

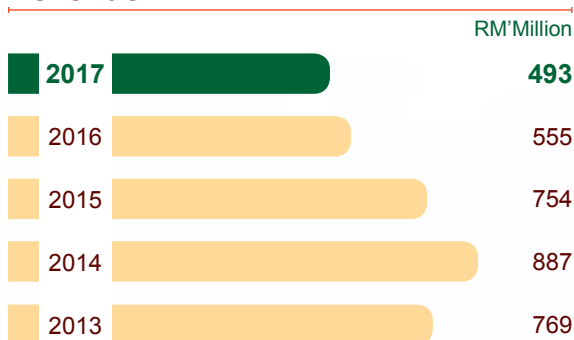
2017 ANNUAL REPORT

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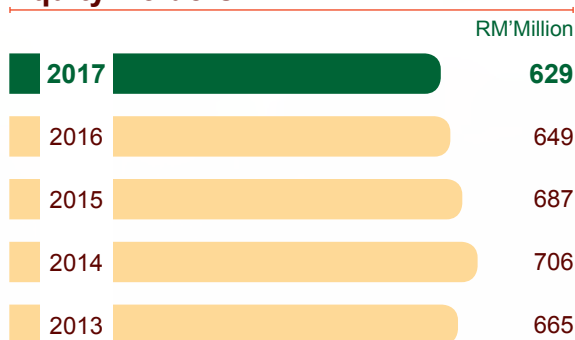
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FINANCIAL HIGHLIGHTS

