the year, THP Suria Mekar Sdn. Bhd. a wholly-owned subsidiary of the Company had issued unrated perpetual Islamic notes of RM300,000,000 in nominal value in accordance with Shariah principle Wakalah Bi-Ai Istithmar ("Sukuk Wakalah") with unconditional and irrevocable corporate guaranteed by TH Plantations Berhad.

## Security

The Perpetual sukuk, which was obtained by subsidiary of the Company, is secured over the plantation development expenditure with the carrying amount of RM11,600,000 (see Note 5).

The leasehold land with the carrying amount of RM2,186,000 (see Note 4) to be secured over the Perpetual sukuk.

Details of the perpetual sukuk are as follows:

- (a) The perpetual sukuk has no fixed redemption date and the subsidiary has an option to redeem all part of the perpetual sukuk at the end of the twelve years from the date of issuance;
- (b) The perpetual sukuk is unsecured and carries a periodic distribution rate of 5.98% per annum, payable semi-annually from year 1 until year 12. Thereon, the periodic distribution rate shall be increased by step-up margin of 0.25% per annum until the redemption of the perpetual sukuk. There shall be no further increase to the then prevailing stepped-up periodic distribution rate applicable to the relevant tranche of perpetual sukuk during its tenor;
- (c) The subsidiary has the right to defer the payment of the periodic distribution amount by giving the required deferral notice. Deferred periodic distribution, if any, will be cumulative but will not earn additional profits thus, there will be no compounding effect;
- (d) The holder of perpetual sukuk shall have no voting rights at any general meeting of the shareholders of the subsidiary; and
- (e) The Issuer shall not declare or pay any dividends to its shareholders if:
  - i) Dissolution Event or Enforcement Event has occurred, is continuing and has not been waived or remedied, or if following such payment or distribution a Dissolution Event or Enforcement Event would occur; or
  - ii) any payments under managements pertaining to the SUKUK Wakalah (unless in the case of Perpetual Sukuk Wakalah any payment is deferred in accordance with Clause 6.9 (Optional Deferral of Periodic Distributions)) is overdue and unpaid or if any of the payments under the arrangements pertaining to the Sukuk Wakalah which has become payable has not been paid as a consequence of default by the Issuer; or
  - iii) A dividend and capital stopper event is continuing.

Based on the underlying issuing terms, the perpetual sukuk has been classified as equity in the financial statements of the subsidiary.



## NOTES TO THE FINANCIAL STATEMENTS

## NOTES TO THE FINANCIAL STATEMENTS

## 18. LOANS AND BORROWINGS

	Note	Group	
		2022 RM'000	2021 RM'000
<b>Non-current</b>			
<b>Secured</b>			
Commodity Murabahah Term Financing-i	18.1	127,471	155,558
Commodity Murabahah Term Financing-i	18.2	-	44,908
Sukuk Wakalah Medium Term Notes	18.4	650,000	-
<b>Unsecured</b>			
SUKUK Murabahah Medium Term Notes	18.3	-	680,000
Term Financing	18.5	46,887	44,665
		<b>824,358</b>	925,131
<b>Current</b>			
<b>Secured</b>			
Commodity Murabahah Term Financing-i	18.1	32,000	30,000
Commodity Murabahah Term Financing-i	18.2	-	2,088
<b>Unsecured</b>			
SUKUK Murabahah Medium Term Notes	18.3	-	400,000
Islamic Trade Financing-i	18.6	-	14,476
		<b>32,000</b>	446,564
		<b>856,358</b>	1,371,695

## 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 RM7,156,000 (2021: RM7,491,000) (see Note 4).

## Significant covenants

The Commodity Murabahah Term Financing-i loan facility is subject to the fulfilment of the following significant covenants:

- (a) not to grant any financings, loans, advance, provide security or guarantee any person except for normal trade credit or trade guarantee in the ordinary course of business;

## 18. LOANS AND BORROWINGS (CONTINUED)

## 18.1 Commodity Murabahah Term Financing-i (continued)

## THP Saribas Sdn. Bhd. (continued)

## Significant covenants (continued)

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

- (b) not to incur, assume or permit to exist any indebtedness, loans or financing under Islamic banking principles except those already disclosed in writing and consented to by the bank and unsecured indebtedness incurred in the ordinary course of business of the subsidiary;
- (c) not to create or permit to subsist any security interest over any of its assets, business or undertaking (except liens arising by operation of law and in the normal course of business which in the financier opinion is not material);
- (d) not to dispose or lease all or a substantial part of its assets or undertaking except in the ordinary course of its business, on ordinary commercial terms and on arm's length basis; and
- (e) not to declare any dividends in excess of ten percent (10%) of its paid-up capital or any amount in excess of fifty percent (50%) of its annual net income after tax or such other threshold as may be prescribed by the Financier, provided always any such permissible declaration of dividends may only be made if all payment obligation of the subsidiary is current.

## 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;
- (b) The Company shall remain as holding company of the subsidiary either direct or indirect with effective shareholdings of 51% or more;
- (c) The Company shall remain as subsidiary of Lembaga Tabung Haji;
- (d) The subsidiary shall not declare or pay/repay advances, dividends or payments owing to the shareholders (including any interests) or redeem any preference shares without the prior written consent from the lender.

The loan was fully paid during the year.

## NOTES TO THE FINANCIAL STATEMENTS

## 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 RM1,200,000,000 in nominal value.

*Significant covenants*

- (a) not to incur or permit to exist any indebtedness for borrowed monies (which, for the purpose of this paragraph, includes any monies raised through any Islamic financing transaction such as issuance of sukuk), nor give any guarantees in respect of any indebtedness for borrowed monies to any person or entity whatsoever;
- (b) not to create or permit to exist any Security Interest on any of its present and future assets, other than any lien arising in the ordinary course of business by operation of law and not by way of contract;
- (c) not to sell, transfer or otherwise dispose any of its assets, save for:
  - i) where the sale, transfer or disposal is solely for the purposes of facilitating Shariah-compliant financing;
  - ii) sale, transfer or disposal as contemplated by the terms of the transaction documents; and
  - iii) where such assets to be sold, transferred or disposed of, do not exceed in aggregate of five percent (5%) of the Issuer's net assets (as shown in the latest audited consolidated accounts of the Issuer);
- (d) not to obtain or permit to exist any loans or advances from its shareholder(s), unless these loans and advances are subordinated to the SUKUK Murabahah;
- (e) not to declare or pay any dividends or make any distribution, whether income or capital in nature, to the Company if:
  - i) an Event of Default has occurred, is continuing and has not been remedied or waived; or
  - ii) any payment under the arrangement pertaining to the SUKUK Murabahah is overdue and unpaid or if any of the payments under the arrangement pertaining to the SUKUK Murabahah which has become payable has not been paid as a consequence of default by the Issuer.

The loan was fully paid during the year.

## NOTES TO THE FINANCIAL STATEMENTS

## 18. LOANS AND BORROWINGS (CONTINUED)

## 18.4 Sukuk Wakalah Medium Term Notes ("Senior Sukuk Wakalah")

## THP Suria Mekar Sdn. Bhd.

In 2022, THP Suria Mekar Sdn. Bhd. a wholly-owned subsidiary of the Company had issued of RM650,000,000 in nominal value under the Shariah principle of Wakalah Bi Al-Istithmar with unconditional and irrecoverable corporate guaranteed by TH Plantations Berhad.

*Security*

The Sukuk Wakalah Medium Term Notes, which was obtained by subsidiary of the Company, is secured over:

- (i) Memorandum of charge over the following shares 1,131,428 units of TH PELITA Beladin Sdn. Bhd., 4,900,000 units of TH PELITA Gedong Sdn. Bhd., 4,900,000 units of TH PELITA Sadong Sdn. Bhd., 13,547,722 units of TH PELITA Meludam Sdn. Bhd., 483,480 units of TH PELITA Simunjan Sdn. Bhd. and 3,500,000 units of Hydroflow Sdn. Bhd..

The leasehold land with the carrying amount of RM557,000 (see Note 4) to be secured over the Sukuk Wakalah Medium Term Notes.

*Significant covenants*

- (a) not to incur or permit to exist any indebtedness for borrowed monies and Islamic financing, nor give any guarantees in respect of any indebtedness for borrowed monies and Islamic financing to any person or entity whatsoever;
- (b) not to create or permit to exist any Security Interest of any kind whatsoever, howsoever created or arising, any of its present and future assets, other than any lien arising in the ordinary course of business operation of law and not by way of contract save and except for Security interest created under the existing Sukuk Murabahah Programme;
- (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 and Guarantor's net assets (as shown in the latest audited consolidated accounts of the Issuer and Guarantor);
- (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 Wakalah;
- (e) not to declare or pay any dividends to its shareholders if:
  - i) Dissolution Event or Enforcement Event has occurred, is continuing and has not been waived or remedied, or if following such payment or distribution a Dissolution Event or Enforcement Event would occur; or
  - ii) any payment under the arrangement pertaining to the SUKUK Wakalah is overdue and unpaid or if any of the payments under the arrangement pertaining to the SUKUK Wakalah which has become payable has not been paid as a consequence of default by the Issuer; or
  - iii) a Dividend and Capital Stopper event is continuing.

## NOTES TO THE FINANCIAL STATEMENTS

## 18. LOANS AND BORROWINGS (CONTINUED)

## 18.5 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.	<ul style="list-style-type: none"> <li>Profit margin rate (7.76%)</li> <li>Repayment period (20 years)</li> </ul>	<p>The estimated fair value would increase/(decrease) if:</p> <ul style="list-style-type: none"> <li>Expected profit margin rate were higher/(lower);</li> <li>Expected repayment period were longer/(shorter).</li> </ul>

The total drawdown of Forest Plantations Facility as at 31 December 2022 is RM79,297,000 (2021: RM79,297,000).

*Security*

The term loan facility is a conventional loan granted by Forest Plantation Development Sdn. Bhd., a government agency.

## NOTES TO THE FINANCIAL STATEMENTS

## 18. LOANS AND BORROWINGS (CONTINUED)

## 18.5 Term Financing (continued)

## TH-BONGGAYA SDN. BHD. (CONTINUED)

*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.

## 18.6 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.

## NOTES TO THE FINANCIAL STATEMENTS

## NOTES TO THE FINANCIAL STATEMENTS

## 18. LOANS AND BORROWINGS (CONTINUED)

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

	At 1 January 2022 RM'000	Loan repayment RM'000	Proceeds from drawdown of loans and borrowings RM'000	Other changes RM'000	At 31 December 2022 RM'000
<b>Group</b>					
Commodity Murabahah Term Financing-i	185,558	(26,250)	-	163	159,471
SUKUK Murabahah Medium Term Notes	1,080,000	(1,080,000)	-	-	-
Sukuk Wakalah Medium Term Notes*	-	-	650,000	-	650,000
Term Financing	44,665	-	-	2,222	46,887
Islamic Trade Financing-i	14,476	(72,821)	58,345	-	-
Commodity Murabahah Term Financing-i	46,996	(46,996)	-	-	-
	<b>1,371,695</b>	<b>(1,226,067)</b>	<b>708,345</b>	<b>2,385</b>	<b>856,358</b>
	At 1 January 2021 RM'000	Loan repayment RM'000	Proceeds from drawdown of loans and borrowings RM'000	Other changes RM'000	At 31 December 2021 RM'000
<b>Group</b>					
Commodity Murabahah Term Financing-i	219,144	(33,750)	-	164	185,558
SUKUK Murabahah Medium Term Notes	855,000	(75,000)	300,000	-	1,080,000
Term Financing	39,821	-	-	4,844	44,665
Islamic Trade Financing-i	-	(3,000)	17,476	-	14,476
Commodity Murabahah Term Financing-i	45,502	-	-	1,494	46,996
	<b>1,159,467</b>	<b>(111,750)</b>	<b>317,476</b>	<b>6,502</b>	<b>1,371,695</b>

\* During the year, the Group had issued unrated perpetual Islamic notes of RM300,000,000 in nominal value as disclosed in Note 17.

## 19. EMPLOYEE BENEFITS

	Group	
	2022 RM'000	2021 RM'000
Defined benefit obligations	428	455

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

		Group		Company	
	Note	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Non-current</b>					
<b>Non-trade</b>					
Amounts due to related companies	20.1	-	1,728	-	-
Amounts due to subsidiaries	20.2	-	-	214,494	-
Accrued expenses	20.3	15,434	12,892	-	-
		<b>15,434</b>	14,620	<b>214,494</b>	-
<b>Current</b>					
<b>Trade</b>					
Trade payables		23,395	29,150	6,100	6,884
<b>Non-trade</b>					
Amounts due to holding corporation	20.4	-	11,948	-	11,932
Amounts due to subsidiaries	20.5	-	-	405,419	400,925
Other payables		67,238	82,550	9,568	39,867
		<b>67,238</b>	94,498	<b>414,987</b>	452,724
		<b>90,633</b>	123,648	<b>421,087</b>	459,608
		<b>106,067</b>	138,268	<b>635,581</b>	459,608

## NOTES TO THE FINANCIAL STATEMENTS

## NOTES TO THE FINANCIAL STATEMENTS

**20. TRADE AND OTHER PAYABLES (CONTINUED)**

**20.1** The amounts due to related companies are unsecured, no profit margin applied and stated at amortised cost.

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.
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The difference between nominal and fair value has been taken up in other reserve as contribution from the holding company in prior year.

**20.2** The amounts due to subsidiaries are unsecured, subject to profit margin ranges from 4.87% to 5.98% (2021: 5.62% to 5.90%). The amount is to be repaid after twelve (12) years.

**20.3** The accrued expenses are in relation to interest accrued for term financing of a subsidiary. The amount is to be repaid after sixteen (16) years (2021: seventeen (17) years (see Note 18.5)).

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

**20.5** The amounts due to subsidiaries are unsecured, subject to profit margin ranges from 2.00% to 3.22% (2021: 5.62% to 5.90%) and is repayable on demand.

