

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors (“Board”) of Subur Tiasa Holdings Berhad (“Subur Tiasa” or the “Company”) upholds good corporate governance in building a sustainable business. The Board is committed to ensuring that the high standard of corporate governance is built on core values such as accountability, transparency and integrity. These fundamentals are practiced throughout the Group in discharging its responsibilities to protect and enhance shareholders’ value and the financial performance of the Group.

Subur Tiasa takes cognizant that corporate governance is a continuous process that requires periodic reassessment and refinement of management practices and systems as set out in the latest Malaysian Code on Corporate Governance (“Code”). The Corporate Governance Overview Statement (“CG Statement”) is to be read together with Corporate Governance Report (“the CG Report”), based on prescribed format as outlined in paragraph 15.25 of the Main Market Listing Requirements. The CG Statement and CG Report are available for reference on the Group’s [website at www.suburtiasa.com](http://www.suburtiasa.com).

The Board is pleased to present the following statement which describes how the Company has applied the principles and practices as set out in the Code that has been in place throughout the financial year ended 31 December 2022.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

I. BOARD RESPONSIBILITIES

The Board acknowledges its leadership role in the direction and business operations of the Group toward enhancing shareholders’ value and ensuring long term sustainable development and growth of the Group.

The Board delegates the authority to the Group Managing Director who is supported by the Senior Management team in achieving the corporate objectives. The Group Managing Director remains accountable to the Board for the performance of the Group.

The Board also delegates specific responsibilities to Board Committees, namely Audit Committee, Nomination Committee and Remuneration Committee, all of which operate within defined terms of reference. All Board Committees do not have executive power but report to the Board on all matters considered and the ultimate responsibility for decision making on recommendations presented by the Board Committees lies with the Board.

ETHICAL STANDARDS THROUGH CODE OF CONDUCT

The Board is committed to conducting its business in accordance with the high standard of business ethics and complying with the laws, rules and regulations.

The Board has adopted a Code of Conduct covering Business Ethics, workplace safety, employees’ personal conduct and for Directors in the performance and discharge of their duties and responsibilities as Directors of the Company.

The Board has also adopted a Whistleblowing Policy which aims to encourage reporting by employees in good faith, of any suspected and/or known instances of misconduct, wrongdoings, corruption, fraud, waste and/or abuse involving the resources of the Group. The Whistleblowing Policy provides an avenue not only to our employees but also external parties to report any illegal, unethical and misconducts.

The Board has adopted Anti-Bribery and Anti-Corruption Policy which sets out the Group’s zero tolerance approach towards all forms of bribery and corruption. The policy provides guidelines for the employees and associates engaged by and representing or acting on behalf of the Group to ensure compliance with the legislations.

A summary of the Code of Conduct, Anti-Bribery and Anti-Corruption Policy and Whistleblowing Policy are available on the Company’s website at www.suburtiasa.com.

BUSINESS SUSTAINABILITY

The Board is mindful of the importance of business sustainability and the impact on the environment, social and governance aspects in conducting the business is taken into consideration. Subur Tiasa Group also embraces sustainability in its operations and supply chain, through its own actions as well as in partnership with its stakeholders including suppliers, customers and other organizations.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

The Group's activities to promote sustainability during the financial year under review are also disclosed in the Sustainability Statement set out on pages 15 to 25 of this annual report.

ACCESS TO INFORMATION AND ADVICE

Management has an obligation to provide the whole Board with complete, well-focused and adequate information of which it is aware of in order to discharge the Board's responsibilities. The Board therefore expects to receive timely advice on all material information about the Group, its operating units, its activities and performance, particularly any significant variances from a planned course of progress. As a general rule, the agendas and papers on subjects discussed during Board meetings are disseminated to the Board in a timely manner prior to the Board meetings to accord sufficient time for their review, consideration and to seek clarifications (if any) so as to enable them to participate effectively in Board deliberations and decisions making. This, in turn, enables the time at the Board meeting to be conserved and used for focused discussion. All Directors have the rights and duties to make further enquiries whenever necessary.

The Board may seek independent professional advice at the Group's expense, in the furtherance of their duties to make well-informed decisions.

COMPANY SECRETARIES

The Board is supported by qualified and competent Company Secretaries to provide sound governance advice, ensure adherence to Board policies and procedures, laws and regulatory requirements, and advocate adoption of corporate governance best practices in addition to the administrative matters. All Directors have full access to the advice and services of the Company Secretaries at all times.

BOARD CHARTER

The Board has adopted a Board Charter which provides Directors with greater clarity regarding the role of the Board, the requirements of Directors in carrying out their role and discharging their duties to the Company and the Board's operating practices. The Board Charter is reviewed and updated annually in line with changes in the expectations of the investing public and stakeholders of the Company in general and the guidelines issued by the regulatory authorities from time to time.

The summary of the Board Charter is accessible through the Company's website at www.suburtiasa.com.

II. BOARD COMPOSITION

BOARD BALANCE

The Board currently has five (5) members, comprising three (3) Independent Directors, one (1) Non-Independent Non-Executive Director and one (1) Managing Director. Together, the Directors bring wide range of business, regulatory, industry and financial experience relevant to the direction of the Group.

The Board complies with Paragraph 15.02 of the listing requirement of Bursa Malaysia which requires that at least two (2) Directors or one-third (1/3) of the Board, whichever is the higher, are Independent Directors. The Directors have the necessary skills, experience, qualification and other core competencies, in order to carry sufficient weight in making balanced, objective and accountable decisions.

The concept of independence as adopted by the Board is consistent with the definition of an Independent Director as set out in Paragraph 1.01 and Practice Note 13 of the Listing Requirements. The key elements for fulfilling the criteria are the appointment of Directors who are not members of Management and who are free of any relationship which could interfere the exercise of independent judgement or the ability to act in the best interest of the Company and the Group. Although all the Directors have an equal responsibility for the Group's operations, the role of Independent Directors is particularly important in ensuring that the strategies proposed by the management are fully discussed and examined, taking into account the long term interest, not only of the shareholders, but the employees, customers, suppliers and the communities in which the Group operates in.

Further, the current size and composition of the Board are considered adequate to provide an optimum mix of skills, experience and expertise. Although the Chairman is not an Independent Director, more than half of the Board members are Independent Directors. The Board is of the view that with the current Board composition, there is no imbalance of power and authority on the Board between the Non-Independent and Independent Directors. The Board

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

believes that the Chairman is well placed to act in the best interests of the shareholders as a whole. The Board will continue to monitor and review the Board size and composition from time to time.

ANNUAL ASSESSMENT OF INDEPENDENT DIRECTORS

The Board has, through the Nomination Committee, adopted the same criteria of independence as set out in the Listing Requirements to assess the Independent Directors on an annual basis. In assessing the independence of Independent Directors, the Board, taking into account their skills, experience and contributions, as well as their background, will consider whether the Independent Directors have any relationships with the Company and their ability to exercise independent and objective judgement to the Board's deliberations at all times and to act in the best interests of the Company.

The Board, through the Nomination Committee has assessed all the Independent Directors and concluded that they met the criteria and are able to bring unbiased, independent view and advice in discharging their duties and responsibilities.

TENURE OF INDEPENDENT DIRECTORS

Under Practice 4.2 of the Code, it is recommended that the tenure of an Independent Director shall not exceed a cumulative or consecutive term of twelve (12) years. However, the Nomination Committee and the Board have assessed the independence of Mr. Tiong Ing Ming, who has served for more than nine (9) years in the Board and recommended that he continues in office as an Independent Director of the Company based on the following justifications:

- (a) His experience, networking, understanding of business and objectivity in approach enables him to provide the Board and Board Committees with pertinent expertise, skills and competence and his independent judgement will continue to add credence to the Company;
- (b) He remains professionally independent and vocal, actively participated in deliberations and exercised independent judgement at Board and Board Committee meetings without being influenced by operational consideration; and
- (c) He acts in the best interests of all shareholders and his continuation in office as Independent Director will provide a check and balance to operational management.

SEPARATION OF ROLES OF CHAIRMAN AND GROUP MANAGING DIRECTOR

There is a clear division of responsibility between the Chairman and the Group Managing Director to ensure that there is a balance of power and authority to the Board's dynamics, such that no one individual dominates the decision-making process and powers. The positions of Chairman and Group Managing Director are held by different individuals.

The Chairman, YBhg. Datuk Tiong Thai King is a Non-Independent Non-Executive Director who is responsible for the orderly conduct of meetings, facilitating matters between the Board and its investors and stakeholders, leadership, effectiveness, conduct and governance of the Board. The Group Managing Director, YBhg. Dato' Tiong Ing is responsible for the development and implementation of strategy, policies and decisions made by the Board, managing the day-to-day business operations of the Group and in ensuring the efficiency and effectiveness of the operations for the Group.

DIRECTORS' TRAINING

As an integral element of the process in appointing new Directors, the Nomination Committee provides for adequate orientation of newly appointed Directors with respect to the business structure, corporate strategy, risk profile, legal requirements, financial overview as well as expected contributions to the Board and Group.

All the Directors had completed the Mandatory Accreditation Program ("MAP") as required by Bursa Securities. The Board acknowledges that continuous training is important to broaden Directors' perspectives and to keep them abreast with latest developments in the industry, particularly on relevant new laws, regulations and changing risk factors in competitive business environment.

The Board through its Nomination Committee has assessed the training needs of its members to ensure that they are equipped with the necessary skills and knowledge in discharging of their duties as Directors of the Company.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

The descriptions of the training programmes attended by the Directors during the financial year ended 31 December 2022 are as follows:

Director	Seminars / Conference / Trainings Attended
YBhg. Datuk Tiong Thai King	<ul style="list-style-type: none"> - Corporate Directors Training Programme Fundamental 4.0 - Read, Interpret and Analyze Financial Statements for Company Directors & Company Secretaries (Basic Level)
YBhg. Dato' Tiong Ing	<ul style="list-style-type: none"> - Pest and Disease (P&D) Training - Companies Act 2016 - Practical Guide for Company Directors - Read, Interpret and Analyze Financial Statements for Company Directors & Company Secretaries (Basic Level)
Mdm. Ngu Ying Ping	<ul style="list-style-type: none"> - Companies Act 2016 - Practical Guide for Company Directors - Corporate Directors Training Programme Fundamental 4.0 - MFRS 2022/2023 Updates
Mr. Tiong Ing Ming	<ul style="list-style-type: none"> - Corporate Directors Training Programme Fundamental 4.0
Mr. Poh Kee Eng	<ul style="list-style-type: none"> - Read, Interpret and Analyze Financial Statements for Company Directors & Company Secretaries (Intermediate Level)

Throughout the year, all Directors regularly received updates and briefings, particularly from the Company Secretaries, Internal and External Auditors on changes in regulatory and requirements. They continue to remain updated on industrial practice, business environment, information and communication technologies via various in-house talks and online materials.

NOMINATION COMMITTEE

The members of the Nomination Committee for the financial year ended 31 December 2022 are as follows:

Chairperson	Mdm. Ngu Ying Ping	Senior Independent Director
Member	Mr. Tiong Ing Ming	Independent Director
Member	Mr. Poh Kee Eng	Independent Director

The Nomination Committee consists of three (3) members as at end of the financial year, all of whom are Non-Executive Directors and a majority of whom are Independent Directors.

The terms of reference of the Nomination Committee are available at the Company's website at www.suburtiasa.com.

The activities carried out by the Nomination Committee during the financial year ended 31 December 2022 are as follows:

- (a) reviewed the mix of skills, size and composition, experience, core competencies and other qualities required for the Board;
- (b) evaluated the performance and effectiveness of the Board and Board Committees including contribution of each individual director;
- (c) assessed the independence of the Independent Directors;
- (d) assessed the Directors who are due for retirement and re-appointment pursuant to the Company's Constitution and the Companies Act 2016;
- (e) reviewed the term of office, performance and effectiveness of the Audit Committee and Remuneration Committee;
- (f) assessed the training needs of Directors; and
- (g) carried out annual assessment of Directors.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

The Nomination Committee meets as and when required. One (1) meeting was held during the financial year ended 31 December 2022 and was attended by all the members.

CRITERIA FOR RECRUITMENT AND ANNUAL ASSESSMENT OF DIRECTORS

The Code endorses, as good principles, a formal and transparent procedure for appointment of Directors to the Board, where the Nomination Committee shall recommend to the Board the suitable candidates to be appointed. The Code, however, states that the Board as a whole may perform this procedure, although, as a matter of good corporate governance, it is recommended that this responsibility be delegated to an independent committee.

The Nomination Committee is responsible to recommend the identified candidate to the Board if there is vacancy arises from resignation, retirement or any other reasons or if there is a need to appoint additional director with the required skill or profession to the Board.

The Board has adopted a gender diversity policy. The Board currently has two (2) female Directors namely YBhg. Dato' Tiong Ing and Mdm. Ngu Ying Ping. The Board will ensure that women candidates are sought as part of its recruitment exercise should the needs arise in the future.

TIME COMMITMENT

The existing Directors are obliged to notify the Board before accepting any new directorship in other listed issuer. The notification will include an indication of time spent on the new appointment to ensure the Directors have sufficient time to discharge their duties to the Board and other Board Committees on which they serve. All the Directors hold less than five (5) directorships in listed issuers as defined in the Listing Requirements.

All the Directors are required to submit to the Company an update on their total number of directorships held by them in listed issuers every six (6) months for monitoring purpose.

During the financial year ended 31 December 2022, five (5) Board meetings were held. The details of attendance of each of the Directors at the Board meetings were outlined as follows:

Directors	Total
YBhg. Datuk Tiong Thai King	5 out of 5
YBhg. Dato' Tiong Ing	5 out of 5
Mdm. Ngu Ying Ping	5 out of 5
Mr. Tiong Ing Ming	5 out of 5
Mr. Poh Kee Eng	5 out of 5

The Board is satisfied with the level of time commitment given by all the Directors in fulfilling their roles and responsibilities as Directors of the Company.

III. REMUNERATION

The members of the Remuneration Committee are as follows:

Chairperson	Mdm. Ngu Ying Ping	Senior Independent Director
Member	Mr. Tiong Ing Ming	Independent Director
Member	Mr. Poh Kee Eng	Independent Director

The Remuneration Committee consists of three (3) members as at end of financial year, all of whom are Non-Executive Directors and a majority of whom are Independent Directors. The Remuneration Committee met once during the financial year ended 31 December 2022.

The Board has adopted and formalized Remuneration Policies and Procedures for the Directors. Each individual Director has abstained from the Board discussion and decision making on his/her own remuneration.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

The terms of reference of the Remuneration Committee and the Remuneration Policies and Procedures are available at the Company's website at www.suburtiasa.com.

The Remuneration Committee will be responsible for developing the remuneration policy and recommending the remuneration packages for Executive Directors of the Company and its subsidiaries so as to ensure that the remuneration package offered is sufficient to attract and retain Directors with necessary caliber, experience and quality required to run the Group in an effective and efficient manner. In formulating the remuneration package, the Remuneration Committee takes into account the responsibility and job functions, remuneration packages of comparable companies within the same industry as well as individual and corporate performance. The fees for Non-Executive Directors are determined by the Board as a whole.

Details of the remuneration of the Directors of the Company for the financial year ended 31 December 2022 distinguishing between Executive and Non-Executive Directors are set out as below:

	Fee		Salary		Bonus		Other Emoluments		Total	
	Company	Group	Company	Group	Company	Group	Company	Group	Company	Group
	(RM)	(RM)	(RM)	(RM)	(RM)	(RM)	(RM)	(RM)	(RM)	(RM)
Executive Director										
YBhg. Dato' Tiong Ing	60,500	112,500	2,313,000	2,313,000	1,200,000	1,200,000	1,828,160	1,828,160	5,401,660	5,453,660
Non-Executive Director										
YBhg. Datuk Tiong										
Thai King	66,000	66,000	-	-	-	-	-	-	66,000	66,000
Ngu Ying Ping	60,500	112,500	-	-	-	-	-	-	60,500	112,500
Tiong Ing Ming	60,500	60,500	-	-	-	-	-	-	60,500	60,500
Poh Kee Eng	60,500	60,500	-	-	-	-	-	-	60,500	60,500

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

I. AUDIT COMMITTEE

In presenting the annual financial statements and quarterly announcement to shareholders, the Directors have fiduciary responsibility to present a balanced evaluation and comprehensive assessment of the Group's performance, position and prospects.

The Board through its Audit Committee ensures that the quarterly financial statements and audited financial statements prepared are drawn in accordance with the provision of the Companies Act 2016, Listing Requirements and the Financial Reporting Standards in Malaysia. The Audit Committee provides assistance to the Board of Directors in fulfilling these statutory and fiduciary responsibilities with regard to the financial reporting process, reviewing the scope of and results of internal and external auditing processes and monitoring the effectiveness of the internal controls and risk management to ensure the Board makes properly informed decisions and the interests of shareholders are protected.

The Statement of Directors' Responsibility in respect of preparation of financial statements is set out on page 40 of this annual report.

The Company undertakes an annual assessment of the External Auditors, via the Audit Committee, based on the criteria including quality of audit services, audit fees and audit independence as set out in the Auditor Independence Policy.

In supporting the Audit Committee's assessment of their independence, the External Auditors had provided a written assurance, confirming that they were, and had been, independent throughout the conduct of the audit engagement with the Company in accordance with the By-laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants.

During the financial year under review, the Audit Committee met with the External Auditors once without the presence of other Directors and employees. The External Auditors received full cooperation from management, had full access to the Group's records and had no issue of concern that required the Audit Committee's attention.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

Audit and non-audit fees payable by the Group and the Company to the External Auditors during the financial year ended 31 December 2022 are set out below:

	Group FY 2022 RM	Company FY 2022 RM
Statutory audit fee:		
- Crowe Malaysia PLT (a)	394,500	99,000
- Messrs. Nexia Singapore PAC	31,635	-
Total	426,135	99,000
Non-audit fees:		
- Crowe Malaysia PLT	9,500	5,000
Total (b)	9,500	5,000
% of non-audit fees (b/a)	2.4%	5.1%

In considering the nature and scope of non-audit fees, the Audit Committee was satisfied that they were not likely to create any conflict or impair the independence and objectivity of the External Auditors.

The Audit Committee, having assessed the performance and independence of Messrs. Crowe Malaysia PLT for the financial year ended 31 December 2022 was satisfied with their suitability and independence and recommended to the Board for their re-appointment as External Auditors at the forthcoming Annual General Meeting subject to the shareholders' approval.

II. RISK MANAGEMENT AND INTERNAL CONTROL

The Directors acknowledge their responsibilities for the Group's system of internal controls covering not only financial controls but also operational and compliance controls as well as risk management. The Internal Control System involves each business and key management from each business, including the Board, and is designed to meet the Group's particular needs and to manage the risks to which it is exposed. This system, by its nature, can only provide reasonable but not absolute assurance against misstatement or loss.

The Statement on Risk Management and Internal Control on pages 36 to 37 of this annual report provides an overview of the state of risk management and internal controls within the Group.

The Risk Management Committee, led by the Managing Director, YBhg. Dato' Tiong Ing, comprises heads of the respective business units.

The Risk Management Committee provides oversight and direction for the implementation and application of the Risk Management Policy and framework, reviewing Risk Management Policy and framework and make recommendation to the Board for approval, reviewing risk management process and assessing whether they provide reasonable assurance that risk are effectively managed, reviewing key business risks to ensure that action and risk mitigation plans have been implemented effectively, encouraging promotion of risk management awareness among the staff and reporting key business risks of the Group to the Board.

INTERNAL AUDIT FUNCTION

The Board has established an internal audit function within the Company, which is led by the Head of Internal Audit who reports directly to the Audit Committee. The Audit Committee reviews and approves the annual internal audit plan and audit program and ensures that there are adequate resources available for the Internal Auditors to carry out their audit responsibilities.

Details of the Company's internal audit functions are set out in the Audit Committee Report on page 39 of this annual report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

I. COMMUNICATION WITH STAKEHOLDERS

The Board and management value the importance of effective and transparent communications with shareholders and investors. This is achieved through the timely release of annual reports, quarterly announcements and other corporate announcements made to Bursa Securities. Corporate and financial information on the Group are easily accessible by the shareholders and the public through the Company's website, www.suburtiasa.com. The website provides up-to-date corporate details, overview of business activities and operations, Company's performance and position, annual reports, and all announcements made. This ensures no selective dissemination of information and there is always symmetry of information disclosure.

Currently, communications are made through the quarterly announcements of financial results to Bursa Securities, relevant announcements and circulars, general meetings of shareholders and the Company's website www.suburtiasa.com where shareholders can access corporate information, annual reports, financial information and Company announcements.

II. CONDUCT OF GENERAL MEETINGS

The Annual General Meeting is a crucial mechanism as it provides the Board an important forum for shareholders' communication. At each Annual General Meeting, the Board encourages shareholders to participate in question and answer session in order to communicate their views and to seek clarifications. The Chairman, members of the Board, Company Secretaries, Senior Management and External Auditors are present to address queries during the meeting.

All concerns or queries regarding the Group may be conveyed to the Senior Independent Director at the Company's registered address and feedback and responses will be provided where such information can be made available to the public.

Notice of Annual General Meeting is issued and served to all shareholders at least twenty-eight (28) days prior to the Annual General Meeting. The outcome of the annual general meeting is announced to Bursa Securities on the same meeting day.

Each item of special business included in the notice of the Annual General Meeting is accompanied by a full explanation of the effects of a proposed resolution in order to facilitate understanding and evaluation of the issues involved. Separate resolutions are proposed at the Annual General Meeting for each separate issues.

COMPLIANCE STATEMENT

The Group is considered complied with the principles and recommendations of the Code, except for those disclosed herein before. With the introduction of the new Code, the Board remains committed to inculcating good corporate governance for the Group. The Group will continue to endeavor to comprehend with all the key principles and practices of the new Code where the Board deems appropriate, in its efforts to observe high standard of transparency, accountability and integrity to achieve the intended outcome.

This statement is made in accordance with the resolution of the Board of Directors dated 6 April 2023.

ADDITIONAL COMPLIANCE INFORMATION

The following information is presented in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Listing Requirements”):

MATERIAL CONTRACTS

There were no material contracts (not being contracts entered into in the ordinary course of business) entered into by the Company or its subsidiaries involving interests of the directors and major shareholders, either subsisting at the end of the financial year ended 31 December 2022 or entered into since the end of the previous financial year.

RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE (“RRPT”)

The significant RRPT entered into during the financial year under review are disclosed in Note 36 to the Financial Statements. A breakdown of the aggregate value of the RRPT conducted pursuant to the shareholder mandate during the financial year where the aggregate value is equal to or more than the threshold prescribed under paragraph 10.09(1)(a) of the Listing Requirements, are set out below:

Type of RRPT	Name of Related Party(ies)	Relationship with the Group ¹	RRPT Amount for financial year ended 31 December 2022 RM'000
Contract fee income for logging / reforestation	Rejang Height Sdn Bhd	A	35,045
Sale of fresh fruit bunches	Unique Palm Oil Mill Sdn Bhd	B	20,058
	Palmgroup Palm Oil Mill Sdn Bhd	C	33,992
		Total	54,050
Purchase of adhesive materials	Petanak Enterprises Sdn Bhd	A	11,383
Purchase of logs	Rejang Height Sdn Bhd	A	58,483
Purchase of spare parts and equipments	Rimbunan Hijau General Trading Sdn Bhd	A	183

Note:

- 1 The relationships denoted by A to C indicate that the following persons have interest in the related parties that transacted with the Group:
 - A These are companies in which Tan Sri Datuk Sir Diong Hiew King @ Tiong Hiew King, a major shareholder of the Company and a director of certain subsidiaries, has interest, both direct and/or indirect interest.
 - B The Group's Managing Director, Dato' Tiong Ing has indirect interest.
 - C Datuk Tiong Thai King is brother of Tan Sri Datuk Sir Diong Hiew King @ Tiong Hiew King, a major shareholder of the Company and uncle to Dato Tiong Ing, who is the Managing Director of the Company.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board of Directors (“Board”) upholds their commitment to maintaining a sound system of risk management and internal control to safeguard shareholders’ investments and the Group’s assets. Pursuant to paragraph 15.26(b) of the Bursa Malaysia Securities Berhad’s (“Bursa Malaysia”) Main Market Listing Requirements and guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, the Board is pleased to present the Statement on Risk Management and Internal Control of the Group.

BOARD RESPONSIBILITY

The Board recognises the importance of a sound risk management framework and internal control system for good corporate governance and acknowledges its responsibility to establish a sound risk management framework and internal control system.

However, in view of the inherent limitations in any system, such system of risk management and internal control is designed to manage rather than to eliminate risks of failure to the achievement of the Group’s business objectives. The system can therefore only provide reasonable and not absolute assurance against material misstatements or losses, fraud, contingencies or any irregularities.

RISK MANAGEMENT FRAMEWORK

The Group has put in place an ongoing risk management process to identify, evaluate, monitor and manage significant risks that affect the achievement of the Group’s business objectives. The process is supported by policies, procedures, methodologies, evaluation criteria and documentation requirements to ensure clarity and consistency of application across the Group. Risk management is practised within the Group on an iterative basis.

The Group’s risk profile is assessed through a bottom-up approach covering operating and supporting functions. Major business units and departments implement risk identification process to assess, evaluate and review risks pertaining to their areas of supervision and control and implement controls to manage these risks. Risk profiles of business units or departments are regularly reviewed to ensure they remain effective and current.

The Board confirms that the risk management process in identifying, evaluating and managing key business risks faced by the Group has been in place throughout the financial year ended 31 December 2022 and up to the date of approval of this statement.

The Board on an annual basis reviews the adequacy and effectiveness of risk management process and ensures that appropriate processes to identify and assess key business risks of the Group are implemented and appropriate measures are taken to mitigate these risks by Management. The Group has a Risk Management Committee which is chaired by the Group Managing Director and comprises Senior Management of the Group, to provide oversight and added impetus to the risk management process.

INTERNAL CONTROL SYSTEM

The Group has in place a system of internal control that provides reasonable assurance that assets of the Group are safeguarded, transactions are properly authorized and recorded and risks are managed effectively. Existing internal controls which are embedded in the daily operations of the Group are stated as follows:-

- Policies and procedures have been established for key business processes and support functions to ensure that there are adequate risk management, financial and operational policies, procedures and rules relating to the roles and responsibilities, delegation and segregation of duties;
- Annual business plans and operating budgets are prepared by business and operating units, and are approved by the Board. Actual performances and significant variances against budget are monitored on an ongoing basis;
- Management and the Board receives timely, relevant and reliable management and financial reports which are reviewed on a regular basis;
- The Group has in place a Management Information System that captures, compiles, analyzes and reports relevant data, which enables management to make business decisions in an accurate and timely manner;

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

- The Group's policies and procedures are reviewed and revised periodically to meet changing business and operational needs and regulatory requirements;
- Board meetings are held at least on a quarterly basis with a formal agenda on matters for discussion. In addition, regular management and operational meetings are conducted by Senior Management which comprises the Managing Director and divisional heads; and
- The Group's Internal Audit function monitors compliance with policies, procedures, laws and regulations, and provides independent assurance on the adequacy and effectiveness of the system of risk management and internal controls by conducting regular audits and continuous assessment. Significant audit findings and recommendations for improvements are highlighted to Senior Management and the Audit Committee, with periodic follow-up reviews of the implementation of corrective action plans.

The internal control system is reviewed by the Board through its Audit Committee which is supported by Internal Audit function. On a quarterly basis, reports are prepared on the adequacy, efficiency and effectiveness of the internal control system based on the annual audit plan approved by the Audit Committee.

BOARD'S ASSESSMENT

The Board has reviewed the adequacy and effectiveness of the risk management and internal control system. Based on the results of these reviews as well as the assurance it has received from the Group Managing Director, the Board is of the view that the Group's risk management and internal control system is operating adequately and effectively throughout the financial year ended 31 December 2022 and up to the date of approval of this statement.

