TSH RESOURCES BERHAD
197901005269 (49548-D)

2021

ANNUAL REPORT

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NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Forty-Second Annual General Meeting ("42nd AGM") of the Company will be held on a fully virtual basis through live streaming and online remote voting via the online meeting platform at https://meeting.boardroomlimited.my/ (*Domain Registration No. with MYNIC-D6A357657*) on Thursday, 26 May 2022 at 10.00 am to transact the following businesses:

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1. To receive the Audited Financial Statements for the financial year ended 31 December 2021 together with the Reports of the Directors and Auditors thereon. **Please refer to Explanatory Note 1**

2. To approve payment of Directors' fees of RM252,936 for the financial year ended 31 December 2021. **Resolution 1**

3. To approve payment of Directors' benefits (excluding Directors' fees) of up to an aggregate amount of RM1,800,000 from 27 May 2022 until the next AGM of the Company in 2023. **Resolution 2**

4. To re-elect the following Directors who are retiring by rotation in accordance with Clause 100 of the Company's Constitution, and who being eligible, offer themselves for re-election:

   a) Natasha binti Mohd Zulkifli **Resolution 3**
   b) Yap Boon Teck **Resolution 4**
   c) Chew Siew Yeng **Resolution 5**
   d) Tan Aik Yong **Resolution 6**

5. To re-appoint Messrs BDO PLT as the Company's Auditors and to authorise Directors to fix their remuneration. **Resolution 7**

As Special Business:

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

6. **ORDINARY RESOLUTION 1**
   PROPOSED AUTHORITY TO ISSUE SHARES **Resolution 8**

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

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

   "**THAT**, subject to the Companies Act 2016, the Bursa Securities Main Market Listing Requirements ("Listing Requirements"), the Company's Constitution and the approvals of other relevant authorities, the Company be and is hereby authorised to purchase and hold

NOTICE OF ANNUAL GENERAL MEETING

such number of ordinary shares in the Company ("Proposed Share Buy-Back") as may be determined by the Directors of the Company from time to time through the Bursa Securities upon such terms and conditions as the Directors may deem fit in the interest of the Company provided that the aggregate number of shares purchased and/or held pursuant to this resolution does not exceed ten percent (10%) of the issued share capital of the Company **AND THAT** the maximum amount of funds to be allocated by the Company for the purpose of purchasing its own shares shall not exceed the total retained profits of RM296,787,000 based on the latest audited financial statements as at 31 December 2021.

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

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

(i) cancel the shares so purchased; or

(ii) retain the shares so purchased as treasury shares and held by the Company; or

(iii) retain part of the shares so purchased as treasury shares and cancel the remainder; or

(iv) distribute the treasury shares as dividends to shareholders and/or resell on Bursa Securities and/or cancel all or part of them; or

(v) transfer all or part of the treasury shares for purposes of an employees' share scheme, and/or as purchase consideration; or

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

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

"**THAT** approval be and is hereby given for the Renewal of the Existing Shareholders' Mandate for the Company and/or its subsidiary companies to enter into recurrent related party transactions of a revenue or trading nature with related parties which are necessary for the day to day operations and on normal commercial terms not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders as set out in Part B, Section 2.2 of the Circular to Shareholders dated 26 April 2022 ("Mandate").

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

NOTICE OF ANNUAL GENERAL MEETING

(a) the conclusion of the next AGM of the Company following the general meeting at which such Mandate was passed, at which time it will lapse, unless by a resolution passed at the meeting whereby the authority is renewed;

(b) the expiration of the period within which the next AGM is required to be held pursuant to Section 340(2) of the Companies Act 2016 (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Companies Act 2016); or

(c) revoked or varied by resolution passed by the shareholders of the Company in general meeting,

whichever is the earlier.

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

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

By Order of the Board

CHOW YEEN LEE (MAICSA 7047480)
SSM PC No. 202008001593
Company Secretary

Kuala Lumpur
26 April 2022

Notes:

1. The 42nd AGM of the Company will be conducted on a fully virtual basis through live streaming and online remote voting via Remote Participation and Electronic Voting ("RPEV") facilities provided by Boardroom Share Registrars Sdn. Bhd.. Please follow the procedures provided in the Administrative Guide which is available on the Company's website at https://www.tsh.com.my/investor-relations/shareholders-meeting/ in order to register, participate and vote remotely.

2. The Securities Commission Malaysia had on 16 July 2021, revised the Guidance Note and Frequently Asked Questions ("FAQ") on the Conduct of General Meetings for Listed Issuers ("the Revised Guidance Note and FAQ") which encourage the listed issuers to conduct virtual general meetings. All meeting participants of a fully virtual general meeting including the Chairman of the meeting, members of the Board, senior management and shareholders are to participate in the meeting online. According to the Revised Guidance Note and FAQ, an online meeting platform can be recognised as the meeting venue or place under Section 327(2) of the Companies Act 2016 provided that the online platform is located in Malaysia.

3. With the RPEV facilities, you may exercise your right as a member of the Company to participate (including posing questions to the Company) and vote at the 42nd AGM. If you are unable to participate, you are strongly encouraged to appoint the Chairman of the meeting as your proxy to attend and vote on your behalf at the 42nd AGM.

NOTICE OF ANNUAL GENERAL MEETING

4. Only depositors whose names appear in the Record of Depositors as at 18 May 2022 will be regarded as members and be entitled to attend, speak and vote at the meeting.

5. A member of the Company entitled to attend and vote at the meeting is entitled to appoint not more than 2 proxies to attend and vote in his stead. Where a member appoints 2 proxies, the appointments shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy. A proxy may but need not be a member of the Company.

6. If the Proxy Form is returned without any indication as to how the proxy shall vote, the proxy will vote or abstain as he thinks fit and if no names are inserted in the space for the name of proxy, the Chairman of the meeting will act as proxy.

7. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

8. The instrument appointing a proxy shall be in writing under the hand of the depositor or his attorney duly authorised in writing or if such appointor is a corporation, under its common seal. If you wish to appoint a proxy to attend and vote on your behalf at the 42nd AGM, you may deposit the duly completed and signed Form of Proxy to the Company's share registrar, Boardroom Share Registrars Sdn. Bhd. at 11th Floor, Menara Symphony, No. 5 Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor no later than 48 hours before the time appointed for holding this meeting or adjourned meeting. For individual shareholder, you may lodge your Form of Proxy electronically through Boardroom Smart Investor Portal at https://investor.boardroomlimited.com by logging in and selecting "**Submit eProxy Form**" no later than 48 hours before the time appointed for holding this meeting or adjourned meeting.

9. Pursuant to Paragraph 8.29A of Bursa Securities Main Market Listing Requirements, all resolutions set out in the Notice of 42nd AGM will be put to vote on a poll.

Explanatory Notes:

1. The audited financial statements are meant for discussion only as it does not require shareholders' approval under the provision of Section 340(1)(a) of the Companies Act 2016. Hence, it will not be put for voting.

2. Resolution 1, the Company is seeking shareholders' approval for payment of Directors' fees totalling RM252,936.

   The Directors' fees of RM252,936 include the fees payable to certain Independent Directors who are members of the Audit Committee. The said fees amounting to RM36,000 were previously classified as allowance under the Directors' benefits which shareholders' approval was sought in the previous years.

   In February 2021, the Board through the Remuneration Committee had conducted an internal review of the Independent Directors' fees to ascertain its competitiveness having regard to various factors including the fee structure of comparable companies of the same industry as well as the increased responsibilities, commitment and contribution expected of the Independent Directors.

   Having considered that the last review was conducted in June 2006 and above factors, the Board had endorsed the Remuneration Committee's recommendation to increase the fees for each Independent Director from RM3,000 to RM4,000 per month with effect from 20 May 2021.

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

NOTICE OF ANNUAL GENERAL MEETING

3. Resolution 2, the benefits are payable to eligible Non-Executive Directors comprise amongst others, monthly allowance to the Chairman of the Company in recognition of his significant oversight and leadership roles in the Group, Board committee allowance, business travelling allowance, petrol allowance and other benefits-in-kind including company car and driver as well as other emoluments.

4. Any Non-Executive Directors who are shareholders of the Company will abstain from voting on Resolutions 2 concerning remuneration to the Non-Executive Directors at the 42nd AGM.

5. Resolutions 3 to 6: Re-election of Directors who retire in accordance with Clause 100 of the Company's Constitution

   For the purpose of determining the eligibility of the Directors to stand for re-election at this AGM, the Board through its Nomination Committee had assessed the performance and contribution of each of the retiring Directors. Based on the results of the respective Directors' performance evaluation conducted, the Board is satisfied with the Directors' performance and the level of contribution to the Board through their knowledge, skills and commitment as well as their abilities to act in the best interest of the Company. In addition, each of the Independent Directors has also provided his/her annual declaration/confirmation of independence.

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

   Any Director referred to in Resolutions 3 to 6 who is a shareholder of the Company will abstain from voting on the resolution in respect of his/her re-election at the 42nd AGM.

6. Resolution 8 is a renewal of the general mandate empowering the Directors of the Company pursuant to Sections 75 and 76 of the Companies Act 2016, to issue and allot new shares in the Company from time to time provided that the aggregate number of shares issued pursuant to the general mandate does not exceed ten percent (10%) of the issued share capital of the Company for the time being. This authority, unless revoked or varied by the Company at a general meeting, will expire at the next AGM.

   As at the date of this notice, the Company did not issue any new shares pursuant to the general mandate granted to the Directors at the last AGM held on 20 May 2021.

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

7. For Resolutions 9 and 10, further information on the Proposed Renewal of the Authority for Share Buy-Back and Proposed Renewal of the Existing Shareholders' Mandate for recurrent related party transactions of a revenue or trading nature are set out in the Circular to Shareholders dated 26 April 2022.

Personal Data Privacy:

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

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

(ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and

(iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

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

   No individual is seeking election as a Director at the 42nd AGM of the Company.

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

   Please refer to Explanatory Note 6 of the Notice of 42nd AGM for information relating to general mandate for issue of securities.

CORPORATE PROFILE

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

Today, the Group is principally engaged in oil palm cultivation and processing of Fresh Fruit Bunches ("FFB") into Crude Palm Oil ("CPO") and Palm Kernel ("PK"). This business activity accounted for approximately 92% of the Group's total revenue for FY2021.

As at 31 December 2021, the Group has planted over 42,000 hectares ("Ha") of oil palms in Malaysia and Indonesia. The Group also operates seven (7) palm oil mills, three (3) in Sabah and two (2) each in Kalimantan and Sumatera, Indonesia.

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

OTHER BUSINESS ACTIVITIES

Bio-integration

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

Sustainable forestry

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

This is part of the Group's wider sustainability efforts by committing to manage the forest reserve based on sustainable development principles while at the same time providing employment opportunities for the local rural community. Presently, the Group has been focussing on forest rehabilitation through enrichment planting and "silviculture" on severely logged over and degraded forests. As at 31 December 2021, about 31,223 Ha (2020: 30,168 Ha) of logged areas have been rehabilitated through enrichment planting and silviculture.

Engineered Hardwood flooring

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

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

Cocoa

As mentioned above, the Group has its genesis in the cocoa business. Although the Group's core business is now in oil palm plantation, we continue to manufacture and sell cocoa products to this day. The processing and marketing of cocoa products are carried out by its wholly owned subsidiary, CocoaHouse Sdn. Bhd.. The cocoa processing factory is located in Port Klang, Selangor and the main cocoa product namely cocoa butter is produced for the export markets in the USA, Europe and Asia.

5-YEAR
FINANCIAL HIGHLIGHTS & FINANCIAL INDICATORS

	2017 MFRS	2018 MFRS	2019 MFRS	2020 MFRS	**2021 MFRS**
FINANCIAL HIGHLIGHTS					
All figures in RM'000					
Revenue	1,073,507	906,441	838,894	926,003	**1,188,919**
Core profit before taxation	156,751	91,399	69,062	128,577	**266,891**
Profit before taxation	173,238	81,663	74,006	130,242	**254,084**
Profit after taxation	121,435	51,924	45,625	90,324	**202,013**
Net profit attributable to owners of the Company	97,327	40,462	44,280	79,487	**169,415**
Total assets	3,269,478	3,217,446	3,265,134	3,171,777	**3,308,036**
Total borrowings	1,442,524	1,455,755	1,431,797	1,309,195	**1,109,325**
Shareholders' equity	1,413,902	1,373,116	1,438,982	1,453,432	**1,641,330**
Total equity	1,538,947	1,504,633	1,574,720	1,597,783	**1,813,588**
FINANCIAL INDICATORS					
Basic earnings per share (sen)	7.13	2.93	3.21	5.76	**12.27**
Diluted earnings per share (sen)	7.13	2.93	3.21	5.76	**12.27**
Net asset per share	1.02	0.99	1.04	1.05	**1.19**
Return on shareholders' equity (%)(1)	6.88	2.95	3.08	5.47	**10.32**
Return on total assets (%)(2)	2.98	1.26	1.36	2.51	**5.12**
Net debt to equity (%)(3)	84.68	89.57	82.93	71.00	**44.78**
Share price as at financial year end	1.65	0.99	1.54	1.15	**1.08**

The information for Financial Year ("FY")2017 to FY2021 have been prepared based on MFRSs.

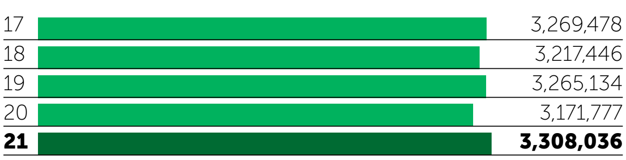
(1) Based on net profit attributable to owners of the Company expressed as a percentage of total shareholders' equity

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

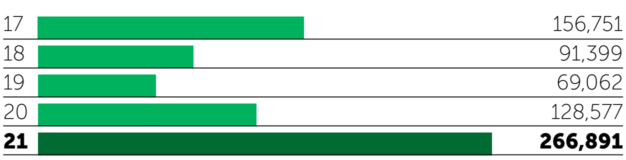
(3) Based on net debt i.e. total loans and borrowings less short term funds and cash and cash equivalents expressed as a percentage of total equity

REVENUE (RM'000)

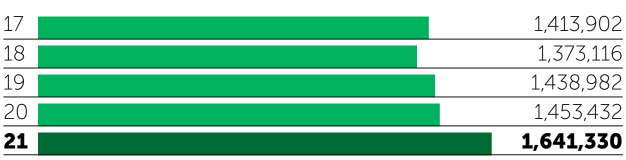
TOTAL ASSETS (RM'000)



CORE PROFIT BEFORE TAXATION (RM'000)



SHAREHOLDERS' EQUITY (RM'000)



MANAGEMENT DISCUSSION & ANALYSIS 2021

OVERVIEW

The roller coaster year in 2020 due to the COVID-19 pandemic was supposed to segue towards a smoother ride in 2022, but was instead followed by more COVID-19 twists and turns.

The promise of some semblance of normality offered by vaccines somewhat fell flat as wave after wave of COVID-19 infections continued almost unabated throughout 2021. The evolving Coronavirus seemed to have the knack of staying one step ahead of us, mutating into new variants just when we thought things were under control. As a matter of fact, the recovery envisioned at the start of 2021, riding on the back of the vaccine rollouts globally, will now take longer than expected.

In Malaysia, a fresh movement restriction (dubbed Movement Control Order 2.0) to curb the soaring number of COVID-19 cases was reintroduced just shortly into the New Year on 13 January 2021. In the following months, as the number of cases fluctuated, the restrictions were eased and reinstated as the Government sought to strike the delicate balance between the saving of lives and saving livelihoods. However when the number of daily cases increased rapidly, a full lockdown was imposed in June 2021.

Following the lockdown in June 2021, and as a strategy to exit from the COVID-19 crisis, the National Recovery Plan ("NRP") was implemented. The NRP consisted of four phases and involved planned phase transitions of the movement controls. Each phase would see more restrictions being eased as indicators of the COVID-19 situation improved leading to full opening of all economic sectors by the year end.

All in all, it was an extremely challenging year for many. Business activity as a whole declined markedly in the first half of 2021 due to the movement control restrictions. However, the Group being principally involved in oil palm plantation, an essential economic activity, was permitted to operate during the movement control restrictions in Malaysia. Similarly, the Group's estates and mills in Indonesia continued to operate throughout 2021. In carrying out the Group's operation, we were careful to comply with all safety requirements and standard operating procedures to prevent the spread of COVID-19. Details of our COVID-19 mitigating measures are presented in the Sustainability Report of this Annual Report.

At TSH Group, our people are the bedrock of the Group and their safety is paramount. Indeed, we are grateful for the steadfast support of our entire workforce as well as our suppliers and customers, as we adjusted to new norms of operations. The COVID-19 pandemic had in some way disrupted all of our lives, some more severely than others. Hence, we do not take for granted the relationships with and contributions by our stakeholders which have helped us sustain through these challenging times.

But the COVID-19 pandemic is not the only disruption that the world or individual countries experienced. Amidst the pandemic, geo-political tensions and natural disasters in different parts of the world further exacerbated the already fragile global economic landscape. The impact of climate change has become more intense across the globe with consequences of climatic hazards such as extreme heat events, catastrophic wildfires, drought, hurricanes and tornadoes, heavy rainfall and flooding, occurring more frequent. Malaysia itself experienced one of its worst floods in decades in December 2021 affecting eight states, with Selangor being the worst hit.

MANAGEMENT DISCUSSION & ANALYSIS 2021

Without a doubt we live in an increasingly volatile, uncertain, complex and ambiguous world. The near future is likely to see more destabilising events with the potential to disrupt the global economy. It is against this backdrop that the management of TSH had in recent years made concerted efforts to strengthen our financial position so that we can weather any potential storms that may disrupt our businesses.

One of the key initiatives of the Group was to conscientiously reduce our borrowings and yet maintain sufficient liquidity reserves to achieve better financial agility in times of uncertainty. We are conscious that during times of crises, especially if there is no clear end in sight, our ability to draw on cash reserves or raise additional capital at reasonable cost becomes a priority. This has come into sharper focus particularly during the COVID-19 pandemic which saw so many businesses were brought to their knees. We are pleased to highlight that we are making yearly progress on this front over the last 3 years. The Group's net gearing improved to 0.45 as at the end of FY 2021 from 0.71 as at the end of FY 2020 (FY2019: 0.83; FY2018: 0.90). The effort to improve our balance sheet position is an on-going one and we continue to explore strategies for sustainable value creation including the corporate developments highlighted below.

Corporate Developments

The following are significant corporate developments during FY2021 until the date of this Annual Report:

(i) Proposed Disposals of PT Farinda Bersaudara and PT Teguh Swakarsa Sejahtera

On 26 August 2020, the Group's wholly-owned subsidiaries, TSH Global Plantation Pte. Ltd. and TSH Oversea Pte. Ltd. entered into conditional sale and purchase agreements ("CSPAs") with Taiko Plantations Pte. Ltd. to dispose their respective 90% of equity interests in PT Farinda Bersaudara and PT Teguh Swakarsa Sejahtera (collectively "Disposal Companies"). The total consideration comprising the disposal consideration for the disposal of shares in the Disposal Companies and the settlement of loans owing by the Disposal Companies to the Group was approximately USD141.1 million, subject to adjustments referred to in the CSPAs.

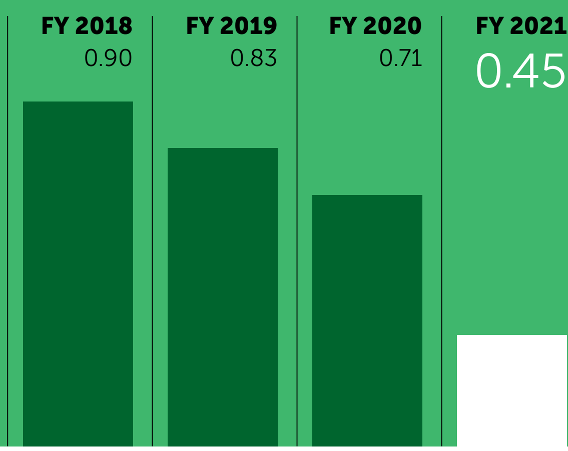
On 22 June 2021, the Group announced that the CSPAs were terminated as certain conditions precedent were not satisfied and have not been waived within the fulfilment period as stipulated in the CSPAs.

The Group's net gearing improved

0.45 as at the end of FY 2021

from **0.71** as at the end of FY 2020

(FY2019: 0.83; FY2018: 0.90)



MANAGEMENT DISCUSSION & ANALYSIS 2021

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

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

As at the date of this Annual Report, the disposals under SPA2 and SPA 3 have been completed.

The disposal under SPA 1 is expected to be completed in the second quarter of 2022.

(iii) Proposed Disposal of Land in North Kalimantan

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

Pursuant to the heads of agreement, the aforesaid parties had agreed and undertaken to negotiate exclusively with each other for the said proposed disposal. During the financial year, the Group had received down payments from KIPI and KIKI amounted to Rp142.00 billion (or equivalent to RM41.46 million).

On 4 April 2022, BCAP, KIKI and KIPI entered into a conditional sale, purchase and compensation of land agreement for the proposed disposal by BCAP of 13,214.90 hectares of certificated land together with 683.36 hectares of uncertified land adjoining thereto for a total cash consideration of Rp2,428.86 billion (or equivalent to approximately RM711.66 million). Barring any unforeseen circumstances, the said proposed disposal is expected to be completed by the first quarter of financial year 2023.

The proposed disposals as described in (ii) and (iii) above provides an opportunity for the Group to inter alia unlock and realise the value of its investments and also enable it to further pare down its borrowings utilising the proceeds from the said proposed disposals.

Oil Palm Industry Landscape

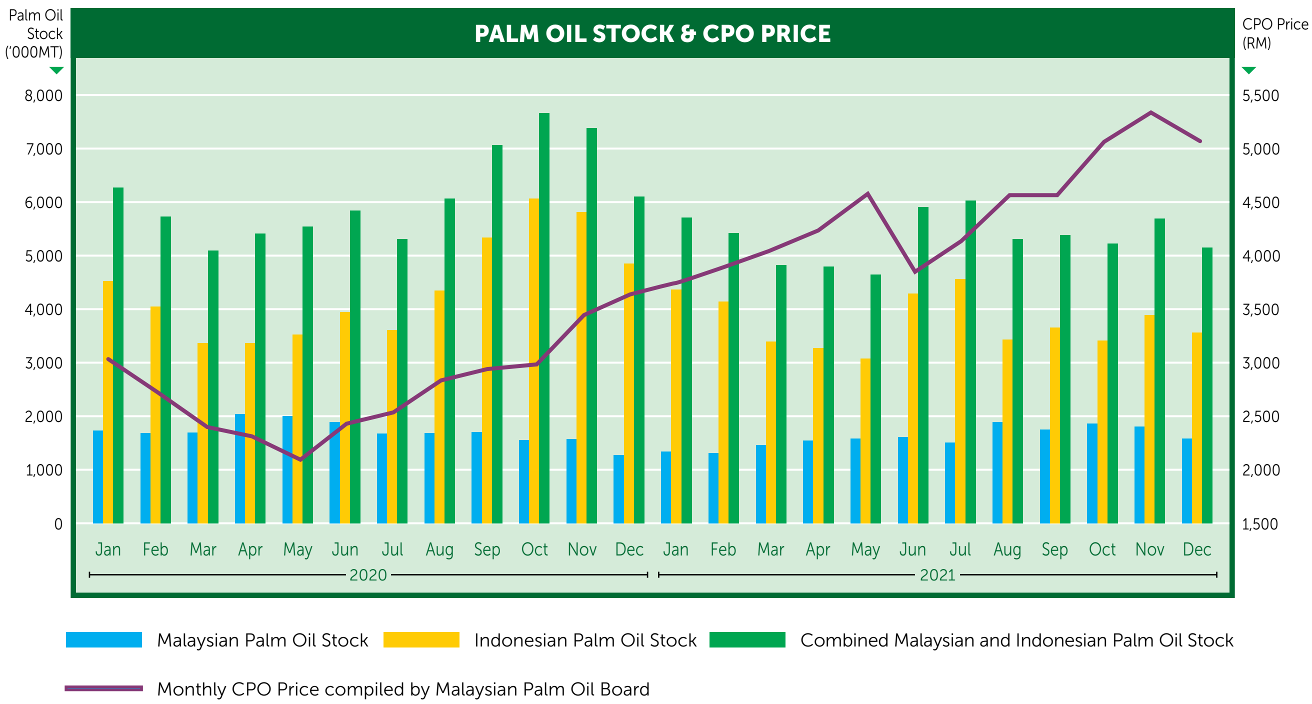
The palm oil market saw a sustained bull trend in 2021, making up for the erratic and lacklustre performance in the past recent years. CPO price started off strongly and continued its climb from the second half of 2020, averaging at RM3,748.50 per MT in January 2021. The rally continued all the way till May 2021, when it hit RM4,773.50 per MT. CPO price did decline in June 2021, but only temporarily, triggered by the bearish momentum of Chicago Board of Trade soy oil future amid worries over a possible move by the United States to reduce biodiesel production and expectations of a production recovery in Malaysia and Indonesia.

MANAGEMENT DISCUSSION & ANALYSIS 2021

The decline was short-lived as CPO price started on another climb in July 2021. A large part of the rally in the first half of 2021 was spurred by stronger price of soybean oil supported by strong China purchases, weather woes in South America and tight supplies in the United States. In addition, the low palm oil ending stocks in Indonesia and Malaysia and the supply disruptions caused by COVID-19 also kept the CPO price firm.

Analysts had predicted a CPO price correction in the second half of 2021 on anticipated rising production. Instead, CPO price continued to climb as the market remained very tight with the production in Malaysia continued to be impacted by labour shortages whilst demand remained strong. Similarly CPO production in Indonesia was impacted by adverse weather and limited fertilisation in 2019 and 2020. The palm oil inventories of the two largest consuming countries, namely India and China, have been low and the situation was compounded by the tight supply of alternative vegetable oil. Although the COVID-19 pandemic remained a threat, economic activities had picked up in many major economies following large scale vaccination rollouts. The reopening of the HoReCa ("Hotels, Restaurants and Catering") sector in these economies also spurred the demand for edible oil. As a result of the mismatch in demand and supply, CPO prices continued to surge in the second half of 2021, from an average of RM4,128.50 per MT in July 2021 to over RM5,000.00 per MT in the last quarter of the year.

The chart below presents the monthly Malaysian, Indonesian and combined palm oil stocks in 2020 and 2021 with the monthly average CPO price. The monthly palm oil stocks in 2021 were broadly lower than in 2020 due to lower production juxtaposed with pent-up demand as economies re-open. CPO production in Malaysia fell 5.2% from 19.1 million MT in 2020 to 18.1 million MT in 2021 whereas CPO production in Indonesia eased marginally by 0.2% from 46.9 million MT in 2020 to 47.0 million MT in 2021. The combination of factors as described above saw CPO price broadly trend upwards throughout 2021, reaching its historical peak of a monthly average at RM5,341.00 per MT in November 2021 and a record daily average of RM5,429.00 per MT on Nov 19, 2021.



Albeit CPO price trended upwards significantly during 2021, Indonesian plantations were not able to fully capture the benefit of the strong CPO prices. This was due to the hikes in the CPO export levy and export duty vis a vis 2020.

MANAGEMENT DISCUSSION & ANALYSIS 2021

The table below shows the applicable export levy and duty for each month in 2021 compared with 2020.

Month	Export Levy 2020 USD/MT	Export Levy 2021 USD/MT	Export Duty 2020 USD/MT	Export Duty 2021 USD/MT
January	50	**225**	0	**74**
February	50	**255**	18	**93**
March	50	**255**	3	**93**
April	50	**255**	0	**116**
May	50	**255**	0	**144**
June	55	**255**	0	**183**
July	55	**175**	0	**116**
August	55	**175**	0	**93**
September	55	**175**	0	**166**
October	55	**175**	3	**166**
November	55	**175**	3	**200**
December	180	**175**	33	**200**

The export levy is essentially to fund Indonesia's biodiesel subsidies whereas the export duty is aimed at stabilising the domestic price of cooking oil. They are structured using the progressive tax system and applied based on a CPO reference price set by the Indonesian Government each month.

As the spot CPO prices in Indonesia are net of the CPO export levy and duty, the hefty increases in the CPO export levy and duty in 2021 resulted in widening the price disparity between Indonesia and Malaysia. Accordingly, Malaysian plantation companies with bigger footprint in Indonesia such as the TSH Group do not capture the extent of the benefit of the CPO bull run as much as its peers which operate predominantly in Malaysia. The impact of the Indonesia export levy and duty on the Group's financial performance is further detailed in the business and operational review of the Palm Products segment.

Financial review

The table below provides an overview of financial highlights of the Group for the FY2021 in comparison with FY2020:

	FY 2020 (RM'000)	FY 2021 (RM'000)
Revenue	926,003	**1,188,919**
Core profit before taxation	128,577	**266,891**
Profit before taxation	130,242	**254,084**
Taxation	(39,918)	**(52,071)**
Profit after taxation	90,324	**202,013**
Profit attributable to owners of the Company	79,487	**169,415**
Shareholders' equity	1,453,432	**1,641,330**
Total equity	1,597,783	**1,813,588**
Borrowings	1,309,195	**1,109,325**
Cash and bank balances	159,441*	**279,728**
Short term funds	15,302	**17,464**
Net gearing ratio (times)	0.71	**0.45**

* *Included cash and bank balances of RM11.6 million in assets held for sale.*

MANAGEMENT DISCUSSION & ANALYSIS 2021

PROFIT OR LOSS

Revenue

The FY2021 revenue of RM1,188.9 million was the highest ever recorded by the Group. This marked an increase of RM262.9 million or 28.4% from the previous year's revenue of RM926.0 million, supported by the revenue growth of the Palm Products segment.

The Palm Products segment revenue increased by RM280.1 million or 34.4% to RM1,094.5 million from RM814.4 million for the previous year due to higher average CPO price. The Group's average CPO price for 2021 increased to RM3,569.60 per MT compared with RM2,453.26 per MT in 2020. In addition, the increase in FFB production to 918,986.3 MT in 2021 from 906,546.5 MT in 2020 further supported the improvement in revenue.

However, revenue from the Others segment declined by RM17.2 million from RM111.6 million to RM94.4 million primarily due to lower revenue contribution from the Cocoa products division due to the impact of the COVID-19 pandemic globally.

Core profit before taxation

The Group's core profit before taxation surged 107.5% to RM266.9 million from RM128.6 million in 2020. This was primarily attributable to the improvement in the segment profit of the Palm Products segment in line with its revenue improvement, as well as higher profit contributions from the associate and joint ventures. The segment profit of the Palm Products segment almost doubled to RM284.0 million from RM142.4 million in 2020 and the total share of profits from associate and joint ventures also increased significantly to RM54.9 million from RM32.5 million in 2020. The improvement in the profit contributions from Palm Products segment as well as the associate and joint ventures was partially offset by the loss suffered by the Others segment of RM10.4 million from a profit of RM19.9 million recorded in 2020.

Profit after taxation

The Group posted a net profit of RM202.0 million as compared with RM90.3 million recorded in FY2020, an increase of 123.7%, in line with the improvement in its core profit before taxation, partially offset by a net foreign exchange loss and a higher taxation charge. The Group recorded a net foreign exchange loss of RM12.8 million compared with a net gain of RM1.6 million in FY2020 as the Ringgit Malaysia had been on a broad depreciating trend against the US Dollar during 2021. In line with the improvement in the profit before taxation, the Group's taxation increased to RM52.1 million from RM39.9 million in FY2020. Excluding the results of the associate company and joint ventures, the taxation charge is higher than the statutory rate mainly due to deferred tax assets not recognised for certain subsidiaries coupled with non-deductibility of certain expenses for taxation purpose.

Capital structure and capital resources

Shareholders' equity

Shareholders' equity increased to RM1,641.3 million from RM1,453.4 million as at the end of FY2020 primarily due to the net profit attributable to owners of the Company of RM169.4 million and a foreign currency translation gain of RM30.7 million in respect of the Group's net investment denominated in Indonesian Rupiah which strengthened against the Ringgit Malaysia as at the end of the year, partially offset by a dividend of RM20.7 million paid during the year.

Borrowings

The Group's total borrowings as at year end was RM1,109.3 million compared with RM1,309.2 million as at the end of FY2020, a reduction of RM199.9 million as a result of net repayments of bank borrowings and sukuk.

Taking into account the Group's cash and bank balances and short term funds, net borrowings reduced 28.4% to RM812.1 million from RM1,134.5 million as at the end of FY2020.

Gearing

The Group recorded a lower net gearing ratio of 0.45 times as at the end of the financial year under review (2020: 0.71 times) mainly due to lower net borrowings of RM0.8 billion (2020: RM1.1 billion) coupled with the improvement in shareholders' equity as stated above.

MANAGEMENT DISCUSSION & ANALYSIS 2021

Cash flows

The table below provides an overview of the cash flows of the Group in FY2021 compared with FY2020:

	FY 2020 (RM'000)	FY 2021 (RM'000)
Operating cash flows before changes in working capital	246,168	370,804
Changes in working capital	5,173	57,350
Cash flows from operations	251,341	428,154
Income tax paid (net of income tax refunded)	(16,820)	(34,739)
Net cash flows from operating activities	**234,521**	**393,415**
Net cash flows (used in)/from investing activities	**(6,433)**	**6,980**
Free cash flow to firm	**228,088**	**400,395**
Net cash flows used in financing activities	**(174,372)**	**(278,343)**
Net increase in cash and cash equivalents	**53,716**	**122,052**
Effects of exchange rate changes	(2,568)	2,597
Cash and cash equivalents as at beginning of financial year	**116,954**	**156,493**
Cash and cash equivalents transferred (to)/from assets held for sale	(11,609)	11,609
Cash and cash equivalents as at end of financial year	**156,493**	**292,751**

The Group's cash and cash equivalents as at year end amounted to RM292.8 million compared with the previous financial year end balance of RM156.5 million, which is mainly attributable to the net increase of cash and cash equivalents of RM122.1 million.

The net increase in cash and cash equivalents of RM122.1 million improved from the net increase achieved in FY2020 of RM53.7 million arising from the net effects of the following:

- The increase in net cash flows from operating activities to RM393.4 million from RM234.5 million in 2020 primarily attributable to the higher average CPO selling price.
- Net cash flows generated from investing activities of RM7.0 million compared to net cash flows used of RM6.4 million in 2020, primarily due to the decrease in capital outlay on property, plant and equipment by RM8.3 million and increase in dividends received from associate and joint ventures by RM7.3 million, partly offset by lower interest received of RM4.6 million.
- The increase in net cash flows used in financing activities to RM278.3 million from RM174.4 million in 2020 primarily attributable to the increase in net repayment of borrowings by RM102.6 million compared with previous financial year.

In line with the improvement in net cash flows from operating activities and investing activities, free cash flow to firm increased significantly to RM400.4 million from RM228.1 million in FY2020.

The Group recognises that it is in a net current liabilities position. In this regard, the Group will continue to adopt a prudent stance on cash management to ensure that it is able to meet all debt obligations as and when they fall due. As at 31 December 2021, the Group has RM376.8 million in unutilised credit facilities. In addition, the Group expects to further improve its liquidity position through cash flow generated from operations and proceeds arising from the disposals of assets as highlighted in the Corporate Developments above.

Dividends

Our Board of Directors had on 24 February 2022 declared an interim single tier dividend of 3.0 sen per ordinary share for the financial year ended 31 December 2021. The dividend of 3.0 sen for the financial year ended 31 December 2021 is in line with the Group's long-term dividend payout policy of 20% to 30% of the Group's profit, and after taking into consideration of the cash position and the projected levels of capital expenditure and investment of the Group.

MANAGEMENT DISCUSSION & ANALYSIS 2021

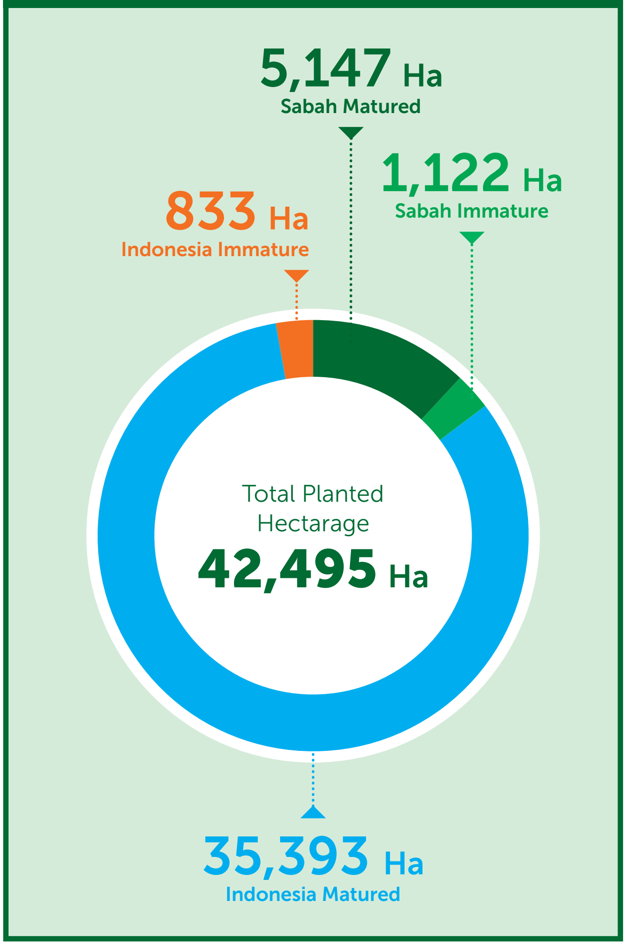
BUSINESS AND OPERATIONAL REVIEW

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

Palm Products segment

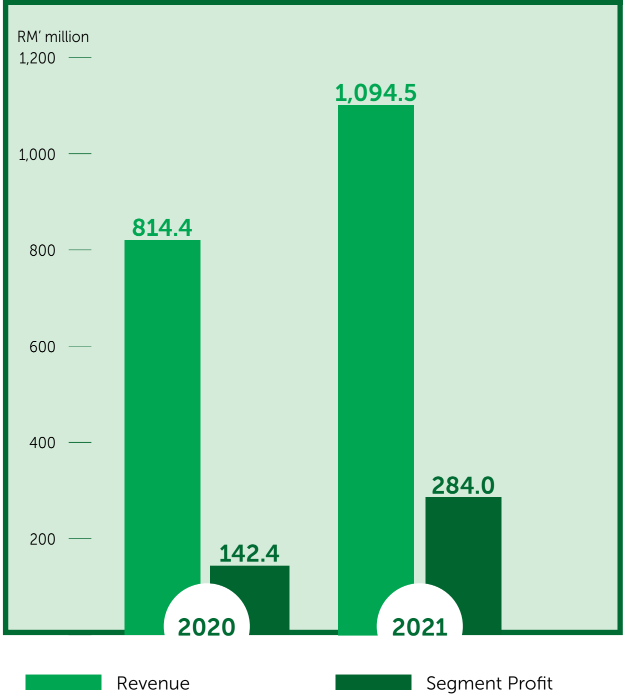
The Group is predominantly an upstream player in the oil palm plantation industry. As at 31 December 2021, the Group has plantations located in Sabah, Kalimantan and Sumatera with a total planted area of 42,495 Ha, as well as seven (7) palm oil mills, three (3) in Sabah and two (2) each in Sumatera and Kalimantan.

Total Planted Hectarage



The age profile of the Group's palm oil trees is spread out with a weighted average age of 11.4 years, which is relatively young. This augurs well for the Group's FFB production in the coming years.