**20.6** Reconciliation of movement of dividend payables

	Non-controlling interest RM'000	Owners of the Company RM'000	Total RM'000
<b>2022</b>			
<b>Group</b>			
At 1 January	-	-	-
Dividend declared during the year	9,683	13,258	22,941
Dividend paid	(9,683)	(13,144)	(22,827)
At 31 December	-	114	114
<b>2021</b>			
<b>Group</b>			
At 1 January	-	-	-
Dividend declared during the year	5,279	-	5,279
Dividend paid	(5,279)	-	(5,279)
At 31 December	-	-	-

**20. TRADE AND OTHER PAYABLES (CONTINUED)**

**20.7** Reconciliation of movement of liabilities to cash flows arising from financing activities

	At 1 January 2022 RM'000	Net changes from financing cash flows RM'000	At 31 December 2022 RM'000
<b>Group</b>			
Amounts due to holding corporation	11,948	(11,948)	-
Amounts due to related companies	1,728	(1,728)	-
	13,676	(13,676)	-

	At 1 January 2021 RM'000	Net changes from financing cash flows RM'000	At 31 December 2021 RM'000
<b>Company</b>			
Amounts due to holding corporation	11,932	(11,932)	-
Amounts due to subsidiaries	400,925	218,988	619,913
	412,857	207,056	619,913

	At 1 January 2021 RM'000	Net changes from financing cash flows RM'000	At 31 December 2021 RM'000
<b>Group</b>			
Amounts due to holding corporation	18,241	(6,293)	11,948
Amounts due to related companies	1,606	122	1,728
	19,847	(6,171)	13,676

	At 1 January 2021 RM'000	Net changes from financing cash flows RM'000	At 31 December 2021 RM'000
<b>Company</b>			
Amounts due to holding corporation	17,921	(5,989)	11,932
Amounts due to subsidiaries	329,313	71,612	400,925
	347,234	65,623	412,857

## NOTES TO THE FINANCIAL STATEMENTS

## 21. REVENUE

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Revenue from contracts with customers	881,058	760,549	258,912	213,204
Other revenue:				
Dividend income	201	255	53,628	39,573
<b>Total revenue</b>	<b>881,259</b>	<b>760,804</b>	<b>312,540</b>	<b>252,777</b>

## 21.1 Disaggregation of revenue

Group	Oil palm plantations		Other segments		Total	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Primary geographical markets</b>						
Malaysia	880,301	760,485	-	-	880,301	760,485
Indonesia	757	64	-	-	757	64
	<b>881,058</b>	<b>760,549</b>	<b>-</b>	<b>-</b>	<b>881,058</b>	<b>760,549</b>
<b>Major products</b>						
Crude Palm Oil ("CPO")	690,285	579,495	-	-	690,285	579,495
Palm Kernel ("PK")	110,917	102,231	-	-	110,917	102,231
Fresh Fruits Bunches ("FFB")	79,856	78,823	-	-	79,856	78,823
	<b>881,058</b>	<b>760,549</b>	<b>-</b>	<b>-</b>	<b>881,058</b>	<b>760,549</b>
<b>Timing and recognition</b>						
At a point in time	881,058	760,549	201	255	881,259	760,804
<b>Revenue from contracts with customers</b>	<b>881,058</b>	<b>760,549</b>	<b>-</b>	<b>-</b>	<b>881,058</b>	<b>760,549</b>
<b>Other revenue</b>	<b>-</b>	<b>-</b>	<b>201</b>	<b>255</b>	<b>201</b>	<b>255</b>
<b>Total revenue</b>	<b>881,058</b>	<b>760,549</b>	<b>201</b>	<b>255</b>	<b>881,259</b>	<b>760,804</b>

## NOTES TO THE FINANCIAL STATEMENTS

## 21. REVENUE (CONTINUED)

## 21.1 Disaggregation of revenue (continued)

Company	Oil palm plantations		Other segments		Total	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Major products</b>						
Crude Palm Oil ("CPO")	208,801	166,697	-	-	208,801	166,697
Palm Kernel ("PK")	31,709	29,354	-	-	31,709	29,354
Fresh Fruits Bunches ("FFB")	18,402	17,153	-	-	18,402	17,153
	<b>258,912</b>	<b>213,204</b>	<b>-</b>	<b>-</b>	<b>258,912</b>	<b>213,204</b>
<b>Timing and recognition</b>						
At a point in time	258,912	213,204	53,628	39,573	312,540	252,777
<b>Revenue from contracts with customers</b>	<b>258,912</b>	<b>213,204</b>	<b>-</b>	<b>-</b>	<b>258,912</b>	<b>213,204</b>
<b>Other revenue</b>	<b>-</b>	<b>-</b>	<b>53,628</b>	<b>39,573</b>	<b>53,628</b>	<b>39,573</b>
<b>Total revenue</b>	<b>258,912</b>	<b>213,204</b>	<b>53,628</b>	<b>39,573</b>	<b>312,540</b>	<b>252,777</b>

## 21.2 Nature of goods and services

The following information reflects the typical transactions of the Group and the Company:

Nature of goods or services	Timing of recognition or method used to recognise revenue	Significant payment terms	Variable element in consideration
CPO	Revenue is recognised at a point in time when the goods are delivered and accepted by the customers at their premises.	Credit period of 30 days from invoice date.	There would be penalty charges where the quality of CPO is below certain threshold.
PK	Revenue is recognised at a point in time when the goods are delivered and accepted by the customers at their premises.	Credit period of 30 days from invoice date.	There would be penalty charges where the quality of PK is below certain threshold.
FFB	Revenue is recognised at a point in time when the goods are delivered and accepted by the customers at their premises.	Credit period of 30 days from invoice date.	Penalty in relation to ripeness standard of the crop.

The Group applies the practical expedient of exemption on the disclosure of information on remaining performance obligations that have original expected durations of one year or less.

## NOTES TO THE FINANCIAL STATEMENTS

## 22. COST OF SALES

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Oil palm plantations	625,561	497,994	202,632	171,142
Forestry	5,872	3,413	-	-
	<b>631,433</b>	501,407	<b>202,632</b>	171,142

## 23. FINANCE INCOME

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Profit margin income on financial assets that are not at fair value through profit or loss:				
- intercompany receivables	-	-	3,677	6,765
- loans and receivables	3,432	3,120	3,421	3,081
Finance income on finance lease receivable	-	-	3,825	3,828
Recognised in profit or loss	<b>3,432</b>	3,120	<b>10,923</b>	13,674

## 24. FINANCE COST

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Finance cost on financial liabilities that are not at fair value through profit or loss:				
- loans and borrowings	67,258	75,150	15,791	14,128
- interest expenses on lease liabilities	9,261	9,242	5,041	4,903
- profit margin expense on subsidiaries	-	-	8,925	5,865
	<b>76,519</b>	84,392	<b>29,757</b>	24,896
Recognised in profit or loss	<b>72,242</b>	80,672	<b>29,214</b>	24,380
Capitalised in plantation development expenditure* (Note a)	<b>4,277</b>	3,720	<b>543</b>	516
	<b>76,519</b>	84,392	<b>29,757</b>	24,896

## 24. FINANCE COST (CONTINUED)

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

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Finance cost capitalised in plantation development expenditure	5.1	3,955	3,457	543	516
Finance cost capitalised in plantation development expenditure in relation to assets held for sale		322	263	-	-
		<b>4,277</b>	3,720	<b>543</b>	516

\* The finance cost is capitalised at profit margin 4.50% to 6.65% (2021: 4.57%) per annum.

## 25. TAX EXPENSE

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Current tax expense</b>				
Malaysia - current year	44,802	42,537	11,106	7,706
- prior years	(1,073)	(1,625)	(909)	(981)
Total current tax recognised in profit or loss	<b>43,729</b>	40,912	<b>10,197</b>	6,725
<b>Deferred tax expense</b>				
Origination and reversal of temporary differences	(6,512)	(9,684)	(418)	(484)
Under provision in prior year	611	1,235	8	899
Derecognition of deferred tax assets	44	3,837	-	-
Total deferred tax recognised in profit or loss (Note a)	<b>(5,857)</b>	(4,612)	<b>(410)</b>	415
Total income tax expense	<b>37,872</b>	36,300	<b>9,787</b>	7,140

## NOTES TO THE FINANCIAL STATEMENTS

## NOTES TO THE FINANCIAL STATEMENTS

## 25. TAX EXPENSE (CONTINUED)

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Reconciliation of tax expense</b>				
Profit/(loss) for the year	<b>87,936</b>	101,569	<b>(25,632)</b>	236,860
Total income tax expense	<b>37,872</b>	36,300	<b>9,787</b>	7,140
Profit/(loss) excluding tax	<b>125,808</b>	137,869	<b>(15,845)</b>	244,000
Tax calculated using Malaysian tax rate of 24% (2021: 24%)	<b>30,194</b>	33,088	<b>(3,803)</b>	58,560
Non-assessable income	<b>(37,241)</b>	(69,788)	<b>(35,250)</b>	(55,194)
Non-deductible expenses	<b>45,337</b>	69,553	<b>49,741</b>	3,856
Derecognition of deferred tax asset	<b>44</b>	3,837	-	-
(Over)/Under provided in prior years:				
- current tax	<b>(1,073)</b>	(1,625)	<b>(909)</b>	(981)
- deferred tax	<b>611</b>	1,235	<b>8</b>	899
Total income tax expense	<b>37,872</b>	36,300	<b>9,787</b>	7,140

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

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Deferred tax recognised in profit or loss	<b>302</b>	152	<b>(410)</b>	415
Deferred tax in relation to assets held for sale recognised in profit or loss	<b>(6,159)</b>	(4,764)	-	-
	<b>(5,857)</b>	(4,612)	<b>(410)</b>	415

## 26. PROFIT/(LOSS) FOR THE YEAR

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Profit/(loss) for the year is arrived at after charging/ (crediting)</b>				
<b>Auditors' remuneration</b>				
Audit fees:				
- KPMG PLT Malaysia	<b>730</b>	730	<b>150</b>	150
- Over provision audit fee	-	(20)	-	-
Non-audit fees:				
- KPMG PLT Malaysia	<b>205</b>	173	<b>20</b>	20
<b>Material expenses/(income)</b>				
Personnel expenses (including key management personnel):				
- Wages, salaries and others	<b>116,805</b>	110,330	<b>11,586</b>	10,528
- Contribution to Employees Provident Fund	<b>10,746</b>	9,365	<b>939</b>	766
Depreciation of property, plant and equipment	<b>68,909</b>	65,875	<b>6,094</b>	5,524
Reversal of impairment loss on property, plant and equipment	-	(949)	-	-
Property, plant and equipment written off	<b>3,947</b>	666	<b>105</b>	-
Property, plant and equipment in relation to assets held for sale written off	<b>22</b>	57	-	-
Loss/(gain) on disposal of property, plant and equipment	<b>127</b>	(6)	<b>127</b>	(6)
Depreciation of right-of-use assets	<b>10,361</b>	12,685	<b>1,020</b>	1,019
Gain on disposal of right-of-use assets in relation to assets held for sale	-	(296)	-	-
Impairment loss on nursery	<b>2,840</b>	-	-	-
Change in fair value of forestry	<b>(17,371)</b>	(7,489)	-	-
Finance income on finance lease receivable	-	-	<b>(3,825)</b>	(3,828)
Gain on remeasurement of lease liabilities	<b>2,213</b>	-	<b>2,213</b>	-
Change in fair value of biological asset	<b>15,513</b>	14,058	<b>2,747</b>	1,877



## NOTES TO THE FINANCIAL STATEMENTS

## 26. PROFIT/(LOSS) FOR THE YEAR (CONTINUED)

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Material expenses/(income) (continued)</b>				
Expenses related to retirement benefit plan	27	-	-	-
Dividend income	(201)	(255)	(53,628)	(39,573)
Profit margin income from short-term investments and other receivables	(3,432)	(3,120)	(7,098)	(9,846)
Unrealised foreign exchange loss/(gain)	7,677	(1,642)	-	-
Finance costs	62,981	71,430	24,173	19,477
Finance costs on lease liabilities	9,261	9,242	5,041	4,903
Rental income from property	-	-	(8)	(4)
<b>Impairment /(reversal) of financial instruments</b>				
Impairment loss/(reversal of impairment loss) on amount due from subsidiaries	-	-	142,481	(188,139)
Reversal of impairment loss on investment of subsidiaries	-	-	(45,014)	-
Impairment loss on other receivables	1,520	10	-	-

## 27. OTHER COMPREHENSIVE INCOME

Group	Before tax RM'000	Tax credit RM'000	Net of tax RM'000
<b>2022</b>			
<b>Item that will not be reclassified subsequently to profit or loss</b>			
Remeasurement on defined benefit asset	(5)	-	(5)
<b>Item that is or may be reclassified subsequently to profit or loss</b>			
Foreign currency translation differences for foreign operations	3,643	-	3,643
<b>2021</b>			
<b>Item that is or may be reclassified subsequently to profit or loss</b>			
Foreign currency translation differences for foreign operations	(1,497)	-	(1,497)

## NOTES TO THE FINANCIAL STATEMENTS

## 28. EARNINGS PER ORDINARY SHARE

The calculation of basic and diluted earnings per share for the year ended 31 December 2022 was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding calculated as follows:

	Group	
	2022 RM'000	2021 RM'000
Profit for the year attributable to shareholders	68,771	70,166
Profit margin on perpetual sukuk	(9,093)	-
	59,678	70,166

Weighted average number of ordinary shares

	Group	
	2022 '000	2021 '000
Weighted average number of ordinary shares at 31 December	883,851	883,851

Weighted average number of ordinary shares (diluted)

	Group	
	2022 '000	2021 '000
Weighted average number of ordinary shares at 31 December	883,851	883,851

	Group	
	2022 Sen	2021 Sen
Basic earnings per ordinary share	6.75	7.94

There is no dilution in earnings per ordinary share as the Group has no shares or other instruments with potential dilutive effect as at 31 December 2022 and 31 December 2021.

## 29. DIVIDEND

Dividends recognised in the current year by the Company are:

	Sen per share	Total amount RM'000	Date of payment
Interim 2022 ordinary (net of tax)	1.50	13,258	11 October 2022

After the end of reporting period the following dividends were proposed by the Directors. The dividends will be recognised in subsequent financial period upon approval by the owners of the Company.

## NOTES TO THE FINANCIAL STATEMENTS

## NOTES TO THE FINANCIAL STATEMENTS

## 30. 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.

**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.

## 30. OPERATING SEGMENTS (CONTINUED)

Group	Oil palm plantations		Forestry		Total	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Segment profit</b>	<b>316,944</b>	326,732	<b>14,720</b>	4,596	<b>331,664</b>	331,328
<i>Included in the measure of segment profit are:</i>						
Revenue from external customers	<b>881,058</b>	760,549	-	-	<b>881,058</b>	760,549
Fair value change on biological asset	<b>(15,513)</b>	(14,058)	-	-	<b>(15,513)</b>	(14,058)
Fair value change on forestry	-	-	<b>17,371</b>	7,489	<b>17,371</b>	7,489
<i>Not included in the measure of segment profit but provided to Group's Chief Executive Officer</i>						
Depreciation	<b>(79,462)</b>	(78,928)	<b>(518)</b>	(520)	<b>(79,980)</b>	(79,448)
Finance costs	<b>(145,322)</b>	(138,296)	<b>(15,433)</b>	(15,171)	<b>(160,755)</b>	(153,467)
Profit margin income from short-term investments and receivables	<b>44,442</b>	49,733	<b>10</b>	37	<b>44,452</b>	49,770
<b>Segment assets</b>	<b>4,258,419</b>	4,110,568	<b>57,372</b>	40,522	<b>4,315,791</b>	4,151,090
Additions to non-current assets other than financial instrument and deferred tax assets	<b>42,892</b>	41,733	<b>16,400</b>	13,079	<b>59,292</b>	54,812

## NOTES TO THE FINANCIAL STATEMENTS

## NOTES TO THE FINANCIAL STATEMENTS

## 30. OPERATING SEGMENTS (CONTINUED)

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

Group	2022 RM'000	2021 RM'000
<b>Profit or loss</b>		
Total profit or loss for reportable segments	331,664	331,328
Other non-reportable segments	201	255
Depreciation and amortisation	(79,980)	(79,448)
Finance cost	(72,242)	(80,672)
Finance income	3,432	3,120
Unallocated (expenses)/income:		
Impairment loss on other receivables	(1,520)	(10)
Impairment loss on nursery	(2,840)	-
Reversal of impairment loss	-	949
Corporate expenses	(40,406)	(30,527)
(Loss)/gain on unrealised foreign exchange	(7,677)	1,642
Others	(4,824)	(8,768)
Consolidated profit before tax	125,808	137,869

## 30. OPERATING SEGMENTS (CONTINUED)

## Reconciliations of reportable segment revenues, profit or loss, assets and other material items (continued)

	Fair value loss on biological asset RM'000	Fair value gain on forestry RM'000	External revenue RM'000	Depreciation RM'000	Finance costs RM'000	Profit margin income RM'000	Segment assets RM'000	Additions to non-current assets RM'000
<b>2022</b>								
Total reportable segments	(15,513)	17,371	881,058	(79,980)	(160,755)	44,452	4,315,791	59,292
Other non-reportable segments	-	-	201	-	-	-	-	-
Elimination of inter-segment transaction or balances	-	-	-	-	88,513	(41,020)	(1,635,344)	-
Consolidated total	(15,513)	17,371	881,259	(79,980)	(72,242)	3,432	2,680,447	59,292
<b>2021</b>								
Total reportable segments	(14,058)	7,489	760,549	(79,448)	(153,467)	49,770	4,151,090	54,812
Other non-reportable segments	-	-	255	-	-	-	-	-
Elimination of inter-segment transaction or balances	-	-	-	-	72,795	(46,650)	(1,289,184)	-
Consolidated total	(14,058)	7,489	760,804	(79,448)	(80,672)	3,120	2,861,906	54,812

## NOTES TO THE FINANCIAL STATEMENTS

## NOTES TO THE FINANCIAL STATEMENTS

## 30. 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	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Malaysia	880,301	760,485	1,532,866	1,567,322
Indonesia	757	64	81,148	81,952
	881,058	760,549	1,614,014	1,649,274

## Major customers

The following are major customers with revenue equal or more than 10 percent of Group revenue:

	2022 RM'000	2021 RM'000	Segment
Mewah Group	89,050	131,748	Oil palm plantations
Sarawak Oil Palm	47,796	47,236	Oil palm plantations
Wilmar	362,658	188,912	Oil palm plantations

## 31. FINANCIAL INSTRUMENTS

## 31.1 Categories of financial instruments

The table below provides an analysis of financial instruments as at 31 December 2022 categorised as follows:

- (a) Fair value through profit or loss ("FVTPL"); and  
(b) Amortised cost ("AC").