REVIEW OF THIS STATEMENT

Pursuant to paragraph 15.23 of Bursa Malaysia Securities Berhad Main Market Listing Requirements, the external auditors have reviewed this statement for inclusion in the Annual Report for the financial year ended 31 December 2022 and reported to the Board that nothing has come to their attention that causes them to believe that this statement is inconsistent with their understanding of the process the Board has adopted for review of adequacy and effectiveness of the system of internal control and risk management.

This Statement is made in accordance with the resolution of the Board dated 6 April 2023.

AUDIT COMMITTEE REPORT

The Board of Directors (“Board”) of Subur Tiasa Holdings Berhad is pleased to present the Audit Committee Report for the financial year ended 31 December 2022.

The primary objective of the Audit Committee (“Committee”) is to assist the Board in discharging its statutory duties and responsibilities relating to the corporate accounting and practices for the Company and all its subsidiaries (“Group”) and to ensure the adequacy and effectiveness of the Group’s internal control measures.

MEMBERS AND ATTENDANCE OF MEETINGS

The Committee comprises the Directors as listed below. All members of the Committee are financially literate. During the financial year ended 31 December 2022, five (5) meetings were held. The details of attendance of each of them are outlined as follows:

NAME	DESIGNATION	NO. OF MEETINGS HELD	ATTENDANCE OF MEETINGS
Mdm. Ngu Ying Ping	Chairman (Senior Independent Director)	5	5
Mr. Tiong Ing Ming	Member (Director)	5	5
Mr. Poh Kee Eng	Member (Director)	5	5

Details of training attended by members of the Committee are disclosed in the Corporate Governance Overview Statement set out on page 30 of this annual report.

The Group Managing Director, Chief Financial Officer, internal auditors and company secretaries attended all the meetings held during the financial year ended 31 December 2022. External auditors attended three (3) of these meetings. All proceedings, matters arising and deliberations in terms of the issue discussed, and recommendation of the committee are recorded in the minutes by the Company Secretaries, confirmed by the Committee, and signed by the Chairman. The Chairman reports on the main findings and deliberations at the meetings as well as its recommendations and views to the Board.

Terms of Reference

The terms of reference of the Committee are available at the company website at www.suburtiasa.com.

SUMMARY OF WORK OF THE AUDIT COMMITTEE

In order to discharge its duties and responsibilities in line with its terms of reference, the activities undertaken by the Committee during the financial year ended 31 December 2022 were as follows:

- a) Review of the internal and external auditors’ annual audit plans, scope of work and discuss results of their examinations and recommendations;
- b) Review with the internal and external auditors the results of their audit, the audit report and internal control recommendations and management’s responses thereto;
- c) Review of the quarterly and annual financial results of the Group to ensure that the financial reporting and disclosures presented a true and fair view of the financial position and performance of the Group prior to recommendation to the Board for consideration and approval;
- d) Review of the related party transactions entered into by the Group and assess conflict of interest situation that may arise;
- e) Assessment of external auditors, consideration of the re-appointment of external auditors and their fees;
- f) Review of the Statement on Risk Management and Internal Control and Audit Committee Report prior to recommendation to the Board for consideration and approval;
- g) Review of the adequacy of scope, functions, competency and resources of the Internal Audit and perform annual assessment of Internal Audit Department’s function;
- h) Meeting with the external auditors without the presence of the other directors and employees of the Group; and
- i) Review of the draft circular to shareholders in relation to the proposed renewal of shareholder mandates for recurrent related party transactions of a revenue or trading nature.

AUDIT COMMITTEE REPORT (CONT'D)

INTERNAL AUDIT FUNCTION

The company has an in-house internal audit function. The Internal Audit Department plays an essential role in assisting the Committee in discharging its duties and functions. It undertakes independent, regular and systematic review of the system of internal control so as to provide reasonable assurance that such system continues to operate satisfactorily and effectively within the Group.

Annual audit plan is reviewed and approved by the Committee prior to the commencement of new financial year. The Internal Audit Department performs planned and routine audit covering all operating units within the Group i.e. forest operations, oil palm operations, manufacturing operations and including head office functions such as finance, human resources, IT and other administrative support. The emphasis is dependent on risk areas and its regular assessment. Internal Audit Department also performs ad-hoc audits and investigative assignments whenever relevant and so required. Audit reports are issued to the Committee incorporating findings and recommendations to rectify weaknesses or enhance controls as noted in the course of audits. Management's comments are incorporated in the audit findings with a commitment to improve on an agreed timeline. A monitoring or follow-up system is in place to ensure that all corrective and preventive actions had been taken by the Management on the agreed audit issues and recommendations disclosed in the audit reports.

The total cost incurred for the internal audit function in respect of financial year ended 31 December 2022 was RM785,084 (2021: RM1,086,576).

This report is made in accordance with resolution of the Board of Directors dated 6 April 2023.

STATEMENT ON DIRECTORS' RESPONSIBILITIES FOR PREPARING THE ANNUAL FINANCIAL STATEMENTS

The Directors are required under the Main Market Listing Requirements of Bursa Malaysia Securities Berhad to issue a statement explaining their responsibility for preparing the financial statements.

The Directors are also required by the Companies Act 2016 to prepare financial statements for each financial year, which give a true and fair view of the affairs of the Group and the Company at the end of the financial year, the results and cash flows of the Group and the Company for the financial year.

In preparing those statements, the Directors have:

- applied the appropriate and relevant accounting policies on consistent basis;
- made judgements and estimates that are prudent and reasonable;
- ensured applicable accounting standards have been followed; and
- prepared the financial statements on the going concern basis as the Directors have reasonable expectation, having made enquiries, that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future.

The Directors hereby confirm that suitable accounting policies have been consistently applied in respect of the preparation of the financial statements and that the Group and the Company maintain adequate accounting records. Sufficient internal controls are also in place to safeguard the assets of the Group and the Company and to prevent as well as to detect fraud and other irregularities.

This statement is made in accordance with the resolution of the Board of Directors dated 6 April 2023.



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DIRECTORS' REPORT

The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2022.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding, provision of management services, extraction and sale of logs. The principal activities of the subsidiaries are set out in Note 6 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	The Group RM'000	The Company RM'000
Profit after taxation for the financial year	44,703	18,939
Attributable to:-		
Owners of the Company	46,333	18,939
Non-controlling interests	(1,630)	-
	<u>44,703</u>	<u>18,939</u>

DIVIDENDS

No dividend was paid since the end of the previous financial period and the directors do not recommend the payment of any dividend for the current financial year.

RESERVES AND PROVISIONS

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

ISSUES OF SHARES AND DEBENTURES

During the financial year:-

- (a) there were no changes in the issued and paid-up share capital of the Company; and
- (b) there were no issues of debentures by the Company.

TREASURY SHARES

As at 31 December 2022, the Company held as treasury shares a total of 20,690,800 of its 209,000,000 issued and fully paid-up ordinary shares. The treasury shares are held at a carrying amount of RM55,014,349. The details on the treasury shares are disclosed in Note 20 to the financial statements.

OPTIONS GRANTED OVER UNISSUED SHARES

During the financial year, no options were granted by the Company to any person to take up any unissued shares in the Company.

DIRECTORS' REPORT (CONT'D)

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for impairment losses on receivables, and satisfied themselves that there are no known bad debts and that adequate allowance had been made for impairment losses on receivables.

At the date of this report, the directors are not aware of any circumstances that would require the writing off of bad debts, or the additional allowance for impairment losses on receivables in the financial statements of the Group and of the Company.

CURRENT ASSETS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ensure that any current assets, which were unlikely to be realised in the ordinary course of business, including their value as shown in the accounting records of the Group and of the Company, have been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements misleading.

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

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

- (a) any charge on the assets of the Group and of the Company that has arisen since the end of the financial year which secures the liabilities of any other person; or
- (b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

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

CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Group and of the Company during the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, 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.

DIRECTORS' REPORT (CONT'D)

DIRECTORS

The names of directors of the Company who served during the financial year and up to the date of this report are as follows:-

YBhg. Datuk Tiong Thai King
 YBhg. Dato' Tiong Ing
 Ngu Ying Ping
 Tiong Ing Ming
 Poh Kee Eng

The names of directors of the Company's subsidiaries who served during the financial year and up to the date of this report, not including those directors mentioned above, are as follows:-

YBhg. Tan Sri Datuk Amar Haji Bujang Bin Mohammed Nor
 Tiong Chiong Ie
 Teng King Huat
 Samuel James Tai Huei
 Daniel James Tai Hann
 Deborah Elaine Tai Hwe-Lan
 Ng Kim Fui
 Spuan @ Sapuan Bin Ahmad
 Tiong Kiong King
 Datu Monaliza Binti Zaidel
 Idris Bin Ibrahim
 YBhg. Tan Sri Datuk Sir Diong Hiew King @ Tiong Hiew King (Resigned on 15.2.2023)

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors holding office at the end of the financial year in shares of the Company and its related corporations during the financial year are as follows:-

	← Number of Ordinary Shares →			
	At 1.1.2022	Bought	Sold	At 31.12.2022
<i>Direct Interests in the Company</i>				
YBhg. Datuk Tiong Thai King	987,120	-	-	987,120
YBhg. Dato' Tiong Ing	1,830,013	15,300	-	1,845,313
<i>Indirect Interests in the Company</i>				
YBhg. Dato' Tiong Ing #	525,175	10,000	-	535,175

Deemed interested by virtue of her substantial shareholdings in Unique Wood Sdn. Bhd., ETI Blessed Holdings Sdn. Bhd. and the interests of her children in the Company.

The other directors holding office at the end of the financial year had no interest in shares of the Company or its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial period, no director has received or become entitled to receive any benefit (other than directors' remuneration as disclosed in the "Directors' Remuneration" of this report) 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 except for any benefits which may be deemed to arise from transactions entered into in the ordinary course of business with companies in which certain directors have substantial financial interests as disclosed in Note 36(b) to the financial statements.

Neither during nor at the end of the financial year was the Group or the Company a party to any arrangements whose object is to enable the directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

DIRECTORS' REPORT (CONT'D)

DIRECTORS' REMUNERATION

The details of directors' remuneration paid or payable to the directors of the Group and of the Company during the financial year are as follows:-

	The Group RM'000	The Company RM'000
Fees	412	308
Salaries, bonuses and other benefits	4,770	4,770
Defined contribution benefits	571	571
	<u>5,753</u>	<u>5,649</u>

INDEMNITY AND INSURANCE COST

During the financial year, there is no indemnity given to or professional indemnity insurance effected for directors, officers or auditors of the Company.

SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 6 to the financial statements.

AUDITORS

The auditors, Crowe Malaysia PLT, have expressed their willingness to continue in office.

The details of the auditors' remuneration for the financial year are as follows:-

	The Group RM'000	The Company RM'000
Audit fees	426	99
Non-audit fees	5	5
	<u>431</u>	<u>104</u>

Signed in accordance with a resolution of the directors dated 6 April 2023.

YBhg. Datuk Tiong Thai King
Chairman

YBhg. Dato' Tiong Ing
Managing Director

STATEMENT BY DIRECTORS PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, YBhg. Datuk Tiong Thai King and YBhg. Dato' Tiong Ing, being two of the directors of Subur Tiasa Holdings Berhad, state that, in the opinion of the directors, the financial statements set out on pages 52 to 150 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2022 and of their financial performance and cash flows for the financial year ended on that date.

Signed in accordance with a resolution of the directors dated 6 April 2023.

YBhg. Datuk Tiong Thai King
Chairman

YBhg. Dato' Tiong Ing
Managing Director

STATUTORY DECLARATION PURSUANT TO SECTION 251(1)(B) OF THE COMPANIES ACT 2016

I, Kelvin Chung Vui Yeng, MIA Membership Number: 47542, being the officer primarily responsible for the financial management of Subur Tiasa Holdings Berhad, do solemnly and sincerely declare that the financial statements set out on pages 52 to 150 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovementioned
Kelvin Chung Vui Yeng
at Sibul
in the State of Sarawak
on this 6 April 2023.

Kelvin Chung Vui Yeng
Officer

Before me

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SUBUR TIASA HOLDINGS BERHAD (Incorporated in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Subur Tiasa Holdings Berhad, which comprise the statements of financial position as at 31 December 2022 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 52 to 150.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2022, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our 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.

Material Uncertainty Related to Going Concern

We draw attention to Note 4 in the financial statements, which indicates that as at 31 December 2022, the Group's current liabilities exceeded its current assets by RM378.8 million (2021: RM393.8 million). This condition gives rise to concerns about whether the Group has sufficient cash flows to meet its obligations for the next 12 months from the end of the reporting period, and whether the use of going concern basis in the preparation of the financial statements is appropriate. This was in spite of the net profit of RM44.7 million (2021: RM73.0 million) and net operating cash inflows of RM96.9 million (2021: RM172.5 million) recorded by the Group for the financial year.

In assessing the appropriateness of the financial statements having been prepared on the going concern basis, management has considered the Group's cash flows forecast for the financial year ending 31 December 2023 taking into account the factors as enumerated in Note 4 to the financial statements as well as the availability of approved unutilised credit facilities granted to the Group.

Barring any unforeseen circumstances, management has a reasonable expectation that the Group will generate sufficient cash flows for the next 12 months to allow it fulfilling its obligations as and when they arise. Accordingly, the financial statements of the Group have been prepared on the going concern basis.

Our opinion is not modified in respect of this matter.

INDEPENDENT AUDITORS' REPORT (CONT'D) TO THE MEMBERS OF SUBUR TIASA HOLDINGS BERHAD (Incorporated in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

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.

In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Impairment of Property, Plant and Equipment Refer to Note 7 in the financial statements	
Key Audit Matter	How our audit addressed the key audit matter
<p>The Group has property, plant and equipment with an aggregate carrying amount of RM1,068.4 million as at 31 December 2022. Following a review of the business, the outlook for the timber industry and the Group's operating plans, management assessed the carrying amount of these property, plant and equipment. An impairment loss of RM3.1 million (2021: RM1.1 million) was recognised for the financial year.</p> <p>The Group shall assess at the end of each reporting period whether there is any indication that the property, plant and equipment may be impaired. If any such indication exists, the Group shall estimate the recoverable amounts of these assets.</p> <p>Management uses independent professional valuers to determine the fair values of property, plant and equipment of those subsidiaries (involving in the timber-related businesses) that had been making losses for the past few years.</p> <p>We gave audit focus on the impairment of property, plant and equipment because of the significant judgement required for the determination of recoverable amounts of these property, plant and equipment.</p>	<p>Our procedures included, amongst others:-</p> <ul style="list-style-type: none"> ▪ assessing the competence, capabilities and objectivity of management's valuation experts. ▪ evaluating the valuation methodologies and the appropriateness of the assumptions used by the valuation experts. ▪ evaluating the adequacy of the disclosures in the financial statements, including disclosures of key assumptions and judgements.

INDEPENDENT AUDITORS' REPORT (CONT'D) TO THE MEMBERS OF SUBUR TIASA HOLDINGS BERHAD (Incorporated in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Key Audit Matters (Cont'd)

Fair Values of Biological Assets Refer to Note 10 in the financial statements	
Key Audit Matter	How our audit addressed the key audit matter
<p>As at 31 December 2022, the Group's biological assets carried a fair value in an aggregate of RM76.8 million. The biological assets of the Group comprise fresh fruit bunches ("FFBs") and standing timbers prior to harvest.</p> <p>Management uses the income approach to estimate the fair values of FFBs and standing timbers by discounting the net cash flows expected to be generated from the sale of these agricultural produce. This approach uses several key assumptions, including assumptions about future prices of FFBs and standing timbers, as well as yields of oil palm and different species of trees.</p> <p>Due to the degree of management judgement involved in estimating the fair values of biological assets, we considered this to be an area of audit focus.</p>	<p>Our procedures included, amongst others:-</p> <ul style="list-style-type: none"> ▪ evaluating the valuation methodologies and the appropriateness of assumptions used by management. ▪ evaluating the adequacy of the disclosures in the financial statements, including disclosures of key assumptions and judgements.
Valuation of Inventories Refer to Note 15 in the financial statements	
Key Audit Matter	How our audit addressed the key audit matter
<p>The Group's inventories were stated at a carrying amount of RM73.6 million as at 31 December 2022. These inventories mainly consist of work-in-progress and finished goods.</p> <p>Inventories are measured at the lower of cost and net realisable value. The cost of work-in-progress and finished goods is based on a bill of materials that includes an allocation of the costs, including labour and overheads, to convert raw materials into finished goods.</p> <p>The allocation of conversion costs and the assessment of net realisable value of inventories on hand as at the end of the reporting period require management estimates and judgements. This, in combination with the significance of inventories in the financial statements, made us identifying the valuation of inventories as a key audit matter of our audit.</p>	<p>Our procedures included, amongst others:-</p> <ul style="list-style-type: none"> ▪ understanding management's process in determining an appropriate costing basis, including the allocation of labour and overhead costs. ▪ comparing, on a sample basis, the net realisable value to the cost of inventories as at the end of the reporting period to assess the reasonableness of inventories write-down; including testing the actual selling prices of inventories post year-end and the estimated costs to make the sale. ▪ evaluating the adequacy of the disclosures in the financial statements.

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.

INDEPENDENT AUDITORS' REPORT (CONT'D) TO THE MEMBERS OF SUBUR TIASA HOLDINGS BERHAD (Incorporated in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Information Other than the Financial Statements and Auditors' Report Thereon (Cont'd)

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 Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and 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 Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability 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.

INDEPENDENT AUDITORS' REPORT (CONT'D) TO THE MEMBERS OF SUBUR TIASA HOLDINGS BERHAD (Incorporated in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also (cont'd):-

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

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

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

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current 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 6 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.

Crowe Malaysia PLT
201906000005 (LLP0018817-LCA) & AF1018
Chartered Accountants

Morris Hii Su Ong
01682/04/2025 J
Chartered Accountant

6 April 2023

Sibu, Sarawak

STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

	Note	The Group		The Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
ASSETS					
NON-CURRENT ASSETS					
Investments in subsidiaries	6	-	-	594,769	549,060
Property, plant and equipment	7	1,068,434	1,023,858	61,148	111,148
Investment properties	8	158,033	158,663	1,400	1,400
Land held for property development	9	6,637	6,637	-	-
Biological assets	10	70,850	66,944	-	-
Intangible assets	11	19,397	19,872	-	-
Investment securities	12	17,267	15,258	17,267	15,258
Goodwill	13	2,720	2,720	-	-
Other receivables	17	3,317	-	-	-
Amount owing by subsidiaries	14	-	-	178,331	193,356
		<u>1,346,655</u>	<u>1,293,952</u>	<u>852,915</u>	<u>870,222</u>
CURRENT ASSETS					
Inventories	15	73,612	69,935	5,306	3,267
Biological assets	10	5,911	8,889	-	-
Trade receivables	16	45,392	30,594	12,268	6,730
Other receivables, deposits and prepayments	17	28,669	34,145	5,577	9,006
Current tax assets		2,575	1,597	21	698
Deposits with licensed banks	18	11,784	1,575	3,597	421
Cash and bank balances		8,365	4,997	2,318	2,554
		<u>176,308</u>	<u>151,732</u>	<u>29,087</u>	<u>22,676</u>
TOTAL ASSETS		<u>1,522,963</u>	<u>1,445,684</u>	<u>882,002</u>	<u>892,898</u>
EQUITY AND LIABILITIES					
EQUITY					
Share capital	19	268,680	268,680	268,680	268,680
Treasury shares	20	(55,014)	(55,014)	(55,014)	(55,014)
Reserves	21	450,593	402,231	378,012	357,044
		<u>664,259</u>	<u>615,897</u>	<u>591,678</u>	<u>570,710</u>
Equity attributable to owners of the Company		664,259	615,897	591,678	570,710
Non-controlling interests	6	3,905	5,535	-	-
TOTAL EQUITY		<u>668,164</u>	<u>621,432</u>	<u>591,678</u>	<u>570,710</u>

The annexed notes form an integral part of these financial statements.

STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2022 (CONT'D)

	Note	The Group		The Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
NON-CURRENT LIABILITIES					
Bank borrowings	22	224,215	213,778	8,044	8,482
Deferred tax liabilities	25	75,427	64,909	-	-
		<u>299,642</u>	<u>278,687</u>	<u>8,044</u>	<u>8,482</u>
CURRENT LIABILITIES					
Trade payables	26	98,363	94,862	25,386	11,528
Other payables, deposits and accruals	27	18,565	22,695	8,929	9,156
Amount owing to subsidiaries	14	-	-	71,761	97,079
Bank borrowings:-	22				
- bank overdrafts		2,001	717	-	378
- other borrowings		435,662	422,608	176,204	195,565
Current tax liabilities		566	4,683	-	-
		<u>555,157</u>	<u>545,565</u>	<u>282,280</u>	<u>313,706</u>
TOTAL LIABILITIES		<u>854,799</u>	<u>824,252</u>	<u>290,324</u>	<u>322,188</u>
TOTAL EQUITY AND LIABILITIES		<u>1,522,963</u>	<u>1,445,684</u>	<u>882,002</u>	<u>892,898</u>

The annexed notes form an integral part of these financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	The Group		The Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
REVENUE	28	585,027	606,645	230,104	202,527
COST OF SALES		(426,883)	(374,208)	(162,215)	(115,523)
GROSS PROFIT		158,144	232,437	67,889	87,004
OTHER INCOME		8,950	24,003	9,391	17,778
ADMINISTRATIVE EXPENSES		(24,582)	(72,463)	(29,912)	(40,085)
SELLING AND DISTRIBUTION EXPENSES		(49,351)	(52,451)	(6,607)	(15,755)
OTHER EXPENSES		(3,087)	(1,145)	(2,791)	(58,431)
FINANCE COSTS	29	(20,784)	(24,071)	(10,166)	(15,321)
NET IMPAIRMENT (LOSSES)/GAINS ON FINANCIAL ASSETS	30	(1,111)	4,479	(8,519)	11,113
PROFIT/(LOSS) BEFORE TAXATION	31	68,179	110,789	19,285	(13,697)
INCOME TAX EXPENSE	32	(23,476)	(37,836)	(346)	404
PROFIT/(LOSS) AFTER TAXATION		44,703	72,953	18,939	(13,293)
OTHER COMPREHENSIVE INCOME					
<u>Items that Will Not be Reclassified Subsequently to Profit or Loss</u>					
Fair value changes of equity investments		2,029	7,353	2,029	7,353
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR/PERIOD		46,732	80,306	20,968	(5,940)
PROFIT/(LOSS) AFTER TAXATION ATTRIBUTABLE TO:-					
Owners of the Company		46,333	72,613	18,939	(13,293)
Non-controlling interests		(1,630)	340	-	-
		44,703	72,953	18,939	(13,293)
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:-					
Owners of the Company		48,362	79,966	20,968	(5,940)
Non-controlling interests		(1,630)	340	-	-
		46,732	80,306	20,968	(5,940)
EARNINGS PER SHARE (SEN)	33				
Basic		24.61	38.56		
Diluted		24.61	38.56		

The annexed notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Share Capital RM'000	Treasury Shares RM'000	Non- distributable Fair Value Reserve RM'000	Distributable Retained Profits RM'000	Attributable to Owners of the Company RM'000	Non- controlling Interests RM'000	Total Equity RM'000
The Group							
Balance at 1.8.2020	268,680	(55,166)	(37,568)	359,833	535,779	4,195	539,974
Profit after taxation for the financial period	-	-	-	72,613	72,613	340	72,953
Other comprehensive income for the financial period:- - fair value changes of equity investments	-	-	7,353	-	7,353	-	7,353
Total comprehensive income for the financial period	-	-	7,353	72,613	79,966	340	80,306
Contributions by and distributions to owners of the Company:- - sale of treasury shares - additional investments in existing subsidiaries by non-controlling interests		152	-	-	152	-	152
Total transactions with owners	-	152	-	-	152	1,000	1,152
Balance at 31.12.2021	268,680	(55,014)	(30,215)	432,446	615,897	5,535	621,432

The annexed notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

The Group	Share Capital RM'000	Treasury Shares RM'000	Non-distributable Fair Value Reserve RM'000	Distributable Retained Profits RM'000	Attributable to Owners of the Company RM'000	Non-controlling Interests RM'000	Total Equity RM'000
Balance at 31.12.2021/1.1.2022	268,680	(55,014)	(30,215)	432,446	615,897	5,535	621,432
Profit/(loss) after taxation for the financial year	-	-	-	46,333	46,333	(1,630)	44,703
Other comprehensive income for the financial year:- - fair value changes of equity investments	-	-	2,029	-	2,029	-	2,029
Total comprehensive income for the financial year	-	-	2,029	46,333	48,362	(1,630)	46,732
Balance at 31.12.2022	268,680	(55,014)	(28,186)	478,779	664,259	3,905	668,164

The annexed notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	Share Capital RM'000	Treasury Shares RM'000	Non- distributable Fair Value Reserve RM'000	Distributable Retained Profits RM'000	Total Equity RM'000
The Company						
Balance at 1.8.2020		268,680	(55,166)	(37,568)	400,552	576,498
Loss after taxation for the financial period		-	-	-	(13,293)	(13,293)
Other comprehensive income for the financial period:-						
- fair value changes of equity investments		-	-	7,353	-	7,353
Total comprehensive income for the financial period		-	-	7,353	(13,293)	(5,940)
Contributions by and distributions to owners of the Company:-						
- sale of treasury shares	20	-	152	-	-	152
Total transactions with owners		-	152	-	-	152
Balance at 31.12.2021/1.1.2022		268,680	(55,014)	(30,215)	387,259	570,710
Profit after taxation for the financial year		-	-	-	18,939	18,939
Other comprehensive income for the financial year:-						
- fair value changes of equity investments		-	-	2,029	-	2,029
Total comprehensive income for the financial year		-	-	2,029	18,939	20,968
Balance at 31.12.2022		268,680	(55,014)	(28,186)	406,198	591,678

The annexed notes form an integral part of these financial statements.

STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit/(loss) before taxation	68,179	110,789	19,285	(13,697)
Adjustments for:-				
Allowance for slow-moving inventories	21	55	-	55
Amortisation of intangible assets	361	348	-	-
Changes in fair value of:-				
- biological assets	2,978	8,104	-	-
- investment properties	630	(7,033)	-	-
- investment securities	36	22	36	22
Depreciation of property, plant and equipment	54,379	72,336	7,748	14,872
Dividend income	(21)	(32)	(30,021)	(32,532)
Gain on derecognition of leases	(17)	(7)	(9)	(6)
Gain on disposal of property, plant and equipment	(2,783)	(4,713)	(701)	(2,142)
Impairment losses on:-				
- amount owing by subsidiaries	-	-	6,419	4,182
- investments in subsidiaries	-	-	21,767	58,431
- property, plant and equipment	3,087	1,145	-	-
- trade and other receivables	2,609	507	2,291	507
Impairment losses no longer required on:-				
- amount owing by subsidiaries	-	-	(167)	(15,179)
- investments in subsidiaries	-	-	(18,976)	-
- trade and other receivables	(1,498)	(4,986)	(24)	(623)
Interest expense	20,784	24,071	10,166	15,321
Interest income	(647)	(372)	(6,743)	(9,776)
Prepayment written off	-	1,561	-	1,561
Property, plant and equipment written off	771	22	3	9
Reversal of allowance for slow-moving inventories	(1,120)	(1,131)	(88)	-
Unrealised loss/(gain) on foreign exchange	222	179	11	(26)
Write-down of inventories	4,278	4,674	-	-
Operating profit before working capital changes	152,249	205,539	10,997	20,979
(Increase)/decrease in inventories	(6,856)	21,401	(1,951)	4,266
Increase in trade and other receivables	(13,673)	(16,082)	(4,385)	(2,446)
(Decrease)/increase in trade and other payables	(927)	(7,227)	13,627	(1,121)
Net decrease in amount owing by subsidiaries	-	-	3,455	178,751
CASH FROM OPERATIONS	130,793	203,631	21,743	200,429
Income tax paid	(18,939)	(10,584)	(448)	(459)
Income tax refunded	886	1,446	779	1,199
Interest paid	(16,469)	(22,348)	(9,547)	(15,029)
Interest received	647	372	6,743	9,776
NET CASH FROM OPERATING ACTIVITIES	96,918	172,517	19,270	195,916

The annexed notes form an integral part of these financial statements.