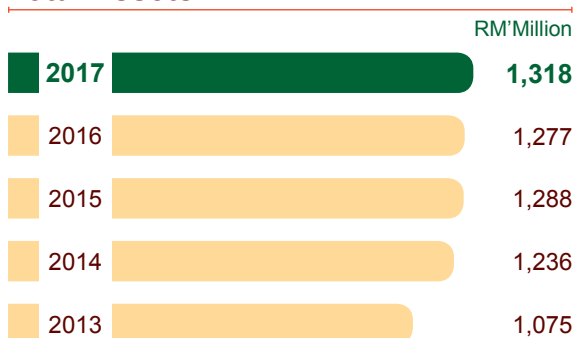
Revenue



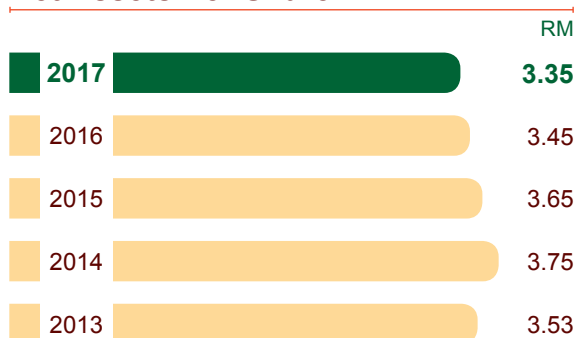
Equity Attributable to Equity Holders



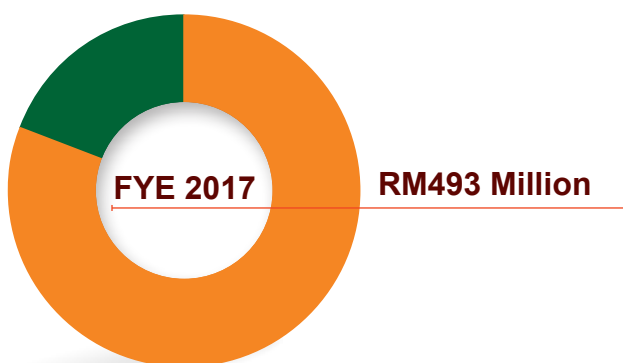
Total Assets



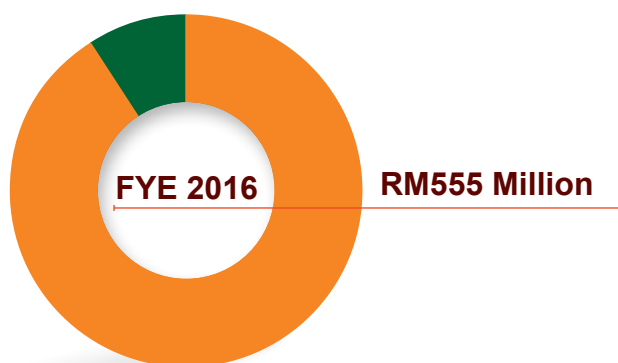
Net Assets Per Share



Breakdown of Revenue by Segment

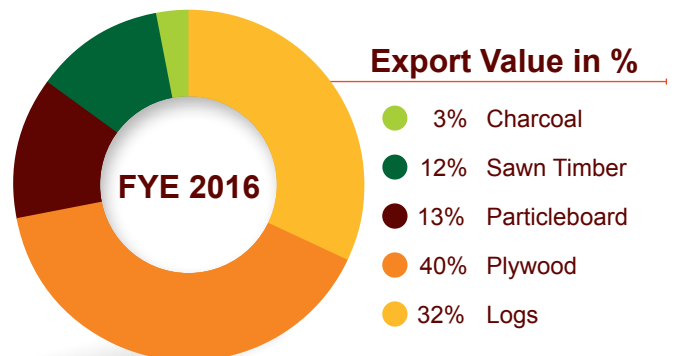
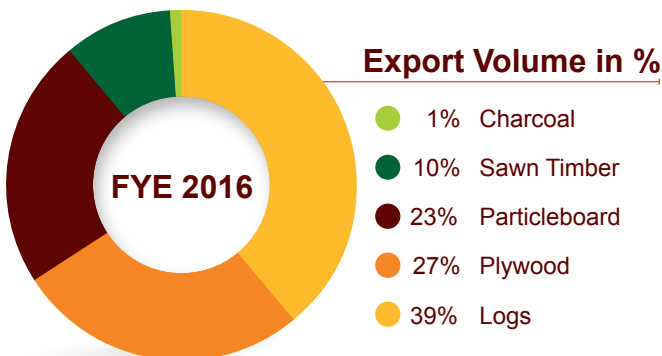
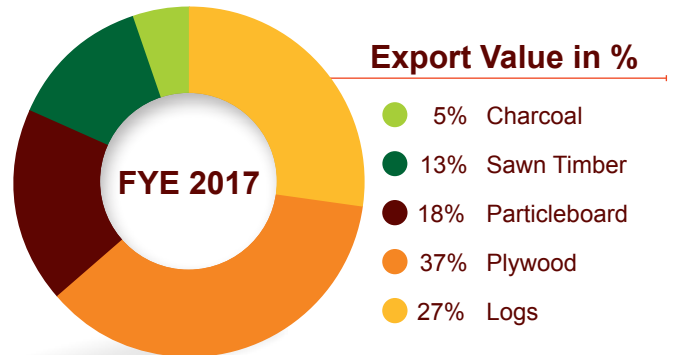
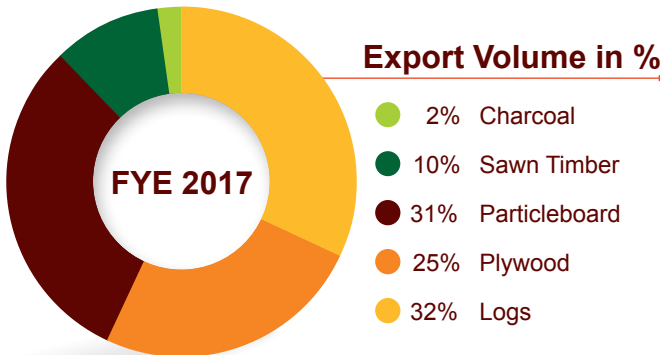
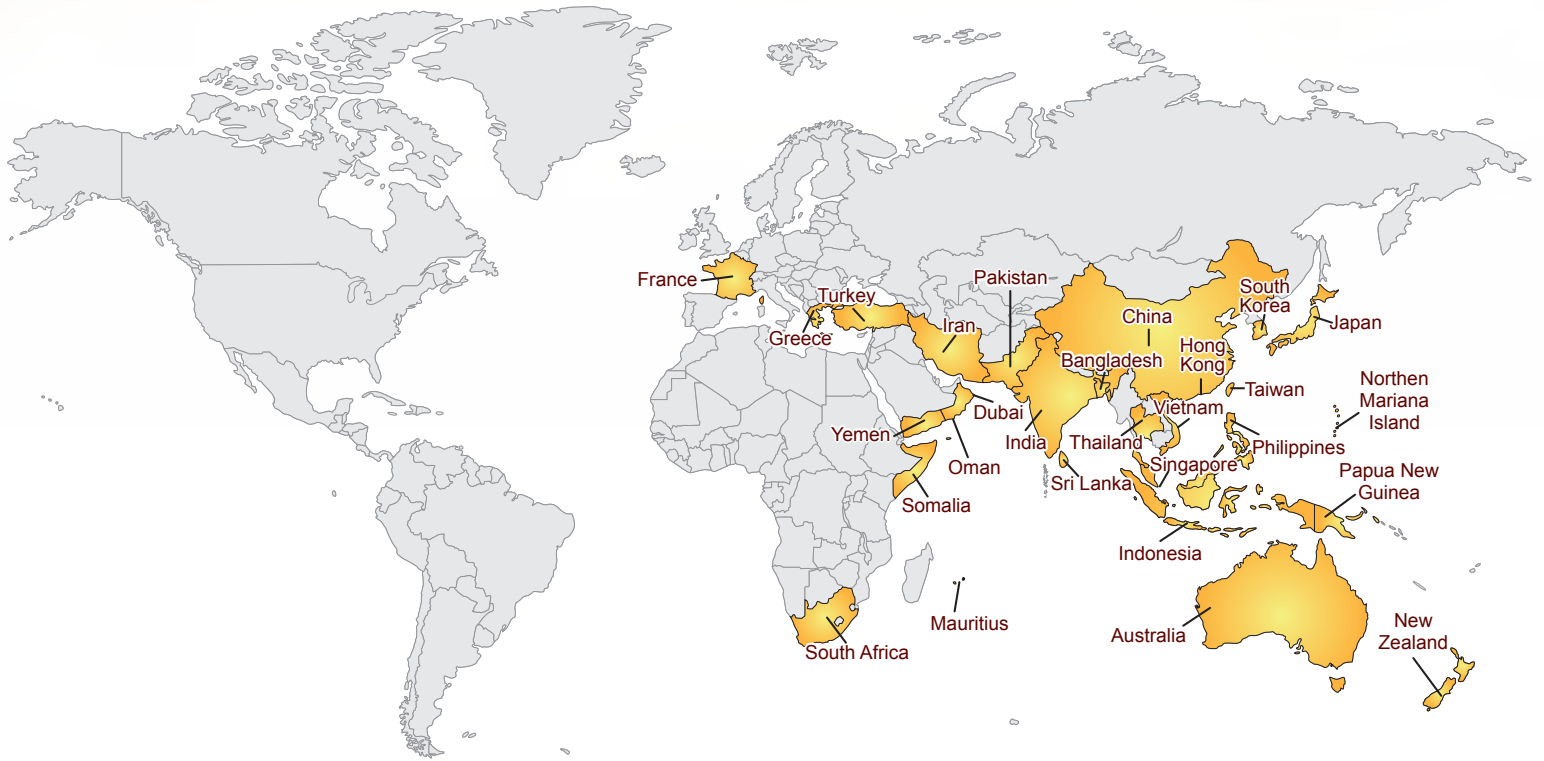