## 31. FINANCIAL INSTRUMENTS (CONTINUED)

## 31.1 Categories of financial instruments (continued)

	Carrying amount RM'000	AC RM'000	FVTPL RM'000
<b>2022</b>			
<b>Group</b>			
<b>Financial assets</b>			
Other investments	29,748	27,923	1,825
Trade and other receivables	32,959	32,959	-
Cash and cash equivalents	116,200	116,200	-
	178,907	177,082	1,825
<b>Financial liabilities</b>			
Loans and borrowings	(856,358)	(856,358)	-
Trade and other payables	(106,067)	(106,067)	-
	(962,425)	(962,425)	-
<b>Company</b>			
<b>Financial assets</b>			
Other investments	26,525	24,700	1,825
Trade and other receivables	350,860	350,860	-
Cash and cash equivalents	97,714	97,714	-
	475,099	473,274	1,825
<b>Financial liabilities</b>			
Trade and other payables	(635,581)	(635,581)	-
	(635,581)	(635,581)	-
<b>2021</b>			
<b>Group</b>			
<b>Financial assets</b>			
Other investments	40,160	38,335	1,825
Trade and other receivables	37,046	37,046	-
Cash and cash equivalents	260,219	260,219	-
	337,425	335,600	1,825
<b>Financial liabilities</b>			
Loans and borrowings	(1,371,695)	(1,371,695)	-
Trade and other payables	(138,268)	(138,268)	-
	(1,509,963)	(1,509,963)	-

## NOTES TO THE FINANCIAL STATEMENTS

## 31. FINANCIAL INSTRUMENTS (CONTINUED)

## 31.1 Categories of financial instruments (continued)

	Carrying amount RM'000	AC RM'000	FVTPL RM'000
<b>Company</b>			
<b>Financial assets</b>			
Other investments <sup>1</sup>	37,375	35,550	1,825
Trade and other receivables	90,844	90,844	-
Cash and cash equivalents	256,635	256,635	-
	384,854	383,029	1,825
<b>Financial liabilities</b>			
Trade and other payables	(459,608)	(459,608)	-
	(459,608)	(459,608)	-

## 31.2 Net gains and losses arising from financial instruments

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Net gains/(losses) on:				
Financial assets at amortised cost	1,912	3,110	(135,383)	197,985
Financial liabilities at amortised cost	(74,935)	(73,508)	(24,716)	(19,993)
	(73,023)	(70,398)	(160,099)	177,992

Included in losses on financial liabilities of the Group and the Company measured at amortised cost are RM4,277,000 (2021: RM3,720,000) and RM543,000 (2021: RM516,000) respectively which are capitalised in plantation development expenditure (see Note 24).

## 31.3 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

## NOTES TO THE FINANCIAL STATEMENTS

## 31. FINANCIAL INSTRUMENTS (CONTINUED)

## 31.4 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 and 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 and the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Nevertheless, trade receivables that are written off could still be subject to enforcement activities.

There are no significant changes as compared to previous year.

*Exposure to credit risk, credit quality and collateral*

As at the end of the reporting period, the maximum exposure to credit risk arising from trade receivables are represented by the carrying amounts in the statement of financial position.

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are stated at their realisable values. A significant portion of these receivables are regular customers that have been transacting with the Group and the Company. The Group and the Company use ageing analysis to monitor the credit quality of the receivables. Any receivables having significant balances past due more than sixty (60) days, which are deemed to have higher credit risk, are monitored individually.

## NOTES TO THE FINANCIAL STATEMENTS

## 31. FINANCIAL INSTRUMENTS (CONTINUED)

## 31.4 Credit risk (continued)

## Trade receivable (continued)

## Recognition and measurement of impairment losses

In managing credit risk of trade receivables, the Group manages its debtors and takes appropriate actions (including but not limited to legal actions) to recover long overdue balances. Generally, trade receivables will pay within 30 days.

The Company uses an allowance matrix to measure ECLs of trade receivables.

Loss rates are based on actual credit loss experience over the past three years. The Group also considers differences between (a) economic conditions during the period over which the historic data has been collected, (b) current conditions and (c) the Group's view of economic conditions over the expected lives of the receivables. Nevertheless, the Group believes that these factors are immaterial for the purpose of impairment calculation for the year.

The following table provides information about the exposure to credit risk and ECLs for trade receivables as at 31 December 2022 which are grouped together as they are expected to have similar risk nature.

	Gross RM'000	Loss allowances RM'000	Net RM'000
<b>2022</b>			
<b>Group</b>			
Not past due	32,457	-	32,457
<b>Credit impaired</b>			
Individually impaired	6	(6)	-
	<b>32,463</b>	<b>(6)</b>	<b>32,457</b>
<b>Company</b>			
Not past due	7,629	-	7,629
<b>2021</b>			
<b>Group</b>			
Not past due	32,068	-	32,068
<b>Credit impaired</b>			
Individually impaired	6	(6)	-
	32,074	(6)	32,068
<b>Company</b>			
Not past due	8,248	-	8,248

## NOTES TO THE FINANCIAL STATEMENTS

## 31. FINANCIAL INSTRUMENTS (CONTINUED)

## 31.4 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 2021/1 January 2022	6
Net remeasurement of loss allowance	-
At 31 December 2022	6

The allowance account in respect of trade receivables is used to record impairment losses. Unless the Group is satisfied that recovery of the amount is probable, the amount considered irrecoverable is written off against the receivable.

No further impairment in respect of trade receivables of the Company is necessary.

## Cash and cash equivalents

The cash and cash equivalents are held with banks and financial institutions. As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

These banks and financial institutions have low credit risks. In addition, some of the bank balances are insured by government agencies. Consequently, the Group and the Company are of the view that the loss allowance is not material and hence, it is not provided for.

## Other receivables

Credit risks on other receivables are mainly arising from other receivables and 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	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
At 1 January	11,198	11,188	6,482	6,482
Net remeasurement of loss allowance	1,520	10	-	-
At 31 December	12,718	11,198	6,482	6,482

## NOTES TO THE FINANCIAL STATEMENTS

## NOTES TO THE FINANCIAL STATEMENTS

**31. FINANCIAL INSTRUMENTS (CONTINUED)****31.4 Credit risk (continued)****Corporate guarantees**

*Risk management objectives, policies and processes for managing the risk*

The Company provides unsecured corporate 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 RM950,000,000 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 corporate guarantee to be credit impaired when:

- a) the subsidiary is unlikely to repay its credit obligation to the bank in full; or
- b) the subsidiary is continuously loss making and has a deficit shareholders' fund.

The Company determines the probability of default of the guaranteed loans individually using internal information available.

There is no history of default on their loan by the subsidiary and there is no indication that the subsidiary may default on their loan.

**31. FINANCIAL INSTRUMENTS (CONTINUED)****31.4 Credit risk (continued)****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*

The Group and the Company have only placed excess cash in shariah compliant short-term deposit with licensed financial institution. The maximum exposure to credit risk is represented by the carrying amount in the statement of financial position.

In view of the sound credit rating of counterparties, management does not expect any counterparty to fail to meet its obligation.

**Inter-company and related company loans and advances**

*Risk management objectives, policies and processes for managing the risk*

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

The Company also manage credit on net investment in a lease together with its leasing arrangement with its subsidiary.

*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.

## NOTES TO THE FINANCIAL STATEMENTS

## NOTES TO THE FINANCIAL STATEMENTS

## 31. FINANCIAL INSTRUMENTS (CONTINUED)

## 31.4 Credit risk (continued)

## Inter-company and related company loans and advances (continued)

## Recognition and measurement of impairment loss (continued)

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
<b>Lifetime ECL</b>		
At 1 January 2021	4,774	411,443
Net remeasurement of loss allowance	-	(188,139)
At 31 December 2021/1 January 2022	<b>4,774</b>	<b>223,304</b>
Net remeasurement of loss allowance	-	<b>142,481</b>
At 31 December 2022	<b>4,774</b>	<b>365,785</b>

The significant increase in net measurement of loss allowance is primarily due to change in market condition which the subsidiaries operates in.

At the end of the reporting period, there is no impairment on net investment in a lease during the year.

## 31.5 Liquidity risk

Liquidity risk is the risk that the Group and the Company will not be able to meet its financial obligations as they fall due. The Group's and the Company's exposure to liquidity risk arises principally from its various payables, loans and borrowings.

The Group and the Company maintain a level of cash and cash equivalents and financing facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

## 31. FINANCIAL INSTRUMENTS (CONTINUED)

## 31.5 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
<b>2022</b>							
<i>Non-derivative financial liabilities</i>							
Sukuk Wakalah Medium Term Notes	650,000	4.87 - 5.40	887,299	33,760	33,760	256,403	563,376
Term Financing	46,887	3.00	123,501	-	-	-	123,501
Commodity Murabahah Term Financing-i	159,471	3.91 - 4.34	170,977	38,057	40,657	92,263	-
Trade and other payables	106,067	-	106,067	106,067	-	-	-
Lease liabilities	77,600	6.00 - 8.20	496,626	6,115	6,115	16,705	467,691
	<b>1,040,025</b>		<b>1,784,470</b>	<b>183,999</b>	<b>80,532</b>	<b>365,371</b>	<b>1,154,568</b>
<b>2021</b>							
<i>Non-derivative financial liabilities</i>							
SUKUK Murabahah Medium Term Notes	1,080,000	4.50 - 6.65	1,256,703	449,894	142,688	453,080	211,041
Term Financing	44,665	3.00	123,501	-	-	-	123,501
Commodity Murabahah Term Financing-i	185,558	3.91 - 4.34	208,306	37,329	78,714	92,263	-
Commodity Murabahah Term Financing-i	46,996	3.29 - 5.71	53,007	3,827	9,878	33,917	5,385
Islamic Trade Financing-i	14,476	2.16	14,498	14,498	-	-	-
Amount due to holding corporation	11,948	-	11,948	11,948	-	-	-
Amount due to a related company	1,728	7.60	2,683	-	-	-	2,683
Trade and other payables	124,592	-	124,592	124,592	-	-	-
Lease liabilities	79,973	6.00-8.20	545,388	5,100	10,843	15,095	514,350
	<b>1,589,936</b>		<b>2,340,626</b>	<b>647,188</b>	<b>242,123</b>	<b>594,355</b>	<b>856,960</b>



## NOTES TO THE FINANCIAL STATEMENTS

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## 31. FINANCIAL INSTRUMENTS (CONTINUED)

## 31.5 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
<b>2022</b>							
<i>Non-derivative financial liabilities</i>							
Amount due to subsidiary	214,494	5.44 - 6.23	288,973	10,997	10,997	83,509	183,470
Amount due to subsidiaries	405,419	2.00 - 3.22	427,474	427,474	-	-	-
Trade and other payables	15,668	-	15,668	15,668	-	-	-
Corporate guarantee	-	-	51,661	51,661	-	-	-
Lease liabilities	57,545	8.20	464,549	3,221	3,221	10,307	447,800
	<b>693,126</b>		<b>1,248,325</b>	<b>509,021</b>	<b>14,218</b>	<b>93,816</b>	<b>631,270</b>
<b>2021</b>							
<i>Non-derivative financial liabilities</i>							
Amount due to subsidiaries	400,925	5.62 - 5.90	423,457	423,457	-	-	-
Amount due to holding corporation	11,932	-	11,932	11,932	-	-	-
Trade and other payables	46,751	-	46,751	46,751	-	-	-
Financial guarantee	-	-	44,908	44,908	-	-	-
Lease liabilities	61,770	8.20	514,224	3,221	7,086	11,337	492,580
	521,378		1,041,272	530,269	7,086	11,337	492,580

## 31. FINANCIAL INSTRUMENTS (CONTINUED)

## 31.6 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.

## 31.6.1 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	
	2022 RM'000	2021 RM'000
<b>Balances recognised in the statement of financial position</b>		
Trade payables	233	177
Net exposure	233	177

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.

## 31.6.2 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.

## NOTES TO THE FINANCIAL STATEMENTS

## 31. FINANCIAL INSTRUMENTS (CONTINUED)

## 31.6 Market risk (continued)

## 31.6.2 Profit margin risk (continued)

Exposure to profit margin risk

The profit margin profile of the Group's and the Company's significant profit margin bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Fixed rate instruments</b>				
Financial assets	114,913	294,718	111,690	254,625
Financial liabilities	(774,487)	(1,139,141)	(272,039)	(61,770)
	<b>(659,574)</b>	<b>(844,423)</b>	<b>(160,349)</b>	<b>192,855</b>
<b>Floating rate instruments</b>				
Financial assets	-	-	342,544	81,780
Financial liabilities	(159,471)	(232,554)	(405,419)	(400,925)
	<b>(159,471)</b>	<b>(232,554)</b>	<b>(62,875)</b>	<b>(319,145)</b>

As at 31 December 2022, 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 13.

## Profit margin risk sensitivity analysis

Fair value sensitivity analysis for fixed rate instruments

The Group and the Company do not account for any fixed rate financial liabilities at fair value through profit or loss. Therefore, a change in profit margin rates at the end of the reporting period would not affect profit or loss.

## NOTES TO THE FINANCIAL STATEMENTS

## 31. FINANCIAL INSTRUMENTS (CONTINUED)

## 31.6 Market risk (continued)

## 31.6.2 Profit margin risk (continued)

## Profit margin risk sensitivity analysis (continued)

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points ("bp") in profit margin rates at the end of the reporting period would have increased/ (decreased) post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant.

	Profit or loss			
	100 bp increase 2022 RM'000	100 bp decrease 2022 RM'000	100 bp increase 2021 RM'000	100 bp decrease 2021 RM'000
<b>Group</b>				
Floating rate instruments	(1,212)	1,212	(1,767)	1,767
<b>Company</b>				
Floating rate instruments	(478)	478	(2,426)	2,426

## 31.7 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 carried at fair value				Carrying amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	
<b>2022</b>					
<b>Financial assets</b>					
Unquoted shares	-	-	1,825	1,825	1,825
<b>2021</b>					
<b>Financial assets</b>					
Unquoted shares	-	-	1,825	1,825	1,825

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**31. FINANCIAL INSTRUMENTS (CONTINUED)****31.7 Fair value information (continued)**

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statement of financial position (continued).

Group	Fair value of financial instruments not carried at fair value				Carrying amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	
<b>2022</b>					
<b>Financial liabilities</b>					
Sukuk Wakalah Medium Term Notes – secured	-	-	(644,513)	(644,513)	(650,000)
Term Financing					
Commodity Murabahah Term Financing-i	-	-	(46,819)	(46,819)	(46,887)
Commodity Murabahah Term Financing-i	-	-	(113,069)	(113,069)	(127,471)
	-	-	(804,401)	(804,401)	(824,358)
<b>2021</b>					
<b>Financial liabilities</b>					
SUKUK Murabahah Medium Term Notes – unsecured	-	-	(690,157)	(690,157)	(680,000)
Term Financing	-	-	(42,194)	(42,194)	(46,665)
Commodity Murabahah Term Financing-i	-	-	(138,945)	(138,945)	(155,558)
Commodity Murabahah Term Financing-i	-	-	(43,913)	(43,913)	(44,908)
Amount due to related companies	-	-	(1,428)	(1,428)	(1,728)
			(916,637)	(916,637)	(928,859)

**31. FINANCIAL INSTRUMENTS (CONTINUED)****31.7 Fair value information (continued)**

The table below analyses financial instruments 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 carried at fair value				Carrying amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	
<b>2022</b>					
<b>Financial assets</b>					
Unquoted shares	-	-	1,825	1,825	1,825
<b>Financial liabilities</b>					
Amount due to subsidiary	-	-	(214,494)	(214,494)	(214,494)
<b>2021</b>					
<b>Financial assets</b>					
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.