Palm Products Segment Result

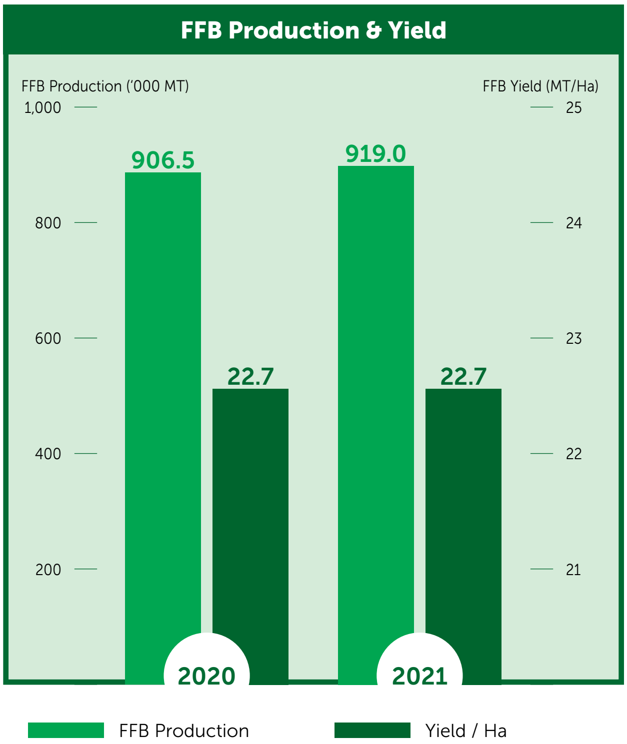


The Palm Products segment revenue rose 34.4% to RM1,094.5 million from RM814.4 million in 2020. In line with the increase in revenue, segment profit improved almost twofold to RM284.0 million from RM142.4 million in 2020. The significant improvement was primarily attributable to the increase in average CPO and PK prices as well as FFB production. Average selling prices for CPO and PK for 2021 were RM3,569.60 per MT and RM2,362.95 per MT compared with RM2,453.26 per MT and RM1,377.98 per MT, respectively in 2020.

MANAGEMENT DISCUSSION & ANALYSIS 2021

The segment revenue and profit for FY2021 would have been higher if not for the revision of the Indonesia Export Levy and Duty on CPO. The impact is tabulated below:-

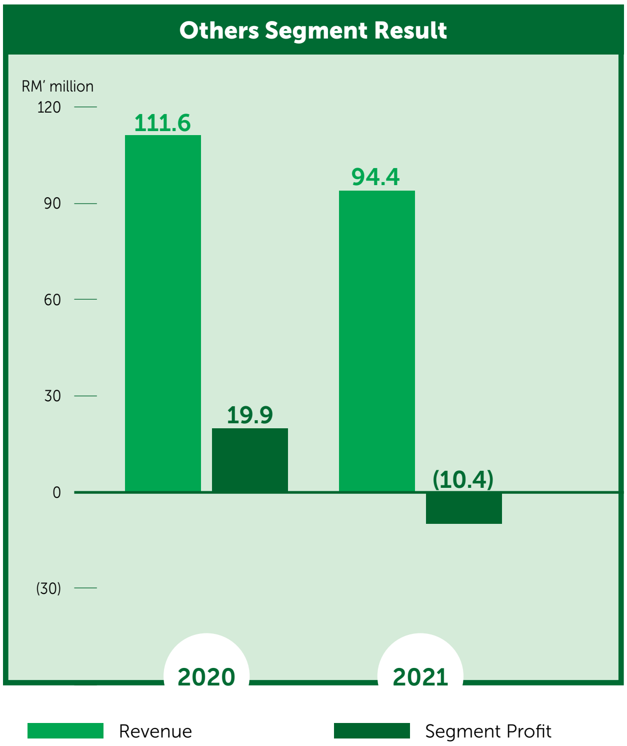
	FY2020 (RM'000)	RM2021 (RM'000)	Variance (RM'000)
Indonesia Export Levy and Duty on CPO	43,316	228,135	184,819



FFB production increased to 918,986.3 MT from 906,546.5 MT whereas average FFB yield remained at 22.7 MT per Ha over two financial years.

Others segment

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



The segment revenue decreased to RM94.4 million from RM111.6 million in 2020 mainly due to lower contributions from the Cocoa products division and Bio-Integration division and as a result of lower cocoa revenue and lower sale of electricity respectively, partially cushioned by the improvement in the revenue from the Wood division.

Cocoa products division registered lower revenue of RM7.9 million (2020: RM39.0 million) as sales were significantly impacted in the first 3 quarters of 2021 due to the market oversupply situation and uncertainty in demand, flowing from the effects of the COVID-19 pandemic. Nonetheless, sales picked up in the fourth quarter in line with the broad economic recovery and year end festive season demand.

Bio-Integration division registered lower revenue of RM 14.3 million compared with RM19.1 million in FY2020. This was because the sale of electricity generated by the Group's biomass power plant to Sabah Electricity Sdn. Bhd. ("SESB") was discontinued during the third quarter of 2021, following the expiry of the erstwhile power purchase agreement. A new power purchase agreement has since been executed and the supply of electricity by the biomass plant to SESB has now recommenced subsequent to the financial year end.

MANAGEMENT DISCUSSION & ANALYSIS 2021

Revenue from the Wood division, generated from the sale of Ekowood EHF and sustainable forestry activities, improved considerably to RM 72.2 million from RM 53.5 million in 2020. This was due to the improvement in export, in particular to the United States of America as a result of a surge in the housing market activity and home renovations during the pandemic, as well as higher purchases due to importers' concern over supply shortage and rising prices. Notwithstanding the improvement in export revenue, EIB Group's local sales in 2021 were impacted as the extended COVID-19 outbreak and pandemic restrictions in the country has continued to affect the construction industry this year. In addition, although EIB was not able to operate during the Full Movement Control Order implemented by the Government in June 2021, the overhead costs and expenses for the month were recognised to the profit or loss. As a result of the above factors, the wood division registered a loss in FY2021.

In line with the overall decline in the revenue, the Others segment registered a segment loss of RM10.4 million from a profit of RM19.9 million in FY2020.

FUTURE OUTLOOK AND PROSPECTS

As the world prepares to move on from COVID-19, having fought a devastating war with an invisible and elusive enemy for over 2 years, the world faces another crisis with the tragic war in Ukraine. Supply chains for a range of industries from oil and gas to semiconductors to cars and food have been disrupted, fanning global inflation fears. This could have a severe effect on the global economy.

In fact, following the Ukraine war, CPO price which was already high, climbed to over RM8,000.00 per MT in early March 2022. Although CPO prices have since moderated they remained at elevated levels of over RM6,000.00 per MT. CPO price is likely to remain high in the next several months due to supply led issues particularly the supply disruptions to sunflower oil caused by the Ukraine war and the shrinking soybean production in South America, impacted by drought. In Malaysia, the labour shortages will also continue to weigh on production until the issue is alleviated, lending further support to the CPO price.

However, CPO prices may start to moderate in the second half of 2022 as production picks up, influenced by seasonality factors. On the whole, it is anticipated that the average CPO price for 2022 will be higher than that of 2021 but the spike in the cost of fertiliser and agrochemicals will partially offset the earnings impact of the high CPO prices.

Having said this, the global economy remains volatile and it is not clear how the Ukraine war will pan out. As such we are cautiously optimistic, that barring any unforeseen circumstances, the Group will achieve a satisfactory performance for 2022, underpinned by the anticipated higher average CPO price and the favourable age profile of its oil palm trees.

The Board also remains optimistic on the long term prospect of the palm oil industry. The slowdown of new plantings since 2015 due to environmental regulations and Indonesian Government's moratorium on deforestation will have an impact over the global palm oil supply. On the other hand, global population and per capita income growth as well as the many health qualities of palm oil are expected to continue to drive greater demand for palm products.

The supply constraints amid rising consumption will benefit palm oil prices in the long term. This augurs well for the Group as the Palm Products segment will remain the core contributor to the Group profit.

SUSTAINABILITY REPORT

INTRODUCTION

Sustainability is integral to our vision of becoming a premier plantation company. TSH Group's ("the Group") sustainability mission is to be a progressive plantation enterprise with emphasis on sustainable production, social accountability and sound environmental management. To this end, the Group has placed sustainability at the heart of its operations, and has long embedded many sustainability initiatives into its business practices. TSH is committed to driving continuous improvements with our sustainable business practices.

TSH Group's sustainability goals are:

SHORT-TERM GOALS

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

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

LONG-TERM GOALS

Target	Achievement
Roundtable on Sustainable Palm Oil ("RSPO") certification for all 7 mills and related estates according to the RSPO time-bound plan	On-track for 2023
Indonesia Sustainable Palm Oil ("ISPO") certification for all the Indonesian estates	On-track for 2023
Malaysia Sustainable Palm Oil ("MSPO") certification for all the Malaysian estates and mills	✓

We have achieved MSPO certification for all the Malaysian estates and mills. We are expected to achieve RSPO certification for all 7 mills and related estates, and ISPO for all the Indonesian estates by 2023.

This Sustainability Report ("SR") 2021 strives to provide the TSH Group's stakeholders with an overview of the Group's approach and progress made to date in meeting its sustainability commitments.

SUSTAINABILITY REPORT

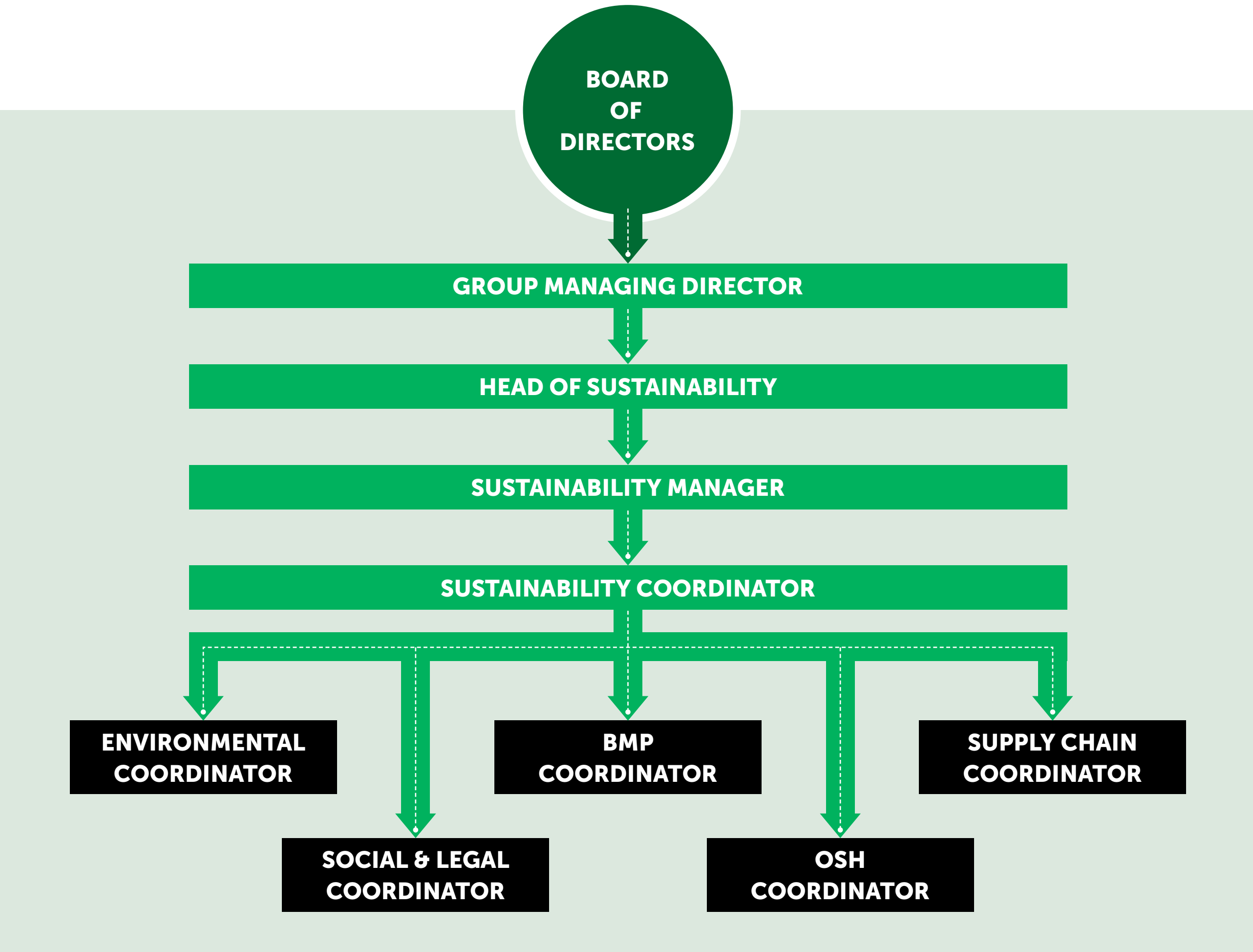
Scope

The contents of this SR are aligned with Bursa Malaysia's Sustainability Reporting Framework. In addition, the disclosures herein have been prepared with reference to the Global Reporting Initiative ("GRI") Standards. The SR focusses on activities carried out by the TSH Group during the financial year from 1 January to 31 December 2021 ("FY2021"), with historical data of the preceding years included for comparison, where available and relevant.

The scope of the SR covers sustainability-related performance, achievements and various initiatives for our Plantation, Bio-integration and Forest Management business segments within Malaysia and Indonesia, which account for over 90% of the Group's total revenue in FY2021. It includes data from TSH's subsidiaries but not from associate and joint ventures. This SR does not cover our Engineered Hardwood Flooring and Cocoa business segments.

Governance

The TSH Group has a dedicated Sustainability Department led by the Head of Sustainability to manage and oversee the implementation of the Group's sustainability strategies and commitments across the Group's businesses. The Head of Sustainability is supported by the co-ordinators from the Environment, Social & Legal, Best Management Practices ("BMP"), Occupational Safety & Health ("OSH") and Supply Chain teams working together as the Sustainability Working Group. The Head of Sustainability in turn reports to the Group Managing Director, who oversees material environmental, social and governance ("ESG") matters and their progress, and identifies emerging ESG issues. The Group Managing Director reports to the Board of Directors ("Board"), who set the tone for sustainability from the top of TSH's governance structure, with overall responsibility for TSH Group's sustainability strategies and commitments. The Board considers ESG issues as part of its strategic formulations, determines the material ESG factors, and oversees their management and reporting.



SUSTAINABILITY REPORT

Going forward, it is envisaged that the Board shall be supported by a formally constituted Sustainability Working Committee ("SWC") comprising the Group Managing Director as its Chair, supported by member(s) of senior management, Heads of Department from the operational and support divisions and the Sustainability team itself. The SWC's role includes developing and driving policies with time bound action plans, and to assist the Board's decision-making efforts. The SWC also has a monitoring role to ensure the Group meets both its compliance and sustainable development responsibilities.

Sustainability Policy

Elements of sustainability have been embedded throughout the operations of TSH Group over the past decade. These include our early groundwork in preparation for adoption of RSPO, MSPO and ISPO certifications, and our longstanding implementation of Good Agricultural Practices ("GAP"), which includes our strict Zero Burning Policy, in compliance with the ASEAN Policy on Zero Burning.

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

Environment

- Environment Policy Statement
- Sustainable Palm Oil Policy

Social

- Child Labour Policy Statement
- Equal Opportunity & Discrimination Policy Statement
- Freedom of Association Policy Statement
- Human Rights & Responsible Business Practices Policy
- Reproductive Rights Policy Statement
- Safety and Health Policy Statement
- Sexual Harassment Policy Statement

Governance

- Board Charter
- Code of Ethics
- Transparency Policy Statement
- Whistle-Blowing Policy
- Sustainability Information Request Procedure
- Anti-Bribery and Corruption Policy

Details of the above ESG Policy Statements may be found on our corporate website.

Going forward, TSH plans to develop a holistic Sustainability Policy which will serve as a focal guiding document for the Group's sustainability values and practices. The forthcoming Sustainability Policy shall be developed by taking into account constructive feedbacks from our stakeholders and will be published in our corporate website in due course.

United Nations' Sustainable Development Goals

We align our sustainability practices to meaningfully support the United Nations' Sustainable Development Goals ("UN SDGs"), a collection of 17 widely adopted global goals set by the United Nations General Assembly for realisation by the year 2030. We are pleased to report that we contribute to 7 UN SDGs which we believe are most relevant to our business and where we can make the most impact.

SDG Indicators	TSH Group's initiatives
Good Health & Well-Being	• OSH Committee for health and safety risk management • Healthcare benefits for all staff • COVID-19 SOP compliance and staff vaccination
Clean Water & Sanitation	• Water management to maximise water usage efficiency • Strict control and management of operations in riparian reserves
Affordable & Clean Energy	• Energy management to maximise energy efficiency • Waste-to-energy initiative to convert biomass and biogas into electricity
Decent Work & Economic Growth	• Decent Living Wage ("DLW") Committee • Indonesian Plasma Scheme • Staff training and professional development programmes • Gender Committees and equal opportunity practices in place to promote empowerment of female staff
Responsible Consumption & Production	• Water management • Energy management • Forest management • Waste management
Climate Action	• Biogas capture • Forest restoration and rehabilitation • Replacement of diesel generators with biogas and steam power
Life on Land	• No Deforestation, No Peat & No Exploitation ("NDPE") Policy • Forest management and restoration • Biodiversity protection

SUSTAINABILITY REPORT

Stakeholder Groups & Engagement

We recognise that stakeholder engagement, assessment and feedback are integral part of our sustainability strategy. The stakeholder groups, which are key to our operations and have significant influence over the impacts of our businesses, have been identified and engaged with via a range of platforms. However, due to pandemic concerns, stakeholder group engagement in FY2021 has been restricted.

Stakeholder engagement, carried out in both formal and informal set ups, has been an important avenue for TSH to understand the concerns and issues raised, and to take those concerns and issues into account when making business decisions. The Group also use this engagement to identify potential risks and material matters, and plan for mitigation actions.

Stakeholder Group	Engagement Mode	Key Topics & Concerns	Strategies
Employees	• Operational and management meetings and briefings • Annual appraisals for staff and executives • Employee wellness activities • Intranet news updates **For estate workers** • Multichannel engagements, for example, Welfare Committee, Social Impact Assessments and grievance procedures	• Operational and financial performance and productivity • Safety & Health (including COVID-19 concerns) improvements • Training & career development • Employee welfare and benefits • Work-life balance **For estate workers** • Housing improvements • Forced labour • Child labour • Minimum wage/Decent Living Wage	• Awareness of TSH's core values, culture and staff welfare policies • Implementation of an effective OSH system & practices **For estate workers** • New houses built and continuous repairs carried out • Annual medical check-up for all • Safety equipment are provided • Minimum wage is implemented • Internal audit and grievances procedures are implemented to ensure there is no forced labour • School transportation is provided to all children of schooling age • Committees are formed to implement DLW • Refer to COVID-19 response section of this report for COVID-19 concerns
Local Communities & Smallholders	• Town hall meetings • Community outreach activities and development programmes • Various other meetings, engagements and dialogues	• Pricing mechanism and crop quality • Community development programmes such as infrastructure and utilities • Progress updates on Plasma Scheme • Land-related claims and compensation • Agricultural practice	• Development initiatives are implemented, including philanthropic support • Regular Plasma Scheme cooperative meetings • Assessments such as social impact assessment and High Conservation Value ("HCV") were carried out to determine the customary land owners and minimise land conflicts • Free, Prior, and Informed Consent ("FPIC") is carried out in ensuring proper compensation is paid to the local landowners • Sharing of knowledge on agricultural best practice

Stakeholder Group	Engagement Mode	Key Topics & Concerns	Strategies
Trade Unions	• Welfare committee and/or trade union meeting	• Minimum wage implementation • Freedom of Association & collective bargaining	• Minimum wage policy in place and implemented • On-going discussions with unions on decent living wage and living conditions • Welfare Committee meetings are held every quarter with participation of the workers' representatives
Civil Societies/ Non-Governmental Organisation ("NGOs")	• Formal and informal meetings, engagements and dialogues • Official grievance mechanism • Regular correspondences	• Sustainability-related concerns • Human rights issues including wages, and housing issues	• Concerns addressed through grievance procedure, consultative meetings and Welfare Committees • Awareness of TSH's current sustainability policies, practices and initiatives
Government & Regulatory Authorities	• Meetings, engagements and dialogues with regulators • Site visits and inspections • Periodic reporting to authorities	• Licenses, approvals and permits • Regulatory reporting on compliance with latest regulations and requirements • Support for government's policies and initiatives for the industry • Fire prevention requirements	• Robust governance in compliance with licenses, approvals, and permits • Regulatory reporting to the various Government Agencies submitted on time • Fire-fighting teams and equipment are prepared as per legal requirement
Suppliers & Contractors	• Contract negotiations/ Tenders • Formal and informal meetings and briefings	• Quality of supplies and fair pricing • Awareness and compliance of TSH's policies concerning suppliers and contractors	• Create awareness of TSH's policies and procedures • Suppliers and contractors pre-qualification assessments • Tender procedures and contract standardisation
Media (Including shareholders & investors)	• Press releases • Annual Reports and Annual General Meeting • Corporate website • Formal and informal meetings and briefings	• TSH's financial performance and dividend payout • TSH's sustainability compliance and initiatives • Corporate governance and compliance matters	• Provide updates and insights into TSH's financial and operating performance, corporate governance reporting as well as sustainability policies and practices

SUSTAINABILITY REPORT

Stakeholder Group	Engagement Mode	Key Topics & Concerns	Strategies
Industry & Certification Bodies	• Formal and informal meetings, engagements and dialogues • Regular reporting • Site visits and inspections	• Relevant issues and updates in the industry • Governance and compliance with statutes and regulations • Progress with RSPO, MSPO and/or ISPO certifications and departures	• Audit and certification • Compliance with policies and latest changes in regulatory requirements • Commitment to RSPO and ISPO certification for all estates and mills by 2023.

Material Sustainability Matters

TSH determined its material sustainability matters from an analysis of internal documents, peer reviews and our risk register to identify the risks and opportunities for the business. The material matters are reviewed annually for relevance, and if there are any new concerns arising from:

- Changing global and local trends
- Directions of the local palm oil industry
- Regulatory changes
- Media reporting
- Company strategies

The following matters were deemed material to the TSH Group, as categorised into the 4 pillars of our sustainability strategy: Marketplace, Environment, Workplace and Community:

Marketplace

- Commitment to Certification
- Supply Chain Management

Environment

- Waste-to-Energy
- Climate Change/ Emissions
- Water Management
- Energy Management
- Sustainable Forestry

Workplace

- Human Rights
- Fair Employment Practices
- Occupational Safety & Health
- Training & Development
- Employee Engagement, Benefits & Well-being

Community

- Plasma Scheme
- Community Giving & Charity

Going forward, TSH plans to conduct an internal and external stakeholders engagement to rank the material matters in accordance to their importance. This will allow TSH to better integrate stakeholders' concerns and priorities into our sustainability strategy and practices in future.

Assessing our Risks and Opportunities

Our 14 material sustainability matters represent areas of both ESG risks and opportunities for the Group. Some of the risks and opportunities identified are tabulated below.

Material Sustainability Matters	Risks	Opportunities
Commitment to Certification	• Loss of key customers and financiers in view of growing awareness of sustainability- related matters • Delays to new planting and additional costs to comply with certification requirements	• Build customers' and bankers' trust and brand reputation • Better selling price and lower financing cost • Contribute to global supply of sustainable oil palm
Supply Chain Management	• Inadequate supply • Quality of supplies	• Improves mills' capacity utilisation
Waste-to-Energy	• Investment and upkeep costs of complex biomass and biogas facilities	• Contribute renewable energy to the country's grid • Carbon footprint reduction by the repurposing of waste products
Climate Change/ Emissions	• Extreme weather impacts on plantation activities, crop yield, and supply chains • Regulatory changes result in increased costs	• Improves estates' crop yield and consequent financial impact • Carbon footprint monitoring will identify priority focus areas for targeted emissions reduction
Water Management	• Inadequate management leads to water contamination or pollution • Water scarcity impacts plantation and mill operations	• Reduce operating costs by implementing water-saving technologies
Energy Management	• Inadequate management leads to higher operating costs	• Reduce operating costs by implementing energy-saving initiatives
Sustainable Forestry	• Inadequate management leads to deforestation and/or loss of biodiversity	• Maintain social license to operate • Ensure longevity of forest ecosystems and contributing to global sustainability initiatives • Brand reputation
Human Rights	• Violation of human rights results in fines, penalties, and loss of social license to operate	• Maintain customers' trust and brand reputation • Empower and uplift the workforce
Fair Employment Practices	• Unfair practices impact employee morale and Company's reputation	• Promote a balanced, inclusive workforce for improved employee retention
Occupational Safety & Heath	• Inadequate management results in occurrence of workplace injuries or fatalities • Fines and penalties for non-compliance	• Maintain a safe and healthy workforce • Company's reputation

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Material Sustainability Matters	Risks	Opportunities
Training & Development	• Insufficient skills development results in ineffective and dissatisfied workforce	• Improve employee productivity results in more efficient, higher yield workforce
Employee Engagement, Benefits & Well-being	• Employee dissatisfaction results in increased turnover	• Improve job satisfaction, employee morale, and talent retention
Plasma Scheme	• Disharmony amongst local community leads to operational disruptions • Additional resources to manage Plasma Scheme	• Compliance with Hak Guna Usaha conditions for Indonesian estates • Contribute to the economic welfare of local communities • Improves environmental practices of Plasma Scheme
Community Giving & Charity	• Poor social engagements results in negative impact to brand reputation	• Maintain social license to operate • Company's reputation

Sustainability in Practice

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

Sound Environmental Management

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

Human Capital

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

Occupational Safety & Health

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

Community

TSH Group has funded and will continue to support a wide range of welfare, educational and health programmes to help the local community and the underprivileged. The Group also provides research grants and, in line with its policy, works with wildlife conservation bodies such as the Sabah Forestry Department to protect rare, threatened or endangered species. However, no research grants were provided in FY2021.

Marketplace

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

Commitment to Certification

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

Certification Progress

Description	Total	Percentage %
Number of RSPO-certified estates	9	53%
Number of RSPO-certified mills	5	71%

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Description	Total	Percentage %
Number of MSPO-certified estates	8	100%
Number of MSPO-certified mills	3	100%

Description	Total	Percentage %
Number of ISPO-certified Perseroan Terbatas ("PT")	3	28%

TSH has been preparing for ISPO certification of our Indonesian PTs since 2015. The certification process commenced in 2020, and we are on target to achieve 100% certification by 2023.

RSPO Certified Sustainable Palm Oil ("CSPO")

Our annual production of RSPO CSPO for Malaysia and Indonesia totalled 78,906 MT (metric tonne); with Malaysia accounting for 19% and 81% attributed to Indonesia. At Group level, RSPO-certified CSPO accounts for 31% of total CPO produced during FY2021.

Certified Sustainable Palm Kernel ("CSPK")

Our current annual production of RSPO CSPK for Malaysia and Indonesia is 15,508 MT, with Malaysia accounting for 26% of the total and the balance 74% for Indonesia. At Group-level, RSPO-certified CSPK accounts for 30% of total PK produced during FY2021.

Description	Malaysia (MT)	Indonesia (MT)	Total (MT)
Annual production of CPO	85,439	168,435	**253,874**
Annual production of RSPO CSPO	15,125	63,781	**78,906**
Annual production of PK	24,018	28,377	**52,395**
Annual production of RSPO CSPK	3,983	11,525	**15,508**

Of our total Malaysian CPO and PK production, approximately 20% is sourced from TSH owned and operated estates, with the remaining 80% obtained from smallholders and other producers. In addition, RSPO certification of all TSH estates and mills is still on-going in both Malaysia and Indonesia. The Board believes that as certification increases, the proportion of CSPO and CSPK to the Groups' total production should also increase in future.

Supply Chain Management

As a responsible Group, we strive to ensure that we source as much of our materials as possible from local suppliers so as to empower and boost the surrounding economy. All fruit bunches not sourced from our own estates are traceable either directly to smallholders or to the licensed collection agencies we purchase from. For the estates under our management, we strictly adhere to all local labour regulations and ensure that there is zero tolerance for forced labour and child labour. This is done through field audits and inspections of our plantations and the estates managed by scheme smallholders who supply to us. We also perform audits to ensure that our estates and those of our suppliers comply with local environmental regulations especially when it comes to waste management and land clearing.

Environment

As a plantation group, TSH Group works to ensure that its operations are environmentally responsible, and that adequate steps are taken to protect and effectively manage risks that may adversely impact the surrounding environment. Our Environment Policy Statement governs how we deal with greenhouse gas ("GHG") emissions, waste management and biodiversity issues. Our Environment Policy Statement commits TSH to, amongst others:

- Explicitly prohibit open burnings and the use of fire for the clearing of land
- Prohibit all forms of hunting and fishing of protected species within the Group's area of operations
- Ensure the protection of areas determined as HCV that remain under the Group's land title
- Explicitly maintain a "Zero Kill", prohibiting the capturing, handling or harming, directly or indirectly, of all species of orangutans
- Minimize disturbance to all riparian areas within its estates
- Ensure measures to conserve peat areas and prohibits any new planting in peat areas regardless of depth
- Advocate practical methods to reduce greenhouse gas emissions and carbon foot print
- Manage the Group's wastes, reduce the usage of fossil fuels and encourage the reuse, reduce and recycle of materials where deemed practical
- Maintain the quality of water in water channels running through its estates

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

Our No Peat No Exploitation ("NDPE") Policy states:

- No deforestation and pledges to conserve biodiversity by identifying, protecting and maintaining HCV areas and High Carbon Stock ("HCS") forests
- Conduct Social & Environmental Impact Assessment ("EIA") prior to all new development
- No new plantings on peat, regardless of depth after 15 November 2018 and all peat lands are conserved and managed responsibly
- Prohibits any form of hunting of all species and only sustainable hunting by local communities for subsistence purposes that does not cause decline of local species populations

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

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

Waste-to-Energy

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

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

i) Biomass Power

The integrated complex is powered by renewable green energy from a 14MW biomass cogeneration plant. The plant generates electricity and industrial steam from solid by-products from the mill. Around half of the electricity produced is sold, with the remaining consumed internally.

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ii) Biogas Power

The biogas power section of the complex generates electricity from waste water produced from the palm oil milling process which is commonly known as Palm Oil Mill Effluent ("POME"). Energy is harvested from the POME through an aerobic activated sludge process and this treats the POME discharge to make it less environmentally harmful. Another key component in the process is the recovery of methane gas which is then used to generate electricity. This reduces greenhouse gas emissions from the milling process. Over 90% of the energy produced is sold, with the remaining consumed internally.

iii) Waste as fertiliser

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

Climate Change / Emissions

Climate change poses a potential long-term risk to the environment and to our business. At TSH, we are committed to reducing our GHG emissions to address the issue of climate change. The Group has taken initiatives to reduce carbon, N2O (Nitrogen Oxide) and CH4 (Methane) by utilising mill waste such as decanter waste and POME as organic fertiliser, as well as relying on bio-gas generators and steam engines instead of diesel generators for electricity supply.

TSH is currently in the process of conducting a carbon footprint exercise, which will calculate our GHG emissions with the goal of identifying a baseline year. Emissions data will be calculated for both Scope 1 (direct) and Scope 2 (indirect) emissions. Scope 1 emissions are those produced from the combustion of carbon fuel sources, such as diesel. Scope 2 emissions are those produced from the consumption of grid electricity. The carbon footprint exercise utilises a more robust methodology, which allows for greater detail on emissions from specific elements of our operations. We anticipate including reporting of Scope 3 emissions (indirect emissions from TSH's value chain) in the coming years following completion the carbon footprint, further details of which is set out in the ensuing pages of this report.

Once we have the detailed data behind our carbon emissions and emissions intensity, we shall begin the process of formulating action plans and developing targeted mitigation measures to reduce our emissions in future years.

Water Management

i) TSH Group maintains riparian boundaries to prevent freshwater contamination. We maintain an area of natural riverside vegetation – known as 'riparian reserves' – along both sides of a river that acts as a buffer between our plantations and the water source.

ii) To ensure that we stay within environmentally accepted limits, laboratory assessments of the river water are done and analysed every six months.

iii) We constantly strive to maintain efficiency of water usage in our mill operations.

<u>Water usage</u>

The average water consumption by the Group's operations for the past 5 years are set out below:

Year	Average water consumption (m^3 per MT of Fresh Fruit Bunch ("FFB") processed)
2017	1.18
2018	1.16
2019	1.13
2020	1.20
2021	**1.10**

Energy Management

TSH is committed to the responsible use of energy in order to minimise our greenhouse gas emissions and impact on the environment. The majority of electricity used is self-generated from our biomass and biogas plants. This greatly reduces the need to consume grid electricity.

In conjunction with the carbon footprint exercise described above, TSH is concurrently conducting its calculations for operational electricity consumption. These data will be reported accordingly once the values are verified.

Sustainable Forestry

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

The Sabah Forestry department awards the Compliance Certificate Award to recognise reforestation efforts. The 2021 award has been delayed due to the unforeseen circumstances, but TSH expects to receive this award in the second quarter of 2022. This will mark the 13th consecutive year that TSH has received the Compliance Certificate Award.

i) Forest Rehabilitation

On 10 September 1997, TSH was awarded a 100-year licence by the Sabah government to carry out natural forest management works including rehabilitating, conserving and industrial tree planting on 123,385 hectares ("ha") of logged over forests in Ulu Tungud, Sabah. The award was under a Sustainable Forest Management License Agreement and the area is part of Forest Management Unit 4 ("FMU 4"). In 2021, total area rehabilitated was 1,055 ha and to date, about 31,223 ha of previously logged areas in the forest have been rehabilitated through silvicultural treatments.

ii) Forest Conservation

As part of efforts to manage and enhance Sabah's natural resources, the Group on 11 November 2015 signed a memorandum of understanding with the Sabah government to surrender approximately 30,000 ha of land in the Ulu Tungud Forest Reserve which is in the Meliau range. This represents 24% of FMU 4 and it has been set aside for preserving the ecosystem of the forest and protecting its rich flora and fauna which are some of the most biodiverse in the world.

Some 172 species of birds call the Meliau range their home and we are working with local and international NGOs, and the Sabah Forestry Department to study its unique biodiversity and ecology.

TSH will bear 50% of the costs and expenses for this project. As part of our commitment, we employ native staff and workers from the "Ansuan" and "Pinangah" villages working on our Natural Forest Management programme.

iii) Biodiversity

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

Workplace

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

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

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

Human Rights

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

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

i) Freedom of Association & Collective Bargaining

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

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

Location	Welfare Committee Members	Union Members
Sabah	106	-
Indonesia	171	910

ii) Labour Practices

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

TSH Group has also taken a committed stand against forced or bonded labour, and any other form of workers' exploitation. The Group is also committed to absorb all employer related recruitment fees in recruiting its foreign workers.

iii) Decent Living Wage

We had established a Decent Living Wage Committee at the estate level comprising of members from the Sustainability and estate Human Resource teams. The main objective of this task force is to discuss on the implementation of the new requirement stated in the revised RSPO P&C 2018 – Decent Living Wage. Whilst we have not implemented the new requirement, compliance processes have commenced.

iv) Gender Equality

The Group is fully committed to supporting its employees' reproductive rights and promotes accessibility to maternal health care. The Reproductive Rights Policy Statement underlines our commitment. The Group also ensures that pregnant and breast-feeding employees are given adequate days off, more frequent breaks and work re-assignments. TSH Group has a zero tolerance policy for sexual harassment of any kind within the Group.

Fair Employment Practices

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

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

However, the palm oil industry is physically demanding. We receive less applications from the female gender, particularly for field work. As the trees grow in height and maturity, the labour becomes more intensive, and our number of female employees has shown a slow decrease over the last five years which reflect this change. As part of our commitment to support women to become more involved in the industry, TSH has put in place (but not limited to) Gender Committees and provide facilities such as child care centres for babysitting so that workers can work with peace of mind.

Location	Gender Committee Members
Sabah	62
Indonesia	135

Description	2017	2018	2019	2020	2021
Employee Breakdown					
Total Employee Number	8,992	8,270	8,036	7,252	**7,216**
Turnover Rate (%)	3.3%	1.9%	1.9%	1.5%	**1.9%**
Gender					
Female	2,934	2,392	2,074	1,764*	**1,656**
Male	6,058	5,878	5,962	5,488*	**5,560**
Age Group					
<30	3,177	2,729	2,385	2,082	**2,070**
30 - 50	5,458	5,110	5,172	4,711	**4,663**
>50	357	431	479	459	**483**

Description	2017	2018	2019	2020	2021
Board of Directors	1	2	2	2	**2 (20%)**
Management	44	43	33	35*	**36 (16%)**
Executive	94	114	105	86*	**84 (43%)**

* revised figures

Our hiring and promotion practices for executive and management employees is based on the candidate's experience, skills, performance, and overall merit, without consideration based on gender. Women currently hold a minority of management positions, largely due to the nature of the industry as historically male-dominated, resulting in fewer women in our talent pipeline.

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Occupational Safety & Health

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

This year, our lost-time injury frequency rate ("LTIFR") was 17.05 incidents per 1 million man-hours worked. In comparison to some of our peers in the industry, our LTIFR is generally similar to or lower than our peers. All cases of injury are analysed to assess the root cause and identify areas for improvement. The most common incidents reported involve the works of harvesting, FFB evacuation, field upkeep and machinery handling. The main causes of injury from our analysis are eye injury or irritation from falling debris, bruises or cuts from falling fruits or fronds, thorn pricks, cuts from tools, insect bite and commuting accidents. The Safety Officers regularly carry out training and socialisation of the safety standards to all employees in the plantation and mills.

Year	2020	2021
LTIFR*	14.30	**17.05**

**Incidents/1 million man-hours worked.*

With the many safety and control measures carried out by TSH Group, we are pleased to report zero fatalities in 2021.

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

<u>OSH Committee Members</u>

Year	Male	Female	Total
Malaysia	99	21	**120**
Indonesia	234	54	**288**

A worker harvesting FFB in one of our estates.

Estate workers in Sabah receive training on correct Personal Protective Equipment for applying pesticides and fertilisers.

Fire fighting training conducted at an Indonesian estate and a Sabah mill.

COVID-19 response

In FY2021, the COVID-19 pandemic continued to affect people, communities and economies everywhere. COVID-19 is, above all, a health crisis with significant socio-economic implications. Recognising our role as an employer and active member of our community, TSH has taken proactive measures to ensure the health and safety of our staff and local communities while fulfilling our commitments to our customers and partners.

Amongst our efforts to curb COVID-19 within our employees include:

- Ensuring compliance with directives from authorities and other regulatory requirements
- Developing, monitoring and enforcing SOP within the workplace and visitors to our locations
- Educating staff on health and safety issues relating to COVID-19
- Provision to staff with self-test kits, hand-sanitisers, soaps and masks
- Initiating weekly Rapid Test Kits ("RTK") self-tests for staff and workers
- Installation of air purifier on each floor and meeting room in our offices
- Work from home arrangement

Additionally, for Indonesia:

- The Group has arranged vaccination for all staff and workers
- Requirement of RTK test for all incoming visitors/ vendors
- Establishment of quarantine centres in the estates providing all basic needs/requirements
- For positive cases, contract tracing in the mess for all family members will be carried out

As of 11 March 2022, 100% of our Malaysian staff have been fully vaccinated, as well as 83.7% of our staff in Indonesia[1].

COVID-19 PCR test at the biogas plant in Sabah, and vaccinations conducted at an Indonesian estate in collaboration with local authorities.

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[1] 95.8% of Indonesian staff have received at least one dose.

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Training & Development

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

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

Training programmes are tailored to the specific needs of our employees, based on their role and employment level. Training for our operational teams, such as the workers at the mills and estates, primarily focuses on relevant health and safety topics, such as firefighting and correct chemical handling methods. Our non-operational staff located in our offices receive training focusing on relevant policies and regulations, including anti-bribery and corruption, as well as targeted soft-skills training on topics such as leadership and customer service.

