ANNUAL REPORT
2023

CEPATWAWASAN GROUP BERHAD
200101000743 (536499-K)

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NOTICE OF THE
TWENTY-FOURTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Twenty-Fourth Annual General Meeting of the Company will be held at Amadeus III, Level 2, Sabah Hotel Sandakan, KM 1, Jalan Utara, 90703 Sandakan, Sabah on Tuesday, 21 May 2024 at 11.00 a.m. for the following businesses:

AGENDA	**Ordinary Resolution No.**
1. To lay the audited financial statements of the Company for the financial year ended 31 December 2023 together with the reports of the directors and auditors.	
2. To approve the payment of Directors' fees of up to RM190,000 for the period from the day after the Annual General Meeting to the next Annual General Meeting.	Resolution 1
3. To approve the payment of Directors' benefits (excluding Directors' fees) to the Non-Executive Directors up to an amount of RM50,000 for the period from the day after the Annual General Meeting to the next Annual General Meeting.	Resolution 2
4. To re-elect the following directors retiring in accordance with Article 103 of the Company's Constitution:	
a) Tan Sri Dr Mah King Thian @ Mah King Thiam; and	Resolution 3
b) Dato' Seri Mah King Seng.	Resolution 4
5. To appoint auditors and to authorise the Directors to fix their remuneration.	Resolution 5
6. To consider and if thought fit, to pass the following Ordinary Resolution, with or without modifications:	
AUTHORITY TO ALLOT SHARES	
"THAT subject always to the approvals of the relevant governmental and/or regulatory authorities, the Directors be and are hereby authorised pursuant to Section 75 of the Companies Act 2016 to allot and issue shares in the Company at any time until the conclusion of the next Annual General Meeting upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares to be allotted pursuant to this Resolution does not exceed 10% of the total number of the issued share of the Company for the time being.	Resolution 6
AND THAT authority be and is hereby given for the Directors to offer and issue new shares of the Company ranking equally to the existing shares of the Company pursuant to the aforesaid authority, to such persons for such consideration as the Directors deem fit and in the best interest of the Company."	

AGENDA	Ordinary Resolution No.

7. To consider and if thought fit, to pass the following Ordinary Resolution, with or without modifications:

PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY

"THAT subject to the Companies Act 2016 ("Act"), provisions of the Company's Constitution and the requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and any other relevant authorities, and other relevant approvals, the Directors of the Company be and are hereby authorised to purchase the Company's ordinary shares ("Shares") through Bursa Securities, subject to the following: **Resolution 7**

(a) The maximum number of Shares which may be purchased by the Company shall not exceed ten per centum (10%) of the total number of issued shares of the Company at any point in time;

(b) The maximum fund to be allocated by the Company for the purpose of purchasing its shares shall not exceed the retained profits of the Company;

(c) The authority conferred by this resolution will be effective upon passing of this resolution and will continue in force until:

(i) the conclusion of the next Annual General Meeting ("AGM") of the Company following the AGM at which this resolution was passed, at which time the authority shall lapse, unless the authority is renewed by an ordinary resolution passed at the next AGM, either unconditionally or conditionally; or

(ii) the expiry of the period within which the next AGM of the Company after that date is required to be held pursuant to Section 34(2) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or

(iii) the authority is revoked or varied by an ordinary resolution passed by the shareholders in a general meeting;

whichever occurs first;

(d) Upon completion of the purchase(s) of the Shares by the Company, the Shares shall be dealt in the following manner as the Directors of the Company may decide:

(i) cancel the Shares so purchased; or
(ii) retain the Shares so purchased as treasury shares; or
(iii) retain part of the Shares so purchased as treasury shares and/or cancel the remainder; or
(iv) distribute the treasury shares as dividends to shareholders;
(v) resell the treasury shares or any of the shares in accordance with the relevant rules of Bursa Securities;
(vi) transfer the treasury shares, or any of the shares for the purposes of or under an employees' share scheme;
(vii) transfer the treasury shares, or any of the shares as purchase consideration;
(viii) cancel the treasury shares or any of the treasury shares; or
(ix) sell, transfer or otherwise use the treasury shares for such other purposes as the Minister may by order prescribe.

AGENDA | **Ordinary Resolution No.**

7. To consider and if thought fit, to pass the following Ordinary Resolution, with or without modifications: (Cont'd)

PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY (CONT'D)

THAT the Directors of the Company be and are hereby authorised to take all such steps and enter into all agreements, arrangements and guarantees with any party or parties as are necessary to implement, finalise and give full effect to the aforesaid purchase with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be imposed by the relevant authorities from time to time to implement or to effect the purchase of its own shares."

8. To transact any other business for which due notice shall have been given.

BY ORDER OF THE BOARD

KANG SHEW MENG [SSM PC NO. 201908002065]
SEOW FEI SAN [SSM PC NO. 201908002299]
Secretaries

Petaling Jaya

22 April 2024

Notes:

(a) Only members whose names appear on the Record of Depositors as at 13 May 2024 shall be entitled to attend, speak and vote at the said meeting or appoint proxies on his/her behalf.
(b) A member entitled to attend, speak and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy may but need not be a member of the Company.
(c) A member may appoint not more than two (2) proxies to attend, participate, speak and vote at the same meeting. Where a member appoints two (2) proxies, he shall specify the proportion of his shareholdings to be represented by each proxy.
(d) Where a Member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account known as an omnibus account, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account its holds. Where an exempt authorised nominee appoints more than one (1) proxies, the proportion of the shareholding to be represented by each proxy must be specified.
(e) If the appointer is a corporation, the Form of Proxy must be executed under its seal or under the hand of its attorney.
(f) To be valid this form duly completed must be deposited at the Company's Share Registrar's Office at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively at their Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or submit the Form of Proxy electronically via TIIH Online at https://tiih.online in accordance with the procedures set out in the Administrative Guide not less than forty-eight hours (48) hours before the time appointed for holding the meeting or any adjournment thereof.

Explanatory Note

➢ **Ordinary Resolutions 1 & 2**

Pursuant to Section 230(1) of the Companies Act 2016 ("Act"), the fees and any benefits payable to the directors including any compensation for loss of employment of a director or former director of a public company or a listed company and its subsidiaries, shall be approved at a general meeting. In this respect, the Board agreed that the shareholders' approval shall be sought at the Twenty-Fourth Annual General Meeting ("AGM") on the Directors' fees and benefits in two (2) separate resolutions as below:

- Ordinary Resolution 1 on payment of Directors' fees for the period from the day after the AGM to the next AGM
  - The total amount of Directors' fees payable to the Non-Executive Directors for the period from the day after the AGM to the next AGM tabled for the members' approval is RM190,000.

- Ordinary Resolution 2 on payment of Directors' benefits (excluding Directors' fees) for the period from the day after the AGM to the next AGM
  - The Directors' benefits payable to the Non-Executive Directors for the period from the day after the AGM to the next AGM tabled for the members' approval is RM50,000.

The fee and benefits of the Non-Executive Directors of the Group consist of:
- Monthly fixed fee for duties as Non-Executive Director; and
- Meeting allowance for each Board/ Board Committee/ general meeting attended.

The Board will seek shareholders' approval at the next AGM in the event the amount of the Directors' fee and benefits are insufficient due to an increase in Board/Board Committee meetings and/or increase in Board size.

For information, the shareholders at the Twenty-Third AGM had approved the payment of Directors' fees and benefits of up to RM240,000.00 to Non-Executive Directors for the period from 24 May 2023 until the conclusion of the Twenty-Fourth AGM.

➢ **Ordinary Resolution 6**

The proposed Ordinary Resolution 6 if passed, will empower the Directors of the Company to allot and issue not more than 10% of the total number of the issued shares of the Company subject to the approvals of all the relevant governmental and/or other regulatory bodies and for such purposes as the Directors consider would be in the interest of the Company.

This authorisation will, unless revoked or varied by the Company in a general meeting, expire at the next AGM of the Company.

As at the date of this Notice, no new shares in the Company were issued pursuant to the authority granted to the Directors at the Twenty-Third Annual General Meeting held on 23 May 2023 and which will lapse at the conclusion of the Twenty-Fourth Annual General Meeting.

The authority will provide flexibility to the Company for any possible fundraising activities, including but not limited to further placing of shares, for purpose of funding future investment project(s), working capital, repayment of bank borrowings and/or acquisitions.