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:

	2022	2021
Loans and borrowings, amount due to subsidiaries and related companies and finance lease receivables	5.44%	5.37%

## NOTES TO THE FINANCIAL STATEMENTS

## NOTES TO THE FINANCIAL STATEMENTS

**32. 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.

During the year, the Group's strategy was to maintain the debt-to equity ratio less than one time.

The debt-to-equity ratios at 31 December 2022 and at 31 December 2021 were as follows:

	Note	Group	
		2022 RM'000	2021 RM'000
Total borrowings	18	856,358	1,371,695
Lease liabilities		77,600	79,973
Less: Cash and cash equivalents	14	(116,200)	(260,219)
Less: Other investments	8	(27,923)	(38,335)
Net debt		789,835	1,153,114
Total equity		1,307,108	944,886
Debt-to-equity ratios		60%	122%

**32.1 The subsidiary, PT Persada Kencana Prima, Finance Service Cover Ratio ("FSCR") is applied to the Commodity Murabahah Term Financing-i issued by the subsidiary;**

As disclosed in Note 18.2 (a), the subsidiary is required to maintain a FSCR of at least 1:25 times. The FSCR ratios at 31 December 2022 and at 31 December 2021 were as follows:

	2022	2021
Subsidiary's FSCR	-	2.09

The loan was fully paid during the year.

**33. CAPITAL AND OTHER COMMITMENTS**

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Property, plant and equipment</b>				
<i>Authorised but not contracted for:</i>				
Within one year	69,269	59,232	7,669	4,990
<b>Plantation development expenditure</b>				
<i>Authorised but not contracted for:</i>				
Within one year	34,458	26,071	2,179	3,533
	103,727	85,303	9,848	8,523

**34. RELATED PARTIES****Identity of related parties**

For the purposes of these financial statements, parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. Key management personnel include all the Directors of the Group, and certain members of senior management of the Group.

The Group has related party relationship with its holding corporation, subsidiaries, related companies and certain members of senior management of the Group.

**Significant related party transactions**

Related party transactions have been entered into in the normal course of business under normal trade terms. The significant related party transactions of the Group and the Company are shown below. The balances related to the below transactions are shown in Note 13 and 20.

## NOTES TO THE FINANCIAL STATEMENTS

## 34. RELATED PARTIES (CONTINUED)

## Significant related party transactions (continued)

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>A. Holding corporation Expenses</b>				
Rental of land	(2,928)	(2,928)	(2,928)	(2,928)
<b>B. Related companies Income</b>				
Management fees income	-	308	-	-
<b>Expenses</b>				
Purchase of flight tickets	(392)	(37)	(8)	(1)
<b>C. Subsidiaries companies Income</b>				
Profit margin income from subsidiaries receivables	-	-	3,677	6,765
<b>Expenses</b>				
Management fees	-	-	(8,965)	(7,516)
Profit margin expense from subsidiaries payables	-	-	(8,925)	(5,865)
<b>D. Key management personnel</b>				
<b>Non-executive directors</b>				
- Fees	(1,802)	(1,464)	(650)	(520)
<b>Other key management personnel</b>				
- Short-term employee benefits	(1,112)	(2,035)	(1,112)	(2,035)
	<b>(2,914)</b>	<b>(3,499)</b>	<b>(1,762)</b>	<b>(2,555)</b>

Other key management personnel comprise persons other than the Directors of Group entities, having authority and responsibility for planning, directing and controlling the activities of the Group entities either directly or indirectly.

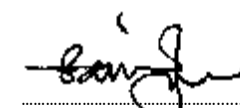
For certain salaried key management personnel, the Group also contributes to state plans at the rate which is higher than statutory rate.

## STATEMENT BY DIRECTORS

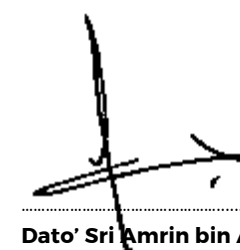
PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

In the opinion of the Directors, the financial statements set out on pages 100 to 214 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 2022 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:



**Muhammad Ramizu bin Mustaffa**  
Director



**Dato' Sri Amrin bin Awaluddin**  
Director

Kuala Lumpur,

Date: 29 March 2023

# STATUTORY DECLARATION

PURSUANT TO SECTION 251(1)(B) OF THE COMPANIES ACT 2016

I, **Marliyana binti Omar**, 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 100 to 214 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 Marliyana binti Omar, NRIC: 810605-06-5400, MIA CA 30527, in Kuala Lumpur in the Federal Territory on 29 March 2023.



**Marliyana binti Omar**

Before me:



Commissioner for Oaths

# 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 2022 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 100 to 214.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2022, and of their financial performance and 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 1 (d)(i) and (ii) - Basis of preparation: Use of estimates and judgements - Recoverable amount of bearer plant, right-of-use assets and plantation development expenditure and assets held for sale, Note 2(k) - Significant accounting policy: Impairment, Note 3 - Property, plant and equipment, Note 4 - Right-of-use assets, Note 5 - Plantation development expenditure and Note 15 - Assets classified as held for sale.

### The key audit matter:

During the year, the Group has performed impairment assessment on plantation assets of the disposal group (refer to Note 15 - Assets classified as held for sale) and certain cash generating units of plantation assets (refer to Note 3 - Property, plant and equipment, Note 4 - Right-of-use assets and Note 5 - Plantation development expenditure) either based on valuations performed by registered valuers, non-binding offer received from prospective buyers or value in use calculations performed by the Group, to determine the estimated recoverable amounts of those plantation assets.

Where the recoverable amount is lower than the carrying amount of the plantation assets, the carrying amounts of the asset is reduced to its estimated recoverable amount and the difference is regarded as an impairment loss. As disclosed in Note 5, there is an impairment loss recorded during the year and it is immaterial to the Group.

**INDEPENDENT AUDITORS' REPORT**

TO THE MEMBERS OF TH PLANTATIONS BERHAD  
(REGISTRATION NO. 197201001069 (12696-M))  
(INCORPORATED IN MALAYSIA)

**Key Audit Matters (continued)****Group - Impairment of plantation assets (continued)**

Refer to Note 1 (d)(i) and (ii) - Basis of preparation: Use of estimates and judgements - Recoverable amount of bearer plant, right-of-use assets and plantation development expenditure and assets held for sale, Note 2(k) - Significant accounting policy: Impairment, Note 3 - Property, plant and equipment, Note 4 - Right-of-use assets, Note 5 - Plantation development expenditure and Note 15 - Assets classified as held for sale. (continued)

**The key audit matter: (continued)**

The key assumptions applied by the Group and registered valuers in determining the recoverable amounts are highly sensitive. They could significant affect the carrying amount of the assets as well as any impairment charge for the year.

We identified impairment of plantation assets as a key audit matter because:

- the carrying amounts of these plantation assets were significant to the financial statements of the Group;
- there was significant judgement involved in evaluating the key assumptions used in the discounted cash flows by the independent valuer such as cash flows period, expected projected yield, sales price, upkeep and maintenance cost and discount rates;
- there was significant judgement involved in evaluating the key assumptions used in the value in use calculations performed by the Group such as cash flows period, expected projected yield, sales price, upkeep and maintenance cost and discount rates;
- there was no direct comparable prices to the recent market transaction; and
- there was no active market for certain plantation assets

**How the matter was addressed in our audit**

We performed the following audit procedures, among others:

- i. Assessed the feasibility and progress of the proposed planned disposal group to determine the classification of assets held for sale;
- ii. Non-binding offer from prospective buyers
  - read the non-binding offer between the Group and offer from prospective buyers;
  - read the minutes of discussion between the Group and the prospective buyers in relation to the status or progress of the disposal plan;
  - read the letter correspondences from both parties in relation to progress of the proposed planned disposal group; and
  - assessed the appropriateness of classification of assets based on the offer received from prospective buyers in line with relevant accounting standards;

**INDEPENDENT AUDITORS' REPORT**

TO THE MEMBERS OF TH PLANTATIONS BERHAD  
(REGISTRATION NO. 197201001069 (12696-M))  
(INCORPORATED IN MALAYSIA)

**Key Audit Matters (continued)****Group - Impairment of plantation assets (continued)**

Refer to Note 1 (d)(i) and (ii) - Basis of preparation: Use of estimates and judgements - Recoverable amount of bearer plant, right-of-use assets and plantation development expenditure and assets held for sale, Note 2(k) - Significant accounting policy: Impairment, Note 3 - Property, plant and equipment, Note 4 - Right-of-use assets, Note 5 - Plantation development expenditure and Note 15 - Assets classified as held for sale. (continued)

**How the matter was addressed in our audit (continued)**

We performed the following audit procedures, among others (continued):

- iii. Value in use calculations as prepared by the Group
  - evaluated the value in use calculations and the process by which they were developed;
  - compared the value in use calculations to the Group's approved business plans;
  - compared previous value in use calculations to current year results to assess the performance of the business and the reliability of the forecasting process;
  - evaluated the appropriateness of the following key assumptions used in the value in use calculations as performed by the Group;
    - a) Commodity price - compared the price used in forecast against external source;
    - b) Cashflow period - compared the cash flow period to the historical production cycle of the plantation assets;
    - c) Upkeep and maintenance costs - compared the assumptions to the cost of similar estates and with our expectation based on our knowledge of the industry;
    - d) Production quantity - compared the assumptions to the historical production based on age of the trees and planted areas; and
    - e) Discount rate - compared the discount rate to industry practice and external source;
      - considered the sensitivity analysis of the key assumptions;
      - checked the accuracy and relevance of the key input data used in the value in use calculations as provided by the Group; and
      - assessed whether the Group's disclosures about the sensitivity of the outcome of the impairment assessments to changes in key assumptions reflect the risks inherent in the valuation of plantation asset.

## INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF TH PLANTATIONS BERHAD  
(REGISTRATION NO. 197201001069 (12696-M))  
(INCORPORATED IN MALAYSIA)

### Key Audit Matters (continued)

#### Group - Impairment of plantation assets (continued)

Refer to Note 1 (d)(i) and (ii) - Basis of preparation: Use of estimates and judgements - Recoverable amount of bearer plant, right-of-use assets and plantation development expenditure and assets held for sale, Note 2(k) - Significant accounting policy: Impairment, Note 3 - Property, plant and equipment, Note 4 - Right-of-use assets, Note 5 - Plantation development expenditure and Note 15 - Assets classified as held for sale. (continued)

#### How the matter was addressed in our audit (continued)

We performed the following audit procedures, among others (continued):

- iv. Valuations performed by registered valuers
  - evaluated the registered valuer's competency, capabilities and objectivity;
  - read the valuation report and interviewed the valuer to understand the methodology used by the valuer in deriving the market value of plantation assets;
  - evaluated the appropriateness of the following key assumptions used in the discounted cash flows:
    - a) Commodity price - compared the price used in forecast against external source;
    - b) Cashflow period - compared the cash flow period to the historical production cycle of the plantation assets;
    - c) Upkeep and maintenance costs - compared the assumptions to the cost of similar estates and with our expectation based on our knowledge of the industry;
    - d) Production quantity - compared the assumptions to the historical production based on age of the trees and planted areas;
    - e) Discount rate - compared the discount rate to industry practice and external source; and
    - f) Terminal value - compared the plantation land value per hectare to recent market transactions;
  - checked the accuracy and relevance of the key input data provided by the group to the registered valuers;
  - evaluated the Group's basis in adopting valuations performed by a registered valuer in prior year for one of the Group's subsidiary is still relevant for the current year to industry practice and external source; and
  - assessed whether the Group's disclosures about the sensitivity of the outcome of the impairment assessments to changes in key assumptions reflect the risks inherent in the valuation of plantation asset.

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  
(REGISTRATION NO. 197201001069 (12696-M))  
(INCORPORATED IN MALAYSIA)

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

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

Our opinion on the financial statements of the Group and of the Company does not cover the 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.



## INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF TH PLANTATIONS BERHAD  
(REGISTRATION NO. 197201001069 (12696-M))  
(INCORPORATED IN MALAYSIA)

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

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and 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.
- 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.

## INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF TH PLANTATIONS BERHAD  
(REGISTRATION NO. 197201001069 (12696-M))  
(INCORPORATED IN MALAYSIA)

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

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current 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 7 to the financial statements.

**Other Matter**

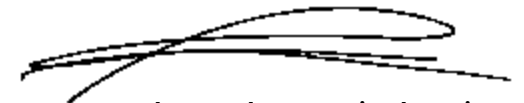
This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.



**KPMG PLT**  
(LLP0010081-LCA & AF 0758)  
Chartered Accountants

Petaling Jaya

Date: 29 March 2023



**Muhammad Azman Bin Che Ani**  
Approval Number: 02922/04/2022 J  
Chartered Accountant

# PROPERTIES OWNED BY THE GROUP

AT 31 DECEMBER 2022

# PROPERTIES OWNED BY THE GROUP

AT 31 DECEMBER 2022



## Johor

1. Ladang Bukit Lawiang  
Kluang, Johor
- Ladang Gunung  
Sumalayang  
Kluang, Johor
- Kilang Sawit Bukit  
Lawiang  
Kluang, Johor

## Pahang

2. Ladang Kota Bahagia  
Keraton, Pahang
- Kilang Sawit Kota  
Bahagia  
Keraton, Pahang
- Ladang Sungai Mengah  
Keraton, Pahang
- Ladang Sungai Buan  
Keraton, Pahang
3. Ladang Sungai Merchong  
Muadzam Shah, Pahang

## Terengganu

4. Ladang Ulu Chukai  
Kemaman, Terengganu
5. Ladang Sungai Ibok  
Kemaman, Terengganu

## Sarawak

6. Ladang Kenyalang  
Pusa, Sarawak
- Ladang Raja Udang  
Pusa, Sarawak
- Ladang Enggang  
Pusa, Sarawak
- Ladang Merbok  
Pusa, Sarawak
- Ladang NCR Saribas  
Pusa, Sarawak
- Kilang Sawit Ladang  
Raja Udang  
Pusa, Sarawak
7. Ladang Sungai  
Kerian  
Samarahan,  
Sarawak
8. Ladang Gedong  
Serian, Sarawak
- Ladang Sematan  
Serian, Sarawak
- Kilang Sawit  
Gedong  
Serian, Sarawak
- Ladang Sadong  
Serian, Sarawak
- Ladang Lupar  
Serian, Sarawak

## Sabah

9. Ladang Kepayang  
Samarahan,  
Sarawak
- Ladang Semalatong  
Samarahan,  
Sarawak
10. Ladang NCR  
Beladin, Sarawak
- Ladang Tanjung  
Lilin  
Meludam, Sarawak
- Ladang Semarang  
Meludam, Sarawak
11. Ladang Sungai Arip  
Bintulu, Sarawak
- Ladang Sungai  
Karangan  
Bintulu, Sarawak
12. Ladang Sungai  
Tenegang  
Lahad Datu, Sabah
- Ladang Sungai  
Koyah  
Lahad Datu, Sabah
- Kilang Sawit Sungai  
Tenegang  
Lahad Datu, Sabah

## Sabah

13. Ladang Bukit Gold  
Lahad Datu, Sabah
14. Ladang Mamahat  
Kota Marudu, Sabah
- Kilang Sawit Ladang  
Mamahat  
Kota Marudu, Sabah
15. Ladang Bukit Belian  
Sandakan, Sabah
16. Ladang Jati Keningau  
Keningau, Sabah