Periodic performance and career development reviews were conducted throughout the organisation. We offer feedback, coaching and on-the-job training to enable our employees to continuously work on the development of their competencies and skills. We also provide opportunities for employees to discuss their career development plan on a timely basis so that they can experience career satisfaction and feel more engaged and empowered in their respective roles.

Employee Engagement, Benefits & Well-being

i) Engagement

TSH Group understands that non-work activities and programmes are important to employee well-being and morale, and the Group regularly engages with employees through a variety of activities and celebrations. However, due to the COVID-19 pandemic, we have postponed our planned activities in FY2021 to avoid mass gatherings for the safety of our employees.

ii) Benefits and Welfare

TSH Group provides a host of benefits that enhance the welfare of our workers especially those staying in or around our plantations. These benefits include physical facilities such as housing, sports grounds, child crèches, treated water supply and places of worship. We have been particularly steadfast in taking concrete steps to upgrade and conduct regular maintenance on our existing housing facilities while constructing new houses to meet on-going requirements. Non-physical benefits include sports club memberships, insurance coverage and a well-being programme are also offered, depending on location.

Workers housing and childcare centre at a Sabah estate.

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Community

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

Plasma Scheme

The Plasma Scheme is designed to develop scheme smallholders among the local community in Indonesia. Under the scheme, government agencies, business or cooperatives help develop smallholders through different ways; such as providing them seed stock, fertilisers, pesticides, training and loans. To-date, TSH Group has assisted in establishing 14 smallholder cooperatives under the Plasma Scheme in Indonesia.

The Group's role in the scheme includes:

- managing the plantation for scheme smallholders
- educating the cooperative scheme smallholders on oil palm planting and business
- assisting the scheme smallholders to obtain financing for their projects
- educating and assisting scheme smallholders in implementing sustainable business practices

We also assist them in obtaining RSPO certification and have set target timelines. We are committed to certify these smallholders and small growers under RSPO by 2027.

Community Giving & Charity

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

For FY2021, we also contributed over RM2.1 million in monetary donations to various schools, hospitals and charity homes in and around our areas of operation, in support of the elderly, abused, orphaned and otherwise underprivileged members of our society.

SUSTAINABILITY REPORT

Future Plans

The Company has decided to engage an independent Sustainability Advisory Service to perform an ESG Gap Analysis & Improvement Plan for the Group for FY2022. It aims to guide the TSH Group in benchmarking against best-practices and different sustainability frameworks, e.g. GRI, TCFD, FTSE4Good, etc. to better understand the Group's current standing, assist in the development of our ESG Improvement Plan with a focus on decarbonisation and carbon footprint reduction. The independent Sustainability Advisory Service will also support TSH and those in charge of implementing the sustainability initiatives by facilitating an all-inclusive training session on building a robust sustainability governance framework, mitigating potential risks, and leveraging on opportunities. TSH will also be establishing ESG Key Performance Indicators, expanded from our current short-term and long-term goals, to further enhance transparency and comparability with its reporting.

Our risk management practices will also be expanded in the coming year. While ESG topics have always inherently been managed under our existing risk management framework, moving forward, ESG risk areas will be identified more explicitly, for enhanced management and accountability for sustainability-related risks and opportunities.

Carbon Footprint Project

TSH Group recognises that climate change is a current and growing issue and acknowledges the importance of taking proactive corporate actions towards reducing its contribution. In 2021, TSH started charting our carbon footprint by initiating an inaugural Group Corporate Greenhouse Gas Inventory based on the internationally recognised standard, *GHG Protocol Corporate Accounting and Reporting Standard*[2] (also known as GHG Protocol Corporate Standard). The objective of the carbon footprint exercise is to establish a baseline year against which future carbon reduction initiatives can be measured against.

This inaugural GHG inventory has adopted the operational control approach[3] and covered the entire operation owned and fully controlled by TSH Group in Malaysia, Singapore and Indonesia. Emissions sources are categorised into Scopes 1, 2, and 3 emissions and comprehensive data are collected and synthesized to generate an inclusive and accurate reporting. All Scope 1 and 2 emissions were calculated, while for Scope 3 category 6 emissions (business travel) will be included in this first report.

Based on this inventory, a carbon reduction target and strategic plan will be developed to systematically reduce the GHG impacts of the Group's activities. Apart from reducing carbon emission internally, TSH Group is also exploring other potential carbon offsetting options to offset their GHG emissions.

The results of the carbon foot-printing exercise and GHG inventory are expected in 2022.

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[2] GHG Protocol Corporate Standard was published in September 2001. It was convened by World Resource Institute, a U.S.-based environmental NGO, and the World Business Council for Sustainable Development, a Geneva-based coalition of 170 international companies in order to serve as a basis for companies' GHG accounting reporting systems. By disclosing the annual GHG inventory, companies are committed to set at least one climate or clean energy target reporting.

[3] Operational Control Approach: under the operational control approach, a company accounts for 100% of GHG emissions from operations over which it has direct control, and does not account for emissions from operations in which it has an interest but no control. A company is considered to have operational control if it has the full authority to introduce and implement operating policies at the operation.

GRI Content Index

GRI Indicator	Content of Disclosure	Location Within Report
General Disclosures		
2-2	Entities included in the organisation's sustainability reporting	21
2-3	Reporting period, frequency and contact point	21
2-7	Employees	35
2-14	Role of the highest governance body in sustainability reporting	21
2-23	Policy commitments	22
2-26	Mechanisms for seeking advice and raising concerns	28
2-29	Approach to stakeholder engagement	24
3-1	Process to determine material topics	26
3-2	List of material topics	26
3-3	Management of material topics	26-40
Economic		
203-1	Infrastructure investments and services supported	39
205-2	Communication and training about anti-corruption policies and procedures	38
Environmental		
303-1	Interactions with water as a shared resource	32
303-3	Water withdrawal	32
304-2	Significant impacts of activities, products and services on biodiversity	31 & 33
304-3	Habitats protected or restored	33
Social		
401-1	New employee hires and employee turnover	35
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	38
403-2	Hazard identification, risk assessment, and incident investigation	36
403-4	Worker participation, consultation, and communication on occupational health and safety	36
403-9	Work related injuries	36
404-2	Programs for upgrading employee skills and transition assistance programs	38
405-1	Diversity of governance bodies and employees	35
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	34
413-1	Operations with local community engagement, impact assessments, and development programs	39

CORPORATE STRUCTURE

PALM PRODUCTS SEGMENT

- **100%** TSH Plantation Sdn. Bhd.
- **100%** TSH Plantation Management Sdn. Bhd.
- **100%** TSH Palm Products Sdn. Bhd.
- **50%** TSH-Wilmar Sdn. Bhd.
- **60%** RT Plantations Sdn. Bhd.
- **51%** LKSK Sdn. Bhd.
- **70%** PT. Andalas Agro Industri
- **70%** PT. Andalas Wahana Berjaya
- **90%** PT. Sarana Prima Multi Niaga
- **90%** PT. Teguh Swakarsa Sejahtera
- **69.77%** PT. Laras Internusa
- **90%** PT. Farinda Bersaudara
- **90%** PT. Mitra Jaya Cemerlang
- **90%** PT. Bulungan Citra Agro Persada
- **90%** PT. Munte Waniq Jaya Perkasa
- **90%** PT. Perkebunan Sentawar Membangun
- **90%** PT. Andalas Wahana Sukses
- **90%** PT. Prima Usaha Sukses
- **21.94%** Innoprise Plantations Berhad
- **56.68%** Landquest Sdn. Bhd.

OTHERS SEGMENT

- **100%** Ekowood International Berhad
- **100%** Ekowood Malaysia Sdn. Bhd.
- **100%** Ekowood (USA) Inc.
- **100%** TSH Bio-Energy Sdn. Bhd.
- **100%** TSH Bio-Gas Sdn. Bhd.
- **100%** TSH Biotech Sdn. Bhd.
- **100%** CocoaHouse Sdn. Bhd.
- **100%** TSH Agri Pte. Ltd.
- **50%** TSH-Wilmar (BF) Sdn. Bhd.

Notes:

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

CORPORATE INFORMATION

BOARD OF DIRECTORS

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

DATO' AIK SIM, TAN
Group Managing Director

DATO' JASMY BIN ISMAIL
Independent Non-Executive Director

SELINA BINTI YEOP JUNIOR @ LOPE
Independent Non-Executive Director

NATASHA BINTI MOHD ZULKIFLI
Independent Non-Executive Director

YAP BOON TECK
Independent Non-Executive Director

TAN AIK KIONG
Group Executive Director

CHEW SIEW YENG
Independent Non-Executive Director

TAN AIK YONG
Executive Director

LIM FOOK HIN
Non-Independent Non-Executive Director

AUDIT COMMITTEE

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

DATO' JASMY BIN ISMAIL
Member/Independent Non-Executive Director

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

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

NOMINATION COMMITTEE

SELINA BINTI YEOP JUNIOR @ LOPE
Chairperson/Independent Non-Executive Director

YAP BOON TECK
Member/Independent Non-Executive Director

LIM FOOK HIN
Member/Non-Independent Non-Executive Director

REMUNERATION COMMITTEE

DATO' JASMY BIN ISMAIL
Chairman/Independent Non-Executive Director

CHEW SIEW YENG
Member/Independent Non-Executive Director

LIM FOOK HIN
Member/Non-Independent Non-Executive Director

COMPANY SECRETARY

CHOW YEEN LEE (MAICSA 7047480)
SSM PC No.: 202008001593

REGISTERED OFFICE

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

AUDITORS

BDO PLT (LLP 0018825-LCA & AF 0206)
Level 8, BDO @ Menara CenTARa
360 Jalan Tuanku Abdul Rahman
50100 Kuala Lumpur
Tel : +603-2616 2888
Fax : +603-2616 3190/3191

PRINCIPAL BANKERS

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

SHARE REGISTRAR

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

STOCK EXCHANGE LISTING

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

COMPANY WEBSITE

www.tsh.com.my

PROFILE OF BOARD OF DIRECTORS

DATUK KELVIN TAN AIK PEN

Chairman and Co-Founder
Non-Independent
Non-Executive Director

Gender
Male

Aged
64

Nationality
Malaysian

He is the Chairman and Co-Founder of the Company. He has been a Director of TSH since his appointment to the Board on 17 January 1986. He also sits on the board of a number of private companies.

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

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

Under Kelvin's stewardship, TSH Group has grown by leaps and bounds from a small cocoa trading house to its listing on the Second Board of Bursa Malaysia in 1994, and subsequently elevated to the Main Board in 2000. He has transformed TSH into a successful leading regional integrated oil palm plantation player with upstream and downstream activities.

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

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

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

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

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

Additional information:

Datuk Kelvin Tan Aik Pen has:

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

PROFILE OF BOARD OF DIRECTORS

DATO' AIK SIM, TAN

Group Managing Director

Gender
Male

Aged
58

Nationality
Malaysian

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

He joined the Group in 1989 and over the years was heavily involved in its various business units and their operations. He had a major hand in setting up CocoaHouse Sdn Bhd's manufacturing facilities and its operations and played a leading role in the listing of TSH in 1994.

He was appointed the Chief Executive Officer of Ekowood in 1994 to spearhead the establishment of the integrated timber complex from a green field site. He was subsequently appointed as Group Managing Director in 2009 and played a pivotal role in its rapid growth, elevating it into an international and award-winning brand to be reckoned within the engineered hardwood flooring industry.

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

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

Additional information:

Dato' Aik Sim, Tan has:

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

PROFILE OF BOARD OF DIRECTORS

Independent Non-Executive Director

Gender
Male

Aged
58

Nationality
Malaysian

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

He obtained his Chartered Institute of Logistics and Transport in United Kingdom and Master of Science (Msc) in Transport Management from City University, London.

In 1988, Dato' Jasmy joined IBM Malaysia and held various positions within the Sales and Marketing Division, responsible mainly for the Public Sector and Financial Service Industries. Prior to leaving IBM Malaysia, he was the Executive Assistant to the Chief Executive Officer of IBM Malaysia.

Dato' Jasmy joined CCAAP Technologies Sdn. Bhd. as General Manager in 1996. He was also the Executive Director of New Technology & Innovation Sdn. Bhd.

In 2000, Dato' Jasmy co-founded Symphony Global Technologies Sdn. Bhd. and was involved in the formulation of Symphony House Berhad which was then listed on Bursa Malaysia Securities Berhad in 2003. He was the Chief Executive of Symphony's Technology Services Division. He also served as the Chairman of Symphony BCSIS Sdn. Bhd., a joint-venture company with OCBC Singapore's subsidiary, BCS Information Systems Pte. Ltd. ("BCSIS") and held the position until 2007. He was also an Independent Non-Executive Director of Malaysia Building Society Berhad up to February 2018.

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

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

Additional information:

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

PROFILE OF BOARD OF DIRECTORS

SELINA BINTI YEOP JUNIOR @ LOPE

Independent Non-Executive Director

Gender
Female

Aged
53

Nationality
Malaysian

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

Selina Yeop Jr. is the Chief Executive Officer of Salina & Associates PR Sdn. Bhd., a boutique Public Relations agency based in Selangor, Malaysia. She obtained a Diploma in Public Relations from Stamford College, Kuala Lumpur, Malaysia. She is an active member of the British Malaysia Chamber of Commerce and was instrumental in the launch of its women's wing.

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

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

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

Additional information:

Selina binti Yeop Junior @ Lope has:

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

PROFILE OF BOARD OF DIRECTORS

NATASHA BINTI MOHD ZULKIFLI

Independent Non-Executive Director

Gender
Female

Aged
47

Nationality
Malaysian

Natasha binti Mohd Zulkifli was appointed as an Independent Non-Executive Director of TSH on 2 July 2018. She studied in Kuala Lumpur, New Zealand and London, obtaining a law degree from the London School of Economics (LSE) with a special focus on European Union and international law.

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

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

Natasha also previously ran the Malaysia-Europe Forum (MEF) as its Executive Director. The MEF was set up to improve economic relations and bilateral understanding between Malaysia and Europe in areas relating to business and trade.

From 2012 - 2015 Natasha sat as Malaysia's representative on the Asia Low Emission Development Strategies (LEDS) Partnership Steering Committee, which is a voluntary regional network set up by USAID to support and promote low-emission development across Asia and the Pacific region.

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

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

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

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

Additional information:

Natasha binti Mohd Zulkifli has:

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

PROFILE OF BOARD OF DIRECTORS

Independent
Non-Executive Director

Gender
Male

Aged
67

Nationality
Malaysian

Yap Boon Teck was appointed as an Independent Non-Executive Director of TSH on 15 December 2015. He also serves as the Chairman of the Audit Committee and member of the Nomination Committee.

He obtained his professional accounting qualification from the Association of Chartered Certified Accountants (ACCA), United Kingdom. He is a member of the Malaysian Institute of Accountants.

He started his career with a small to medium size accounting and audit firms in the United Kingdom and medium to large local accounting and audit firms in Kuala Lumpur. While in public practice, Mr. Yap has gained experience in auditing both private and public companies mainly in finance and banking, property developments and manufacturing sectors.

He joined the MBf Group of Companies in November 1983 as an accountant and subsequently held various positions within the Group which included, property, insurance & financial services and manufacturing. Prior to leaving MBf Group in August 2003, he was the President-Corporate of MBf Holdings Berhad and MBf Capital Berhad.

In August 2003, he was appointed as Executive Director of Metroplex Berhad before he left in March 2006 to join Malaysia Land Properties Sdn. Bhd. where he served as the Group General Manager, overseeing management of the completed projects such as building management, shopping centre and hotels. He was also involved in the negotiation to purchase a major property and responsible for the various departments within the company, namely personnel, legal, finance and accounting and general administration.

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

He joined Malaysia Land Properties Sdn. Bhd. as Managing Director-Asset Management on 1 June 2018. He was subsequently appointed as Director and Financial Advisor of Malaysia Land Properties Sdn. Bhd. on 1 June 2020 after his retirement as Managing Director on 31 May 2020, a position he holds until todate.

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

Additional information:

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

PROFILE OF BOARD OF DIRECTORS

TAN AIK KIONG

Group Executive Director

Gender
Male

Aged
62

Nationality
Malaysian

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

He obtained a Masters Degree in Civil Engineering, majoring in Construction Management, from the Oklahoma State University, United States of America. Prior to joining the Company, he was attached to Prudential Bache Ltd., an established brokerage and commission house and subsequently with Ameroid Services Pte. Ltd., an independent warehousing company in Singapore.

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

Additional information:

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

PROFILE OF BOARD OF DIRECTORS

CHEW SIEW YENG

Independent
Non-Executive Director

Gender
Male

Aged
64

Nationality
Malaysian

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

He started his career with an international accounting firm, Price Waterhouse (now known as PricewaterhouseCoopers) from 1979 until 1994. During this period, he was attached to Audit and Business Advisory, Business Centre and Management Consultancy divisions. In 1995, he joined a listed company, AMDB Bhd as the Group Financial Controller until 2007 with his last position as Senior General Manager- Corporate Services/ Finance and Chief Risk Officer. During this period, his main responsibilities include serving on the EXCO/Board of AMDB Group of companies and financial management involving supervision of the Group Finance functions, merger and acquisition, risk management, treasury and tax functions.

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

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

Additional information:

Chew Siew Yeng has:

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

PROFILE OF BOARD OF DIRECTORS

TAN AIK YONG

Executive Director

Gender
Male

Aged
53

Nationality
Malaysian

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

He is a non-practising barrister with a degree in Bachelor of Laws (LLB) from Queen Mary College, University of London. He qualified as a Chartered Financial Analyst (CFA) in 1998. His career started with a law firm in Kuala Lumpur and had since spent 10 years in investment banking activities in the region. He was a senior manager in United Overseas Bank Group prior to joining TSH Group to handle investment planning, corporate and financing matters in 2002.

He also holds directorship in other private limited companies.

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

Additional information:

Tan Aik Yong has:

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

PROFILE OF BOARD OF DIRECTORS

LIM FOOK HIN

Non-Independent Non-Executive Director

Gender
Male

Aged
72

Nationality
Malaysian

Lim Fook Hin was appointed as an Executive Director of TSH on 9 May 1997. On 1 February 2016, he was re-designated as Non-Independent Non-Executive Director. He also serves as a member of the Audit Committee, Remuneration Committee and Nomination Committee. He is currently a Director of Ekowood International Berhad. He also sits on the board of some subsidiary companies within the TSH Group and holds directorship in other private limited companies. He is a member of the Malaysian Institute of Certified Public Accountants. After qualifying as a member of the ICAEW, he joined Coopers & Lybrand as an Audit Senior in 1976 and was transferred to Coopers' management consultancy services in 1977. He joined the Commonwealth Development Corporation in 1978 and was seconded to Sarawak Oil Palm Sdn. Bhd. as Company Secretary.

He joined BAL Plantation Sdn. Bhd. in 1981 as Financial Controller until 1993. His main responsibility included financial management, merger and acquisition and commodity marketing. He was the Chief Executive of United Palm Oil Industries PLC ("UPOIC"), a company listed on the Stock Exchange of Thailand before joining TSH in 1997.

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

Additional information:

Lim Fook Hin has:

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

PROFILE OF KEY SENIOR MANAGEMENT

MICHAEL WONG CHUNG HAU

Chief Financial Officer of TSH Resources Berhad	**Gender** Male	**Aged** 56	**Nationality** Malaysian

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

He was appointed as Chief Financial Officer of the Group on 9 January 2018. He has 32 years of working experience in accounting, corporate finance, auditing and corporate advisory. Immediately prior to joining the Company, he was the Chief Financial Officer of Warisan TC Holdings Berhad. Prior to that, he had also served as Director of Corporate Finance at Deloitte Corporate Advisory Services Sdn. Bhd. where he led various engagements, including mergers and acquisitions, operational restructurings, feasibility studies and valuations.

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

CHOW YEEN LEE

Company Secretary	**Gender** Female	**Aged** 50	**Nationality** Malaysian

Chow Yeen Lee is an Associate member of the Malaysian Institute of Chartered Secretaries and Administrators (MAICSA). She was appointed as the Company Secretary of TSH Resources Berhad ("TSH") on 23 May 2007. She started her career with a secretarial firm in Kuala Lumpur prior to joining TSH Group in September 1995. She has 26 years of experience in corporate secretarial practice.

She is currently overseeing corporate secretarial functions of TSH Group and other joint-venture companies of TSH.

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

PANG THAU YIN

General Manager, Research and Development of TSH Resources Berhad	**Gender** Male	**Aged** 61	**Nationality** Malaysian

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

Prior to joining the Company, he was a Chief Research Officer in the research and development department of a major plantation group. He has 35 years of experience in plantation crop research and advisory.

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

PROFILE OF KEY SENIOR MANAGEMENT

GOH KIAN YIN

Regional Financial Controller in Indonesia	**Gender** Male	**Aged** 42	**Nationality** Malaysian

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

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

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

WAN NOR AZMI BIN MAT ESA

General Manager, Estate Operation TSH Resources Berhad (Indonesia)	**Gender** Male	**Aged** 49	**Nationality** Malaysian

Wan Nor Azmi was appointed as General Manager, Estate Operation on 1 March 2022. He obtained his Diploma in Agricultural Science from the University Technology MARA.

Prior to joining the Company, he was an Assistant General Manager, Estate Operation in Kalimantan Timur, Indonesia. He has 27 years of experience in plantation.

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

SUHAIMI BIN SUWITI

General Manager, Mill Operations of TSH Resources Berhad	**Gender** Male	**Aged** 46	**Nationality** Malaysian

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

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

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

PROFILE OF KEY SENIOR MANAGEMENT

CHOONG WEI THENG

General Manager – Centralised Finance of TSH Resources Berhad	**Gender** Female	**Aged** 51	**Nationality** Malaysian

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

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

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

WONG TWEE JONG

General Manager, Strategic Planning & Operations of TSH Resources Berhad	**Gender** Male	**Aged** 56	**Nationality** Malaysian

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

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

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

NG KOK AUN

General Manager, Group Human Resources	**Gender** Male	**Aged** 46	**Nationality** Malaysian

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

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

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors ("Board") of TSH Resources Berhad ("TSH" or "the Company") recognises that exercise of good corporate governance in conducting the business and affairs of the Company with integrity, transparency and professionalism are key components for the long term sustainability of TSH Group's ("the Group") businesses and performance. These will not only safeguard and enhance shareholders' investment and value but will at the same time ensure that the interests of other stakeholders are protected.

The Board is therefore committed to high standards of corporate governance and business practices. Accordingly, the Board has adopted TSH Corporate Governance Guidelines ("TSH Guidelines") to assist the Board in the exercise of its responsibilities. The TSH Guidelines, along with the terms of reference ("TORs") of the Board and Board Committees provide the framework for corporate governance at TSH. The Board periodically reviews the TSH Guidelines and TORs to ensure its relevance and it was last updated on 24 February 2022.

The Board is pleased to present this Statement, an overview of TSH's corporate governance practices during the financial year with reference to the 3 Principles which are set out in the Malaysian Code on Corporate Governance 2021 ("Code"):

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

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

BOARD LEADERSHIP AND EFFECTIVENESS

Principle A

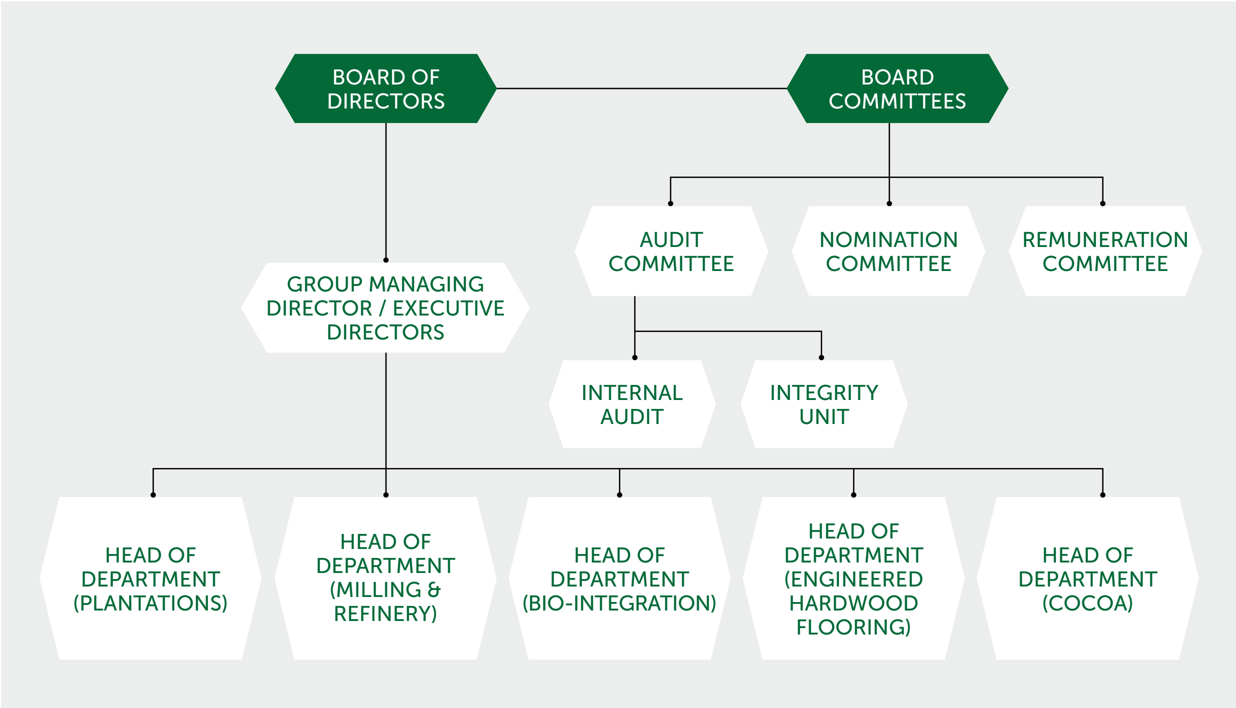
I. Role and Responsibilities of the Board

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

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Our Governance Framework



Clear Functions of the Board and Management

There is a clear distinction between the roles and responsibilities of the Board, Chairman and Group Managing Director which are set out in the TSH Guidelines. The Board determines the strategic objectives and policies of the Group for delivering sustainable value and long-term success. It ensures effective leadership through oversight on management and robust monitoring of performance and governance in the Group.

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

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

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

The Board plays an active role in the development of the Group's strategic plan with a view to maximising shareholder value and promoting sustainability. This includes review, comment and provide final approval of the Group's strategic plan prepared by management. In conjunction with this, the Board also reviews and approves the annual budget for the ensuing year and monitors management's implementation of and performance with respect to that agreed strategic plan. The Board, through its Audit Committee, continued to focus on the impact of the COVID-19 pandemic on the business, including monitoring the Group's financial performance, new and emerging risks and the business continuity and resilience.

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

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

Company Secretary

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

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

Supply and Access to Information and Advice

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

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

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

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

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

Code of Ethics

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

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

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

Whistle-Blowing Policy

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

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

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

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

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

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

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

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

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

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

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

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

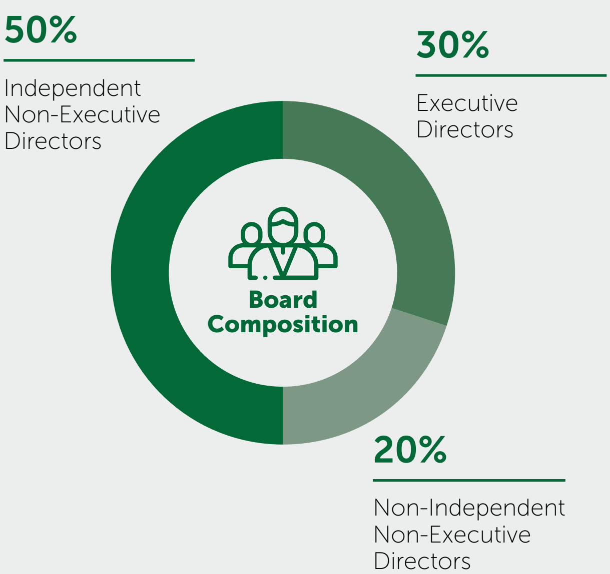
Governing Sustainability

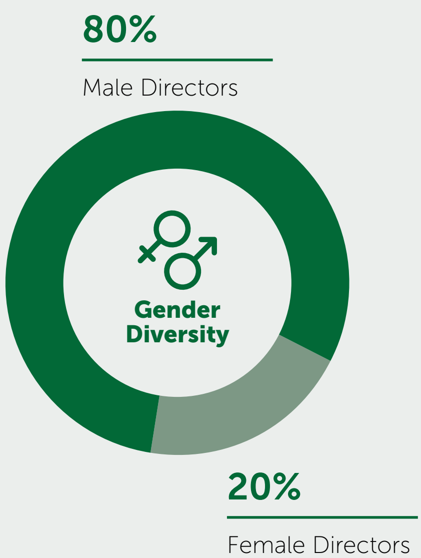
The Board together with the senior management is responsible for the governance of sustainability in the Company including the setting the Company's sustainability strategies, priorities and targets. The sustainability governance framework, the Group's strategies, priorities and targets and their performance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

The Board is kept abreast on the sustainability issues which are relevant to the TSH Group through regular updates from the Group Managing Director, who in turn is supported by Sustainability Department, led by the Head of Sustainability.

II. Board Composition and Independence

TSH Board currently consists of 10 members, 5 Independent Non-Executive Directors including 2 female Directors, 2 Non-Executive Directors, one of whom is the Chairman and 3 Executive Directors, including Group Managing Director.





CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board composition complies with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ("Listing Requirements") that requires a minimum of 2 Directors or one-third of the Board, whichever is higher, to be independent directors. Its composition also complies with Practice 5.2 of the Code which requires at least half of the Board being comprised of independent directors.

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

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

Annual Assessment of Independent Directors

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

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

For the financial year ended 31 December 2021, each of the 5 Independent Non-Executive Directors had provided an annual confirmation of his/her independence to the Board based on its policy on criteria of assessing independence in line with the definition of "independence directors" prescribed by the Listing Requirements. The Nomination Committee and the Board had assessed the 5 Independent Non-Executive Directors of the Company, namely Dato' Jasmy bin Ismail, Selina binti Yeop Junior @ Lope, Natasha binti Mohd Zulkifli, Yap Boon Teck and Chew Siew Yeng and were satisfied with the level of independence demonstrated by all the Independent Directors and their ability to act in the best interest of the Company. Each Independent Director has retained their independence throughout the tenure and had not in any circumstances formed any association with management that might compromise their ability to exercise independent judgement.

Tenure of Independent Director

The Board believes that the interests of all stakeholders are best served if its composition includes a blend of experience and tenure among Directors. The Board is of the view that the ability of long serving independent directors to remain independent and to discharge their duties with integrity and competency should not be measured solely by tenure of service or any pre-determined age. Instead, a Director's health, attitude, integrity, ability for dispassionate discourse, business knowledge or judgement, and the discharge of his duties and responsibilities in the best interest of the

TSH Group, are also valid criteria to determine his independence and effectiveness. Their long service should not affect their independence as they are independent-minded and they continue to provide the necessary checks and balances in the best interest of the Company.

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

Diversity

The Board acknowledges the importance of Board diversity, including gender, ethnicity, age and business experience, to the effective functioning of the Board. While it is important to promote such diversity, the normal selection criteria of a Director, based on effective blend of competencies, skills, extensive experience and knowledge in areas identified by the Board should remain a priority so as not to compromise on effectiveness in carrying out the Board's functions and duties.

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

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

The Group also does not have a specific policy on setting targets for women representation in the senior management due to the nature of its primary business. The Company practices equal employment opportunities to all qualified individuals to create a workforce that is fair and inclusive and seeks to retain and attract the best people to do the job. The Company rewards and promotes employees based on assessment of individual performance, capability and potential. The Company is committed to providing opportunities that allow individuals to reach their full potential irrespective of individual background or difference.

Appointment of new Directors

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

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

(a) the Group Managing Director, other Directors or shareholders for executive position;

(b) Non-Executive and/or Independent Directors or non major controlling shareholders for non-executive position; and

(c) external parties including the Company's contacts in related industries as well as independent sources such as women directors' registry.

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

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

- skills, knowledge, expertise and experience;
- character, integrity and professionalism;
- perceived ability to work cohesively with other members of the Board;
- number of directorships and other external obligations which may affect the Director's commitment, including time commitment and value contribution;
- diversity in age, gender and experience/background; and
- such other relevant factors as may be determined by the Nomination Committee which would contribute to the Board's collective skills,

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

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

III. Foster Commitment

Time Commitment

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

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

During the financial year, the Board met 6 times, 4 scheduled and 2 special Board meetings whereat it deliberated and considered various matters including the Group's financial results, corporate proposals, major investment and strategic decisions, business plan and direction of the Group. Details of attendance of each Board member are as follows:

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

The Directors' commitment to carry out their duties and responsibilities is affirmed by their attendance at the Board meetings held during the financial year ended 31 December 2021. In addition to the above, all Directors of the Company have complied with the Listing Requirements of not holding more than 5 directorships in listed issuers at any given time.

Directors' Training

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

All Directors had attended the Mandatory Accreditation Programme (MAP). They are regularly updated on the Group's businesses and the competitive and regulatory environment in which they operate. The Board, through the Nomination Committee, had undertaken an assessment of the training needs of each Director for the financial year under review and concluded that all Board members have vast experience and extensive knowledge in managing the core business of the Group. Nonetheless, the Directors are encouraged to attend various training programmes to ensure they keep abreast on various issues facing the changing business environment within which the Group operates to effectively discharge their duties as Directors.

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

IV. Board Committees

Nomination Committee

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

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

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

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

Annual Assessment

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

Details of the evaluation process and criteria as well as summary of the activities undertaken by the Nomination Committee during 2021 are disclosed in the CG Report.

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

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

The Directors who are due for retirement and re-election pursuant to Clause 100 of the Company's Constitution are Natasha binti Mohd Zulkifli, Yap Boon Teck, Chew Siew Yeng and Tan Aik Yong. For the purpose of determining the eligibility of the Directors to stand for re-election at this AGM, the Board through its Nomination Committee had assessed the performance and contribution of each of the retiring Directors. Based on the results of the respective Directors' performance evaluation conducted, the Board is satisfied with the Directors' performance and the level of contribution to the Board through their knowledge, skills and commitment as well as their abilities to act in the best interest of the Company. In addition, each of the Independent Directors has also provided his/her annual declaration/confirmation of independence. Premised on this, the Board has accepted the Nomination Committee's recommendation for their re-election at the forthcoming AGM.

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

Remuneration Policy for Directors and Senior Management

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

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

Remuneration Committee

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

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

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

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

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

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

During the financial year under review, the Remuneration Committee had conducted an internal review of the Independent Directors' fees to ascertain its competitiveness having regard to various factors including the fee structure of comparable companies of the same industry as well as the increased responsibilities, commitment and contribution expected of the Independent Directors.

Premised on the above factors and having considered that the last review was conducted in June 2006, the Remuneration Committee recommended that the fees for each Independent Director be increased from RM3,000 to RM4,000 per month with effect from 20 May 2021. The Board approved the recommendation by the Remuneration Committee on the proposed increment of Independent Directors' fees which will be put forth to the shareholders for approval at the 42nd AGM.

The Board also approved the Remuneration Committee's recommendation to seek shareholders' approval at the 42nd AGM that the Directors' benefits of RM1.8 million be payable to the Non-Executive Directors from 27 May 2022 until the next AGM of the Company in accordance with Section 230 of the Companies Act 2016.

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

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

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

EFFECTIVE AUDIT AND RISK MANAGEMENT

Principle B

Audit Committee

As at the date of this report, the Audit Committee comprises 4 members, all of whom are Non-Executive Directors with a majority of them being Independent Directors. The Audit Committee is chaired by an Independent Non-Executive Director who is not the Chairman of the Board. None of the Audit Committee members were former audit partners who are required to observe a cooling-off period of at least three (3) years before being appointed in accordance with the TORs.

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

The term of office and performance of the Audit Committee and each of its members are reviewed annually by the Board through the Nomination Committee, to ensure the Audit Committee and members have carried out their duties in accordance with their TORs.

The Audit Committee is authorised by the Board to investigate any matter within its TORs and to have the resources in order to perform its duties and responsibilities as set out in its TORs. The Audit Committee's TORs are made available on the Company's website at www.tsh.com.my and its report is set out in the ensuing pages of this Annual Report.

The Company's financial statements for the year ended 31 December 2021 are prepared in accordance with the provisions of the Companies Act 2016 and applicable financial reporting standards in Malaysia. The Board is responsible to ensure that the financial statements give a true and fair view and balanced and understandable assessment of the state of affairs of the Company and of the Group. The Statement of Directors' Responsibilities in respect of the preparation of the annual audited financial statements is set out in the ensuing pages of this Annual Report.

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

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

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

In addition, the Head of Internal Audit also undertook independent assessment of the system of internal control and assured the Audit Committee that no material issue or major deficiency had been noted which posed a high risk to the overall system of internal control under review.

Assessment of Suitability and Independence of External Auditors

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

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

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

Risk Management and Internal Audit

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

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

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

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

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

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

Principle C

Stakeholder Engagement

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

The stakeholder groups whose activities could have significant impact on our business are carefully identified and are engaged at various platforms and intervals throughout the year. A variety of engagement initiatives including direct meetings and dialogues with community are constantly conducted. We also actively seek solutions to grievances and disputes through negotiations and other due processes. Our Sustainability Team has a dedicated Sustainability section on the Company's website to address any enquiries or grievances relating to sustainability issues. A summary on the stakeholder engagements can be found on our Sustainability Report 2021.

Corporate Disclosure Policy

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

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

Leverage on Information Technology

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

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

Encourage Shareholder Participation at General Meetings

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

On 20 May 2021, the Company had conducted a virtual 41st AGM. The conduct of the virtual 41st AGM is in compliance with the Company's Constitution which allows general meetings to be held using any technology or electronic means. The Company has adopted online remote voting for the conduct of poll on all resolutions. All shareholders were briefed on the voting procedures via a short video presented by the poll administrator. The Chairman of the meeting and the Company Secretary were physically present at the broadcast venue. The other members of the Board, the Chief Financial Officer and external auditors attended the 41st AGM virtually via video conferencing.

In line with Practice 13.1 of the Code, the Notice of the 41st AGM was issued at least 28 days before the AGM date. The shareholders are given the opportunity to seek clarification on the Company's financial statements and other items for adoption at the meeting before putting a resolution to vote. It has always been the practice for the Chairman to provide ample time for the Q&A sessions in the AGMs and for suggestions and comments by shareholders to be noted by management for consideration. Where it is not possible to provide immediate answers to shareholders' queries, the Board will undertake to provide the answer after the AGM.

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

KEY FOCUS AREAS AND FUTURE PRIORITIES

The Board recognises the growing importance of environmental, social and governance (ESG) factors affecting the businesses of the TSH Group, and its role to mitigate climate change risks as well as other sustainability matters. As part of the Board oversight, a more robust ESG agenda will be developed for the TSH Group in the coming year. This includes setting the tone from the top for overall strategic direction on ESG, a group-wide Sustainability Policy which will serve as a focal guiding document for the Group's sustainability values and practices, as well as formation of a Sustainability Working Committee to assist the Board in developing and driving ESG policies with time bound action plans. In this regard, TSH Group has started charting their carbon footprint by initiating their inaugural Group Corporate Greenhouse Gas Inventory based on the internationally recognised standard, *GHG Protocol Corporate Accounting and Reporting Standard* (also known as GHG Protocol Corporate Standard). Based on this inventory, a carbon reduction target and strategic plan will be developed to systematically reduce the GHG impacts of the Group's activities.