STATEMENTS OF CASH FLOWS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	The Group		The Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES					
Additional investments in subsidiaries		-	-	(68,500)	(210,400)
Additional investments in existing subsidiaries by non-controlling interests		-	250	-	-
Costs incurred on biological assets		(1,463)	(2,642)	-	-
Costs incurred on investment properties		-	(29)	-	-
Costs incurred on land held for property development		-	(6)	-	-
Dividend received		21	32	30,021	32,532
Proceeds from disposal of property, plant and equipment		12,583	14,693	50,979	5,239
Purchase of intangible assets		-	(62)	-	-
Purchase of investment securities		(16)	(18)	(16)	(18)
Purchase of property, plant and equipment	34(a)	(77,724)	(55,692)	(2,779)	(988)
NET CASH (FOR)/FROM INVESTING ACTIVITIES		(66,599)	(43,474)	9,705	(173,635)
CASH FLOWS FOR FINANCING ACTIVITIES					
Drawdown of term loans	34(b)	31,228	12,840	-	10,000
Net of drawdown/(repayment) of bankers' acceptance	34(b)	46,822	(25,767)	2,966	-
Net of drawdown/(repayment) of revolving credit	34(b)	(34,550)	(48,825)	(23,550)	(26,800)
Payment of interests on long-term borrowings	34(b)	(12,134)	(16,422)	(619)	(292)
Proceeds from disposal of treasury shares		-	152	-	152
Repayment of hire purchase liabilities	34(b)	(10,946)	(9,762)	(659)	(85)
Repayment of lease liabilities	34(b)	(982)	(1,008)	(574)	(670)
Repayment of term loans	34(b)	(37,463)	(34,250)	(3,223)	(596)
Increase in pledged deposits with licensed banks	18	(18)	(31)	(6)	(19)
NET CASH FOR FINANCING ACTIVITIES		(18,043)	(123,073)	(25,665)	(18,310)
NET INCREASE IN CASH AND CASH EQUIVALENTS		12,276	5,970	3,310	3,971
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		(1)	(7)	2	(5)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR/PERIOD		4,737	(1,226)	2,176	(1,790)
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR/PERIOD	34(d)	17,012	4,737	5,488	2,176

The annexed notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia. The registered office, which is also the principal place of business, is No. 66 – 78, Pusat Suria Permata, Jalan Upper Lanang, C.D.T. 123, 96000 Sibul, Sarawak.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 6 April 2023.

2. PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding, provision of management services, extraction and sale of logs. The principal activities of the subsidiaries are set out in Note 6 to the financial statements. 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 are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with Malaysian Financial Reporting Standards (“MFRSs”), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

- 3.1 During the current financial year, the Group has adopted the following new accounting standard(s) and/or interpretation(s) (including the consequential amendments, if any):-

MFRSs and/or IC Interpretations (Including the Consequential Amendments)

Amendments to MFRS 3: Reference to the Conceptual Framework

Amendments to MFRS 116: Property, Plant and Equipment – Proceeds before Intended Use

Amendments to MFRS 137: Onerous Contracts – Cost of Fulfilling a Contract

Annual Improvements to MFRS Standards 2018 – 2020

The adoption of the above accounting standard(s) and/or interpretation(s) (including the consequential amendments, if any) did not have any material impact on the Group’s financial statements.

- 3.2 The Group has not applied in advance the following accounting standards and interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board (“MASB”) but are not yet effective for the current financial year:-

MFRSs and/or IC Interpretations (Including the Consequential Amendments)

Effective Date

MFRS 17 Insurance Contracts	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
Amendments to MFRS 16: Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to MFRS 17: Insurance Contracts	1 January 2023
Amendment to MFRS 17: 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 101: Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to MFRS 101: Non-current Liabilities with Covenants	1 January 2024
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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

3. BASIS OF PREPARATION (CONT'D)

3.2 The adoption of the above accounting standard(s) and/or interpretation(s) (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group upon their initial application.

4. GOING CONCERN

As at 31 December 2022, the Group's current liabilities exceeded its current assets by RM378.8 million (2021: RM393.8 million). This was in spite of the net profit of RM44.7 million (2021: RM73.0 million) and net operating cash inflows of RM96.9 million (2021: RM172.5 million) recorded by the Group for the financial year.

To support the financial statements having been prepared on a going concern basis and to ensure the adequacy of funds required to meet its obligations, working capital and capital commitment needs, the Group has prepared a 12-month consolidated cash flows forecast for 2023 ("Cash Flows Forecast"). In preparing the Cash Flows Forecast, management has taken the following into consideration:-

(a) Rationalisation of Timber Logging and Manufacturing Operations

For the financial year ended 31 December 2022, the Group recorded a pre-tax loss of RM1.2 million (2021: RM58.1 million) for its timber logging and manufacturing operations as disclosed in Note 37.1 to the financial statements. The substantial reduction in pre-tax loss was achieved through streamlining operations and cost-rationalisation initiatives implemented since the previous financial period. The Group will continue with business reorganisation to optimise costs and consolidate operations so as to further reduce losses and cash outflows from the operations.

(b) Focus on Operations in Oil Palm Plantations

The Group has been focusing on its operations in oil palm plantation segment. As at 31 December 2022, the Group owned a total planted area of 21,145 hectares ("ha") of oil palm plantations. Of these planted areas, 75% of the plantations are between 8 and 16 years of age, which is when the trees are expected to be at their optimum yield. 23% of the Group's planted area is between 3 and 7 years of age, which is expected to contribute positively to future profitability and cash flows. During the financial year ended 31 December 2022, the oil palm operations recorded a pre-tax profit of RM76.9 million (2021: RM165.5 million) as disclosed in Note 37.1 to the financial statements, and contributed to net operating cash inflows of RM161.3 million (2021: RM162.5 million). The boosted profit and cash flows contribution to the Group's oil palm plantation segment was attributed to the commendable yield for the financial year, as well as the high crude palm oil ("CPO") price, which is expected to sustain for the next 12 months.

(c) Support from Bankers

As at 31 December 2022, the Group's total borrowings amounted to RM661.9 million (2021: RM637.1 million), of which RM437.7 million (2021: RM423.3 million) were classified as current liabilities. Details of these borrowings are disclosed in Note 22 to the financial statements. Of these borrowings of the Group, RM389.9 million are subject to yearly review. The balance of the borrowings is those with fixed repayment terms. The Group believes that the cash flows from the oil palm plantation segment are sufficient to address borrowings with fixed repayment terms including those borrowings of the timber logging and manufacturing operations.

For the financial year ended 31 December 2022, the Group has generated net operating cash inflows of RM96.9 million (2021: RM172.5 million). The Group believes that they will continue to have the support of the bankers as they have not defaulted in any repayment obligations and the bankers have consistently renewed the credit facilities that were subjected to annual review without any material modifications. To meet any shortfall in working capital requirements as at the reporting date, the Group has available approved unutilised credit facilities of RM108.9 million.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

4. GOING CONCERN (CONT'D)

The ability of the Group to fulfil its obligations is dependent on the Group generating sufficient cash flows from its oil palm plantation segment and the continued financial support from the bankers. The directors are confident that the Cash Flows Forecast is achievable with the continued support from the banks and will allow the Group to fulfil its obligations as and when they arise.

5. SIGNIFICANT ACCOUNTING POLICIES

5.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Key Sources of Estimation Uncertainty

Management believes that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year other than as disclosed below:-

(a) Depreciation of Property, Plant and Equipment

The estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions. The Group anticipates that the residual values of its property, plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount. 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. The carrying amount of property, plant and equipment as at the reporting date is disclosed in Note 7 to the financial statements.

(b) Valuation of Investment Properties

Investment properties of the Group are reported at fair value which is based on valuations performed by independent professional valuers by reference to the selling prices of recent transactions and asking prices of similar properties of nearby location and where necessary, adjusting for tenure, location, size and market trends. Other factors such as model assumptions, market dislocations and unexpected correlations can also materially affect these estimates and the resulting valuations. The carrying amount of investment properties as at the reporting date is disclosed in Note 8 to the financial statements.

(c) Impairment of Property, Plant and Equipment (Including Right-of-use Assets)

The Group determines whether its property, plant and equipment (including right-of-use assets) are impaired by evaluating the extent to which the recoverable amounts of the assets are less than their carrying amounts. This evaluation is subject to changes such as market performance, economic and political situation of the country. A variety of methods is used to determine the recoverable amounts, such as valuation reports and discounted cash flows. For discounted cash flows, significant judgement is required in the estimation of the present value of future cash flows generated by the assets, which involve uncertainties and are significantly affected by assumptions used and judgements made regarding estimates of future cash flows and discount rates. The carrying amount of property, plant and equipment (including right-of-use assets) as at the reporting date is disclosed in Note 7 to the financial statements.

(d) Fair Value Estimates for Biological Assets

The biological assets of the Group consist of fresh fruit bunches ("FFBs") and trees prior to harvest. The Group adopts the income approach to estimate the fair value of biological assets. For the income approach, significant judgement is required to estimate the present value of the net cash flows expected to be generated from the sale of agricultural produce. Such estimation involves uncertainties and is affected by assumptions used and judgements made regarding future cash flows and discount rates. The carrying amount of biological assets as at the reporting date is disclosed in Note 10 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

Key Sources of Estimation Uncertainty (Cont'd)

(e) Fair Value Estimates for Unquoted Investments

The Group carries an investment that is not traded in an active market at fair value. The Group uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. The amount of fair value changes would differ if the Group uses different valuation methodologies and assumptions, and eventually affect profit. The carrying amount of the unquoted investment as at the reporting date is disclosed in Note 12 to the financial statements.

(f) Write-down of Inventories

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories. The carrying amount of inventories as at the reporting date is disclosed in Note 15 to the financial statements.

(g) Impairment of Trade Receivables

The Group uses the simplified approach to estimate a lifetime expected credit loss allowance for all trade receivables. The Group develops the expected loss rates based on the payment profiles of past sales and the corresponding historical credit losses, and adjusts for qualitative and quantitative reasonable and supportable forward-looking information. If the expectation is different from the estimation, such difference will impact the carrying value of trade receivables. The carrying amount of trade receivables as at the reporting date is disclosed in Note 16 to the financial statements.

(h) Impairment of Non-Trade Receivables

The loss allowances for non-trade financial assets are based on assumptions about risk of default and expected loss rates. It also requires the Group to assess whether there is a significant increase in credit risk of the non-trade financial assets at the reporting date. The Group uses judgement in making these assumptions and selecting appropriate inputs to the impairment calculation, based on the past payment trends, existing market conditions and forward-looking information. The carrying amounts of other receivables and amount owing by subsidiaries as at the reporting date are disclosed in Notes 17 and 14 to the financial statements respectively.

(i) Income Taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax expense and deferred tax balances in the period in which such determination is made.

(j) Discount Rates used in Leases

Where the interest rate implicit in the lease cannot be readily determined, the Group uses the incremental borrowing rate to measure the lease liabilities. The incremental borrowing rate is the interest rate that the Group would have to pay to borrow over a similar term, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. Therefore, the incremental borrowing rate requires estimation particularly when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the incremental borrowing rate using observable inputs when available and is required to make certain entity-specific estimates.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

Critical Judgements Made in Applying Accounting Policies

Management believes that there are no instances of application of critical judgement in applying the Group's accounting policies which will have a significant effect on the amounts recognised in the financial statements other than as disclosed below:-

(a) Classification between Investment Properties and Owner-occupied Properties

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as investment properties.

(b) Lease Terms

Some leases contain extension options exercisable by the Group before the end of the non-cancellable contract period. In determining the lease term, management considers all facts and circumstances including the past practice and any cost that will be incurred to change the asset if an option to extend is not taken. An extension option is only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

5.2 BASIS OF CONSOLIDATION

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to the end of the reporting period.

Subsidiaries are entities controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intragroup transactions, balances, income and expenses are eliminated on consolidation. Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

(a) Business Combinations

Acquisitions of businesses are accounted for using the acquisition method. Under the acquisition method, the consideration transferred for acquisition of a subsidiary is the fair value of the assets transferred, liabilities incurred and the equity interests issued by the Group at the acquisition date. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs, other than the costs to issue debt or equity securities, are recognised in profit or loss when incurred.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.2 BASIS OF CONSOLIDATION (CONT'D)

(a) Business Combinations (Cont'd)

In a business combination achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Non-controlling interests in the acquiree may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets at the date of acquisition. The choice of measurement basis is made on a transaction-by-transaction basis.

(b) Non-Controlling Interests

Non-controlling interests are presented within equity in the consolidated statement of financial position, separately from the equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

(c) Changes in Ownership Interests in Subsidiaries Without Change of Control

All changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of consideration paid or received is recognised directly in equity of the Group.

(d) Loss of Control

Upon the loss of control of a subsidiary, the Group recognises any gain or loss on disposal in profit or loss which is calculated as the difference between:-

- (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest in the former subsidiary; and
- (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the former subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the former subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of (i.e. reclassified to profit or loss or transferred directly to retained profits). The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 9 or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

5.3 GOODWILL

Goodwill is measured at cost less accumulated impairment losses, if any. The carrying value of goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount may be impaired. The impairment value of goodwill is recognised immediately in profit or loss. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Under the acquisition method, any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interests recognised and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities at the date of acquisition is recorded as goodwill.

Where the latter amount exceeds the former, after reassessment, the excess represents a bargain purchase gain and is recognised in profit or loss immediately.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.4 FUNCTIONAL AND FOREIGN CURRENCIES

(a) Functional and Presentation Currency

The individual financial statements of each entity in the Group are presented in the currency of the primary economic environment in which the entity operates, which is the functional currency.

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

(b) Foreign Currency Transactions and Balances

Transactions in foreign currencies are converted into the respective functional currencies on initial recognition, using the exchange rates at the transaction dates. Monetary assets and liabilities at the end of the reporting period are translated at the exchange rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are recognised in profit or loss.

(c) Foreign Operations

Assets and liabilities of foreign operations (including any goodwill and fair value adjustments arising on acquisition) are translated to the Group's presentation currency at the exchange rates at the end of the reporting period. Income, expenses and other comprehensive income of foreign operations are translated at exchange rates at the dates of the transactions. All exchange differences arising from translation are taken directly to other comprehensive income and accumulated in equity; attributed to the owners of the Company and non-controlling interests, as appropriate.

Goodwill and fair value adjustments arising from the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the end of the reporting period.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign subsidiary, or a partial disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that foreign operation attributable to the owners of the Company are reclassified to profit or loss as part of the gain or loss on disposal. The portion that related to non-controlling interests is derecognised but is not reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences is reattributed to non-controlling interests and is not recognised in profit or loss. When the Group disposes of only part of its investment in an associate that includes a foreign operation while retaining significant influence, the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

In the consolidated financial statements, when settlement of an intragroup loan is neither planned nor likely to occur in the foreseeable future, the exchange differences arising from translating such monetary item are considered to form part of a net investment in the foreign operation and are recognised in other comprehensive income.

5.5 FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised in the statements of financial position when the Group has become a party to the contractual provisions of the instruments.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.5 FINANCIAL INSTRUMENTS (CONT'D)

Financial instruments are classified as financial assets, financial liabilities or equity instruments in accordance with the substance of the contractual arrangement and their definitions in MFRS 132. Interest, dividends, gains and losses relating to a financial instrument classified as a liability are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

A financial instrument is recognised initially at its fair value (other than trade receivables without significant financing component which are measured at transaction price as defined in MFRS 15 at inception). Transaction costs that are directly attributable to the acquisition or issue of the financial instrument (other than a financial instrument at fair value through profit or loss) are added to/deducted from the fair value on initial recognition, as appropriate. Transaction costs on the financial instrument at fair value through profit or loss are recognised immediately in profit or loss.

Financial instruments recognised in the statements of financial position are disclosed in the individual policy statement associated with each item.

(a) Financial Assets

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value (through profit or loss, or other comprehensive income), depending on the classification of the financial assets.

Debt Instruments

(i) Amortised Cost

The financial asset is held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. Interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset. When the asset has subsequently become credit-impaired, the interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), excluding expected credit losses, through the expected life of the financial asset or a shorter period (where appropriate).

(ii) Fair Value through Other Comprehensive Income

The financial asset is held for both collecting contractual cash flows and selling the financial asset, where the asset's cash flows represent solely payments of principal and interest. Movements in the carrying amount are taken through other comprehensive income and accumulated in the fair value reserve, except for the recognition of impairment, interest income and foreign exchange difference which are recognised directly in profit or loss. Interest income is calculated using the effective interest rate method.

(iii) Fair Value through Profit or Loss

All other financial assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss. The fair value changes do not include interest or dividend income.

The Group reclassifies debt instruments when and only when its business model for managing those assets changes.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.5 FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Assets (Cont'd)

Equity Instruments

All equity investments are subsequently measured at fair value with gains and losses recognised in profit or loss except where the Group has made an irrevocable election to present the subsequent changes in fair value in other comprehensive income and accumulated in the fair value reserve at initial recognition.

The designation at fair value through other comprehensive income is not permitted if the equity investment is either held for trading or is designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise.

Dividend income from this category of financial assets is recognised in profit or loss when the Group's right to receive payment is established unless the dividends clearly represent a recovery of part of the cost of the equity investments.

(b) Financial Liabilities

(i) Financial Liabilities at Fair Value through Profit or Loss

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. The changes in fair value of these financial liabilities are recognised in profit or loss.

(ii) Other Financial Liabilities

Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), through the expected life of the financial liability or a shorter period (where appropriate).

(c) Equity Instruments

Equity instruments classified as equity are measured at cost and are not remeasured subsequently.

(i) Ordinary Shares

Ordinary shares are classified as equity and recorded at the proceeds received, net of directly attributable transaction costs.

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

(ii) Treasury Shares

When the Company's own shares recognised as equity are bought back, the amount of the consideration paid, including all costs directly attributable, are recognised as a deduction from equity. Own shares purchased that are not subsequently cancelled are classified as treasury shares and are presented as a deduction from total equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of treasury shares.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.5 FINANCIAL INSTRUMENTS (CONT'D)

(c) Equity Instruments (Cont'd)

(ii) Treasury Shares (Cont'd)

Where treasury shares are reissued by resale, the difference between the sales consideration received and the carrying amount of the treasury shares is recognised in equity.

Where treasury shares are cancelled, their costs are transferred to retained profits.

(d) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. On derecognition of a financial asset measured at amortised cost, the difference between the carrying amount of the asset and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of a debt instrument classified as fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity to profit or loss. In contrast, there is no subsequent reclassification of the fair value reserve to profit or loss following the derecognition of an equity investment.

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

(e) Financial Guarantee Contracts

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

Financial guarantee contracts are recognised initially as liabilities at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee or, when there is no specific contractual period, recognised in profit or loss upon discharge of the guarantee. If the debtor fails to make payment relating to a financial guarantee contract when it is due and the Company, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the amount of the credit loss determined in accordance with the expected credit loss model and the amount initially recognised less cumulative amortisation.

5.6 INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries are stated at cost in the statement of financial position of the Company, and are reviewed for impairment at the end of the reporting period if events or changes in circumstances indicate that the carrying values may not be recoverable. The cost of the investments includes transaction costs.

On the disposal of the investments in subsidiaries, the difference between the net disposal proceeds and the carrying amount of the investments is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.7 PROPERTY, PLANT AND EQUIPMENT

(a) Bearer Plants

Bearer plants, included within property, plant and equipment, are defined as living plants that are used in the production or supply of agricultural produce and for which there is only a remote likelihood that the plant will also be sold as agricultural produce. Bearer plants (before maturity), representing nursery development, and immature oil palm and coconut plantations, are measured at cost, which consists of the costs incurred in the preparation of the nursery, purchase of seedlings and maintenance of the plantations. No depreciation is provided for immature bearer plants. Upon maturity, bearer plants are measured at cost less accumulated depreciation and impairment losses, if any. Mature bearer plants are depreciated over the estimated useful lives of the bearer plants of 25 years.

(b) Other Property, Plant and Equipment

All other items of property, plant and equipment are initially measured at cost. Cost includes expenditure that are directly attributable to the acquisition of the asset and other costs directly attributable to bringing the asset to working condition for its intended use.

Subsequent to initial recognition, all property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Depreciation on property, plant and equipment is charged to profit or loss (unless it is included in the carrying amount of another asset) on a straight-line method to write off the depreciable amount of the assets over their estimated useful lives. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are:-

Buildings	2% - 10%
Watercrafts, trucks and motor vehicles	5% - 25%
Plant and machinery	5% - 20%
Infrastructure facilities	5% - 10%
Furniture, fittings and equipment	5% - 20%

The depreciation method, useful lives and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period to ensure that the amounts, method and periods of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of the property, plant and equipment. Any changes are accounted for as a change in estimate.

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

Capital work-in-progress represents assets under construction, and which are not ready for commercial use at the end of the reporting period. Capital work-in-progress is stated at cost, and is transferred to the relevant category of assets and depreciated accordingly when the assets are completed and ready for commercial use.

Cost of capital work-in-progress includes direct cost, related expenditure and interest cost on borrowings taken to finance the acquisition of the assets to the date that the assets are completed and put into use.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.7 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset, being the difference between the net disposal proceeds and the carrying amount, is recognised in profit or loss.

5.8 INVESTMENT PROPERTIES

Investment properties are properties which are owned or held under a leasehold interest to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, used in the production or supply of goods or services or for administrative purposes.

Investment properties are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the investment property. The right-of-use asset held under a lease contract that meets the definition of investment property is measured initially similarly as other right-of-use assets.

Subsequent to initial recognition, investment properties are stated at fair value with fair value changes recognised in profit or loss.

Investment properties are derecognised when they have either been disposed of or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal.

On the derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property or inventories, the fair value at the date of change becomes the cost for subsequent accounting purposes. If owner-occupied property becomes an investment property, such property shall be accounted for in accordance with the accounting policy for property, plant and equipment up to the date of change in use.

5.9 LAND HELD FOR PROPERTY DEVELOPMENT

Land held for property development consists of land or such portions thereof on which no development activities have been carried out or where development activities are not expected to be completed within the Group's normal operating cycle. Such land is classified as a non-current asset and is stated at cost less accumulated impairment losses, if any.

Land held for property development is reclassified as property development costs at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the Group's normal operating cycle.

Costs associated with the acquisition of land includes the purchase price of the land, professional fees, stamp duties, commissions, conversion fees, other direct development expenditure and related overheads.

5.10 BIOLOGICAL ASSETS

Biological assets comprise produce growing on bearer plants and planted trees.

Produce growing on bearer plants (i.e. FFBs) is classified as current assets as it is expected to be harvested and sold or used for production on a date not more than 15 days after the reporting date. Planted trees are classified as non-current assets as they are expected to be harvested and sold or used for production on a date more than 12 months after the reporting date.

Biological assets are measured at fair value less costs to sell. Any gains or losses arising on initial recognition and from changes in the fair value less costs to sell are recognised in profit or loss for the period in which they arise.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.11 INTANGIBLE ASSETS

(a) Computer Software

Computer software is initially capitalised at cost which includes the purchase price (net of any discounts and rebates) and other directly attributable cost of preparing the asset for its intended use. Direct expenditure, which enhances or extends the performance of computer software beyond its specifications and which can be reliably measured, is recognised as capital improvement and added to the original cost of the software. Costs associated with maintaining the computer software are recognised as an expense as incurred.

Capitalised computer software is subsequently carried at cost less accumulated amortisation and impairment losses, if any. These costs are amortised on a straight-line basis over their estimated useful life of 10 years.

(b) Rights in Timber Licences

Rights in timber licences are expenditure incurred in respect of the acquisition of timber licences.

The rights acquired by the Group are stated at cost less accumulated amortisation and impairment losses, if any. The cost is amortised on a straight-line basis over the remaining tenure of the licence periods, which range from 7 to 15 years, at the date of acquisition.

(c) Commercial Rights on Licence for Planted Forest ("LPF")

Commercial rights on LPF represent rights granted to the Group to plant trees on licensed area, which will expire in March 2064.

The rights acquired by the Group are stated at cost less accumulated amortisation and impairment losses, if any. The cost is amortised on a straight-line basis over the remaining term of the licence of 45 years at the date of acquisition.

Gains or losses arising from derecognition of intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the assets and are recognised in profit or loss when the assets are derecognised.

5.12 LEASES

The Group assesses whether a contract is or contains a lease, at the inception of the contract. The Group recognises a right-of-use asset and corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for low-value assets and short-term leases with 12 months or less. For these leases, the Group recognises the lease payments as an operating expense on a straight-line method over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use assets that do not meet the definition of investment property are presented in the statements of financial position within property, plant and equipment, and the associated lease liabilities are presented within borrowings.

The right-of-use asset is initially measured at cost. Cost includes the initial amount of the corresponding lease liability, adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, less any incentives received.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.12 LEASES (CONT'D)

The right-of-use asset is subsequently measured at cost less accumulated depreciation and any impairment losses, and adjusted for any remeasurement of the lease liability. The depreciation starts from the commencement date of the lease. If the lease transfers ownership of the underlying asset to the Group or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. Otherwise, the Group depreciates the right-of-use asset to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of the right-of-use assets are determined on the same basis as those property, plant and equipment.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

The lease liability is subsequently measured at amortised cost using the effective interest method. It is remeasured when there is a change in the future lease payments (other than lease modification that is not accounted for as a separate lease) with the corresponding adjustment made to the carrying amount of the right-of-use asset or recognised in profit or loss if the carrying amount has been reduced to zero.

5.13 INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing each product to its present location and condition are accounted for as follows:-

- (a) Raw materials and general stores – original cost of purchase, determined on a weighted average cost method.
- (b) Finished goods and work-in-progress – cost of raw materials, direct labour, and a proportion of fixed production overheads based on the normal capacity of the production facilities, determined on an average cost method.

Net realisable value represents the estimated selling price less the estimated costs of completion and the estimated costs necessary to make the sale.

5.14 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value with original maturity periods of three months or less. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts.

5.15 IMPAIRMENT

(a) Impairment of Financial Assets

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at fair value through other comprehensive income and trade receivables, as well as on financial guarantee contracts.

The expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.15 IMPAIRMENT (CONT'D)

(a) Impairment of Financial Assets (Cont'd)

The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The Group always recognises lifetime expected credit losses for trade receivables using the simplified approach. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience and are adjusted for forward-looking information (including time value of money where appropriate).

For all other financial instruments, the Group recognises lifetime expected credit losses when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at fair value through other comprehensive income, for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve, and does not reduce the carrying amount of the financial asset in the statements of financial position.

(b) Impairment of Non-financial Assets

The carrying values of assets, other than those to which MFRS 136 does not apply, are reviewed at the end of each reporting period for impairment when an annual impairment assessment is compulsory or there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. When the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount and an impairment loss shall be recognised. The recoverable amount of an asset is the higher of the asset's fair value less costs to sell and its value-in-use, which is measured by reference to discounted future cash flows using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where it is not possible to estimate the recoverable amount of an individual asset, the Group determines the recoverable amount of the cash-generating unit to which the asset belongs.

An impairment loss is recognised in profit or loss immediately. Any impairment loss recognised in respect of a cash-generating unit is allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit and then to reduce the carrying amounts of the other assets in the cash-generating unit on a pro rata basis.

In respect of assets other than goodwill, and when there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately.