## Indonesia

17. Ladang Klagan 1  
Sandakan, Sabah
- Ladang Klagan 2  
Sandakan, Sabah
- Ladang Klagan 3  
Sandakan, Sabah
- Ladang Klagan 4  
Sandakan, Sabah
- Ladang Klagan 5  
Sandakan, Sabah
- Ladang Jatimas  
Sandakan, Sabah
18. PT Persada Kencana Prima  
Kalimantan, Indonesia

## PROPERTIES OWNED BY THE GROUP

AT 31 DECEMBER 2022

PLANTATIONS						
Location	Approximate Age Of Building	Tenure	Year Of Expiry	Titles Area Hectares	Description	Net Book Value RM'000

## PENINSULAR MALAYSIA

TH Plantations Berhad						
Ladang Ulu Chukai Kemaman, Terengganu	-	Leasehold	2051	902	Oil Palm Estate	19,650
Ladang Bukit Lawiang Ladang Gunung Sumalayang Kluang, Johor	-	Leasehold	2091	4,058	Oil Palm Estate	76,572
Kilang Sawit Bukit Lawiang Kluang, Johor	34	Leasehold	2091	10 <sup>^</sup>	Palm Oil Mill	7,359
THP Kota Bahagia Sdn. Bhd. <sup>1</sup>						
Ladang Kota Bahagia Keraton, Pahang	-	Leasehold	2071 and 2073	1,858	Oil Palm Estate	33,144
Kilang Sawit Kota Bahagia Keraton, Pahang	47	Leasehold	2071	9,804 <sup>^</sup>	Palm Oil Mill	8,748
Ladang Sungai Mengah Keraton, Pahang	-	Leasehold	2073, 2090 and 2093	2,196	Oil Palm Estate	33,510
Ladang Sungai Buan Keraton, Pahang	-	Leasehold	2093 and 2108	1,795	Oil Palm Estate	30,887
Ladang Sungai Merchong Muadzam Shah, Pahang	-	Leasehold	2085	1,720	Oil Palm Estate	35,674
THP Ibok Sdn. Bhd. <sup>2</sup>						
Ladang Sungai Ibok Kemaman, Terengganu	-	Leasehold	2042 and 2052	924	Oil Palm Estate	19,506

## SABAH

THP Sabaco Sdn. Bhd.						
Ladang Sungai Tenegang Ladang Sungai Koyah Lahad Datu, Sabah	-	Leasehold	2083	3,886	Oil Palm Estate	158,935
Kilang Sawit Sungai Tenegang Lahad Datu, Sabah	31	Leasehold	2083	50 <sup>^</sup>	Palm Oil Mill	11,822
Ladang Bukit Gold Lahad Datu, Sabah	-	Leasehold	2076	2,020	Oil Palm Estate	77,377

## PROPERTIES OWNED BY THE GROUP

AT 31 DECEMBER 2022

PLANTATIONS						
Location	Approximate Age Of Building	Tenure	Year Of Expiry	Titles Area Hectares	Description	Net Book Value RM'000

## SABAH

THP Sabaco Sdn. Bhd.						
Ladang Mamahat Kota Marudu, Sabah	-	Leasehold	2096, 2098 and 2099	2,936	Oil Palm Estate	95,274
Kilang Sawit Ladang Mamahat Kota Marudu, Sabah	14	Leasehold	2096	25 <sup>^</sup>	Palm Oil Mill	10,541
THP Bukit Belian Sdn. Bhd.						
Ladang Bukit Belian Sandakan, Sabah	-	Leasehold	2887	1,088	Oil Palm Estate	37,067
TH-Bonggaya Sdn. Bhd.						
Ladang Klagan 1						
Ladang Klagan 2						
Ladang Klagan 3						
Ladang Klagan 4	-	Licensed for 100 years	2098	10,117	Forestry	132,997
Ladang Klagan 5 Sandakan, Sabah						
TH-USIA Jatimas Sdn. Bhd.						
Ladang Jatimas Sandakan, Sabah	-	Licensed for 100 years	2098	4,046	Forestry	51,580
Ladang Jati Keningau Sdn. Bhd.						
Ladang Jati Keningau Sandakan, Sabah	-	Leasehold	2078	1,550	Teak Estate	27,572

## SARAWAK

THP Saribas Sdn. Bhd.						
Ladang Kenyalang Ladang Raja Udang Ladang Enggang						
Ladang Merbok	-	Leasehold	2060	9,955 <sup>∞</sup>	Oil Palm Estate	317,840
Ladang NCR Saribas Pusa, Sarawak						

## PROPERTIES OWNED BY THE GROUP

AT 31 DECEMBER 2022

PLANTATIONS						
Location	Approximate Age Of Building	Tenure	Year Of Expiry	Titles Area Hectares	Description	Net Book Value RM'000
<b>SARAWAK</b>						
<b>THP Saribas Sdn. Bhd.</b>						
Kilang Sawit Ladang Raja Udang Pusa, Sarawak	10	Leasehold	2060	9 <sup>^</sup>	Palm Oil Mill	43,194
<b>Hydroflow Sdn. Bhd.</b>						
Ladang Sungai Kerian Samarahan, Sarawak	-	Leasehold	2064 and 2067	5,583	Oil Palm Estate	121,972
<b>TH PELITA Gedong Sdn. Bhd.</b>						
Ladang Gedong Ladang Sematan Serian, Sarawak	-	Leasehold	2058	7,967	Oil Palm Estate	231,460
Kilang Sawit Gedong Serian, Sarawak	18	N/a*	N/a	217*	Palm Oil Mill	30,127
<b>TH PELITA Sadong Sdn. Bhd.</b>						
Ladang Sadong Ladang Lupar Serian, Sarawak	-	Leasehold	2060	4,549	Oil Palm Estate	161,059
<b>TH PELITA Simunjan Sdn. Bhd.</b>						
Ladang Kepayang Ladang Semalatong Samarahan, Sarawak					Not available as the estate is located on NCR land. Perimeter survey had been completed. LCDA is finalizing the participant list before Principle Deed and Trust Deed finalized.	
				9,630 <sup>3</sup>	Oil Palm Estate	118,800
					The land shall be alienated to TH PELITA Simunjan Sdn. Bhd. for a period of sixty (60) years pursuant to the Simunjan Joint Venture Agreement	

## PROPERTIES OWNED BY THE GROUP

AT 31 DECEMBER 2022

PLANTATIONS						
Location	Approximate Age Of Building	Tenure	Year Of Expiry	Titles Area Hectares	Description	Net Book Value RM'000
<b>SARAWAK</b>						
<b>TH PELITA Beladin Sdn. Bhd.</b>						
Ladang NCR Beladin, Sarawak					Not available as the estate is located on NCR land. Principle Deed and Trust Deed had been finalized on 28 October 2020. However LCDA reviewed the Principle Deed and Trust Deed for amended.	
				1,577 <sup>4</sup>	Oil Palm Estate	31,481
					The land shall be alienated to TH PELITA Beladin Sdn. Bhd. for a period of sixty (60) years pursuant to the Beladin Joint Venture Agreement	
<b>TH PELITA Meludam Sdn. Bhd.</b>						
Ladang Tanjung Lilin Ladang Semarang Meludam, Sarawak	-	Leasehold	2066	6,009	Oil Palm Estate	156,215
<b>Bumi Suria Ventures Sdn. Bhd.</b>						
Ladang Sungai Arip Ladang Sungai Karang Sibu-Bintulu, Sarawak	-	Leasehold	2065 and 2066	6,514	Oil Palm Estate	127,013
<b>PT Persada Kencana Prima</b>						
Ladang Menjelutung		Leasehold	2052	6,929	Oil Palm Estate	58,894

## PROPERTIES OWNED BY THE GROUP

AT 31 DECEMBER 2022

HOSPITALITY					
Location	Approximate Age Of Building	Tenure	Area Sq feet	Description	Net Book Value RM'000
<b>PENINSULAR MALAYSIA</b>					
Tanjung Tuan Resort, Port Dickson, Negeri Sembilan	33	-	1,222	1 Unit 3 Rooms Apartment	8
Awana Kijal Resort, Kijal, Terengganu	20	-	816	1 Unit 3 Rooms Apartment	40

## Notes:

- Registered under the ownership of Lembaga Tabung Haji.
- Registered under the ownership of Syarikat Peladang LUTH Sdn Bhd. The former name of THP Ibok Sdn. Bhd.
- Gross area as stated in the Simunjan Joint Venture Agreement.
- Gross area as stated in the Beladin Joint Venture Agreement.
- On 13 September 2012, TH PELITA Gedong Sdn. Bhd. received an offer from the Ministry of Resource Planning and Environment for the alienation of the land alongside Lot 166, Block 6 of Melikin Land District, where the Gedong Palm Oil Mill is located and TH PELITA Gedong Sdn. Bhd. is currently undertaking the procedures for the alienation of said land.
- As per MSPO requirement.
- Part of the titled area under Ladang Kota Bahagia (Kilang Sawit Kota Bahagia), Ladang Bukit 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 RM4.01 million.
- N/a Not applicable.

CORPORATE DIRECTORY  
OWNED BY THP GROUP

Company	Office/Estates	Designation	Mailing Address	Location Address
TH Plantations Berhad	<b>Head of Operations Office</b> Tel No. : 03-26034878 Hp No. : 019-9619472 Email : jafri@thplantations.com	Mohd Jafri b Arshad Head of Operations	Level 17 Menara TH Selborn 153 Jalan Tun Razak 50400 Kuala Lumpur	Level 17 Menara TH Selborn 153 Jalan Tun Razak 50400 Kuala Lumpur
	<b>Ladang Bukit Lawiang</b> Tel No. : 07-7863063 Email : llawiang@thplantations.com	Jalaludin b Sukri (Manager)	Karung Berkunci 522 86009 Kluang Johor	Lot PTD 4747,4748,4749, 4750,4751,4752 KM20, Jalan Kluang- Kota Tinggi 86000 Kluang Johor
	<b>Ladang Gunung Sumalayang</b> Tel No. : 07-7863444 Email : lsumalayang@thplantations.com	Alinan b Kadar (Manager)	Karung Berkunci 535 86009 Kluang Johor	Lot PTD 4743,4744,4745, 4746,4747,4748 & 4749 KM20, Jalan Kluang- Kota Tinggi 86009 Kluang Johor
	<b>Ladang Ulu Chukai</b> Tel No. : 09-8676336 Email : lchukai@thplantations.com	Hj Mahya b Masrom (Manager)	Peti Surat 2 24107 Kijal Kemaman Terengganu	Jalan Jerangau - Jabor (Penghantar 2) 24000 Kemaman Terengganu
THP Kota Bahagia Sdn Bhd	<b>Kilang Sawit Bukit Lawiang</b> Tel No. : 07-7864540 Email : klawiang@thplantations.com	Kamar b Jamian (Senior Manager)	Peti Surat 114, 86007 Kluang Johor	KM 20, Jalan Kluang- Kota Tinggi 86007 Kluang Johor
	<b>Ladang Kota Bahagia</b> Tel No. : 09-4524826 Email : lkbahagia@thplantations.com	Azma Syhihan b Ariffin (Acting Manager)	Peti Surat 19 26700 Muadzam Shah Pahang	Lot PT 288,289,306 Mukim Keratong, Daerah Rompin 26700 Muadzam Shah Pahang
	<b>Ladang Sungai Mengah</b> Tel No. : 09-4524979 Email : lsgmengah@thplantations.com	Tuah b Nawawi (Manager)	Peti Surat 21 26700 Muadzam Shah Pahang	Lot PT 2549,2333,305 Mukim Keratong Daerah Rompin 26700 Muadzam Shah Pahang
	<b>Ladang Sungai Buan</b> Tel No. : 09-4524996 Email : lsgbuan@thplantations.com	Tengku Jamalluddin b Tuan Abdullah (Acting Manager)	Peti Surat 18 26700 Muadzam Shah Pahang	Lot PT 2297, 11440 & 11451 Mukim Keratong, 26800 Rompin Pahang
	<b>Ladang Sungai Merchong</b> Tel No. : 09-4521069 Email : lsgmerchong@thplantations.com	Mohd Johari b Md Daud (Senior Manager)	Peti Surat 4 26700 Muadzam Shah Pahang	KM10, Jalan Muadzam Shah - Kuala Rompin 26700 Muadzam Shah Pahang
<b>Kilang Sawit Kota Bahagia</b> Tel No. : 09-4524936 Email : kskb@thplantations.com	Muhamad Murshid b Mukhtar (Manager)	Peti Surat 20 26700 Muadzam Shah Pahang	Lot PT289 Bandar 14 Kota Bahagia Muadzam Shah 26700 Rompin Pahang	

CORPORATE DIRECTORY  
OWNED BY THP GROUPCORPORATE DIRECTORY  
OWNED BY THP GROUP

Company	Office/Estates	Designation	Mailing Address	Location Address
THP Ibok Sdn Bhd	<b>Ladang Sungai Ibok</b> Tel No. : 09-8676543 Email : libok@thplantations.com	Hj Mahya b Masrom (Manager)	Peti Surat 2 24107 Kijal Kemaman Terengganu	Jalan Jerangau - Jabor (Pengahantar 2) 24000 Seri Bandi Kemaman Terengganu
Sabah Region (Oil Palm)	<b>Plantation Controller (Sabah Region) Office</b> Hp No. : 019-988 1570 Email : zuzari@thplantations.com	Mohamad Zuzari b Abd Aziz Plantation Controller Sabah Region	Block 1, 1 <sup>st</sup> Floor Lot 7, Utama Zone 3 Commercial Mile 6 North Road 90000 Sandakan, Sabah	Block 1, 1 <sup>st</sup> Floor Lot 7 Utama Zone 3 Commercial Mile 6 North Road 90000 Sandakan Sabah
THP Sabaco Sdn Bhd	<b>Ladang Sungai Tenegang</b> Tel No. : 089-959124 Email : lstenegang@thplantations.com	Suardi b Abdurrachman (Acting Manager)	Karung Berkunci No.12 91109 Lahad Datu Sabah	KM 41, Jln Lahad Datu-Sandakan Mukim Tenegang / Koyah 91109 Lahad Datu Sabah
	<b>Ladang Sungai Koyah</b> Tel No : 089-959814 Email : lsgkoyah@thplantations.com	Mat Faisal b Ismail (Manager)	Karung Berkunci No 6 91109 Lahad Datu Sabah	KM 41, Jln Lahad Datu - Sandakan Mukim Tenegang / Koyah 91109 Lahad Datu Sabah
	<b>Ladang Bukit Gold</b> Tel No. : 089-959819 Email : lbgold@thplantations.com	Juna b Palatuwi (Senior Manager)	Peti Surat 60389 91113, Lahad Datu Sabah	KM 20 Jalan Jeroco Off KM20 Jalan Lahad Datu - Sandakan 91113 Lahad Datu Sabah
	<b>Ladang Mamahat</b> Tel No. : 089-279013 Email : lmamahat@thplantations.com	Abdul Kahar b Sariman (Senior Manager)	PPM 184, Jalan Elopura 90000 Sandakan Sabah	KM 158, Jalan Telupid Paitan Beluran, Sabah
	<b>Kilang Sawit Sungai Tenegang</b> Tel No. : 089-959812 Email : kstenegang@thplantations.com	Aizuddin b Abdul Hamid (Acting Manager)	Peti Surat 60626 91115 Lahad Datu Sabah	KM 41, Jalan Lahad Datu - Sandakan 91115 Lahad Datu Sabah
	<b>Kilang Sawit Ladang Mamahat</b> Tel No. : 089-278023 Email : kmamahat@thplantations.com	Abdul Naziz Ashady b Abdul Rahman ( Manager )	Karung Berkunci No.29 89109 Kota Marudu Sabah	KM158, Jln Telupid - Paitan Labuk / Sugut 90000 Beluran Sabah
	THP Bukit Belian Sdn Bhd	<b>Ladang Bukit Belian</b> Tel No : 089-278030 Email : lbelian@thplantations.com	Martin b Soili (Manager)	WDT 167 Kota Kinabatangan 90200 Sandakan Sabah