- 81% Timber Operations and Reforestation
- 19% Oil Palm Operations



- 91% Timber Operations and Reforestation
- 9% Oil Palm Operations

EXPORT MARKET HIGHLIGHTS



CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Tiong Kiong King

Chairman, Non-Independent Non-Executive Director

YBhg. Dato' Tiong Ing

Managing Director

Mdm. Ngu Ying Ping

Senior Independent Director

Mr. Tiong Ing Ming

Independent Director

Mr. Poh Kee Eng

Independent Director

AUDIT COMMITTEE

Mdm. Ngu Ying Ping (Chairman)
Mr. Tiong Ing Ming
Mr. Poh Kee Eng

NOMINATION COMMITTEE

Mdm. Ngu Ying Ping (Chairman)
Mr. Tiong Kiong King
Mr. Tiong Ing Ming
Mr. Poh Kee Eng

REMUNERATION COMMITTEE

Mdm. Ngu Ying Ping (Chairman)
Mr. Tiong Kiong King
Mr. Tiong Ing Ming
Mr. Poh Kee Eng

COMPANY SECRETARIES

Mdm. Ling Chieh Min (MIA 18531)
Ms. Voon Jan Moi (MAICSA 7021367)

REGISTERED OFFICE

No. 66-78, Pusat Suria Permata, Jalan Upper Lanang
C.D.T. 123, 96000 Sibul, Sarawak
Tel : 084-211 555
Fax : 084-211 545
E-mail : info@suburtiasa.com
Website : www.suburtiasa.com

SHARE REGISTRAR

Symphony Share Registrars Sdn. Bhd.
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan
Tel : 03-7841 8000
Helpdesk Tel No : 03-7849 0777
Fax : 03-7841 8151/ 03-7841 8152

PRINCIPAL BANKERS

United Overseas Bank (Malaysia) Berhad
Malayan Banking Berhad
CIMB Bank Berhad
RHB Bank Berhad
Hong Leong Bank Berhad
Ambank (M) Berhad
Bank of China (Malaysia) Berhad
Affin Bank Berhad

AUDITORS

Crowe Horwath (AF:1018)
Chartered Accountants
1st Floor No. 1
Lorong Pahlawan 7A2
Jalan Pahlawan
96000 Sibul, Sarawak
Tel : 084-211 777
Fax : 084-216 622

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad

Stock name

SUBUR

Stock Code

6904

PROFILE OF DIRECTORS

MR. TIONG KIONG KING

Chairman
Non-Independent Non-Executive Director
Age 70, Malaysian, Male

Mr. Tiong Kiong King was appointed to the Board of Subur Tiasa Holdings Berhad on 21 June 1997 and was subsequently appointed as Chairman of the Board on 19 March 2013. He is also a member of the Nomination and Remuneration Committees of the Company.

Mr. Tiong Kiong King has more than 46 years of managerial experience in the timber industry in various capacities. Presently, Mr. Tiong also holds key posts in several non-government organisations. Among them, he is the Life Honorary President for Sibu Chinese Chamber of Commerce and Industry, Vice President of World Federation of Fuzhou Association Limited, Life Honorary President of Persekutuan Persatuan-Persatuan Foochow Sarawak, Honorary Chairman of the World Zhang Clan Association Limited and Chairman of Persatuan Klan Zhang Negeri Sarawak. He is also the Vice Chairman of a public listed company, Rimbunan Sawit Berhad.



YBHG. DATO' TIONG ING

Managing Director
Age 60, Malaysian, Female

YBhg. Dato' Tiong Ing was first appointed to the Board of Subur Tiasa Holdings Berhad on 25 July 2001 and was subsequently appointed as the Managing Director on 1 October 2003.

YBhg. Dato' Tiong Ing holds a Bachelor of Arts Degree in Business Administration from University of Winnipeg, Manitoba, Canada and is a licensed company secretary. She has more than 36 years hands on experience, in-depth knowledge and extensive market network in the timber industry and more than 12 years exposure in the oil palm plantation industry.

On 19 July 2007, YBhg. Dato' Tiong Ing was conferred with Darjah Sultan Ahmad Shah Pahang (D.S.A.P) which carries the title "Dato". Between 2009 and 2011, YBhg. Dato' Tiong Ing was appointed as director of EON Bank Berhad and sat on the Bank's Board Group Credit Committee. In the past 9 years, YBhg. Dato' Tiong Ing has been actively involved as a Council member for log marketing of Sarawak Timber Association which has more than 400 members from companies involved in timber, timber related industries and trades. YBhg. Dato' Tiong Ing is also an Industry Advisory Council member of University College Technology Sarawak since April 2016.



PROFILE OF DIRECTORS (cont'd)



MDM. NGU YING PING

Senior Independent Director
Age 57, Malaysian, Female

Mdm. Ngu Ying Ping joined the Board of Subur Tiasa Holdings Berhad on 29 June 2009. She was subsequently appointed as the Chairperson of Audit, Nomination and Remuneration Committees of the Company on 19 March 2013.