➢ **Ordinary Resolution** 7

The proposed Ordinary Resolution 7, if passed, will empower the Directors of the Company to continue to purchase the Company's shares up to ten percent (10%) of the total number of issued shares of the Company by utilising the funds allocated which shall not exceed the total retained earnings of the Company. Further information on the Proposed Renewal of the Share Buy-Back Authority is set out in the Share Buy-back Statement dated 22 April 2024 which is despatched together with Company's Annual Report 2023.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Chairman
Tan Sri Dr. Mah King Thian
@ Mah King Thiam
(Alternate Director:
Dr. Jordina Mah Siu Yi)

Managing Director
Dato' Seri Mah King Seng
(*Alternate Director*:
Mah Li-Na)

Non-Independent & Non-Executive Director
Datuk Chua Kim Yin (JP)

Independent & Non-Executive Directors
Lee Nyuk Choon @ Jamilah Ariffin
Musanif Bin Hj Md Nen

EXECUTIVE COMMITTEE
Datin Seri Ooi Ah Thin (*Chairperson*)
Tan Sri Dr. Mah King Thian
@ Mah King Thiam (*Member*)
Dato' Seri Mah King Seng (*Member*)

AUDIT COMMITTEE
Lee Nyuk Choon
@ Jamilah Ariffin (*Chairperson*)
Datuk Chua Kim Yin (JP) (*Member*)
Musanif Bin Hj Md Nen (*Member*)

NOMINATION COMMITTEE
Musanif Bin Hj Md Nen (*Chairman*)
Lee Nyuk Choon
@ Jamilah Ariffin (*Member*)
Datuk Chua Kim Yin (JP) (*Member*)

REMUNERATION COMMITTEE
Datuk Chua Kim Yin (JP) (*Chairman*)
Lee Nyuk Choon
@ Jamilah Ariffin (*Member*)
Musanif Bin Hj Md Nen (*Member*)

REGISTERED OFFICE
Lot 70, Block 6, Prima Square
Mile 4, North Road
90000 Sandakan, Sabah
Tel : 089-272 773
Fax : 089-272 772, 220 881, 221 494
E-mail : pa@cepatgroup.com
Website : www.cepatgroup.com

COMPANY SECRETARIES
Kang Shew Meng
(MAICSA 0778565)
(SSM PC No. 201908002065)
Seow Fei San
(MAICSA 7009732)
(SSM PC No. 201908002299)

AUDITORS
Messrs PKF PLT
Lot 23-1 & 25-1, 1st Floor
Lintas Plaza
Lorong Lintas Plaza
88300 Kota Kinabalu
Sabah

PRINCIPAL BANKERS
Alliance Bank Malaysia Berhad
AmBank (M) Berhad
Hong Leong Bank Berhad
Malayan Banking Berhad
Public Bank Berhad
RHB Bank Berhad

SHARE REGISTRAR
Tricor Investor & Issuing House Services Sdn Bhd
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Tel : 03-2783 9299
Fax : 03-2783 9222
E-mail : is.enquiry@my.tricorglobal.com

STOCK EXCHANGE LISTING
Bursa Malaysia Securities Berhad

PROFILE OF BOARD OF DIRECTORS

TAN SRI DR. MAH KING THIAN @ MAH KING THIAM
Executive Chairman
Malaysian | Male | 60

Tan Sri Dr. Mah King Thian @ Mah King Thiam ("Tan Sri Dr. Mah") was appointed as a Director and Chairman of the Company on 27 October 2005 and 31 October 2005 respectively. He is also a member of the Executive Committee.

He graduated from Monash University, Australia with a Bachelor of Economics degree with a major in Accounting in 1986 and also a Bachelor of Laws Degree in 1987. He was subsequently admitted and enrolled as an Advocate and Solicitor of the High Court of Malaya in 1989. He is also a Fellow Member of Certified Practising Accountant Australia (FCPA).

In 2018, Tan Sri Dr. Mah successfully completed his postgraduate study on oil palm renewable energy businesses and was conferred the degree of Doctor of Philosophy (PhD) by the Liverpool Business School in the United Kingdom.

Tan Sri Dr. Mah is a Director of Behrang 2020 Sdn Bhd and several other private limited companies. He is also the Managing Director of MHC Plantations Bhd, a company listed on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Malaysia"). He is also the Executive Chairman of an existing subsidiary of the Company, Timah Resources Limited, an Australian incorporated company listed on the Australian Securities Exchange.

Tan Sri Dr. Mah is deemed connected to MHC Plantations Bhd and Yew Lee Holdings Sdn. Berhad, two of the substantial shareholders of the Company. He is the younger brother of Dato' Seri Mah King Seng, the Managing Director of the Company, father of Dr. Jordina Mah Siu Yi, the Alternate Director to him and son of Datin Seri Ooi Ah Thin, a director and substantial shareholder of Dato' Mah Pooi Soo Realty Sdn. Bhd. ("DMR"), which in turn a substantial shareholder of the Company. He has no conflict of interest with the Company. He has no conviction for offences within the past five (5) years and he has no public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 December 2023.

DATO' SERI MAH KING SENG
Managing Director
Malaysian | Male | 65

Dato' Seri Mah King Seng was appointed as a Director and Managing Director of the Company on 27 October 2005 and 27 February 2008 respectively. He is also a member of the Executive Committee.

He graduated from University of Minnesota, United States of America with a degree in Agricultural Science in 1978. In 1980, he attended the Palm Oil Mill Engineer/Executive Training course on palm oil mill operations organised by the Malaysian Oil Palm Growers Council. He subsequently obtained his Bachelor of Laws degree in 1985 from the University of Buckingham, United Kingdom and was admitted and enrolled as an Advocate and Solicitor of the High Court of Malaya in 1990. He is the Executive Chairman of MHC Plantations Bhd, a company listed on the Main Market of Bursa Malaysia and also a Director of Behrang 2020 Sdn Bhd and several other private limited companies. He is also the Managing Director of an existing subsidiary of the Company, Timah Resources Limited, an Australian incorporated company listed on the Australian Securities Exchange.

Dato' Seri Mah King Seng is deemed connected to MHC Plantations Bhd and Yew Lee Holdings Sdn. Berhad, two of the substantial shareholders of the Company. He is the elder brother of Tan Sri Dr. Mah, the Executive Chairman of the Company, father of Ms. Mah Li-Na, the Alternate Director to him and son of Datin Seri Ooi Ah Tin, a Director and substantial shareholder of DMR, which in turn a substantial shareholder of the Company. He has no conviction for offences within the past five (5) years and he has no public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 December 2023.

PROFILE OF
BOARD OF DIRECTORS
(CONT'D)

DATUK CHUA KIM YIN

Non-Independent Non-Executive Director

Malaysian | Male | 62

Datuk Chua Kim Yin was appointed as an Independent Non-Executive Director of the Company on 21 July 2005 and later as Senior Independent Non-Executive Director on 25 February 2013. He was redesignated as Non-independent Non-Executive Director since 22 March 2023. He is the Chairman of the Remuneration Committee. He is also a member of the Audit Committee and Nomination Committee.

He graduated from Monash University, Victoria, Australia with Bachelor of Economics (Accounting) in 1985 and Bachelor of Laws in 1987 and was admitted to practise as a Barrister and Solicitor of the Supreme Court of Victoria, Australia in 1987. He was admitted as an Advocate of the High Court in Borneo, in the State of Sabah in 1988. He is currently a partner in the legal firm, Messrs RCK & Co. in Kota Kinabalu, Sabah. Datuk Chua is a Justice of The Peace (JP),

He has no family relationship with any directors and/or major shareholders of the Company and has no conflict of interest with the Company. He has no conviction for offences within the past five (5) years and he has no public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 December 2023.

LEE NYUK CHOON @ JAMILAH ARIFFIN

Independent Non-Executive Director

Malaysian | Female | 59

Puan Lee Nyuk Choon @ Jamilah Ariffin was appointed as an Independent Non-Executive Director of the Company on 22 March 2023. She is the Chairman of Audit Committee. She is also a member of the Remuneration Committee and Nomination Committee.

Puan Jamilah is a seasoned professional with over three decades of experience in various roles and responsibilities. Her journey started in 1988 as a Teacher at Maktab Nasional, where she honed her skills in educating and mentoring. In 1989, she transitioned into the Agricultural Services & Development sector, where she served as an Officer and contributed to the growth and development of the industry for more than a decade.

As her career progressed, she took on more challenging roles and responsibilities, including Project Manager from 2005 to 2013, Group Manager (Crop) from 2013 to 2017, and Deputy General Manager (Business Development & Operation) from 2018 to 2019. These roles helped her develop her leadership, strategic planning, and team management skills.

In 2019, she was promoted to the role of General Manager, where she currently leads and manages a team of professionals to achieve organizational goals and objectives. Her experience in various fields has equipped her with a diverse skill set, including project management, business development, operations management, and team leadership, among others.

She is a director of Kim Loong-KPD Plantations Sdn Bhd and Permodalan Plantations Sdn Bhd, subsidiary of Kim Loong Resources Berhad and IOI Corporation Berhad, both of which are companies listed on the Bursa Malaysia.

She has no family relationship with any directors and/or major shareholders of the Company and has no conflict of interest with the Company. She has no conviction for offences within the past five (5) years and she has no public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 December 2023.

MUSANIF BIN HJ MD NEN
Independent Non-Executive Director
Malaysian | Male | 62

Encik Musanif Bin Hj Md Nen was appointed as an Independent Non-Executive Director of the Company on 22 March 2023. He is the Chairman of the Nomination Committee. He is also a member of the Audit Committee and Remuneration Committee.

Encik Musanif is a retired Group Executive Management and Professional of Perak State Development Cooperation (PKNP) with more than 30 years of experience. He started his career as an Assistant Project Officer in 1986 and ended his professional year with PKNP as a Director of Government Relations and Affair in 2016.

Throughout his career, Enick Musanif has played a pivotal role in the property development projects for PKNP and its subsidiaries. He has also contributed significantly to the Corporate Affairs and Entrepreneur Development division for almost 10 years. Encik Musanif is known for his outstanding performance and commitment to his role, as demonstrated by his multiple awards such as the "Anugerah Perkhidmatan Cemerlang" award from PKNP in the years of 1989, 2004, and 2011.

Encik Musanif is recognized for his professionalism and overachieving mindset, which was proven by his portfolio of successfully leading the management of PKNP subsidiary company, Maju Perak Holdings, and preparing it for a successful listing in the Bursa Malaysia Security Berhad.

He has no family relationship with any directors and/or major shareholders of the Company and has no conflict of interest with the Company. He has no conviction for offences within the past five (5) years and he has no public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 December 2023.