5.16 PROVISIONS

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount can be made. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the provision is the present value of the estimated expenditure required to settle the obligation. The discount rate shall be a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as interest expense in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.17 EMPLOYEE BENEFITS

(a) Short-term Benefits

Wages, salaries, paid annual leave and bonuses are measured on an undiscounted basis and are recognised in profit or loss and included in the property, plant and equipment, and biological assets, where appropriate, in the period in which the associated services are rendered by employees of the Group.

(b) Defined Contribution Plans

The Group's contributions to defined contribution plans are recognised in profit or loss and included in the property, plant and equipment, and biological assets, where appropriate, in the period to which they relate. Once the contributions have been paid, the Group has no further liability in respect of the defined contribution plans.

5.18 INCOME TAXES

(a) Current Tax

Current tax assets and liabilities are the expected amount of income tax recoverable or payable to the taxation authorities.

Current taxes are measured using tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period and are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss (either in other comprehensive income or directly in equity).

(b) Deferred Tax

Deferred tax is recognised using the liability method for all temporary differences other than those that arise from goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that the related tax benefits will be realised.

Where investment properties are carried at their fair value, the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date unless the property is depreciable and is held with the objective to consume substantially all of the economic benefits embodied in the property over time, rather than through sale.

Current and deferred tax items are recognised in correlation to the underlying transactions either in profit or loss, other comprehensive income or directly in equity. Deferred tax arising from a business combination is adjusted against goodwill or negative goodwill.

Current tax assets and liabilities or deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxable entity (or on different tax entities but they intend to settle current tax assets and liabilities on a net basis) and the same taxation authority.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.19 CONTINGENT LIABILITIES

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements, unless the probability of outflow of economic benefits is remote. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

5.20 OPERATING SEGMENTS

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

5.21 EARNINGS PER ORDINARY SHARE

Basic earnings per ordinary share is calculated by dividing the consolidated profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the reporting period, adjusted for own shares held.

Diluted earnings per ordinary share is determined by adjusting the consolidated profit or loss attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

5.22 BORROWING COSTS

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of those assets, until such time as the assets are ready for their intended use or sale. The capitalisation of borrowing costs is suspended during extended periods in which active development is interrupted. The capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation is the weighted average of the borrowing costs applicable to borrowings that are outstanding during the financial year, other than borrowings made specifically for the purpose of financing a specific project-in-progress, in which case the actual borrowing costs incurred on that borrowings less any investment income on temporary investment of that borrowings will be capitalised.

All other borrowing costs are recognised in profit or loss as expenses in the period in which they are incurred.

5.23 FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using a valuation technique. The measurement assumes that the transaction takes place either in the principal market or in the absence of a principal market, in the most advantageous market. For a non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.23 FAIR VALUE MEASUREMENTS (CONT'D)

For financial reporting purposes, the fair value measurements are analysed into level 1 to level 3 as follows:-

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liability that the entity can access at the measurement date;

Level 2: Inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3: Inputs are unobservable inputs for the asset or liability.

The transfer of fair value between levels is determined as of the date of the event or change in circumstances that caused the transfer.

5.24 REVENUE FROM CONTRACTS WITH CUSTOMERS

Revenue from contracts with customers is measured based on the consideration specified in a contract with a customer in exchange for transferring goods or services to a customer net of sales and service tax, returns, rebates and discounts. The Group recognises revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of the asset. Depending on the substance of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time.

(a) Sale of Goods

Revenue from the sale of goods is recognised when the Group has transferred control of the goods to the customer, being when the goods have been delivered to the customer and upon its acceptance. Following delivery, the customer has full discretion over the manner of distribution and price to sell the goods, and bears the risks of obsolescence and loss in relation to the goods.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

(b) Rendering of Services

Revenue from the provision of services is recognised over time in the period in which services are rendered. Customers are invoiced on a monthly basis and consideration is payable when invoiced.

(c) Contract Income

Contract fee from timber extraction and reforestation operations are recognised based on the volume of logs extracted and the area planted respectively.

5.25 OTHER INCOME

(a) Dividend Income

Dividend income from investment is recognised when the right to receive dividend payment is established.

(b) Interest Income

Interest income is recognised on an accrual basis using the effective interest method.

(c) Rental Income

Rental income is accounted for on a straight-line method over the lease term.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

6. INVESTMENTS IN SUBSIDIARIES

	The Company	
	2022 RM'000	2021 RM'000
Unquoted shares, at cost	821,031	772,531
Less: Accumulated impairment losses	(226,262)	(223,471)
	<u>594,769</u>	<u>549,060</u>

The details of the subsidiaries are as follows:-

Name of Subsidiary	Principal Place of Business/ Country of Incorporation	Percentage of Issued Share Capital Held by Parent		Principal Activities
		2022 %	2021 %	
<i>Subsidiaries of the Company</i>				
JPH Logging Sdn. Bhd.	Malaysia	100	100	Logging contractor and provision of handling services
Saraju Holding Sdn. Bhd.	Malaysia	100	100	Extraction and sale of timber logs
Subur Tiasa Forestry Sdn. Bhd.	Malaysia	100	100	Development and maintenance of planted forests and forest plantation contractor
Subur Tiasa Plywood Sdn. Bhd.	Malaysia	100	100	Trading of plywood, veneer and agriculture fertilisers
Subur Tiasa Particleboard Sdn. Bhd.	Malaysia	100	100	Manufacturing and trading of raw and laminated particleboard
Borneo Lumber Industries Sdn. Bhd.	Malaysia	100	100	Manufacturing and sale of sawn timber
Grace Million Sdn. Bhd.	Malaysia	100	100	Manufacturing and sale of sawn timber
R H Timber Processing Industries Sdn. Bhd.	Malaysia	100	100	Sawmilling of timber
Trimogreen Sdn. Bhd.	Malaysia	100	100	Manufacturing and trading of sawn timber and finger-joint moulding
Diamond Biowood Sdn. Bhd.	Malaysia	100	100	Manufacturing and trading of charcoal
Excelle Timber Sdn. Bhd. *	Malaysia	100	100	Manufacturing and trading of charcoal
Homet Raya Sdn. Bhd. *	Malaysia	100	100	Supply of electricity, steam, trading of lighting products, office materials, drinking water, general hardware, fertilisers, chemicals and leasing of vehicles

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

6. INVESTMENTS IN SUBSIDIARIES (CONT'D)

The details of the subsidiaries are as follows (cont'd):-

Name of Subsidiary	Principal Place of Business/ Country of Incorporation	Percentage of Issued Share Capital Held by Parent		Principal Activities
		2022 %	2021 %	
<i>Subsidiaries of the Company (Cont'd)</i>				
Momawater Sdn. Bhd.	Malaysia	100	100	Manufacturing and trading of drinking water, hygiene products, trading of merchandise and canteen goods
Blessings Palm Sdn. Bhd.	Malaysia	100	100	Cultivation of oil palm and tree planting
Bountiful Palm Sdn. Bhd. *	Malaysia	100	100	Cultivation of oil palm
Fruitful Palm Sdn. Bhd.	Malaysia	100	100	Cultivation of oil palm
Infrapalm Sdn. Bhd.	Malaysia	100	100	Cultivation of oil palm
Palmlyn Sdn. Bhd.	Malaysia	100	100	Cultivation of oil palm
Tiasa Palm Sdn. Bhd.	Malaysia	100	100	Cultivation of oil palm
Tiasa Mesra Sdn. Bhd.	Malaysia	100	100	Cultivation of oil palm
United Superland Sdn. Bhd.	Malaysia	100	100	Cultivation of oil palm
Allied Asiatic Sdn. Bhd.	Malaysia	100	100	Towage and transportation services
JPH Enterprise Sdn. Bhd.	Malaysia	100	100	Insurance agency
Tiasa Cergas Sdn. Bhd.	Malaysia	100	100	Insurance agency
Blessings Realty Sdn. Bhd.	Malaysia	100	100	Property holding and development
Joyful Realty Sdn. Bhd.	Malaysia	100	100	Property holding and development
Supreme Standard Development Sdn. Bhd.	Malaysia	100	100	Property holding and development
Victory Round Sdn. Bhd.	Malaysia	100	100	Investment holding
Subur Properties Sdn. Bhd.	Malaysia	100	100	Investment holding
Subur Tiasa R&D Sdn. Bhd.	Malaysia	100	100	Biotech laboratory and research, consultancy and information technology services
Hahn Fert Sdn. Bhd.	Malaysia	75	75	Trading of agricultural fertilisers

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

6. INVESTMENTS IN SUBSIDIARIES (CONT'D)

The details of the subsidiaries are as follows (cont'd):-

Name of Subsidiary	Principal Place of Business/ Country of Incorporation	Percentage of Issued Share Capital Held by Parent		Principal Activities
		2022 %	2021 %	
<i>Subsidiaries of the Company (Cont'd)</i>				
Momaspace Sdn. Bhd. *	Malaysia	100	100	Trading of drinking water and provision of advertising services
Dchord Sdn. Bhd. *	Malaysia	100	100	Marketing services and advertising agency
DMG Commercial Sdn. Bhd. *	Malaysia	100	100	Repair and maintenance of motor vehicles and trading of industrial, commercial and agriculture vehicles
Krah Grande Borneo Sdn. Bhd.	Malaysia	100	100	Manufacturing and trading of pipes
T. Q. Oriental Sdn. Bhd.	Malaysia	100	100	Under Members' Voluntary Liquidation
Sarawak Plywood (M) Sdn. Bhd.	Malaysia	100	100	Under Members' Voluntary Liquidation
AA Plywood Sdn. Bhd. *	Malaysia	100	100	Dormant
DMG Marketing Sdn. Bhd. *	Malaysia	100	-	Dormant
Enerrich Sdn. Bhd. *	Malaysia	100	100	Dormant
Excel Logging Sdn. Bhd. *	Malaysia	100	100	Dormant
Honeybrix Sdn. Bhd. *	Malaysia	100	100	Dormant
LX Photonics Sdn. Bhd. *	Malaysia	100	100	Dormant
Mamo Sdn. Bhd. *	Malaysia	100	100	Dormant
Momaworld Sdn. Bhd. *	Malaysia	100	100	Dormant
Subur Global Pte. Ltd. ^	Singapore	100	100	Dormant
<i>Subsidiary of Momawater Sdn. Bhd.</i>				
Moma Marketing Pte. Ltd.	Singapore	100	100	General wholesale trade
<i>Subsidiary of Victory Round Sdn. Bhd.</i>				
Victory Pelita Kabah Sdn. Bhd.	Malaysia	60	60	Cultivation of oil palm

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

6. INVESTMENTS IN SUBSIDIARIES (CONT'D)

The details of the subsidiaries are as follows (cont'd):-

Name of Subsidiary	Principal Place of Business/ Country of Incorporation	Percentage of Issued Share Capital Held by Parent		Principal Activities
		2022 %	2021 %	
<i>Subsidiaries of Subur Properties Sdn. Bhd.</i>				
Tiasa Heights Sdn. Bhd.	Malaysia	100	100	Property holding and development
Prestige Superland Sdn. Bhd. *	Malaysia	100	100	Logging contractor and timber merchant
<i>Subsidiary of Enerrich Sdn. Bhd.</i>				
Powerpuff Alliance Sdn. Bhd. *	Malaysia	100	100	Dormant

^ *These subsidiaries were audited by other firms of chartered accountants.*

* *The auditors' reports on the financial statements of the subsidiaries include "Material Uncertainty Related to Going Concern" regarding the ability of the subsidiaries to continue as a going concern in view of their capital deficiency position as at the end of the current reporting period. The financial statements were prepared on a going concern basis as the Company has undertaken to provide continued financial support to the subsidiaries.*

- (a) During the financial year, the Company carried out a review of the recoverable amounts of its investments in certain subsidiaries that had been persistently making losses for the past few years. A total net impairment loss of RM2,791,000 (2021: RM58,431,000), representing the write-down of the investments to their recoverable amounts, was recognised in "Other Expenses" line item of the statement of profit or loss and other comprehensive income. comprehensive income.
- (b) The non-controlling interests at the end of the reporting period comprise the following:-

	Effective Equity Interest		The Group	
	2022 %	2021 %	2022 RM'000	2021 RM'000
Hahn Fert Sdn. Bhd.	25	25	829	883
Victory Pelita Kabah Sdn. Bhd.	40	40	3,076	4,652
			<u>3,905</u>	<u>5,535</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

6. INVESTMENTS IN SUBSIDIARIES (CONT'D)

- (c) The summarised financial information (before intra-group elimination) for each subsidiary that has non-controlling interests is as follows:-

	Hahn Fert Sdn. Bhd.	
	2022	2021
	RM'000	RM'000
<u>At 31 December</u>		
Non-current assets	-	78
Current assets	31,557	23,033
Non-current liabilities	-	-
Current liabilities	(28,241)	(19,579)
Net assets	<u>3,316</u>	<u>3,532</u>
<u>Financial Year/Period Ended 31 December</u>		
Revenue	29,332	20,924
(Loss)/profit for the financial year/period	(216)	697
Total comprehensive income	<u>(216)</u>	<u>697</u>
Total comprehensive income attributable to non-controlling interests	(54)	174
Dividends paid to non-controlling interests	-	-
Net cash flows (for)/from operating activities	(4,827)	2,925
Net cash flows from investing activities	-	-
Net cash flows from/(for) financing activities	<u>4,632</u>	<u>(2,846)</u>
	Victory Pelita Kabah Sdn. Bhd.	
	2022	2021
	RM'000	RM'000
<u>At 31 December</u>		
Non-current assets	108,807	95,035
Current assets	1,669	2,082
Non-current liabilities	(24,861)	(29,099)
Current liabilities	(78,011)	(56,474)
Net assets	<u>7,604</u>	<u>11,544</u>
<u>Financial Year/Period Ended 31 December</u>		
Revenue	11,948	11,133
(Loss)/profit for the financial year/period	(3,940)	414
Total comprehensive income	<u>(3,940)</u>	<u>414</u>
Total comprehensive income attributable to non-controlling interests	(1,576)	166
Dividends paid to non-controlling interests	-	-
Net cash flows from operating activities	17,205	11,833
Net cash flows for investing activities	(13,674)	(11,691)
Net cash flows (for)/from financing activities	<u>(3,986)</u>	<u>272</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

7. PROPERTY, PLANT AND EQUIPMENT

The Group	At	Additions	Disposals	Write-offs	Reclassifi-	Depreciation	Impairment	Derecognition	At
	1.1.2022	(Note 34(a))			cations	Charge	Losses	due to lease	31.12.2022
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	modification	RM'000
2022									
<i>Carrying Amount</i>									
<u>Owne d assets</u>									
Bearer plants	508,472	52,449	-	(684)	-	(21,233)	-	-	539,004
Buildings	106,321	-	-	(9)	720	(5,697)	(1,839)	-	99,496
Watercrafts, trucks and motor vehicles	160,548	6,103	(9,794)	-	27,227	(14,424)	-	-	169,660
Plant and machinery	58,443	43	(5)	(2)	3,416	(7,215)	(1,248)	-	53,432
Infrastructure facilities	77,709	15	-	(1)	1,863	(4,412)	-	-	75,174
Furniture, fittings and equipment	8,025	1,494	(1)	(51)	1,162	(1,871)	-	-	8,758
Capital work-in-progress	8,592	52,248	-	(24)	(34,388)	-	-	-	26,428
	928,110	112,352	(9,800)	(771)	-	(54,852)	(3,087)	-	971,952
<u>Right-of-use assets</u>									
Long leasehold land	32,877	3,717	-	-	-	(870)	-	(324)	35,400
Short leasehold land	62,595	257	-	-	-	(2,321)	-	(225)	60,306
Buildings	276	717	-	-	-	(217)	-	-	776
	95,748	4,691	-	-	-	(3,408)	-	(549)	96,482
	1,023,858	117,043	(9,800)	(771)	-	(58,260)	(3,087)	(549)	1,068,434

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

7. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The Group	At	Additions (Note 34(a))	Disposals	Write-offs	Reclassifi- cations	Depreciation Charge	Impairment Losses	Modification of lease liabilities	Derecognition due to lease modification	At
	1.8.2020									31.12.2021
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2021										
<i>Carrying Amount</i>										
<u>Owned assets</u>										
Bearer plants	472,123	63,182	-	-	-	(26,833)	-	-	-	508,472
Buildings	113,173	78	(765)	-	1,351	(7,140)	(376)	-	-	106,321
Watercrafts, trucks and motor vehicles	180,252	7,889	(8,707)	-	846	(19,732)	-	-	-	160,548
Plant and machinery	69,598	598	(508)	(2)	331	(10,805)	(769)	-	-	58,443
Infrastructure facilities	82,945	937	-	(1)	127	(6,299)	-	-	-	77,709
Furniture, fittings and equipment	8,904	1,526	-	(19)	179	(2,565)	-	-	-	8,025
Capital work-in-progress	3,316	8,110	-	-	(2,834)	-	-	-	-	8,592
	930,311	82,320	(9,980)	(22)	-	(73,374)	(1,145)	-	-	928,110
<u>Right-of-use assets</u>										
Long leasehold land	22,753	11,751	-	-	-	(1,627)	-	-	-	32,877
Short leasehold land	50,834	15,385	-	-	-	(3,338)	-	(176)	-	62,595
Buildings	87	139	-	-	-	(132)	-	182	-	276
	73,674	27,275	-	-	-	(5,097)	-	72	(176)	95,748
	1,003,985	109,595	(9,980)	(22)	-	(78,471)	(1,145)	72	(176)	1,023,858

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

7. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The Group	At Cost RM'000	Accumulated Depreciation RM'000	Accumulated Impairment Losses RM'000	Carrying Amount RM'000
2022				
<u>Owned assets</u>				
Bearer plants	647,812	(108,808)	-	539,004
Buildings	234,070	(125,825)	(8,749)	99,496
Watercrafts, trucks and motor vehicles	275,863	(106,203)	-	169,660
Plant and machinery	346,423	(283,880)	(9,111)	53,432
Infrastructure facilities	192,873	(117,699)	-	75,174
Furniture, fittings and equipment	40,909	(32,151)	-	8,758
Capital work-in-progress	26,428	-	-	26,428
	<u>1,764,378</u>	<u>(774,566)</u>	<u>(17,860)</u>	<u>971,952</u>
<u>Right-of-use assets</u>				
Long leasehold land	41,244	(5,844)	-	35,400
Short leasehold land	88,990	(28,684)	-	60,306
Buildings	955	(179)	-	776
	<u>131,189</u>	<u>(34,707)</u>	<u>-</u>	<u>96,482</u>
	<u>1,895,567</u>	<u>(809,273)</u>	<u>(17,860)</u>	<u>1,068,434</u>
2021				
<u>Owned assets</u>				
Bearer plants	596,047	(87,575)	-	508,472
Buildings	233,921	(120,690)	(6,910)	106,321
Watercrafts, trucks and motor vehicles	372,933	(212,385)	-	160,548
Plant and machinery	344,070	(277,764)	(7,863)	58,443
Infrastructure facilities	191,043	(113,334)	-	77,709
Furniture, fittings and equipment	39,580	(31,555)	-	8,025
Capital work-in-progress	8,592	-	-	8,592
	<u>1,786,186</u>	<u>(843,303)</u>	<u>(14,773)</u>	<u>928,110</u>
<u>Right-of-use assets</u>				
Long leasehold land	37,861	(4,984)	-	32,877
Short leasehold land	89,197	(26,602)	-	62,595
Buildings	450	(174)	-	276
	<u>127,508</u>	<u>(31,760)</u>	<u>-</u>	<u>95,748</u>
	<u>1,913,694</u>	<u>(875,063)</u>	<u>(14,773)</u>	<u>1,023,858</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

7. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The Company	At 1.1.2022 RM'000	Additions (Note 34(a)) RM'000	Disposals RM'000	Write-offs RM'000	Reclassifi- cations RM'000	Depreciation Charge RM'000	Derecognition due to lease modification RM'000	At 31.12.2022 RM'000
2022								
<i>Carrying Amount</i>								
<u>Owned assets</u>								
Buildings	12,233	277	-	-	258	(730)	-	12,038
Watercrafts, trucks and motor vehicles	83,904	272	(50,260)	-	5,333	(5,333)	-	33,916
Plant and machinery	131	33	-	-	-	(73)	-	91
Infrastructure facilities	1	5	-	-	-	(3)	-	3
Furniture, fittings and equipment	2,256	787	(18)	(3)	194	(673)	-	2,543
Capital work-in-progress	452	5,666	-	-	(5,785)	-	-	333
	<u>98,977</u>	<u>7,040</u>	<u>(50,278)</u>	<u>(3)</u>	<u>-</u>	<u>(6,812)</u>	<u>-</u>	<u>48,924</u>
<u>Right-of-use assets</u>								
Long leasehold land	1,633	-	-	-	-	(33)	-	1,600
Short leasehold land	10,020	-	-	-	-	(429)	(50)	9,541
Buildings	119	110	-	-	-	(68)	-	161
Watercrafts, trucks and motor vehicles	399	1,211	-	-	-	(406)	(282)	922
	<u>12,171</u>	<u>1,321</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(936)</u>	<u>(332)</u>	<u>12,224</u>
	<u>111,148</u>	<u>8,361</u>	<u>(50,278)</u>	<u>(3)</u>	<u>-</u>	<u>(7,748)</u>	<u>(332)</u>	<u>61,148</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

7. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The Company	At	Additions (Note 34(a)) RM'000	Disposals RM'000	Write-offs RM'000	Reclassifi- cations RM'000	Depreciation Charge RM'000	Modification of lease liabilities RM'000	Derecognition due to lease modification RM'000	At
	1.8.2020 RM'000								31.12.2021 RM'000
2021									
<i>Carrying Amount</i>									
<u>Owned assets</u>									
Buildings	13,982	20	(765)	-	-	(1,004)	-	-	12,233
Watercrafts, trucks and motor vehicles	96,466	1,219	(2,271)	-	2	(11,512)	-	-	83,904
Plant and machinery	261	-	-	-	-	(130)	-	-	131
Infrastructure facilities	2	-	-	-	-	(1)	-	-	1
Furniture, fittings and equipment	2,914	352	(9)	(9)	39	(1,031)	-	-	2,256
Capital work-in-progress	71	422	-	-	(41)	-	-	-	452
	<u>113,696</u>	<u>2,013</u>	<u>(3,045)</u>	<u>(9)</u>	<u>-</u>	<u>(13,678)</u>	<u>-</u>	<u>-</u>	<u>98,977</u>
<u>Right-of-use assets</u>									
Long leasehold land	1,679	-	-	-	-	(46)	-	-	1,633
Short leasehold land	10,623	8	-	-	-	(611)	-	-	10,020
Buildings	87	-	-	-	-	(92)	124	-	119
Watercrafts, trucks and motor vehicles	725	406	(52)	-	-	(445)	-	(235)	399
	<u>13,114</u>	<u>414</u>	<u>(52)</u>	<u>-</u>	<u>-</u>	<u>(1,194)</u>	<u>124</u>	<u>(235)</u>	<u>12,171</u>
	<u>126,810</u>	<u>2,427</u>	<u>(3,097)</u>	<u>(9)</u>	<u>-</u>	<u>(14,872)</u>	<u>124</u>	<u>(235)</u>	<u>111,148</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

7. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The Company	At Cost RM'000	Accumulated Depreciation RM'000	Accumulated Impairment Losses RM'000	Carrying Amount RM'000
2022				
<u>Owned assets</u>				
Buildings	25,110	(11,137)	(1,935)	12,038
Watercrafts, trucks and motor vehicles	136,507	(102,591)	-	33,916
Plant and machinery	2,760	(2,669)	-	91
Infrastructure facilities	70,126	(70,123)	-	3
Furniture, fittings and equipment	21,416	(18,873)	-	2,543
Capital work-in-progress	333	-	-	333
	<u>256,252</u>	<u>(205,393)</u>	<u>(1,935)</u>	<u>48,924</u>
<u>Right-of-use assets</u>				
Long leasehold land	2,575	(975)	-	1,600
Short leasehold land	12,948	(3,407)	-	9,541
Buildings	238	(77)	-	161
Watercrafts, trucks and motor vehicles	1,211	(289)	-	922
	<u>16,972</u>	<u>(4,748)</u>	<u>-</u>	<u>12,224</u>
	<u>273,224</u>	<u>(210,141)</u>	<u>(1,935)</u>	<u>61,148</u>
2021				
<u>Owned assets</u>				
Buildings	24,575	(10,407)	(1,935)	12,233
Watercrafts, trucks and motor vehicles	247,099	(163,195)	-	83,904
Plant and machinery	2,997	(2,866)	-	131
Infrastructure facilities	70,123	(70,122)	-	1
Furniture, fittings and equipment	21,038	(18,782)	-	2,256
Capital work-in-progress	452	-	-	452
	<u>366,284</u>	<u>(265,372)</u>	<u>(1,935)</u>	<u>98,977</u>
<u>Right-of-use assets</u>				
Long leasehold land	2,575	(942)	-	1,633
Short leasehold land	13,076	(3,056)	-	10,020
Buildings	253	(134)	-	119
Watercrafts, trucks and motor vehicles	1,007	(608)	-	399
	<u>16,911</u>	<u>(4,740)</u>	<u>-</u>	<u>12,171</u>
	<u>383,195</u>	<u>(270,112)</u>	<u>(1,935)</u>	<u>111,148</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

7. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

- (a) The carrying amounts of property, plant and equipment pledged to licensed banks as security for banking facilities granted to the Group (Note 22) are as follows:-

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Long leasehold land	1,896	5,454	-	-
Short leasehold land	2,185	2,239	-	-
Bearer plants	427,299	413,461	-	-
Buildings	34,166	32,606	1,108	1,133
Watercrafts, trucks and motor vehicles	53,104	15,749	-	-
Plant and machinery	21,031	22,350	-	-
Infrastructure facilities	65,173	65,626	-	-
Furniture, fittings and equipment	3,269	2,857	-	-
Capital work-in-progress	2,101	1,572	-	-
	<u>610,224</u>	<u>561,914</u>	<u>1,108</u>	<u>1,133</u>

- (b) The carrying amount of property, plant and equipment acquired under hire purchase terms is as follows:-

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Watercrafts, trucks and motor vehicles	56,247	39,334	3,194	1,340
Plant and machinery	540	581	-	-
	<u>56,787</u>	<u>39,915</u>	<u>3,194</u>	<u>1,340</u>

These assets have been pledged as security for the hire purchase liabilities of the Group as disclosed in Note 23 to the financial statements.