Mdm. Ngu Ying Ping graduated with Bachelor of Economics (Major in Accounting) from Monash University, Melbourne, Australia. She is a member of the Malaysian Institute of Accountants, Fellow Member of the Malaysian Institute of Taxation, Fellow Member of the CPAs Australia and Affiliate of Malaysian Institute of Chartered Secretaries and Administrators. She does not hold directorship in any other public company.

MR. TIONG ING MING

Independent Director
Age 60, Malaysian, Male

Mr. Tiong Ing Ming joined the Board of Subur Tiasa Holdings Berhad on 19 March 2013 and he is a member of the Audit, Nomination and Remuneration Committees of the Company.

Mr. Tiong Ing Ming graduated with a Bachelor of Building (Hons) from University of Melbourne, Australia in 1982 and began his career in a consulting quantity surveying practice since 1994. He is a registered quantity surveyor of the Board of Quantity Surveyors, Malaysia and a member of the Institution of Surveyors Malaysia. He also sits on the Board of a public listed company, Rimbunan Sawit Berhad.



PROFILE OF DIRECTORS (cont'd)

MR. POH KEE ENG

Independent Director
Age 68, Malaysian, Male

Mr. Poh Kee Eng joined the Board of Subur Tiasa Holdings Berhad on 14 September 2015 and he is a member of the Audit, Nomination and Remuneration Committees of the Company.

Mr. Poh Kee Eng graduated with a Bachelor of Science (Hons) and Diploma in Education from University of Malaya in 1975 and began his career as a teacher, and subsequently as a School Inspector of Sarawak Education Department Kuching and then a School Principal from 1976 to 2005. He joined Subur Tiasa Holdings Berhad as a Human Resources Manager in 2005. He then served as Senior Manager, Administration and Human Resources Department and was also in charge of Corporate Social Responsibility of STH Group from 2007 to 2014. During his tenure with STH, he had extensive exposure to logging, manufacturing and oil palm operations. He also has vast experience in management and training. He does not hold directorship in any other public company.



OTHER INFORMATION OF DIRECTORS:

- (i) **Family Relationship**
None of the Directors have any family relationship with each other or the major shareholders of the Company, except as disclosed below:
- Mr. Tiong Kiong King is a brother of YBhg. Tan Sri Datuk Sir Diong Hiew King @ Tiong Hiew King, a major shareholder of the Company and an uncle to YBhg. Dato' Tiong Ing, who is the Managing Director of the Company.
 - YBhg. Dato' Tiong Ing is the daughter of YBhg. Tan Sri Datuk Sir Diong Hiew King @ Tiong Hiew King, a major shareholder of the Company and a niece to Mr. Tiong Kiong King who is also a Director of the Company.
- (ii) **Conflict of Interest**
None of the Directors has been involved in situation that will create a conflict of interest with the Company.
- (iii) **List of Convictions for Offences**
None of the Directors has been convicted of any offence, other than traffic offences within the post five (5) years and there was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year.
- (iv) **Attendance of Directors at Board Meetings**
There were four (4) Board Meetings held during the financial year ended 31 July 2017. Details of attendance of each Director at Board Meetings are as stipulated in the Corporate Governance Statement set out on page 27 of this annual report.
- (v) **Securities holdings in the Company and its subsidiaries**
The Directors' shareholdings as at 31 October 2017 are as disclosed on page 135 of this annual report.

PROFILE OF KEY SENIOR MANAGEMENT



MR. TENG KING HUAT

Chief Operating Officer

Age 54, Malaysian, Male

Mr. Teng King Huat was appointed as Chief Operating Officer of Subur Tiasa Holdings Berhad on 1 September 2015.

Mr. Teng King Huat graduated with a Bachelor of Engineering (Chemical) degree from University of Adelaide, Australia. He started his career as Head of Quality Control in a plywood company of Rimbunan Hijau Group. He spent three (3) years with a trading company as Head of Marketing (Chemical) to set up new chemical business. He subsequently joined a timber based group as Engineer before being promoted to Project Manager. In 1997, he rejoined Rimbunan Hijau Group as Production Manager in a chemical manufacturing company and was later promoted to Assistant General Manager and Alternate Director.

Prior to his appointment as Chief Operating Officer of Subur Tiasa Holdings Berhad, he had also served as Personal Assistant to Managing Director, Dato' Tiong Ing since 2008. During his tenure with Subur Tiasa Holdings Berhad, he has acquired extensive exposure in logging, timber based manufacturing and oil palm operations. He has more than 16 years of senior managerial experience in different business industries.

He does not hold directorship in any public companies and listed issuer. He has not been involved in situation that will create a conflict of interest with the Company and has no conviction for offences within the past five (5) years. There was no public sanction or penalty imposed on him by the relevant regulatory bodies during the financial year.