DR. JORDINA MAH SIU YI
Alternate Director to Tan Sri Dr. Mah King Thian @ Mah King Thiam
Malaysian | Female | 31

Dr. Jordina Mah Siu Yi ("Dr. Mah") was appointed as an Alternate Director to Tan Sri Dr. Mah, on 7 March 2018. She graduated from the University of Glasgow, United Kingdom (UK) with a Bachelor of Medicine and Bachelor of Surgery (MBChB) in 2016. She then successfully completed the Bar Professional Training Course (BPTC) and was admitted to Lincoln's Inn as a barrister of England and Wales. Currently, she is working for the UK National Heart and Lung Institute (NHLI) in Imperial College London.

Dr Mah is also the Alternate Director of Tan Sri Mah in MHC Plantations Berhad, a company listed on the Main Market of Bursa Securities Malaysia Berhad and Timah Resources Limited, an Australian incorporated company listed on the Australian Securities Exchange.

She is the eldest daughter of Tan Sri Dr. Mah, who is the Executive Chairman of the Company and a substantial shareholder of DMR, which in turn a substantial shareholder of the Company and the granddaughter of Datin Seri Ooi Ah Thin, who is also a Director and substantial shareholder of DMR. She has no conflict of interest with the Company. She has no conviction for offences within the past five (5) years and she has no public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 December 2023.

PROFILE OF
BOARD OF DIRECTORS
(CONT'D)

MAH LI-NA

Alternate Director to Dato' Mah King Seng

Malaysian | Female | 33

Ms. Mah Li-Na was appointed as an Alternate Director to Dato' Seri Mah King Seng on 16 May 2018. Ms. Mah Li-Na is currently with Cepatwawasan Group Berhad as Management Accountant. She also assists the Managing Director, Dato' Seri Mah King Seng in management duties.

She initially graduated from the University of Melbourne, Australia with a Bachelor of Commerce majoring in Accounting and Finance in 2010. Thereafter, she joined the Chinese Language Programme in Tsinghua University, Beijing to enhance her fluency in Mandarin. She went on to pursue her second degree, Bachelor of Laws with the University of London and completed with a Upper Second-Class Honours in 2016.

She has previously interned with KPMG Malaysia, Forensics Accounting Department in 2009, then proceeded to join the firm as an Associate in 2012. During her tenure there, she participated in investigations of financial frauds and was involved in the preparation of the KPMG Fraud Survey report.

She was appointed to the Board of MHC Plantations Bhd on 7 March 2018 as an Alternate Director to Dato' Seri Mah King Seng. She is the daughter of Dato' Seri Mah King Seng, who is a Director and substantial shareholder of DMR, which in turn a substantial shareholder of the Company, and the granddaughter of Datin Seri Ooi Ah Thin, who is also a Director and substantial shareholder of DMR. She has no conflict of interest with the Company. She has no conviction for offences within the past five (5) years and she has no public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 December 2023.

PROFILE OF KEY SENIOR MANAGEMENT

TAN SRI DR. MAH KING THIAN
Executive Chairman
Malaysian | Male | 60

* The profile of Tan Sri Dr. Mah is listed in the Profile of Directors on page 7 of the Annual Report.

DATO' SERI MAH KING SENG
Managing Director
Malaysian | Male | 65

* The profile of Dato' Seri Mah King Seng is listed in the Profile of Directors on page 7 of the Annual Report.

SOONG SWEE KOON
Chief Operating Officer
Malaysian | Male | 68

Mr. Soong Swee Koon is a qualified engineer with a Steam Engineers Certificate of Competency (First Grade). He started his career in power generation with Perak Hydro Electric Power Company (UK firm) in 1974. In the following years, he specialised in power generation, Hydro and Steam Thermal Power Plants, and maintenance and workshop overhaul of Cummins Diesel Engines and generators. From 1980 to1996, he worked as an engineer in United Plantations Bhd. The palm oil mill under Mr. Soong's management was the winner of the Anugerah Award for Best Palm Oil Mill in Malaysia (2nd Place from year 1990-1995). He served as senior engineer, technical advisor, project manager and regional consultant to a number of energy companies from 1996 to 2010. He was appointed as Chief Operating Officer of MHC Plantations Bhd on 15 November 2012. He is also the Executive Director of Timah Resources Limited, an Australian incorporated company listed on the Australian Securities Exchange.

He does not have any family relationship with any other Director and/or major shareholder of the Company and has no conflict of interest with the Company. He has no conviction for offences within the past five (5) years and he has no public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 December 2023.

MANIAM A/L PERUMAL
Group General Manager
Malaysian | Male | 61

Mr Maniam A/L Perumal was appointed as Group General Manager on 17 July 2021.

Mr. Maniam holds a Bachelor Degree in Economics from University Kebangsaan Malaysia, Bangi, Malaysia. He has more than 34 years of extensive experience in the plantation industry which includes 28 years of operational and 6 years of advisory experience. He started his career as an Assistant Manager with Boustead Estate Agency Sdn. Bhd and rose through the ranks to various capacities. He later joined Trade Winds Plantation Berhad as Planting adviser and was later promoted to Regional General Manager. Prior to him joining Cepatwawasan Group Berhad, he was with Acapalm Plantation Services as Visiting Agent.

He has no family relationship with any Directors and/or major shareholders of the Company, and has no conflict of interest with the Company. He has no conviction for offences within the past five (5) years and he has no public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 December 2023.

He does not hold any directorships in public companies.

PROFILE OF
KEY SENIOR MANAGEMENT
(CONT'D)

LIU SWEE KAN
Group Accountant
Malaysian | Male | 56

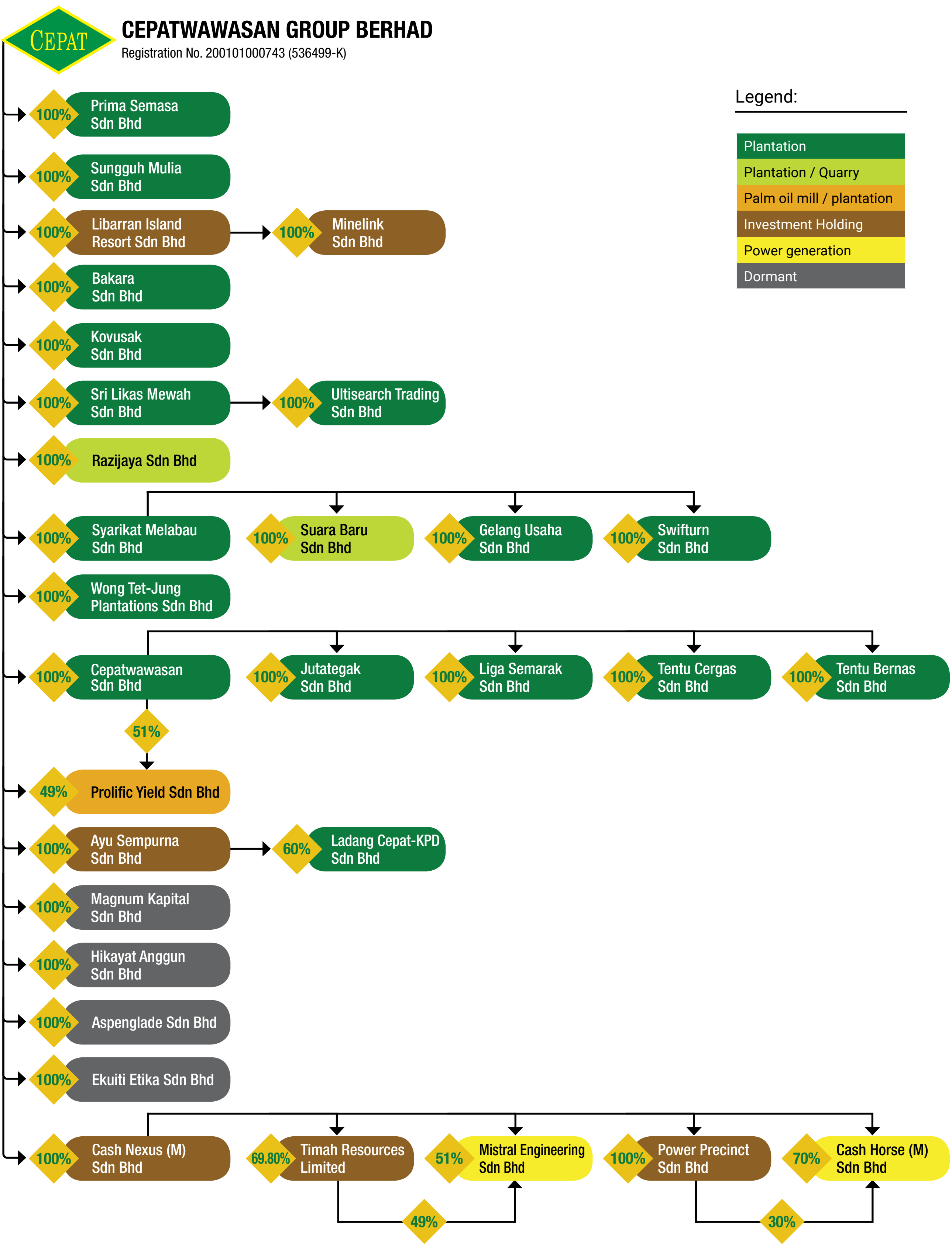
Mr. Liu Swee Kan is a qualified professional who joined the Company as Group Accountant on 14 April 2016. He is a member of the Malaysian Institute of Accountants (MIA) and obtained his professional qualification from the Malaysia Institute of Certified Public Accountants in 2005.