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

ADDITIONAL COMPLIANCE INFORMATION

1. Utilisation of Proceeds

During the financial year under review, the Group had entered into sale and purchase agreements with Sharikat Keratong Sdn. Bhd. for the proposed disposals of Ladang Gomantong, Ladang Ong Yah Ho and Lahad Datu Palm Oil Mill for a total cash consideration of RM248.0 million, as disclosed in Note 45.1 to the Financial Statements. The disposals of Ladang Ong Yah Ho and Lahad Datu Palm Oil Mill were completed on 25 March 2022 in accordance with the respective sale and purchase agreements whereas the sale and purchase in respect of Ladang Gomantong is currently pending completion.

As at 31 March 2022, the total proceeds arising from the aforesaid proposed disposals that have been paid by Sharikat Keratong Sdn. Bhd. amounted to RM179.6 million with the remaining RM68.4 million to be paid upon completion of the sale and purchase of Ladang Gomantong. As at 31 March 2022, the status of the utilisation of proceeds was as follows:

Details of Utilisation	Proposed utilisation RM'000	Actual utilisation RM'000	Balance RM'000
Repayment of bank borrowings	231,500	49,663	181,837
Estimated expenses relating to the proposed disposals	16,500	16,214	286
	248,000	65,877	182,123

CORPORATE GOVERNANCE OVERVIEW STATEMENT

2. Audit and Non-Audit Fees

The amount of fees paid or payable to the external auditors and its affiliates in relation to the audit and non-audit services rendered to the Company and the Group for the financial year ended 31 December 2021 are as follows:

	Group (RM)	Company (RM)
Audit fees	838,999	156,000
Non-audit fees	115,000	72,720

3. Material Contracts

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

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

At the last AGM of the Company held on 20 May 2021, the Company had obtained a mandate from its shareholders ("Shareholders Mandate") to allow the Company and/or its subsidiaries to enter into Recurrent Related Party Transactions of a Revenue or Trading Nature ("Recurrent Transactions"). In accordance with Paragraph 10.09(2)(b) of the Listing Requirements, details of the Recurrent Transactions conducted during the financial year ended 31 December 2021 pursuant to the Shareholders' Mandate are as follows:

Name of Companies	Related Parties	Class of Related Party	Nature of Recurrent Transactions	Aggregate value of transactions made during the financial year (RM)
TSH Plantation Sdn. Bhd. ("TSHP") and TSH Plantation Management Sdn. Bhd. ("TSHPM") (Seller)	TSH-Wilmar Sdn. Bhd. ("TSH-W") (Buyer)	TSH-W is a joint venture company in which TSH Resources Berhad ("TSH") holds 50% equity interest. Datuk Kelvin Tan Aik Pen is a Director and substantial shareholder of TSH. He was a director of TSH-W. Tan Aik Kiong is a Director and shareholder of TSH and also holds directorships in TSHP, TSHPM and TSH-W. Dato' Aik Sim, Tan and Tan Aik Yong are Directors and shareholders of TSH. Tan Aik Yong is also a director of TSH-W. Both Dato' Aik Sim, Tan and Tan Aik Yong are persons connected to Datuk Kelvin Tan Aik Pen and Tan Aik Kiong. Ong Yah Ho, Tan Ah Seng, Tan Aik Choon, Tan Ek Huat, Tan Aik Hwa and Chin Chui Fong are shareholders of TSH and persons connected to Datuk Kelvin Tan Aik Pen and Tan Aik Kiong. Ong Yah Ho, Tan Aik Choon, Tan Ek Huat and Tan Aik Hwa are also directors of certain TSH subsidiaries.	Sale of crude palm oil	371,729,944

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Name of Companies	Related Parties	Class of Related Party	Nature of Recurrent Transactions	Aggregate value of transactions made during the financial year (RM)
TSHP and TSHPM (Seller)	TSH-W (Buyer)	Same as disclosed above	Sale of palm kernel	60,744,138
TSHPM (Buyer)	Serijaya Industri Sdn. Bhd. ("SJI") (Seller)	SJI is a wholly-owned subsidiary of Innoprise Plantations Berhad ("Innoprise"). TSH is a substantial shareholder of Innoprise. Datuk Kelvin Tan Aik Pen is a shareholder of Innoprise and substantial shareholder and Director of TSH. He was a Director of Innoprise and SJI. Tan Aik Kiong is a Director of TSH, TSHPM and shareholder of TSH. He is also a shareholder of Innoprise and director of Innoprise and SJI. Dato' Aik Sim, Tan and Tan Aik Yong are Directors and shareholders of TSH. Both of them are persons connected to Datuk Kelvin Tan Aik Pen and Tan Aik Kiong. Ong Yah Ho, Tan Ah Seng, Tan Aik Choon, Tan Ek Huat, Tan Aik Hwa and Chin Chui Fong are shareholders of TSH and persons connected to Datuk Kelvin Tan Aik Pen and Tan Aik Kiong. Ong Yah Ho, Tan Aik Choon, Tan Ek Huat and Tan Aik Hwa are also directors of certain TSH subsidiaries.	Purchase of fresh fruit bunches	1,137,930

This Statement has been reviewed and approved by the Board of Directors on 5 April 2022.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board of Directors of TSH ("Board") is pleased to provide the following Statement on Risk Management and Internal Control pursuant to Paragraph 15.26(b) of the Bursa Malaysia Securities Berhad Main Market Listing Requirements ("Listing Requirements").

Set out below is the Board's Statement on Risk Management and Internal Control which outlines the nature and state of internal control of the Group during the year under review, and up to the date of this Annual Report.

Board Responsibility

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

Risk Management

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

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

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

Taking into cognizance of the potential impact of the new Section 17A(1) of the Malaysian Anti-Corruption Commission (Amendment) Act 2018 on the Group's risk framework, management has since rolled out the anti-bribery related policies. In addition, awareness workshop and training to ensure the policies are well understood were carried out accordingly. Broadly, the Group focuses on managing two types of risks, strategic and operational. Strategic risks are caused by events that are external to the Group, but have a significant impact on its strategic decisions or activities. These are dealt with by the Board.

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

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Key Risks in 2021

Response to COVID-19

One of the biggest challenges globally in 2021 has been the COVID-19 pandemic. By and large our business operations were able to continue operating during the pandemic. However, all business units were required to adhere to new COVID-19 operating procedures to protect the health and safety of all our employees and curb the spread of the virus. Assistance by way of preparing personal protective equipment, medical supplies and daily needs have been provided to all our employees and their families. Constant monitoring and reporting with strict Standard Operating Procedure ("SOP") was established to ensure the welfare of the employees and their families are taken care.

Price fluctuations

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

Although the movement in CPO prices is beyond TSH Group's control, we mitigate the adverse effect of fluctuations in CPO and palm kernel prices by entering into short-term forward contracts with our major customers and CPO futures to fix prices as a hedge against fluctuations and managing its cost downwards. In addition, the management constantly analyses and monitors the global demand patterns and trends for oils and fats, particularly palm oil to make prompt and informed decisions regarding its CPO sales.

Weather conditions

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

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

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Competing mills

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

Labour force

TSH Group respects, supports and upholds fundamental human rights, and does not engage in any form of illegal, forced, bonded or human trafficking and shall take appropriate measures to prevent the use of such labour in connection with its operations. The Group is committed to absorb all employer related recruitment fees. Employment of child is prohibited within TSH Group's operations. Remedial actions with appropriate follow up actions shall be imposed if any child labour is spotted in order to protect the welfare of the child.

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

The Group is currently in the process of mechanising certain field operations to reduce dependency on labour. To date, the Group has not encountered any serious labour shortage or any significant labour dispute that could cause a major disruption in its daily operations. In addition, the Group has also appointed very experienced estate managers to manage the estates and has also set up a Plantation Training Academy in Kalimantan Tengah, with the purpose of recruiting and training suitable local workers to mitigate any labour shortage and maintain operating standards.

Pests and Diseases

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

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Internal Control

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

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

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

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Review of the Statement by External Auditors

The external auditors have performed limited assurance procedure on the Statement on Risk Management and Internal Control pursuant to the scope set out in Audit Assurance and Practice Guide 3 ("AAPG 3"), *Guidance for Auditors on Engagements to report on the Statement on Risk Management and Internal Control included in the Annual Report* issued by the Malaysia Institute of Accountants ("MIA") for inclusion in the Annual Report of the Group for the year ended 31 December 2021, and reported to the Board that nothing has come to their attention that causes them to believe the Statement on Risk Management and Internal Control intended to be included in the Annual Report is not prepared, in all material aspects, in accordance with the disclosures required by paragraphs 41 and 42 of the Guidelines, nor is the Statement on Risk Management and Internal Control factually inaccurate.

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

Conclusion

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

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

This Statement has been reviewed and approved by the Board of Directors on 5 April 2022.

AUDIT COMMITTEE REPORT

The Board of Directors ("Board") is pleased to present the following report on the Audit Committee and its activities for the financial year ended 31 December 2021.

Audit Committee Composition and meetings

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

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

The Audit Committee convened 5 meetings during the year to discharge its duties and responsibilities. Attendance of members of the Audit Committee during 2021 is shown in the table below.

Name	No. of meetings		Attendance Percentage
	Held	Attended	
Yap Boon Teck	5	5	100%
Dato' Jasmy bin Ismail	5	4	80%
Chew Siew Yeng	5	5	100%
Lim Fook Hin	5	5	100%

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

The Company Secretary acts as the secretary to the Audit Committee. Minutes of meeting are distributed electronically to each Audit Committee member for their perusal prior to confirmation of the minutes at the following Audit Committee meeting. The Audit Committee may request for clarification or raise comments before the minutes are tabled for confirmation. The minutes are signed by the Chairman of the meeting as a correct record of the proceedings of the meeting. Minutes of the Audit Committee meeting are also circulated to the Board for notation.

Terms of reference

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

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

The terms of reference is made available on the Company's website at www.tsh.com.my.

AUDIT COMMITTEE REPORT

Review of the Audit Committee

An annual assessment and evaluation on the performance and effectiveness of the Audit Committee was undertaken by the Board through its Nomination Committee for the financial year ended 31 December 2021. The Audit Committee was assessed based on the following 6 key areas and the Board was satisfied that the Audit Committee had carried out its duties and functions in accordance with its terms of reference:

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

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

Training

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

Summary of Activities

Summary of work undertaken by the Audit Committee during the financial year encompassed the following:

1. Financial Reporting and Compliance

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

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

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

(a) adequate processes and controls were in place for an effective and efficient financial statements close process;

(b) appropriate accounting policies had been adopted and applied consistently;

(c) the relevant financial statements gave a true and fair view of the state of affairs of the TSH Group;

(d) the going concern basis applied in the annual financial statements and condensed consolidated financial statements was appropriate; and

(e) prudent judgements and reasonable estimates had been made in accordance with the requirements as set out in the MFRSs, IFRSs and Listing Requirements.

AUDIT COMMITTEE REPORT

2. External Audit

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

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

In April 2021, the Audit Committee evaluated the performance of the external auditors based on 4 key areas, namely quality of service, sufficiency of resources, communication with management and independence, objectivity and professionalism. The Audit Committee assessed the performance of the lead engagement partner and his engagement team based on the private sessions held between the Audit Committee and the external auditors. The Audit Committee had also invited management to join the assessment as they had substantial contact with the external audit team throughout the year. Being satisfied with the external auditors' performance, technical competency, audit independence, adequacy of experience and resources of the firm as well as active engagement during the audit process, the Audit Committee recommended to the Board for approval of the re-appointment of Messrs BDO PLT as external auditors of the Company. At the last AGM held on 20 May 2021, the shareholders had approved the re-appointment of Messrs BDO PLT as auditors of the Company.

In November 2021, the Audit Committee reviewed the 2021 audit planning memorandum prepared by Messrs BDO PLT outlining their scope of work, approach which includes the procedures to be performed by the external auditors during their annual visits to the Group's estates, mills and power plants in Sabah, deliverables and proposed fees for the statutory audit and non-statutory audit. The Audit Committee had also reviewed and discussed the key audit matters ("KAMs"), details are reflected in the financial statements of this Annual Report.

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

A similar evaluation on the performance of Messrs BDO PLT was carried out by the Audit Committee in March 2022 and the Audit Committee recommended the re-appointment of Messrs BDO PLT as external auditors of the Company for the financial year ending 31 December 2022.

The Audit Committee shall continue to review KAMs raised by the external auditors as part of its focus areas for 2022 in addition to its routine business.

AUDIT COMMITTEE REPORT

3. Internal Audit

The Audit Committee reviewed and approved the annual audit plan for 2021 having regard to the adequacy of scope and coverage of the activities of the Group. The internal audit team conducted the audit activities based on the audit plan approved by the Audit Committee.

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

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

4. Recurrent Related Party Transactions

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

5. Other Matters

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

In relation to the proposal to declare an interim dividend for the financial year 2021, the Audit Committee reviewed the dividend proposed by management to ensure consistency with the Company's long term dividend payout policy, taking into account the Company's profits, cash flow and capital investment requirements. The Audit Committee also reviewed the solvency tests undertaken by the management and was satisfied with the results which showed that the Company is able to pay its debts as and when the debts become due within 12 months after the distribution of dividends, pursuant to Section 132(3) of the Companies Act 2016. Accordingly, the Audit Committee resolved to recommend for the Board's approval of the said interim dividend under the single-tier system for the financial year 2021.

During the period under review, the Audit Committee also reviewed the Group's Anti-Bribery and Corruption Management System and Gifts & Hospitality Policies and Procedures. The Integrity Unit which reports directly to the Audit Committee, assists to strengthen the Group's governance, integrity and raise awareness on anti-fraud, bribery and corruption.

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

AUDIT COMMITTEE REPORT

Internal Audit Function

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

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

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

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

1. Developed an annual audit plan using a risk-based approach, taking into consideration of the key business units of the Group and input from senior management and the Audit Committee members.

2. Provided independent assessment and objective assurance over the adequacy and effectiveness of risk management and internal control processes via structured reviews of units and operations identified in the annual audit plan.

3. Provided independent and objective reviews of the adequacy and relevance of internal controls enforced to mitigate the risk exposures.

4. Ascertained the level of compliance with established policies and procedures of the Company.

5. Recommended improvements and enhancements to the existing system of internal controls and work procedures/processes.

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

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

The Directors are required by the Companies Act 2016 ("the Act") to prepare financial statements for the financial year which give a true and fair view of the financial positions of the Group and of the Company as at 31 December 2021 and of their financial performance and cash flows for the year then ended.

In preparing the financial statements, the Directors have:

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

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

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

2021 FINANCIAL STATEMENTS

DIRECTORS' REPORT

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2021.

PRINCIPAL ACTIVITIES

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

	Group RM'000	Company RM'000
Continuing operations		
Profit for the financial year from continuing operations	202,013	28,833
Discontinued operations		
Profit for the financial year from discontinued operations, net of tax	-	3,411
Profit for the financial year	202,013	32,244
Attributable to:		
Owners of the Company	169,415	32,244
Non-controlling interests	32,598	-
	202,013	32,244

DIVIDENDS

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

	Company RM'000
In respect of the financial year ended 31 December 2020	
First and final single tier dividend of 1.5 sen per ordinary share, paid on 1 April 2021	20,703

On 24 February 2022, the Directors declared a first interim single tier dividend of 3.0 sen per ordinary share, amounting to RM41,406,000 in respect of the financial year ended 31 December 2021. The financial statements for the current financial year do not reflect this dividend. The dividend will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2022.

The Directors do not recommend the payment of any final dividend in respect of the financial year ended 31 December 2021.

DIRECTORS' REPORT

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the statements of changes in equity.

ISSUE OF SHARES AND DEBENTURES

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

TREASURY SHARES

At the Annual General Meeting held on 20 May 2021, the shareholders of the Company by an ordinary resolution renewed the mandate given to the Company to repurchase up to ten per centum (10%) of its own ordinary shares.

As at 31 December 2021, the Company had 1,629,000 ordinary shares held as treasury shares with a carrying amount of RM1,467,000. The details of treasury shares are disclosed in Note 36 to the financial statements.

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

OPTIONS GRANTED OVER UNISSUED SHARES

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

DIRECTORS

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

TSH Resources Berhad

Tan Aik Pen	Yap Boon Teck
Tan Aik Sim	Tan Aik Kiong
Dato' Jasmy Bin Ismail	Chew Siew Yeng
Selina Binti Yeop Junior @ Lope	Tan Aik Yong
Natasha Binti Mohd Zulkifli	Lim Fook Hin

Subsidiaries of TSH Resources Berhad

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

Tan Aik Pen	Tan Aik Yong
Tan Aik Sim	Tan Ek Huat
Datuk Jaswant Singh Kler	Tan Aik Hwa
Lim Fook Hin	Asgari Bin Tun Mohd Fuad Stephens
Tan Aik Kiong	Chen Chu Chai @ Anthony Tsen Sui Lin

DIRECTORS' REPORT

DIRECTORS (continued)

Subsidiaries of TSH Resources Berhad

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

Tan Aik Choon
Lok Huey Ming
Ong Yah Ho
Ainahwati Binti Abd Sani
John bin Sindin
Raden Harry Zulnardy
Karsidi
Iban Bragado Lafuente
Michael Wong Chung Hau
Michelle L. Brantley
Fiona Lane
Renatha Philoé
Darwin Arriega
Haji Abdul Wahab
Ke Jek Tiang
Ferly Versady
Mudappathi Sugunan Nair
Peter Dodoo
Wong Twee Jong
Wan Nor Azmi Bin Mat Esa
Tan Sze Lian Celine
Paul Lim Joo Heng
Ong Chu Yaw
Li Fui Yee
Goh Kian Yin (Appointed on 6 December 2021)
Bedi Bin Maikas (Resigned on 24 November 2021)
Lemoi Binti Masilim (Resigned on 24 November 2021)
Faudzi Bin Ahmad (Resigned on 6 December 2021)

DIRECTORS' INTERESTS

The Directors holding office at the end of the financial year and their beneficial interests in ordinary shares of the Company and of its related corporations during the financial year ended 31 December 2021 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act 2016 in Malaysia were as follows:

	Number of ordinary shares			
	Balance as at 1.1.2021	Acquired	Disposed	Balance as at 31.12.2021
Shares in the Company				
Direct interests:				
Tan Aik Pen	210,599,317	37,550,000	-	248,149,317
Tan Aik Sim	53,371,564	-	-	53,371,564
Tan Aik Kiong	55,438,695	-	-	55,438,695
Tan Aik Yong	53,949,717	-	-	53,949,717
Lim Fook Hin	1,602,000	-	-	1,602,000
Indirect interests:				
Tan Aik Kiong	27,125	-	-	27,125
Lim Fook Hin	500,000	-	-	500,000
Chew Siew Yeng	210,000	-	-	210,000

DIRECTORS' REPORT

DIRECTORS' INTERESTS (continued)

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

DIRECTORS' BENEFITS

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

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

DIRECTORS' REMUNERATION

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

INDEMNITY AND INSURANCE FOR DIRECTORS, OFFICERS AND AUDITORS

During the financial year, the Directors and Officers of the Group are covered by a Directors and Officers Liability Insurance ("D&O Policy") for any liability incurred in the discharge of their duties, subject to the terms of the D&O Policy. The amount of insurance premium paid by the Company during the financial year was RM137,000.

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

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY

(I) AS AT THE END OF THE FINANCIAL YEAR

(a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:

(i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and had satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and

(ii) to ensure that any current assets other than debts, which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.

(b) In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature except for the effects arising from the reclassification of discontinued operations of the Company as disclosed in Note 16 to the financial statements.

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

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

(c) The Directors are not aware of any circumstances:

(i) which would render the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any material extent;

(ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; and

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

(d) In the opinion of the Directors:

(i) there has not arisen any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made; and

(ii) no contingent or other liability has become enforceable, or is likely to become enforceable, within the period of twelve (12) months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

(III) AS AT THE DATE OF THIS REPORT

(e) There are no charges on the assets of the Group and of the Company which have arisen since the end of the financial year to secure the liabilities of any other person.

(f) There are no contingent liabilities of the Group and of the Company which have arisen since the end of the financial year.

(g) The Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

SIGNIFICANT EVENTS DURING AND SUBSEQUENT TO THE FINANCIAL YEAR

Significant events during and subsequent to the financial year are disclosed in Note 45 to the financial statements.

DIRECTORS' REPORT

AUDITORS

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

The details of auditors' remuneration of the Company and its subsidiaries for the financial year ended 31 December 2021 are disclosed in Note 12 to the financial statements.

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

....
Tan Aik Sim
Director

....
Tan Aik Yong
Director

Kuala Lumpur
5 April 2022

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 98 to 213 have been drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the provisions of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2021 and of the financial performance and cash flows of the Group and of the Company for the financial year then ended.

On behalf of the Board,

....
Tan Aik Sim
Director

....
Tan Aik Yong
Director

Kuala Lumpur
5 April 2022

STATUTORY DECLARATION

I, Michael Wong Chung Hau (CA 10383), being the officer primarily responsible for the financial management of TSH Resources Berhad, do solemnly and sincerely declare that the financial statements set out on pages 98 to 213 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly)
declared by the abovenamed at)
Kuala Lumpur, this)
5 April 2022) **Michael Wong Chung Hau**

Before me:

INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of TSH Resources Berhad, which comprise the statements of financial position as at 31 December 2021 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 98 to 213.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2021, and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

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

Key Audit Matters

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

a. Impairment of trade receivables and plasma receivables

As at 31 December 2021, the Group had trade receivables and plasma receivables amounted to RM32,122,000 and RM60,676,000 respectively, which were net of impairment losses of RM3,702,000 and RM8,399,000 respectively. The details of trade receivables and plasma receivables and their credit risks have been disclosed in Note 27(a) and Note 27(b)(ii) to the financial statements respectively.

We determined this to be a key audit matter because it requires management to exercise significant judgement in determining the probability of default by trade receivables and plasma receivables, appropriate forward looking information i.e. Gross Domestic Product (GDP) and crude palm oil prices, significant increase in credit risk and estimated cash flows recoverable in worst-case scenarios, taking into consideration the impact of COVID-19 pandemic.

INDEPENDENT AUDITORS' REPORT

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

Key Audit Matters (continued)

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

Audit response

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

Impairment assessment of trade receivables

(i) recomputed the probability of default using historical data and forward looking information adjustment, incorporating the impact of the COVID-19 pandemic, applied by the Group;

(ii) recomputed the correlation coefficient between the macroeconomic indicators set by the Group and historical credit losses to determine the appropriateness of the forward looking information used by the Group; and

(iii) inquired of management to assess the rationale underlying the relationship between the forward looking information and expected credit losses.

Impairment assessment of plasma receivables

(i) evaluated assessments performed by management and assessed adequacy of expected credit losses based on expected cash flows recoverable from plasma receivables, which were derived from expectation of repayment patterns from plasma receivables, either through funding from banks and/or cash flows through sales of fresh fruit bunches;

(ii) assessed and evaluated reasonableness of discount rate used in calculating the present value of non-current plasma receivables over their expected repayment periods;

(iii) recomputed the probability of default using historical data and forward looking information adjustment, incorporating the impact of the COVID-19 pandemic, applied by the Group;

(iv) assessed the appropriateness of the indicators of significant increase in credit risk applied by the management and the resultant basis for classification of exposure into respective stages; and

(v) evaluated basis used by management in determining cash flows recoverable in worst-case scenarios, where applicable.

b. Impairment of amounts due from subsidiaries

As at 31 December 2021, non-trade amounts due from subsidiaries of the Company were RM658,991,000 which were net of impairment losses of RM14,463,000 as disclosed in Note 27 to the financial statements.

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

INDEPENDENT AUDITORS' REPORT

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

Key Audit Matters (continued)

b. *Impairment of amounts due from subsidiaries* (continued)

Audit response

Our audit procedures included the following:

(i) recomputed probability of default using historical data and forward looking adjustment, incorporating the impact of the COVID-19 pandemic, applied by the Company;

(ii) assessed the appropriateness of the indicators of significant increase in credit risk applied by the management and the resultant basis for classification of exposure into respective stages;

(iii) evaluated basis used by management in determining cash flows recoverable in worst case scenarios, where applicable; and

(iv) assessed actual loss events subsequent to the end of reporting period for its relationship with the indicators of significant increase in credit risk applied by management.

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with MFRSs, IFRSs and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

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

INDEPENDENT AUDITORS' REPORT

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

(a) Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

(b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control of the Group and of the Company.

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

(d) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group or of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

(e) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

(f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITORS' REPORT

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

Other Matters

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

....	....
BDO PLT	**Tang Seng Choon**
LLP0018825-LCA & AF 0206	02011/12/2023 J
Chartered Accountants	Chartered Accountant

Kuala Lumpur
5 April 2022

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Note	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Continuing operations					
Revenue	6	1,188,919	926,003	82,754	82,756
Cost of sales	7	(713,580)	(601,870)	(3,943)	(3,090)
Gross profit		475,339	324,133	78,811	79,666
Other items of income					
Interest income	8	8,644	13,281	42,611	52,881
Dividend income	9	172	-	172	-
Other income	10	22,245	34,126	4,245	3,594
Net write back on financial assets	12	7,825	222	5,042	790
Other items of expenses					
Marketing and distribution costs		(36,047)	(30,560)	-	-
Administrative expenses		(140,413)	(151,867)	(41,744)	(37,509)
Finance costs	11	(41,058)	(47,758)	(41,204)	(51,708)
Other expenses		(97,502)	(43,826)	(21,133)	(27,087)
Share of profit of associate, net of tax		18,988	8,332	-	-
Share of profit of joint ventures, net of tax		35,891	24,159	-	-
Profit before taxation	12	254,084	130,242	26,800	20,627
Taxation	15	(52,071)	(39,918)	2,033	948
Profit for the financial year from continuing operations		202,013	90,324	28,833	21,575
Discontinued operations					
Profit for the financial year from discontinued operations, net of tax	16	-	-	3,411	1,764
Profit for the financial year		202,013	90,324	32,244	23,339

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

		Group		Company	
	Note	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Other comprehensive income/(loss)					
Item that may be reclassified subsequently to profit or loss:					
Foreign currency translations	15(d)	36,261	(49,986)	-	-
Reclassification of exchange translation reserve to profit or loss upon disposal of a foreign subsidiary	15(d)	(1,749)	-	-	-
		34,512	(49,986)	-	-
Item that may not be reclassified subsequently to profit or loss:					
Remeasurements of net defined benefit liabilities	15(d)	1,180	(3,473)	-	-
Other comprehensive income/ (loss) for the financial year, net of tax		35,692	(53,459)	-	-
Total comprehensive income for the financial year		237,705	36,865	32,244	23,339
Profit attributable to owners of the Company					
From continuing operations		169,415	79,487	28,833	21,575
From discontinued operations		-	-	3,411	1,764
		169,415	79,487	32,244	23,339
Profit attributable to non-controlling interests		32,598	10,837	-	-
		202,013	90,324	32,244	23,339
Total comprehensive income attributable to:					
Owners of the Company		199,379	28,252	32,244	23,339
Non-controlling interests		38,326	8,613	-	-
		237,705	36,865	32,244	23,339
Earnings per share attributable to owners of the Company (sen per share):					
Basic earnings per share	17	12.27	5.76		
Diluted earnings per share	17	12.27	5.76		

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

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

	Note	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	19	1,610,212	1,300,073	53,889	72,488
Right-of-use assets	20	288,881	391,482	8,536	50,272
Biological assets	21	400,762	407,746	310,626	321,945
Intangible assets	22	51,647	49,113	-	-
Investments in subsidiaries	23	-	-	885,723	878,009
Investment in an associate	24	82,073	84,097	61,259	61,259
Investments in joint ventures	25	89,462	73,571	20,750	20,750
Deferred tax assets	26	4,297	2,138	-	-
Other receivables	27	74,798	40,438	620,598	781,635
Investment securities	28	50	50	50	50
		2,602,182	2,348,708	1,961,431	2,186,408
Current assets					
Biological assets	21	17,346	9,251	201	95
Inventories	29	143,566	113,628	1,386	2,336
Trade and other receivables	27	62,988	60,433	51,160	58,686
Other current assets	30	25,105	6,050	2,707	636
Tax recoverable		5,132	5,018	18	18
Investment securities	28	3	5	3	5
Derivative assets	32	370	208	-	-
Short term funds	33	17,464	15,302	12,879	-
Cash and bank balances	34	279,728	147,832	146,322	85,542
		551,702	357,727	214,676	147,318
Assets held for sale	35	154,152	465,342	59,587	-
TOTAL CURRENT ASSETS		705,854	823,069	274,263	147,318
TOTAL ASSETS		3,308,036	3,171,777	2,235,694	2,333,726
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	36	740,512	740,512	740,512	740,512
Treasury shares	36	(1,467)	(1,467)	(1,467)	(1,467)
Other reserves	37	(208,893)	(237,857)	-	-
Retained earnings	38	1,111,178	952,244	296,787	285,246
		1,641,330	1,453,432	1,035,832	1,024,291
Non-controlling interests		172,258	144,351	-	-
TOTAL EQUITY		1,813,588	1,597,783	1,035,832	1,024,291

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

		Group		Company	
		2021	2020	2021	2020
	Note	RM'000	RM'000	RM'000	RM'000
LIABILITIES					
Non-current liabilities					
Loans and borrowings	39	587,573	618,984	437,573	433,984
Retirement benefits	40	19,158	16,427	-	-
Other payables	41	-	-	150,000	185,000
Lease liabilities	20	3,188	4,079	45	70
Deferred tax liabilities	26	92,068	129,149	9,788	23,209
		701,987	768,639	597,406	642,263
Current liabilities					
Loans and borrowings	39	521,752	690,211	377,295	340,795
Trade and other payables	41	204,661	77,734	213,042	326,350
Derivative liabilities	32	1,914	3,361	-	-
Lease liabilities	20	939	841	25	27
Current tax payable		22,642	8,812	-	-
		751,908	780,959	590,362	667,172
Liabilities associated with assets held for sale	35	40,553	24,396	12,094	-
TOTAL CURRENT LIABILITIES		792,461	805,355	602,456	667,172
TOTAL LIABILITIES		1,494,448	1,573,994	1,199,862	1,309,435
TOTAL EQUITY AND LIABILITIES		3,308,036	3,171,777	2,235,694	2,333,726

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

			Attributable to owners of the Company								
				Non-distributable		Distributable	Non-distributable				
2021	Note	Equity, total RM'000	Equity attributable to owners of the Company, total RM'000	Share capital RM'000	Treasury shares RM'000	Retained earnings RM'000	Other reserves, total RM'000	Capital reserve RM'000	Foreign currency translation reserve RM'000	Share of associate reserve RM'000	Non-controlling interests RM'000
Group											
Balance as at 1 January 2021		1,597,783	1,453,432	740,512	(1,467)	952,244	(237,857)	9,630	(247,587)	100	144,351
Profit for the financial year		202,013	169,415	-	-	169,415	-	-	-	-	32,598
Other comprehensive income											
Foreign currency translations		36,261	30,713	-	-	-	30,713	-	30,713	-	5,548
Reclassification of exchange translation reserve to profit or loss upon disposal of a foreign subsidiary		(1,749)	(1,749)	-	-	-	(1,749)	-	(1,749)	-	-
Remeasurements of net defined benefit liabilities	15(d)	1,180	1,000	-	-	1,000	-	-	-	-	180
Other comprehensive income for the financial year, net of tax		35,692	29,964	-	-	1,000	28,964	-	28,964	-	5,728
Total comprehensive income for the financial year		237,705	199,379	-	-	170,415	28,964	-	28,964	-	38,326
Transactions with owners											
Dividends paid on ordinary shares	18	(20,703)	(20,703)	-	-	(20,703)	-	-	-	-	-
Dividends paid to non-controlling interests		(1,197)	-	-	-	-	-	-	-	-	(1,197)
Changes in equity interests in subsidiaries		-	9,222	-	-	9,222	-	-	-	-	(9,222)
Total transactions with owners		(21,900)	(11,481)	-	-	(11,481)	-	-	-	-	(10,419)
Balance as at 31 December 2021		1,813,588	1,641,330	740,512	(1,467)	1,111,178	(208,893)	9,630	(218,623)	100	172,258

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

			Attributable to owners of the Company								
				Non-distributable		Distributable	Non-distributable				
2020	Note	Equity, total RM'000	Equity attributable to owners of the Company, total RM'000	Share capital RM'000	Treasury shares RM'000	Retained earnings RM'000	Other reserves, total RM'000	Capital reserve RM'000	Foreign currency translation reserve RM'000	Share of associate reserve RM'000	Non-controlling interests RM'000
Group											
Balance as at 1 January 2020		1,574,720	1,438,982	740,512	(1,467)	890,032	(190,095)	9,630	(199,825)	100	135,738
Profit for the financial year		90,324	79,487	-	-	79,487	-	-	-	-	10,837
Other comprehensive loss											
Foreign currency translations		(49,986)	(47,762)	-	-	-	(47,762)	-	(47,762)	-	(2,224)
Remeasurements of net defined benefit liabilities	15(d)	(3,473)	(3,473)	-	-	(3,473)	-	-	-	-	-
Other comprehensive loss for the financial year, net of tax		(53,459)	(51,235)	-	-	(3,473)	(47,762)	-	(47,762)	-	(2,224)
Total comprehensive income/ (loss) for the financial year		36,865	28,252	-	-	76,014	(47,762)	-	(47,762)	-	8,613
Transactions with owners											
Dividends paid on ordinary shares	18	(13,802)	(13,802)	-	-	(13,802)	-	-	-	-	-
Total transactions with owners		(13,802)	(13,802)	-	-	(13,802)	-	-	-	-	-
Balance as at 31 December 2020		1,597,783	1,453,432	740,512	(1,467)	952,244	(237,857)	9,630	(247,587)	100	144,351

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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

			Non-distributable		Distributable
		Equity, total	Share capital	Treasury shares	Retained earnings
2020	**Note**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Company					
Balance as at 1 January 2020		1,014,754	740,512	(1,467)	275,709
Profit for the financial year		23,339	-	-	23,339
Other comprehensive income for the financial year, net of tax		-	-	-	-
Total comprehensive income for the financial year		23,339	-	-	23,339
Transactions with owners					
Dividends paid on ordinary shares	18	(13,802)	-	-	(13,802)
Total transactions with owners		(13,802)	-	-	(13,802)
Balance as at 31 December 2020		1,024,291	740,512	(1,467)	285,246

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Note	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before tax					
From continuing operations		254,084	130,242	26,800	20,627
From discontinued operations	16	-	-	4,117	2,280
		254,084	130,242	30,917	22,907
Adjustments for:					
Amortisation of biological assets	21	1,181	1,181	1,181	1,181
Bad debts written off	12	3,012	1,377	-	132
Depreciation of property, plant and equipment	12	98,797	93,026	2,376	2,732
Depreciation of right-of-use assets	12	11,253	11,252	237	329
Dividend income	9	(172)	-	(172)	-
Fair value gain on forward currency contracts	10	(549)	(413)	-	-
Fair value loss on investment securities	12	2	1	2	1
Fair value gain on commodity future contracts	10	(2,318)	(305)	-	(42)
Gain on disposal of property, plant and equipment	10	(358)	(368)	(129)	(104)
Impairment losses on:					
- trade receivables	27(a)	443	802	-	-
- other receivables	27(b)	3,994	1,834	-	-
- amounts due from subsidiaries	27(c)	-	-	848	1,040
Interest expense	11	41,058	47,758	41,204	51,708
Interest income	8	(8,644)	(13,281)	(42,611)	(52,881)
Inventories written down	29(d)	14,191	1,930	-	-
Inventories written off	29(c)	4,136	14,002	465	2
Loss/(Gain) from fair value adjustment of forest planting expenditure	21	9,928	(1,793)	12,389	17
(Gain)/Loss on remeasurement of financial guarantee contracts	41(d)	(68)	(60)	(307)	22
Loss on disposal of a subsidiary	12	491	-	-	-
Net gain from fair value adjustment of fresh fruit bunches	21	(4,490)	(3,581)	(106)	(3)
Net unrealised foreign exchange loss/(gain)		10,755	(4,902)	1,464	18,116
Property, plant and equipment written off	19	1,298	2,815	3	2
Rent concessions	20	(79)	-	-	-
Share of profit of associate		(18,988)	(8,332)	-	-
Share of profit of joint ventures		(35,891)	(24,159)	-	-
Waiver of debts owing by subsidiaries		-	-	2,421	44
Write back of impairment losses on:					
- trade receivables	27(a)	(4,267)	(1,806)	-	-
- other receivables	27(b)	(7,995)	(1,052)	-	-
- amounts due from subsidiaries	27(c)	-	-	(5,890)	(1,830)
Total adjustments		116,720	115,926	13,375	20,466

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

		Group		Company	
		2021	2020	2021	2020
	Note	RM'000	RM'000	RM'000	RM'000
Operating cash flows before changes in working capital		370,804	246,168	44,292	43,373
Changes in working capital					
(Increase)/Decrease in inventories		(35,500)	30,663	485	(38)
(Increase)/Decrease in receivables		(20,269)	(16,118)	7,687	(26,757)
Increase/(Decrease) in payables		115,812	(10,417)	8,571	(554)
(Decrease)/Increase in retirement benefits obligations		(2,693)	1,045	-	-
Total changes in working capital		57,350	5,173	16,743	(27,349)
Cash flows from operations		428,154	251,341	61,035	16,024
Interest paid		-	-	(22,010)	(25,302)
Income tax paid		(43,433)	(21,945)	-	-
Income tax refunded		8,694	5,125	-	-
Net cash flows from/(used in) operating activities		393,415	234,521	39,025	(9,278)
CASH FLOWS FROM INVESTING ACTIVITIES					
Additions of right-of-use assets		(947)	(2,335)	-	-
Additional investments in subsidiaries		-	-	(938)	(2,830)
Dividends received from:					
- associate	24(d)	21,012	4,727	-	-
- joint ventures	25(c)	20,000	29,000	-	-
- short term investments	9	172	-	172	-
Forest planting expenditure		(3,878)	(4,106)	(2,121)	(2,108)
Interest received		8,644	13,281	42,611	52,881
Withdrawals/(Placement) of deposits with maturity of over 3 months		2,145	(65)	2,149	(60)
Proceeds from disposal of property, plant and equipment		1,172	1,617	445	442
Proceeds from disposal of subsidiaries		-	-	473	-
Proceeds from share capital reduction of a subsidiary		-	-	-	3,132
Purchase of property, plant and equipment		(41,340)	(49,630)	(2,314)	(4,155)
Repayments from subsidiaries		-	-	9,886	127,705
Withdrawals of pledged deposits		-	1,078	-	-
Net cash flows from/(used in) investing activities		6,980	(6,433)	50,363	175,007

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

		Group		Company	
		2021	2020	2021	2020
	Note	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM FINANCING ACTIVITIES					
Dividends paid	18	(20,703)	(13,802)	(20,703)	(13,802)
Dividends paid to non-controlling interests		(1,197)	-	-	-
Interest paid		(40,843)	(47,336)	(19,191)	(26,403)
Net repayments of bankers' acceptances	39(l)	(48,324)	(29,607)	-	-
Net repayments of foreign currency import loan	39(l)	-	(196)	-	-
Net drawdowns/(repayments) of revolving credits	39(l)	7,131	22,614	3,631	(6,886)
Drawdowns of Sukuk Murabahah Islamic Commercial Papers	39(l)	50,000	-	-	-
Net repayments of Sukuk Ijarah Medium Term Notes	39(l)	(245,000)	(30,000)	-	-
Net drawdowns/(repayments) of term loans	39(l)	21,616	(74,768)	21,616	(69,768)
Payments of lease interest	20(k)	(215)	(422)	(3)	(3)
Payments of lease liabilities	20(k)	(808)	(855)	(27)	(27)
Net cash flows used in financing activities		(278,343)	(174,372)	(14,677)	(116,889)
Net increase in cash and cash equivalents		122,052	53,716	74,711	48,840
Effects of exchange rate changes		2,597	(2,568)	1,097	(1,921)
Cash and cash equivalents as at beginning of financial year		156,493	116,954	83,393	36,474
Cash and cash equivalents transferred from/(to) assets held for sale	35	11,609	(11,609)	-	-
Cash and cash equivalents as at end of financial year	34(d)	292,751	156,493	159,201	83,393

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

1. CORPORATE INFORMATION

TSH Resources Berhad ("the Company") is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The registered office of the Company is located at Level 10, Menara TSH, No. 8 Jalan Semantan, Damansara Heights, 50490 Kuala Lumpur.