- (c) Certain buildings of the Group with a total carrying amount of RM1,495,000 (2021: RM1,677,000) are situated on land which is held by a company in which a director of certain subsidiaries and certain substantial shareholders of the Company have financial interests.
- (d) During the financial year, the Group carried out a review of the recoverable amount of its property, plant and equipment because certain subsidiaries had been persistently making losses for the past few years. An impairment loss of RM3,087,000 (2021: RM1,145,000), representing the write-down of the property, plant and equipment to the recoverable amount, was recognised in "Other Expenses" line item of the consolidated statement of profit or loss and other comprehensive income as disclosed in Note 31 to the financial statements. The recoverable amount of the property, plant and equipment was determined based on valuations performed by independent professional valuers on market comparison approach and depreciated replacement cost method. The methods make reference to:-
- Land – the recent transacted prices of similar land in close proximity with adjustments made for size, location, improvements and tenure.
 - Buildings – the estimation of reproduction cost of the buildings of same kind and design as when new based on current market prices for materials, labour and current construction techniques and deducting therefrom the accrued depreciation due to use and disrepair, age and obsolescence through technology and market changes.
 - Plant and machinery – the remaining economic life span of the plant and machinery, current state of the technology of the industry and the observed physical condition of the plant and machinery.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

7. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

- (e) The Group's bearer plants comprise oil palm and coconut plantations, and are classified into mature and immature plantations as follows:-

The Group	Mature Oil Palm Plantation RM'000	Immature Oil Palm Plantation RM'000	Immature Coconut Plantation RM'000	Total RM'000
2022				
Cost:-				
At 1.1.2022	393,802	202,092	153	596,047
Additions during the financial year	-	52,156	293	52,449
Write-off during the financial year	-	(684)	-	(684)
Reclassifications	54,145	(54,145)	-	-
At 31.12.2022	447,947	199,419	446	647,812
Accumulated depreciation:-				
At 1.1.2022	87,575	-	-	87,575
Depreciation for the financial year	21,233	-	-	21,233
At 31.12.2022	108,808	-	-	108,808
Carrying amount:-				
At 31.12.2022	339,139	199,419	446	539,004
2021				
Cost:-				
At 1.8.2020	333,449	199,364	52	532,865
Additions during the financial period	-	63,081	101	63,182
Reclassifications	60,353	(60,353)	-	-
At 31.12.2021	393,802	202,092	153	596,047
Accumulated depreciation:-				
At 1.8.2020	60,742	-	-	60,742
Depreciation for the financial period	26,833	-	-	26,833
At 31.12.2021	87,575	-	-	87,575
Carrying amount:-				
At 31.12.2021	306,227	202,092	153	508,472

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

7. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

- (f) The following expenses were capitalised to immature plantations:-

	The Group	
	2022 RM'000	2021 RM'000
Amortisation of intangible assets	114	317
Depreciation of property, plant and equipment	3,069	5,020
Finance costs:-		
- bank overdrafts	25	35
- hire purchase liabilities	152	341
- lease liabilities	902	883
- revolving credit	2,977	6,483
- term loans	2,132	5,362
Lease expenses:-		
- leases of low-value assets	1	4
- short-term leases	-	18
Management fee	4,643	5,964
Staff costs:-		
- short-term benefits	6,561	7,739
- defined contribution plans	623	772
	6,643	20,772

- (g) Leases – the Group as a lessee

The Group leases certain pieces of leasehold land, buildings, and watercrafts, trucks and motor vehicles, and plant and machinery of which the leasing activities are summarised below:-

- (i) Leasehold land
- The Group has made upfront payments to secure the right-of-use of leasehold land with remaining lease periods at acquisition ranging from 4 to 183 years, which are used in the Group's business operations. Certain pieces of leasehold land have been pledged to licensed banks as security for banking facilities granted to the Group as disclosed in (a) above. There is no option to purchase the leasehold land at the expiry of the respective lease periods.
- The Group and the Company has also entered into 373 (2021: 263) and 2 (2021: 4), respectively, operating lease agreements for the use of land. The leases are for periods ranging from 4 to 65 (2021: 4 to 65) years with no purchase option included in the agreements. The leases do not allow the Group and the Company to assign, transfer or sublease or create any charge, lien or trust in respect of or dispose of the whole or any part of the land. A tenancy is, however, allowed with the consent of the lessor.
- (ii) Buildings
- The Group has leased buildings which are used as offices and staff quarters that run between 2 and 30 (2021: 2 and 30) years, with an option to renew the leases upon the expiry of the respective lease terms. The Group is restricted from assigning and subleasing the leased assets without the written consent of the lessor and the leased assets may not be used as security for borrowing purposes. The extension option is negotiated by management to provide flexibility in managing the portfolio of assets and to align with the Group's business needs.
- (iii) Watercrafts, trucks and motor vehicles, and plant and machinery
- The Company has leased certain watercrafts, trucks and motor vehicles that runs for a period of 36 (2021: 36) months, with an option to renew the leases after that date. The Company is restricted from assigning and subleasing the leased assets without prior written consent of the lessor.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

7. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(h) Leases – the Group as a lessor

The Group and the Company have leased buildings to their customers under operating leases with rentals payable monthly. The leases contain initial non-cancellable periods ranging from 2 to 5 (2021: 2 to 5) years and their subsequent renewals are negotiated separately on a contract-by- contract basis.

The Group and the Company do not require a financial guarantee from the customers. Instead, the Group and the Company require 1 to 3 months of advanced rental payments from the customers. The leases do not include residual value guarantee and variable lease payments that depend on an index or rate.

As at the reporting date, the future minimum rentals receivable under the non-cancellable operating leases are as follows:-

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Within 1 year	27	102	84	161
Between 1 and 5 years	103	59	68	152
	<u>130</u>	<u>161</u>	<u>152</u>	<u>313</u>

8. INVESTMENT PROPERTIES

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
At 1 January/1 August 2020	158,663	151,601	1,400	1,400
(Loss)/gain on changes in fair value	(630)	7,033	-	-
Additions during the financial year/period	-	29	-	-
At 31 December	<u>158,033</u>	<u>158,663</u>	<u>1,400</u>	<u>1,400</u>

Included in the above are:-

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Freehold land, at fair value	19,900	21,000	-	-
Long leasehold land, at fair value	113,660	114,653	-	-
Short leasehold land, at fair value	7,291	7,291	-	-
Buildings, at fair value	17,182	15,719	1,400	1,400
	<u>158,033</u>	<u>158,663</u>	<u>1,400</u>	<u>1,400</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

8. INVESTMENT PROPERTIES (CONT'D)

- (a) The investment properties of the Group and of the Company have been leased to customers under operating leases with rentals payable monthly. The leases contain initial non-cancellable periods ranging from 1 to 10 (2021: 1 to 10) years, and an option that is exercisable by the customers to extend their leases for an average of 1 (2021: 1) year.

The Group and the Company do not require a financial guarantee from the customers. Instead, the Group and the Company require 2 to 3 months of advanced rental payments from the customers. The leases do not include residual value guarantee and variable lease payments that depend on an index or rate.

As at the reporting date, the future minimum rentals receivable under the non-cancellable operating leases are as follows:-

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Within 1 year	165	105	67	38
Between 1 and 5 years	390	291	243	286
Later than 5 years	-	59	-	60
	<u>555</u>	<u>455</u>	<u>310</u>	<u>384</u>

- (b) The investment properties of the Company have been pledged to licensed banks as security for banking facilities granted to the Company as disclosed in Note 22 to the financial statements.
- (c) Investment properties are stated at fair value, which is determined based on valuations performed by independent professional valuers at the end of the reporting date using the market comparison approach. Sales prices of comparable properties in close proximity are adjusted for differences in key attributes such as property size, location, tenure and market trends. The most significant input into this valuation approach is price per acre of comparable properties. There has been no change to the valuation technique during the financial year.

The fair values of the investment properties are within level 2 of the fair value hierarchy.

There were no transfers between level 1 and level 2 during the financial year.

The fair value measurements of the investment properties are based on the highest and best use which does not differ from their actual use.

9. LAND HELD FOR PROPERTY DEVELOPMENT

	The Group	
	2022 RM'000	2021 RM'000
At 1 January/1 August 2020	6,637	6,631
Additions during the financial year/period	-	6
At 31 December	<u>6,637</u>	<u>6,637</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

10. BIOLOGICAL ASSETS

	The Group	
	2022 RM'000	2021 RM'000
<u>Non-current</u>		
At 1 January/1 August 2020	66,944	73,268
Additions during the financial year/period	3,906	5,352
Changes in fair value less costs to sell	-	(11,676)
	70,850	66,944
<u>Current</u>		
At 1 January/1 August 2020	8,889	5,317
Changes in fair value less costs to sell	(2,978)	3,572
	5,911	8,889
Total	76,761	75,833

The biological assets of the Group comprise trees prior to harvest and unharvested agricultural produce of bearer plants, i.e. fresh fruit bunches ("FFBs").

(a) Biological Assets, Non-current – Trees Prior to Harvest

The Group adopted the income approach to measure the fair value of the unharvested trees. To arrive at the fair value of the unharvested trees, management considered the net cash flows to be incurred and generated from the management of tree planting. Costs to sell, which include harvesting and transportation costs, are deducted from the fair value. The key assumptions used in the determination of the fair value less costs to sell of the unharvested trees are as follows:-

- (i) number of trees planted as of the reporting date, adjusted for mortality rates estimated based on past experience.
- (ii) grow-out periods of trees planted and yields at harvest based on past experience of those in natural and planted forests.
- (iii) estimated prices of unharvested trees based on the market prices of trees as of the reporting date, adjusted for harvesting and transportation costs estimated based on past experience.

The fair value measurement of the Group's unharvested trees is categorised within level 3 of the fair value hierarchy.

The directors estimate that a decrease in the market prices of trees by 10% would result in the carrying amount of biological assets (non-current) reducing by RM19,501,000 (2021: RM19,398,000).

As at 31 December 2022, the Group has 6,868 (2021: 6,391) hectares of planted forests.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

10. BIOLOGICAL ASSETS (CONT'D)

(b) Biological Assets, Current – Agricultural Produce of Bearer Plants (i.e. FFBs)

The Group adopted the income approach to measure the fair value of the unharvested FFBs. To arrive at the fair value of the unharvested FFBs, management considered the oil content of the unripe FFBs and assumed that the net cash flows to be generated from FFBs prior to more than 2 weeks to harvest are negligible. Costs to sell, which include harvesting, transportation costs and windfall profit levy, are deducted from the fair value. The key assumptions used in the determination of the fair value less costs to sell of the unharvested FFBs are as follows:-

- (i) estimated volume of unharvested FFBs as of the reporting date, with reference to the actual harvest data subsequent to the reporting date.
- (ii) estimated prices of unharvested FFBs based on the market prices of FFBs as of the reporting date, adjusted for the oil content of the unripe FFBs.
- (iii) estimated selling costs based on past practices and experience.

The fair value measurement of the Group's unharvested FFBs is categorised within level 3 of the fair value hierarchy.

The directors estimate that a decrease in the prices of FFBs by 10% would result in the carrying amount of biological assets (current) reducing by RM591,000 (2021: RM890,000).

During the financial year, the Group harvested approximately 345,000 (2021: 459,000) tonnes of FFBs from the oil palm plantations.

(c) The following expenses are included in the biological assets:-

	The Group	
	2022	2021
	RM'000	RM'000
Depreciation of property, plant and equipment	812	1,115
Finance costs:-		
- revolving credit	1,631	1,595
	<u> </u>	<u> </u>

11. INTANGIBLE ASSETS

	The Group		The Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Cost:-				
At 1 January/1 August 2020	142,681	142,619	102,622	102,622
Additions during the financial year/period	-	62	-	-
At 31 December	<u>142,681</u>	<u>142,681</u>	<u>102,622</u>	<u>102,622</u>
Accumulated amortisation:-				
At 1 January/1 August 2020	122,809	122,144	102,622	102,622
Amortisation for the financial year/period	475	665	-	-
At 31 December	<u>123,284</u>	<u>122,809</u>	<u>102,622</u>	<u>102,622</u>
Carrying amount:-				
At 31 December	<u>19,397</u>	<u>19,872</u>	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

11. INTANGIBLE ASSETS (CONT'D)

Included in the above are:-

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Commercial rights on LPF	19,342	19,811	-	-
Computer software	55	61	-	-
	<u>19,397</u>	<u>19,872</u>	<u>-</u>	<u>-</u>

(a) Included in the amortisation charge of the Group for the financial year is an amount of RM114,000 (2021: RM317,000), which is capitalised under the property, plant and equipment.

(b) The Group has 3 (2021: 3) timber licences. The timber licences are renewable on a yearly basis.

(c) Commercial rights on LPF are rights conferred upon the Group to plant trees under the Tree Planting Plan. The licence will expire in March 2064.

The Tree Planting Plan has been approved and incorporated the planting of oil palm for a maximum period of 25 years (with 8 years remaining at the end of the reporting period). Upon expiry of the said period of 25 years, the licensed area where oil palm is permitted to be cultivated shall be planted with trees other than oil palm.

(d) The commercial rights on LPF are pledged to licensed banks as security for banking facilities granted to the Group as disclosed in Note 22 to the financial statements.

12. INVESTMENT SECURITIES

	The Group/The Company	
	2022 RM'000	2021 RM'000
Quoted debt investments, at fair value	385	405
Quoted equity investments, at fair value	10,882	8,853
Unquoted equity investments, at fair value	6,000	6,000
	<u>17,267</u>	<u>15,258</u>

The Group has designated the below equity investments at fair value through other comprehensive income because the Group intends to hold for long-term strategic purposes.

The fair value of each investment is summarised below:-

	The Group/The Company	
	2022 RM'000	2021 RM'000
Quoted shares of RH Petrogas Limited	10,676	8,665
Quoted shares of Media Chinese International Limited	42	41
Quoted shares of Petra Energy Berhad	164	147
Unquoted shares of Borneo Edible Oils Sdn. Bhd.	6,000	6,000
	<u>16,882</u>	<u>14,853</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

13. GOODWILL

	The Group	
	2022 RM'000	2021 RM'000
Cost:-		
At 1 January/1 August 2020/31 December	2,720	2,720

No impairment testing has been done on goodwill which is considered immaterial to the Group.

14. AMOUNT OWING BY/(TO) SUBSIDIARIES

	The Company	
	2022 RM'000	2021 RM'000
Amount Owing by Subsidiaries		
<u>Non-current</u>		
Non-trade balances	193,463	202,236
Less: Allowance for impairment losses	(15,132)	(8,880)
	178,331	193,356
Allowance for impairment losses:-		
At 1 January/1 August 2020	8,880	19,877
Additions during the financial year/period	6,419	4,182
Reversal during the financial year/period	(167)	(15,179)
	15,132	8,880
At 31 December	15,132	8,880
Amount Owing to Subsidiaries		
<u>Current</u>		
Non-trade balances	71,761	97,079

(a) Included in the non-trade balances is an amount of RM154,047,000 (2021: RM164,920,000) receivable from subsidiaries, which earns interest at rates ranging from 4.02% to 4.87% (2021: 4.12%) per annum. The remaining balances are unsecured, interest-free and repayable on demand.

(b) The trade balances are subject to the normal trade credit term of 180 (2021: 180) days.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

15. INVENTORIES

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
At cost:-				
Raw materials				
- logs	3,803	3,185	3,481	1,548
- waste timber	53	448	-	-
- others	2,753	1,754	-	-
Finished goods				
- bottled water	651	410	-	-
- charcoal	146	43	-	-
- particleboard	3,283	2,802	-	-
- plywood	517	720	-	-
- others	11,718	3,762	-	-
Work-in-progress	430	818	-	-
General stores	44,270	42,285	1,825	1,719
	<u>67,624</u>	<u>56,227</u>	<u>5,306</u>	<u>3,267</u>
At net realisable value:-				
Raw materials				
- waste timber	41	41	-	-
Finished goods				
- bottled water	767	988	-	-
- charcoal	584	436	-	-
- particleboard	1,062	1,443	-	-
- plywood	2,475	7,336	-	-
- sawn timber	12	53	-	-
Work-in-progress	1,047	3,411	-	-
	<u>5,988</u>	<u>13,708</u>	<u>-</u>	<u>-</u>
	<u>73,612</u>	<u>69,935</u>	<u>5,306</u>	<u>3,267</u>

16. TRADE RECEIVABLES

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Trade receivables:-				
- third parties	30,200	23,804	12,286	6,748
- related parties	21,711	14,249	-	-
	<u>51,911</u>	<u>38,053</u>	<u>12,286</u>	<u>6,748</u>
Less: Allowance for impairment losses	(6,519)	(7,459)	(18)	(18)
	<u>45,392</u>	<u>30,594</u>	<u>12,268</u>	<u>6,730</u>
Allowance for impairment losses:-				
At 1 January/1 August 2020	7,459	11,544	18	18
Additions during the financial year/period	211	-	-	-
Reversal during the financial year/period	(1,151)	(4,085)	-	-
At 31 December	<u>6,519</u>	<u>7,459</u>	<u>18</u>	<u>18</u>

The Group's normal trade credit terms range from 30 to 180 (2021: 30 to 180) days.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

17. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<u>Non-current</u>				
Other receivables:-				
- lease receivables	3,317	-	-	-
<u>Current</u>				
Other receivables:-				
- third parties	10,722	10,925	3,418	3,483
- related parties	3,981	3,910	3,826	3,823
- lease receivables	971	-	-	-
- goods and services tax recoverable	164	1,429	164	164
	15,838	16,264	7,408	7,470
Less: Allowance for impairment losses	(4,388)	(2,337)	(3,240)	(973)
	11,450	13,927	4,168	6,497
Deposits	7,567	6,141	461	537
Prepayments	9,652	14,077	948	1,972
	28,669	34,145	5,577	9,006
	31,986	34,145	5,577	9,006
Allowance for impairment losses:-				
At 1 January/1 August 2020	2,337	2,731	973	1,089
Additions during the financial year/period	2,398	507	2,291	507
Reversal during the financial year/period	(347)	(901)	(24)	(623)
At 31 December	4,388	2,337	3,240	973

- (a) The amount owing by related parties is unsecured, interest-free and repayable on demand. The amount owing is to be settled in cash.
- (b) The Group has entered into lease arrangements as a lessor that are considered to be finance leases. The Group leases plant and machinery to third parties and as they transfer substantially all the risks and rewards of ownership of the assets, the leases are classified as finance leases.

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Lease receivables:-				
- not later than 1 year	1,141	-	-	-
- later than 1 year and not later than 2 years	1,141	-	-	-
- later than 2 years and not later than 5 years	2,757	-	-	-
	5,039	-	-	-
Less: Unearned finance income	(751)	-	-	-
Present value of lease receivable	4,288	-	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

18. DEPOSITS WITH LICENSED BANKS

- (a) The deposits with licensed banks of the Group and of the Company at the end of the reporting period bore effective interest at rates ranging from 1.25% to 2.50% (2021: 1.25% to 1.60%) per annum and 1.25% to 2.05% (2021: 1.60%) per annum respectively. The deposits have maturity periods ranging from 1 to 365 (2021: 1 to 365) days and 1 to 365 (2021: 365) days for the Group and the Company respectively.
- (b) Included in the deposits with licensed banks of the Group and of the Company at the end of the reporting period are RM1,136,000 (2021: RM1,118,000) and RM427,000 (2021: RM421,000) respectively, which have been pledged to licensed banks as security for banking facilities granted to the Group as disclosed in Note 22 to the financial statements.

19. SHARE CAPITAL

	The Group/The Company			
	2022	2021	2022	2021
	No. of Shares ('000)		RM'000	
Issued and Fully Paid-Up				
<i>Ordinary shares</i>				
At 31 December	209,000	209,000	268,680	268,680

The holders of ordinary shares (except treasury shares) are entitled to receive dividends as and when declared by the Company and are entitled to one vote per ordinary share at meetings of the Company. The ordinary shares have no par value.

20. TREASURY SHARES

In the previous financial period, the Company resold 188,500 of its issued ordinary shares held as treasury shares in the open market at an average price of RM0.81 per ordinary share.

Of the total 209,000,000 issued and fully paid-up ordinary shares at the end of the reporting period, 20,690,800 (2021: 20,690,800) ordinary shares are held as treasury shares by the Company. None (2021: 188,500) of the treasury shares were resold during the financial year.

21. RESERVES

	The Group		The Company	
	2022	2021	2022	2021
	RM'000		RM'000	
Non-distributable:-				
- fair value reserve	(28,186)	(30,215)	(28,186)	(30,215)
Distributable:-				
- retained profits	478,779	432,446	406,198	387,259
	450,593	402,231	378,012	357,044

The fair value reserve represents the cumulative fair value changes (net of tax, where applicable) of investments designated at fair value through other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

22. BORROWINGS

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Long-term borrowings:-				
- hire purchase liabilities (Note 23)	26,470	15,673	3,698	907
- lease liabilities (Note 24)	28,830	25,854	457	348
- term loans, secured	165,026	165,029	-	5
- term loans, unsecured	3,889	7,222	3,889	7,222
	<u>224,215</u>	<u>213,778</u>	<u>8,044</u>	<u>8,482</u>
Short-term borrowings:-				
- bank overdrafts, secured	2,001	339	-	-
- bank overdrafts, unsecured	-	378	-	378
- bankers' acceptance, secured	5,000	4,677	-	-
- bankers' acceptance, unsecured	87,417	40,918	2,966	-
- hire purchase liabilities (Note 23)	12,264	8,750	1,041	230
- lease liabilities (Note 24)	946	779	714	417
- revolving credit, secured	88,500	86,000	-	-
- revolving credit, unsecured	206,975	244,025	168,150	191,700
- term loans, secured	31,227	34,681	-	440
- term loans, unsecured	3,333	2,778	3,333	2,778
	<u>437,663</u>	<u>423,325</u>	<u>176,204</u>	<u>195,943</u>
Total borrowings	<u>661,878</u>	<u>637,103</u>	<u>184,248</u>	<u>204,425</u>

The term loans are repayable as follows:-

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<u>Current</u>				
- not later than 1 year	34,560	37,459	3,333	3,218
<u>Non-current</u>				
- later than 1 year and not later than 2 years	29,751	33,620	3,333	3,338
- later than 2 years and not later than 5 years	90,082	77,418	556	3,889
- later than 5 years	49,082	61,213	-	-
	<u>168,915</u>	<u>172,251</u>	<u>3,889</u>	<u>7,227</u>
	<u>203,475</u>	<u>209,710</u>	<u>7,222</u>	<u>10,445</u>

The bank borrowings of the Group are secured by:-

- fixed charges over the Company's and certain subsidiaries' landed properties;
- debentures over certain subsidiaries' fixed and floating assets, both present and in the future;
- deposits with licensed banks of the Company and certain subsidiaries; and
- a corporate guarantee provided by the Company.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

22. BORROWINGS (CONT'D)

The bank overdrafts of the Group and of the Company at the end of the reporting period bore effective interest at rate of 4.02% (2021: 6.69%) and Nil (2021: 6.82%) per annum respectively.

The bankers' acceptance of the Group and of the Company at the end of the reporting period bore effective interest at rate of 3.99% (2021: 3.05%) and 4.18% (2021: Nil) per annum respectively.

The revolving credit of the Group and of the Company at the end of the reporting period bore effective interest at rate of 4.78% (2021: 3.95%) and 4.73% (2021: 3.84%) per annum respectively.

The term loans of the Group and of the Company at the end of the reporting period bore effective interest at rate of 4.84% (2021: 4.15%) and 5.27% (2021: 4.44%) per annum respectively.

23. HIRE PURCHASE LIABILITIES

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Minimum hire purchase payments:-				
- not later than 1 year	14,323	10,025	1,225	280
- later than 1 year and not later than 2 years	11,096	8,539	1,225	280
- later than 2 years and not later than 5 years	17,862	8,360	2,738	709
	<u>43,281</u>	<u>26,924</u>	<u>5,188</u>	<u>1,269</u>
Less: future finance charges	(4,547)	(2,501)	(449)	(132)
Present value of hire purchase liabilities	<u>38,734</u>	<u>24,423</u>	<u>4,739</u>	<u>1,137</u>
Analysed by:-				
<u>Current</u>				
- not later than 1 year	12,264	8,750	1,041	230
<u>Non-current</u>				
- later than 1 year and not later than 2 years	9,757	7,712	1,091	242
- later than 2 years and not later than 5 years	16,713	7,961	2,607	665
	<u>26,470</u>	<u>15,673</u>	<u>3,698</u>	<u>907</u>
	<u>38,734</u>	<u>24,423</u>	<u>4,739</u>	<u>1,137</u>

- (a) The hire purchase obligations of the Group and of the Company are secured by the motor vehicles under hire purchase as disclosed in Note 7(b) to the financial statements.
- (b) The hire purchase obligations of the Group and of the Company at the end of the reporting period bore effective interest at rates ranging from 4.04% to 7.07% (2021: 4.18% to 7.07%) and 4.04% to 6.01% (2021: 4.18% to 6.01%) per annum respectively. The interest rates are fixed at the inception of the hire purchase agreements.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

24. LEASE LIABILITIES

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
At 1 January/1 August 2020	26,633	1,185	765	1,138
Additions (Note 34(b))	4,691	26,567	1,321	414
Interest expense recognised in profit or loss (Note 29)	405	464	44	64
Interest expense capitalised under property, plant and equipment, and biological assets (Note 29)	902	883	-	-
Changes due to lease modification (Notes 7 & 34(b))	-	72	-	124
Derecognition due to lease modification (Note 34(b))	(566)	(183)	(341)	(241)
Repayment of principal (Note 34(b))	(982)	(1,008)	(574)	(670)
Repayment of interest expense (Note 34(b))	(1,307)	(1,347)	(44)	(64)
At 31 December	<u>29,776</u>	<u>26,633</u>	<u>1,171</u>	<u>765</u>
Analysed by:-				
Current liabilities	946	779	714	417
Non-current liabilities	28,830	25,854	457	348
	<u>29,776</u>	<u>26,633</u>	<u>1,171</u>	<u>765</u>

25. DEFERRED TAX LIABILITIES

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
At 1 January/1 August 2020	64,909	39,613	-	-
Recognised in profit or loss (Note 32)	10,518	25,296	-	-
At 31 December	<u>75,427</u>	<u>64,909</u>	<u>-</u>	<u>-</u>

The deferred tax is attributable to the followings:-

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Property, plant and equipment, and intangible assets	158,358	153,036	5,550	12,582
Investment properties	4,821	4,884	(3)	(4)
Biological assets	1,417	2,132	-	-
Inventories	(1,176)	(1,445)	(231)	(252)
Receivables	(718)	(3,311)	(5,165)	(7,177)
Accrued liabilities	(299)	(299)	(148)	(148)
Foreign exchange	(55)	(27)	(3)	6
Unutilised investment tax allowance	(1,200)	(1,786)	-	-
Unused tax losses	(43,766)	(44,589)	-	-
Unabsorbed agriculture/capital allowance	(41,955)	(43,686)	-	(5,007)
	<u>75,427</u>	<u>64,909</u>	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

25. DEFERRED TAX LIABILITIES (CONT'D)

No deferred tax assets are recognised in respect of the following items as it is not probable that taxable profits of certain subsidiaries will be available against which the deductible temporary differences, and the carryforward tax losses and tax credits can be utilised:-

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Deductible temporary differences	3,100	1,299	2,012	9
Unutilised investment tax allowance	14,988	14,402	-	-
Unused tax losses	36,218	32,353	-	23
Unabsorbed agriculture/capital allowance	32,853	30,310	16,547	13,055
	<u>87,159</u>	<u>78,364</u>	<u>18,559</u>	<u>13,087</u>

At the end of the reporting period, the Company has unabsorbed capital allowance of approximately RM68,947,000 (2021: RM75,259,000), which is available for offset against future taxable profits of the Company.

Based on the current legislation, the unabsorbed capital allowances are allowed to be carried forward indefinitely.

26. TRADE PAYABLES

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Trade payables:-				
- third parties	57,581	63,715	2,795	2,662
- related parties	32,775	27,556	18,952	8,865
	<u>90,356</u>	<u>91,271</u>	<u>21,747</u>	<u>11,527</u>
Accruals	8,007	3,591	3,639	1
	<u>98,363</u>	<u>94,862</u>	<u>25,386</u>	<u>11,528</u>

The normal trade credit terms granted to the Group range from 30 to 180 (2021: 30 to 180) days.