Company	Office/Estates	Designation	Mailing Address	Location Address
TH-Bonggaya Sdn Bhd	<b>Ladang Klagan 1</b> Tel No. : 089-278018 Email : lklagan@thplantations.com	Mustaming b Abu (Manager)	1 <sup>st</sup> Floor Lot 7 Utama Zone 3 Commercial Mile 6, North Road 90000 Sandakan Sabah	FMU 18, Bonggaya Forest Reserve KM 50, Jalan Sapi - Paitan, off KM95 Jalan Sandakan - Telupid Beluran Sabah
	<b>Ladang Klagan 2</b> Tel No. : 089-278018 Email : lklagan@thplantations.com	Mustaming b Abu (Manager)	1 <sup>st</sup> Floor Lot 7 Utama Zone 3 Commercial Mile 6, North Road 90000 Sandakan Sabah	FMU 18, Bonggaya Forest Reserve KM 50, Jalan Sapi - Paitan, off KM95 Jalan Sandakan - Telupid Beluran Sabah
	<b>Ladang Klagan 3</b> Tel No. : 089-278018 Email : lklagan@thplantations.com	Mustaming b Abu (Manager)	1 <sup>st</sup> Floor Lot 7 Utama Zone 3 Commercial Mile 6, North Road 90000 Sandakan Sabah	FMU 18, Bonggaya Forest Reserve KM 50, Jalan Sapi - Paitan, off KM95 Jalan Sandakan - Telupid Beluran Sabah
	<b>Ladang Klagan 4</b> Tel No. : 089-278018 Email : lklagan@thplantations.com	Mustaming b Abu (Manager)	1 <sup>st</sup> Floor Lot 7 Utama Zone 3 Commercial Mile 6, North Road 90000 Sandakan Sabah	FMU 18, Bonggaya Forest Reserve KM 50, Jalan Sapi - Paitan, off KM95 Jalan Sandakan - Telupid Beluran Sabah
	<b>Ladang Klagan 5</b> Tel No. : 089-278018 Email : lklagan@thplantations.com	Mustaming b Abu (Manager)	1 <sup>st</sup> Floor Lot 7 Utama Zone 3 Commercial Mile 6, North Road 90000 Sandakan Sabah	FMU 18, Bonggaya Forest Reserve KM 50, Jalan Sapi - Paitan, off KM95 Jalan Sandakan - Telupid Beluran Sabah
TH-Usia Jatimas Sdn Bhd	<b>Ladang Jatimas</b> Tel No. : 089-278036 Email : ljatimas@thplantations.com	Mustaming b Abu (Manager)	1 <sup>st</sup> Floor Lot 7 Utama Zone 3 Commercial Mile 6, North Road 90000 Sandakan Sabah	FMU 18, Bonggaya Forest Reserve KM 50, Jalan Sapi - Paitan, off KM95 Jalan Sandakan - Telupid Beluran Sabah
Ladang Jati Keningau Sdn Bhd	<b>Ladang Jati Keningau</b> Tel No. : 089-278018 Email : ljatimas@thplantations.com	Mustaming b Abu (Manager)	1 <sup>st</sup> Floor Lot 7 Utama Zone 3 Commercial Mile 6, North Road 90000 Sandakan Sabah	FMU 18, Bonggaya Forest Reserve KM 50, Jalan Sapi - Paitan, off KM95 Jalan Sandakan - Telupid Beluran Sabah
Sarawak 1 Region	<b>Plantation Controller (Sarawak Region 1) Office</b> Tel No. : 010-4251101 Hp No. : 019-2887147 Email : rozali@thplantations.com	Rozali b Md Desa Plantation Controller (Sarawak Region 1)	1 <sup>st</sup> , SL 25 Jln Feeder Taman Muhibah Lt 522 Saratok Town District 95400 Saratok, Sarawak	1 <sup>st</sup> , SL 25 Jln Feeder Taman Muhibah Lt 522 Saratok Town District 95400 Saratok, Sarawak

CORPORATE DIRECTORY  
OWNED BY THP GROUPCORPORATE DIRECTORY  
OWNED BY THP GROUP

Company	Office/Estates	Designation	Mailing Address	Location Address
THP Saribas Sdn Bhd	<b>Ladang Kenyalang</b> Tel No. : 013-8370535 Email : lkenyalang@thplantations.com	Girman @ Perman b Sirah (Senior Manager)	KM20 Jalan Pusa - Sessang 94950 Pusa Sarawak	KM20 Jalan Pusa - Sessang 94950 Pusa Sarawak
	<b>Ladang Raja Udang</b> Tel No. : 013-8627147 Email : lrudang@thplantations.com	Syamsul Izwan b Asri (Acting Manager)	KM 11, Jalan Pusa - Sessang 94950 Pusa Sarawak	KM 11, Jalan Pusa - Sessang 94950 Pusa Sarawak
	<b>Ladang Enggang</b> Tel No. : 083- 474910 Email : lenggang@thplantations.com	Nazim b Abdul Hamid (Manager)	KM6 Jalan Pusa - Sessang, 94950 Pusa, Sarawak	KM6 Jalan Pusa - Sessang 94950 Pusa, Sarawak
	<b>Ladang Merbok</b> Tel No. : 083-485901 Email : lmerbok@thplantations.com	Sazali b Zainol (Manager)	KM7,Jalan Besar Pusa 94950 Sarawak	Lot 446, Blok 18 Awik Krian Land District Betong, Sarawak
	<b>Ladang NCR Saribas</b> Tel No. : 013-8370535 Email : lkenyalang@thplantations.com	Girman @ Perman b Sirah (Senior Manager)	KM20 Jalan Pusa - Sessang 94950 Pusa, Sarawak	KM20 Jalan Pusa - Sessang 94950 Pusa, Sarawak
	<b>Kilang Sawit Ladang Raja Udang</b> Tel No. : 083-485930 Email : kru@thplantations.com	Zamaludin b Sarkawi (Manager)	Blok 3, Lot No. 44&45 Sablor Land District 94950 Pusa, Sarawak	Blok 3, Lot No. 44&45 Sablor Land District 94950 Pusa, Sarawak
TH PELITA Meludam Sdn Bhd	<b>Ladang Tanjung Lilin</b> Tel : 083-474914 Email : tglilin@thplantations.com	Mohamad Safri b Alwi Umar (Manager)	KM4, Jalan Pusa - Beladin 94950 Pusa Sarawak	KM4, Jalan Pusa - Beladin 94950 Pusa Sarawak
	<b>Ladang Semarang</b> Tel No. : 083-474296 Email : semarang@thplantations.com	Baharin b Salleh (Manager)	KM18, Jalan Pusa - Meludam 94950 Pusa, Sarawak	LOT 16,129,128,47,49,48,50,51,55, 675,669,673 Mukim Beladin Sablor Land District Lot 2396 Mukim Beladin, Meludam & Triso Batang Saribas Betong, Sarawak
TH PELITA Beladin Sdn Bhd	<b>Ladang NCR</b> Tel : 083-474914 Email : tglilin@thplantations.com	Mohamad Safri b Alwi Umar (Manager)	KM4, Jalan Pusa - Beladin 94950 Pusa Sarawak	KM4, Jalan Pusa - Beladin 94950 Pusa Sarawak
Bumi Suria Ventures Sdn Bhd	<b>Ladang Sungai Karang</b> Tel No. : 084-375831 Email : lskarangan@thplantations.com	Md Faizal b Yusuf (Acting Manager)	KM91, Jalan Bintulu - Sibul P.O. Box 3325 97000 Bintulu Sarawak	Lot 5, Block 16, Sangan Land District & Lot 2, Block 8, Anap Land District 97200 Bintulu Sarawak
	<b>Ladang Sungai Arip</b> Tel No. : 084-375830 Email : lsarip@thplantations.com	Ahmad Mazwan b Jamaludin (Manager)	KM91, Jalan Bintulu - Sibul P.O. Box 3325 97000 Bintulu Sarawak	Lot 1, Block 19 & 20, Lot 2, Block 20 Arip Land District 97000 Bintulu Sarawak

Company	Office/Estates	Designation	Mailing Address	Location Address
Sarawak Region 2	<b>Plantation Controller (Sarawak Region 2) Office</b> Tel No. : 019-8832991 Email : ghazali.talib@thplantations.com	Ghazali b Abd. Talib Plantation Controller (Sarawak Region 2)	D/A TH Pelita Gedong Sdn Bhd P.O Box 32 94700 Serian Sarawak	KM. 8, Jalan Gedong 94700 Serian Sarawak
TH PELITA Gedong Sdn Bhd	<b>Ladang Gedong</b> Tel No. : 019-8185513 Email : lgedong@thplantations.com	Abang Ahmad Saifulhadi b Abang Iskandar (Senior Manager)	P.O Box 32 94700 Serian Sarawak	KM. 8, Jalan Gedong 94700 Serian Sarawak
	<b>Ladang Sematan</b> Tel No. : 019-8243657 Email : lsematan@thplantations.com	Helmi b Mokhtarrudin (Manager)	KM 8, Jalan Gedong Serian, P.O Box 32 94700 Serian Sarawak	Lot No. 2 Blok 6, Mukim Melikin Land Lubuk Meringang & Sungai Tampui Batang Kerang, 94700 Serian Sarawak
TH PELITA Sadong Sdn Bhd	<b>Kilang Sawit Gedong</b> Tel No. : 019-3762696 Email : ksgedong@plantations.com	Md Nazri b Md Noh (Manager)	KM 8, Jalan Gedong Serian, P.O Box 32 94700 Serian Sarawak	Lot 3031 & Lot 3032 Melikin Land District 94700 Serian Sarawak
	<b>Ladang Sadong</b> Tel No. : 082-882919 Email : lsadong@thplantations.com	Mohd Rushdi b Munar (Manager)	KM 8, Jalan Gedong P.O. Box 32, 94700 Serian Sarawak	Lot 12, Block 3 Melikin Land District 94700 Samarahan Sarawak
TH PELITA Simunjan Sdn Bhd	<b>Ladang Lupar</b> Tel No. : 019-889 8657 Email : llupar@thplantations.com	Harisfadzillah b Lamat (Manager)	P.O BOX 32 94700 Serian Sarawak	KM8, Jalan Gedong - Serian 94700 Serian Sarawak
	<b>Ladang Kepayang</b> Tel No. : 019-8796769 Email : kepayang@plantations.com	Singgat Anak Birai (Manager)	KM 21, Kampung Isu 94800 Simunjan Sarawak	KM 21, Kampung Isu 94800 Simunjan Sarawak
Hydroflow Sdn Bhd	<b>Ladang Semalatong</b> Tel No. : 082-804907 Email : semelatong@thplantations.com	Mohd Farizal Hazley b Mat Yaacob (Acting Manager)	KM 25, Kampung Semalatong 94800, Simunjan Sarawak	KM 25, Kampung Semalatong 94800, Simunjan Sarawak
	<b>Ladang Sungai Kerian</b> Tel No. : 013-8373431 (office) Email : kerian@thplantations.com	Mohadzari b Johari (Manager)	Lot 1227, Jalan Kampung Ulu Gedong 94700 Serian Sarawak	Lot 1227, Jalan Kg Ulu Gedong 94700 Serian Sarawak

# ANALYSIS OF SHAREHOLDINGS

AS AT 3 APRIL 2023

## ANALYSIS OF SHAREHOLDINGS AS AT 3 APRIL 2023

### 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	307	3.05	4,838	0.00
100 to 1,000	1,200	11.92	598,822	0.07
1,001 to 10,000	6,518	64.77	28,189,705	3.19
10,001 to 100,000	1,820	18.09	53,754,494	6.08
100,001 to less than 5% of issued shares	217	2.16	148,708,980	16.82
5% and above of issued shares	1	0.01	652,594,631	73.84
<b>Total</b>	<b>10,063</b>	<b>100.00</b>	<b>883,851,470</b>	<b>100.00</b>

### DIRECTORS' SHAREHOLDINGS

No. Directors	No. of Ordinary Shares Held			
	Direct	%	Indirect	%
1. Datuk Dr. Ahmad Kushairi bin Din	Nil	Nil	Nil	Nil
2. Dato' Sri Amrin bin Awaluddin	Nil	Nil	Nil	Nil
3. YM Tengku Dato' Seri Hasmuddin bin Tengku Othman	Nil	Nil	Nil	Nil
4. Haji Bakri bin Jamaluddin	Nil	Nil	Nil	Nil
5. Muhammad Ramizu bin Mustaffa	Nil	Nil	Nil	Nil
6. Ir. Mohamed Ajmel Hafiz bin Jamaludin	Nil	Nil	Nil	Nil
7. Datuk Dr. Kamilia binti Ibrahim	Nil	Nil	Nil	Nil
8. Dzul Effendy bin Ahmad Hayan	Nil	Nil	Nil	Nil

### SUBSTANTIAL SHAREHOLDER

No. Substantial Shareholder	No. of Ordinary Shares Held			
	Direct	%	Indirect	%
1. Lembaga Tabung Haji	652,594,631	73.84	Nil	Nil

### TOP THIRTY SHAREHOLDERS

No. Shareholders	No. of Shares Held	%
1. Lembaga Tabung Haji	652,594,631	73.84
2. Kong Goon Khing	40,693,000	4.60
3. Phillip Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Yayasan Pok dan Kassim	9,739,060	1.10
4. Kong Goon Siong	6,678,800	0.76
5. Alliancegroup Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Chong Yiew On (6000006)	5,933,900	0.67
6. Pertubuhan Peladang Negeri Terengganu	5,870,294	0.66
7. Alliancegroup Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Kong Kok Choy (8092812)	4,000,000	0.45
8. 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
9. Kenanga Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Mohd Yusuf Ali bin Abdullah	3,931,200	0.44
10. Neoh Choo Ee & Company, Sdn. Berhad	3,700,000	0.42
11. RHB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for VM Team Engineering Sdn Bhd	3,600,000	0.41
12. Amin Baitulmal Johor	2,400,000	0.27
13. Majlis Agama Islam Wilayah Persekutuan	2,400,000	0.27
14. RHB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Mohd Yusuf Ali bin Abdullah	1,693,800	0.19
15. Chua Soh Peng	1,416,000	0.16
16. Cartaban Nominees (Asing) Sdn. Bhd. SSBT Fund OMUA for Teachers' Retirement System of the State of Illinois	1,381,800	0.16
17. Dynaquest Sdn. Bhd.	1,200,000	0.14
18. AMSEC Nominees (Tempatan) Sdn. Bhd. Ambank (M) Berhad for Lim Huat Bee (6720-1502)	1,156,900	0.13
19. Affin Hwang Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Tee Kim Tee @ Tee Ching Tee (TEE0063C)	1,054,000	0.12



## ANALYSIS OF SHAREHOLDINGS

AS AT 3 APRIL 2023

## TOP THIRTY SHAREHOLDERS (CONTINUED)

No.	Shareholders	No. of Shares Held	%
20.	Tai Yat Choy	1,018,600	0.12
21.	HLIB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Yap Qwee Beng	1,010,400	0.11
22.	HLB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Lee Poh Kwee	1,000,000	0.11
23.	Affin Hwang Nominees (Asing) Sdn. Bhd. DBS Vickers Secs (S) Pte Ltd for Little Rain Assets Limited	917,000	0.10
24.	Affin Hwang Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Chee Chi Vun (M02)	908,300	0.10
25.	Kong Chew Ching	816,000	0.09
26.	Lembaga Kemajuan Tanah Persekutuan (FELDA)	689,100	0.08
27.	Wong Mee Kwong	678,000	0.08
28.	Cartaban Nominees (Asing) Sdn. Bhd. The Bank of New York Mellon for Acadian Emerging Markets Small Cap Equity Fund, LLC	632,700	0.07
29.	Pertubuhan Peladang Kawasan Manir/Belara	572,294	0.06
30.	HSBC Nominees (Asing) Sdn. Bhd. JPMCB NA for Teachers' Retirement System of the City of New York	564,600	0.06
<b>TOTAL</b>		<b>762,228,139</b>	<b>86.22</b>