The principal place of business of the Company is located at Bangunan TSH, TB 9, KM 7, Apas Road, 91000 Tawau, Sabah.

The consolidated financial statements for the financial year ended 31 December 2021 comprise the Company and its subsidiaries and the interests of the Group in an associate and joint ventures. These financial statements are presented in Ringgit Malaysia ("RM"), which is also the functional currency of the Company. All financial information presented in RM has been rounded to the nearest thousand, unless otherwise stated.

The financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 5 April 2022.

2. PRINCIPAL ACTIVITIES

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

3. BASIS OF PREPARATION

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

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

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

The Group has positive cash flows from its business activities and has sufficient credit facilities in place to meet its operational requirements (as disclosed further in Note 5(b)(ii) to the financial statements), notwithstanding that the Group and the Company have net current liabilities of RM200,206,000 and RM375,686,000 respectively as at 31 December 2021, excluding the assets held for sale and liabilities associated with assets held for sale. In addition, the Group and the Company carried out cash flows review for the next twelve (12) months to ensure that the business operations have sufficient funds available to meet their obligations as and when they fall due. Historical results of the treasury management show that the Group and the Company have the ability to meet their obligations as and when they fall due and the Group and the Company have not defaulted on any obligations due or payable to financial institutions or creditors.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

3. BASIS OF PREPARATION (continued)

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

4. SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services, and has two reportable operating segments as follows:

(i) Palm products - the operation of oil palm plantations, manufacture and sale of crude palm oil and palm kernel; and

(ii) Others - manufacture and sale of downstream wood products, operation of a forest management unit, manufacture, sale and trading of cocoa products, and generation and supply of electricity from biomass plants.

Except as indicated above, no other business units have been aggregated to form the above reportable operating segments.

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

4. SEGMENT INFORMATION (continued)

	Palm products RM'000	Others RM'000	Adjustment and eliminations RM'000	Notes	Total RM'000
2021					
Revenue					
External customers	1,094,543	94,376	-		1,188,919
Inter-segment	18,298	-	(18,298)	(a)	-
Total revenue	1,112,841	94,376	(18,298)		1,188,919
Results					
Interest income	74,171	1,022	(66,549)		8,644
Dividend income	172	-	-		172
Depreciation and amortisation	(96,060)	(15,171)	-		(111,231)
Share of profit of associate	18,988	-	-		18,988
Share of profit of joint ventures	32,728	3,163	-		35,891
Other material non-cash items	(12,354)	(12,414)	-	(b)	(24,768)
Segment profit	284,020	(10,376)	(19,560)	(c)	254,084
Assets:					
Additions to non-current assets (including assets held for sale)*	32,285	15,199	-	(d)	47,484
Segment assets (including assets held for sale)	2,214,283	718,590	375,163	(e)	3,308,036
Segment liabilities (including liabilities associated with assets held for sale)	200,281	40,534	1,253,633	(f)	1,494,448

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

4. SEGMENT INFORMATION (continued)

	Palm products RM'000	Others RM'000	Adjustment and eliminations RM'000	Notes	Total RM'000
2020					
Revenue					
External customers	814,407	111,596	-		926,003
Inter-segment	14,434	-	(14,434)	(a)	-
Inter-operation sales	15,250	-	(15,250)		-
Total revenue	844,091	111,596	(29,684)		926,003
Results					
Interest income	87,754	1,874	(76,347)		13,281
Depreciation and amortisation	(91,329)	(14,130)	-		(105,459)
Share of profit of associate	8,332	-	-		8,332
Share of profit of joint ventures	20,680	3,479	-		24,159
Other material non-cash items	9,197	(16,360)	-	(b)	(7,163)
Segment profit	142,372	19,890	(32,020)	(c)	130,242
Assets:					
Additions to non-current assets (including assets held for sale)*	41,020	17,797	-	(d)	58,817
Segment assets (including assets held for sale)	2,134,610	730,524	306,643	(e)	3,171,777
Segment liabilities (including liabilities associated with assets held for sale)	79,388	41,608	1,452,998	(f)	1,573,994

* *Included additions to assets held for sale amounted to RM5,909,000.*

4. SEGMENT INFORMATION (continued)

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

(a) Inter-segment revenue is eliminated on consolidation.

(b) Other material non-cash items consist of the following items as presented in the respective notes to the financial statements:

	2021 RM'000	2020 RM'000
Fair value gain on forward currency contracts	549	413
Fair value gain on commodity future contracts	2,318	305
Gain on disposal of property, plant and equipment	358	368
Inventories written down	(14,191)	(1,930)
Inventories written off	(4,136)	(14,002)
(Loss)/Gain from fair value adjustments of forest planting expenditure	(9,928)	1,793
Net gain from fair value adjustments of fresh fruit bunches	4,490	3,581
Net write back on trade receivables	3,824	1,004
Net unrealised foreign exchange (loss)/gain	(10,755)	4,902
Net write back/(impairment losses) on other receivables	4,001	(782)
Property, plant and equipment written off	(1,298)	(2,815)
	(24,768)	(7,163)

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

	2021 RM'000	2020 RM'000
Share of profit of associate	18,988	8,332
Share of profit of joint ventures	35,891	24,159
Finance costs	(41,058)	(47,758)
Unallocated corporate expenses	(33,381)	(16,753)
	(19,560)	(32,020)

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

	2021 RM'000	2020 RM'000
Property, plant and equipment	42,412	52,314
Biological assets	4,125	4,418
Right-of-use assets - land use rights	947	2,085
	47,484	58,817

4. SEGMENT INFORMATION (continued)

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

	2021 RM'000	2020 RM'000
Investment in an associate	82,073	84,097
Investments in joint ventures	89,462	73,571
Tax recoverable	5,132	7,233
Deferred tax assets	4,297	6,624
Unallocated amounts	194,199	135,118
	375,163	306,643

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

	2021 RM'000	2020 RM'000
Deferred tax liabilities	132,621	133,075
Loans and borrowings	1,109,325	1,309,195
Unallocated amounts	11,687	10,728
	1,253,633	1,452,998

Geographical information

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

	Revenue		Non-current assets	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Malaysia	486,685	361,524	1,235,624	1,239,883
Indonesia	641,955	492,343	1,441,560	1,468,845
Europe	4,171	4,463	-	-
United States of America	30,893	49,831	-	1
Others	25,215	17,842	5	5
	1,188,919	926,003	2,677,189	2,708,734

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5. CAPITAL AND FINANCIAL RISK MANAGEMENT

(a) Capital management

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

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions and the free cash flow position. To achieve this objective, the Group may adjust the Group internal plans in its expansion of plantation land areas and plantation programme. No changes were made in the objectives, policies or processes during the financial years ended 31 December 2021 and 31 December 2020.

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

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Loans and borrowings	1,109,325	1,309,195	814,868	774,779
Less: Cash and bank balances	(279,728)	(159,441)^	(146,322)	(85,542)
Less: Short term funds	(17,464)	(15,302)	(12,879)	-
Net debt	812,133	1,134,452	655,667	689,237
Total equity	1,813,588	1,597,783	1,035,832	1,024,291
Debt*/equity ratio	0.61	0.82	0.79	0.76
Net debt/equity ratio	0.45	0.71	0.63	0.67

* *Represents loans and borrowings.*

^ *Included cash and bank balances of RM11,609,000 in assets held for sale (Note 35 to the financial statements).*

Pursuant to the requirements of Practice Note No. 17/2005 of the Bursa Malaysia Securities Berhad, the Group is required to maintain a consolidated shareholders' equity of more than twenty-five percent (25%) of the issued and paid-up capital and such shareholders' equity is not less than RM40,000,000. The Group has complied with this requirement for the financial year ended 31 December 2021.

(b) Financial risk management

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

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

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

5. CAPITAL AND FINANCIAL RISK MANAGEMENT (continued)

(b) Financial risk management (continued)

(i) Credit risk

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

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

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

(ii) Liquidity risk

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

Management continuously strive to re-balance the Group's short term and long term borrowings to reflect the long term nature of the Group's business. While there is still a net current liabilities position, excluding the assets held for sale and liabilities associated with assets held for sale, as at 31 December 2021, the Group has RM376,848,000 in unused credit facilities. For the financial year ending 31 December 2022, the Group expects to achieve further liquidity position improvement due to:

i) cash flow generated from operations; and

ii) cash flow generated from the disposals of assets as set out in Notes 35 and 45 to the financial statements.

At the end of the reporting period, approximately 47% and 46% (2020: 53% and 44%) of the Group's and of the Company's loans and borrowings will mature in less than one year based on the carrying amount reflected in the financial statements.

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

(iii) Interest rate risk

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

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

NOTES TO THE FINANCIAL STATEMENTS

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5. CAPITAL AND FINANCIAL RISK MANAGEMENT (continued)

(b) Financial risk management (continued)

(iv) Foreign currency risk

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the respective functional currencies of Group entities, which are United States Dollars (USD), Australian Dollars (AUD), Sterling Pound (GBP), Euro (EUR), Indonesia IDR(IDR) and Singapore Dollar (SGD). The foreign currencies in which these transactions are denominated are mainly USD.

Approximately 96% (2020: 92%) of the Group's sales and 96% (2020: 93%) of cost of sales are denominated in the respective functional currencies of the Group entities. The Group's trade receivable and trade payable balances at the end of the reporting period have similar exposures.

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

At 31 December 2021, the Group hedged 13% (2020: 52%) of its foreign currency denominated sales, for which firm commitments existed at the end of the reporting period, extending to September 2022 (2020: May 2021).

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

Group	USD RM'000	AUD RM'000	GBP RM'000	EUR RM'000	IDR RM'000	SGD RM'000
2021						
Financial assets in foreign currencies						
Trade and other receivables	4,448	3,584	-	1,974	107,067	44
Other current assets	-	-	-	-	600	6
Cash and bank balances	10,370	-	-	-	131,042	310
Financial liabilities in foreign currencies						
Loans and borrowings	(438,899)	-	-	-	-	-
Trade and other payables	(10,556)	(225)	-	(666)	(114,025)	(46)

5. CAPITAL AND FINANCIAL RISK MANAGEMENT (continued)

(b) Financial risk management (continued)

(iv) Foreign currency risk (continued)

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

Group	USD RM'000	AUD RM'000	GBP RM'000	EUR RM'000	IDR RM'000	SGD RM'000
2020						
Financial assets in foreign currencies						
Trade and other receivables	4,564	1,920	-	1,706	51,931	9
Other current assets	-	-	-	-	254	-
Cash and bank balances	9,743	-	-	-	94,247	1,205
Financial liabilities in foreign currencies						
Loans and borrowings	(446,239)	-	-	-	-	-
Trade and other payables	(6,291)	(162)	(23)	(1,126)	(22,364)	(814)

Company	USD RM'000	IDR RM'000	SGD RM'000
2021			
Financial assets in foreign currencies			
Trade and other receivables	-	539,933	42
Cash and bank balances	7,318	40,751	3
Financial liabilities in foreign currencies			
Loans and borrowings	(438,899)	-	-
Trade and other payables	-	(35)	-

NOTES TO THE FINANCIAL STATEMENTS

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5. CAPITAL AND FINANCIAL RISK MANAGEMENT (continued)

(b) Financial risk management (continued)

(iv) Foreign currency risk (continued)

Company	USD RM'000	IDR RM'000	SGD RM'000
2020			
Financial assets in foreign currencies			
Trade and other receivables	-	713,130	9,056
Cash and bank balances	9,742	55,184	3
Financial liabilities in foreign currencies			
Loans and borrowings	(446,239)	-	-
Trade and other payables	(4,927)	(460)	-

Sensitivity analysis for foreign currency risk

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

		Profit net of tax			
		Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
USD/RM	- strengthened by 5%	(16,516)	(16,652)	(16,400)	(16,774)
	- weakened by 5%	16,516	16,652	16,400	16,774
AUD/RM	- strengthened by 5%	128	67	-	-
	- weakened by 5%	(128)	(67)	-	-
GBP/RM	- strengthened by 5%	-	(1)	-	-
	- weakened by 5%	-	1	-	-
EUR/RM	- strengthened by 5%	50	22	-	-
	- weakened by 5%	(50)	(22)	-	-
IDR/RM	- strengthened by 5%	1,546	2,077	22,065	29,178
	- weakened by 5%	(1,546)	(2,077)	(22,065)	(29,178)
SGD/RM	- strengthened by 5%	2	3	2	344
	- weakened by 5%	(2)	(3)	(2)	(344)

(v) Market price risk

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

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

NOTES TO THE FINANCIAL STATEMENTS

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6. REVENUE

Continuing operations

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Revenue from contracts with customers:				
- Sales of oil palm products	1,094,543	814,407	-	-
- Sales of wood products	56,918	39,979	-	-
- Revenue from supply of electricity	11,658	16,424	-	-
- Sales of cocoa beans and cocoa products	7,919	39,031	-	-
- Sales of timber and latex	11,189	6,064	11,189	6,064
- Revenue from supply and installation services	4,087	7,466	-	-
- Sales of ramets and laran plantlet and plantable	2,605	2,632	-	-
	1,188,919	926,003	11,189	6,064
Other revenue:				
- Management fees	-	-	18,298	18,142
- Dividend income from subsidiaries, associate and joint ventures	-	-	53,267	58,550
	1,188,919	926,003	82,754	82,756
Timing of revenue recognition:				
- Over time	4,087	7,466	-	-
- At a point in time	1,184,832	918,537	11,189	6,064
	1,188,919	926,003	11,189	6,064

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

(a) Sales of goods and supply of electricity

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

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6. REVENUE (continued)

Continuing operations (continued)

(b) Supply and installation service contracts

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

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

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

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

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

(c) Management fees

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

(d) Dividend income

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

7. COST OF SALES

Continuing operations

	Group		Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Cost of inventories sold	696,039	585,063	3,943	3,090
Supply and installation service costs	3,695	6,457	-	-
Cost of services rendered	13,846	10,350	-	-
	713,580	601,870	3,943	3,090

NOTES TO THE FINANCIAL STATEMENTS

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8. INTEREST INCOME

Continuing operations

	Group		Company	
	2021	**2020**	**2021**	**2020**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Interest income from:				
Amounts due from subsidiaries	-	-	41,438	51,038
Plasma receivables	4,469	6,172	-	-
Short-term deposits	4,175	6,193	1,173	1,843
Others	-	916	-	-
	8,644	13,281	42,611	52,881

Interest income

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

9. DIVIDEND INCOME

Continuing operations

	Group		Company	
	2021	**2020**	**2021**	**2020**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Dividend income from:				
Short term investments (unquoted in Malaysia)	172	-	172	-

Dividend income

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

NOTES TO THE FINANCIAL STATEMENTS

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10. OTHER INCOME

Continuing operations

	Group		Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Fair value gain on forward currency contracts	549	413	-	-
Fair value gain on commodity future contracts	2,318	305	-	-
Fair value gain on short term funds	18	5	24	-
Gain from fair value adjustment of forest planting expenditure (Note 21)	-	1,793	-	-
Gain on disposal of property, plant and equipment	358	368	129	104
Gain on redemption of short term funds	15	-	15	-
Gain on remeasurement of financial guarantees contracts (Note 41(d))	68	60	307	-
Insurance claims received and receivable	6,874	17,217	-	-
Management fee	3,128	2,680	-	-
Net gain from fair value adjustment of fresh fruit bunches (Note 21)	4,490	3,581	106	3
Net gain on foreign exchange				
- realised	-	93	-	-
- unrealised	-	4,902	-	-
Rent concessions (Note 20)	79	-	-	-
Rental income	1,138	1,294	3,316	3,306
Sales of scrap iron	338	174	-	-
Miscellaneous	2,872	1,241	348	181
	22,245	34,126	4,245	3,594

Rental income

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

NOTES TO THE FINANCIAL STATEMENTS

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11. FINANCE COSTS

Continuing operations

	Group		Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Interest expense on:				
Amounts due to subsidiaries	-	-	22,010	25,302
Bank overdrafts	45	90	-	-
Bankers' acceptances	1,783	3,185	-	-
Lease liabilities	215	422	3	3
Revolving credits	9,582	10,718	8,443	10,283
Term loans	11,626	17,065	11,626	16,998
Others	17	510	-	-
	23,268	31,990	42,082	52,586
Islamic financing distribution payment:				
Sukuk Ijarah Medium Term Notes	8,623	13,512	-	-
Sukuk Murabahah Medium Term Notes	7,541	7,851	-	-
Buy-back premium on Medium Term Notes	1,819	-	-	-
Sukuk Murabahah Islamic Commercial Papers	840	-	-	-
	18,823	21,363	-	-
Total finance costs	42,091	53,353	42,082	52,586
Less: Interest expense capitalised in bearer plants and forest planting expenditure	(1,033)	(5,595)	(878)	(878)
Net finance costs	41,058	47,758	41,204	51,708

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

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

Interest expense capitalised under bearer plants of the Group amounted to RM52,000 (2020: RM4,520,000) and under biological assets of the Group and of the Company amounted to RM981,000 (2020: RM1,075,000) and RM878,000 (2020: RM878,000) respectively at interest rates ranging from 3.00% to 6.90% (2020: 3.00% to 8.15%).

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12. PROFIT BEFORE TAXATION

Continuing operations

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

	Note	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Amortisation of biological assets	21	1,181	1,181	1,181	1,181
Auditors' remuneration:					
BDO PLT					
- statutory audits:					
- current year		520	543	156	150
- over provision in prior years		(2)	-	-	-
- other services:					
- current year		115	99	73	72
- over provision in prior year		(1)	-	-	-
Other auditors					
- statutory audits:					
- current year		319	279	-	-
- over provision in prior years		(53)	(49)	-	-
Bad debts written off		3,012	1,377	-	132
Depreciation of property, plant and equipment		98,797	93,026	2,224	2,555
Depreciation of right-of-use assets		11,253	11,252	68	68
Employee benefits expense	13	105,954	109,435	27,183	25,097
Fair value loss on investment securities		2	1	2	1
Inventories written down	29	14,191	1,930	-	-
Inventories written off	29	4,136	14,002	190	-
Loss from fair value adjustment of forest planting expenditure	21	9,928	-	12,389	17
Loss on disposal of a subsidiary		491	-	-	-
Loss on remeasurement of financial guarantee contracts	41(d)	-	-	-	22
Net loss on foreign exchange:					
- realised		1,743	3,621	1,283	4,364
- unrealised		10,755	-	1,464	18,116
Non-Executive Directors' remuneration	14	2,713	2,590	946	843
Property, plant and equipment written off		1,298	2,815	3	2
Realised loss on commodity future contracts		43,602	11,666	-	-
Realised loss on forward currency contracts		858	122	-	-
Rental expenses on premises		205	170	137	102
Waiver of debts owing by subsidiaries		-	-	2,421	44

NOTES TO THE FINANCIAL STATEMENTS

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12. PROFIT BEFORE TAXATION (continued)

Continuing operations (continued)

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

	Note	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Impairment losses on:					
- trade receivables	27(a)	(443)	(802)	-	-
- other receivables	27(b)	(3,994)	(1,834)	-	-
- amounts due from subsidiaries	27(c)	-	-	(848)	(1,040)
		(4,437)	(2,636)	(848)	(1,040)
Write back of impairment losses on:					
- trade receivables	27(a)	4,267	1,806	-	-
- other receivables	27(b)	7,995	1,052	-	-
- amounts due from subsidiaries	27(c)	-	-	5,890	1,830
		12,262	2,858	5,890	1,830
Net write back on financial assets		7,825	222	5,042	790

13. EMPLOYEE BENEFITS EXPENSE

Continuing operations

	Note	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Wages and salaries		96,183	97,470	24,646	22,810
Contributions to defined contribution plan		4,454	4,415	2,539	2,431
Social security contributions		7,567	7,647	150	156
(Decrease)/Increase in liability for defined benefit plan		(528)	6,318	-	-
		107,676	115,850	27,335	25,397
Less: Amount capitalised in bearer plants		(862)	(5,309)	-	-
Less: Amount capitalised in forest planting expenditure	21(a)	(860)	(1,106)	(152)	(300)
		105,954	109,435	27,183	25,097

Included in employee benefits expense of the Group and of the Company are Executive Directors' remuneration amounting to RM6,169,000 (2020: RM6,168,000) and RM6,096,000 (2020: RM6,095,000) respectively as further disclosed in Note 14 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

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14. DIRECTORS' REMUNERATION

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

		Group		Company	
		2021	2020	2021	2020
	Note	RM'000	RM'000	RM'000	RM'000
Executive:					
Salaries and bonus		5,184	5,159	5,119	5,094
Other emoluments		985	1,009	977	1,001
Total Executive Directors' remuneration (excluding benefits-in-kind)	13	6,169	6,168	6,096	6,095
Estimated money value of benefits-in-kind		401	394	401	394
Total Executive Directors' remuneration (including benefits-in-kind)		6,570	6,562	6,497	6,489
Non-Executive:					
Fees		271	198	253	180
Salaries		1,480	1,462	-	-
Other emoluments		962	930	693	663
Total Non-Executive Directors' remuneration (excluding benefits-in-kind)	12	2,713	2,590	946	843
Estimated money value of benefits-in-kind		230	217	230	217
Total Non-Executive Directors' remuneration (including benefits-in-kind)		2,943	2,807	1,176	1,060
Total Directors' remuneration		9,513	9,369	7,673	7,549

14. DIRECTORS' REMUNERATION (continued)

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

	Number of Directors	
	2021	2020
Executive Directors:		
RM1,400,001 - RM1,450,000	-	1
RM1,450,001 - RM1,500,000	1	-
RM1,700,001 - RM1,750,000	-	1
RM1,750,001 - RM1,800,000	1	-
RM3,300,001 - RM3,350,000	1	-
RM3,350,001 - RM3,400,000	-	1
Non-Executive Directors:		
Below RM50,000	2	5
RM50,001 - RM100,000	3	-
RM350,001 - RM400,000	1	1
RM2,200,001 - RM2,250,000	-	1
RM2,300,001 - RM2,350,000	1	-

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15. TAXATION

Continuing operations

(a) Major components of taxation

The major components of taxation for the financial years ended 31 December 2021 and 31 December 2020 are:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Statements of comprehensive income:				
Current income tax:				
- Malaysian income tax	9,725	8,419	-	-
- Foreign tax	41,181	21,983	-	-
	50,906	30,402	-	-
(Over)/Under provision in prior years				
- Malaysian income tax	(236)	49	-	-
	(236)	49	-	-
Deferred tax				
- Origination and reversal of temporary differences	(894)	4,374	(2,147)	(974)
- Under provision in prior years	2,295	5,093	114	26
	1,401	9,467	(2,033)	(948)
Taxation recognised in profit and loss	52,071	39,918	(2,033)	(948)

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2020: 24%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

15. TAXATION (continued)

Continuing operations (continued)

(b) Reconciliation between taxation and accounting profit

The reconciliation between taxation and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 December 2021 and 31 December 2020 are as follows:

	Group		Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Profit before tax	254,084	130,242	26,800	20,627
Tax at Malaysian statutory tax rate of 24% (2020: 24%)	60,980	31,258	6,432	4,950
Different tax rates in other countries	(4,136)	(1,621)	-	-
Tax effects in respect of:				
Non-deductible expenses	13,732	9,532	14,769	21,199
Income not subject to taxation	(5,665)	(4,745)	(23,348)	(27,123)
Share of profit of associate	(4,557)	(2,000)	-	-
Share of profit of joint ventures	(8,614)	(5,798)	-	-
Effect of utilisation of previously unrecognised tax losses and unabsorbed allowances	(1,053)	(879)	-	-
Effect of different tax rate for small and medium scale company	(11)	(12)	-	-
Effect of investment cost in subsidiaries eligible for tax deduction	(874)	(648)	-	-
Effect of reduction in tax rate in Indonesian subsidiaries	-	(2,522)	-	-
Deferred tax assets not recognised	210	12,211	-	-
(Over)/Under provision of income tax expense in prior years	(236)	49	-	-
Under provision of deferred tax in prior years	2,295	5,093	114	26
Taxation recognised in profit and loss	52,071	39,918	(2,033)	(948)

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

NOTES TO THE FINANCIAL STATEMENTS

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15. TAXATION (continued)

Continuing operations (continued)

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

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

(i) Where the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable, and

(ii) Receivables and payables that are stated with the amount of VAT included.

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

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

	Before tax RM'000	Tax effect RM'000	After tax RM'000
Group			
At 31 December 2021			
Item that may be reclassified to profit or loss in subsequent periods:			
Foreign currency translations	36,261	-	36,261
Reclassification of exchange translation reserve to profit or loss upon disposal of a foreign subsidiary	(1,749)	-	(1,749)
	34,512	-	34,512
Item that may not be reclassified to profit or loss in subsequent periods:			
Remeasurement of net retirement benefit obligations	1,456	(276)	1,180
At 31 December 2020			
Item that may be reclassified to profit or loss in subsequent periods:			
Foreign currency translations	(49,986)	-	(49,986)
Item that may not be reclassified to profit or loss in subsequent periods:			
Remeasurement of net retirement benefit obligations	(4,286)	813	(3,473)

16. DISCONTINUED OPERATIONS

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

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

		Company	
		2021	2020
	Note	RM'000	RM'000
Revenue		6,159	3,914
Expenses		(2,042)	(1,634)
Profit before tax	16.1	4,117	2,280
Tax expense	16.2	(706)	(516)
Profit for the financial year from discontinued operations, net of tax		3,411	1,764

16.1 Profit before tax

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

	Company	
	2021	2020
	RM'000	RM'000
After charging:		
Depreciation of property, plant and equipment	152	177
Depreciation of right-of-use assets	169	261
Realised loss on commodity future contracts	-	2
Employee benefits expense	1,154	1,145
Inventories written-off	275	2
and crediting:		
Fair value gain on commodity future contracts	-	42

(a) Employee benefits expense capitalised in bearer plants amounted to RM322,000 (2020: RM507,000).

(b) During the financial year, the amount of inventories recognised as an expense in cost of sales of the Company was RM1,145,000 (2020: RM988,000).

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16. DISCONTINUED OPERATIONS (continued)

16.2 Tax expense

	Company	
	2021	2020
	RM'000	RM'000
Statements of comprehensive income:		
Current income tax:		
- Malaysian income tax	-	-
	-	-
Deferred tax		
- Origination and reversal of temporary differences	939	516
- Over provision in prior year	(233)	-
	706	516
Tax expense recognised in profit or loss	706	516

16.3 Cash flows attributable to discontinued operations

	Company	
	2021	2020
	RM'000	RM'000
Net cash from operating activities	4,713	2,679
Net cash used in investing activities	(1,283)	(3,936)
	3,430	(1,257)

17. EARNINGS PER ORDINARY SHARE

(a) Basic

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

	Group	
	2021	2020
Profit attributable to owners of the Company used in the computation of basic or diluted earnings per share (RM'000)	169,415	79,487
Weighted average number of ordinary shares in issue ('000)	1,380,174	1,380,174
Basic earnings per ordinary share (sen)	12.27	5.76

NOTES TO THE FINANCIAL STATEMENTS

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17. EARNINGS PER ORDINARY SHARE (continued)

(b) Diluted

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

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

18. DIVIDENDS

	Group and Company	
	2021	**2020**
	RM'000	**RM'000**
Recognised during the year:		
First and final single tier dividend for financial year ended 31 December 2020 of 1.5 sen per ordinary share	20,703	-
First and final single tier dividend for financial year ended 31 December 2019 of 1.0 sen per ordinary share	-	13,802
	20,703	13,802

On 24 February 2022, the Directors declared a first interim single tier dividend of 3.0 sen per ordinary share, amounting to RM41,406,000 in respect of the financial year ended 31 December 2021. The financial statements for the current financial year do not reflect this dividend. The dividend will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2022.

The Directors do not recommend the payment of any final dividend in respect of the financial year ended 31 December 2021.

19. PROPERTY, PLANT AND EQUIPMENT

Group	Bearer plants RM'000	Plantation infrastructure RM'000	Buildings RM'000	Motor vehicles RM'000	Plant, machinery and equipment RM'000	Furniture, fittings and renovation RM'000	Assets under construction RM'000	Total RM'000
2021								
Carrying amount								
Balance as at 1 January 2021	873,474	34,407	229,235	3,861	112,818	34,167	12,111	1,300,073
Additions	9,220	211	4,401	1,551	11,376	1,090	14,563	42,412
Disposals	-	-	-	(401)	(413)	-	-	(814)
Write-offs	(62)	(24)	(904)	-	(288)	(20)	-	(1,298)
Reclassifications	-	5,955	4,336	-	3,639	-	(13,930)	-
Reclassified from assets held for sale (Note 35)	301,520	30,785	27,793	285	4,688	141	-	365,212
Reclassified to assets held for sale (Note 35)	-	(198)	(16,448)	(647)	(5,213)	(254)	(845)	(23,605)
Depreciation charged for the financial year	(50,949)	(9,358)	(14,298)	(2,085)	(21,746)	(1,111)	-	(99,547)
Exchange differences	23,623	1,096	2,427	30	540	20	43	27,779
Balance as at 31 December 2021	1,156,826	62,874	236,542	2,594	105,401	34,033	11,942	1,610,212

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

19. PROPERTY, PLANT AND EQUIPMENT (continued)

Group	Bearer plants RM'000	Plantation infrastructure RM'000	Buildings RM'000	Motor vehicles RM'000	Plant, machinery and equipment RM'000	Furniture, fittings and renovation RM'000	Assets under construction RM'000	Total RM'000
2020								
Carrying amount								
Balance as at 1 January 2020	1,232,489	68,934	274,276	6,560	121,985	34,395	16,743	1,755,382
Additions	22,253	114	686	1,688	8,165	523	18,885	52,314
Disposals	-	-	-	(1,028)	(218)	(3)	-	(1,249)
Write-offs	(47)	(152)	(1,882)	-	(714)	(14)	(6)	(2,815)
Reclassifications	-	7,643	2,226	-	12,969	553	(23,391)	-
Reclassified to assets held for sale (Note 35)	(301,520)	(30,785)	(27,793)	(285)	(4,688)	(141)	-	(365,212)
Depreciation charged for the financial year	(43,081)	(9,629)	(14,562)	(2,996)	(23,809)	(1,119)	-	(95,196)
Exchange differences	(36,620)	(1,718)	(3,716)	(78)	(872)	(27)	(120)	(43,151)
Balance as at 31 December 2020	873,474	34,407	229,235	3,861	112,818	34,167	12,111	1,300,073

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

19. PROPERTY, PLANT AND EQUIPMENT (continued)

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

Group	Cost RM'000	Accumulated depreciation RM'000	Accumulated impairment losses RM'000	Carrying amount RM'000
	At 31.12.2020			
Bearer plants	1,002,959	(129,485)	-	873,474
Plantation infrastructure	65,396	(30,989)	-	34,407
Buildings	333,583	(104,348)	-	229,235
Motor vehicles	46,527	(42,666)	-	3,861
Plant, machinery and equipment	410,143	(297,325)	-	112,818
Furniture, fittings and renovation	59,197	(24,003)	(1,027)	34,167
Assets under construction	196,992	-	(184,881)	12,111
	2,114,797	(628,816)	(185,908)	1,300,073

NOTES TO THE FINANCIAL STATEMENTS

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19. PROPERTY, PLANT AND EQUIPMENT (continued)

Company	Bearer plants RM'000	Plantation infrastructure RM'000	Buildings RM'000	Motor vehicles RM'000	Plant, machinery and equipment RM'000	Furniture, fittings and renovation RM'000	Assets under construction RM'000	Total RM'000
2021								
Carrying amount								
Balance as at 1 January 2021	12,540	11,197	41,952	1,110	1,242	2,460	1,987	72,488
Additions	1,519	-	-	350	280	381	39	2,569
Disposals	-	-	-	(316)	-	-	-	(316)
Write-offs	-	-	-	-	(3)	-	-	(3)
Reclassifications	-	-	62	-	22	-	(84)	-
Reclassified to assets held for sale (Note 35)	(13,958)	(63)	(3,897)	(111)	(172)	(83)	-	(18,284)
Depreciation charged for the financial year	(101)	(165)	(1,101)	(381)	(480)	(337)	-	(2,565)
Balance as at 31 December 2021	-	10,969	37,016	652	889	2,421	1,942	53,889
2020								
Carrying amount								
Balance as at 1 January 2020	8,223	11,364	42,962	2,182	1,586	2,834	1,975	71,126
Additions	4,409	-	147	-	191	4	24	4,775
Disposals	-	-	-	(338)	-	-	-	(338)
Write-offs	-	-	-	-	(2)	-	-	(2)
Reclassifications	-	-	-	-	12	-	(12)	-
Depreciation charged for the financial year	(92)	(167)	(1,157)	(734)	(545)	(378)	-	(3,073)
Balance as at 31 December 2020	12,540	11,197	41,952	1,110	1,242	2,460	1,987	72,488

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

19. PROPERTY, PLANT AND EQUIPMENT (continued)

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

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

(a) All items of property, plant and equipment are initially recorded at cost. After initial recognition, property, plant and equipment are stated at cost less any accumulated depreciation and any accumulated impairment losses.

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

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

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

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

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19. PROPERTY, PLANT AND EQUIPMENT (continued)

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

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Property, plant and equipment				
Bearer plants (Note 19(d))	457	1,581	-	152
Biological assets				
Forest planting expenditure (Note 21(a))	234	290	130	189

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

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Depreciation of property, plant and equipment (Note 19(c))	457	1,581	-	152
Depreciation of right-of-use assets (Note 20(d))	360	804	-	468
Interest expense	52	4,209	-	-
Employee benefits expense	540	4,549	-	507

(e) Management estimates the useful lives of plant and machinery to be between 3 to 14 years. These are common life expectancies applied in the palm oil and woods industries. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

Sensitivity analysis for depreciation rate

	Profit net of tax Group	
	2021 RM'000	2020 RM'000
Depreciation rate		
- increased by 10%	(2,175)	(2,381)
- decreased by 10%	2,175	2,381

19. PROPERTY, PLANT AND EQUIPMENT (continued)

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

A CGU's recoverable amount is based on value-in-use. Management has made estimates about the future results and key assumptions applied to cash flow projections of the CGUs. These key assumptions are applied to cash flow projections of the CGUs and include forecast growth in future revenue, as well as determining an appropriate pre-tax discount rate, after taking into consideration the effect of COVID-19 pandemic to the CGU.

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

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

	2021	2020
CPO price (RM/MT)	3,600	2,800
Pre-tax discount rates (%)	9.00 - 11.50	8.00 - 10.00

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

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

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

Pre-tax discount rates - Discount rates reflect the current market assessment of the risks specific to each CGU after taking into consideration the effects of COVID-19 pandemic.

Sensitivity to changes in assumptions

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

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

20. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The Group and the Company as lessee

Right-of-use assets

Group	Long term leasehold land RM'000	Land use rights RM'000	Short term leasehold land RM'000	Equipment RM'000	Buildings RM'000	Motor vehicle RM'000	Total RM'000
2021							
Carrying amount							
At 1 January 2021	214,792	171,868	688	97	3,969	68	391,482
Additions	-	947	-	-	35	-	982
Depreciation charged for the financial year	(2,505)	(8,339)	(189)	(9)	(744)	(36)	(11,822)
Reclassified from assets held for sale (Note 35)	-	30,650	-	-	-	-	30,650
Reclassified to assets held for sale (Note 35)	(125,640)	-	-	-	-	-	(125,640)
Exchange differences	-	3,167	-	-	3	-	3,170
Reassessments	-	-	-	-	59	-	59
At 31 December 2021	86,647	198,293	499	88	3,322	32	288,881
2020							
Carrying amount							
At 1 January 2020	218,217	212,828	835	48	1,705	103	433,736
Additions	-	2,085	40	-	332	-	2,457
Reclassified to assets held for sale (Note 35)	-	(30,650)	-	-	-	-	(30,650)
Depreciation charged for the financial year	(3,425)	(7,691)	(187)	(23)	(717)	(35)	(12,078)
Exchange differences	-	(4,704)	-	-	(2)	-	(4,706)
Reassessments	-	-	-	72	2,651	-	2,723
At 31 December 2020	214,792	171,868	688	97	3,969	68	391,482

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

The Group and the Company as lessee (continued)

Right-of-use assets (continued)

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

	At 31.12.2020		
Group	Cost RM'000	Accumulated depreciation RM'000	Carrying amount RM'000
Long term leasehold land	234,298	(19,506)	214,792
Land use rights	244,257	(72,389)	171,868
Short term leasehold land	1,506	(818)	688
Equipment	217	(120)	97
Buildings	5,953	(1,984)	3,969
Motor vehicle	176	(108)	68
	486,407	(94,925)	391,482

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

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

The Group and the Company as lessee (continued)

Right-of-use assets (continued)

Company	Long term leasehold land RM'000	Equipment RM'000	Total RM'000
2021			
Carrying amount			
At 1 January 2021	50,177	95	50,272
Depreciation charged for the financial year	(406)	(27)	(433)
Reclassified to assets held for sale (Note 35)	(41,303)	-	(41,303)
At 31 December 2021	8,468	68	8,536
2020			
Carrying amount			
At 1 January 2020	50,948	49	50,997
Reassessment	-	72	72
Depreciation charged for the financial year	(771)	(26)	(797)
At 31 December 2020	50,177	95	50,272

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

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

The Group and the Company as lessee (continued)

Lease liabilities

Group	Short term leasehold land RM'000	Equipment RM'000	Buildings RM'000	Motor vehicle RM'000	Total RM'000
2021					
Carrying amount					
At 1 January 2021	1,126	97	3,629	68	4,920
Additions	-	-	35	-	35
Lease payments	(190)	(31)	(770)	(32)	(1,023)
Interest expense	46	4	163	2	215
Reassessments	-	-	59	-	59
Rent concessions*	-	-	(79)	-	(79)
At 31 December 2021	982	70	3,037	38	4,127
2020					
Carrying amount					
At 1 January 2020	1,051	53	1,727	99	2,930
Additions	40	-	82	-	122
Lease payments	(216)	(31)	(995)	(35)	(1,277)
Interest expense	251	3	164	4	422
Reassessments	-	72	2,651	-	2,723
At 31 December 2020	1,126	97	3,629	68	4,920

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

* *Variable lease payments arising from COVID-19 related rent concessions recognised in other operating income during the current financial year ended 31 December 2021 are RM79,000.*

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31 DECEMBER 2021

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

The Group and the Company as lessee (continued)

Lease liabilities (continued)

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

Represented by:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Non-current liabilities	3,188	4,079	45	70
Current liabilities	939	841	25	27
Total lease liabilities	4,127	4,920	70	97
Lease liabilities owing to financial institutions	38	68	-	-
Lease liabilities owing to non-financial institutions	4,089	4,852	70	97
	4,127	4,920	70	97

(a) The right-of-use assets are initially measured at cost, which comprise the initial amount of the lease liabilities adjusted for any lease payments made at or before the commencement date of the leases.

After initial recognition, right-of-use assets are stated at cost less accumulated depreciation and accumulated impairment losses, if any, and adjusted for any re-measurement of the lease liabilities.