27. OTHER PAYABLES, DEPOSITS AND ACCRUALS

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Other payables:-				
- third parties	10,009	14,558	2,756	3,129
- related parties	2,021	2,078	2,016	2,038
	<u>12,030</u>	<u>16,636</u>	<u>4,772</u>	<u>5,167</u>
Deposits	476	323	71	31
Accruals	6,059	5,736	4,086	3,958
	<u>18,565</u>	<u>22,695</u>	<u>8,929</u>	<u>9,156</u>

The amount owing to related parties is unsecured, interest-free and repayable on demand. The amount owing is to be settled in cash.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

28. REVENUE

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Dividend income	-	-	30,000	32,500
Contract fee from timber extraction	35,767	32,252	15,682	7,310
Management fee income	-	-	25,720	30,590
Sale of - bottled water	11,389	8,703	-	-
- charcoal	2,211	4,294	-	-
- fertilisers	1,385	1,383	-	-
- fresh fruit bunches	329,633	357,078	-	-
- logs	158,691	124,002	158,702	132,127
- plywood	7,016	35,238	-	-
- raw and laminated particleboard	35,820	34,518	-	-
- sawn timber, finger-joint moulding and by-products	10	8,247	-	-
Others	3,105	930	-	-
	<u>585,027</u>	<u>606,645</u>	<u>230,104</u>	<u>202,527</u>

29. FINANCE COSTS

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Interest expense on:-				
- bank overdrafts	189	92	31	39
- bankers' acceptance	2,812	2,714	118	-
- hire purchase liabilities	2,002	2,032	146	22
- lease liabilities	1,307	1,347	44	64
- revolving credit	13,468	19,542	7,625	11,071
- term loans	8,825	13,043	429	206
- interest charged by subsidiaries	-	-	1,773	3,919
	<u>28,603</u>	<u>38,770</u>	<u>10,166</u>	<u>15,321</u>
Less:-				
- amount capitalised under property, plant and equipment (Note 7(f))	(6,188)	(13,104)	-	-
- amount capitalised under biological assets (Note 10(c))	(1,631)	(1,595)	-	-
	<u>20,784</u>	<u>24,071</u>	<u>10,166</u>	<u>15,321</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

30. NET IMPAIRMENT LOSSES/(GAINS) ON FINANCIAL ASSETS

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Impairment losses:-				
- amount owing by subsidiaries (Note 14)	-	-	6,419	4,182
- trade receivables (Note 16)	211	-	-	-
- other receivables (Note 17)	2,398	507	2,291	507
Reversal of impairment losses:-				
- amount owing by subsidiaries (Note 14)	-	-	(167)	(15,179)
- trade receivables (Note 16)	(1,151)	(4,085)	-	-
- other receivables (Note 17)	(347)	(901)	(24)	(623)
	<u>1,111</u>	<u>(4,479)</u>	<u>8,519</u>	<u>(11,113)</u>

31. PROFIT/(LOSS) BEFORE TAXATION

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Profit/(loss) before taxation is arrived at after charging/(crediting):-				
Allowance for slow-moving inventories	21	55	-	55
Amortisation of intangible assets	361	348	-	-
Auditors' remuneration:-				
- audit fee:-				
- current financial year/period	426	404	99	93
- overprovision in the previous financial period/year	(19)	(14)	-	(2)
- non-audit fee	5	5	5	5
Changes in fair value of:-				
- biological assets	2,978	8,104	-	-
- investment properties	630	(7,033)	-	-
- investment securities	36	22	36	22
Depreciation of property, plant and equipment	54,379	72,336	7,748	14,872
Directors' remuneration (Note 35)	5,835	6,496	5,649	6,277
Dividend income from investment securities:-				
- quoted equity investments in Malaysia	(5)	(13)	(5)	(13)
- quoted equity investments outside Malaysia	(16)	(19)	(16)	(19)
Dividend income from subsidiaries	-	-	(30,000)	(32,500)
Finance costs (Note 29)	20,784	24,071	10,166	15,321
Gain on derecognition of leases	(17)	(7)	(9)	(6)
Gain on disposal of property, plant and equipment	(2,783)	(4,713)	(701)	(2,142)
Impairment losses on:-				
- amount owing by subsidiaries	-	-	6,419	4,182
- investments in subsidiaries	-	-	21,767	58,431
- property, plant and equipment	3,087	1,145	-	-
- trade and other receivables	2,609	507	2,291	507
	<u></u>	<u></u>	<u></u>	<u></u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

31. PROFIT/(LOSS) BEFORE TAXATION (CONT'D)

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Profit/(loss) before taxation is arrived at after charging/(crediting) (cont'd):-				
Impairment losses no longer required on:-				
- amount owing by subsidiaries	-	-	(167)	(15,179)
- investments in subsidiaries	-	-	(18,976)	-
- trade and other receivables	(1,498)	(4,986)	(24)	(623)
Interest income on:-				
- deposits with licensed banks	(50)	(67)	(21)	(30)
- advances to subsidiaries	-	-	(6,132)	(9,455)
- others	(597)	(305)	(590)	(291)
Lease expenses:-				
- leases of low-value assets	47	76	26	41
- short-term leases	350	470	4	41
Lease income:-				
- buildings	(84)	(326)	(86)	(151)
- equipments	(12)	-	-	-
- leasehold land	(35)	(53)	(131)	(197)
- motor vehicles	(99)	-	-	-
(Gain)/loss on foreign exchange:-				
- realised	(258)	(771)	44	(1,669)
- unrealised	222	179	11	(26)
Preliminary expenses	2	-	-	-
Prepayment written off	-	1,561	-	1,561
Property, plant and equipment written off	771	22	3	9
Reversal of allowance for slow-moving inventories	(1,120)	(1,131)	(88)	-
Write-down of inventories	4,278	4,674	-	-
Staff costs (including other key management personnel as disclosed in Note 35):-				
- short-term benefits	66,848	94,451	16,390	23,630
- defined contribution plans	6,131	7,927	1,852	2,710

32. INCOME TAX EXPENSE

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Current tax:-				
- current financial year/period	12,491	14,461	347	531
- real property gains tax	-	9	-	9
- under/(over) provision in the previous financial period/year	467	(1,930)	(1)	(944)
	12,958	12,540	346	(404)
Deferred tax (Note 25):-				
- origination and reversal of temporary differences	9,873	27,779	(709)	52
- under/(over) provision in the previous financial period/year	645	(2,483)	709	(52)
	10,518	25,296	-	-
	23,476	37,836	346	(404)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

32. INCOME TAX EXPENSE (CONT'D)

A reconciliation of income tax expense applicable to the profit/(loss) before taxation at the statutory tax rate to income tax expense at the effective tax rate of the Group and of the Company is as follows:-

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Profit/(loss) before taxation	68,179	110,789	19,285	(13,697)
Tax at the statutory tax rate of 24%	16,363	26,589	4,628	(3,287)
Tax effects of:-				
Differential in tax rates on fair value adjustments of investment properties	88	(840)	-	(2)
Non-taxable income	(191)	(294)	(11,865)	(11,676)
Non-deductible expenses	4,662	4,297	8,168	16,601
Control transfers	(6,811)	(146)	(6,761)	(14)
Deferred tax assets not recognised during the financial year/period	12,794	12,960	5,472	-
Utilisation of deferred tax assets previously not recognised	(3,999)	(1,222)	-	(1,030)
Under/(over) provision in the previous financial period/year:-				
- income tax	467	(1,930)	(1)	(944)
- deferred tax	645	(2,483)	709	(52)
Others	(542)	905	(4)	-
Income tax expense for the financial year/period	23,476	37,836	346	(404)

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2021: 24%) of the estimated assessable profit for the financial year. The taxation of other jurisdictions is calculated at the rates prevailing in the respective jurisdiction.

33. EARNINGS PER SHARE

	The Group	
	2022 RM'000	2021 RM'000
Profit attributable to owners of the Company (RM'000)	46,333	72,613
Weighted average number of ordinary shares in issue ('000):-		
Ordinary shares at 1 January/1 August 2020	209,000	209,000
Effect of treasury shares held	(20,703)	(20,703)
Weighted average number of ordinary shares at 31 December	188,297	188,297
Basic earnings per share (sen)	24.61	38.56

The Company has not issued any dilutive potential ordinary shares and hence, the diluted earnings per share is equal to the basic earnings per share.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

34. CASH FLOW INFORMATION

(a) The cash disbursed for the purchase of property, plant and equipment is as follows:-

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Cost of property, plant and equipment purchased (Note 7)	117,043	109,595	8,361	2,427
Less:-				
- additions of new lease liabilities (Note (b) below)	(4,691)	(26,567)	(1,321)	(414)
- acquired through hire purchase arrangements (Note (b) below)	(25,257)	(8,145)	(4,261)	(1,025)
- amount financed through issuance of ordinary shares	-	(750)	-	-
- finance costs included within property, plant and equipment (Note 29)	(6,188)	(13,104)	-	-
- non-cash items included within property, plant and equipment (Note 7(f))	(3,183)	(5,337)	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Cash disbursed for the purchase of property, plant and equipment	77,724	55,692	2,779	988
	<hr/>	<hr/>	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

34. CASH FLOW INFORMATION (CONT'D)

(b) The reconciliations of liabilities arising from financing activities are as follows:-

	Bankers' Acceptance RM'000	Hire Purchase Liabilities RM'000	Lease Liabilities RM'000	Revolving Credit RM'000	Term Loans RM'000	Total RM'000
The Group						
2022						
At 1 January	45,595	24,423	26,633	330,025	209,710	636,386
Changes in Financing Cash Flows						
Net of drawdown/(repayment) of principal	51,675	-	-	(34,550)	-	17,125
Drawdown of principal	-	-	-	-	31,228	31,228
Repayment of principal	(4,853)	(10,946)	(982)	-	(37,463)	(54,244)
Repayment of interests	-	(2,002)	(1,307)	-	(8,825)	(12,134)
	46,822	(12,948)	(2,289)	(34,550)	(15,060)	(18,025)
Other Changes						
Acquisition of new hire purchase (Note (a) above)	-	25,257	-	-	-	25,257
Acquisition of new leases (Note (a) above)	-	-	4,691	-	-	4,691
Derecognition due to lease modification	-	-	(566)	-	-	(566)
Finance charges recognised in profit or loss and capitalised under property, plant and equipment and biological assets	2,812	2,002	1,307	13,468	8,825	28,414
Repayment of interests (presented as operating cash flows)	(2,812)	-	-	(13,468)	-	(16,280)
	-	27,259	5,432	-	8,825	41,516
At 31 December	92,417	38,734	29,776	295,475	203,475	659,877

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

34. CASH FLOW INFORMATION (CONT'D)

(b) The reconciliations of liabilities arising from financing activities are as follows (cont'd):-

	Bankers' Acceptance RM'000	Hire Purchase Liabilities RM'000	Lease Liabilities RM'000	Revolving Credit RM'000	Term Loans RM'000	Total RM'000
The Group						
2021						
At 1 August 2020	71,362	26,040	1,185	378,850	231,120	708,557
Changes in Financing Cash Flows						
Net of drawdown/(repayment) of principal	(25,767)	-	-	(48,825)	-	(74,592)
Drawdown of principal	-	-	-	-	12,840	12,840
Repayment of principal	-	(9,762)	(1,008)	-	(34,250)	(45,020)
Repayment of interests	-	(2,032)	(1,347)	-	(13,043)	(16,422)
	(25,767)	(11,794)	(2,355)	(48,825)	(34,453)	(123,194)
Other Changes						
Acquisition of new hire purchase (Note (a) above)	-	8,145	-	-	-	8,145
Acquisition of new leases (Note (a) above)	-	-	26,567	-	-	26,567
Modifications of leases (Note 7)	-	-	72	-	-	72
Derecognition due to lease modification	-	-	(183)	-	-	(183)
Finance charges recognised in profit or loss and capitalised under property, plant and equipment and biological assets	2,714	2,032	1,347	19,542	13,043	38,678
Repayment of interests (presented as operating cash flows)	(2,714)	-	-	(19,542)	-	(22,256)
	-	10,177	27,803	-	13,043	51,023
At 31 December	45,595	24,423	26,633	330,025	209,710	636,386

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

34. CASH FLOW INFORMATION (CONT'D)

(b) The reconciliations of liabilities arising from financing activities are as follows (cont'd):-

The Company	Bankers' Acceptance RM'000	Hire Purchase Liabilities RM'000	Lease Liabilities RM'000	Revolving Credit RM'000	Term Loans RM'000	Total RM'000
2022						
At 1 January	-	1,137	765	191,700	10,445	204,047
<u>Changes in Financing Cash Flows</u>						
Net of drawdown/(repayment) of principal	2,966	-	-	(23,550)	-	(20,584)
Drawdown of principal	-	-	-	-	-	-
Repayment of principal	-	(659)	(574)	-	(3,223)	(4,456)
Repayment of interests	-	(146)	(44)	-	(429)	(619)
	2,966	(805)	(618)	(23,550)	(3,652)	(25,659)
<u>Other Changes</u>						
Acquisition of new hire purchase (Note (a) above)	-	4,261	-	-	-	4,261
Acquisition of new leases (Note (a) above)	-	-	1,321	-	-	1,321
Derecognition due to lease modifications	-	-	(341)	-	-	(341)
Finance charges recognised in profit or loss	118	146	44	7,625	429	8,362
Repayment of interests (presented as operating cash flows)	(118)	-	-	(7,625)	-	(7,743)
	-	4,407	1,024	-	429	5,860
At 31 December	2,966	4,739	1,171	168,150	7,222	184,248

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

34. CASH FLOW INFORMATION (CONT'D)

(b) The reconciliations of liabilities arising from financing activities are as follows (cont'd):-

	Hire purchase Liabilities RM'000	Lease Liabilities RM'000	Revolving Credit RM'000	Term Loans RM'000	Total RM'000
The Company					
2021					
At 1 August 2020	197	1,138	218,500	1,041	220,876
<u>Changes in Financing</u>					
<u>Cash Flows</u>					
Net of drawdown/(repayment) of principal	-	-	(26,800)	-	(26,800)
Drawdown of principal	-	-	-	10,000	10,000
Repayment of principal	(85)	(670)	-	(596)	(1,351)
Repayment of interests	(22)	(64)	-	(206)	(292)
	(107)	(734)	(26,800)	9,198	(18,443)
<u>Other Changes</u>					
Acquisition of new hire purchase (Note (a) above)	1,025	-	-	-	1,025
Acquisition of new leases (Note (a) above)	-	414	-	-	414
Modifications of leases (Note 7)	-	124	-	-	124
Derecognition due to lease modifications	-	(241)	-	-	(241)
Finance charges recognised in profit or loss	22	64	11,071	206	11,363
Repayment of interests (presented as operating cash flows)	-	-	(11,071)	-	(11,071)
	1,047	361	-	206	1,614
At 31 December	1,137	765	191,700	10,445	204,047

(c) The total cash outflows for leases as a lessee are as follows:-

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Payment of short-term leases	350	488	4	41
Payment of leases of low-value assets	48	80	26	41
Interest paid on lease liabilities	1,307	1,347	44	64
Payment of lease liabilities	982	1,008	574	670
	2,687	2,923	648	816

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

34. CASH FLOW INFORMATION (CONT'D)

(d) The cash and cash equivalents comprise the following:-

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Deposits with licensed banks	11,784	1,575	3,597	421
Cash and bank balances	8,365	4,997	2,318	2,554
Bank overdrafts	(2,001)	(717)	-	(378)
	<u>18,148</u>	<u>5,855</u>	<u>5,915</u>	<u>2,597</u>
Deposits pledged to licensed banks (Note 18)	(1,136)	(1,118)	(427)	(421)
	<u>17,012</u>	<u>4,737</u>	<u>5,488</u>	<u>2,176</u>

35. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel of the Group and of the Company include executive directors and non-executive directors of the Company and certain members of senior management of the Group and of the Company.

The key management personnel compensation during the financial year is as follows:-

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
(a) Directors				
<i>Directors of the Company</i>				
Short-term benefits:-				
- fees	412	581	308	436
- salaries, bonus and other benefits	4,763	5,207	4,763	5,207
	<u>5,175</u>	<u>5,788</u>	<u>5,071</u>	<u>5,643</u>
Defined contribution plans	571	625	571	625
Benefits-in-kind	7	9	7	9
	<u>5,753</u>	<u>6,422</u>	<u>5,649</u>	<u>6,277</u>
<i>Directors of the Subsidiaries</i>				
Short-term benefits:-				
- fees	82	74	-	-
Total directors' remuneration (Note 31)	<u>5,835</u>	<u>6,496</u>	<u>5,649</u>	<u>6,277</u>
(b) Other Key Management Personnel				
Short-term benefits	4,743	4,187	3,613	4,187
Defined contribution plans	507	414	371	414
	<u>5,250</u>	<u>4,601</u>	<u>3,984</u>	<u>4,601</u>
Total compensation for other key management personnel (Note 31)	<u>5,250</u>	<u>4,601</u>	<u>3,984</u>	<u>4,601</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

36. SIGNIFICANT RELATED PARTY DISCLOSURES

(a) Identities of Related Parties

Parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control.

In addition to the information detailed elsewhere in the financial statements, the Group has related party relationships with its directors, key management personnel and entities within the same group of companies.

(b) Significant Related Party Transactions and Balances

Other than those disclosed elsewhere in the financial statements, the Group and the Company also carried out the following significant transactions with the related parties during the financial year:-

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Subsidiaries				
Sale to subsidiaries:-				
- dividend income	-	-	30,000	32,500
- logs	-	-	11	8,125
- management fee income	-	-	25,720	30,590
- property, plant and equipment	-	-	46,148	53
- sundries	-	-	11	27
- waste timber	-	-	31	1,572
Purchases from subsidiaries:-				
- bottled water	-	-	119	153
- canteen goods	-	-	13	2
- consumable stores	-	-	519	277
- fertiliser	-	-	8	-
- lighting products	-	-	15	39
- logs	-	-	37,361	11,296
- masks	-	-	3	1
- office materials	-	-	89	122
- operating supplies	-	-	6	24
- plywood	-	-	-	53
- property, plant and equipment	-	-	647	5,269
- sawn timber	-	-	-	124
- sundries	-	-	165	161
- surface sanitiser	-	-	16	26
- welfare materials	-	-	20	-
- wet wipes	-	-	3	1
Services received/receivable from subsidiaries:-				
- administrative fee	-	-	1	42
- contract fee	-	-	15,682	7,310
- corporate guarantee fee	-	-	461	1,275
- interest income	-	-	6,132	9,455
- logpond handling income	-	-	-	5
- rental income	-	-	125	193

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

36. SIGNIFICANT RELATED PARTY DISCLOSURES (CONT'D)

(b) Significant Related Party Transactions and Balances (Cont'd)

Other than those disclosed elsewhere in the financial statements, the Group and the Company also carried out the following significant transactions with the related parties during the financial year (cont'd):-

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Subsidiaries (Cont'd)				
Services paid/payable to subsidiaries:-				
- contract fee	-	-	-	9,583
- freight and handling charges	-	-	1,242	2,771
- interest expense	-	-	1,773	3,919
- rental of equipments	-	-	-	2
- rental of vehicles	-	-	432	474
- repairs and maintenance	-	-	114	358
Other Related Parties				
Sale to other related parties:-				
- bottled water	43	53	-	-
- fertilisers	1,143	798	-	-
- fresh fruit bunches	59,274	99,301	-	-
- logs	-	123	-	123
- lighting products	-	13	-	-
- nursery	50	-	-	-
- plywood	6	3	-	-
- property, plant and equipment	-	126	-	-
- surface sanitiser	1	10	-	-
Purchases from other related parties:-				
- adhesive materials	11,383	9,291	-	-
- charcoal	169	-	-	-
- consumable stores	70	373	1	68
- logs	58,483	42,388	58,483	42,388
- property, plant and equipment	138	52	10	3
- waste timber	219	737	-	-
Services received/receivable from other related parties:-				
- contract income	35,045	26,893	-	-
- towage and handling income	35	13	-	11
- transport subsidy	1,664	1,273	-	-
Services paid/payable to other related parties:-				
- freight and handling charges	165	1,975	-	877
- fresh fruit bunches premium	794	1,039	-	-
- marketing fee	-	345	-	345
- rental of buildings	24	27	24	27
- rental of land	70	132	-	-

The significant outstanding balances of the related parties (including the allowance for impairment loss made) together with their terms and conditions are disclosed in the respective notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

37. OPERATING SEGMENTS

Operating segments are prepared in a manner consistent with the internal reporting provided to the Group Managing Director as its chief operating decision maker in order to allocate resources to segments and to assess their performance on a quarterly basis. For management purposes, the Group is organised into business units based on their products and services provided.

The Group is organised into 2 main reportable segments as follows:-

- Timber Segment – involved in the extraction, sale of logs and subcontractor for tree planting (reforestation), and the business of manufacturing and trading of plywood, veneer, raw and laminated particleboard, sawn timber, finger-joint moulding, charcoal and the supply of electricity for its manufacturing activities.
 - Plantation Segment – involved in the cultivation of oil palm and sale of fresh fruit bunches.
 - Others – involved in the provision of towage and transportation services, insurance services, property holding and development, and manufacturing and trading of drinking water.
- (a) The Group Managing Director assesses the performance of the reportable segments based on their profit before taxation. The accounting policies of the reportable segments are the same as the Group's accounting policies.
- (b) Each reportable segment assets is measured based on all assets (including goodwill) of the segment.
- (c) Each reportable segment liabilities is measured based on all liabilities of the segment.

Transactions between reportable segments are carried out on agreed terms between both parties. The effects of such inter-segment transactions are eliminated on consolidation.

37.1 BUSINESS SEGMENTS

	Timber RM'000	Plantation RM'000	Others RM'000	The Group RM'000
2022				
Revenue				
External revenue	240,923	330,331	13,773	585,027
Inter-segment revenue	202,884	28,634	17,228	248,746
	<hr/>	<hr/>	<hr/>	<hr/>
Consolidation adjustments	443,807	358,965	31,001	833,773 (248,746)
Consolidated revenue				<hr/> 585,027 <hr/>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

37. OPERATING SEGMENTS (CONT'D)

37.1 BUSINESS SEGMENTS (CONT'D)

	Timber RM'000	Plantation RM'000	Others RM'000	The Group RM'000
2022				
Results				
Segment (loss)/profit before taxation	(1,195)	76,895	(7,521)	68,179
Consolidation adjustments				-
Consolidated profit before taxation				<u>68,179</u>
Segment (loss)/profit before taxation includes the followings:-				
Interest income ⁽¹⁾	630	15	2	647
Interest expense ⁽²⁾	(11,496)	(8,671)	(617)	(20,784)
Allowance for slow-moving inventories	(21)	-	-	(21)
Amortisation of intangible assets	-	(361)	-	(361)
Changes in fair value of:-				
- biological assets	-	(2,978)	-	(2,978)
- investment properties	-	-	(630)	(630)
- investment securities	(36)	-	-	(36)
Depreciation of property, plant and equipment ⁽³⁾	(19,785)	(31,302)	(3,292)	(54,379)
Gain on derecognition of leases	12	5	-	17
Gain on disposal of property, plant and equipment	1,483	234	1,066	2,783
Impairment losses on:-				
- property, plant and equipment	(2,464)	-	(623)	(3,087)
- trade and other receivables	(2,395)	-	(214)	(2,609)
Impairment losses on trade and other receivables no longer required	1,019	-	479	1,498
Property, plant and equipment written off	(50)	(719)	(2)	(771)
Reversal of allowance for slow-moving inventories	1,120	-	-	1,120
Unrealised loss on foreign exchange	(222)	-	-	(222)
Write-down of inventories	(4,235)	-	(43)	(4,278)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

37. OPERATING SEGMENTS (CONT'D)

37.1 BUSINESS SEGMENTS (CONT'D)

	Timber RM'000	Plantation RM'000	Others RM'000	The Group RM'000
2022				
Assets				
Segment assets	1,378,994	951,439	361,314	2,691,747
Consolidation adjustments				(1,168,784)
Consolidated total assets				<u>1,522,963</u>
Additions to non-current assets other than financial instruments and deferred tax assets are:-				
Property, plant and equipment ⁽⁴⁾	9,152	81,652	26,239	117,043
Biological assets	3,826	80	-	3,906
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Liabilities				
Segment liabilities	616,894	664,401	122,210	1,403,505
Consolidation adjustments				(548,706)
Consolidated total liabilities				<u>854,799</u>

(1) After consolidation adjustments of RM15,867,000.

(2) After consolidation adjustments of RM15,867,000.

(3) After consolidation adjustments of RM4,355,000.

(4) After consolidation adjustments of RM56,569,000.

	Timber RM'000	Plantation RM'000	Others RM'000	The Group RM'000
2021				
Revenue				
External revenue	238,587	358,461	9,597	606,645
Inter-segment revenue	154,450	19,580	9,942	183,972
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Consolidation adjustments	393,037	378,041	19,539	790,617
				(183,972)
Consolidated revenue				<u>606,645</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

37. OPERATING SEGMENTS (CONT'D)

37.1 BUSINESS SEGMENTS (CONT'D)

	Timber RM'000	Plantation RM'000	Others RM'000	The Group RM'000
2021				
Results				
Segment (loss)/profit before taxation	(58,068)	165,492	3,365	110,789
Consolidation adjustments				-
Consolidated profit before taxation				<u>110,789</u>
Segment (loss)/profit before taxation includes the followings:-				
Interest income ⁽¹⁾	350	20	2	372
Interest expense ⁽²⁾	(16,773)	(6,748)	(550)	(24,071)
Allowance for slow-moving inventories	(55)	-	-	(55)
Amortisation of intangible assets	-	(348)	-	(348)
Changes in fair value of:-				
- biological assets	(11,671)	3,567	-	(8,104)
- investment properties	-	-	7,033	7,033
- investment securities	(22)	-	-	(22)
Depreciation of property, plant and equipment ⁽³⁾	(33,398)	(34,574)	(4,364)	(72,336)
Gain on derecognition of leases	7	-	-	7
Gain/(loss) on disposal of property, plant and equipment	4,100	(34)	647	4,713
Impairment losses on:-				
- property, plant and equipment	(963)	-	(182)	(1,145)
- trade and other receivables	(507)	-	-	(507)
Impairment losses on trade and other receivables no longer required	4,577	50	359	4,986
Prepayment written off	(1,561)	-	-	(1,561)
Property, plant and equipment written off	(13)	(6)	(3)	(22)
Reversal of allowance for slow-moving inventories	1,131	-	-	1,131
Unrealised loss on foreign exchange	(178)	-	(1)	(179)
Write-down of inventories	(4,621)	-	(53)	(4,674)
Assets				
Segment assets	1,350,544	874,689	333,007	2,558,240
Consolidation adjustments				(1,112,556)
Consolidated total assets				<u>1,445,684</u>
Additions to non-current assets other than financial instruments and deferred tax assets are:-				
Property, plant and equipment ⁽⁴⁾	7,222	98,034	4,339	109,595
Biological assets ⁽⁵⁾	5,246	-	106	5,352

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

37. OPERATING SEGMENTS (CONT'D)

37.1 BUSINESS SEGMENTS (CONT'D)

	Timber RM'000	Plantation RM'000	Others RM'000	The Group RM'000
2021				
Liabilities				
Segment liabilities	660,466	639,836	85,100	1,385,402
Consolidation adjustments				(561,150)
Consolidated total liabilities				<u>824,252</u>

(1) After consolidation adjustments of RM24,255,000.

(2) After consolidation adjustments of RM24,255,000.

(3) After consolidation adjustments of RM8,738,000.

(4) After consolidation adjustments of RM3,545,000.

37.2 GEOGRAPHICAL INFORMATION

Revenue is based on the country in which the customers are located.

Non-current assets are determined according to the country where these assets are located. The amounts of non-current assets do not include financial instruments and deferred tax assets.

	Revenue		Non-current Assets	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Malaysia	532,896	507,947	1,329,388	1,278,694
India	20,589	47,040	-	-
Japan	14,760	9,978	-	-
South Korea	-	7,047	-	-
Taiwan	2,319	2,204	-	-
Yemen	-	4,530	-	-
Other countries	14,463	27,899	-	-
	<u>585,027</u>	<u>606,645</u>	<u>1,329,388</u>	<u>1,278,694</u>

37.3 MAJOR CUSTOMERS

There is a major customer with revenue of RM85,403,000 (2021: RM72,398,000), which is more than 10% of the Group's total revenue. The customer is from the Group's plantation segment.