CORPORATE STRUCTURE AS AT 31 OCTOBER 2017



SUBUR TIASA HOLDINGS BERHAD (341792-W)

• TIMBER OPERATIONS AND REFORESTATION

100%	Saraju Holding Sdn. Bhd. (179762-K)
100%	JPH Logging Sdn. Bhd. (809224-M)
100%	Subur Tiasa Forestry Sdn. Bhd. (323421-T)
100%	Sarawak Plywood (M) Sdn. Bhd. (012934-U)
100%	Subur Tiasa Plywood Sdn. Bhd. (167681-D)
100%	Subur Tiasa Particleboard Sdn. Bhd. (198523-K)
100%	Borneo Lumber Industries Sdn. Bhd. (34515-V)
100%	Grace Million Sdn. Bhd. (624862-D)
100%	Excelle Timber Sdn. Bhd. (761744-T)
100%	Trimogreen Sdn. Bhd. (190362-D)
100%	R H Timber Processing Industries Sdn. Bhd. (48217-K)
100%	Diamond Biowood Sdn. Bhd. (750284-A)
100%	AA Plywood Sdn. Bhd. (752393-M)
100%	Semarak Veneer & Plywood Sdn. Bhd. (230578-K)
100%	Homet Raya Sdn. Bhd. (189955-D)

• OIL PALM OPERATIONS

100%	Palmlyn Sdn. Bhd. (614569-U)
100%	Infrapalm Sdn. Bhd. (769262-T)
100%	Blessings Palm Sdn. Bhd. (776528-A)
100%	Tiasa Palm Sdn. Bhd. (809230-X)
100%	Victory Round Sdn. Bhd. (751569-X)
60%	Victory Pelita Kabah Sdn. Bhd. (1015888-K)
75%	Hahn Fert Sdn. Bhd. (1185250-K)

• OTHERS

100%	T.Q. Oriental Sdn. Bhd. (257848-D)
100%	Supreme Standard Development Sdn. Bhd. (717556-V)
100%	Allied Asiatic Sdn. Bhd. (734184-M)
100%	Joyful Realty Sdn. Bhd. (770831-M)
100%	JPH Enterprise Sdn. Bhd. (771097-V)
100%	Blessings Realty Sdn. Bhd. (775270-M)
100%	Tiasa Cergas Sdn. Bhd. (935519-H)
100%	Tiasa Mesra Sdn. Bhd. (938319-P)
100%	Mamo Sdn. Bhd. (1012769-P)
100%	Momaspace Sdn. Bhd. (1014468-D)
100%	Honeybrix Sdn. Bhd. (1019826-W)
100%	Momaworld Sdn. Bhd. (1032328-H)
100%	Momawater Sdn. Bhd. (1033245-V)
100%	MOMA Marketing Pte. Ltd. (201623094H)
100%	Merri Sdn Bhd (1057611-U)
100%	Merri Mee Sdn Bhd (1067347-D)
100%	Merri Marketing Sdn Bhd (1067349-P)
100%	United Superland Sdn Bhd (1090607-K)
100%	Subur Properties Sdn Bhd (1151173-H)
100%	Tiasa Heights Sdn. Bhd. (1151223-H)
100%	Prestige Superland Sdn. Bhd. (1151205-M)
100%	Subur Tiasa R&D Sdn. Bhd. (1157521-A)
100%	Subur Global Pte. Ltd. (201539306M)
100%	LX Photonics Sdn. Bhd. (1167330-X)

CHAIRMAN'S STATEMENT FOR THE FINANCIAL YEAR ENDED 31 JULY 2017



Mr. Tiong Kiong King Chairman

Dear fellow shareholders,

On behalf of the Board of Directors of Subur Tiasa Holdings Berhad, it is my pleasure to present the Annual Report and Audited Financial Statements of the Group for the financial year ended 31 July 2017.

FINANCIAL PERFORMANCE

Global growth in 2016, was the weakest since the 2008 global financial crisis as the subdued global demand persisted, being bogged down by uncertainties lingering around geo-political tension in Middle East, Northern Asia, Brexit, policy uncertainty in the United States and continued China's rebalancing. On the domestic front, the increasing cost of production due to escalating raw material cost amidst the structural challenge in the timber industry, has poised a challenging business environment for the Group in the financial year 2017.

Despite the challenges and uncertainties, riding on the resilient management team with timely execution of strategic plans, the Group recorded positive profit before tax in the financial year. We closed the year with revenue of RM492.6 million as compared to RM554.6 million in year 2016. The lower revenue was mainly due to the decrease in export log and plywood sales volume resulting from the reduction in log export quota by Sarawak State Government and also lower log production volume. The Group reported profit before tax of RM4.8 million and loss after tax of RM16.5 million as compared to loss before tax of RM31.7 million and loss after tax of RM32.9 million in the preceding year.

The Group's financial and operation performance will be further elaborated in the Management Discussion and Analysis section.

CORPORATE DEVELOPMENT

The year 2017 saw the Group putting in intrepid groundwork by optimising manpower and streamlining operational costs in building a strong foundation for sustainable business future amidst economic uncertainties. Its human capital remains as one of the Group's key pillars for success and continued growth. The Group will continue to develop capable and potential leaders, aligning talent with organisational goals and drive operational excellence with effective human resource processes.

CHAIRMAN'S STATEMENT (cont'd) FOR THE FINANCIAL YEAR ENDED 31 JULY 2017

Concurrently, the Group continues to identify new and sustainable business areas to venture into, whilst ensuring that such expansions will contribute positively in supporting existing businesses and operations. During the year, the Group has embarked on the proposed acquisition of Simunjan Estate in order to expand the land bank of our oil palm plantation and also for sustainable tree planting.

GOING FORWARD

According to IMF in October 2017, the global upswing in economic activity is strengthening, with global growth projected to rise to 3.6% in 2017 and 3.7% in 2018. While the baseline outlook is strengthening, growth remains weak in many countries, and inflation is below target in most advanced economies.