With over a decade of experience in the accounting industry, Mr. Liu has gained extensive expertise and knowledge in his field. He spent 10 years with Audit Firms before working as a Finance Manager in a shipping and logistic company in Sarawak for three years. After this, he joined a plantation company based in Sarawak for about eight years, holding positions from Accountant to Senior Accountant.

He has no family relationship with any Directors and/or major shareholders of the Company. He has no conviction for offences within the past five (5) years and he has no public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 December 2023.

He does not hold any directorships in public companies

GROUP STRUCTURE



CHAIRMAN'S STATEMENT

GROUP'S PERFORMANCE

On behalf of the Board of Directors, it gives me great pleasure to present the Annual Report of the Company and its subsidiaries (hereinafter collectively referred to as the "Group") for the financial year ended 31 December 2023.

For the current year, revenue decreased by 15% to RM304.68 million, a decrease of RM52.41 million million from the previous year's revenue of RM357.09 million. Profit before tax also declined by 39% from RM50.78 million to RM31.02 million.

The reductions in revenue and profit were mainly due to the drop in the average selling prices of crude palm oil (CPO), palm kernel (PK), fresh fruit bunches (FFB) and empty fruit bunch (EFB) oil by 24%, 36%, 26% and 25% respectively. However, production volumes of FFB, CPO, and PK increased by 10%, 14% and 15% respectively.

Thus, the Group's profit attributable to equity holders and earnings per share decreased from 10.21 sen to 6.60 sen. Despite this, we remain committed to improving our operating efficiency via mechanisation and better labour management.

The highlights of the Group's performance are as stated below:

	2023 (RM)	2022 (RM)	Increase (+)/Decrease (-)
Average selling price per metric tonne ("mt"):-			
CPO	3,812	4,984	-24%
PK	1,971	3,060	-36%
FFB	687	927	-26%
Production:-			
CPO (mt)	55,916	49,203	14%
PK (mt)	13,205	11,488	15%
FFB (mt)	106,298	96,813	10%
Electricity Export (MWh)	54,138	43,998	23%
Extraction rate:-			
CPO	19.76%	19.96%	-0.20%
PK	4.67%	4.64%	0.03%

DIVIDEND

On 22 March 2024, the Board approved the following dividends to our shareholders to be paid on 29 April 2024.

- Firstly, a single-tier ordinary dividend of 2.0 sen per ordinary share amounting to RM6,179,340 for the financial year ended 31 December 2023.
- Secondly, a single-tier special dividend of 2.0 sen per ordinary share amounting to RM6,179,340 in respect of the financial year ending 31 December 2024.

The decision-making process for issuing the special dividend involved a thorough examination of the Group's financial position, which included considerations of gearing levels, upcoming cash requirements and potential future business prospects. We believe the stability of the Group's current financial situation has meant that we can afford to share our success with our shareholder, without sacrificing our commitment to the Group's continued growth.

The Group cannot assure that future financial situations will allow us to issue further special dividends, but we wish to acknowledge the trust and confidence our shareholders have placed in us, and hope for your continued support.

PROSPECT AND OUTLOOK

In 2024, the Group anticipates navigating a dynamic and potentially volatile market environment characterized by mixed forecasts regarding palm oil supply and demand. While some analysts predict a slight price rebound, others forecast continued downward pressure on palm oil prices. Palm oil futures for three-month delivery are projected to range between RM 3,600-4,400 per tonne in the first half of 2024, remaining lower than the 2023 estimates and significantly below the record high of RM 7,268 per tonne in March 2022. These uncertainties pose potential challenges to the Group's financial performance in 2024.

However, the Group remains steadfast in its commitment to mitigating these challenges through ongoing efforts to enhance operational efficiency and productivity. This entails optimizing costs and exploring new methods of mechanization while also managing rising production costs through strategic planning and cost-saving measures. Additionally, the Group is actively adapting to the evolving labour landscape by addressing foreign labour shortages through alternative solutions and fostering a more local workforce. Despite the anticipated hurdles, the Board expresses confidence in the Group's ability to adapt and perform soundly in 2024 through its dedication to strategic initiatives and proactive planning.

ACKNOWLEDGMENT

I wish to express my gratitude to our Management and Staff for their dedicated services and contributions throughout the year.

To all our valued suppliers, customers, bankers, business associates and advisers, thank you very much for your loyalty and commitment.

And finally, to all our shareholders, please accept my heartfelt thanks for your unwavering and continuous support. May I wish you all a very successful and prosperous year ahead.

Regards
Tan Sri Dr Mah King Thian
Executive Chairman

MANAGEMENT'S DISCUSSION AND ANALYSIS

DESCRIPTION OF OUR GROUP'S BUSINESS

Cepatwawasan Group Berhad (CGB) is a Malaysia-based investment holding company established on 11 January, 2001. Through its subsidiary companies, the Group is engaged in a range of businesses including oil palm cultivation, milling, quarrying, the sale of oil palm products and power generation.

The Group's business activities are segmented into three main areas: Plantation, Oil Mill and Power Plant. The Group primarily operates in Sabah, Malaysia where it holds a landbank of approximately 10,280 hectares.

Pursuant to its commitment to sustainable practices, CGB has invested in renewable energy sources, including the operation of a 12.0 Megawatt Biomass Power Plant and a 4.0 Megawatt Biogas Power Plant in Sandakan, Sabah. The Group owns an oil mill in Sandakan with a milling capacity of 90 metric tonnes per hour.

FINANCIAL REVIEW

Revenue

During the financial year under review, the Group recorded a total revenue of RM304.68 million, 15% or RM52.41 million lower compared to the previous year's revenue of RM357.09 million. This decrease in revenue was primarily attributable to reduced sales across various segments: CPO sales decreased by RM33.30 million, FFB sales by RM10.13 million, and PK sales by RM9.29 million, driven by a downturn in Palm Product prices despite an increase in sales volume. Outlined below are the changes in sales volume and pricing : -

	2023 (RM)	2022 (RM)	Increase (+)/Decrease (-)
Average selling price per metric tonne ("mt"):-			
CPO	3,812	4,984	-24%
PK	1,971	3,060	-36%
FFB	687	927	-26%
Electricity/kWh	0.3817	0.3897	-2%
EFB Oil/mt	3,291	4,405	-25%
Sales Volume			
CPO (mt)	55,595	49,198	13%
PK (mt)	13,125	11,489	14%
FFB (mt)	34,397	36,422	-6%
Electricity (MWh)	54,138	43,998	23%
EFB Oil (mt)	6,857	5,712	20%

Profit before Taxation

For this financial year under review, the Group recorded a decrease in profit before tax of RM19.76 million (39%). This decrease was mainly due to the drop in the average selling prices of crude palm oil (CPO), palm kernel (PK), fresh fruit bunches (FFB) and empty fruit bunch (EFB) oil by 24%, 36%, 26% and 25% respectively. However, production volumes of FFB, CPO, and PK increased by 10%, 14% and 15% respectively.

Performance of the respective operating business segments for this financial year under review as compared to the preceding year is analyzed as follows:

i) Plantation – Plantation segment witnessed a significant decline in segment profit, decreasing by RM20.58 million (51%) from a segment profit of RM40.19 million to RM19.61 million. This decline was primarily caused by a substantial 26% decrease in the average FFB selling price and an 8% increase in FFB production cost, which outweighed the 10% increase in FFB production volume.

ii) Oil Mill – Segment profit increased by RM4.38 million (69%) from segment profit of RM6.34 million to segment profit RM10.72 million mainly due to an increase in FFB processed during the year by 15% despite a slight decrease in Mill OER.

FINANCIAL REVIEW (CONT'D)

Profit before Taxation (Cont'd)

Performance of the respective operating business segments for this financial year under review as compared to the preceding year is analyzed as follows: (Cont'd)

iii) Power Plant – Segment profit declined by RM2.11 million (16%) from RM12.76 million to RM10.66 million. This decline was primarily caused by a 25% decrease in the average selling price of EFB oil, which outweighed the positive impact of a 20% increase in EFB oil production volume and a 23% increase in power exported to SESB.

Other Income

Other income increased by RM 0.47 million or 30% from RM1.54 million to RM2.01 million. The primary reason for this increase is the increase in stone royalty income from RM0.04 million to RM0.51 million.

Other expenses

Other operating expenses experienced a notable reduction, falling from RM2.51 million to RM0.31 million. This decrease is primarily attributed to a significant decrease in the fair value loss on biological assets. In 2023, this loss amounted to RM0.26 million, compared to RM1.78 million in 2022. This favorable difference is due to the relatively stable palm product prices from 2022 to 2023. In contrast, palm product prices experienced a significant decline in 2022 compared to 2021, leading to the larger fair value loss observed in 2022.

Finance Cost

Despite a decrease in lease liabilities, loans and borrowings from RM39.14 million to RM36.72 million, the Group's finance costs rose from RM1.77 million to RM2.07 million. This increase aligns with the broader trend of rising global interest rates, which climbed from average rate of 4.09% per annum in 2022 to 4.84% per annum during the current year.

Taxation

The effective tax rate for 2023 was higher than the statutory tax rate of 24% at 30% (2022: 30%) principally due to expenses not deductible for tax purposes and the non-recognition of deferred tax asset arising from losses in certain subsidiaries.

Profit Attributable to Equity Holders of the Company

The Group's profit attributable to equity holders and earnings per share experienced a decrease, dropping from 10.21 sen to 6.60 sen for the current financial year. This decline is primarily attributed to a reduction in operating profit, mainly caused by a decrease in global palm product prices.