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

Long term leasehold land	over the remaining lease period from 35 to 909 years
Land use rights	over the lease period from 20 to 30 years
Short term leasehold land	over the lease period from 4 to 20 years
Equipment	over the lease period from 2 to 6 years
Buildings	over the lease period from 2 to 6 years
Motor vehicle	over the lease period of 5 years

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

The Group and the Company as lessee (continued)

(b) Included in land use rights of the Group are prepayments amounting to RM6,645,000 (2020: RM29,633,000), which the Group has yet to obtain the titles to use the rights as at the end of the reporting period.

(c) The Group and the Company have certain leases of machineries with lease term of 12 months or less, and low value leases of office equipment of RM5,000 and below. The Group and the Company apply the "short-term lease" and "lease of low-value assets" exemptions for these leases.

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

	Group		Company	
	2021	**2020**	**2021**	**2020**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Property, plant and equipment				
Bearer plants (Note 19(d))	360	804	-	468
Biological assets				
Forest planting expenditure (Note 21(a))	13	22	-	-

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

	Group	
	2021	**2020**
	RM'000	**RM'000**
Depreciation charge of right-of-use assets (included in cost of sales and administrative expenses)	11,253	11,252
Interest expense on lease liabilities (included in finance costs)	215	422
Expense relating to short-term leases (included in administration expenses)	153	170
Rent concessions	(79)	-
	11,542	11,844

	Company	
	2021	**2020**
	RM'000	**RM'000**
Depreciation charge of right-of-use assets (included in cost of sales and administrative expenses)	68	68
Interest expense on lease liabilities (included in finance costs)	3	3
Expense relating to short-term leases (included in administration expenses)	137	102
	208	173

(f) At the end of the financial year, the Group and the Company had total cash outflow for leases of RM1,176,000 (2020: RM1,447,000) and RM167,000 (2020: RM132,000) respectively.

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

The Group and the Company as lessee (continued)

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

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

Group and Company	Within five years RM'000	Total RM'000
2021		
Extension options expected not to be exercised	25	25
2020		
Extension options expected not to be exercised	25	25

(h) The following table sets out the carrying amounts, the weighted average incremental borrowing rates and the remaining maturities of the lease liabilities of the Group and the Company:

Group	Weighted average incremental borrowing rate per annum %	Within one year RM'000	One to two years RM'000	Two to five years RM'000	More than five years RM'000	Total RM'000
31 December 2021						
Lease liabilities						
Fixed rates	2.35% - 5.58%	939	898	1,913	377	4,127
31 December 2020						
Lease liabilities						
Fixed rates	2.35% - 5.58%	841	1,028	2,437	614	4,920

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

The Group and the Company as lessee (continued)

(h) The following table sets out the carrying amounts, the weighted average incremental borrowing rates and the remaining maturities of the lease liabilities of the Group and the Company (continued):

Company	Weighted average incremental borrowing rate per annum %	Within one year RM'000	One to two years RM'000	Two to five years RM'000	More than five years RM'000	Total RM'000
31 December 2021						
Lease liabilities						
Fixed rates	4.27%	25	15	30	-	70
31 December 2020						
Lease liabilities						
Fixed rates	4.38%	27	40	30	-	97

(i) Sensitivity analysis for lease liabilities as at the end of the reporting period is not presented as fixed rate instruments are not affected by change in interest rate.

(j) The table below summarises the maturity profile of the lease liabilities of the Group and the Company at the end of the reporting period based on contractual undiscounted repayment obligations as follows:

	On demand or within one year RM'000	One to five years RM'000	More than five years RM'000	Total RM'000
Group				
31 December 2021				
Lease liabilities	1,112	3,026	539	4,677
31 December 2020				
Lease liabilities	1,099	3,815	723	5,637
Company				
31 December 2021				
Lease liabilities	27	48	-	75
31 December 2020				
Lease liabilities	30	75	-	105

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

The Group and the Company as lessee (continued)

(k) Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities from financing activities to the statements of financial position and statements of cash flows are as follows:

	Lease liabilities			
	Group		Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
At 1 January	4,920	2,930	97	52
Additions	35	122	-	-
Cash flows				
- Payments of lease liabilities	(808)	(855)	(27)	(27)
- Payments of lease interest	(215)	(422)	(3)	(3)
Non-cash flows				
- Interest expense	215	422	3	3
- Reassessments	59	2,723	-	72
- Rent concessions	(79)	-	-	-
At 31 December	4,127	4,920	70	97

The Group and the Company as lessor

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

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

	Group		Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Not later than 1 year	878	997	843	963
Later than 1 year but not later than 2 years	782	337	759	337
Later than 2 years but not later than 3 years	470	264	470	264
Later than 3 years but not later than 4 years	-	132	-	132
	2,130	1,730	2,072	1,696

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21. BIOLOGICAL ASSETS

Group	Forest planting expenditure (At fair value) RM'000	Forest planting expenditure (At cost) RM'000	Total RM'000
Non-current assets			
At cost/valuation			
At 1 January 2021	316,820	95,650	412,470
Additions during the financial year	4,125	-	4,125
Loss from fair value adjustment (Note 12)	(9,928)	-	(9,928)
At 31 December 2021	311,017	95,650	406,667
At 1 January 2020	310,609	95,650	406,259
Additions during the financial year	4,418	-	4,418
Gain from fair value adjustment (Note 10)	1,793	-	1,793
At 31 December 2020	316,820	95,650	412,470
Accumulated amortisation			
At 1 January 2021	-	(4,724)	(4,724)
Amortisation for the year:			
Recognised in profit or loss (Note 12)	-	(1,181)	(1,181)
At 31 December 2021	-	(5,905)	(5,905)
At 1 January 2020	-	(3,543)	(3,543)
Amortisation for the year:			
Recognised in profit or loss (Note 12)	-	(1,181)	(1,181)
At 31 December 2020	-	(4,724)	(4,724)
Net carrying amount:			
At cost/valuation			
At 31 December 2021	311,017	89,745	400,762
At 31 December 2020	316,820	90,926	407,746

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

21. BIOLOGICAL ASSETS (continued)

Company	Forest planting expenditure (At fair value) RM'000	Forest planting expenditure (At cost) RM'000	Total RM'000
Non-current assets			
At cost/valuation			
At 1 January 2021	231,019	95,650	326,669
Additions during the financial year	2,251	-	2,251
Loss from fair value adjustment (Note 12)	(12,389)	-	(12,389)
At 31 December 2021	220,881	95,650	316,531
At 1 January 2020	228,739	95,650	324,389
Additions during the financial year	2,297	-	2,297
Loss from fair value adjustment (Note 12)	(17)	-	(17)
At 31 December 2020	231,019	95,650	326,669
Accumulated amortisation			
At 1 January 2021	-	(4,724)	(4,724)
Amortisation for the year:			
Recognised in profit or loss (Note 12)	-	(1,181)	(1,181)
At 31 December 2021	-	(5,905)	(5,905)
At 1 January 2020	-	(3,543)	(3,543)
Amortisation for the year:			
Recognised in profit or loss (Note 12)	-	(1,181)	(1,181)
At 31 December 2020	-	(4,724)	(4,724)
Net carrying amount:			
At cost/valuation			
At 31 December 2021	220,881	89,745	310,626
At 31 December 2020	231,019	90,926	321,945

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

21. BIOLOGICAL ASSETS (continued)

	Group		Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Current assets				
At fair value				
Fresh fruit bunches				
At beginning of financial year	9,251	9,304	95	92
Changes in fair value less costs to sell	4,490	3,581	106	3
Reclassified from/(to) assets held for sale (Note 35)	3,334	(3,334)	-	-
Exchange differences	271	(300)	-	-
At end of financial year	17,346	9,251	201	95

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

(a) Forest planting expenditure

(i) Forest planting expenditure represents Industrial Timber Plantation expenses incurred on the development of the Group's Sustainable Forest Management Project under a Sustainable Forest Management License Agreement with the State Government of Sabah, in respect of a long term concession for 93,000 hectares of timber land under Forest Management Unit at Ulu Tungud, Sabah. This is carried at its fair value with changes in fair value recognised in profit or loss.

During the current financial year, the Group had carried out a valuation exercise to reflect the fair value of the Group's forest planting expenditure within the Industrial Timber Plantation area. The latest valuation exercise was conducted by CH Williams Talhar & Wong, with a valuation report dated 5 January 2022 for the valuation as at 31 December 2021.

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

21. BIOLOGICAL ASSETS (continued)

(a) Forest planting expenditure (continued)

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

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

Biological assets	Valuation technique used	Significant unobservable inputs	Range	Inter-relationship between key unobservable inputs and fair value
Forest planting expenditure within the Industrial Timber Plantation area	Investment method	(a) Discount rate	2021: 10% - 15% (2020: 10% - 15%)	The higher the discount rate, the lower the fair value.
		(b) Estimated yield - rubber (kg/Ha)	2021: 490 - 1,960 (2020: 490 - 1,960)	The higher the yield rate, the higher the fair value.
		- wood/timber (M^3/Ha)	2021: 108 - 144 (2020: 120 - 160)	
		(c) Estimated price - rubber (RM/KG)	2021: 6.50 (2020: 6.50)	The higher the price, the higher the fair value.
		- wood/timber (RM/M^3)	2021: 350 - 425 (2020: 350 - 425)	

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

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Depreciation of property, plant plant and equipment (Note 19(c))	234	290	130	189
Depreciation of right-of-use assets (Note 20(d))	13	22	-	-
Interest expense (Note 11)	981	1,075	878	878
Employee benefits expense (Note 13)	860	1,106	152	300

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

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31 DECEMBER 2021

21. BIOLOGICAL ASSETS (continued)

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

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

(ii) During the financial year, the Group and the Company harvested approximately 919,000 tonnes and 7,700 tonnes (2020: 907,000 tonnes and 8,400 tonnes) respectively of FFB.

(iii) The fair value measurement of the Group's and the Company's biological assets are categorised within Level 3 of the fair value hierarchy. If the FFB selling price changes by 10%, fair value gain/loss for the Group and the Company would have equally increased or decreased by approximately RM2,521,000 and RM28,000 (2020: RM1,458,000 and RM14,000) respectively.

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

(c) As at 31 December 2021, none of the biological assets are pledged as securities for liabilities.

22. INTANGIBLE ASSETS

Goodwill

Group	RM'000
Cost:	
At 31 December 2019 and 1 January 2020	61,380
Reclassified to assets held for sale (Note 35)	(6,790)
Exchange differences	(977)
At 31 December 2020 and 1 January 2021	53,613
Reclassified from assets held for sale (Note 35)	6,790
Reclassified to assets held for sale (Note 35)	(4,907)
Exchange differences	651
At 31 December 2021	56,147
Accumulated impairment:	
At 1 January 2020/1 January 2021	(4,500)
Impairment during the financial year	-
At 31 December 2020 and 2021	(4,500)
Net carrying amount	
At 31 December 2021	51,647
At 31 December 2020	49,113

22. INTANGIBLE ASSETS (continued)

Goodwill (continued)

Impairment tests for goodwill

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

	Group	
	2021 RM'000	2020 RM'000
Segments:		
Palm products	46,906	44,372
Others	4,741	4,741
	51,647	49,113

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

Growth rate for the plantation segment are determined based on the management's estimate of commodity prices, FFB yields, oil extraction rates and also cost of productions whilst growth rates of other segments are determined based on the industry trends and past performances of the segments, after taking into consideration the effect of COVID-19 pandemic.

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

	2021	2020
CPO price (RM/MT)	3,600	2,800
Pre-tax discount rates (%)	9.00 - 11.50	8.00 - 10.00

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

Palm products segment:

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

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

Pre-tax discount rates - Discount rates reflect the current market assessment of the risks specific to each CGU after taking into consideration the effects of COVID-19 pandemic.

Others segment:

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

Pre-tax discount rates - Discount rates reflect the current market assessment of the risks specific to each CGU after taking into consideration the effects of COVID-19 pandemic.

22. INTANGIBLE ASSETS (continued)

Sensitivity to changes in assumptions

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

23. INVESTMENTS IN SUBSIDIARIES

	Company	
	2021 RM'000	2020 RM'000
Unquoted shares, at cost:		
In Malaysia	236,841	236,833
Outside Malaysia	39,991	31,651
	276,832	268,484
ESOS granted to employees of subsidiaries	2,446	2,446
Non-cumulative redeemable convertible preference shares	615,307	615,941
	894,585	886,871
Less: Impairment losses	(8,862)	(8,862)
	885,723	878,009

(a) In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses. The Group elects on a transaction-by-transaction basis whether to measure the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets.

(b) Management has made estimates about the future results and key assumptions applied to cash flow projections of subsidiaries in determining their recoverable amounts using the value-in-use model. These key assumptions include forecast growth in future revenue, as well as determining an appropriate pre-tax discount rate and terminal values.

The disclosures of the key assumptions are similar to the impairment assessment on the intangible assets, which have been set out in Note 22 to the financial statements.

23. INVESTMENTS IN SUBSIDIARIES (continued)

(c) During the financial year, the Company:

(i) subscribed a total of 1,625 shares, representing 65% of the entire issued and paid-up capital of PT Sejahtera Aman Sejati for a total subscription consideration of IDR1.625 billion (or equivalent to RM468,000) by cash.

(ii) subscribed a total of 1 ordinary share, representing 100% of the entire issued and paid-up capital of TSH Sukuk Capital Sdn. Bhd. for a total subscription consideration of RM1 by cash.

(iii) acquired a total of 30,000 ordinary shares in Rinukut Sdn. Bhd. for a total consideration of RM2 by cash. This has resulted in an increase in equity interest in Rinukut Sdn. Bhd. from 70% to 100% as at the end of the reporting period.

Subsequently, the Company subscribed for an additional 420,000 non-cumulative redeemable convertible preference shares in Rinukut Sdn. Bhd. for a total subscription consideration of RM420,000 by cash.

(iv) subscribed for an additional 45,000 non-cumulative redeemable convertible preference shares in Icon Field Ventures Sdn. Bhd. for a total subscription consideration of RM45,000 by cash.

(v) subscribed for an additional 2,700,000 ordinary shares in TSH Agri Pte. Ltd. ("TSH Agri") for a total subscription consideration of RM8,345,160 by way of contra against amount due from TSH Agri.

(vi) redeemed 1,099,000 non-cumulative redeemable convertible preference shares in TSH Timber Industries Sdn. Bhd. ("TTISB") at the total redemption amount of RM1,099,000 by way of contra against amount due to TTISB.

Subsequently, the Company contributed RM8,000 to TTISB as capital contribution. The capital contribution amounted to RM2,880 was satisfied by way of contra against amount due from TTISB and RM5,120 was satisfied by cash.

(vii) disposed its 65% shareholding, representing 1,625 shares in PT Kalimantan Industrial Park Indonesia at a disposal consideration of IDR1.625 billion (or equivalent to RM472,875) by cash.

(viii) through its wholly-owned subsidiary, Ekowood International Berhad disposed its 70% shareholding, representing 217 shares in Ekowood S.A. at a disposal consideration of Euro 1 (or equivalent to RM4.90).

(d) In the previous financial year, the Company:

(i) subscribed for an additional 2,830,000 non-cumulative redeemable convertible preference shares in Halaman Semesta Sdn. Bhd. for a total subscription consideration of RM2,830,000 by cash.

(ii) reduced its cost of investment in CocoaHouse Industries Sdn. Bhd. from RM3,145,000 to RM13,000 by cancellation of ordinary shares pursuant to Section 117 of the Companies Act 2016.

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23. INVESTMENTS IN SUBSIDIARIES (continued)

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

Name of subsidiaries	Principal place of business/ Country of incorporation	Principal activities	% of effective ownership interest held by the Group 2021 %	2020 %	% of ownership held by non-controlling interest 2021 %	2020 %
Held by the Company:						
TSH Plantation Sdn. Bhd. [i]	Malaysia	Operation of palm oil mills and investment holding	100	100	-	-
CocoaHouse Industries Sdn. Bhd. [i]	Malaysia	Dormant	100	100	-	-
CocoaHouse Sdn. Bhd. [i]	Malaysia	Manufacture and sale of cocoa products and investment holding	100	100	-	-
Ekowood International Berhad [i]	Malaysia	Manufacture and sale of downstream wood products	100	100	-	-
TSH Bio-Gas Sdn. Bhd. [i]	Malaysia	Operation of biogas power plant	100	100	-	-
LKSK Sdn. Bhd. [i]	Malaysia	Oil palm plantations	51	51	49	49
Tan Soon Hong Holdings Sdn. Bhd. [i]	Malaysia	Oil palm plantations and investment holding	100	100	-	-
TSH Bio-Energy Sdn. Bhd. [i]	Malaysia	Operation of a power plant	100	100	-	-
TSH Timber Industries Sdn. Bhd. [i]	Malaysia	Dormant	100	100	-	-
POME Energy Sdn. Bhd. [i]	Malaysia	Dormant	100	100	-	-
Landquest Sdn. Bhd. [i]	Malaysia	Oil palm plantations	56.68	56.68	43.32	43.32
TSH Sumbar Group Limited [iv]	Seychelles	Investment holding	100	100	-	-
PT Aramico Komoditi [ii/iv]	Indonesia	Dormant	74.42	74.42	25.58	25.58
TSH Logistics Sdn. Bhd. [i]	Malaysia	Investment holding	100	100	-	-
Polar Vertix Sdn. Bhd. [ii]	Malaysia	Dormant	100	100	-	-

23. INVESTMENTS IN SUBSIDIARIES (continued)

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

Name of subsidiaries	Principal place of business/ Country of incorporation	Principal activities	% of effective ownership interest held by the Group 2021 %	% of effective ownership interest held by the Group 2020 %	% of ownership held by non-controlling interest 2021 %	% of ownership held by non-controlling interest 2020 %
Held by the Company (continued):						
TSH Oversea Pte. Ltd. [iv]	Singapore	Investment holding	100	100	-	-
TSH Sukuk Ijarah Sdn. Bhd. [ii]	Malaysia	Undertake of Islamic Securities transactions	100	100	-	-
TSH Global Plantation Pte. Ltd. [iv]	Singapore	Investment holding	100	100	-	-
TSH Mitra Capital Pte. Ltd. [iv]	Singapore	Investment holding	100	100	-	-
GlobeFlex Advisory Sdn. Bhd. [i]	Malaysia	Investment holding	100	100	-	-
Halaman Semesta Sdn. Bhd. [i]	Malaysia	Investment holding	100	100	-	-
Bagan Agresif Sdn. Bhd. [i]	Malaysia	Investment holding	100	100	-	-
Casa Logistic Sdn. Bhd. [i]	Malaysia	Investment holding	100	100	-	-
Rinukut Sdn. Bhd. [i]	Malaysia	Investment holding	100	70	-	30
TSH Sukuk Capital Sdn. Bhd. [i]	Malaysia	Undertake of Islamic Securities transactions	100	-	-	-
TSH Sukuk Murabahah Sdn. Bhd. [i]	Malaysia	Undertake of Islamic Securities transactions	100	100	-	-
Icon Field Ventures Sdn. Bhd. [i]	Malaysia	Investment holding	100	100	-	-
TSH Agri Pte. Ltd. [iv]	Singapore	Management services and trading of goods	100	100	-	-
PT Kalimantan Industrial Park Indonesia [iv] (f.k.a. PT Aman Mulia Gemilang)	Indonesia	Dormant	-	65	-	35
PT Sejahtera Aman Sejati [iv]	Indonesia	Dormant	65	-	35	-

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23. INVESTMENTS IN SUBSIDIARIES (continued)

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

Name of subsidiaries	Principal place of business/ Country of incorporation	Principal activities	% of effective ownership interest held by the Group		% of ownership held by non-controlling interest	
			2021 %	2020 %	2021 %	2020 %
Held through Ekowood International Berhad						
TSH Products Sdn. Bhd. [ii]	Malaysia	Dormant	100	100	-	-
Ekowood Iberica, S.L. [iii]	Spain	Dormant	99.96	99.96	0.04	0.04
Ekowood Malaysia Sdn. Bhd. [i]	Malaysia	Supply and installation of timber flooring	100	100	-	-
EkoLoc System Sdn. Bhd. [i]	Malaysia	Sub-licensing of strip lock system	100	100	-	-
Ekowood (USA) Inc. [iii]	United States of America	Trading of wood products	100	100	-	-
Ekowood S.A. [iv]	Luxembourg	Dormant	-	70	-	30
Held through TSH Plantation Sdn. Bhd.						
TSH Plantation Management Sdn. Bhd. [i]	Malaysia	Operation of a palm oil mill	100	100	-	-
TSH Biotech Sdn. Bhd. [i]	Malaysia	Undertake oil palm ramets and other tissue culture projects	100	100	-	-
TSH Forest Plantation Sdn. Bhd. [i]	Malaysia	Forest plantation	100	100	-	-
Held through CocoaHouse Sdn. Bhd.						
PT Sinar Bersatu [ii/iv]	Indonesia	Dormant	99	99	1	1
Afromal Cocoa Limited [ii/ iv]	Ghana	Dormant	100	100	-	-

23. INVESTMENTS IN SUBSIDIARIES (continued)

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

Name of subsidiaries	Principal place of business/ Country of incorporation	Principal activities	% of effective ownership interest held by the Group 2021 %	2020 %	% of ownership held by non-controlling interest 2021 %	2020 %
Held through Tan Soon Hong Holdings Sdn. Bhd.						
TSH Palm Products Sdn. Bhd. [i]	Malaysia	Oil palm plantations and investment holding	100	100	-	-
Held through TSH Palm Products Sdn. Bhd.						
Eko Pulp & Paper Sdn. Bhd. [i]	Malaysia	Hiring business	100	100	-	-
Held through TSH Sumbar Group Limited						
PT Andalas Agro Industri [iv]	Indonesia	Operation of a palm oil mill and investment holding	70	70	30	30
PT Andalas Wahana Berjaya [iv]	Indonesia	Oil palm plantations and operation of a palm oil mill	70	70	30	30
Held through TSH Oversea Pte. Ltd.						
PT Sarana Prima Multi Niaga [iv]	Indonesia	Oil palm plantations and operation of a palm oil mill	90	90	10	10
PT Teguh Swakarsa Sejahtera [iv]	Indonesia	Oil palm plantations	90	90	10	10
Held through PT Andalas Agro Industri						
PT Laras Internusa [iv]	Indonesia	Oil palm plantations	69.77	69.77	30.23	30.23

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23. INVESTMENTS IN SUBSIDIARIES (continued)

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

Name of subsidiaries	Principal place of business/ Country of incorporation	Principal activities	% of effective ownership interest held by the Group 2021 %	2020 %	% of ownership held by non-controlling interest 2021 %	2020 %
Held through TSH Global Plantation Pte. Ltd.						
PT Farinda Bersaudara iv	Indonesia	Oil palm plantations and operation of a palm oil mill	90	90	10	10
Held through TSH Mitra Capital Pte. Ltd.						
PT Mitra Jaya Cemerlang iv	Indonesia	Oil palm plantations	90	90	10	10
Held through GlobeFlex Advisory Sdn. Bhd.						
PT Karya Unggulan Cemerlang iv	Indonesia	Provision of management services	90	90	10	10
Held through TSH Logistics Sdn. Bhd.						
PT Bulungan Citra Agro Persada iv	Indonesia	Oil palm plantations	90	90	10	10
Held through Halaman Semesta Sdn. Bhd.						
PT Munte Waniq Jaya Perkasa iv	Indonesia	Oil palm plantations	90	90	10	10
Held through Bagan Agresif Sdn. Bhd.						
PT Andalas Wahana Sukses iv	Indonesia	Oil palm plantations	90	90	10	10

23. INVESTMENTS IN SUBSIDIARIES (continued)

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

Name of subsidiaries	Principal place of business/ Country of incorporation	Principal activities	% of effective ownership interest held by the Group		% of ownership held by non-controlling interest	
			2021 %	2020 %	2021 %	2020 %
Held through Casa Logistic Sdn. Bhd.						
PT Perkebunan Sentawar Membangun [iv]	Indonesia	Oil palm plantations	90	90	10	10
Held through Rinukut Sdn. Bhd.						
RT Plantations Sdn. Bhd. [i]	Malaysia	Oil palm plantations	60	42	40	58
Held through Icon Field Ventures Sdn. Bhd.						
PT Prima Usaha Sukses [iv]	Indonesia	Oil palm plantations	90	90	10	10

[i] *Audited by BDO PLT, Malaysia.*
[ii] *These subsidiaries were placed under members' voluntary winding-up/strike off.*
[iii] *Audited by BDO PLT, Malaysia for the purpose of consolidation in the financial statements of the Group.*
[iv] *Not audited by BDO PLT or member firms of BDO International.*

23. INVESTMENTS IN SUBSIDIARIES (continued)

(f) Material partly-owned subsidiaries

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

(i) Summarised statements of financial position

	Subsidiaries of TSH Sumbar Group Limited		Subsidiaries of TSH Oversea Pte. Ltd.		Subsidiary of TSH Global Plantation Pte. Ltd.		LKSK Sdn. Bhd.		Landquest Sdn. Bhd.		Rinukut Sdn. Bhd. and its subsidiary	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021*	2020
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Assets and liabilities												
Non-current assets	301,347	351,568	367,467	277,298	278,653	284,830	40,441	40,712	31,228	30,662	86,246	88,704
Current assets	52,731	41,991	36,180	41,627	50,804	21,241	5,540	3,091	2,546	2,232	7,748	5,973
Total assets	354,078	393,559	403,647	318,925	329,457	306,071	45,981	43,803	33,774	32,894	93,994	94,677
Current liabilities	30,208	14,925	22,618	11,638	25,574	7,851	1,202	451	2,048	1,906	1,794	6,333
Non-current liabilities	7,075	138,427	6,690	6,878	289,186	327,280	8,912	8,885	5,465	5,159	99,880	96,990
Total liabilities	37,283	153,352	29,308	18,516	314,760	335,131	10,114	9,336	7,513	7,065	101,674	103,323
Net assets/(liabilities)	316,795	240,207	374,339	300,409	14,697	(29,060)	35,867	34,467	26,261	25,829	(7,680)	(8,646)
Carrying amounts of NCI	94,653	71,399	37,397	29,852	588	(1,788)	21,436	20,750	10,848	10,656	6,699	15,608

* *During the financial year, Rinukut Sdn. Bhd. became a wholly-owned subsidiary of the Company, hence the numbers are in respect of the subsidiary, RT Plantations Sdn. Bhd. only. Please refer to Note 23(c)(iii) for more details.*

23. INVESTMENTS IN SUBSIDIARIES (continued)

(f) Material partly-owned subsidiaries (continued)

(ii) Summarised statements of comprehensive income

	Subsidiaries of TSH Sumbar Group Limited		Subsidiaries of TSH Oversea Pte. Ltd.		Subsidiary of TSH Global Plantation Pte. Ltd.		LKSK Sdn. Bhd.		Landquest Sdn. Bhd.		Rinukut Sdn. Bhd. and its subsidiary	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000	2021* RM'000	2020 RM'000
Results												
Revenue	213,480	165,269	186,095	139,921	201,293	155,619	9,915	6,886	3,062	2,050	23,522	10,858
Profit/(Loss) for the year	71,348	40,042	61,847	29,430	22,117	11,206	3,399	1,318	942	305	784	(4,266)
Total comprehensive income/ (loss) for the year	71,653	38,733	62,231	28,351	22,342	10,781	3,399	1,318	942	305	784	(4,266)
Profit/(Loss) allocated to NCI	21,610	11,787	6,185	2,943	2,211	1,120	1,666	646	408	132	314	(2,473)
Total comprehensive income/ (loss) allocated to NCI	21,600	11,628	6,222	2,835	2,234	1,078	1,666	646	408	132	314	(2,473)

(iii) Summarised cash flows

	Subsidiaries of TSH Sumbar Group Limited 2021	Subsidiaries of TSH Sumbar Group Limited 2020	Subsidiaries of TSH Oversea Pte. Ltd. 2021	Subsidiaries of TSH Oversea Pte. Ltd. 2020	Subsidiary of TSH Global Plantation Pte. Ltd. 2021	Subsidiary of TSH Global Plantation Pte. Ltd. 2020	LKSK Sdn. Bhd. 2021	LKSK Sdn. Bhd. 2020	Landquest Sdn. Bhd. 2021	Landquest Sdn. Bhd. 2020	Rinukut Sdn. Bhd. and its subsidiary 2021*	Rinukut Sdn. Bhd. and its subsidiary 2020
Net cash flows from operating activities	99,065	77,026	75,401	52,254	60,373	45,498	4,925	2,106	1,378	681	10,047	3,658
Net cash flows (used in)/from investing activities	(64,538)	(34,042)	(51,164)	(49,344)	(949)	158	(643)	587	(751)	(629)	(1,213)	(5,837)
Net cash flows (used in)/from financing activities	(29,718)	(39,096)	(1,982)	(6,253)	(52,911)	(56,486)	(2,000)	-	(500)	-	(8,211)	1,843
Net increase/(decrease) in cash and cash equivalents	4,809	3,888	22,255	(3,343)	6,513	(10,830)	2,282	2,693	127	52	623	(336)
Effect of exchange rate changes	321	(359)	145	(322)	195	(634)	-	-	-	-	-	-
Cash and cash equivalents at beginning of the year	15,271	11,742	6,902	10,567	9,310	20,774	3,097	404	189	137	479	815
Cash and cash equivalents at end of the year	20,401	15,271	29,302	6,902	16,018	9,310	5,379	3,097	316	189	1,102	479

* *During the financial year, Rinukut Sdn. Bhd. became a wholly-owned subsidiary of the Company, hence the numbers are in respect of the subsidiary, RT Plantations Sdn. Bhd. only. Please refer to Note 23(c)(iii) for more details.*

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24. INVESTMENT IN AN ASSOCIATE

	Group		Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Quoted shares in Malaysia, at cost	61,259	61,259	61,259	61,259
Share of post-acquisition reserves	20,814	22,838	-	-
	82,073	84,097	61,259	61,259
Fair value of investment in an associate for which there is published price quotation	135,528	122,921	135,528	122,921

(a) Investment in an associate is measured at cost in the separate financial statements of the Company and is accounted for using the equity method in the consolidated financial statements.

(b) The details of the associate are as follows:

Name of associate	Principal place of business/Country of incorporation	Principal activities	Effective interest 2021 %	Effective interest 2020 %
Innoprise Plantations Berhad*	Malaysia	Operation of oil palm plantations and palm oil mill, and producer and supplier of renewable energy	21.94	21.94

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

(c) The financial year end of the above associate is coterminous with those of the Group.

(d) The summarised financial information of the associate, not adjusted for the proportion of ownership interest held by the Group, is as follows:

(i) Summarised statements of financial position

	2021	2020
	RM'000	RM'000
Assets and liabilities		
Current assets	68,525	44,657
Non-current assets	354,430	359,110
Total assets	422,955	403,767
Current liabilities	19,089	16,272
Non-current liabilities	79,285	53,688
Total liabilities	98,374	69,960
Net assets	324,581	333,807

24. INVESTMENT IN AN ASSOCIATE (continued)

(d) The summarised financial information of the associate, not adjusted for the proportion of ownership interest held by the Group, is as follows (continued):

(ii) Summarised statements of comprehensive income

	2021 RM'000	2020 RM'000
Results		
Revenue	229,999	153,793
Profit for the year	87,069	36,898
Total comprehensive income	87,069	36,898

(iii) Reconciliation of the summarised financial information presented above to the carrying amount of the Group's interest in associate.

	2021 RM'000	2020 RM'000
Net assets at 1 January	333,807	317,376
Total comprehensive income	87,069	36,898
Transaction with owners	(96,295)	(20,467)
Net assets at 31 December	324,581	333,807
Interest in associate (%)	21.94%	21.94%
	71,213	73,237
Goodwill	10,860	10,860
Carrying value of Group's interest in associate	82,073	84,097

(iv) Dividends received from associate during the financial year amounted to RM21,012,000 (2020: RM4,727,000).

(v) The fair value of quoted shares in Malaysia is determined by reference to the exchange quoted market bid prices at the close of the business at the end of the reporting period.

25. INVESTMENTS IN JOINT VENTURES

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Unquoted shares, at cost	20,750	20,750	20,750	20,750
Share of post-acquisition reserves	68,712	52,821	-	-
	89,462	73,571	20,750	20,750

The Group has 50% of the voting rights of its joint arrangements. Under the contractual arrangements, unanimous consent is required from all parties to the agreements for all relevant activities. The Group's interest in joint ventures is accounted for using the equity method in the consolidated financial statements. In the separate financial statements of the Company, investments in joint ventures are measured at cost.

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25. INVESTMENTS IN JOINT VENTURES (continued)

The joint arrangements are structured via separate entities and provide the Group with the rights to the net assets of the entities under the arrangements. Therefore, these entities are classified as joint ventures of the Group.

(a) Details of the joint ventures are as follows:

Name of joint ventures	Principal place of business/ Country of incorporation	Principal activities	Effective interest 2021 %	2020 %
TSH-Wilmar Sdn. Bhd.*	Malaysia	Operation of palm oil refinery mill and kernel crushing plant	50	50
TSH-Wilmar (BF) Sdn. Bhd.*	Malaysia	Operation of a power plant	50	50

** Audited by BDO PLT, Malaysia.*

These joint ventures have the same reporting period as the Group.

(b) Summarised financial information of TSH-Wilmar Sdn. Bhd. and TSH-Wilmar (BF) Sdn. Bhd. is set out below. The summarised information represents the amounts in the financial statements of the joint ventures and not the Group's share of those amounts.

(i) Summarised statements of financial position

	TSH-Wilmar Sdn. Bhd.		TSH-Wilmar (BF) Sdn. Bhd.	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Non-current assets	53,238	54,378	13,135	11,072
Cash and cash equivalents	54,209	42,549	188	129
Other current assets	273,245	155,949	4,955	306
Total current assets	327,454	198,498	5,143	435
Total assets	380,692	252,876	18,278	11,507
Current liabilities (excluding trade and other payables and provisions)	152,952	62,580	75	384
Trade and other payables and provisions	57,918	45,617	2,379	1,569
Total current liabilities	210,870	108,197	2,454	1,953
Non-current liabilities (excluding trade and other payables and provisions)	6,310	6,449	650	706
Total liabilities	217,180	114,646	3,104	2,659
Net assets	163,512	138,230	15,174	8,848

25. INVESTMENTS IN JOINT VENTURES (continued)

(b) Summarised financial information of TSH-Wilmar Sdn. Bhd. and TSH-Wilmar (BF) Sdn. Bhd. is set out below. The summarised information represents the amounts in the financial statements of the joint ventures and not the Group's share of those amounts. (continued)

(ii) Summarised statements of comprehensive income

	TSH-Wilmar Sdn. Bhd.		TSH-Wilmar (BF) Sdn. Bhd.	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Revenue	2,279,613	1,647,482	20,877	21,311
Depreciation and amortisation	(2,534)	(2,686)	(311)	(309)
Interest income	832	1,257	31	120
Interest expense	(2,378)	(3,109)	(3)	(2)
Profit before tax	85,043	53,730	8,330	9,320
Tax expense	(19,761)	(12,409)	(2,004)	(2,361)
Profit after tax, represent total comprehensive income	65,282	41,321	6,326	6,959

(c) Reconciliations of the summarised financial information presented above to the carrying amount of the Group's interest in joint ventures are as follows:

	TSH-Wilmar Sdn. Bhd.		TSH-Wilmar (BF) Sdn. Bhd.	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Net assets at 1 January	138,230	146,909	8,848	9,889
Profit for the year	65,282	41,321	6,326	6,959
Dividends	(40,000)	(50,000)	-	(8,000)
Net assets at 31 December	163,512	138,230	15,174	8,848
Interests in joint ventures	50%	50%	50%	50%
	81,756	69,115	7,587	4,424
Unrealised profit on inventories	119	32	-	-
Carrying value of Group's interests in joint ventures	81,875	69,147	7,587	4,424

Dividends received from joint ventures during the financial year amounted to RM20,000,000 (2020: RM29,000,000).

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26. DEFERRED TAX

(a) Deferred tax as at 31 December related to the following:

Group	At 1 January 2020 RM'000	Recognised in profit or loss (Note 15) RM'000	Recognised in other comprehensive income RM'000	Reclassified to liabilities associated with assets held for sale (Note 35) RM'000	Exchange differences RM'000	At 31 December 2020 RM'000
Deferred tax liabilities:						
Property, plant and equipment	52,282	4,044	-	(4,868)	(205)	51,253
Biological assets	82,287	291	-	(801)	(60)	81,717
Land use rights	12,257	(1,377)	-	355	(261)	10,974
Right-of-use assets	44,454	(688)	-	-	-	43,766
Others	398	-	-	-	-	398
	191,678	2,270	-	(5,314)	(526)	188,108
Deferred tax assets:						
Tax losses and unabsorbed capital allowances	(64,146)	3,816	-	3,968	276	(56,086)
Others	(9,701)	3,381	(813)	1,906	216	(5,011)
	(73,847)	7,197	(813)	5,874	492	(61,097)
	117,831	9,467	(813)	560	(34)	127,011

26. DEFERRED TAX (continued)

(a) Deferred tax as at 31 December related to the following (continued):

Group	At 1 January 2021 RM'000	Recognised in profit or loss (Note 15) RM'000	Recognised in other comprehensive income RM'000	Reclassified from liabilities associated with assets held for sale (Note 35) RM'000	Reclassified to liabilities associated with assets held for sale (Note 35) RM'000	Exchange differences RM'000	At 31 December 2021 RM'000
Deferred tax liabilities:							
Property, plant and equipment	51,253	2,940	-	4,868	(9,349)	192	49,904
Biological assets	81,717	(1,204)	-	801	-	48	81,362
Land use rights	10,974	(1,288)	-	(355)	-	174	9,505
Right-of-use assets	43,766	(489)	-	-	(31,327)	-	11,950
Others	398	-	-	-	-	-	398
	188,108	(41)	-	5,314	(40,676)	414	153,119
Deferred tax assets:							
Tax losses and unabsorbed capital allowances	(56,086)	1,348	-	(3,968)	123	(93)	(58,676)
Others	(5,011)	94	276	(1,906)	-	(125)	(6,672)
	(61,097)	1,442	276	(5,874)	123	(218)	(65,348)
	127,011	1,401	276	(560)	(40,553)	196	87,771

26. DEFERRED TAX (continued)

(a) Deferred tax as at 31 December related to the following (continued):

Company	At 1 January 2020 RM'000	Recognised in profit or loss RM'000	At 31 December 2020/ 1 January 2021 RM'000	Recognised in profit or loss RM'000	Reclassified to liabilities associated with assets held for sale (Note 35) RM'000	At 31 December 2021 RM'000
Deferred tax liabilities:						
Property, plant and equipment	8,175	925	9,100	289	(4,269)	5,120
Biological assets	58,007	(35)	57,972	(3,014)	-	54,958
Right-of-use assets	8,135	(140)	7,995	(170)	(7,825)	-
	74,317	750	75,067	(2,895)	(12,094)	60,078
Deferred tax assets:						
Tax losses and unabsorbed capital allowances	(45,301)	(1,275)	(46,576)	581	-	(45,995)
Others	(5,375)	93	(5,282)	987	-	(4,295)
	(50,676)	(1,182)	(51,858)	1,568	-	(50,290)
	23,641	(432)	23,209	(1,327)	(12,094)	9,788

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26. DEFERRED TAX (continued)

(a) Deferred tax as at 31 December related to the following (continued):

Presented after appropriate offsetting:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Deferred tax assets, net*	(4,297)	(2,138)	-	-
Deferred tax liabilities, net*	92,068	129,149	9,788	23,209
	87,771	127,011	9,788	23,209

** The amount of set-off between deferred tax assets and deferred tax liabilities was RM61,051,000 (2020: RM58,959,000) for the Group.*

(b) Deferred tax assets have not been recognised in respect of the following items:

	Group	
	2021 RM'000	2020 RM'000
Unused tax losses		
- No expiry date	48,525	39,452
- Expires by 2024 to 2031	85,926	82,292
Unabsorbed capital allowances	955	8,544
Other deductible temporary differences	24,524	33,155
	159,930	163,443

The Group and the Company have assessed the likelihood of sufficient future profits available to recover the amounts of deductible temporary differences, including taking into consideration the effects of COVID-19 pandemic. Deferred tax assets of certain subsidiaries have not been recognised in respect of these items as it is not probable that taxable profits of the subsidiaries would be available against which the deductible temporary differences could be utilised.