The Group will focus on achieving sustainable profitability and improving the core business models through implementing new effective strategies while diversifying into other businesses. The Group is committed to transforming its operations strategically, consolidating all its available resources for optimal utilisation and implementing cost competitiveness programme to ensure the Group stays resilient under adverse economic conditions.

APPRECIATION

On behalf of the Board of Directors, I would like to express my heartfelt gratitude and appreciation to our valued shareholders, customers, suppliers, financial institutions, business associates and various regulatory bodies for your continuous support and confidence in our strive during this challenging times.

I would also like to extend my appreciation to my fellow Board members for their invaluable contributions. I am also very grateful to the resilient and resourceful Managing Director, YBhg. Dato' Tiong Ing, the management team and the employees of the Group for their commendable dedication and concerted efforts. The Group values and look forward to this continued support in our transformation journey ahead.

Tiong Kiong King
Chairman



MANAGEMENT DISCUSSION AND ANALYSIS BY GROUP MANAGING DIRECTOR

BUSINESS AND OPERATIONS REVIEW, OBJECTIVES AND STRATEGIES

OVERVIEW

Subur Tiasa Holdings Berhad Group (“The Group”) consists of two core operations, namely, timber and oil palm plantation. The Group began as a downstream wood processing company in 1988 and has, over the years, established as an integrated timber player where the upstream logging and reforestation supply raw materials to the downstream manufacturing. Wood wastes generated from downstream activities are processed into value-added products which maximise returns. Since 2004, the Group has embarked on reforestation and oil palm plantation.

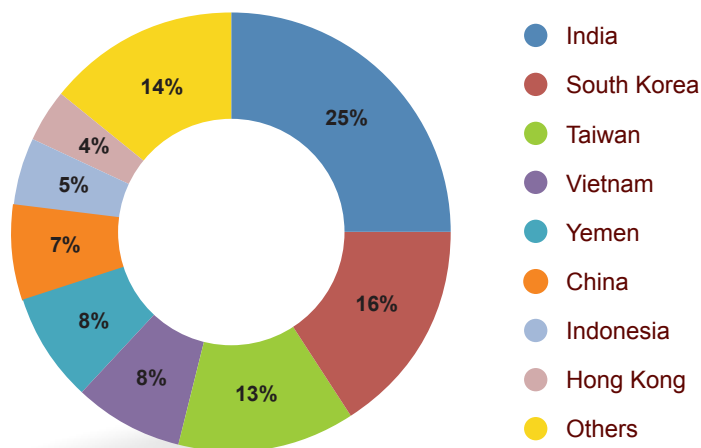


TIMBER

The Group’s timber segment comprises upstream logging operation and reforestation in Sibul, Bintulu and Kapit Region; downstream manufacturing hubs are located in Sibul, Bintulu and Tanjung Manis, Sarawak.

Our main export market for timber continued to be India. Export market for timber products were South Korea, Taiwan and Vietnam. While we are actively seeking to penetrate new markets, we value our existing portfolio of loyal customers who have established long-term relationship and trust in us.

Timber and Timber Products Key Market



Our objective to produce renewable wood-based products is in line with our sustainable forest management practice. The forest management plan will ensure long term supply of renewable and sustainable forest resources to our downstream manufacturing business.

Logging and Reforestation

Log sales contributed 20% of the total Group’s revenue. India continued to remain as our main export market, followed by Vietnam. The strong export selling price for logs was backed by tight supply of logs, firm market demand and weakening of Ringgit Malaysia against US Dollar.

On production front, unfavourable weather condition and challenging transport conditions continued to impact the log production of the Group in recent years. We are constantly reviewing our logging strategies and uphold to apply the industry best practices towards good forest management. The Group undertook to implement Malaysian Timber Certification Scheme, aiming to ensure the forest is managed economically and environmentally sustainable. Our commitment to reforestation is unwavering. This is to ensure sustainability, environment care and continuity of raw material supply for downstream in the long run.

MANAGEMENT DISCUSSION AND ANALYSIS (cont'd) BY GROUP MANAGING DIRECTOR

The Group has stepped up its investment in research and development of culturing tree species, nursery and new planting method. Currently, we are managing a total area of approximately 200,000 hectares for reforestation.

Manufacturing of Timber Products

In anticipation of changes on compliance which regulates the supply of raw material, we have launched resources optimisation initiatives in both upstream and downstream wood processing by monitoring the scale of the production. We have implemented synergising of our wood processing operation, enhancing product quality and improving recovery rate.

Plywood

Plywood contributed 26% of the total group revenue in financial year 2017 ("FY 2017"). The Group's export markets remained predominantly Taiwan, South Korea, China and Yemen. Domestic market share was about 20%.

Particleboard

Particleboard operation accounted for 13% of the total revenue of the Group and continued to contribute profit to the Group. Our superior products continue to dominate in the manufacturing of premium products in Vietnam. Domestic market made up 22%.

OIL PALM PLANTATION

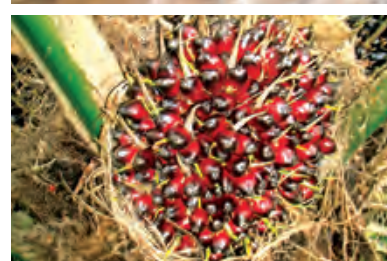
We are committed to transforming and gearing the oil palm sector as one of our core businesses. Out of a total land bank of approximately 29,000 hectares, most of the planted areas are of young mature palms.