38. CAPITAL COMMITMENTS

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Purchase of property, plant and equipment	9,256	31,984	-	-
Construction of property, plant and equipment	4,344	3,036	336	365
	<u>13,600</u>	<u>35,020</u>	<u>336</u>	<u>365</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

39. FINANCIAL INSTRUMENTS

The Group's activities are exposed to a variety of market risk (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The Group's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

39.1 FINANCIAL RISK MANAGEMENT POLICIES

The Group's policies in respect of the major areas of treasury activity are as follows:-

(a) Market Risk

(i) Foreign Currency Risk

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than the respective functional currencies of entities within the Group. The currencies giving rise to this risk are primarily United States Dollar ("USD"), Euro ("EUR"), Japanese Yen ("JPY") and Singapore Dollar ("SGD"). Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level. The Group also holds cash and cash equivalents denominated in foreign currencies for working capital purposes.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

39. FINANCIAL INSTRUMENTS (CONT'D)

39.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign Currency Exposure

The Group's exposure to foreign currency risk (a currency which is other than the functional currency of the entities within the Group) based on the carrying amounts of the financial instruments at the end of the reporting period is summarised below:-

The Group	United States Dollar RM'000	Euro RM'000	Japanese Yen RM'000	Singapore Dollar RM'000	Chinese Yuan RM'000	Ringgit Malaysia RM'000	Total RM'000
2022							
<u>Financial Assets</u>							
Investment securities	-	-	-	11,059	-	6,208	17,267
Trade receivables	993	-	-	11	-	44,388	45,392
Other receivables and deposits	-	107	-	-	-	22,063	22,170
Deposits with licensed banks	-	-	-	-	-	11,784	11,784
Cash and bank balances	248	-	-	34	-	8,083	8,365
	1,241	107	-	11,104	-	92,526	104,978
<u>Financial Liabilities</u>							
Trade payables	419	14	-	2	-	97,928	98,363
Other payables, deposits and accruals	1,658	6	-	342	-	16,559	18,565
Bank borrowings:-							
- bank overdrafts	-	-	-	-	-	2,001	2,001
- other borrowings	-	-	-	-	-	659,877	659,877
	2,077	20	-	344	-	776,365	778,806

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

39. FINANCIAL INSTRUMENTS (CONT'D)

39.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign Currency Exposure (Cont'd)

The Group's exposure to foreign currency risk (a currency which is other than the functional currency of the entities within the Group) based on the carrying amounts of the financial instruments at the end of the reporting period is summarised below (cont'd):-

	United States Dollar RM'000	Euro RM'000	Japanese Yen RM'000	Singapore Dollar RM'000	Chinese Yuan RM'000	Ringgit Malaysia RM'000	Total RM'000
The Group							
2022							
Net financial assets/(liabilities)	(836)	87	-	10,760	-	(683,839)	(673,828)
Less: Net financial (assets)/liabilities denominated in the respective entities' functional currencies	-	-	-	-	-	683,839	683,839
Currency Exposure	(836)	87	-	10,760	-	-	10,011

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

39. FINANCIAL INSTRUMENTS (CONT'D)

39.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign Currency Exposure (Cont'd)

The Group's exposure to foreign currency risk (a currency which is other than the functional currency of the entities within the Group) based on the carrying amounts of the financial instruments at the end of the reporting period is summarised below (cont'd):-

The Group	United States Dollar RM'000	Euro RM'000	Japanese Yen RM'000	Singapore Dollar RM'000	Chinese Yuan RM'000	Ringgit Malaysia RM'000	Total RM'000
2021							
<u>Financial Assets</u>							
Investment securities	-	-	-	9,069	-	6,189	15,258
Trade receivables	1,086	-	-	9	-	29,499	30,594
Other receivables and deposits	2,085	2,729	-	-	-	13,825	18,639
Deposits with licensed banks	-	-	-	-	-	1,575	1,575
Cash and bank balances	357	-	-	35	-	4,605	4,997
	3,528	2,729	-	9,113	-	55,693	71,063
<u>Financial Liabilities</u>							
Trade payables	105	-	-	-	-	94,757	94,862
Other payables and accruals	5,334	6	334	48	5	16,968	22,695
Bank borrowings:-							
- bank overdrafts	-	-	-	-	-	717	717
- other borrowings	-	-	-	-	-	636,386	636,386
	5,439	6	334	48	5	748,828	754,660

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

39. FINANCIAL INSTRUMENTS (CONT'D)

39.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign Currency Exposure (Cont'd)

The Group's exposure to foreign currency risk (a currency which is other than the functional currency of the entities within the Group) based on the carrying amounts of the financial instruments at the end of the reporting period is summarised below (cont'd):-

	United States Dollar RM'000	Euro RM'000	Japanese Yen RM'000	Singapore Dollar RM'000	Chinese Yuan RM'000	Ringgit Malaysia RM'000	Total RM'000
The Group							
2021							
Net financial assets/(liabilities)	(1,911)	2,723	(334)	9,065	(5)	(693,135)	(683,597)
Less: Net financial (assets)/liabilities denominated in the respective entities' functional currencies	-	-	-	-	-	693,135	693,135
Currency Exposure	(1,911)	2,723	(334)	9,065	(5)	-	9,538

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

39. FINANCIAL INSTRUMENTS (CONT'D)

39.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign Currency Exposure (Cont'd)

The Group's exposure to foreign currency risk (a currency which is other than the functional currency of the entities within the Group) based on the carrying amounts of the financial instruments at the end of the reporting period is summarised below (cont'd):-

The Company	United States Dollar RM'000	Euro RM'000	Singapore Dollar RM'000	Ringgit Malaysia RM'000	Total RM'000
2022					
<u>Financial Assets</u>					
Investment securities	-	-	11,059	6,208	17,267
Trade receivables	840	-	-	11,428	12,268
Other receivables and deposits	-	-	-	4,465	4,465
Amount owing by subsidiaries	-	-	-	178,331	178,331
Deposits with licensed banks	-	-	-	3,597	3,597
Cash and bank balances	127	-	-	2,191	2,318
	967	-	11,059	206,220	218,246
<u>Financial Liabilities</u>					
Trade payables	-	-	-	25,386	25,386
Other payables, deposits and accruals	5	6	-	8,918	8,929
Amount owing to subsidiaries	-	-	-	71,761	71,761
Bank borrowings:-					
- other borrowings	-	-	-	184,248	184,248
	5	6	-	290,313	290,324

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

39. FINANCIAL INSTRUMENTS (CONT'D)

39.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign Currency Exposure (Cont'd)

The Group's exposure to foreign currency risk (a currency which is other than the functional currency of the entities within the Group) based on the carrying amounts of the financial instruments at the end of the reporting period is summarised below (cont'd):-

The Company	United States Dollar RM'000	Euro RM'000	Singapore Dollar RM'000	Ringgit Malaysia RM'000	Total RM'000
2022					
Net financial assets/(liabilities)	962	(6)	11,059	(84,093)	(72,078)
Less: Net financial (assets)/liabilities denominated in the Company's functional currency	-	-	-	84,093	84,093
Currency Exposure	962	(6)	11,059	-	12,015

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

39. FINANCIAL INSTRUMENTS (CONT'D)

39.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign Currency Exposure (Cont'd)

The Group's exposure to foreign currency risk (a currency which is other than the functional currency of the entities within the Group) based on the carrying amounts of the financial instruments at the end of the reporting period is summarised below (cont'd):-

The Company	United States Dollar RM'000	Euro RM'000	Singapore Dollar RM'000	Ringgit Malaysia RM'000	Total RM'000
2021					
<u>Financial Assets</u>					
Investment securities	-	-	9,069	6,189	15,258
Trade receivables	-	-	-	6,730	6,730
Other receivables and deposits	-	-	-	6,870	6,870
Amount owing by subsidiaries	-	-	-	193,356	193,356
Deposits with licensed banks	-	-	-	421	421
Cash and bank balances	164	-	-	2,390	2,554
	164	-	9,069	215,956	225,189
<u>Financial Liabilities</u>					
Trade payables	-	-	-	11,528	11,528
Other payables, deposits and accruals	171	6	-	8,979	9,156
Amount owing to subsidiaries	-	-	-	97,079	97,079
Bank borrowings:-					
- bank overdrafts	-	-	-	378	378
- other borrowings	-	-	-	204,047	204,047
	171	6	-	322,011	322,188

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

39. FINANCIAL INSTRUMENTS (CONT'D)

39.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

- (i) Foreign Currency Risk (Cont'd)

Foreign Currency Exposure (Cont'd)

The Group's exposure to foreign currency risk (a currency which is other than the functional currency of the entities within the Group) based on the carrying amounts of the financial instruments at the end of the reporting period is summarised below (cont'd):-

The Company	United States Dollar RM'000		Euro RM'000		Singapore Dollar RM'000		Ringgit Malaysia RM'000		Total RM'000	
2021										
Net financial assets/(liabilities)	(7)		(6)		9,069		(106,055)		(96,999)	
Less: Net financial (assets)/liabilities denominated in the Company's functional currency	-		-		-		106,055		106,055	
Currency Exposure	(7)		(6)		9,069		-		9,056	

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

39. FINANCIAL INSTRUMENTS (CONT'D)

39.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign Currency Risk Sensitivity Analysis

The following table details the sensitivity analysis to a reasonably possible change in the foreign currencies at the end of the reporting period, with all other variables held constant:-

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Effects on Profit After Taxation				
USD/RM - strengthened by 5% (2021: 5%)	- 31	- 73	+ 37	-
- weakened by 5% (2021: 5%)	+ 31	+ 73	- 37	-
EUR/RM - strengthened by 5% (2021: 5%)	+ 3	+ 103	-	-
- weakened by 5% (2021: 5%)	- 3	- 103	-	-
JPY/RM - strengthened by 5% (2021: 5%)	-	- 13	-	-
- weakened by 5% (2021: 5%)	-	+ 13	-	-
SGD/RM - strengthened by 5% (2021: 5%)	+ 3	+ 14	+ 15	+ 14
- weakened by 5% (2021: 5%)	- 3	- 14	- 15	- 14
Effects on Equity				
USD/RM - strengthened by 5% (2021: 5%)	- 31	- 73	+ 37	-
- weakened by 5% (2021: 5%)	+ 31	+ 73	- 37	-
EUR/RM - strengthened by 5% (2021: 5%)	+ 3	+ 103	-	-
- weakened by 5% (2021: 5%)	- 3	- 103	-	-
JPY/RM - strengthened by 5% (2021: 5%)	-	- 13	-	-
- weakened by 5% (2021: 5%)	-	+ 13	-	-
SGD/RM - strengthened by 5% (2021: 5%)	+ 409	+ 344	+ 420	+ 345
- weakened by 5% (2021: 5%)	- 409	- 344	- 420	- 345

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

39. FINANCIAL INSTRUMENTS (CONT'D)

39.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from its long-term borrowings with variable rates. The Group's policy is to obtain the most favourable interest rates available.

The Group's deposits with licensed banks and fixed rate borrowings are carried at amortised cost. Therefore, they are not subject to interest rate risk as defined in MFRS 7 since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

The Group's exposure to interest rate risk based on the carrying amounts of the financial instruments at the end of the reporting period is disclosed in Note 22 to the financial statements.

Interest Rate Risk Sensitivity Analysis

The following table details the sensitivity analysis to a reasonably possible change in the interest rates at the end of the reporting period, with all other variables held constant:-

	The Group		The Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Effects on Profit After Taxation				
Increase of 50 (2021: 50) basis points	- 381	- 471	- 27	- 41
Decrease of 50 (2021: 50) basis points	+ 381	+ 471	+ 27	+ 41
Effects on Equity				
Increase of 50 (2021: 50) basis points	- 381	- 471	- 27	- 41
Decrease of 50 (2021: 50) basis points	+ 381	+ 471	+ 27	+ 41

(iii) Equity Price Risk

The Group's principal exposure to equity price risk arises mainly from changes in quoted investment prices. The Group manages its exposure to equity price risk by maintaining a portfolio of equities with different risk profiles.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

39. FINANCIAL INSTRUMENTS (CONT'D)

39.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(iii) Equity Price Risk (Cont'd)

Equity Price Risk Sensitivity Analysis

The following table details the sensitivity analysis to a reasonably possible change in the prices of the quoted investments at the end of the reporting period, with all other variables held constant:-

	The Group/The Company	
	2022	2021
	RM'000	RM'000
Effects on Equity		
Increase of 10% (2021: 10%)	+ 1,088	+ 885
Decrease of 10% (2021: 10%)	- 1,088	- 885

As the Group's equity investments are measured at fair value through other comprehensive income, there is no financial impact on profit after taxation for the changes in prices of quoted investments.

(b) Credit Risk

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from its trade and other receivables, and debt investments. The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including quoted investments, and cash and bank balances), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Company's exposure to credit risk arises principally from its loans and advances to subsidiaries, and corporate guarantee given to financial institutions for credit facilities granted to certain subsidiaries. The Company monitors the results of these subsidiaries regularly and repayments made by the subsidiaries.

(i) Credit Risk Concentration Profile

The Group's major concentration of credit risk relates to the amounts owing by 2 customers which constituted approximately 52% of its trade receivables (including related parties) at the end of the reporting period.

(ii) Maximum Exposure to Credit Risk

At the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position of the Group and of the Company after deducting any allowance for impairment losses (where applicable).

In addition, the Company's maximum exposure to credit risk also includes corporate guarantees provided to its subsidiaries of RM56,470,000 (2021: RM45,332,000), representing the outstanding banking facilities of the subsidiaries as at the end of the reporting period. These corporate guarantees have not been recognised in the Company's financial statements since their fair value on initial recognition was not material.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

39. FINANCIAL INSTRUMENTS (CONT'D)

39.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses

At each reporting date, the Group assesses whether any of the financial assets at amortised cost are credit impaired.

The gross carrying amounts of financial assets are written off against the associated impairment, if any, when there is no reasonable expectation of recovery despite the fact that they are still subject to enforcement activities.

A financial asset is credit impaired when any of the following events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred:-

- significant financial difficulty of the receivable;
- a breach of contract, such as a default or a past due event;
- restructuring of a debt in relation to the receivable's financial difficulty;
- it is becoming probable that the receivable will enter bankruptcy and other financial reorganisation.

Trade Receivables

The Group applies the simplified approach to measure expected credit losses using a lifetime expected credit loss allowance for all trade receivables.

Inputs, Assumptions and Techniques used for Estimating Impairment Losses

To measure the expected credit losses, trade receivables (including related parties) have been grouped based on shared credit risk characteristics and the days past due.

The Group measures the expected credit losses of certain major customers, trade receivables that are credit impaired and trade receivables with a high risk of default on an individual basis.

Also, the Company considers any trade receivables having financial difficulty or in default with significant balances outstanding for more than 120 days as credit impaired and assesses for their risk of loss individually.

The expected loss rates are based on the historical credit losses experienced, adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the trade receivables to settle their debts.

There are no significant changes in the estimation techniques and assumptions as compared to the previous financial period.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

39. FINANCIAL INSTRUMENTS (CONT'D)

39.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

Trade Receivables (Cont'd)

Allowance for Impairment Losses

The Group	Gross Amount RM'000	Lifetime Loss Allowance RM'000	Carrying Amount RM'000
2022			
Current (not past due)	40,447	(57)	40,390
1 to 30 days past due	4,660	(32)	4,628
31 to 60 days past due	264	(62)	202
61 to 90 days past due	78	(35)	43
91 to 120 days past due	290	(169)	121
	<hr/>	<hr/>	<hr/>
	45,739	(355)	45,384
Credit impaired:-			
- more than 120 days past due	6,172	(6,164)	8
	<hr/>	<hr/>	<hr/>
	51,911	(6,519)	45,392
	<hr/>	<hr/>	<hr/>
2021			
Current (not past due)	29,248	(84)	29,164
1 to 30 days past due	1,442	(89)	1,353
31 to 60 days past due	107	(56)	51
61 to 90 days past due	58	(41)	17
91 to 120 days past due	238	(229)	9
	<hr/>	<hr/>	<hr/>
	31,093	(499)	30,594
Credit impaired:-			
- more than 120 days past due	6,960	(6,960)	-
	<hr/>	<hr/>	<hr/>
	38,053	(7,459)	30,594
	<hr/>	<hr/>	<hr/>
The Company			
2022			
Current (not past due)	9,203	-	9,203
1 to 30 days past due	3,065	-	3,065
	<hr/>	<hr/>	<hr/>
	12,268	-	12,268
Credit impaired:-			
- more than 120 days past due	18	(18)	-
	<hr/>	<hr/>	<hr/>
	12,286	(18)	12,268
	<hr/>	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

39. FINANCIAL INSTRUMENTS (CONT'D)

39.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

Trade Receivables (Cont'd)

Allowance for Impairment Losses (Cont'd)

The Company	Gross Amount RM'000	Lifetime Loss Allowance RM'000	Carrying Amount RM'000
2021			
Current (not past due)	5,680	-	5,680
1 to 30 days past due	1,050	-	1,050
	<u>6,730</u>	<u>-</u>	<u>6,730</u>
Credit impaired:-			
- more than 120 days past due	18	(18)	-
	<u>6,748</u>	<u>(18)</u>	<u>6,730</u>

The movements in the loss allowances in respect of trade receivables are disclosed in Note 16 to the financial statements.

Other Receivables (Including Related Parties)

The Group applies the 3-stage general approach to measure expected credit losses for its other receivables and amount owing by related parties.

Inputs, Assumptions and Techniques used for Estimating Impairment Losses

Under this approach, the Group assesses whether there is a significant increase in credit risk for receivables by comparing the risk of a default as at the reporting date with the risk of default as at the date of initial recognition. The Group considers there has been a significant increase in credit risk when there are changes in contractual terms or delay in payment. Regardless of the assessment, a significant increase in credit risk is presumed if a receivable is more than 60 days past due in making a contractual payment.

The Group uses 3 categories to reflect their credit risk and how the loss allowance is determined for each category:-

Category	Definition of Category	Loss Allowance
Performing:	Receivables have a low risk of default and a strong capacity to meet contractual cash flows	12-month expected credit losses
Underperforming:	Receivables for which there is a significant increase in credit risk	Lifetime expected credit losses
Not performing:	There is evidence indicating the receivable is credit impaired or more than 120 days past due	Lifetime expected credit losses

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

39. FINANCIAL INSTRUMENTS (CONT'D)

39.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

Other Receivables (Including Related Parties) (Cont'd)

Inputs, Assumptions and Techniques used for Estimating Impairment Losses (Cont'd)

The Group measures the expected credit losses of receivables having significant balances, receivables that are credit impaired and receivables with a high risk of default on an individual basis.

Loss allowance is measured on either 12-month or lifetime expected credit losses, by considering the likelihood that the receivable would not be able to repay during the contractual period (probability of default, PD), the percentage of contractual cash flows that will not be collected if default happens (loss given default, LGD) and the outstanding amount that is exposed to default risk (exposure at default, EAD).

In deriving the PD and LGD, the Group considers the receivable's past payment status and its financial condition as at the reporting date. The PD is adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the receivable to settle its debts.

There are no significant changes in the estimation techniques and assumptions as compared to the previous financial period.

Allowance for Impairment Losses

	Gross Amount RM'000	12-month Loss Allowance RM'000	Lifetime Loss Allowance RM'000	Carrying Amount RM'000
The Group				
2022				
Low credit risk	17,043	-	-	17,043
Significant increase in credit risk	5,695	-	(568)	5,127
Credit impaired	3,820	-	(3,820)	-
	<u>26,558</u>	<u>-</u>	<u>(4,388)</u>	<u>22,170</u>
2021				
Low credit risk	14,236	(362)	-	13,874
Significant increase in credit risk	5,655	-	(890)	4,765
Credit impaired	1,085	-	(1,085)	-
	<u>20,976</u>	<u>(362)</u>	<u>(1,975)</u>	<u>18,639</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

39. FINANCIAL INSTRUMENTS (CONT'D)

39.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

Other Receivables (Including Related Parties) (Cont'd)

Allowance for Impairment Losses (Cont'd)

	Gross Amount RM'000	12-month Loss Allowance RM'000	Lifetime Loss Allowance RM'000	Carrying Amount RM'000
The Company				
2022				
Low credit risk	614	-	-	614
Significant increase in credit risk	4,419	-	(568)	3,851
Credit impaired	2,672	-	(2,672)	-
	<u>7,705</u>	<u>-</u>	<u>(3,240)</u>	<u>4,465</u>
2021				
Low credit risk	3,812	(362)	-	3,450
Significant increase in credit risk	3,952	-	(532)	3,420
Credit impaired	79	-	(79)	-
	<u>7,843</u>	<u>(362)</u>	<u>(611)</u>	<u>6,870</u>

The movements in the loss allowances in respect of other receivables are disclosed in Note 17 to the financial statements.

Deposits with Licensed Banks, and Cash and Bank Balances

The Group considers the licensed banks to have low credit risks. In addition, some of the bank balances are insured by Government agencies. Therefore, the Group is of the view that the loss allowance is immaterial and hence, it is not provided for.

Amount Owing by Subsidiaries (Non-trade Balances)

The Company applies the 3-stage general approach to measure expected credit losses for all inter-company balances.

Inputs, Assumptions and Techniques used for Estimating Impairment Losses

The Company measures the expected credit losses on an individual basis, which is aligned with its credit risk management practices on the inter-company balances.

The Company considers loans and advances to subsidiaries to have low credit risks. The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

39. FINANCIAL INSTRUMENTS (CONT'D)

39.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

Amount Owing by Subsidiaries (Non-trade Balances) (Cont'd)

Inputs, Assumptions and Techniques used for Estimating Impairment Losses (Cont'd)

For loans and advances that are repayable on demand, impairment loss is assessed based on the assumption that repayment of the outstanding balances is demanded at the reporting date. If the subsidiary does not have sufficient highly liquid resources when the loans and advances are demanded, the Company will consider the expected manner of recovery to measure the impairment loss; the recovery manner could be either through "repayable over time" or a fire sale of less liquid assets by the subsidiary.

For loans and advances that are not repayable on demand, impairment loss is measured using techniques that are similar for estimating the impairment losses of other receivables as disclosed above.

There are no significant changes in the estimation techniques and assumptions as compared to the previous financial period.

Allowance for Impairment Losses

	Gross Amount RM'000	12-month Loss Allowance RM'000	Lifetime Loss Allowance RM'000	Carrying Amount RM'000
The Company				
2022				
Low credit risk	169,537	(6)	-	169,531
Significant increase in credit risk	15,683	-	(6,883)	8,800
Credit impaired	8,243	-	(8,243)	-
	<u>193,463</u>	<u>(6)</u>	<u>(15,126)</u>	<u>178,331</u>
2021				
Low credit risk	170,467	-	-	170,467
Significant increase in credit risk	24,915	-	(2,026)	22,889
Credit impaired	6,854	-	(6,854)	-
	<u>202,236</u>	<u>-</u>	<u>(8,880)</u>	<u>193,356</u>

The movements in the loss allowances in respect of amount owing by subsidiaries are disclosed in Note 14 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

39. FINANCIAL INSTRUMENTS (CONT'D)

39.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

Financial Guarantee Contracts

All the financial guarantee contracts are considered to be performing, have low risks of default and historically there were no instances where these financial guarantee contracts were called upon by the parties of which the financial guarantee contracts were issued to. Accordingly, no loss allowances were identified based on 12-month expected credit losses.

(c) Liquidity Risk

Liquidity risk arises mainly from general funding and business activities. The Group practices prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

39. FINANCIAL INSTRUMENTS (CONT'D)

39.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

Maturity Analysis

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):-

The Group	Weighted Average Effective Interest Rate %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	On Demand or Within 1 Year RM'000	1 – 2 Years RM'000	2 – 5 Years RM'000	Over 5 Years RM'000
2022							
Trade and other payables	-	116,928	116,928	116,928	-	-	-
Borrowings:-							
- bank overdrafts	4.02	2,001	2,001	2,001	-	-	-
- bankers' acceptance	3.99	92,417	92,417	92,417	-	-	-
- hire purchase liabilities	6.08	38,734	43,281	14,323	11,096	17,862	-
- lease liabilities	4.34	29,776	55,288	2,127	2,106	5,358	45,697
- revolving credit	4.78	295,475	295,475	295,475	-	-	-
- term loans	4.84	203,475	257,802	41,437	37,451	107,165	71,749
		778,806	863,192	564,708	50,653	130,385	117,446

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

39. FINANCIAL INSTRUMENTS (CONT'D)

39.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

Maturity Analysis (Cont'd)

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period) (cont'd):-

The Group	Weighted Average Effective Interest Rate %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	On Demand or Within 1 Year RM'000	1 – 2 Years RM'000	2 – 5 Years RM'000	Over 5 Years RM'000
2021							
Trade and other payables	-	117,557	117,557	117,557	-	-	-
Borrowings:-							
- bank overdrafts	6.69	717	717	717	-	-	-
- bankers' acceptance	3.05	45,595	45,595	45,595	-	-	-
- hire purchase liabilities	4.87	24,423	26,924	10,025	8,539	8,360	-
- lease liabilities	4.33	26,633	50,803	1,686	1,564	5,346	42,207
- revolving credit	3.95	330,025	330,025	330,025	-	-	-
- term loans	4.15	209,710	246,527	45,202	40,609	91,289	69,427
		754,660	818,148	550,807	50,712	104,995	111,634

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

39. FINANCIAL INSTRUMENTS (CONT'D)

39.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

Maturity Analysis (Cont'd)

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period) (cont'd):-

The Company	Weighted Average Effective Interest Rate %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	On Demand or Within 1 Year RM'000	1 – 2 Years RM'000	2 – 5 Years RM'000	Over 5 Years RM'000
2022							
Trade and other payables	-	34,315	34,315	34,315	-	-	-
Amount owing to subsidiaries	4.93	71,761	71,761	71,761	-	-	-
Borrowings:-							
- bankers' acceptance	4.18	2,966	2,966	2,966	-	-	-
- hire purchase liabilities	4.27	4,739	5,188	1,225	1,225	2,738	-
- lease liabilities	4.94	1,171	1,232	755	403	48	26
- revolving credit	4.73	168,150	168,150	168,150	-	-	-
- term loans	5.27	7,222	7,649	3,632	3,458	559	-
Financial guarantee contracts in relation to corporate guarantee given to certain subsidiaries*	-	-	56,470	56,470	-	-	-
		<u>290,324</u>	<u>347,731</u>	<u>339,274</u>	<u>5,086</u>	<u>3,345</u>	<u>26</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

39. FINANCIAL INSTRUMENTS (CONT'D)

39.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

Maturity Analysis (Cont'd)

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period) (cont'd):-

The Company	Weighted Average Effective Interest Rate %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	On Demand or Within 1 Year RM'000	1 – 2 Years RM'000	2 – 5 Years RM'000	Over 5 Years RM'000
2021							
Trade and other payables	-	20,684	20,684	20,684	-	-	-
Amount owing to subsidiaries	4.42	97,079	97,079	97,079	-	-	-
Borrowings:-							
- bank overdrafts	6.82	378	378	378	-	-	-
- hire purchase liabilities	4.87	1,137	1,269	280	280	709	-
- lease liabilities	4.46	765	814	442	231	109	32
- revolving credit	3.84	191,700	191,700	191,700	-	-	-
- term loans	4.44	10,445	11,218	3,628	3,592	3,998	-
Financial guarantee contracts in relation to corporate guarantee given to certain subsidiaries*	-	-	45,332	45,332	-	-	-
		<u>322,188</u>	<u>368,474</u>	<u>359,523</u>	<u>4,103</u>	<u>4,816</u>	<u>32</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

39. FINANCIAL INSTRUMENTS (CONT'D)

39.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

Maturity Analysis (Cont'd)

- * The contractual undiscounted cash flows represent the outstanding credit facilities of the subsidiaries at the end of the reporting period. The financial guarantees have not been recognised in the financial statements since their fair values on initial recognition were not material.