Despite this dip, the Group remains steadfast in its commitment to enhancing operating efficiency through initiatives such as mechanization and improved labor management. These efforts aim to mitigate the impact of external factors and contribute to future profit growth.

Cash Flow

In 2023, the Group's cash flow from operating activities faced a significant 31% decline, dropping from RM55.89 million to RM38.58 million. This decrease was primarily caused by a reduction in revenue due to lower average selling prices for CPO, PK and FFB despite an increase in their sales volume.

Additionally, net cash used in investing activities saw a decrease from RM9.57 million to RM2.35 million, mainly due to a drawdown of RM3.22 million in short-term investments compared to a placement of RM2.86 million in the previous year.

Conversely, net cash used in financing activities increased by 11% to RM26.79 million due to higher repayments of loans and borrowings.

Overall, the Group's net increase in cash and cash equivalents significantly decreased by 57% or RM12.63 million, settling at RM9.44 million compared to RM22.08 million in the previous year. This decrease reflects the combined effect of lower operating cash flow and higher financing cash outflow, despite the reduction in cash used in investing activities.

FIVE - YEAR FINANCIAL HIGHLIGHT

Financial Amount in RM'000 unless otherwise stated	2023 RM'000	2022 RM'000	2021 RM'000	2020 RM'000	2019 RM'000
Revenue	304,677	357,088	363,002	234,994	215,280
Profit before taxation	31,023	50,783	66,478	21,780	6,718
Taxation	(10,313)	(17,548)	(12,629)	(6,566)	(4,282)
Profit for the financial year	20,710	33,235	53,849	15,214	2,436
Attributable to:-					
Equity holders of the Company	20,394	31,556	50,610	14,618	418
Non-controlling interests	316	1,679	3,239	596	2,018
	20,710	33,235	53,849	15,214	2,436
Share capital	318,446	318,446	318,446	318,446	318,446
Treasury shares	(11,097)	(11,097)	(11,097)	(11,097)	(11,097)
Reserves	(81,177)	(81,212)	(81,056)	(80,874)	(80,934)
Retained earnings	178,162	170,127	150,930	107,693	96,825
Non-controlling interests	5,688	7,630	8,026	7,384	9,846
Total equity	410,022	403,894	385,249	341,552	333,086
Loans and borrowings	7,800	10,048	11,233	46,295	54,500
Lease liabilities	2,086	894	748	851	732
Trade and other payables	24,550	25,526	26,789	19,064	24,687
Income tax payable	2,669	2,653	3,526	1,079	745
Deferred tax liabilities	25,709	26,717	27,056	24,889	23,223
Lease liabilities (non-current)	9,528	2,642	2,521	3,186	2,614
Loans and borrowings (non-current)	17,309	25,561	33,126	44,751	49,309
	499,673	497,935	490,248	481,667	488,896
Property, plant and equipment	306,962	312,999	326,602	342,434	350,518
Investment properties	43,340	43,340	43,340	43,340	43,340
Intangible assets	17,358	17,358	17,358	17,358	17,358
Deferred tax assets	4,321	4,648	6,539	6,777	7,559
Biological assets	2,342	2,603	4,385	2,180	1,927
Inventories	18,634	21,099	16,628	16,482	23,151
Trade and other receivables	18,730	13,135	16,911	12,831	13,953
Tax recoverable	803	1,048	1,690	832	1,503
Short term investments	17,715	20,932	18,076	13,883	13,927
Cash and bank balances	69,468	60,773	38,719	25,550	15,660
	499,673	497,935	490,248	481,667	488,896
Basic earnings per share (sen)	6.60	10.21	16.38	4.73	0.14
Net dividend per share (sen)	4.00	4.00	3.00	1.50	1.50
Dividend cover (times)	1.65	2.55	5.46	3.15	0.09

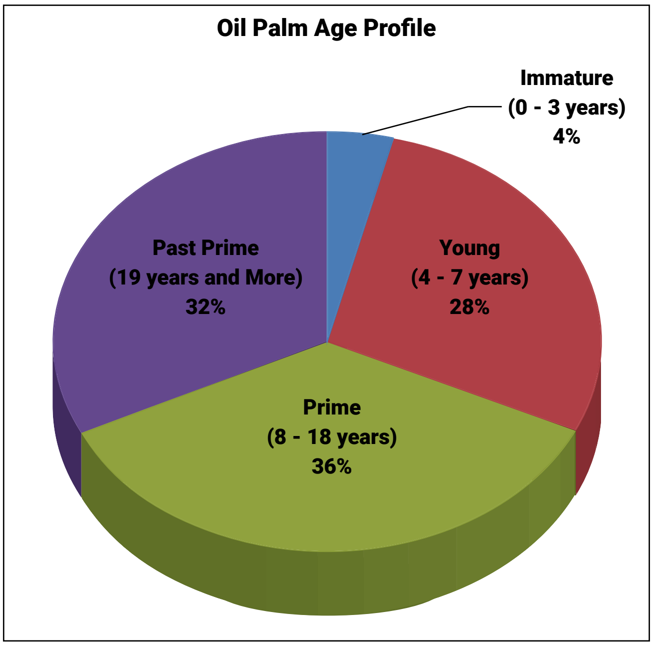
OPERATIONAL REVIEW

Plantation Operations

		2023	2022	2021	2020	2019
Production:						
FFB	(mt)	106,298	96,813	106,660	109,950	118,804
To Own Mill	(mt)	71,901	60,391	54,175	56,972	92,230
To External Mill	(mt)	34,397	36,422	52,485	52,978	26,574
Yield per matured hectare						
Group	(mt)	13.48	13.66	16.27	16.20	18.91
Sabah MPOB average	(mt)	16.39	15.39	15.77	16.84	17.66
Average selling price:						
FFB (External Mills)	(RM/mt)	687	927	871	494	365
Planted Oil Palm Area						
(Weighted average hectares):		8,176	8,223	8,215	8,292	8,440
Mature		7,884	7,087	6,555	6,788	6,282
Immature		292	1,136	1,660	1,504	2,158
Total planted area		8,176	8,223	8,215	8,292	8,440

The age profile of the Group Plantation is shown below: -

Particulars	Hectare	%
0 – 3 years (Immature)	347	**4%**
4 – 7 years (Young)	2,293	**28%**
8 – 18 years (Prime)	2,924	**36%**
> 19 years (Past Prime)	2,612	**32%**
TOTAL	**8,176**	**100%**



The Group is a mid-sized oil palm plantation company located in Sabah with plantations spread across Sandakan, Kinabatangan, Sugut and Beaufort. As of December 31, 2023, the total plantation land is about 10,280 hectares, of which 8,176 hectares (80%) are planted with oil palms. Of this planted area, 7,829 hectares (99%) are mature while the remaining 347 hectares (1%) are immature.

Despite achieving a commendable 9% increase in FFB production to 106,298 metric tons in 2023, driven by the addition of 797 hectares of mature area, the Group faced operational challenges that impeded productivity. The average FFB yield per mature hectare experienced a slight decline to 13.48 metric tons per hectare, falling below the Sabah MPOB average of 16.39 metric tons per hectare. This decline is primarily attributed to the increase in the proportion of young mature areas from 18% in 2022 to 28% in the current year. Young mature areas typically exhibit lower productivity levels compared to more established palm groves. Additionally, the shortage of skilled labor, particularly the lack of experienced harvesters, compounded with heavy rainfall and floods further exacerbated the situation.

OPERATIONAL REVIEW (CONT'D)

Plantation Operations (Cont'd)

In response, the Group strategically invested in mechanizing the harvesting and evacuation operations. Power barrows, mini tractors and mechanical weed sprayers have been introduced to reduce dependency on manual workers. Furthermore, the Group has actively initiated targeted recruitment efforts, including wage adjustments and training programs.

Looking ahead, the current age profile of the plantation indicates potential for higher future yields, especially in prime-age areas. The Group remains committed to long-term sustainability through planned replanting programs, further solidifying its position within the industry.

The segment profit has decreased by RM20.58 million (51%), dropping from RM40.19 million to RM19.61 million. This decline is primarily caused by a substantial 26% decrease in the average FFB selling price and an 8% increase in FFB production cost, which outweighed the 10% increase in FFB production volume.

Milling Operations

		2023	2022	2021	2020	2019
FFB Process						
- own estates		71,901	60,391	54,175	56,971	92,230
- purchase		211,066	186,093	205,275	216,011	266,159
		282,967	246,484	259,450	272,982	358,389
Production						
Crude palm oil	(mt)	55,916	49,203	51,968	53,796	70,982
Palm kernel	(mt)	13,205	11,448	12,348	12,928	17,050
Group						
Oil extraction rate	%	19.76	19.97	20.03	19.71	19.81
Palm kernel rate	%	4.67	4.64	4.76	4.74	4.76
Sabah MPOB average						
Oil extraction rate	%	20.40	20.25	20.55	20.74	20.97
Average selling price:						
Crude palm oil	(RM/mt)	3,812	4,984	4,427	2,671	2,059
Palm kernel	(RM/mt)	1,971	3,060	2,892	1,551	1,204

In 2023, the Group's Prolific Yield Palm Oil Mill with a capacity of 90 metric tons per hour efficiently processed 282,867 metric tons of FFB, a significant 15% increase compared to the 246,484 metric tons processed in 2022. Of this total, 75% (211,066 mt) was from external purchases while the Group's own estates contributed the remaining 25% (71,901 mt). However, the Mill OER experienced a decline from 19.97% to 19.76% while the Sabah MPOB average OER marginally improved from 20.25% to 20.40%.