The amount and availability of these items to be carried forward up to the periods as disclosed above are subject to the agreement of the respective local tax authorities.

(c) Unused tax losses

Unused tax losses of certain foreign subsidiaries amounting to RM10,399,000 (2020: RM12,372,000) and RM47,181,000 (2020: RM40,673,000) are available for carry forward in the jurisdiction in which the foreign subsidiaries operate for a period of 20 years and 5 years respectively from the year in which those tax losses arose.

(d) Unrecognised temporary differences relating to investments in subsidiaries

At the end of the reporting period, no deferred tax liability has been recognised for taxes that would be payable on the undistributed earnings of certain of the Group's foreign subsidiaries as the Group has determined that the undistributed earnings of its subsidiaries will not be distributed in the foreseeable future.

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27. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Current				
Trade receivables				
Amounts due from subsidiaries	-	-	5,553	5,605
Third parties	30,153	26,337	1,652	1,277
Joint ventures	4,778	6,242	-	-
Retention sums on contract (Note 31)	893	1,279	-	-
	35,824	33,858	7,205	6,882
Less: Allowance for impairment	(3,702)	(7,428)	-*	-*
Trade receivables, net	32,122	26,430	7,205	6,882
Other receivables				
Amounts due from related parties:				
- subsidiaries	-	-	38,666	46,744
- joint ventures	241	203	10	8
	241	203	38,676	46,752
Less: Allowance for impairment	-	-	(273)	(722)
	241	203	38,403	46,030
Plasma receivables (Note 27(b)(ii))	-	502	-	-
Other deposits	1,562	1,472	450	367
Sundry receivables	30,622	33,287	6,383	6,688
	32,425	35,464	45,236	53,085
Less: Allowance for impairment	(1,559)	(1,461)	(1,281)	(1,281)
	30,866	34,003	43,955	51,804
	62,988	60,433	51,160	58,686
Non-current				
Other receivables				
Amounts due from subsidiaries	-	-	634,788	800,418
Plasma receivables (Note 27(b)(ii))	69,075	39,143	-	-
Sundry receivables	14,122	13,508	-	-
	83,197	52,651	634,788	800,418
Less: Allowance for impairment	(8,399)	(12,213)	(14,190)	(18,783)
	74,798	40,438	620,598	781,635
Total trade and other receivables (current and non-current)	137,786	100,871	671,758	840,321
Add: Cash and bank balances and deposits (Note 34)	279,728	147,832	146,322	85,542
Total financial assets at amortised cost	417,514	248,703	818,080	925,863

* *The expected credit loss is immaterial.*

27. TRADE AND OTHER RECEIVABLES (continued)

Trade and other receivables are classified as financial assets and measured at amortised cost.

(a) Trade receivables

Trade receivables are non-interest bearing and are generally on 30 to 90 days (2020: 30 to 90 days) terms. They are recognised at their original invoice amounts, which represent their fair values on initial recognition.

The ageing analysis of the Group's and of the Company's trade receivables are as follows:

	2021		
Group	**Gross carrying amount RM'000**	**Loss allowance RM'000**	**Net balance RM'000**
Current	20,962	(217)	20,745
Past due			
- 1 to 30 days	5,711	(109)	5,602
- 31 to 60 days	735	(27)	708
- 61 to 90 days	1,027	(46)	981
- 91 to 120 days	23	(8)	15
- More than 121 days	5,074	(1,003)	4,071
	12,570	(1,193)	11,377
Credit impaired			
Individually impaired	2,292	(2,292)	-
	35,824	(3,702)	32,122

	2020		
Group	**Gross carrying amount RM'000**	**Loss allowance RM'000**	**Net balance RM'000**
Current	20,460	(576)	19,884
Past due			
- 1 to 30 days	3,674	(226)	3,448
- 31 to 60 days	904	(57)	847
- 61 to 90 days	292	(86)	206
- 91 to 120 days	279	(80)	199
- More than 121 days	2,806	(960)	1,846
	7,955	(1,409)	6,546
Credit impaired			
Individually impaired	5,443	(5,443)	-
	33,858	(7,428)	26,430

27. TRADE AND OTHER RECEIVABLES (continued)

(a) Trade receivables (continued)

The ageing analysis of the Group's and of the Company's trade receivables are as follows (continued):

Company	2021 Gross carrying amount RM'000	 Loss allowance RM'000	 Net balance RM'000
Current	6,308	-	6,308
Past due			
- 1 to 30 days	856	-	856
- 31 to 60 days	3	-	3
- 61 to 90 days	38	-	38
	7,205	-	7,205

Company	2020 Gross carrying amount RM'000	 Loss allowance RM'000	 Net balance RM'000
Current	4,523	-	4,523
Past due			
- 1 to 30 days	488	-	488
- 31 to 60 days	471	-	471
- 61 to 90 days	1,400	-	1,400
	6,882	-	6,882

Impairment loss

Impairment for trade receivables that do not contain a significant financing component are recognised based on the simplified approach using the lifetime expected credit losses.

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 twelve (12) months after the reporting date. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company are exposed to credit risk.

The Group considers credit loss experience and observable data such as current changes and future forecasts in economic conditions by market segment of the Group as identified in Note 4 to the financial statements, based on the following common credit risk characteristics - geographic region and type of products purchased, to estimate the amount of expected impairment loss. The methodology and assumptions including any forecasts of future economic conditions are reviewed regularly.

27. TRADE AND OTHER RECEIVABLES (continued)

(a) Trade receivables (continued)

Impairment loss (continued)

During this process, the probability of non-payment by the trade receivables is adjusted by forward looking information i.e. Gross Domestic Product (GDP) and crude palm oil prices and multiplied by the amount of the expected loss to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such impairments are recorded in a separate impairment account with the loss being recognised within other expenses in the consolidated statement of comprehensive income. On confirmation that the trade receivable would not be collectable, the gross carrying value of the asset would be written off against the associated impairment.

It requires management to exercise significant judgement in determining the probability of default by trade receivables and appropriate forward looking information, after taking into consideration the effects of COVID-19 pandemic.

Movements in allowance for impairment accounts are as follows:

Group	Lifetime ECL* allowance RM'000	Credit impaired RM'000	Total allowance RM'000
At 1 January 2021	1,985	5,443	7,428
Charge for the financial year	-	443	443
Reversal of impairment loss	(577)	(3,690)	(4,267)
Exchange differences	2	96	98
At 31 December 2021	1,410	2,292	3,702
At 1 January 2020	1,429	8,904	10,333
Charge for the financial year	586	216	802
Reversal of impairment loss	(30)	(1,776)	(1,806)
Written off	-	(1,997)	(1,997)
Exchange differences	-	96	96
At 31 December 2020	1,985	5,443	7,428

* *Expected credit losses*

Credit impaired refers to individually determined debtors who are in significant financial difficulties as at the end of the reporting period.

The maximum exposures to credit risk of trade receivables of the Group and of the Company are represented by the carrying amounts of trade receivables recognised in the statements of financial position. These receivables are not secured by any collateral or credit enhancement as at the end of the current financial year.

27. TRADE AND OTHER RECEIVABLES (continued)

(b) Other receivables

(i) Impairment for other receivables (included plasma receivables) are recognised based on the general approach within MFRS 9 using the forward looking expected credit loss model. The methodology used to determine the amount of the impairment is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those in which the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. At the end of the reporting period, the Group assesses whether there has been a significant increase in credit risk for financial assets by comparing the risk of default occurring over the expected life with the risk of default since initial recognition. For those in which credit risk had increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

The Group determined significant increase in credit risk based on past due information, i.e. overdue amounts more than 90 days.

The probability of non-payment by other receivables are adjusted by forward looking information and multiplied by the amount of the expected loss arising from default to determine the twelve-month or lifetime expected credit loss for other receivables.

It requires management to exercise significant judgement in determining the probability of default by other receivables, appropriate forward looking information i.e. Gross Domestic Product (GDP) and crude palm oil prices, significant increase in credit risk and estimated cash flows recoverable in worst-case scenarios, after taking into consideration the effects of COVID-19 pandemic.

Movements in allowance for impairment accounts for current and non-current other receivables (included plasma receivables) are as follows:

Group	12-month ECL RM'000	Lifetime ECL - not credit impaired RM'000	Lifetime ECL - credit impaired RM'000	Total allowance RM'000
At 1 January 2021	190	8,602	4,882	13,674
Charge for the financial year	99	3,895	-	3,994
Reversal of impairment loss	-	(5,567)	(2,428)	(7,995)
Reclassified from Stage 3 to Stage 2	-	1,216	(1,216)	-
Reclassified from assets held for sale	-	57	-	57
Exchange differences	-	196	32	228
At 31 December 2021	289	8,399	1,270	9,958
At 1 January 2020	109	9,086	4,048	13,243
Charge for the financial year	81	818	935	1,834
Reversal of impairment loss	-	(970)	(82)	(1,052)
Reclassified to assets held for sale	-	(57)	-	(57)
Exchange differences	-	(275)	(19)	(294)
At 31 December 2020	190	8,602	4,882	13,674

27. TRADE AND OTHER RECEIVABLES (continued)

(b) Other receivables (continued)

(i) (continued)

Company	12-month ECL RM'000	Lifetime ECL - credit impaired RM'000	Total allowance RM'000
At 31 December 2021/31 December 2020	11	1,270	1,281

Credit impaired refers to individually determined debtors who are in significant financial difficulties as at the end of the reporting period.

(ii) Plasma receivables

The Indonesian government requires oil palm plantation companies to develop new plantations together with the local small landholders. This form of assistance to local small landholders is generally known as the "Plasma Scheme". Once developed, the plasma plantations are transferred to the small landholders who then operate the plasma plantations under the supervision of the developer. In line with this requirement, certain subsidiaries have commitments to develop plantations under the Plasma Scheme. The funding for the development of the plantations under the Plasma Scheme is provided by the designated banks and/or by the subsidiaries. The subsidiaries also provide corporate guarantees for the loans advanced by the banks.

The Group through this partnership scheme also provides technical assistance to the plasma farmers to maintain the productivity of plasma plantations as part of the Group's strategy to strengthen relationship with plasma farmers. This is expected to improve the repayments of plasma receivables.

The accumulated development costs net of funds received are presented as plasma receivables in the consolidated statement of financial position under the Palm Products segment. An analysis of the movements in the plasma receivables is as follows:

	Group	
	2021 RM'000	2020 RM'000
Balance at 1 January	39,645	66,861
Additional net investments/(Net repayments from)	2,810	(596)
Reclassified from/(to) assets held for sale	26,620	(26,620)
	69,075	39,645
Less: Allowance for impairment	(8,342)	(9,875)
Less: Reclassified (from)/to assets held for sale	(57)	57
Balance at 31 December	60,676	29,827

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27. TRADE AND OTHER RECEIVABLES (continued)

(b) Other receivables (continued)

(iii) Included in sundry receivables of the Group are value-added-tax receivables amounting RM7,540,000 (2020: RM9,765,000), which IDR14,200,000,000 (equivalent to RM4,146,000) is relating to the proposed disposal as disclosed in Note 45.2 to the financial statements.

(iv) Non-current receivables of the Group are carried at amortised cost and the discount rates used are based on the effective interest rate of approximately 11% (2020: 11%), which are reasonable approximation of their fair values.

(c) Amounts due from subsidiaries

Non-current amounts due from subsidiaries are interest bearing, unsecured and not payable within the next twelve (12) months. The carrying amount of non-current amounts due from subsidiaries approximates its fair value as its interest rate is priced at reasonable approximation of the market interest rate as at the end of the reporting period.

Except for the current amounts due from certain subsidiaries totalling RM38,571,000 (2020: RM25,936,000) that are interest bearing, the current amounts due from other subsidiaries are non-interest bearing, unsecured and are payable within the next twelve (12) months in cash and cash equivalents.

The effective interest rate per annum of amounts due from subsidiaries as at the end of the reporting period were as follows:

	Company			
	2021	2020	2021	2020
	%	%	RM'000	RM'000
Floating rate				
Non-current amounts due from subsidiaries	-	2.25 - 8.15	-	108,132
Current amounts due from subsidiaries	3.40 - 3.51	3.53 - 4.64	38,571	25,936
Fixed rate				
Non-current amounts due from subsidiaries	5.50 - 6.90	5.50	634,788	692,286

At the end of reporting date, if interest rates had been 25 basis points higher/lower, with all other variables held constant, the Company's profit net of tax would have been RM73,000 (2020: RM255,000) higher/lower, arising mainly as a result of higher/lower interest income on amount due from subsidiaries. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

Impairment for amounts due from subsidiaries are recognised based on the general approach within MFRS 9 using the forward looking expected credit loss model as disclosed in Note 27(b) to the financial statements.

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27. TRADE AND OTHER RECEIVABLES (continued)

(c) Amounts due from subsidiaries (continued)

Movements in the allowance for impairment accounts for amounts due from subsidiaries are as follows:

Company	12-month ECL RM'000	Lifetime ECL - not credit impaired RM'000	Lifetime ECL - credit impaired RM'000	Total RM'000
2021				
At beginning of financial year	2,252	17,232	21	19,505
Charge for the financial year	307	536	5	848
Reversal of impairment losses	(90)	(5,800)	-	(5,890)
At end of financial year	2,469	11,968	26	14,463
2020				
At beginning of financial year	2,355	17,919	21	20,295
Charge for the financial year	145	892	3	1,040
Reversal of impairment losses	(248)	(1,579)	(3)	(1,830)
At end of financial year	2,252	17,232	21	19,505

(d) Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the industry sector profile of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's trade receivables at the end of reporting period are as follows:

	Group			
	2021		2020	
	RM'000	% of total	RM'000	% of total
By industry sectors:				
Palm products	23,361	65%	16,052	47%
Others	12,463	35%	17,806	53%
	35,824	100%	33,858	100%

As at the end of the reporting period, approximately:

- 13% (2020: 18%) of the trade receivables of the Group were due from related parties.
- 46% (2020: 32%) of the trade and other receivables of the Group were due from plasma receivables.
- 99% (2020: 99%) of the trade and other receivables of the Company were due from subsidiaries.

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28. INVESTMENT SECURITIES

	2021 RM'000	2020 RM'000
Group and Company		
Current		
- Equity instruments (quoted in Malaysia)	3	5
Non-current		
- Equity instruments (unquoted)	50	50
Total investment securities	53	55

(a) The equity instruments were classified as financial assets at fair value through profit or loss pursuant to MFRS 9 *Financial Instruments*.

(b) All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e. the date that the Group and the Company commit to purchase or sell the asset.

(c) Fair value of quoted ordinary shares in Malaysia is determined by reference to the exchange quoted market bid prices at the close of the business on the end of the reporting period.

(d) The fair value of quoted and unquoted equity instruments of the Group and of the Company is categorised as Level 1 and Level 3 respectively in the fair value hierarchy. There is no transfer between levels in the hierarchy during the financial year.

(e) The amount of quoted and unquoted shares is immaterial to the Group and the Company.

(f) The following table shows a reconciliation of Level 3 fair values:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Balance at 1 January/31 December	50	50	50	50

(g) Sensitivity analysis for equity price risk

At the end of the reporting period, if the FTSE Bursa Malaysia KLCI had been 5% higher/lower, with all other variables held constant, the impact to the Group's and the Company's profit net of tax would be minimal.

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29. INVENTORIES

	Group		Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Cost				
Raw materials	7,752	10,759	-	-
Work-in-progress	2,234	1,966	-	-
Finished goods	32,770	12,185	428	299
Oil palm nursery	15,044	17,761	484	1,512
Stores and supplies	40,649	26,330	474	525
	98,449	69,001	1,386	2,336
Net realisable value				
Work-in-progress	5,606	6,930	-	-
Finished goods	39,511	37,697	-	-
	45,117	44,627	-	-
	143,566	113,628	1,386	2,336

(a) Cocoa products are valued on the first-in first-out method whereas oil palm and wood products are valued on the weighted average method.

(b) During the financial year, the amount of inventories recognised as an expense in cost of sales of the Group and of the Company were RM696,039,000 (2020: RM585,063,000) and RM3,943,000 (2020: RM3,090,000) respectively.

(c) A write off of inventories amounting to RM4,136,000 (2020: RM14,002,000) and RM190,000 (2020: RM Nil) were made by the Group and by the Company respectively during the financial year.

(d) A write down of inventories to net realisable value of RM14,191,000 (2020: RM1,930,000) was made by the Group during the financial year.

30. OTHER CURRENT ASSETS

	Group		Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Contract assets (Note 31)	384	1,674	-	-
Prepayments	24,721	4,376	2,707	636
	25,105	6,050	2,707	636

(a) Included in prepayments of the Group and of the Company are Real Property Gain Tax ("RPGT") paid of RM16,297,000 and RM2,692,000 respectively and land premium paid of the Group amounted to RM6,384,000 for the proposed disposals as disclosed in Note 45.1 to the financial statements.

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31. CONTRACT ASSETS/LIABILITIES

	Group 2021 RM'000	Group 2020 RM'000
Contract assets (Note 30):		
Construction contracts	384	1,674
	384	1,674
Contract liabilities (Note 41):		
Construction contracts	(243)	(1,601)
Deferred revenue	(7,623)	(1,494)
	(7,866)	(3,095)
	(7,482)	(1,421)

(a) Construction contracts

	Group 2021 RM'000	Group 2020 RM'000
Supply and installation service costs incurred to date	29,943	36,507
Attributable profits	5,848	6,450
	35,791	42,957
Less: Progress billings	(35,650)	(42,884)
Contract liabilities		
Construction contracts	141	73
Advances received on contracts, included within other payables (Note 41)	(82)	(57)
Retention sums on contracts, included within trade receivables (Note 27)	893	1,279
Analysed as follows:		
Contract assets	384	1,674
Contract liabilities	(243)	(1,601)
	141	73

The Group provides flooring installation works on contract basis for timber flooring supplied to customers.

Construction contracts represent the timing differences in revenue recognition and the milestone billings. The milestone billings are structured and/or negotiated with customers to reflect physical completion of the contracts.

Contract assets are transferred to receivables when the rights to economic benefits become unconditional. This usually occurs when the Group issues billing to the customer. Contract liabilities are recognised as revenue when performance obligations are satisfied.

31. CONTRACT ASSETS/LIABILITIES (continued)

(b) Deferred revenue

A reconciliation of the deferred revenue is as follows:

	Group	
	2021	2020
	RM'000	RM'000
At 1 January	1,494	3,279
Additions during the financial year	38,177	17,804
Recognised as revenue during the financial year	(32,048)	(19,589)
At 31 December	7,623	1,494

Deferred revenue represents billing to the customers for the sale of wood products, which performance obligation has not been satisfied as at the end of the reporting period.

(c) Contract value yet to be recognised as revenue

Revenue expected to be recognised in the future relating to performance obligations that are unsatisfied (or partially unsatisfied) at the end of the reporting period, are as follows:

		Group	
	2022	2023	Total
31 December 2021	RM'000	RM'000	RM'000
Contract liabilities	7,866	-	7,866

		Group	
	2021	2022	Total
31 December 2020	RM'000	RM'000	RM'000
Contract liabilities	3,095	-	3,095

(d) Impairment for contract assets are recognised based on the simplified approach within MFRS 9 using lifetime expected credit losses as disclosed in Note 27(a) to the financial statements.

(e) No expected credit loss is recognised arising from contract assets as it is negligible.

(f) There were no significant changes in the contract assets and liabilities during the financial year.

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32. DERIVATIVES

	2021			2020		
	Contract/ notional amount RM'000	Assets RM'000	Liabilities RM'000	Contract/ notional amount RM'000	Assets RM'000	Liabilities RM'000
Group						
Non-hedging derivatives:						
Current						
Forward currency contracts	15,256	370	-	15,620	-	(179)
Commodity futures contracts	70,259	-	(1,914)	55,252	208	(3,182)
		370	(1,914)		208	(3,361)

(a) Derivative assets are classified as financial assets measured at fair value through profit or loss whereas derivative liabilities are classified as financial liabilities measured at fair value through profit or loss.

(b) The Group and the Company use forward currency contracts and commodity futures contract to manage some of its transactions exposure. These contracts are not designated as cash flow or fair value hedges and are entered into for periods consistent with currency transaction exposure and fair value changes exposure. Such derivatives do not qualify for hedge accounting.

Forward currency contracts are used to hedge the Group's sales denominated in USD, GBP and EUR.

(c) The commodity futures contracts are used to hedge prices fluctuation of CPO and cocoa commodity.

(d) During the financial year, the Group and the Company recognised a net gain of RM2,867,000 (2020: net gain of RM718,000) and net gain of Nil (2020: net gain of RM42,000) respectively arising from fair value changes of derivative assets and derivative liabilities. The fair value changes are attributable to changes in foreign exchange spot and forward rate and price fluctuation of CPO commodity.

(e) Fair value of forward currency contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles.

Fair value of outstanding commodity future contracts is calculated by reference to quoted market prices.

(f) The maturity profile of derivative liabilities of the Group and of the Company at the end of the reporting period based on contractual undiscounted repayment obligations is summarised in the table below:

	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
Group				
As at 31 December 2021				
Derivative liabilities	1,914	-	-	1,914
As at 31 December 2020				
Derivative liabilities	3,361	-	-	3,361

32. DERIVATIVES (continued)

(g) Commodity future contracts are categorised as Level 1 in the fair value hierarchy, whilst forward currency contracts are categorised as Level 2 in the fair value hierarchy. There is no transfer between levels in the hierarchy during the financial year.

33. SHORT TERM FUNDS

	Group		Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
At fair value through profit or loss				
Investment in fixed income trust funds in Malaysia	17,464	15,302	12,879	-

(a) Investment in fixed income trust funds in Malaysia represent investments in highly liquid money market instruments, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value.

(b) Fair values of short term funds are determined by reference to the quoted prices at the close of business at the end of each reporting period.

(c) The weighted average effective interest rate of the short term funds as at the end of the reporting period of the Group are 1.88% (2020: 1.03%).

(d) Sensitivity analysis for short term funds at the end of the reporting period is not presented as fixed rate instruments are not affected by changes in interest rate.

(e) Short term funds are categorised as Level 1 in the fair value hierarchy. There is no transfer between levels in the hierarchy during the financial year.

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34. CASH AND BANK BALANCES

	Group		Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Cash at banks and on hand	273,660	139,176	145,714	81,625
Deposits with licensed banks	6,068	8,656	608	3,917
Cash and bank balances	279,728	147,832	146,322	85,542

(a) Cash and bank balances are classified as financial assets and measured at amortised cost.

(b) Deposits are made for varying periods of between one day and one year depending on the immediate cash requirements of the Group and the Company and earn interests at the respective short-term deposit rates.

The effective interest rate of deposits with both licensed banks of the Group and of the Company ranged from 1.30% to 4.00% (2020: 1.55% to 5.25%) and 1.30% (2020: 1.70% to 2.70%) per annum respectively.

(c) Deposits with licensed banks of the Group amounting to RM3,877,000 (2020: RM3,797,000) are pledged as securities for bank guarantees facilities granted.

(d) For the purpose of the consolidated statements of cash flows, cash and cash equivalents comprise the following:

	Group		Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Cash and bank balances and deposits	279,728	147,832	146,322	85,542
Short term funds (Note 33)	17,464	15,302	12,879	-
Less:				
Bank overdrafts (Note 39)	(74)	(209)	-	-
Deposits pledged with licensed banks	(3,877)	(3,797)	-	-
Deposits with maturity of over 3 months	(490)	(2,635)	-	(2,149)
Cash and cash equivalents	292,751	156,493	159,201	83,393

(e) Sensitivity analysis for cash and bank balances at the end of the reporting period is not presented as fixed rate instrument is not affected by changes in interest rates.

(f) No expected credit loss is recognised arising from deposits with licensed banks because the probability of default by these financial institutions is negligible.

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35. ASSETS HELD FOR SALE AND LIABILITIES ASSOCIATED WITH ASSETS HELD FOR SALE

(a) On 6 July 2021, the Company and two (2) of its wholly-owned subsidiaries, namely TSH Palm Products Sdn. Bhd. ("TSHPP") and TSH Plantation Sdn. Bhd. ("TSHP") had entered into sale and purchase agreements with Sharikat Keratong Sdn. Bhd. for the disposal of two (2) oil palm estates and a palm oil mill for a total consideration of RM248,000,000 (hereafter collectively referred to as "Proposed Disposal A").

The Proposed Disposal A is expected to be completed within the next twelve (12) months. Both the estates and the palm oil mill were part of the palm products segment of the Group and are now presented as assets held for sale.

(b) In the previous financial year, the Group entered into conditional sale and purchase agreements with Taiko Plantations Pte. Ltd., an indirect subsidiary of Kuala Lumpur Kepong Berhad for the disposal of 90% of the issued and paid-up ordinary shares in PT Farinda Bersaudara ("FDB") and PT Teguh Swakarsa Sejahtera ("TSS") for a total consideration of USD141,100,000, which comprised the disposal consideration for the disposal of shares in FDB and TSS and the settlement of loans owing by FDB and TSS to the Group (hereafter collectively referred to as "Proposed Disposal B").

On 22 June 2021, the Proposed Disposal B had been terminated as there were conditions precedent that were not satisfied and had not been waived within the Fulfilment Period.

(c) As at the end of financial year, the assets held for sale and liabilities associated with assets held for sale of the Group are as follows:

Group	Note	As at 1 January RM'000	Carrying amounts immediately before reclassification to held for sale RM'000	Carrying amounts immediately before reclassification from held for sale RM'000	As at 31 December RM'000
2021					
ASSETS					
Non-current assets					
Property, plant and equipment (Note 19)	(i)	365,212	23,605	(365,212)	23,605
Right-of-use assets (Note 20)		30,650	125,640	(30,650)	125,640
Intangible assets (Note 22)		6,790	4,907	(6,790)	4,907
Deferred tax assets	(ii)	4,486	-	(4,486)	-
Other receivables		26,563	-	(26,563)	-
		433,701	154,152	(433,701)	154,152

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35. ASSETS HELD FOR SALE AND LIABILITIES ASSOCIATED WITH ASSETS HELD FOR SALE (continued)

(c) As at the end of financial year, the assets held for sale and liabilities associated with assets held for sale of the Group are as follows (continued):

Group	Note	As at 1 January RM'000	Carrying amounts immediately before reclassification to held for sale RM'000	Carrying amounts immediately before reclassification from held for sale RM'000	As at 31 December RM'000
2021					
ASSETS					
Current assets					
Biological assets (Note 21)		3,334	-	(3,334)	-
Inventories		13,767	-	(13,767)	-
Trade and other receivables		619	-	(619)	-
Other current assets		97	-	(97)	-
Tax recoverable		2,215	-	(2,215)	-
Cash and bank balances		11,609	-	(11,609)	-
		31,641	-	(31,641)	-
Assets held for sale		465,342	154,152	(465,342)	154,152
LIABILITIES					
Non-current liabilities					
Retirement benefits (Note 40)		6,431	-	(6,431)	-
Deferred tax liabilities	(ii)	3,926	40,553	(3,926)	40,553
		10,357	40,553	(10,357)	40,553
Current liabilities					
Trade and other payables		12,781	-	(12,781)	-
Derivative liabilities		1,258	-	(1,258)	-
		14,039	-	(14,039)	-
Liabilities associated with assets held for sale		24,396	40,553	(24,396)	40,553

35. ASSETS HELD FOR SALE AND LIABILITIES ASSOCIATED WITH ASSETS HELD FOR SALE (continued)

(c) As at the end of financial year, the assets held for sale and liabilities associated with assets held for sale of the Group are as follows (continued):

Group	Note	Carrying amounts immediately before reclassification to held for sale RM'000	As at 31 December RM'000
2020			
ASSETS			
Non-current assets			
Property, plant and equipment (Note 19)	(i)	365,212	365,212
Right-of-use assets (Note 20)		30,650	30,650
Intangible assets (Note 22)		6,790	6,790
Deferred tax assets	(ii)	4,486	4,486
Other receivables		26,563	26,563
		433,701	433,701
Current assets			
Biological assets (Note 21)		3,334	3,334
Inventories		13,767	13,767
Trade and other receivables		619	619
Other current assets		97	97
Tax recoverable		2,215	2,215
Cash and bank balances		11,609	11,609
		31,641	31,641
Assets held for sale		465,342	465,342
LIABILITIES			
Non-current liabilities			
Retirement benefits (Note 40)		6,431	6,431
Deferred tax liabilities		3,926	3,926
		10,357	10,357
Current liabilities			
Trade and other payables		12,781	12,781
Derivative liabilities		1,258	1,258
		14,039	14,039
Liabilities associated with assets held for sale		24,396	24,396

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35. ASSETS HELD FOR SALE AND LIABILITIES ASSOCIATED WITH ASSETS HELD FOR SALE (continued)

(c) As at the end of financial year, the assets held for sale and liabilities associated with assets held for sale of the Group are as follows (continued):

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

	Group	
	2021 RM'000	2020 RM'000
Depreciation of property, plant and equipment	59	299
Depreciation of right-of-use assets	196	-
Interest expense	-	311
Employee benefits expense	322	760

(ii) Presented after appropriate offsetting:

	Group	
	2021 RM'000	2020 RM'000
Deferred tax assets, net*	-	(4,486)
Deferred tax liabilities, net*	40,553	3,926
	40,553	(560)

* *The amount of set-off between deferred tax assets and deferred tax liabilities was RM123,000 for the assets held for sale.*

(d) As at the end of financial year, the assets held for sale and liabilities associated with assets held for sale of the Company are as follows:

Company	Note	Carrying amounts immediately before reclassification to held for sale RM'000	As at 31 December RM'000
2021			
ASSETS			
Non-current assets			
Property, plant and equipment (Note 19)	(i)	18,284	18,284
Right-of-use assets (Note 20)	(i)	41,303	41,303
Assets held for sale		59,587	59,587
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities (Note 26)	(ii)	12,094	12,094
Liabilities associated with assets held for sale		12,094	12,094

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35. ASSETS HELD FOR SALE AND LIABILITIES ASSOCIATED WITH ASSETS HELD FOR SALE (continued)

(d) As at the end of financial year, the assets held for sale and liabilities associated with assets held for sale of the Company are as follows (continued):

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

	Company 2021 RM'000
Depreciation of property, plant and equipment	59
Depreciation of right-of-use assets	196
Employee benefits expense	322

(ii) Presented after appropriate offsetting:

	Company 2021 RM'000
Deferred tax assets, net*	-
Deferred tax liabilities, net*	12,094
	12,094

* *The amount of set-off between deferred tax assets and deferred tax liabilities was RM12,094,000 for the assets held for sale.*

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36. SHARE CAPITAL AND TREASURY SHARES

	Number of ordinary shares		Amount	
	Share capital (Issued and fully paid with no par value)	Treasury shares	Share capital (Issued and fully paid with no par value)	Treasury shares
	'000	'000	RM'000	RM'000
At 1 January 2020/31 December 2020	1,381,803	(1,629)	740,512	(1,467)
At 1 January 2021/31 December 2021	1,381,083	(1,629)	740,512	(1,467)

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one (1) vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

Treasury shares

Reacquired shares are classified as treasury shares, recognised based on the amount of consideration paid and presented as a deduction from total equity.

This amount relates to the acquisition cost of treasury shares. The shareholders of the Company, by an ordinary resolution passed in an annual general meeting held on 20 May 2021, renewed their approval for the Company's plan to repurchase its own ordinary shares. The Directors of the Company are committed to enhancing the value of the Company for its shareholders and believe that the repurchase plan can be applied in the best interests of the Company and its shareholders.

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

Of the total 1,381,802,509 (2020: 1,381,802,509) issued and fully paid ordinary shares as at 31 December 2021, 1,629,000 (2020: 1,629,000) are held as treasury shares by the Company. As at 31 December 2021, the number of outstanding ordinary shares in issue after set off is therefore 1,380,173,509 (2020: 1,380,173,509) ordinary shares.

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37. OTHER RESERVES

Group	Capital reserve RM'000	Foreign currency translation reserve RM'000	Share of associate reserve RM'000	Total RM'000
At 1 January 2021	9,630	(247,587)	100	(237,857)
Other comprehensive income:				
Foreign currency translations	-	30,713	-	30,713
Reclassification of exchange translation reserve to profit or loss upon disposal of a foreign subsidiary	-	(1,749)	-	(1,749)
At 31 December 2021	9,630	(218,623)	100	(208,893)
At 1 January 2020	9,630	(199,825)	100	(190,095)
Other comprehensive loss:				
Foreign currency translations	-	(47,762)	-	(47,762)
At 31 December 2020	9,630	(247,587)	100	(237,857)

The nature and purpose of each category of reserve are as follows:

(a) Capital reserve

This reserve comprises all the amounts capitalised arising from the redemption of non-cumulative redeemable preference shares in the subsidiaries and cancellation of treasury shares.

(b) Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency. It is also used to record the exchange differences arising from monetary items, which form part of the Group's net investment in foreign operations, where the monetary item is denominated in either the functional currency of the reporting entity or the foreign operation.

(c) Share of associate reserve

This reserve represents the Group's share of reserve of the associate arising from the share options granted by the associate to its employees.

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38. RETAINED EARNINGS

The Company may distribute dividends out of its entire retained earnings under the single tier system.

39. LOANS AND BORROWINGS

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Short term borrowings				
Secured:				
Term loans	69,723	43,943	69,723	43,943
	69,723	43,943	69,723	43,943
Unsecured:				
Bank overdrafts	74	209	-	-
Bankers' acceptances	51,883	100,207	-	-
Revolving credits	292,783	281,822	250,283	242,822
Term loans	57,289	54,030	57,289	54,030
Sukuk Ijarah Medium Term Notes	-	150,000	-	-
Sukuk Murabahah Medium Term Notes	-	60,000	-	-
Sukuk Murabahah Islamic Commercial Papers	50,000	-	-	-
	452,029	646,268	307,572	296,852
	521,752	690,211	377,295	340,795
Long term borrowings				
Secured:				
Term loans	342,840	283,617	342,840	283,617
	342,840	283,617	342,840	283,617
Unsecured:				
Term loans	94,733	150,367	94,733	150,367
Sukuk Ijarah Medium Term Notes	-	95,000	-	-
Sukuk Murabahah Medium Term Notes	150,000	90,000	-	-
	244,733	335,367	94,733	150,367
	587,573	618,984	437,573	433,984

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39. LOANS AND BORROWINGS (continued)

	Group		Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Total borrowings				
Bank overdrafts	74	209	-	-
Bankers' acceptances	51,883	100,207	-	-
Revolving credits	292,783	281,822	250,283	242,822
Terms loans	564,585	531,957	564,585	531,957
Sukuk Ijarah Medium Term Notes	-	245,000	-	-
Sukuk Murabahah Medium Term Notes	150,000	150,000	-	-
Sukuk Murabahah Islamic Commercial Papers	50,000	-	-	-
	1,109,325	1,309,195	814,868	774,779

(a) Borrowings are classified as financial liabilities and measured at amortised cost.

(b) The effective interest rates per annum of loans and borrowings as at the end of the reporting period were as follows:

	Group		Company	
	2021	2020	2021	2020
	%	%	%	%
Floating rate				
Bank overdrafts	5.99 - 6.65	5.99 - 7.65	-	-
Bankers' acceptances	2.22 - 2.76	2.19 - 4.05	-	-
Revolving credits	1.61 - 5.60	1.48 - 5.03	2.73 - 5.60	1.48 - 4.45
Terms loans	1.51 - 3.81	1.50 - 6.20	1.51 - 3.81	1.50 - 6.20
Fixed rate				
Sukuk Ijarah Medium Term Notes	-	5.05 - 5.30	-	-
Sukuk Murabahah Medium Term Notes	5.30 - 5.60	5.10 - 5.30	-	-
Sukuk Murabahah Islamic Commercial Papers	4.35	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

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39. LOANS AND BORROWINGS (continued)

(c) The Sukuk Murabahah Medium Term Notes, Sukuk Murabahah Islamic Commercial Papers and Sukuk Ijarah Medium Term Notes comprise the following tranches:

Tranche no.	Coupon rates	Maturity	2021 RM'000	2020 RM'000
Sukuk Murabahah Medium Term Notes				
Tranche 1	5.10%	2021	-	60,000
Tranche 2	5.30%	2023	90,000	90,000
Tranche 3	5.60%	2026	60,000	-
			150,000	150,000
Sukuk Murabahah Islamic Commercial Papers				
Tranche 1	4.35%	2022	50,000	-
Sukuk Ijarah Medium Term Notes				
Tranche 25	5.30%	2023	-	15,000
Tranche 26	5.10%	2021	-	35,000
Tranche 27	5.05%	2021	-	115,000
Tranche 28	5.10%	2022	-	50,000
Tranche 29	5.10%	2023	-	30,000
			-	245,000

(d) The borrowings of the Group and of the Company are secured by the following:

(i) A letter of negative pledge over the assets of the Company with certain bankers; and

(ii) Certain landed properties of the Group as follows:

	Group 2021 RM'000	Group 2020 RM'000
Property, plant and equipment:		
- buildings	47,399	52,893
- bearer plants	173,381	301,623
Land use rights	12,278	18,313
	233,058	372,829

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39. LOANS AND BORROWINGS (continued)

(e) Sukuk Ijarah Medium Term Notes

The Sukuk Programme was structured under the Shariah principle of Ijarah. TSH Sukuk Ijarah Sdn. Bhd., a wholly owned subsidiary of the Company, was the issuer of this programme.

During the financial year, the Group had fully redeemed the Sukuk Ijarah Medium Term Notes Programme.

(f) Sukuk Murabahah Medium Term Notes

TSH Sukuk Murabahah Sdn. Bhd., a wholly owned subsidiary of the Company, has issued the first series of Sukuk Murabahah Medium Term Notes amounted RM60,000,000 and RM90,000,000, in nominal value, for tenure of 5 years and 7 years respectively in June 2016. During the financial year, the Company issued the second series of Sukuk Murabahah Medium Term Notes amounted to RM60,000,000, in nominal value for tenure of 5 years.

The Sukuk Murabahah Medium Term Notes were fully utilised as at 31 December 2021 and 31 December 2020.

(g) Sukuk Murabahah Islamic Commercial Papers

During the financial year, TSH Sukuk Murabahah Sdn. Bhd issued the first series of Sukuk Murabahah Islamic Commercial Papers amounted RM50,000,000 in nominal value, for tenure of 1 year. The unutilised portion of the Sukuk Murabahah Islamic Commercial Papers as at 31 December 2021 amounted to Nil (2020: RM50,000,000).

(h) The maturity of the term loans is as follows:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Not later than 1 year	127,012	97,973	127,012	97,973
Later than 1 year and not later than 2 years	192,935	112,044	192,935	112,044
Later than 2 years and not later than 3 years	118,876	148,060	118,876	148,060
Later than 3 years and not later than 4 years	69,606	93,688	69,606	93,688
Later than 4 years and not later than 5 years	21,000	45,914	21,000	45,914
Later 5 years or more	35,156	34,278	35,156	34,278
	564,585	531,957	564,585	531,957

39. LOANS AND BORROWINGS (continued)

(i) The carrying amounts of the current portion of loans and borrowings are reasonable approximation of fair value due to the insignificant impact of discounting.