Revenue from sales of Fresh Fruit Bunch ("FFB") increased by 77% to RM90.5 million with its share of contribution expanding to 19% of the total revenue of the Group for FY2017. The oil palm plantation segment emerged as the key profit contributor to the Group by delivering profit before tax of RM36.7 million. The significant improvement was backed by the uptrend of crude palm oil ("CPO") price by 24%, coupled with the increase in FFB production volume by 34% in FY2017.

The Group entered into an agreement on the proposed acquisition of Simunjan Estate on 22 February 2017 in line with the Group's objective to increase the total land bank for oil palm plantation. The proposed acquisition is currently pending the fulfillment of the remaining conditions precedent. Upon completion of the proposed acquisition, the operations of this estate will be integrated with the larger Group's oil palm plantation. With the addition in planted areas, expansion in matured planted areas and improvement in yield profile for those matured crops, oil palm segment will further boost its share of contribution to the Group.

We endeavour to embrace sound agricultural practice and improve on estate management system in order to enhance the FFB yield per hectare and fruit quality with higher oil extraction rate. To ensure continued growth and sustainability of the Group's plantation activity, we strive to improve the operational efficiency by implementing mechanisation program especially on the infield FFB evacuation in order to optimise the deployment of labour.

In tandem with our objective of producing sustainable quality oil palm products, the management is in the midst of implementing Malaysian Sustainable Palm Oil ("MSPO") certification for all our oil palm estates. Taking cognizant of the mandatory compliance of MSPO certification by the end of 2019, the Group's oil palm estates will uphold the standard which is based on a balanced three pillars of sustainability, namely, people, planet and profitability.



MANAGEMENT DISCUSSION AND ANALYSIS (cont'd) BY GROUP MANAGING DIRECTOR

5 years financial information for the Group

	2013 RM'000	2014 RM'000	2015 RM'000	2016 RM'000	2017 RM'000
Revenue	768,843	887,116	754,031	554,603	492,636
Profit / (Loss) Before Taxation	20,086	50,974	16,449	(31,739)	4,755
Profit / (Loss) After Taxation	16,092	38,627	16,422	(32,871)	(16,460)
EBITDA	102,673	159,818	135,830	79,259	67,763
Equity Attributable to Equity Holders	664,796	705,904	687,376	648,869	628,525
Total Assets	1,074,532	1,235,679	1,287,843	1,277,335	1,318,488
Net Assets Per Share (RM)	3.53	3.75	3.65	3.45	3.35

FINANCIAL REVIEW

The Group recorded revenue of RM492.6 million, 11% lower than RM554.6 million reported in the previous year. Timber and oil palm plantation segment accounted for 81% and 19% respectively of the Group's revenue. The lower revenue was mainly due to the followings:

Timber

- Lower export log sales volume by 46% resulting from the reduction in log export quota to 30% from 40% previously, which was imposed by the Sarawak State Government.
- Lower export plywood sales volume by 38% arising from the lower production volume due to regulated supply of timber.

Oil Palm

- Higher CPO and FFB average selling price by 24% and 30% respectively.
- 34% increase in FFB sales volume due to increasing area of more matured palm trees with higher yield.

The Group made a turnaround from loss before tax of RM31.7 million in the preceding year to profit before tax of RM4.8 million in the financial year 2017. The improvement was mainly contributed by oil palm segment. Loss after tax contracted to RM16.5 million from loss of RM32.9 million in the preceding year.

FINANCIAL POSITION

Property, plant and equipment ("PPE")

The increase in net PPE of RM11.3 million as compared to 2016 was mainly due to addition of RM56.0 million and depreciation charged for the year of RM41.2 million and disposal of non-productive machineries of RM3.5 million.

Inventories

The decrease in inventories of RM31.1 million as compared to 2016 was mainly due to clearance of timber products.

Trade and other receivables

The increase in trade and other receivables of RM44.6 million as compared to 2016 was mainly due to placement of deposits for the proposed acquisition of Simunjan Estate.

Trade and other payables

The trade and other payables increased by RM32.7 million as compared to 2016, mainly due to increase in purchases of fertilizers towards financial year-end.

MANAGEMENT DISCUSSION AND ANALYSIS (cont'd) BY GROUP MANAGING DIRECTOR

Working capital and liquidity

Despite the challenging environment, the Group's financial position remained healthy, backed by closing cash and cash equivalents amounted to RM27.3 million. Net assets per share based on issued ordinary shares net of treasury shares, remained relatively stable at RM3.35 as at 31 July 2017.

Capital commitment

The approved and contracted capital expenditure of RM6.2 million is in relation to the balance of the construction costs of the Group's buildings mainly oil palm estates' quarters and office.

DIVIDEND

The Board of Directors do not recommend final dividend to be paid in respect of the financial year ended 31 July 2017 in view of the reported loss after taxation.

ANTICIPATED OR KNOWN RISK

State Government's requirements on all timber industry players to revise the methodology on logging operation may slow down log production during the implementing stage. We are reforming our business model to further lower down operating cost and gearing towards optimal resource utilisation.

Shortage of labour is the primary operating risk to oil palm business which is labour intensive industry. The Group has invested in innovative mechanisation to reduce labour dependency, at the same time to increase productivity and improve quality of FFB.

Any changes in government policy in respect of minimum wages, foreign workers levy, foreign workers insurance, log premium and others may have substantial impact on the Group's operating costs. In order to mitigate this risk, the Group is committed to task the relevant business and support units to be kept well informed of any changes and carry out pre-emptive measures to improve cost efficiencies.