The lower Oil Extraction Rate (OER) compared to the Sabah average primarily stems from the increased reliance on external FFB sources, notably smallholders. These smallholders often encounter challenges in maintaining FFB quality due to labour shortages and limitations in fruit management practices. Furthermore, the intense competition for FFB supply in 2023, driven by labour shortages in Sandakan, prompted some millers to offer higher prices and relax grading standards. While this approach may boost FFB quantity, it can adversely affect extraction rates and Crude Palm Oil (CPO) quality.

To address these challenges and ensure sustainable FFB supply while upholding satisfactory OER and CPO quality, the Group's mill has implemented a balanced grading system. This system prioritizes both FFB quality and quantity, complemented by competitive pricing strategies.

Segment profit notably increased by RM4.38 million (69%) rising from RM6.34 million to RM10.72 million, primarily attributed to a 15% increase in FFB processed during the year despite experiencing a slight decrease in Mill OER.

OPERATIONAL REVIEW (CONT'D)

Power Plant Operations

The Group operates a renewable energy division consisting of a Biomass power plant and a Biogas power plant in Sandakan, Sabah.

The 12 Megawatt Biomass power plant generates electricity using oil palm empty fruit bunches (EFB) as primary fuel alongside oil palm shells and mesocarp fibres as secondary fuels. The Group obtained the Feed-In Tariff (FiT) Approval from the Sustainable Energy Development Authority Malaysia (SEDA) on 12 May 2014 to sell renewable electricity to Sabah Electricity Sdn Bhd (SESB) at the FiT rate of RM0.3486/kWh for 16 years commencing from 1 January 2015.

The 4.0 Megawatt Biogas power plant generates electricity by capturing the methane gas from palm oil mill effluent (POME) and combusting the gas in biogas engines, thereby mitigating the emission of greenhouse gases. There is also Zero discharge to the river as the final discharge from the Biogas plant is released through a system of drip irrigation for land application. On 18 February 2015, the Group obtained the Biogas FiT Approval from SEDA to sell renewable electricity to SESB for 16 years commencing from 15 February 2017.

Segment profit declined by RM2.11 million (16%) from RM12.76 million to RM10.66 million. This decline was primarily caused by a 25% decrease in the average selling price of EFB oil, which outweighed the positive impact of a 20% increase in EFB oil production volume and a 23% increase in power exported to SESB.

PROSPECT

The Malaysian palm oil industry is anticipated to encounter ongoing challenges throughout the financial year 2024 characterized by a combination of factors. Foremost among these challenges is the persistent trend of lower Crude Palm Oil (CPO) prices with analysts projecting a slight increase in 2024 compared to the preceding year but the overall trajectory remains downward. Moreover, the industry faces mounting pressures from rising production costs exacerbated by sustained labor shortages and escalating fertilizer expenses, which are poised to further strain profitability margins. In addition, the landscape is rife with geopolitical uncertainties, where global events wield the potential to significantly influence commodity prices, amplifying the inherent risk within the industry. To navigate these multifaceted challenges, concerted efforts aimed at enhancing efficiency and productivity within the industry are imperative, as stakeholders seek to adapt to the evolving market dynamics and secure sustainable growth in the face of adversity.

To navigate these complexities, the Group must prioritize enhancing efficiency and productivity across its operations. Mechanization and yield improvements stand out as pivotal strategies to mitigate costs and fortify profitability amid the prevailing market conditions. The Group's steadfast commitment to these initiatives demonstrates its proactive stance in addressing industry challenges head-on.

Furthermore, the Group anticipates better performance in 2024 driven by increased production from young mature palms and intensified mechanization efforts. By leveraging the potential of young mature palm trees and investing in mechanization technologies, the Group aims to optimize operational efficiency and drive sustainable growth in the face of ongoing industry challenges.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors ("Board") of Cepatwawasan Group Berhad ("Company") is committed to ensuring that the highest standards of corporate governance are practiced throughout the Group to enhance business prosperity and corporate accountability, and to realise long term shareholders' value for the Company's shares. The Board is working towards ensuring full compliance with principles and best practices of Malaysian Code on Corporate Governance ("MCCG").

The Board is pleased to report to shareholders on how the Group has applied the three main principles of the MCCG throughout the financial year ended 31 December 2023: Board Leadership and Effectiveness (Principle A), Effective Audit and Risk Management (Principle B), and Integrity in Corporate Reporting and Meaningful Relationships with Stakeholders (Principle C).

This Corporate Governance Overview Statement should be read together with Corporate Governance Report 2023, which is available for viewing on the Company's website at www.cepatgroup.com.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

I Board Responsibilities

1.0 Every company is headed by a Board, which assumes responsibility for the Company's leadership and is collectively responsible for meeting the objectives and goals of the Company.

1.1 The Board assumes full responsibilities for the overall performance of the Company and its subsidiaries by setting the policies, establishing goals and monitoring the achievement of the goals through strategic action plans and careful stewardship of the Group's assets and resources. It focuses on financial performance and crucial business issues, like principal risks and their management, succession planning for senior management, investor relations programme and shareholders communication policy, systems for internal control and compliance with laws and regulations.

1.2 In discharging their responsibility, the Board considers all aspects of the operations of the Group and in particular the following areas:

- Reviewing and adopting a strategic business plan for the Group.
- Overseeing the conduct of the business of the Group.
- Identifying and putting in place systems to manage any principal risk.
- Succession planning for senior management.
- Developing and implementing investor relations programme or shareholder communications policy.
- Reviewing internal control and management information systems.

1.3 To ensure the effective discharge of its functions and responsibilities, the Board has delegated specific responsibilities to the following Committees:

- Audit Committee
- Nomination Committee
- Remuneration Committee
- Executive Committee

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

I Board Responsibilities (Cont'd)

1.0 Every company is headed by a Board, which assumes responsibility for the Company's leadership and is collectively responsible for meeting the objectives and goals of the Company. (Cont'd)

1.4 The roles of the Chairman and Managing Director are separate and each has a clearly accepted division of responsibilities to ensure a balance of power and authority. The Chairman is primarily responsible for the orderly conduct and working of the Board while the Managing Director has overall responsibilities in the implementation of Board policies and decisions as well as some of the Group's day-to-day operations.

1.5 The Board is supported by qualified and experienced Company Secretaries who facilitate overall compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia") ("MMLR") and other relevant laws and regulations. Both Company Secretaries of the Company are qualified to act as company secretary under section 235 of the Companies Act 2016.

1.6 The Board meets on a quarterly basis and additionally as and when required. All Directors are provided with an agenda and a set of board papers issued at a reasonable period from the date of Board meetings so as to ensure that the Directors can appreciate the issues to be deliberated and to obtain further explanations, where necessary.

1.7 In carrying out their duties, the Directors have complete access to all staff for information pertaining to the Group's affairs. The Directors also have full access to advice and services of the Company Secretary. Where necessary, the Directors engage independent professional for advice at the Group's expense to enable them to discharge their duties with full knowledge of the cause and effect.

2.0 There is demarcation of responsibilities between the Board, Board Committees and Management. There is clarity in the authority of the Board, its Committees and individual Directors.

2.1 The Board has established clear functions reserved for the Board and those delegated to Management in the Charter which serves as a reference point for Board's activities. The Charter provides guidance for Directors and Management on the responsibilities of the Board, its Committees and requirements of Directors and it is subject to periodical review to ensure consistency with the Board's strategic intent as well as relevant standards of corporate governance. The Charter is made available at the Company's website at www.cepatgroup.com.

2.2 The Chairman of the Board does not assume the position of Chairman of Audit Committee, Nomination Committee and Remuneration Committee. However, by invitation of these Committees, the Chairman of the Board/Managing Director and other appropriate officer(s) may be invited to attend these Committees' meeting, where their presence are considered appropriate as determined by the Chairman of these Committees.

The Board had on 26 February 2024 reviewed its Board Charter.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

I Board Responsibilities (Cont'd)

3.0 The Board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness. The Board, Management, Employees and other Stakeholders are clear on what is considered acceptable behaviour and practice in the Company.

3.1 The Company has also formalised a set of ethical standards through a Code of Conduct and Ethics, which is subject to periodical review, to ensure Directors practise ethical, business like and lawful conduct, including proper use of authority and appropriate decorum when acting as Board members. The Board reviews the said Code of Conduct and Ethics regularly. The Code of Conduct and Ethics is published on the Company's website at www.cepatgroup.com.

The Board had on 26 February 2024 reviewed its Code of Conduct and Ethics.

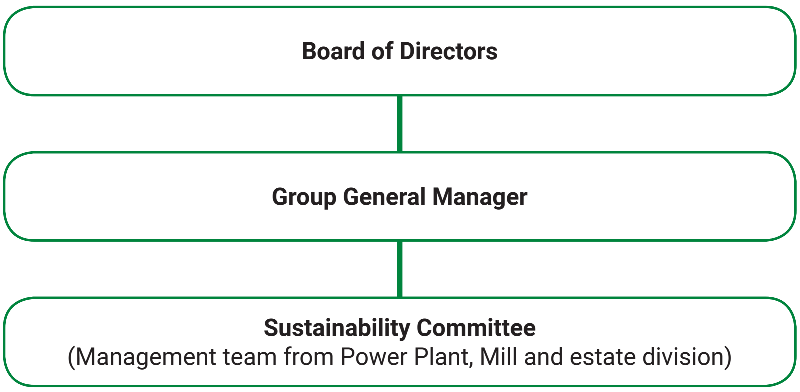
3.2 Along with good governance practices and in order to enhance transparency and accountability, the Board has established and put in place the following policies and procedures, full details of which are made available at the Company's website at www.cepatgroup.com:

- Board Charter and Code of Conduct and Ethics
- Shareholder's Right relating to General Meeting
- Whistleblowing Policy and Procedure
- Sustainability Policy
- Anti-Bribery and Corruption Policy
- Diversity Policy
- Board of Directors' Fit and Proper Policy
- Conflict Of Interest Policy

On February 26, 2024, the Board adopted a Conflict-of-Interest Policy in accordance with the updated regulations of the MMLR, which enhance and align existing provisions in the MLLR regarding the disclosure of conflicts of interest by listed issuers.