39.2 CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support its businesses and maximise shareholder(s) value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group manages its capital based on debt-to-equity ratio that complies with debt covenants and regulatory, if any. The debt-to-equity ratio is calculated as net debt divided by total equity. The Group includes within net debt, loans and borrowings from financial institutions less cash and cash equivalents. Capital includes equity attributable to the owners of the parent and non- controlling interests. The debt-to-equity ratio of the Group at the end of the reporting period was as follows:-

	The Group	
	2022	2021
	RM'000	RM'000
Bank borrowings:-		
- bank overdrafts	2,001	717
- other borrowings	659,877	636,386
	<hr/>	<hr/>
	661,878	637,103
Less: Deposits with licensed banks	(11,784)	(1,575)
Less: Cash and bank balances	(8,365)	(4,997)
	<hr/>	<hr/>
Net debts	641,729	630,531
	<hr/>	<hr/>
Total equity	668,164	621,432
	<hr/>	<hr/>
Debt-to-equity ratio	0.96	1.01
	<hr/>	<hr/>

There was no change in the Group's approach to capital management during the financial year.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

39. FINANCIAL INSTRUMENTS (CONT'D)

39.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Financial Assets				
<u>Mandatorily at Fair Value through Profit or Loss</u>				
Investment securities - debt securities	385	405	385	405
<u>Designated at Fair Value through Other Comprehensive Income Upon Initial Recognition</u>				
Investment securities - equity investments	16,882	14,853	16,882	14,853
<u>Amortised Cost</u>				
Trade receivables	45,392	30,594	12,268	6,730
Other receivables and deposits	22,170	18,639	4,465	6,870
Amount owing by subsidiaries	-	-	178,331	193,356
Deposits with licensed banks	11,784	1,575	3,597	421
Cash and bank balances	8,365	4,997	2,318	2,554
	<u>87,711</u>	<u>55,805</u>	<u>200,979</u>	<u>209,931</u>
Financial Liabilities				
<u>Amortised Cost</u>				
Trade payables	98,363	94,862	25,386	11,528
Other payables, deposits and accruals	18,565	22,695	8,929	9,156
Amount owing to subsidiaries	-	-	71,761	97,079
Bank borrowings:-				
- bank overdrafts	2,001	717	-	378
- other borrowings	659,877	636,386	184,248	204,047
	<u>778,806</u>	<u>754,660</u>	<u>290,324</u>	<u>322,188</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

39. FINANCIAL INSTRUMENTS (CONT'D)

39.4 GAINS OR LOSSES ARISING FROM FINANCIAL INSTRUMENTS

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Financial Assets				
<u>Fair Value through Profit or Loss</u>				
Net losses recognised in profit or loss	(36)	(22)	(36)	(22)
<u>Equity Investments at Fair Value through Other Comprehensive Income</u>				
Net gains recognised in other comprehensive income	2,029	7,353	2,029	7,353
<u>Amortised Cost</u>				
Net (losses)/gains recognised in profit or loss	(464)	4,851	(1,776)	20,889
Financial Liabilities				
<u>Amortised Cost</u>				
Net losses recognised in profit or loss	(20,784)	(24,071)	(10,166)	(15,321)

39.5 FAIR VALUE INFORMATION

The fair values of the financial assets and financial liabilities of the Group and of the Company maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments or repayable on demand terms.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

39. FINANCIAL INSTRUMENTS (CONT'D)

39.5 FAIR VALUE INFORMATION (CONT'D)

The following table sets out the fair value profile of financial instruments that are carried at fair value and those not carried at fair value at the end of the reporting period:-

The Group	Fair Value of Financial Instruments Carried at Fair Value			Fair Value of Financial Instruments Not Carried at Fair Value			Total Fair Value	Carrying Amount
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000		
2022								
<u>Financial Assets</u>								
Investment securities:-								
- quoted investments	11,267	-	-	-	-	-	11,267	11,267
- unquoted equity investments	-	6,000	-	-	-	-	6,000	6,000
<u>Financial Liabilities</u>								
Hire purchase liabilities	-	-	-	-	38,043	-	38,043	38,734
Term loans	-	-	-	-	203,475	-	203,475	203,475
2021								
<u>Financial Assets</u>								
Investment securities:-								
- quoted investments	9,258	-	-	-	-	-	9,258	9,258
- unquoted equity investments	-	6,000	-	-	-	-	6,000	6,000
<u>Financial Liabilities</u>								
Hire purchase liabilities	-	-	-	-	24,662	-	24,662	24,423
Term loans	-	-	-	-	209,710	-	209,710	209,710

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

39. FINANCIAL INSTRUMENTS (CONT'D)

39.5 FAIR VALUE INFORMATION (CONT'D)

The following table sets out the fair value profile of financial instruments that are carried at fair value and those not carried at fair value at the end of the reporting period (cont'd):-

The Company	Fair Value of Financial Instruments Carried at Fair Value			Fair Value of Financial Instruments Not Carried at Fair Value			Total Fair Value	Carrying Amount
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000		
2022								
<u>Financial Assets</u>								
Investment securities:-								
- quoted investments	11,267	-	-	-	-	-	11,267	11,267
- unquoted equity investments	-	6,000	-	-	-	-	6,000	6,000
<u>Financial Liabilities</u>								
Hire purchase liabilities	-	-	-	-	4,436	-	4,436	4,739
Term loans	-	-	-	-	7,222	-	7,222	7,222
2021								
<u>Financial Assets</u>								
Investment securities:-								
- quoted investments	9,258	-	-	-	-	-	9,258	9,258
- unquoted equity investments	-	6,000	-	-	-	-	6,000	6,000
<u>Financial Liabilities</u>								
Hire purchase liabilities	-	-	-	-	1,134	-	1,134	1,137
Term loans	-	-	-	-	10,445	-	10,445	10,445

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

39. FINANCIAL INSTRUMENTS (CONT'D)

39.5 FAIR VALUE INFORMATION (CONT'D)

(a) Fair Value of Financial Instruments Carried at Fair Value

The fair values above are determined using the following basis:-

- (i) The fair value of quoted investments is determined at their quoted closing bid prices at the end of the reporting period.
- (ii) The fair value of unquoted equity investments is determined based on market comparison technique using market multiples derived from quoted prices of companies comparable to the investee, adjusted for the effect of non-marketability of the unquoted shares.

There were no transfers between level 1 and level 2 during the financial year.

(b) Fair Value of Financial Instruments Not Carried at Fair Value

The fair values of hire purchase obligations are determined by discounting the relevant cash flows using current market interest rates for similar instruments at the end of the reporting period. The interest rates used to discount the estimated cash flows are as follows:-

	The Group		The Company	
	2022 %	2021 %	2022 %	2021 %
Hire purchase liabilities	7.42	4.92	7.42	4.92

The fair value of term loans that carry floating interest rates approximated their carrying amounts as they are repriced to market interest rates on or near the reporting date.

40. COMPARATIVE FIGURES

The Company had changed its financial year end from 31 July to 31 December effective from the previous reporting period. Consequently, the comparative figures are for the previous 17 months period from 1 August 2020 to 31 December 2021. The current financial statements are for a period of 12 months from 1 January 2022. Due to the change in the financial year end, the amounts presented in the financial statements are not entirely comparable.

LIST OF PROPERTIES As at 31 December 2022

Location	Tenure	Land Area (Hectares)	Existing Use	Approximate Age of Building	Carrying Amount/ Fair Value as at 31.12.2022 RM'000	Date of Acquisition
Lot 1495, Block 16, Seduan Land District	Leasehold land expiring on 25.09.2057	24.054	Factories, office, welfare building	10 - 33 years	38,362	31.03.1989 - 30.12.1994
Lot 11726, Block 16, Kuching Central Land District	Leasehold land expiring on 03.02.2121	2.261	Vacant	-	27,000	05.06.2006
Industrial Land at Lot 400, Blk 38 Kemena Land, Bintulu	Leasehold land expiring on 15.09.2057	12.672	Factory, office, welfare building	26 years	17,769	01.10.2008
Lot 96, Block 16, Seduan Land District	Leasehold land expiring on 31.12.2031	2.315	Factory	6 years	14,675	31.10.2015
Lot 47, Block 135, Balingian Land District, Mukah	Leasehold land expiring on 11.02.2064	4,939	Oil palm plantation, office, store, welfare building	10 - 16 years	14,868	30.09.2004
Lot 57, Block 233, Kuching North Land District	Leasehold land expiring on 31.12.2038	5.536	Vacant	-	12,312	31.08.2013
Lot 1459, Block 16, Kuching Central Land District	Leasehold land expiring on 31.12.2027	0.977	Vacant	-	12,050	23.11.2012
Lot 854-866, Block 10, Sibul Town District	Leasehold land expiring on 06.09.2071	0.212	Office building	21 years	11,367	01.06.2001
Country Lease No. 015146139 Kota Kinabalu	Leasehold land expiring on 01.03.2916	1.360	Vacant	-	10,000	10.05.2007
Lot 232, Block 11, Muara Tebas Land District	Leasehold land expiring on 31.12.2035	1.153	Vacant	-	9,975	30.01.2013

ANALYSIS OF SHAREHOLDINGS AS AT 31 MARCH 2023

Share Capital

Issued Share Capital	:	RM209,000,000
Class of Shares	:	Ordinary Shares
Voting Rights	:	One (1) vote per Ordinary Share

Distribution schedule of ordinary shares

No. of Holders	Holdings	Total Holdings	%
139	less than 100 shares	5,024	0.00 ¹
221	100 to 1,000 shares	147,143	0.08
2,103	1,001 to 10,000 shares	5,780,059	3.07
325	10,001 to 100,000 shares	9,204,684	4.89
51	100,001 to less than 5% of issued shares	49,623,565	26.35
3	5% and above of issued shares	123,548,725	65.61
2,842		188,309,200 ²	100.00

1 Less than 0.01%

2 Excluding 20,690,800 ordinary shares bought back by the Company and retained as treasury shares based on Record of Depositors as at 31 March 2023

SUBSTANTIAL SHAREHOLDERS AS PER REGISTER OF SUBSTANTIAL SHAREHOLDERS AS AT 31 MARCH 2023

Name	No. of Ordinary Shares	
	Direct Interest	Indirect Interest
1. Tiong Toh Siong Holdings Sdn. Bhd.	61,950,021 (32.90%*)	3,507,012 ¹ (1.86%*)
2. Amat Abadi Sdn. Bhd.	52,708,515 (27.99*)	-
3. YBhg. Tan Sri Datuk Sir Diong Hiew King @ Tiong Hiew King	1,109,120 (0.59%*)	71,322,380 ² (37.88%*)
4. Richard Sandah	-	52,708,515 ³ (27.99*)
5. Sharifah Rokayah Binti Wan Othman	-	52,708,515 ³ (27.99*)

1 Deemed interested by virtue of its substantial shareholdings in Tiong Toh Siong & Sons Sdn. Bhd.

2 Deemed interested by virtue of his substantial shareholdings in Tiong Toh Siong Holdings Sdn. Bhd., Tiong Toh Siong Enterprises Sdn. Bhd., Tiong Toh Siong & Sons Sdn. Bhd., Teck Sing Lik Enterprise Sdn. Bhd. and Pertumbuhan Abadi Asia Sdn. Bhd.

3 Deemed interested by virtue of substantial shareholdings in Amat Abadi Sdn. Bhd.

* Excluding 20,690,800 ordinary shares bought back by the Company and retained as treasury shares as at 31 March 2023.

DIRECTORS' INTERESTS AS AT 31 MARCH 2023

Name	No. of Ordinary Shares Held in the Company			
	Direct Interest	%	Indirect Interest	%
1. YBhg. Datuk Tiong Thai King	987,120	0.52	-	-
2. YBhg. Dato' Tiong Ing	1,881,313	1.00	549,675 ¹	0.29
3. Madam Ngu Ying Ping	-	-	-	-
4. Mr. Tiong Ing Ming	-	-	-	-
5. Mr. Poh Kee Eng	-	-	-	-

The Directors by virtue of their interests in shares in the Company are also deemed to have interests in shares in all of its related corporations to the extent the Company has an interest, pursuant to Section 8 of the Companies Act 2016.

Notes :

1 Deemed interested by virtue of her substantial interests in Unique Wood Sdn. Bhd., ETI Blessed Holdings Sdn. Bhd. and the interests of her children in the Company

* Excluding 20,690,800 ordinary shares bought back by the Company and retained as treasury shares as at 31 March 2023

LIST OF THIRTY LARGEST SECURITIES ACCOUNTS HOLDERS AS AT 31 MARCH 2023

	Names	No. of ordinary shares	Percentage (%*)
1.	RHB Nominees (Tempatan) Sdn Bhd Bank of China (Malaysia) Berhad Pledged Securities Account For Tiong Toh Siong Holdings Sdn Bhd	61,260,000	32.53
2.	Amat Abadi Sdn Bhd	52,708,515	27.99
3.	Citigroup Nominees (Asing) Sdn Bhd Exempt An For Bank of Singapore Limited (Foreign)	9,580,210	5.09
4.	Pertumbuhan Tiasa Sdn Bhd	5,970,132	3.17
5.	CIMB Group Nominees (Asing) Sdn Bhd Exempt An For DBS Bank Ltd (SFS-PB)	5,070,810	2.69
6.	Teck Sing Lik Enterprise Sdn Bhd	4,679,977	2.49
7.	Tiong Toh Siong & Sons Sdn Bhd	3,507,012	1.86
8.	Pertumbuhan Abadi Enterprises Sdn Bhd	3,429,195	1.82
9.	Neoh Choo Ee & Company Sdn Bhd	2,700,700	1.43
10.	Globegate Alliance Sdn Bhd	2,667,150	1.42
11.	Serrano Group Limited	2,639,490	1.40
12.	UOBM Nominees (Asing) Sdn Bhd United Overseas Bank Nominees (Pte) Ltd For Novel Investment Group Limited	1,574,075	0.84
13.	UOBM Nominees (Asing) Sdn Bhd United Overseas Bank Nominees (Pte) Ltd For Max Fortune Resource Inc.	1,449,200	0.77
14.	Dato' Tiong Ing	1,211,233	0.64
15.	Tan Sri Datuk Sir Diong Hiew King @ Tiong Hiew King	1,109,120	0.59
16.	Tiong Toh Siong Enterprises Sdn Bhd	1,063,720	0.56
17.	Tan Aik Choon	1,031,200	0.55
18.	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Kong Kok Choy	1,000,000	0.53
19.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Datuk Tiong Thai King	987,120	0.52
20.	Tan Aik Choon	821,200	0.44
21.	Dynaquest Sdn Bhd	778,900	0.41
22.	Tiong Toh Siong Holdings Sdn Bhd	690,021	0.37
23.	Dato' Tiong Ing	635,535	0.34
24.	Ooi Chin Hock	462,200	0.25
25.	Safari Alliance Sdn Bhd	446,000	0.24
26.	Lee Kok Hin	427,100	0.23
27.	Citigroup Nominees (Tempatan) Sdn Bhd Exempt An for Bank of Singapore Limited (Local)	400,000	0.21
28.	Chan Yoke Cheng	365,600	0.19
29.	Ngu Yii Chuo	351,563	0.19
30.	Khoo Teck Wooi	292,900	0.16
	Total	169,309,878	89.92

* Excluding 20,690,800 ordinary shares of RM1.00 each bought back by the Company and retained as treasury shares based on the Record of Depositors as at 31 March 2023.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twenty-Seventh Annual General Meeting of Subur Tiasa Holdings Berhad (“Subur” or “the Company”) will be held at the Company’s Auditorium Room, Ground Floor, No. 66-78, Pusat Suria Permata, Jalan Upper Lanang, C.D.T. 123, 96000 Sibu, Sarawak on Tuesday, 30 May 2023 at 11.30 a.m. for the following purposes:

AGENDA

As Ordinary Business

- | | | |
|----|--|---|
| 1. | To receive the Audited Financial Statements for the financial year ended 31 December 2022 together with the Reports of the Directors and Auditors thereon. | [Please refer to Explanatory Note (a)] |
| 2. | To approve the payment of directors’ fees of RM308,000 for the financial year ended 31 December 2022. | Resolution 1 |
| 3. | To re-elect Mdm. Ngu Ying Ping who retires in accordance with Article 123(1) of the Company’s Constitution and being eligible, offers herself for re-election. | Resolution 2 |
| 4. | To re-appoint Messrs. Crowe Malaysia PLT as the Company’s auditors until the conclusion of the next annual general meeting and to authorise the Directors to fix their remuneration. | Resolution 3 |

As Special Business

- | | | |
|----|---|---------------------|
| 5. | To consider and, if thought fit, pass the following ordinary resolution:

Continuation in office as Independent Director pursuant to Practice 5.3 of the Malaysian Code on Corporate Governance 2021 | Resolution 4 |
| | “THAT approval be and is hereby given to Mr. Tiong Ing Ming who has served as an Independent Director of the Company for a consecutive term of more than nine (9) years, to continue in office as an Independent Director of the Company.” | |
| 6. | To consider and, if thought fit, pass the following ordinary resolution:

Proposed renewal of authority for purchase of own shares by the Company | Resolution 5 |
| | “THAT, subject always to the Companies Act 2016 (as may be amended, modified or re-enacted from time to time) (“the Act”), rules, regulations and orders made pursuant to the Act, provisions of the Company’s Constitution and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) and any other relevant authorities, where applicable, the Company be hereby unconditionally and generally authorised to purchase and/or hold such an amount of ordinary shares (“Shares”) in the Company (“Proposed Share Buy-Back”) as may be determined by the Directors from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit, necessary and expedient in the interest of the Company provided that the total aggregate number of Shares purchased and/or held or to be purchased and/or held pursuant to this resolution shall not exceed ten percent (10%) of the total number of issued shares of the Company for the time being and an amount of funds not exceeding the Company’s total retained profits at the time of purchase be allocated by the Company for the Proposed Share Buy-Back AND THAT such Shares purchased are to be retained as treasury shares and distributed as dividends and/or resold on the market of Bursa Securities, or subsequently may be cancelled; | |
| | AND THAT the Directors be and are hereby authorised and empowered to do all acts and things and to take all such steps and to enter into and execute all commitments, transactions, deeds, agreements, arrangements, undertakings, indemnities, transfers, assignments and/ or guarantees as they may deem fit, necessary, expedient and/or appropriate in order to implement, finalise and give full effect to the Proposed Share Buy-Back with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments, as may be required or imposed by any relevant authorities; | |

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

AND FURTHER THAT the authority hereby given will commence immediately upon the passing of this resolution and will continue to be in force until:

- (a) the conclusion of the next annual general meeting of the Company, at which time it will lapse, unless by ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions;
- (b) the expiration of the period within which the next annual general meeting after that date is required by law to be held; or
- (c) revoked or varied by ordinary resolution passed by the shareholders in general meeting.

whichever occurs first, in accordance with the provisions of the guidelines issued by Bursa Securities or any other relevant authorities.”

7. To consider and, if thought fit, pass the following ordinary resolution:

Proposed renewal of and new shareholder mandate for recurrent related party transactions of a revenue or trading nature (“Shareholder Mandate”)

Resolution 6

“THAT approval be hereby given to the Company and its subsidiaries (“STH Group”) to enter into any of the category of related party transactions which are recurrent, of a revenue or trading nature and are necessary for day-to-day operations of STH Group as outlined in point 3(b) of the Circular to Shareholders dated 28 April 2023 (“Circular”), with the specific related parties mentioned therein subject further to the following:

- (a) the transactions are in the ordinary course of business and are on normal commercial terms which are not more favourable to the related parties than those generally available to the public and not detrimental to the interest of the minority shareholders; and
- (b) disclosure is made in the annual report a breakdown of the aggregate value of the transactions conducted pursuant to the Shareholder Mandate during the financial year where the aggregate value is equal to or more than the threshold prescribed under Paragraph 10.09(1) of the Main Market Listing Requirements, and amongst others, based on the following information:
 - the type of the recurrent related party transactions made; and
 - the names of the related parties involved in each type of the recurrent related party transactions made and their relationship with the Company.

AND THAT such approval will continue to be in force until:

- (a) the conclusion of the next annual general meeting (“AGM”) of the Company, at which time it will lapse, unless by ordinary resolution passed at the meeting, the authority is renewed;
- (b) the expiration of the period within which the next AGM of the Company after that date is required to be held pursuant to Section 340(1) and 340(2) of the Companies Act 2016 (“Act”) [but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Act]; or
- (c) revoked or varied by resolution passed by the shareholders in general meeting,

whichever is the earlier.

AND THAT the Directors of the Company be hereby authorised to complete and do all such acts and things as they may consider expedient or necessary to give effect to the Shareholder Mandate.”

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

8. To transact any other business which may properly be transacted at an annual general meeting, due notice of which shall have been previously given in accordance with the Companies Act 2016 and the Company's Constitution.

By Order of the Board of Directors

Kelvin Chung Vui Yeng (MIA 47542)

SSM Practicing Certificate No.: 202208000128

Voon Jan Moi (MAICSA 7021367)

SSM Practicing Certificate No.: 202008001906

Joint Company Secretaries

Dated : 28 April 2023

Sibu, Sarawak

Explanatory Notes

- (a) ***This agenda item is meant for discussion only and therefore, it will not be put forward for voting.***
- (b) ***Ordinary resolution in relation to the re-election of Director (proposed Resolution 2)***
The Nomination Committee ("NC") of the Company has assessed the performance, contribution and effectiveness of Mdm. Ngu Ying Ping and assessed the fit and proper criteria of Mdm. Ngu. The areas of assessment include fit and proper, knowledge and integrity, contribution and participation, calibre and personality. Mdm. Ngu possesses the relevant skill sets and experience and bring valuable insights to the Board of Directors ("Board"). Based on the satisfactory assessment outcome, the Board recommended Mdm. Ngu Ying Ping to be re-elected according to the resolution to be tabled at the Twenty-Seventh Annual General Meeting ("AGM").
- (c) ***Ordinary resolution in relation to continuation in office as Independent Director pursuant to Practice 5.3 of the Malaysian Code on Corporate Governance 2021 (proposed Resolution 4)***
The proposed Resolution No. 4 is to seek shareholders' approval to retain Mr. Tiong Ing Ming, whose tenure as Independent Director of the Company has exceeded tenure limit of nine (9) years. The NC has assessed the performance, contribution and effectiveness of Mr. Tiong Ing Ming and assessed the fit and proper criteria of Mr. Tiong. The areas of assessment include fit and proper, knowledge and integrity, contribution and participation, calibre and personality. Mr. Tiong possesses the relevant skill sets and experience and bring valuable insights to the Board. Based on the satisfactory assessment outcome, the Board recommended Mr. Tiong Ing Ming to be retained as an Independent Director of the Company based on the following justifications:
- i) his experience, networking, understanding of business and objectivity in approach enables him to provide the Board and Board Committees with pertinent expertise, skills and competence and his independent judgement will continue to add credence to the Company;*
 - ii) he remains professionally independent and vocal, actively participated in deliberations and exercised independent judgement at Board and Board Committee meetings without being influenced by operational consideration; and*
 - iii) he acts in the best interests of all shareholders and his continuation in office as Independent Director will provide a check and balance to operational management.*
- The Board will be seeking shareholders approval through a two-tier voting process at the AGM to retain Mr. Tiong Ing Ming as Independent Director.*
- (d) ***Ordinary resolution on proposed renewal of authority for purchase of own shares by the Company (proposed Resolution 5)***
The proposed Resolution No. 5, if passed, will renew the authority for the Company to purchase and/or hold up to ten per cent (10%) of the total number of issued shares of the Company through Bursa Malaysia Securities Berhad. This authority will expire at the conclusion of the next annual general meeting, unless revoked or varied by ordinary resolution passed by shareholders at general meeting.

Please refer to the Statement to Shareholders dated 28 April 2023 for further information.

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

(e) **Ordinary resolution on Shareholder Mandate for recurrent related party transactions (proposed Resolution 6)**

Paragraph 10.09 of Main Market Listing Requirements states that with regard to related party transactions which are recurrent, of a revenue or trading nature and which are necessary for day-to-day operations ("RRPT"), a public listed company may seek a shareholder mandate.

The proposed resolution No. 6, if passed, will authorise the Company and each of its subsidiaries to enter into RRPT with the mandated related parties as identified in point 3(b) of the Circular to Shareholders dated 28 April 2023 ("Circular"), which are necessary for day-to-day operations of the STH Group, provided that such transactions are in the ordinary course of business and are on normal commercial terms which are not more favourable to the related parties than those generally available to the public and not detrimental to the interest of the minority shareholders.

By obtaining the Shareholder Mandate, the necessity to convene separate meetings from time to time to seek shareholders' approval as and when such RRPT occur would not arise. This would reduce substantial administrative time and costs associated with the convening of such meetings without compromising on the corporate objectives of the STH Group or adversely affecting the business opportunities available to the STH Group.

Please refer to the Circular for further information.

Notes:

1. A member entitled to attend, speak and vote at the AGM is entitled to appoint a proxy or proxies to attend, speak and vote in his stead. A proxy may but need not be a member of the Company and there shall be no restriction as to the qualification of the proxy. A proxy appointed to attend, speak and vote at the AGM shall have the same rights as the member to speak at the AGM.
2. A member entitled to attend, speak and vote at the AGM shall not be entitled to appoint more than two (2) proxies to attend, speak and vote at the AGM. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.
3. If the appointor is a corporation, the Form of Proxy must be executed under its Common Seal or under the hand of an officer or attorney duly authorized.
4. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) 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. An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA") which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.
5. The Form of Proxy must be deposited at the registered office of the Company at No. 66-78, Pusat Suria Permata, Jalan Upper Lanang, C.D.T. 123, 96000 Sibu, Sarawak not less than 48 hours before the time set for holding the AGM or any adjournment thereof.
6. A depositor whose name appears in the Record of Depositors as at 23 May 2023 shall be regarded as a member of the Company entitled to attend the AGM or appoint a proxy to attend, speak and vote on his behalf.

Subur Tiasa Holdings Berhad

[Registration No.: 199501012590 (341792-W)]

(Incorporated in Malaysia)

CDS Account no.	
Number of shares held	

FORM OF PROXY

I/We (Name in full)

(IC/Passport/Company No.) of (Address)

being a member/members of the abovenamed Company, hereby appoint

(Name in full) (IC/Passport No.) of

..... (Address) or failing him,

..... (Name in full) (IC/Passport No.)

of (Address)

as my/our proxy to vote for me/us and on my/our behalf at the Twenty-Seventh Annual General Meeting of the Company to be held at the Company's Auditorium Room, Ground Floor, No. 66-78, Pusat Suria Permata, Jalan Upper Lanang, C.D.T. 123, 96000 Sibul, Sarawak on Tuesday, 30 May 2023 at 11.30 a.m. and any adjournment thereof.

Please indicate with an "X" in the appropriate box against each resolution how you wish your vote to be cast. If you do not indicate how you wish your proxy to vote on any resolution, the proxy shall vote as he thinks fit, or at his discretion, abstain from voting.

My/our proxy is to vote as indicated below:

No.	Resolutions	For	Against
1.	To approve the payment of directors' fees for the financial year ended 31 December 2022.		
2.	To re-elect Mdm. Ngu Ying Ping as Director.		
3.	To re-appoint Messrs. Crowe Malaysia PLT as auditors.		
4.	To retain Mr. Tiong Ing Ming as an Independent Director.		
5.	Proposed renewal of authority for purchase of own shares by the Company.		
6.	Proposed renewal of and new shareholder mandate for recurrent related party transactions of a revenue or trading nature.		

The proportions of *my/our holdings to be presented by my *proxy/our proxies are as follows:

Proxy 1	%
Proxy 2	%
Total	100%

*Strike out whichever not applicable

Dated this day of 2023

.....
Signature of shareholder(s)/common seal

Notes :

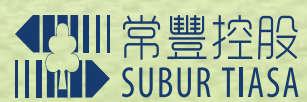
- A member entitled to attend, speak and vote at the AGM is entitled to appoint a proxy or proxies to attend, speak and vote in his stead. A proxy may but need not be a member of the Company and there shall be no restriction as to the qualification of the proxy. A proxy appointed to attend, speak and vote at the AGM shall have the same rights as the member to speak at the AGM.
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The Secretary
Subur Tiasa Holdings Berhad
No 66-78, Pusat Suria Permata
Jalan Upper Lanang, C.D.T. 123
96000 Sibul, Sarawak
Malaysia

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No. 66-78, Pusat Suria Permata, Jalan Upper Lanang,
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