FORWARD LOOKING

India, China, South Korea and Taiwan have always been the major purchasers of round logs, plywood and sawn timber of the Group. Despite global economic conditions becoming increasingly challenging, these economies have maintained modest growth supported by their domestic demand. We are cautiously optimistic about the export log price due to sustained demand from India and tight supply of log from Malaysia. Tokyo Olympic in year 2020 might boost demand on tropical timber products.

The oil palm segment performance would continue to contribute positively to the Group with an increase in the FFB production from more palms at prime age profile and increasing yield in addition to the enlarged oil palm plantation upon the completion of our proposed acquisition of Simunjan Estate. The CPO price is expected to remain stable in view of higher price of soybean oil.



SUSTAINABILITY AND CORPORATE SOCIAL RESPONSIBILITY

Subur Tiasa takes pride in our Sustainability and Corporate Social Responsibility as an approach that contributes to sustainable development. Sustainability and Corporate Social Responsibility is integrated into Subur Tiasa's business strategy and functions, focus being made on four core parts of our business: Workplace, Community, Marketplace and Environment.

- **Workplace**

Our heart beats for our people as they are the heartbeat of our business. Equally important, Subur Tiasa strives to strike a balance in the workplace for our people by inspiring, enabling and involving them in various celebrations and activities. Our employees have talents, aspirations and passions that extend beyond their day-to-day work.



Board Games Friendly Match



Office - Keeping



Blood Screening Campaign



Subur Night 2016



Christmas Caroling



Christmas Party

SUSTAINABILITY AND CORPORATE SOCIAL RESPONSIBILITY (cont'd)

Chinese New Year Open-House Gathering



Cooking Competition



Badminton Competition



Easter Day Gifting



A sense of togetherness and uniting the Subur Family with various activities throughout the year.

SUSTAINABILITY AND CORPORATE SOCIAL RESPONSIBILITY (cont'd)

- **Community**

*“There is no exercise better for the heart than reaching down and lifting people up.”
by John Holmes.*

Subur Tiasa goes out of its way to make life beautiful for the community by actively extending support to humanitarian activities.

Lending a helping hand to those in need is one of the greatest gift we can bestow upon another.



Kampung Bahagia Jaya Teku



RH Panjang Augustine ak Muling,
Mukah-Selangau

Give blood, save lives



We organized blood donation activities amongst our employees, thus cultivating practices for a good cause. A contribution to the society in helping to save lives.

SUSTAINABILITY AND CORPORATE SOCIAL RESPONSIBILITY (cont'd)

- **Marketplace**

The Company adheres to the various rules and regulations governing its diversified industry. With the ever-changing customers' needs and wants, we value their feedback and opinion; and conduct research in our strive to overcome our business challenges. It is also the Company's responsibility and commitment to keep our shareholders informed on latest information; as well as the relevant authorities on information required from time to time. In spite of the rapid changes of the world, we have found ourselves a clear direction to move!

- **Environment**



Anti Litter and Waste Segregation Campaign

The Company always has a heart for the environment. Anti litter and waste segregation campaign was organized to raise awareness among the employees. We take initiatives in various activities to reduce wastage and cultivate the 'Go Green' mindset. The Company will continue to research new methods to achieve sustainable green practices.

From commitment to sustainable forest management, we aim to drive our sustainability practices further by the initiation of Malaysian Sustainable Palm Oil (MSPO) certification for our oil palm plantations. We have consistently adopted good environmental management practices guided by local regulations to achieve our commitments.

AWARDS & RECOGNITIONS

Subur Tiasa is committed to be a preferred reliable supplier of premium wood based products, well recognised regionally with many accolades won over the years.

We have also been recognised for achieving the target of at least 30 percent women on board in public listed companies in conjunction with Hari Wanita 2016.



SUBUR TIASA HOLDINGS BERHAD

- Diploma Best Enterprise Award 2012
- Century International Diamond Quality Era Award 2012
- 2nd Malaysia Independence Award 2010
- International Diamond Star For Quality Award (Geneva 2010)
- World Quality Commitment (WQC) International Gold Star For Quality Award (Paris 2007)
- Business Summit Award 2007

SUBUR TIASA PLYWOOD SDN. BHD.

- Quality Summit Platinum Award For Excellence & Business Prestige (New York 2009)
- World Quality Commitment (WQC) International Gold Star For Quality Award (Paris 2008)
- Platinum Technology Award For Quality & Best Trade Name (Rome 2008)
- Celebrity Brand Award 2011 Celebrity Brand Center @ The Nomad Pavilion

SUBUR TIASA PARTICLEBOARD SDN. BHD.

- The Sarawak Chief Minister's Environmental Gold Award 2015/2016
- Product Excellence Award In Industry Excellence Awards 2009
- The Majestic Five Continents Award For Quality & Excellence (GENEVA 2008)
- Diamond Eye Award 2007 For Quality Commitment & Excellence
- The Top Quality Customer Satisfaction Aptitude Seal For High Quality Performance & Best Customer Satisfaction 2007
- 32nd International Award For The Best Trade Name 2007 (New Millennium Award)

SUBUR TIASA HOLDINGS BERHAD

- Achieving the target of At Least 30 Percent Women on Board in Public Listed Companies

SUBUR TIASA PLYWOOD SDN. BHD.

- Japanese Agricultural Standards (JAS) Certification
- California Air Resources Board (CARB) Certification
- ISO9001: 2008 Certification

SUBUR TIASA PARTICLEBOARD SDN. BHD.

- Japan Ministry Certification
- California Air Resources Board (CARB) Certification
- ISO9001: 2008 Certification
- Japanese Industrial Standard JIS A 5908:2015