4.0 The Company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

4.1 The Group has established a Sustainability Governance structure as below that is more extensively discuss on Page 33 of the Sustainability Report.



4.2 The Group currently does not have a formal performance evaluation on its board and senior management in addressing the Company's material sustainability risks and opportunities.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

II Board Composition

5.0 Board decisions are made objectively in the best interests of the Company taking into account diverse perspectives and insights.

5.1 The Company has complied with the requirement of paragraph 15.02 of the MMLR. The Board currently consists of two (2) Executive Directors, One (1) Non-Independent and Non-Executive Director and two (2) Independent Non-Executive Directors.

5.2 The Board, based on the recommendation of the Nomination Committee, will seek shareholders' approval at the upcoming Annual General Meeting for the re-election of Tan Sri Dr Mah King Thian and Dato' Seri Mah King Seng . Both Tan Sri Dr Mah King Thian and Dato' Seri Mah King Seng are are subject to retirement in accordance with the Company's Constitution and being eligible for re-election, have offered themselves for re-election.

5.3 The Company does not have a policy on the tenure of Independent Director; however, the Company recognises the MCCG's recommendation on the tenure of an independent director should not exceed a cumulative term of nine (9) years. Upon completion of nine (9) years, the Independent Director may continue to serve on the Board as an Independent Director subject to assessment by the Board and shareholders' approval at the general meeting. The Company would apply the two-tier voting process in seeking shareholders' approval to retain Independent Director beyond nine (9) years of tenure of office.

5.4 The Board acknowledges the importance of boardroom diversity. A diversity policy has been established by the Board. The Board endeavours to have at least one woman participate on the Board at all times. The Board endeavours to have diversity of the Board as well as its workforce in terms of experience, qualification, ethnicity and age. The Board is mindful of the target of at least 30% women directors. Currently 20% of the Board members is woman, comprises 4 male Directors and 1 female Director. The Board also have 2 female alternate director.

5.5 During selection of new directors, any list of proposed candidates to the Board shall consist of woman candidate, wherever reasonably possible. The Nomination Committee is responsible in ensuring that diversity objectives are adopted in board recruitment, board performance evaluation and succession planning processes. The potential candidate may be proposed by existing director, senior management staff, shareholders or third-party referrals.

5.6 The Board held four (4) Board Meetings during the financial year. The details of attendance of each individual Director are as follows:

Name	Meetings attended
Tan Sri Dr. Mah	4/4
Dato' Seri Mah King Seng	4/4
Datuk Chua Kim Yin (JP)	4/4
Puan Lee Nyuk Choon @ Jamilah Ariffin *	3/3
Encik Musanif Bin Hj Md Nen *	3/3

* **3 Board Meetings were held after the appointment on 22 March 2023**

5.7 The Company recognizes the importance of continuous professional development and training for its directors. Our Directors evaluate and individually determine the most suitable programs, seminars, briefings, or dialogues that would enable them to enhance their knowledge and contribution to the Group. By investing in the growth and development of our directors, we believe that we can improve our competitiveness and deliver value to our shareholders.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

II Board Composition (Cont'd)

5.0 Board decisions are made objectively in the best interests of the Company taking into account diverse perspectives and insights. (Cont'd)

5.8 Since the issuance of previous Annual Report, the following training programmes and seminars were attended by the following Directors:

- Powering up your risk and compliance management with data and analytics and Bursa Malaysia's enhanced Conflict of interest Disclosure Requirements attended by Dato' Seri Mah King Seng;
- Study tour to Vadodara, India to visit and meet Siemens India to study and explore innovative solutions to improve the efficiency and performance of Biomass Renewable Energy Businesses attended by Tan Sri Dr. Mah;
- Webinar on Budget 2024 highlights, e-invoice and transfer Pricing by CPA Australia attended by Datuk Chua Kim Yin;
- Mandatory Accreditation Programme Part II attended by Ms Mah Li-Na;
- Mandatory Accreditation Programme Part I attended by Puan Lee Nyuk Choon @ Jamilah Ariffin;
- Mandatory Accreditation Programme Part I attended by Encik Musanif Bin Hj Md Nen.

Since the date of the previous report, Dr. Jordina Mah has been engaged with her research duties and, consequently, has been unable to attend any formal training sessions. However, arrangements will be made for her, along with the rest of the directors, to participate in the Directors MAP Training Part II.

6.0 Stakeholders are able to form an opinion on the overall effectiveness of the board and individual directors.

6.1 Since the issuance of previous Annual Report, the Nomination Committee held two (2) meetings with the attendance of each member as follows:

Name	Position		Meetings attended
Encik Musanif Bin Hj Md Nen *	Chairman	Independent Non-Executive Director	1/1
Datuk Chua Kim Yin	Member	Non-Independent Non-Executive Director	2/2
Puan Lee Nyuk Choon @ Jamilah Ariffin *	Member	Independent Non-Executive Director	1/1

* **1 Nomination Committee meeting was held during the financial year after the appointment date of 22 March 2023**

The summary of activities carried out during the financial year are:

- Reviewed the mix of skill and experience and other qualities of the Board.
- Assessed the effectiveness of the Board as a whole, the Board committees and the Directors.
- Discussed the Company's Directors' retirement by rotation.
- Reviewed the term of office of each of the Audit Committee members and performance of the Audit Committee and each of its members.
- Reviewed the composition of the Board and Board Committees and recommended to the Board for the necessary change in composition.
- Assessed and reviewed the profile and suitability of candidate for recommendation to the Board for appointment.

The composition of Nomination Committee was changed in March 2023. Upon thorough review of the Board's composition, size, structure, and the qualifications of its members, the Nomination Committee concluded that the current arrangement aligns with the Company's needs and adheres to the best practices outlined in the MCCG. As such, no recommendations were made to the Board for any changes to the composition of the Board.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

II Board Composition (Cont'd)

7.0 The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives. The remuneration policies and decisions are made through a transparent and independent process.

7.1 The Board has established a remuneration policy to facilitate the Remuneration Committee to review, consider and recommend to the Board for decision the remuneration packages of the Executive Directors and Managing Director.

The remuneration policy and procedure can be found at the Company's website at www.cepatgroup.com.

The Remuneration Committee consists of three (3) members, namely as:

Name	Position		Meetings attended
Datuk Chua Kim Yin	Chairman	(Non-Independent Non-Executive Director)	1/1
Puan Lee Nyuk Choon @ Jamilah Ariffin *	Member	(Independent Non-Executive Director)	–
Encik Musanif Bin Hj Md Nen *	Member	(Independent Non-Executive Director)	–

* **No Remuneration Committee was held during the financial year after the appointment date of 22 March 2023**

The Board recognised that the Remuneration Committee should only consist of Non-Executive Directors where a majority of them must be Independent Directors.

The Board had on 26 February 2024 reviewed the terms of reference of Remuneration Committee.

8.0 Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

The aggregate remuneration paid or payable to all Directors of the Company for the financial year ended 31 December 2023 is as follows:

	Company					
	Salaries	Fees	Bonus	Allowances	EPF & SOCSO	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
EXECUTIVE DIRECTORS						
Tan Sri Dr. Mah	315	–	147	–	56	518
Dato' Seri Mah King Seng	314	–	147	–	56	517
ALTERNATE DIRECTOR						
Ms. Mah Li-Na	68	–	41	–	14	123
Subtotal	**697**	**–**	**335**	**–**	**126**	**1,158**

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

II Board Composition (Cont'd)

8.0 Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance. (Cont'd)

The aggregate remuneration paid or payable to all Directors of the Company for the financial year ended 31 December 2023 is as follows: (Cont'd)

Company (Cont'd)						
	Salaries	Fees	Bonus	Allowances	EPF & SOCSO	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
NON-EXECUTIVE DIRECTORS						
Datuk Chua Kim Yin	–	54	–	–	–	54
Puan Lee Nyuk Choon @ Jamilah Ariffin (Appointed 22 March 2023)		41				41
Encik Musanif Bin Hj Md Nen (Appointed 22 March 2023)		41				41
Mr Chan Kam Leong (Resigned on 22 March 2023)	–	14	–	–	–	14
Puan Wan Salmah Binti Wan Abdullah (Resigned on 22 March 2023)	–	14	–	–	–	14
Subtotal	**–**	**164**	**–**	**–**	**–**	**164**
Total	**697**	**164**	**335**	**–**	**126**	**1,322**
Group						
EXECUTIVE DIRECTORS						
Tan Sri Dr. Mah	629	30	294	70	113	1,136
Dato' Seri Mah King Seng	629	–	294	70	112	1,105
Directors of Subsidiaries	**630**	**–**	**293**	**40**	**–**	**963**
ALTERNATE DIRECTOR						
Ms Mah Li-Na	68	–	41	–	14	123
Subtotal	**1,956**	**30**	**922**	**180**	**239**	**3,327**
NON-EXECUTIVE DIRECTORS						
Datuk Chua Kim Yin	–	54	–	–	–	54
Puan Lee Nyuk Choon @ Jamilah Ariffin (Appointed 22 March 2023)	–	41				41
Encik Musanif Bin Hj Md Nen (Appointed 22 March 2023)	–	41				41
Mr Chan Kam Leong (Resigned on 22 March 2023)	–	14	–	–	–	14
Puan Wan Salmah Binti Wan Abdullah (Resigned on 22 March 2023)	–	14	–	–	–	14
Directors of Subsidiaries	**–**	**91**	**–**	**–**	**–**	**91**
Subtotal	**–**	**255**	**–**	**–**	**–**	**255**
Total	**1,956**	**285**	**922**	**180**	**239**	**3,582**

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

II Board Composition (Cont'd)

8.0 Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance. (Cont'd)

The Company has on 23 May 2023 obtained a shareholders' mandate on payment of Director fees and benefits of not exceeding RM190,000 per annum and RM50,000 per annum respectively to its Non-Executive Directors.