NOTICE OF 49<sup>TH</sup>  
ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** the Forty-Ninth Annual General Meeting ("49<sup>th</sup> AGM") of TH Plantations Berhad ("THP" or "the Company") will be held on a virtual basis through live streaming from the Broadcast Venue at **Bilik Bunga Raya, Level 3, Seri Pacific Hotel Kuala Lumpur, Jalan Putra, 50746 Kuala Lumpur** and via <https://meeting.boardroomlimited.my> on **Tuesday, 27 June 2023** at **10.00 A.M.** to transact the following businesses:

**As Ordinary Business**

- To receive the Audited Financial Statements for the year ended 31 December 2022 together with Reports of the Directors and the Auditors thereon.
- To approve the payment of Directors' fees and benefits payable of up to RM1,200,000.00 for the period from 28 June 2023 until the next Annual General Meeting of the Company to be held in 2024. Ordinary Resolution 1
- To re-elect YM Tengku Dato' Seri Hasmuddin bin Tengku Othman who shall retires 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
- To re-elect the following Directors, who shall retire by casual vacancy in accordance with Clause 94 of the Constitution of the Company and being eligible, have offered themselves for re-election:
  - Ir. Mohamed Ajmel Hafiz bin Jamaludin Ordinary Resolution 3
  - Datuk Dr. Kamilia binti Ibrahim Ordinary Resolution 4
  - Dzul Effendy bin Ahmad Hayan Ordinary Resolution 5
- To re-appoint Messrs. KPMG PLT as Auditors of the Company in respect of the financial year ending 31 December 2023 and to authorise the Board of Directors to determine the Auditors' remuneration. Ordinary Resolution 6

**As Special Business**

To consider, and if deemed fit, to pass with or without modification, the following Resolutions:

- Proposed Renewal of Shareholders' Mandate for Existing Recurrent Related Party Transactions of a Revenue or Trading Nature and Proposed New Shareholders' Mandate for Additional Recurrent Related Party Transactions of a Revenue or Trading Nature** Ordinary Resolution 7

**"THAT** subject always to the provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given for the renewal of the Shareholders' Mandate for the Company and/or its Subsidiaries to enter into existing recurrent related party transactions of a revenue or trading nature as set out in Section 2.4.1 of the Circular to Shareholders dated 28 April 2023 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:

## NOTICE OF 49<sup>TH</sup> ANNUAL GENERAL MEETING

## NOTICE OF 49<sup>TH</sup> ANNUAL GENERAL MEETING

**“THAT** a new Shareholders’ Mandate be and is hereby granted for the Company and/or its Subsidiaries to enter into additional recurrent related party transactions of a revenue or trading nature as set out in Section 2.4.2 of the Circular to Shareholders dated 28 April 2023 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 Companies Act 2016 (“the Act”), (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- iii. revoked or varied by a resolution passed by the shareholders in a general meeting.

whichever is earlier.

**AND THAT** the Directors of the Company and/or its Subsidiaries be and are hereby authorised to do all such acts and things as may be necessary in the best interests of the Company and to give full effect to the Recurrent Related Party Transactions as authorised by this Resolution.”

### 7. **Authority For Directors to Issue & Allot Shares Pursuant to Sections 75 and 76 of the Companies Act, 2016**

**“THAT** subject always to the Act, the Constitution of the Company and the approvals of the Bursa Malaysia Securities Berhad (“Bursa Securities”) and other relevant governmental and/or regulatory authorities, where such approval is required, the Directors of the Company be and are hereby authorised and empowered pursuant to Sections 75 and 76 of the Act, to issue and allot shares in the Company from time to time and upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit, PROVIDED that the aggregate number of shares issued pursuant to this Resolution does not exceed ten per centum (10%) of the total number of issued shares (excluding treasury shares) of the Company for the time being.

**THAT** the Directors be and are also empowered to obtain the approval for the listing and quotation of the additional shares so issued on the Bursa Securities and that such authority shall continue to be in force until the conclusion of the next AGM of the Company.

**THAT** in connection with the above, pursuant to Section 85 of the Act, the shareholders do hereby waive the statutory pre-emptive rights of the offered shares in proportion of their holdings at such price and at such terms to be offered arising from any issuance of new shares above by the Company.

**AND THAT** the new shares to be issued shall, upon allotment and issuance, rank equally in all respects with the existing shares of the Company, save and except that they shall not be entitled to any dividends, rights, allotments and/or any other forms of distribution that which may be declared, made or paid before the date of allotment of such new shares.”

8. 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 the 49<sup>th</sup> 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 20 June 2023. Only a depositor whose name appear on the ROD as at 20 June 2023 shall be entitled to attend, participate and vote remotely at the 49<sup>th</sup> AGM or appoint proxy/proxies to attend, participate and vote on his/her behalf.

By Order of the Board

**ALIATUN BINTI MAHMUD**  
(LS0008841) (SSM PC No.201908003467)  
**WAN NURUL HIDAYAH BINTI WAN YUSOFF**  
(LS0008555) (SSM PC No.201908003468)  
Company Secretaries

Kuala Lumpur  
Date: 28 April 2023

Ordinary Resolution 8

## NOTICE OF 49<sup>TH</sup> ANNUAL GENERAL MEETING

## NOTICE OF 49<sup>TH</sup> ANNUAL GENERAL MEETING

### NOTES:

#### 1. Virtual 49<sup>th</sup> Annual General Meeting

The virtual 49<sup>th</sup> AGM of the Company will be conducted ONLINE from the Broadcast Venue and the shareholders are only allowed to participate remotely through the Remote Participation and Electronic Voting ("RPEV") facilities.

At the Broadcast Venue of the virtual 49<sup>th</sup> AGM, only the essential individuals are physically present to organize the virtual 49<sup>th</sup> AGM. NO SHAREHOLDERS will be allowed to be physically present at the Broadcast Venue on the day of the virtual 49<sup>th</sup> AGM.

As such, we strongly encourage you to make use of the RPEV facilities to attend, speak (in the form of real-time submission of typed texts) and vote (collectively, "participate") remotely at the virtual 49<sup>th</sup> AGM using RPEV facilities provided by Boardroom Share Registrars Sdn. Bhd. at <https://meeting.boardroomlimited.my>.

Please read the notes provided in the **Administrative Guide** for further details.

#### 2. Proxy and Entitlement of Participation

- i. Only a Member whose name appears on the ROD as at 20 June 2023 shall be entitled to participate at the virtual 49<sup>th</sup> AGM or appoint proxy(ies) on his/her behalf.
- ii. A Member who is entitled to participate at the virtual 49<sup>th</sup> 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 **Tingkat 23, Menara TH Selborn, 153 Jalan Tun Razak, 50400 Kuala Lumpur** or submitted electronically via Boardroom Smart Investor Portal at <https://investor.boardroomlimited.com> not less than 24 hours before the time set for holding the virtual 49<sup>th</sup> AGM or **no later than Monday, 26 June 2023 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 2022

This Agenda item is meant for discussion only as the provision of Section 340(1)(a) of the Act does not require a formal approval from the shareholders for the Audited Financial Statements. Hence, this Agenda is **not put forward for voting**.

#### 4. Item 2 of the Agenda

##### Directors' Fees and Benefits Payable

The fees and benefits to the Directors of the Company are paid based on the following Remuneration Structure:

##### Directors' Fees

Board/Board Committees	Monthly Fees	
	Chairman (RM)	Members (RM)
Board	12,000.00	5,000.00
Audit & Risk Management Committee	2,000.00	1,000.00
Nomination & Remuneration Committee	Nil	Nil
Tender Committee A	Nil	Nil
Tender Committee B	Nil	Nil
Investment Committee	Nil	Nil

##### Directors' Benefits

Meeting Allowance	Board and Board Committees meetings: RM1,000.00 per meeting
Other benefits	Medical and insurance coverage in Malaysia as well as car allowance for Chairman

At the last 48<sup>th</sup> AGM of the Company held on 23 June 2022, the shareholders had approved the directors' fees and benefits payable of up to RM906,000.00 for the period from 24 June 2022 until the 49<sup>th</sup> AGM of the Company. The expected total amount to be utilized is approximately RM760,000.00 or 84% of the approved amount.

At the 49<sup>th</sup> AGM, the Company seeks the shareholders' approval on the directors' fees and benefits payable of up to RM1,200,000.00 for the period from 28 June 2023 until the next AGM in 2024. As such, there is an increase of RM294,000.00 as compared to the mandate obtained at the last 48<sup>th</sup> AGM.

The Nomination & Remuneration Committee had conducted a thorough assessment of the estimated directors' fees and benefits of the THP Board, which takes into account the demands, complexities and performance of the Company as well as appropriately reflects the future needs of the Company.

The Board has endorsed the Nomination & Remuneration Committee's recommendation to seek shareholders' approval on **Ordinary Resolution 1** based on the following justifications to support the increase in directors' fees and benefits payable :

- i. Allocation for an additional member to be appointed on the Board;
- ii. Allocation for an additional member to be appointed on the Board Committees;
- iii. Allocation for additional meetings of the Board and Board Committees;
- iv. Allocation for a director who is not covered by the insurance policy of medical benefits; and
- v. Allocation for Chairman of THP of a car allowance.

The payment of directors' fees and benefits will be made on a monthly basis or as and when incurred, after the Directors have discharged their responsibilities and rendered their services to the Company. In the event that the proposed directors' fees and benefits are insufficient (e.g. due to an increase in the Board size or holding of additional meetings of the Board and/or Board Committees), approval for additional fees will be sought at the next AGM.

## NOTICE OF 49<sup>TH</sup> ANNUAL GENERAL MEETING

## NOTICE OF 49<sup>TH</sup> ANNUAL GENERAL MEETING

### 5. Items 3 & 4 of the Agenda

#### Re-election of Directors under the Constitution of the Company

Clause 89 of the Constitution of the Company states that at every AGM, at least one-third (1/3) of the Directors for the time being shall retire from office. Clause 90 of the Constitution of the Company states that all Directors shall retire from office at least once in every three (3) years but shall be eligible for re-election.

Dato' Sri Amrin bin Awaluddin and YM Tengku Dato' Seri Hasmuddin bin Tengku Othman are due for retirement by rotation at the 49<sup>th</sup> AGM of the Company in accordance with Clause 89 of the Constitution of the Company.

YM Tengku Dato' Seri Hasmuddin bin Tengku Othman, being eligible has offered himself for re-election at the 49<sup>th</sup> AGM of the Company. Dato' Sri Amrin bin Awaluddin has expressed his intention not to seek for re-election at the 49<sup>th</sup> AGM of the Company. Hence, he will retire as the Non-Independent Non-Executive Director of THP at the conclusion of the 49<sup>th</sup> AGM of the Company.

Clause 94 of the Constitution of the Company states that the Board shall, at any time appoint a Director to fill the casual vacancy or as an addition to the existing Board and a Director appointed under this Clause shall hold office only until the next annual general meeting of the Company and shall then be eligible for re-election.

Ir. Mohamed Ajmel Hafiz bin Jamaludin, Datuk Dr. Kamilia binti Ibrahim and Dzul Effendy bin Ahmad Hayan are due for retirement by casual vacancy at the 49<sup>th</sup> AGM of the Company in accordance with Clause 94 of the Constitution of the Company. Being eligible, all of them have offered themselves for re-election at the 49<sup>th</sup> AGM of the Company.

The Board has endorsed the Nomination & Remuneration Committee's recommendations to re-elect YM Tengku Dato' Seri Hasmuddin bin Tengku Othman, Ir. Mohamed Ajmel Hafiz bin Jamaludin, Datuk Dr. Kamilia binti Ibrahim and Dzul Effendy bin Ahmad Hayan based on the satisfactory outcome of their Board Evaluation Assessment, which includes the evaluation of the directors' fit and proper criteria. All of them have demonstrated dedication, commitment and diligence as the Directors of THP, as well as effectively contribute sound and wise advice in all THP Board and Board Committees deliberations.

The profiles of the Directors standing for re-election are set out on pages 47, 50 to 52 of Annual Report 2022.

### 6. Item 5 of the Agenda

#### Re-appointment of Auditors

The Audit & Risk Management Committee is responsible to review the adequacy, competency and experience of the external auditors assigned to the audit engagement, audit quality and effectiveness and also audit fees as well as re-appointment to be recommended to the Board for approval.

In respect of the financial year ending 31 December 2023, the Board has endorsed the Audit & Risk Management Committee's recommendation to seek shareholders' approval on the re-appointment of KPMG PLT.

### 7. Item 6 of the Agenda

#### Proposed Renewal of Shareholders' Mandate for Existing Recurrent Related Party Transactions of a Revenue or Trading Nature ("RRPTs") and Proposed New Shareholders' Mandate for Additional RRPTs

The proposed Ordinary Resolution 7, if passed, will allow the Company and/or its Subsidiaries to enter into the existing and additional RRPTs with the mandated related parties provided that such transactions are necessary for the Group's day-to-day operations, carried out in the normal course of business, at arm's length, on commercial terms which are not more favourable to the related parties than those generally available to the public and are not detrimental to the minority shareholders.

The shareholders are advised to refer to the Circular to Shareholders dated 28 April 2023 for more information.

### 8. Item 7 of the Agenda

#### Authority for Directors to Issue & Allot Shares Pursuant to Sections 75 and 76 of the Act

At the last 48<sup>th</sup> AGM of the Company held on 23 June 2022, the shareholders had approved the general mandate for the Directors of the Company to issue and allot shares of the Company from time to time pursuant to Sections 75 and 76 of the Act. As at the date of this notice, the Company has not issued any shares pursuant to the mandate obtained.

The proposed Ordinary Resolution 8, if passed, will renew the general mandate and will empower the Directors pursuant to Sections 75 and 76 of the Act, to issue and allot new shares of the Company, from time to time up to an aggregate amount not exceeding 10% of the total number of issued shares (excluding treasury shares) for the time being for such purposes as the Directors consider would be in the best interest of the Company.

The general mandate will provide the Company the flexibility to raise funds expeditiously for the purpose to improve the Company's liquidity and financial flexibility without having to convene a general meeting and thereby reducing administrative time and costs associated with the convening of additional general meetings.

The general mandate will allow for the possible issuance of shares and/or fund raising exercises including but not limited to the placement of shares for the repayment of borrowings and/or working capital.

The general mandate, unless revoked or varied by the Company at a general meeting, will expire at the conclusion of the next AGM of the Company.

# ADMINISTRATIVE GUIDE

VIRTUAL 49<sup>TH</sup> ANNUAL GENERAL MEETING ("49<sup>TH</sup> AGM")

# ADMINISTRATIVE GUIDE

VIRTUAL 49<sup>TH</sup> ANNUAL GENERAL MEETING ("49<sup>TH</sup> AGM")

<b>Date</b> Tuesday, 27 June 2023	<b>Time</b> 10.00 a.m.
<b>Broadcast Venue</b> Bilik Bunga Raya, Level 3, Seri Pacific Hotel Kuala Lumpur, Jalan Putra, 50746 Kuala Lumpur	
<b>Online Meeting Platform</b> <a href="https://meeting.boardroomlimited.my">https://meeting.boardroomlimited.my</a>	

## IMPORTANT NOTICE

### MODE OF MEETING

**The virtual 49<sup>th</sup> AGM of the Company will be conducted ONLINE from the Broadcast Venue and the shareholders are only allowed to participate remotely through the Remote Participation and Electronic Voting ("RPEV") facilities.**

At the Broadcast Venue of the virtual 49<sup>th</sup> AGM, only the essential individuals are physically present to organize the virtual 49<sup>th</sup> AGM. **NO SHAREHOLDERS** will be allowed to be physically present at the Broadcast Venue on the day of the virtual 49<sup>th</sup> AGM.

As such, we strongly encourage you to make use of the RPEV facilities to attend, speak (in the form of real-time submission of typed texts) and vote (collectively, "participate") remotely at the virtual 49<sup>th</sup> AGM using RPEV facilities provided by Boardroom Share Registrars Sdn. Bhd. ("Boardroom") at <https://meeting.boardroomlimited.my>.