The fair values of non-current loans and borrowings that carry floating interest rates approximate their carrying amounts as they are repriced to market interest rates on or near the reporting date.

The carrying amounts of Sukuk Murabahah Medium Term Notes, Sukuk Murabahah Islamic Commercial Papers and Sukuk Ijarah Medium Term Notes, which bear fixed interest rates are reasonable approximation of their fair values and would not be significantly different from the values that would eventually be settled.

The fair value of borrowings is categorised as Level 2 in the fair value hierarchy. There is no transfer between levels in the hierarchy during the financial year.

(j) The maturity profile of loans and borrowings of the Group and of the Company at the end of the reporting period based on contractual undiscounted repayment obligations is summarised in the table below:

	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
Group				
As at 31 December 2021				
Loans and borrowings	543,548	581,946	41,299	1,166,793
As at 31 December 2020				
Loans and borrowings	727,954	625,561	42,505	1,396,020
Company				
As at 31 December 2021				
Loans and borrowings	390,960	417,802	41,299	850,061
As at 31 December 2020				
Loans and borrowings	359,770	428,644	42,505	830,919

(k) At the end of the reporting period, if interest rates had been 25 basis points lower/higher, with all other variables held constant, the Group's and the Company's profit net of tax would have been RM1,770,000 (2020: RM1,542,000) and RM1,480,000 (2020: RM1,425,000) higher/lower respectively, arising mainly as a result of lower/higher interest expense (net of interest expense capitalised) on loans and borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

39. LOANS AND BORROWINGS (continued)

(l) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's and the Company's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's and the Company's statements of cash flows as cash flows from financing activities.

	1.1.2021 RM'000	Cash flows RM'000	Non-cash changes* RM'000	31.12.2021 RM'000
Group				
Bankers' acceptances	100,207	(48,324)	-	51,883
Foreign currency import loan	-	-	-	-
Revolving credits	281,822	7,131	3,830	292,783
Terms loans	531,957	21,616	11,012	564,585
Sukuk Murabahah Medium Term Notes	150,000	-	-	150,000
Sukuk Murabahah Islamic Commercial Papers	-	50,000	-	50,000
Sukuk Ijarah Medium Term Notes	245,000	(245,000)	-	-
Loans and borrowings	1,308,986	(214,577)	14,842	1,109,251
Company				
Revolving credits	242,822	3,631	3,830	250,283
Terms loans	531,957	21,616	11,012	564,585
Loans and borrowings	774,779	25,247	14,842	814,868

	1.1.2020 RM'000	Cash flows RM'000	Non-cash changes* RM'000	31.12.2020 RM'000
Group				
Bankers' acceptances	129,814	(29,607)	-	100,207
Foreign currency import loan	196	(196)	-	-
Revolving credits	263,604	22,614	(4,396)	281,822
Terms loans	611,728	(74,768)	(5,003)	531,957
Sukuk Murabahah Medium Term Notes	150,000	-	-	150,000
Sukuk Ijarah Medium Term Notes	275,000	(30,000)	-	245,000
Loans and borrowings	1,430,342	(111,957)	(9,399)	1,308,986
Company				
Revolving credits	254,104	(6,886)	(4,396)	242,822
Terms loans	606,728	(69,768)	(5,003)	531,957
Loans and borrowings	860,832	(76,654)	(9,399)	774,779

* *Represents foreign exchange differences.*

40. RETIREMENT BENEFITS

	Group 2021 RM'000	Group 2020 RM'000
At 1 January	16,427	18,140
Charge for the year recognised in profit or loss:	(528)	6,318
Interest cost	1,551	1,251
Current service cost	3,355	5,023
Past service cost	(5,434)	44
Recognised in other comprehensive income:		
Actuarial (gains)/losses arising from changes in assumption in respect of:		
- current year	(1,456)	4,286
	(1,456)	4,286
Actual benefit payment	(2,165)	(5,273)
Reclassified from/(to) liabilities associated with assets held for sale (Note 35)	6,431	(6,431)
Exchange differences	449	(613)
At 31 December	19,158	16,427
The amounts recognised on the statements of financial position are determined as follows:		
Present value of obligations	19,158	16,427
Net liabilities	19,158	16,427

(a) The Group provides additional provisions for employee service entitlements in order to meet the minimum benefits required to be paid to qualified employees, as required under the Indonesian Labour Law No. 13/2003 (the "Labour Law"). The said additional provisions, which are unfunded, are estimated using actuarial calculations. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

(b) The Group's obligation under the defined benefit plan is determined based on the latest actuarial valuations by an independent actuary in December 2021.

(c) Principal actuarial assumptions used at the end of the reporting period in respect of the Group's defined benefit plans are as follows:

	2021 %	2020 %
Discount rate	7.50	7.50
Expected return of salary increase	4.00	4.00

40. RETIREMENT BENEFITS (continued)

(d) The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as at the end of the reporting period, assuming if all other assumptions were held constant:

		31 December 2021 Impact on defined benefits obligation Increase/(Decrease) RM'000	31 December 2020 Impact on defined benefits obligation Increase/(Decrease) RM'000
Discount rate	+ 1%	3,830	4,156
	- 1%	(2,929)	(3,178)
Future salary	+ 1%	4,225	4,584
	- 1%	(2,535)	(2,750)
Mortality	+ 10%	4,506	4,889
	- 10%	(3,755)	(4,075)
Disable or illness	+ 5%	4,319	4,686
	- 5%	(3,943)	(4,278)

41. TRADE AND OTHER PAYABLES

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Current				
Trade payables				
Third parties	31,918	24,866	3	129
Other payables				
Amounts due to subsidiaries	-	-	192,274	313,846
Accruals	44,562	19,234	5,478	4,461
Advances received on contracts (Note 31)	82	57	-	-
Contract liabilities (Note 31)	7,866	3,095	-	-
Other deposits	67,086	816	8,422	816
Sundry payables	53,003	29,454	6,578	6,504
Financial guarantee contracts	144	212	287	594
	172,743	52,868	213,039	326,221
	204,661	77,734	213,042	326,350

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41. TRADE AND OTHER PAYABLES (continued)

	Group		Company	
	2021	**2020**	**2021**	**2020**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Non-current				
Other payables				
Amounts due to subsidiaries	-	-	150,000	185,000
Total trade and other payables	204,661	77,734	363,042	511,350
Add: Lease liabilities (Note 20)	4,127	4,920	70	97
Add: Loans and borrowings (Note 39)	1,109,325	1,309,195	814,868	774,779
Total financial liabilities carried at amortised cost	1,318,113	1,391,849	1,177,980	1,286,226

Trade and other payables are classified as financial liabilities and measured at amortised cost.

(a) Trade payables

Trade payables are non-interest bearing and the normal trade credit terms granted to the Group and the Company range from 30 to 60 days (2020: 30 to 60 days).

(b) Other deposits

Included in other deposits of the Group and of the Company are deposits received of RM24,800,000 and RM7,600,000 respectively and down payments received of the Group amounted to IDR142,000,000,000 (or equivalent to RM41,464,000) for the proposed disposals as disclosed in Note 45.1 and Note 45.2 to the financial statements.

(c) Amounts due to subsidiaries

Non-current amounts due to subsidiaries are interest bearing, unsecured and not payable within the next twelve (12) months. The carrying amount of non-current amounts due to subsidiaries approximates its fair value as its interest rate is priced at reasonable approximation of the market interest rate as at the end of the reporting period.

Except for the current amounts due to certain subsidiaries totalling RM142,218,000 (2020: RM311,541,000) that are interest bearing, the current amounts due to other subsidiaries are non-interest bearing, unsecured and are payable within the next twelve (12) months.

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41. TRADE AND OTHER PAYABLES (continued)

(c) Amounts due to subsidiaries (continued)

The effective interest rate per annum of amounts due to subsidiaries as at the end of the reporting period were as follows:

	Company			
	2021 %	2020 %	2021 RM'000	2020 RM'000
Floating rate				
Current amounts due to subsidiaries	3.40 - 3.51	1.50 - 4.64	92,218	101,541
Fixed rate				
Non-current amounts due to subsidiaries	5.30 - 5.60	5.10 - 5.30	150,000	185,000
Current amounts due to subsidiaries	4.35	5.05 - 5.10	50,000	210,000

At the end of reporting date, if interest rates had been 25 basis points lower/higher, with all other variables held constant, the Company's profit net of tax would have been RM175,000 (2020: RM193,000) higher/lower, arising mainly as a result of lower/higher interest expense on amount due to subsidiaries. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

Sensitivity analysis for fixed rate interest bearing amounts due to subsidiaries as at the end of the reporting period is not presented as they are not affected by changes in interest rates.

(d) Financial guarantees contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument.

Financial guarantee contracts are recognised as financial liabilities at the time the guarantees are issued. The liability is initially measured at fair value and subsequently at the higher of the amount determined in accordance with the expected loss model under MFRS 9 and the amount initially recognised less amortisation.

The fair value of financial guarantees is determined based on the present value of the difference in cash flows between the contractual payments required under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

41. TRADE AND OTHER PAYABLES (continued)

(d) Financial guarantees contracts (continued)

The nominal amounts of financial guarantees provided by the Group and by the Company are as follows:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Banking facilities granted to subsidiaries	-	-	49,369	97,290
Guarantee given to a financial institution under a Plasma Scheme	92,296	88,564	33,920	35,717

The movement of the financial guarantee contracts during the financial year is as follows:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
At 1 January 2021	212	272	594	572
Fair value changes on financial guarantee contracts	(68)	(60)	(307)	22
At 31 December 2021	144	212	287	594

(e) The maturity profile of the trade and other payables of the Group and of the Company at the end of the reporting period based on contractual undiscounted repayment obligations is summarised in the table below:

	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
Group				
As at 31 December 2021				
Trade and other payables	204,661	-	-	204,661
As at 31 December 2020				
Trade and other payables	77,734	-	-	77,734
Company				
As at 31 December 2021				
Trade and other payables	224,353	164,145	-	388,498
As at 31 December 2020				
Trade and other payables	348,732	196,918	-	545,650

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42. COMMITMENTS

Capital expenditure as at the end of the reporting period is as follows:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Capital expenditure:				
Property, plant and equipment:				
Approved and contracted for	20,031	20,336	-	-
Approved but not contracted for	61,058	45,819	2,168	4,600
	81,089	66,155	2,168	4,600

43. RELATED PARTY DISCLOSURES

(a) Identities of related parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

The Group has related party relationship with its direct and indirect subsidiaries, associate, joint ventures, Directors and key management personnel.

In addition to the transactions detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year:

	Note	2021 RM'000	2020 RM'000
Group			
Joint ventures:			
Sales of crude palm oil	(i)	(371,730)	(262,596)
Sales of palm kernel	(i)	(60,744)	(37,527)
Transportation fees received	(i)	(1,180)	(993)
Sales of BEO fertiliser to a subsidiary of an associate	(i)	(40)	(63)
Sales of boiler ash to a subsidiary of an associate	(i)	(20)	(3)
Sale of laran plantlet & plantable to a subsidiary of an associate	(i)	(871)	(577)
Provision of agronomy service to a subsidiary of an associate	(i)	-	(220)
Purchase of fresh fruit bunches from a subsidiary of an associate	(ii)	1,138	-
Purchase of tissue culture oil palm (ramets) from a subsidiary of an associate	(ii)	140	-
Rental of premises paid to spouse of a Director	(iv)	16	16
Purchase of fresh fruit bunches from a company in which certain Directors of the Company and their family members have equity interests	(iv)	1,558	1,017
Purchase of fresh fruit bunches from spouse of a Director	(iv)	2,396	1,390
Transportation fees received from a Company in which certain Directors of the Company and their family members have equity interests	(iv)	(13)	(24)

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

43. RELATED PARTY DISCLOSURES (continued)

(a) Identities of related parties (continued)

	Note	2021 RM'000	2020 RM'000
Company			
Transactions with subsidiaries:			
Sales of fresh fruit bunches	(i)	(6,159)	(3,914)
Purchase of ramets, laran plantlet and plantable	(ii)	30	673
Purchase of shells and pressed empty bunches, and BEO fertiliser	(ii)	12	7
Interest income	(iii)	(41,438)	(51,038)
Interest expenses on advances	(iii)	22,010	25,302
Management fees received		(18,298)	(18,142)
Dividend income		(12,255)	(24,823)
Maintenance of flooring		129	129
Rental income		(2,435)	(2,435)
Management fees paid		2,101	2,249
Transactions with an associate:			
Rental income	(i)	(113)	(112)
Dividends received		(21,012)	(4,727)
Transactions with joint ventures:			
Rental income	(i)	(35)	(29)
Dividends received		(20,000)	(29,000)

(i) The sales of products, rental and rendering of services to subsidiaries, subsidiary of an associate, and joint ventures were made according to the published prices and conditions offered to the major customers of the Group and of the Company.

(ii) The purchase of products from subsidiaries and subsidiary of an associate were made according to the published prices and conditions offered by these related parties to their major customers.

(iii) The interest income and expense arose from the amounts due from/to related parties. Further details are disclosed in Note 27 and Note 41 to the financial statements.

(iv) The Directors consider that the rental paid and purchase of fresh fruit bunches from a company in which certain Directors of the Company and their family members have equity interests and/or spouse of Director were made according to the published prices and conditions similar to those offered to the major customers of the suppliers.

Information regarding outstanding balances arising from related party transactions as at 31 December 2021 is disclosed in Note 27 and Note 41 to the financial statements.

43. RELATED PARTY DISCLOSURES (continued)

(b) Compensation of key management personnel

The remuneration of Directors, which also includes the members of key management during the year was as follows:

	Group		Company	
	2021	**2020**	**2021**	**2020**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Short-term employee benefits	5,585	5,553	5,520	5,488
Post-employment benefits: Defined contribution plan	985	1,009	977	1,001
	6,570	6,562	6,497	6,489

44. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs

44.1 New MFRSs adopted during the current financial year

The Group and the Company adopted the following new MFRSs and Amendments to the MFRSs that were issued by the Malaysian Accounting Standards Board ("MASB") during the financial year:

Title	Effective Date
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16 - *Interest Rate Benchmark Reform - Phase 2*	1 January 2021
Amendment to MFRS 16 *Covid-19-Related Rent Concessions beyond 30 June 2021*	1 April 2021*

* *Early adopted by the Group and the Company.*

The Group and the Company have early adopted Amendment to MFRS 16 and elected to apply the practical expedient to all rent concessions relating to leases with similar characteristics and in similar circumstances. Consequently, the Group and the Company do not recognise changes in these lease payments as lease modifications and instead, recognise these as variable lease payments in profit or loss. The effects of early adoption are disclosed in Note 20 to the financial statements.

Adoption of the above Standards did not have any material effect on the financial performance or position of the Group and of the Company.

44. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (continued)

44.2 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2022

The following are Standards of the MFRS Framework that have been issued by the MASB but have not been early adopted by the Group and the Company:

Title	Effective Date
Annual Improvements to MFRS Standards 2018 - 2020	1 January 2022
Amendments to MFRS 3 *Reference to the Conceptual Framework*	1 January 2022
Amendments to MFRS 116 *Property, Plant and Equipment - Proceeds before Intended Use*	1 January 2022
Amendments to MFRS 137 *Onerous Contracts - Cost of Fulfilling a Contract*	1 January 2022
Amendments to MFRS 101 *Classification of Liabilities as Current or Non-current*	1 January 2023
MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 17 *Insurance Contracts*	1 January 2023
Amendments to MFRS 17 *Insurance Contracts (Initial Application of MFRS 17 and MFRS 9 - Comparative Information)*	1 January 2023
Amendments to MFRS 101 *Disclosure of Accounting Policies*	1 January 2023
Amendments to MFRS 108 *Definition of Accounting Estimates*	1 January 2023
Amendments to MFRS 112 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*	1 January 2023
Amendments to MFRS 10 and MFRS 128 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	Deferred

The Group is in the process of assessing the impact of implementing these Standards, since the effects would only be observable for future financial years.

45. SIGNIFICANT EVENTS DURING AND SUBSEQUENT TO THE FINANCIAL YEAR

45.1 On 6 July 2021, the Group entered into following respective sale and purchase agreements with Sharikat Keratong Sdn. Bhd. ("SKSB"):

(i) Sale and Purchase Agreement between TSH Resources Berhad ("TSH") and SKSB for the proposed disposal of the oil palm plantation land measuring approximately 2,489 acres together with all the oil palms, estate office, living quarters/houses, structure, tractors, estate equipment, and furniture thereat, known as Ladang Gomantong, for a cash consideration of RM76,000,000;

(ii) Sale and Purchase Agreement between TSH Palm Products Sdn. Bhd. ("TSHPP"), a wholly-owned subsidiary of TSH, and SKSB for the proposed disposal of the oil palm plantation land measuring approximately 4,942 acres together with all the oil palms, estate office, living quarters/houses, structure, tractors, estate equipment, and furniture thereat, known as Ladang Ong Yah Ho, for a cash consideration of RM152,000,000; and

(iii) Sale and Purchase Agreement between TSH Plantation Sdn. Bhd. ("TSHP"), a wholly-owned subsidiary of TSH, and SKSB for the proposed disposal of 1 palm oil mill equipped with plant and machinery, together with furniture, vehicle and heavy machinery known as Lahad Datu Palm Oil Mill for a cash consideration of RM20,000,000.

During the financial year, the Group had received ten percent (10%) deposits amounted to RM24,800,000 from SKSB upon entered into sale and purchase agreements for the proposed disposal.

The disposals of Ladang Ong Yah Ho and Lahad Datu Palm Oil Mill were completed on 25 March 2022 in accordance with the respective Sale and Purchase Agreements.

The Sale and Purchase Agreement of Ladang Gomantong is currently pending completion.

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

Upon the execution of the heads of agreement, the aforesaid parties had agreed and undertaken to negotiate exclusively with each other for the said proposed disposal. During the financial year, the Group had received down payments from KIPI and KIKI amounted to IDR142,000,000,000 (or equivalent to RM41,464,000).

Subsequent to the financial year end, on 4 April 2022, BCAP, KIKI and KIPI had entered into a conditional sale, purchase and compensation of land agreement for the proposed disposal by BCAP of 13,214.90 hectares of certificated land together with 683.36 hectares of uncertified land adjoining thereto for a total cash consideration of IDR2,428.86 billion (or equivalent to approximately RM711.66 million).

The said proposed disposal is expected to be completed by the first quarter of financial year 2023.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

46. COMPARATIVES

(a) In the previous financial year, the Group entered into conditional sale and purchase agreements with Taiko Plantations Pte. Ltd., an indirect subsidiary of Kuala Lumpur Kepong Berhad for the disposal of 90% of the issued and paid-up ordinary shares in PT Farinda Bersaudara ("FDB") and PT Teguh Swakarsa Sejahtera ("TSS") for a total consideration of USD141.1 million, which comprised the disposal consideration for the disposal of shares in FDB and TSS and the settlement of loans owing by FDB and TSS to the Group (hereafter collectively referred to as "Proposed Disposal").

On 22 June 2021, the Proposed Disposal had been terminated as there were conditions precedent that had not been satisfied and had not been waived within the Fulfilment Period. Accordingly, the statements of comprehensive income for financial year ended 31 December 2020 have been re-presented retrospectively.

The effects of the reclassifications are as follows:

	As previously reported RM'000	Results from discontinued operations RM'000	As re-presented RM'000
Group			
2020			
Revenue	781,667	144,336	926,003
Cost of sales	(523,014)	(78,856)	(601,870)
Gross profit	258,653	65,480	324,133
Other items of income			
Interest income	10,324	2,957	13,281
Other income	32,493	1,633	34,126
Net write back on financial assets	(76)	298	222
Other items of expenses			
Marketing and distribution costs	(24,101)	(6,459)	(30,560)
Administrative expenses	(120,774)	(31,093)	(151,867)
Finance costs	(41,857)	(5,901)	(47,758)
Other expenses	(39,070)	(4,756)	(43,826)
Share of profit of an associate, net of tax	8,332	-	8,332
Share of profit of joint ventures, net of tax	24,159	-	24,159
Profit before taxation	108,083	22,159	130,242
Taxation	(35,138)	(4,780)	(39,918)
Profit for the financial year	72,945	17,379	90,324

46. COMPARATIVES (continued)

(b) Pursuant to the corporate exercise as stated in Note 45.1 to the financial statements, the results of the assets held for sale of the Company from 1 January 2020 to 31 December 2020 were presented as discontinued operations on a single line in the statements of comprehensive income for presentation purposes under MFRS 5 Non-Current Assets Held for Sale and Discontinued Operations. Statements of comprehensive income for financial year ended 31 December 2020 have been re-presented accordingly.

The effects of the reclassifications are as follows:

	As previously reported RM'000	Results from discontinued operations RM'000	As re-presented RM'000
Company			
2020			
Revenue	86,670	(3,914)	82,756
Cost of sales	(4,078)	988	(3,090)
Gross profit	82,592	(2,926)	79,666
Other items of income			
Interest income	52,881	-	52,881
Other income	3,647	(53)	3,594
Net write back on financial assets	790	-	790
Other items of expenses			
Administrative expenses	(38,203)	694	(37,509)
Finance costs	(51,708)	-	(51,708)
Other expenses	(27,092)	5	(27,087)
Profit before taxation	22,907	(2,280)	20,627
Taxation	432	516	948
Profit for the financial year	23,339	(1,764)	21,575

ANALYSIS OF SHAREHOLDINGS

AS AT 31 MARCH 2022

Issued Share Capital : 1,380,173,509 ordinary shares (net of treasury shares)

Class of Shares : Ordinary shares

Voting Rights : One vote per ordinary share

1. ANALYSIS BY SIZE OF SHAREHOLDINGS

Size of Shareholdings	Shareholders	%	No. of shares held	%
1 - 99	355	4.03	12,740	Negligible
100 - 1,000	1,043	11.83	601,719	0.04
1,001 - 10,000	4,450	50.47	22,101,778	1.60
10,001 - 100,000	2,481	28.14	78,848,383	5.71
100,001 - 69,008,674*	486	5.51	1,065,267,074	77.18
69,008,675 and above**	2	0.02	213,341,815	15.47
Total	8,817	100.00	1,380,173,509	100.00

* *Less than 5% of issued holdings*
** *5% and above of issued holdings*

2. DIRECTORS' SHAREHOLDINGS

	No. of shares held			
Name	Direct	%	Indirect*	%
Datuk Kelvin Tan Aik Pen	263,649,317	19.10	-	-
Dato' Aik Sim, Tan	53,371,564	3.87	-	-
Dato' Jasmy bin Ismail	-	-	-	-
Selina binti Yeop Junior @ Lope	-	-	-	-
Natasha binti Mohd Zulkifli	-	-	-	-
Yap Boon Teck	-	-	-	-
Tan Aik Kiong	55,438,695	4.02	27,125	**
Chew Siew Yeng	-	-	210,000	0.02
Tan Aik Yong	69,949,717	5.07	-	-
Lim Fook Hin	2,102,000	0.15	500,000	0.04

* *Deemed interested by virtue of Section 59(11)(c) of the Companies Act 2016.*
** *Negligible*

ANALYSIS OF SHAREHOLDINGS
AS AT 31 MARCH 2022

3. SUBSTANTIAL SHAREHOLDERS

	Name	No. of shares held	%
1.	Datuk Kelvin Tan Aik Pen	263,649,317	19.10
2.	Tan Aik Yong	69,949,717	5.07

4. THIRTY (30) LARGEST SHAREHOLDERS

	Name	No. of shares held	%
1.	RHB Capital Nominees (Tempatan) Sdn. Bhd. Pledged securities account for Tan Aik Pen	139,396,991	10.10
2.	Alliancegroup Nominees (Tempatan) Sdn. Bhd. Pledged securities account for Tan Aik Pen	73,944,824	5.36
3.	Embun Yakin Sdn. Bhd.	67,403,359	4.88
4.	Tan Aik Kiong	55,284,987	4.01
5.	Maybank Nominees (Tempatan) Sdn. Bhd. Tan Aik Yong	53,949,717	3.91
6.	Tan Aik Sim	53,371,564	3.87
7.	Cartaban Nominees (Asing) Sdn. Bhd. Exempt an for LGT Bank AG (Foreign)	47,921,981	3.47
8.	Citigroup Nominees (Asing) Sdn. Bhd. Exempt An for UBS AG Singapore (Foreign)	47,409,862	3.44
9.	Citigroup Nominees (Tempatan) Sdn. Bhd. Employees Provident Fund Board	44,671,148	3.24
10.	Maybank Nominees (Asing) Sdn. Bhd. Walton Private Investment Limited	38,483,958	2.79
11.	Lembaga Tabung Haji	37,789,300	2.74
12.	Tan Ah Seng	36,654,089	2.66
13.	Tan Ek Huat	35,934,718	2.60
14.	Amsec Nominees (Tempatan) Sdn. Bhd. Pledged securities account – Ambank (M) Berhad for Tan Aik Pen	34,013,279	2.46
15.	Tan Aik Choon	29,212,658	2.12
16.	Citigroup Nominees (Asing) Sdn Bhd UBS AG	29,041,900	2.10
17.	Maybank Nominees (Asing) Sdn. Bhd. L&P Bakri Inc.	28,117,200	2.04

ANALYSIS OF SHAREHOLDINGS
AS AT 31 MARCH 2022

4. THIRTY (30) LARGEST SHAREHOLDERS (continued)

	Name	No. of shares held	%
18.	UOB Kay Hian Nominees (Asing) Sdn. Bhd. Exempt an for UOB Kay Hian Pte Ltd	26,595,358	1.93
19.	Tan Aik Hwa	23,441,139	1.70
20.	Tan Soon Hong	22,914,835	1.66
21.	Tunas Lestari Sdn. Bhd.	16,171,300	1.17
22	Amanahraya Trustees Berhad Public Strategic Smallcap Fund	13,000,000	0.94
23.	Teo Han Ching @ Teo Jin Hwa	11,805,000	0.86
24.	Amanahraya Trustees Berhad Public Smallcap Fund	10,138,250	0.73
25.	Tan Aik Hwa	9,609,000	0.70
26.	Amanahraya Trustees Berhad Public Islamic Select Treasures Fund	8,975,200	0.65
27.	Tan Aik Yong	8,905,000	0.65
28.	HSBC Nominees (Asing) Sdn. Bhd. J.P. Morgan Securities PLC	8,541,000	0.62
29.	Tan Aik Pen	7,800,000	0.57
30.	Amsec Nominees (Tempatan) Sdn. Bhd. Ambank (M) Berhad (Hedging)	7,280,600	0.53

LIST OF TOP 10 PROPERTIES HELD BY TSH GROUP

AS AT 31 DECEMBER 2021

Location	Description	Area	Existing use	Tenure	Approximate age of building (years)	Net book value as at 31.12.21 (RM)	Date of Acquisition/ (Date of last revaluation)
Desa Tanah Kuning & Desa Mangkupadi, Kecamatan Tanjung Palas Timur, Kabupaten Bulungan, Provinsi Kalimantan Timur	Plantation land	13,215 ha	Oil Palm Plantation	35 years lease expiring on 03.10.2046	Not applicable	255,442,285	16.08.2011
Desa Penawai, Bekokong Makmur, Kecamatan Bongan Jempang & Desa Jambuk, Muara Gusik Penawai, Tanjung Sari, Kecamatan Bongan & Desa Jambuk Makmur, Kecamatan Bongan & Desa Jambuk Makmur, Kecamantan Bongan, Desa Muara Siram, Siram Jaya, Resak Kampung, Kecamatan Bongan, Desa Resak, Kecamatan Bongan, Kabupaten Kutai Barat, Provinsi Kalimantan Timur	Plantation land	12,628 ha	Oil Palm Plantation & Mill	35 years lease expiring on 18.02.2045 for land under Desa Penawai, Bekokong Makmur & 35 years lease expiring on 24.02.2045 for land under Desa Resak, Desa Jambuk, Muara Gusik, Penawai, Tanjung Sari, Desa Jambuk Makmur, Desa Muara Siram, Siram Jaya dan Resak Kampung	9 years (mill)	243,735,916	26.12.2008
Kabupaten Dharmasraya, Provinsi Sumatera Barat	Plantation land	3,197 ha	Oil Palm Plantation & Mill	35 years lease expiring on 18.10.2053	4 years (mill)	148,056,314	29.12.2005
Desa Samba Katung, Samba Bakumpai, Telok, Petak Puti, Tewang Panjang, Tumbang Lahang, Kecamatan Katingan Tengah & Desa Tura, Tumbang Tanjung, Kecamatan Pulau Malan, Kabupaten Katingan, Provinsi Kalimantan Tengah	Plantation land	6,353 ha	Oil Palm Plantation	Pending	Not applicable	141,564,851	29.10.2009
Desa Muara Siram, Kecamatan Bongan, Kabupaten Kutai Barat, Propinsi Kalimantan Timur	Plantation land	10,282 ha	Oil Palm Plantation	35 years lease expiring on 13.07.2040	Not applicable	131,462,751	01.04.2006

LIST OF TOP 10 PROPERTIES HELD BY TSH GROUP

AS AT 31 DECEMBER 2021

Location	Description	Area	Existing use	Tenure	Approximate age of building (years)	Net book value as at 31.12.21 (RM)	Date of Acquisition/ (Date of last revaluation)
Desa Pelantaran, Pundu & Bajarau, Kecamatan Cempaga Hulu & Parenggean, Kabupaten Kotawaringin Timur, Provinsi Kalimantan Tengah	Plantation land	7,114 ha	Oil Palm Plantation & Mill	35 years lease expiring on 15.05.2041	11 years (mill)	113,473,744	12.04.2007
Desa Rantau Makmur, Tanjung Labu, Kecamatan Rantau Pulung, Kabupaten Kutai Timur, Kalimantan Timur	Plantation land	5,750 ha	Oil Palm Plantation	Pending	Not applicable	105,408,901	22.02.2013
Title No. CL 095327218 District of Kinabatangan, Tenegang Koyah Locality, Off KM 46.5, Jalan Lahad Datu, Sandakan, Sabah	Plantation land	4,942 acres	Oil palm plantation & mill	98 years leasehold expiring on 31.12.2096	22 years (mil)	101,530,836	(10.09.2015)
Desa Muara Ponak, Kenyanyan, Rikong Kiyaq, Kecamatan Siluq Ngurai, Kabupaten Kutai Barat, Provinsi Kalimantan Timur	Plantation land	8,016 ha	Oil Palm Plantation	35 years lease expiring on 22.10.2048 35 years lease expiring on 04.11.2051	Not applicable	95,148,582	18.10.2011
Desa Langgam/Katiagan, Kecamatan Pasaman, Kabupaten Pasaman & Nagari Kinali, Kecamatan Kinali, Kabupaten Pasaman Barat, Provinsi Sumatera Barat	Plantation land	7,309 ha	Oil Palm Plantation	35 years lease expiring on 31.12.2029 for land under Desa Langgam/ Katiagan & 35 years lease expiring on 16.02.2044 for land under Nagari Kinali	Not applicable	91,837,295	01.05.2006

TSH RESOURCES BERHAD
Registration No. 197901005269 (49548-D)
(Incorporated in Malaysia)

PROXY FORM

CDS Account No.		
Contact No.	Shareholder:	
	Proxy Holder 1:	Proxy Holder 2:

I/We ____________________ ^NRIC/Company No.____________________
(FULL NAME IN CAPITAL LETTERS)

of ____
(FULL ADDRESS)

being *a member/members of TSH RESOURCES BERHAD hereby appoint ____________________
(FULL NAME IN CAPITAL LETTERS)

____________________ ^NRIC /Passport No.____________________

Email Address : ____________________ of ____________________
(FULL ADDRESS)

and/or ^failing him/her ____________________ ^NRIC /Passport No. ____________________
(FULL NAME IN CAPITAL LETTERS)

Email address: ____________________ of ____________________
(FULL ADDRESS)

or failing ^him/her, THE CHAIRMAN OF THE MEETING as ^my/our proxy to attend, speak and vote for ^me/us on ^my/our behalf at the 42nd Annual General Meeting ("42nd AGM") of the Company to be held on a fully virtual basis through live streaming and online remote voting via the online meeting platform at https://meeting.boardroomlimited.my/(*Domain Registration No. with MYNIC-D6A357657*) on Thursday, 26 May 2022 at 10.00 am and any adjournment thereof and to vote as indicated below:

		*FOR	*AGAINST
Resolution 1	To approve payment of Directors' fees of RM252,936 for the financial year ended 31 December 2021		
Resolution 2	To approve payment of Directors' benefits (excluding Directors' fees) of up to an aggregate amount of RM1,800,000 from 27 May 2022 until the next AGM of the Company in 2023		
Resolution 3	To re-elect the following Directors who are retiring in accordance with Clause 100 of the Company's Constitution: a) Natasha binti Mohd Zulkifli		
Resolution 4	b) Yap Boon Teck		
Resolution 5	c) Chew Siew Yeng		
Resolution 6	d) Tan Aik Yong		
Resolution 7	To re-appoint Messrs BDO PLT as the Company's Auditors and to authorise Directors to fix their remuneration		
Resolution 8	Proposed Authority to Issue Shares		
Resolution 9	Proposed Renewal of the Authority for Share Buy-Back		
Resolution 10	Proposed Renewal of the Existing Shareholders' Mandate for recurrent related party transactions of a revenue or trading nature		

* *Please indicate with an "X" in the space provided for each resolution. Unless voting instructions are indicated in the space above, the proxy will vote or abstain as he/she thinks fit and if no name is inserted in the space for the name of proxy, the Chairman of the meeting will act as proxy.*

^ *Strike out whichever is inapplicable.*

Signed this __________ day of ________________ 2022

No. of shares held

% of shareholdings to be represented by the proxies:		
	No. of shares	**%**
Proxy 1		
Proxy 2		
Total		**100%**

____
Signature/Common Seal of Appointor

Notes:

1. The 42nd AGM of the Company will be conducted on a fully virtual basis through live streaming and online remote voting via Remote Participation and Electronic Voting ("RPEV") facilities provided by Boardroom Share Registrars Sdn. Bhd.. Please follow the procedures provided in the Administrative Guide which is available on the Company's website at https://www.tsh.com.my/investor-relations/shareholders-meeting/ in order to register, participate and vote remotely.
2. The Securities Commission Malaysia had on 16 July 2021, revised the Guidance Note and Frequently Asked Questions ("FAQ") on the Conduct of General Meetings for Listed Issuers ("the Revised Guidance Note and FAQ") which encourage the listed issuers to conduct virtual general meetings. All meeting participants of a fully virtual general meeting including the Chairman of the meeting, members of the Board, senior management and shareholders are to participate in the meeting online. According to the Revised Guidance Note and FAQ, an online meeting platform can be recognised as the meeting venue or place under Section 327(2) of the Companies Act 2016 provided that the online platform is located in Malaysia.
3. With the RPEV facilities, you may exercise your right as a member of the Company to participate (including posing questions to the Company) and vote at the 42nd AGM. If you are unable to participate, you are strongly encouraged to appoint the Chairman of the meeting as your proxy to attend and vote on your behalf at the 42nd AGM.
4. Only depositors whose names appear in the Record of Depositors as at 18 May 2022 will be regarded as members and be entitled to attend, speak and vote at the meeting.
5. A member of the Company entitled to attend and vote at the meeting is entitled to appoint not more than 2 proxies to attend and vote in his stead. Where a member appoints 2 proxies, the appointments shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy. A proxy may but need not be a member of the Company.
6. If the Proxy Form is returned without any indication as to how the proxy shall vote, the proxy will vote or abstain as he thinks fit and if no names are inserted in the space for the name of proxy, the Chairman of the meeting will act as proxy.
7. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
8. The instrument appointing a proxy shall be in writing under the hand of the depositor or his attorney duly authorised in writing or if such appointor is a corporation, under its common seal. If you wish to appoint a proxy to attend and vote on your behalf at the 42nd AGM, you may deposit the duly completed and signed Form of Proxy to the Company's share registrar, Boardroom Share Registrars Sdn. Bhd. at 11th Floor, Menara Symphony, No. 5 Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor no later than 48 hours before the time appointed for holding this meeting or adjourned meeting. For individual shareholder, you may lodge your Form of Proxy electronically through Boardroom Smart Investor Portal at https://investor.boardroomlimited.com by logging in and selecting "**Submit eProxy Form**" no later than 48 hours before the time appointed for holding this meeting or adjourned meeting.
9. Pursuant to Paragraph 8.29A of Bursa Securities Main Market Listing Requirements, all resolutions set out in the Notice of 42nd AGM will be put to vote on a poll.

Explanatory Notes:

1. The audited financial statements are meant for discussion only as it does not require shareholders' approval under the provision of Section 340(1)(a) of the Companies Act 2016. Hence, it will not be put for voting.
2. Resolution 1, the Company is seeking shareholders' approval for payment of Directors' fees totalling RM252,936.

   The Directors' fees of RM252,936 include the fees payable to certain Independent Directors who are members of the Audit Committee. The said fees amounting to RM36,000 were previously classified as allowance under the Directors' benefits which shareholders' approval was sought in the previous years.

   In February 2021, the Board through the Remuneration Committee had conducted an internal review of the Independent Directors' fees to ascertain its competitiveness having regard to various factors including the fee structure of comparable companies of the same industry as well as the increased responsibilities, commitment and contribution expected of the Independent Directors.

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Boardroom Share Registrars Sdn. Bhd.
11th Floor, Menara Symphony
No. 5 Jalan Prof. Khoo Kay Kim
Seksyen 13, 46200 Petaling Jaya
Selangor

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   Having considered that the last review was conducted in June 2006 and above factors, the Board had endorsed the Remuneration Committee's recommendation to increase the fees for each Independent Director from RM3,000 to RM4,000 per month with effect from 20 May 2021.

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

3. Resolution 2, the benefits are payable to eligible Non-Executive Directors comprise amongst others, monthly allowance to the Chairman of the Company in recognition of his significant oversight and leadership roles in the Group, Board committee allowance, business travelling allowance, petrol allowance and other benefits-in-kind including company car and driver as well as other emoluments.
4. Any Non-Executive Directors who are shareholders of the Company will abstain from voting on Resolutions 2 concerning remuneration to the Non-Executive Directors at the 42nd AGM.
5. Resolutions 3 to 6: Re-election of Directors who retire in accordance with Clause 100 of the Company's Constitution

   For the purpose of determining the eligibility of the Directors to stand for re-election at this AGM, the Board through its Nomination Committee had assessed the performance and contribution of each of the retiring Directors. Based on the results of the respective Directors' performance evaluation conducted, the Board is satisfied with the Directors' performance and the level of contribution to the Board through their knowledge, skills and commitment as well as their abilities to act in the best interest of the Company. In addition, each of the Independent Directors has also provided his/her annual declaration/confirmation of independence.

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

   Any Director referred to in Resolutions 3 to 6 who is a shareholder of the Company will abstain from voting on the resolution in respect of his/her re-election at the 42nd AGM.

6. Resolution 8 is a renewal of the general mandate empowering the Directors of the Company pursuant to Sections 75 and 76 of the Companies Act 2016, to issue and allot new shares in the Company from time to time provided that the aggregate number of shares issued pursuant to the general mandate does not exceed ten percent (10%) of the issued share capital of the Company for the time being. This authority, unless revoked or varied by the Company at a general meeting, will expire at the next AGM.

   As at the date of this notice, the Company did not issue any new shares pursuant to the general mandate granted to the Directors at the last AGM held on 20 May 2021.

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

7. For Resolutions 9 and 10, further information on the Proposed Renewal of the Authority for Share Buy-Back and Proposed Renewal of the Existing Shareholders' Mandate for recurrent related party transactions of a revenue or trading nature are set out in the Circular to Shareholders dated 26 April 2022.

Personal Data Privacy:

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

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

(ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and

(iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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