### 1. ENTITLEMENT OF PARTICIPATION

Only a Member whose names appear on the Record of Depositors ("ROD") as at **20 June 2023** shall be entitled to participate at the virtual 49<sup>th</sup> AGM or appoint proxy(ies) on his/her behalf.

### 2. PROXY

- i. A member entitled to participate at the virtual 49<sup>th</sup> 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 **Tingkat 23, Menara TH Selborn, 153 Jalan Tun Razak, 50400 Kuala Lumpur** or submitted electronically via Boardroom Smart Investor Portal at <https://investor.boardroomlimited.com> not less than 24 hours before the time set for holding the virtual 49<sup>th</sup> AGM or **no later than Monday, 26 June 2023 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 virtual 49<sup>th</sup> AGM, please do not submit any Proxy Form. You will not be allowed to participate in the virtual 49<sup>th</sup> 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 Monday, 26 June 2023 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 virtual 49<sup>th</sup> AGM should lodge the certificate of appointment under the seal of the corporation at the Company's Registered Office at **Tingkat 23, Menara TH Selborn, 153 Jalan Tun Razak, 50400 Kuala Lumpur** or submitted electronically via Boardroom Smart Investor Portal at <https://investor.boardroomlimited.com> not less than 24 hours before the time set for holding the virtual 49<sup>th</sup> AGM or **no later than Monday, 26 June 2023 at 10.00 a.m.**, or any adjourned meeting at which the person named in the instrument proposes to vote and in default, the instrument of proxy shall not be treated as valid.

### 4. REMOTE PARTICIPATION AND ELECTRONIC VOTING

- i. Please note that the RPEV is available to:
  - a. Individual members;
  - b. Corporate shareholders;
  - c. Authorised Nominees; and
  - d. Exempt Authorised Nominees.
- ii. If you choose to participate in the meeting online, you will be able to view a live streaming of the virtual 49<sup>th</sup> AGM, submit questions and submit your votes in real time whilst the meeting is in progress.
- iii. Please follow the steps below on how to request for RPEV User ID and Password in order to participate at the virtual 49<sup>th</sup> AGM remotely.

#### PRIOR TO THE DAY OF THE VIRTUAL 49<sup>TH</sup> 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 ("BSIP"), you are not required to register again. You may proceed to Step 2 - Submit Request for RPEV User ID and Password]

- a. Access website <https://investor.boardroomlimited.com>
- b. Click <<REGISTER>> to sign up as a user.
- c. Please select the correct account type i.e. sign up as <<SHAREHOLDER>> **OR** <<CORPORATE HOLDER>>.
- d. Complete the registration with all required information. Upload a softcopy of your or representative's MyKAD/Identification Card (front and back) or Passport.
- e. For Corporate Holder, kindly upload the authorization letter as well. Click <<SIGN UP>>.
- f. You will receive an email from Boardroom for email address verification. Click <<VERIFY EMAIL ADDRESS>> from the email received to continue with the registration.
- g. Once your email address is verified, you will be re-directed to BSIP for verification of mobile number. Click <<REQUEST OTP CODE>> and an OTP code will be sent to the registered mobile number. You will need to enter the OTP Code and click <<ENTER>> to complete the process.
- h. Your registration will be verified and approved within one (1) business day and an email notification will be provided to you.

## ADMINISTRATIVE GUIDE

VIRTUAL 49<sup>TH</sup> ANNUAL GENERAL MEETING ("49<sup>TH</sup> AGM")

## ADMINISTRATIVE GUIDE

VIRTUAL 49<sup>TH</sup> ANNUAL GENERAL MEETING ("49<sup>TH</sup> AGM")**STEP 2 – SUBMIT REQUEST FOR RPEV USER ID AND PASSWORD**

[[Note: The registration for RPEV will be opened on **Friday, 28 April 2023 until Monday, 26 June 2023. Shareholders are encourage to register at least 24 hours before the commencement of the virtual 49<sup>th</sup> AGM to avoid any delay in the registration.**]

**Registration of Individual Members**

- a. Login to BSIP website at <https://investor.boardroomlimited.com> using your user ID and password from Step 1 above.
- b. Select and click on <<CORPORATE MEETING>>.
- c. Go to <<TH PLANTATIONS BERHAD VIRTUAL 49TH AGM>> and click on <<ENTER>>.
- d. Go to <<VIRTUAL>> and click on <<REGISTER FOR RPEV>>.
- e. Read and agree to the Terms & Conditions and click <<NEXT>>
- f. Enter your CDS Account Number and click on <<SUBMIT>> to complete your request.
- g. You will receive a notification that your RPEV registration has been received and is being verified.
- h. Upon system verification against the 49<sup>th</sup> AGM ROD as at **20 June 2023**, you will receive an email from Boardroom either approving or rejecting your registration for the RPEV.
- i. If approved, RPEV credential will be provided in your email.
- j. Please note that one (1) User ID and Password can only log on to one (1) device at a time.

[Note: Closing for submission of request is on **Monday, 26 June 2023 at 10.00 a.m.**]

**Registration of Proxy(ies)**

- a. Login to BSIP website at <https://investor.boardroomlimited.com> using your user ID and password from Step 1 above.
- b. Select and click on <<CORPORATE MEETING>>.
- c. Go to <<TH PLANTATIONS BERHAD VIRTUAL 49TH AGM>> and click on <<ENTER>>.
- d. Click on <<SUBMIT ePROXY FORM>>.
- e. Select the company you would like to represent (if more than one, for Corporate Shareholder).
- f. Enter your CDS Account Number and number of securities held.
- g. Select your proxy – either the <<CHAIRMAN OF THE MEETING>> **OR** <<INDIVIDUAL NAMED PROXY(IES)>>
- h. Read and accept the General Terms and Conditions and click <<NEXT>>.
- i. Enter the required particulars of your proxy(ies).
- j. Indicate your voting instructions <<FOR>> **OR** <<AGAINST>>, otherwise your proxy will decide your vote.
- k. Click <<APPLY>>
- l. Download or print the eProxy form as acknowledgement.

[Note for Corporate Shareholders: if you wish to appoint more than one (1) company, kindly click the home button and select "Edit Profile" in order to add Company name]

**Registration of Corporate Shareholder, Authorised Nominee and Exempt Authorised Nominee****I. Via BSIP**


- a. Login to <https://investor.boardroomlimited.com> using your user ID and password from Step 1 above.
- b. Select <<TH PLANTATIONS BERHAD VIRTUAL 49TH AGM>> from the list of Corporate Meetings and click <<ENTER>>.
- c. Click on <<SUBMIT ePROXY FORM>>.
- d. Select the company you would like to represent (if more than one).
- e. Proceed to download the file format for <<SUBMISSION OF PROXY FORM>> from BSIP.
- f. Prepare the file for the appointment of proxies by inserting the required data.
- g. Proceed to upload the duly completed proxy appointment file.
- h. Review and confirm your proxy appointment and click <<SUBMIT>>.
- i. Download or print the eProxy form as acknowledgement.

[Note: if you wish to appoint more than one (1) company, kindly click the home button and select "Edit Profile" in order to add Company name]

**II. Via email**

- a. To submit the request, Authorised Nominee and Exempt Authorised Nominee need to deposit the original hardcopy Form of Proxy to Boardroom and write in to Boardroom at [BSR.Helpdesk@boardroomlimited.com](mailto:BSR.Helpdesk@boardroomlimited.com) by providing softcopy of the Form of Proxy, the name of shareholders and CDS Account Number.
- b. Please provide a copy of the proxy holder's MyKad/Identification Card (front and back) or Passport in JPEG, PNG or PDF format as well as his/her email address.

**ON THE DAY OF THE VIRTUAL 49<sup>TH</sup> AGM****STEP 3 – LOGIN TO THE MEETING PLATFORM**

- a. The Meeting Platform will be opened for login starting one (1) hour before the commencement of the 49<sup>th</sup> AGM, which is from **9.00 a.m. on Tuesday, 27 June 2023.**
- b. The Meeting Platform can be accessed via any one (1) of the following:
  - Scanning the QR  code given to you in the email along with your RPEV User ID and Password; **OR**
  - Alternatively, you may access via website URL at <https://meeting.boardroomlimited.com>
- c. Enter the Meeting ID No. and sign in with the RPEV User ID and Password provided to you via the email notification in Step 2 above.



## ADMINISTRATIVE GUIDE

VIRTUAL 49<sup>TH</sup> ANNUAL GENERAL MEETING ("49<sup>TH</sup> AGM")

## ADMINISTRATIVE GUIDE


VIRTUAL 49<sup>TH</sup> ANNUAL GENERAL MEETING ("49<sup>TH</sup> AGM")**STEP 4 - PARTICIPATION**

[Note: Questions submitted online will be moderated before being sent to the Chairman to avoid repetition]

- If you would like to view the live webcast, click on the broadcast icon .
- If you would like to ask a question during the virtual 49<sup>th</sup> AGM, click on the messaging icon .
- Type your message within the chat box and click on <<SEND>> once completed.

[Note: Please note that the quality of the connectivity to Virtual AGM Portal for live webcast as well as for remote participation and electronic voting is highly dependent on the bandwidth and the stability of the internet connectivity available at the location of the remote users].

**STEP 5 - VOTING**

- Once the virtual 49<sup>th</sup> AGM is open for voting, the polling icon  will appear with the resolutions and your voting choices.
- To vote, click on voting direction from the options provided. A confirmation message will appear to show your vote has been received.
- To change your vote, click on another voting director.
- If you wish to cancel your vote, please click on <<CANCEL>>.

**STEP 6 - END OF PARTICIPATION**

- Upon the announcement by the Chairman on the closure of the virtual 49<sup>th</sup> AGM, the live webcast will end.
- You can now logout from the Meeting Platform.

**5. PROCEDURE OF THE VIRTUAL 49<sup>TH</sup> AGM**

- The User Login Guide for participation, posing questions and voting at the virtual 49<sup>th</sup> AGM will be emailed to you together with your RPEV User ID and Password once your registration has been approved.
- The virtual 49<sup>th</sup> AGM will start promptly at 10.00 a.m.
- Please ensure you are connected to the internet at all times in order to participate when the virtual 49<sup>th</sup> AGM has commenced. Therefore, it is your responsibility to ensure that connectivity during the virtual 49<sup>th</sup> 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.
- Strictly **NO** unauthorised recording or photography of the proceedings of the virtual 49<sup>th</sup> 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 virtual 49<sup>th</sup> AGM**

Questions may be submitted via email to [info@thplantations.com](mailto:info@thplantations.com) **no later than Monday, 26 June 2023 at 10.00 a.m.**

**(B) On the day of the virtual 49<sup>th</sup> AGM (27 June 2023)**

Questions may be submitted to the Messaging window via RPEV 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 virtual 49<sup>th</sup> AGM.

**8. PERSONAL DATA PRIVACY**

By registering for the RPEV and/or submitting the instrument appointing a proxy(ies) and/or representative(s), the member of the Company has consented to the use of such data for purposes of processing and administration by the Company (or its agents); and to comply with any laws, listing rules, regulations and/or guidelines. The member agrees that he/she will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the shareholder's breach of warranty.

**9. ANNUAL REPORT 2022, CIRCULAR TO SHAREHOLDERS AND CORPORATE GOVERNANCE REPORT 2022**

The following documents are available at [http://ir2.chartnexus.com/thplantation/annual\\_report.php](http://ir2.chartnexus.com/thplantation/annual_report.php) :

- Annual Report 2022
- Circular to Shareholders on the Proposed Renewal of Shareholders' Mandate for Existing Recurrent Related Party Transactions of a Revenue or Trading Nature ("RRPTs") and Proposed New Shareholders' Mandate for Additional RRPTs
- Corporate Governance Report 2022
- Notice of the 49<sup>th</sup> AGM, Administrative Guide, Proxy Form and Request Form

**10. ENQUIRIES**

If you have any enquiry in relation to the virtual 49<sup>th</sup> AGM, **RPEV** and **Proxy Form**, please contact Boardroom during office hours as follows:

<b>Address</b>	: Boardroom Share Registrars Sdn. Bhd. 11 <sup>th</sup> Floor, Menara Symphony No. 5 Jalan Prof. Khoo Kay Khim Seksyen 13 46200 Petaling Jaya Selangor Darul Ehsan
<b>Tel (Helpdesk)</b>	: 03 7890 4700
<b>Fax</b>	: 03 7890 4670
<b>Email</b>	: <a href="mailto:BSR.Helpdesk@boardroomlimited.com">BSR.Helpdesk@boardroomlimited.com</a>
<b>Officer incharge</b>	: Cik Nursyahirah binti Che Rahimi
<b>Tel</b>	: 03 7890 4754
<b>Email</b>	: <a href="mailto:nursyahirah.cherahimi@boardroomlimited.com">nursyahirah.cherahimi@boardroomlimited.com</a>



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-Ninth Annual General Meeting ("49<sup>th</sup> AGM") of the Company to be held on a virtual basis through live streaming from the Broadcast Venue at **Bilik Bunga Raya, Level 3, Seri Pacific Hotel Kuala Lumpur, Jalan Putra, 50746 Kuala Lumpur** and via **<https://meeting.boardroomlimited.my>** on **Tuesday, 27 June 2023** at **10.00 a.m.** or at any adjournment thereof.

My/our proxy is to vote as indicated below:

RESOLUTION NO.	ORDINARY BUSINESS	FOR	AGAINST
Ordinary Resolution 1	To approve the payment of Directors' fees and benefits payable of up to RM1,200,000.00 for the period from 28 June 2023 until the next Annual General Meeting of the Company to be held in 2024.		
Ordinary Resolution 2	To re-elect YM Tengku Dato' Seri Hasnuddin bin Tengku Othman as a Director.		
Ordinary Resolution 3	To re-elect Ir. Mohamed Ajmel Hafiz bin Jamaludin as a Director.		
Ordinary Resolution 4	To re-elect Datuk Dr. Kamalia binti Ibrahim as a Director.		
Ordinary Resolution 5	To re-elect Dzul Effendy bin Ahmad Hayan as a Director.		
Ordinary Resolution 6	To re-appoint Messrs. KPMG 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 7	To approve the Proposed Renewal of Shareholders' Mandate for Existing Recurrent Related Party Transactions of a Revenue or Trading Nature ("RRPTs") and Proposed New Shareholders' Mandate for Additional RRPTs.		
Ordinary Resolution 8	To approve the Proposed Authority to Issue & Allot Shares pursuant to Sections 75 and 76 of the Companies Act, 2016.		

(Please indicate with an "X" how you wish your vote to be cast. If no specific direction as to the voting is given, the proxy will vote or abstain at his/her own discretion).

For the appointment of two (2) proxies, the percentage of shareholdings to be represented by the proxies:

	NO. OF SHARES	PERCENTAGE
First Proxy		
Second Proxy		
TOTAL		100%

<b>CDS Account No.</b>	
<b>Number of Ordinary Shares Held</b>	

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Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2023

Signature/Common Seal of  
Shareholder



**NOTES:**

- i. Only a Member whose names appear on the ROD as at 20 June 2023 shall be entitled to participate at the virtual 49<sup>th</sup> AGM or appoint proxy(ies) on his/her behalf.
- ii. A Member entitled to participate at the virtual 49<sup>th</sup> 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 **Tingkat 23, Menara TH Selborn, 153 Jalan Tun Razak, 50400 Kuala Lumpur** or submitted electronically via Boardroom Smart Investor Portal at **<https://investor.boardroomlimited.com>** not less than 24 hours before the time set for holding the virtual 49<sup>th</sup> AGM or **no later than Monday, 26 June 2023 at 10.00 a.m.** or any adjourned meeting at which the person named in the instrument proposes to vote and in default, the instrument of proxy shall not be treated as valid.

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STAMP

The Company Secretary  
TH Plantations Berhad  
Tingkat 23  
Menara TH Selborn  
153 Jalan Tun Razak  
50400 Kuala Lumpur

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

## **TH PLANTATIONS BERHAD**

Level 23, Menara TH Selborn,  
153, Jalan Tun Razak,  
50400 Kuala Lumpur.