Remuneration paid to the three (3) Senior Management who are not Directors of the Company for the financial year ended 31 December 2023 are as follows:

	Group	Company
Key Senior Management		
From RM200,000 To RM300,000	1	–
From RM300,000 to RM400,000	1	1
From RM400,000 to RM500,000	1	1

The remuneration of these three (3) Senior Management of the Company disclosed above is on an aggregate basis. At this particular juncture, the Board is of the opinion that the disclosure of the Senior Management personnel's name and the various remuneration components (salary, bonus, benefits in-kind, other emoluments) would not be in the best interest of the Group due to confidentiality and security concerns.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

I Audit Committee

9.0 There is an effective and independent audit committee. The board is able to objectively review the audit committee's findings and recommendations. The company's financial statement is a reliable source of information.

9.1 The Audit Committee consists of two (2) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director chaired by Puan Lee Nyuk Choon @ Jamilah Ariffin who is an independent director.

9.2 The Audit Committee had on 26 February 2024 assessed the suitability and independence of the external auditors based on the criteria set forth in the policy and procedure on evaluation of external auditors adopted. In its assessment, the Audit Committee considered several factors, which included adequacy of experience and knowledge of the relevant accounting standards, ability to meet deadlines, quality and quantity of human resources used to perform the assigned audit, clarity of presentations and quality of reports produced and independence of PKF.

9.3 The terms of reference of the Audit Committee underwent review and amendment on 26 February 2024. Among the revisions, it is now stipulated that any member who formerly served as an audit partner for the Group's auditors must observe a cooling-off period of at least three (3) years before becoming eligible for appointment as a member of the Audit Committee and expanding the scope of the Audit Committee's review of COI situations to include those that arose or persist (in addition to those that may arise) and the measures taken to resolve, eliminate, or mitigate the COI.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

II Risk Management and Internal Control Framework

10.0 Company makes informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives. The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

10.1 The Board has ultimate responsibility for reviewing the Company's risks, approving the risk management framework and policy and overseeing the Company's strategic risk management and internal control framework to achieve its objectives within an acceptable risk profile as well as safeguarding the interest of stakeholders and shareholders and the Group's assets.

10.2 The key features of the Risk Management Framework are presented in the Statement on Risk Management and Internal Control of the Company as set out on pages 50 to 52 of this Annual Report.

11.0 The Company has an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

11.1 The Statement on Risk Management and Internal Control furnished on page 50 to 52 of the Annual Report provides an overview on the state of internal controls within the Group, in an effort to manage risk. The Board is aware of the need to have corporate disclosure policies and procedures and has established a Corporate Disclosure Policy to enable comprehensive, accurate and timely disclosures of material information relating to the Company and its subsidiaries to be made to the regulators, shareholders and stakeholders.

11.2 During the year the internal audit function is outsourced to KPMG Management & Risk Consulting Sdn. Bhd. which reports directly to the Audit Committee.

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

I Communication with Stakeholders

12.0 There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other's objectives and expectations. Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.

The Company has implemented a shareholder communications policy to ensure effective communication with its shareholders and other stakeholders.

Communication between the Company and its shareholders are done in the following manner:

12.1 Dialogue between Companies and Investors

The annual report, quarterly reports and various mandatory announcements are the main channel of information by the Company of its financial performance, operations and corporate developments.

The Company's website at www.cepatgroup.com contains vital information concerning the Group which is updated on a regular basis and shareholders are able to put questions to the Company through the website.

The Board considers it is essential that investors are kept informed of all the latest financial results and developments of the Company and where appropriate, will provide disclosure that is in the best interest of the Company and also of the shareholders. All such reporting information can be obtained from the website of the Company and Bursa Malaysia.

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (CONT'D)

I Communication with Stakeholders (Cont'd)

12.0 There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other's objectives and expectations. Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility. (Cont'd)

Communication between the Company and its shareholders are done in the following manner: (Cont'd)

12.2 The Annual General Meeting

The Annual General Meeting ("AGM") is an important event for the Company as the Board has the opportunity to have a dialogue with the shareholders to present the results and performance of the Group and to address all questions that may arise. Suggestions and comments by shareholders will be noted by the Board for consideration.

12.3 Integrated reporting

The Company is not categorised as a "Large Company" and hence has not adopted integrated reporting based on a globally recognised framework.

12.4 Board attendance at AGM

The Group places great importance on transparency and accountability, and the attendance of directors at the AGM is an essential aspect of this commitment. We are pleased to report that all Directors attended the AGM held on 23 May 2023.

II Conduct of General Meetings

13.0 Shareholders are able to participate, engage the board and senior management effectively and make Informed voting decisions at general meetings.

13.1 The Company's last AGM was conducted physically on 23 May 2023. The AGM is the principal forum for dialogue and interaction with shareholders. The key element of the Company's dialogue with its shareholders is the opportunity to gather views of, and answer questions from, both the individual and institutional investors in all aspects relevant to the Company at the AGM. It is the Company's practice to send the Notice of the AGM to its shareholders at least twenty-eight (28) days before the meeting. At the AGM, shareholders are encouraged to ask questions both about the resolutions being proposed or about the Group's operations in general to seek more information. Where it is not possible to provide immediate answers, the Chairman would undertake to furnish the shareholders with a written answer after the AGM.

13.2 All resolutions set out in the notice of general meetings will be carried out by poll voting. The Board makes announcement of the detailed results showing the number of votes cast for and against each resolution at general meetings to facilitate greater shareholder participation.

13.3 The minutes of the last AGM held on 23 May 2023 was published on the Company website on www.cepatgroup.com.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (CONT'D)

II Conduct of General Meetings (Cont'd)

13.0 Shareholders are able to participate, engage the board and senior management effectively and make Informed voting decisions at general meetings. (Cont'd)

Additional Compliance Information

In compliance with the MMLR, the following additional information is provided:

a Utilisation of Proceeds
This is not applicable during the financial year.

b Material Contracts
There is no material contract entered into by the Company and its subsidiaries involving Directors and substantial shareholders either subsisting at the end of the financial year ended 31 December 2023 or entered into since the previous financial year.

c Recurrent Related Party Transactions
There are no recurrent related party transactions transacted by the Company and its subsidiaries except for those disclosed under significant related party transactions on pages 120 to 123 of the Annual Report.

d Auditors' remuneration
For the financial year ended 31 December 2023, the amount of audit fee and non-audit fee paid and payable to the External Auditors of the Company were as follows:

Fee Incurred	Audit fee RM'000	Non Audit Fee RM'000
The Company	**61**	**8**
The Group	**289**	**30**

The non-audit fees were in respect of the review of interim financial information for One (1) subsidiaries of the Company for the financial period ended 30 June 2023 and reporting audit engagement to Group auditor for the financial year ended 31 December 2023 in accordance with International Standard on *Review Engagement, ISRE2410 Review of Interim Financial Information performed by the Independent Auditor of the Entity* and review of Statement on Risk Management and Internal Control.

SUSTAINABILITY REPORT

INTRODUCTION

Cepatwawasan Group Berhad is committed to operating sustainably and responsibly. This Sustainability Report outlines the initiatives and strategies employed by the Company and Group for its Plantations, Power plants, and Oil Mill in the financial year ended 31 December 2023.

The report has been prepared in accordance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia"). In the preparation of this report, we have considered the material issues that affect our business operations and its impact on our internal and external stakeholders, including investors, regulatory bodies, employees, suppliers, customers, and the local community.

We remain committed to improving our sustainability performance, ensuring that we maintain timely and transparent communication with all our stakeholders. We will achieve this by monitoring specific targets and key performance indicators, fostering strong and collaborative relationships with all stakeholders, and harmonizing material sustainability risks across the Group.

SUSTAINABILITY GOVERNANCE STRUCTURE

The Group General Manager ("GGM") is primarily responsible for providing overall direction, leading strategic decision-making and driving execution for all of the Group's sustainability related matters. The Board of Directors, entrusted with oversight of the Group's sustainability practices, is kept informed and regularly updated on the progress of sustainability matters and any issues arising therefrom.

The Group has established a sustainability governance structure as depicted below:-

Committee	Responsibilities
Board of Directors	• Approve and monitor the development of Management's corporate sustainability strategies, policies and performance.
Group General Manager	• Responsible for providing overall direction, leading strategic decision-making and driving execution for all of the Group's sustainability related matters.
Sustainability Committee	• Lead the implementation of sustainability strategies and policies within their respective departments; • Monitor and provide regular updates to the GGM regarding their department's sustainability performance, based on the strategic direction set out by the Board; • Identify, assess, evaluate, manage and report material sustainability risks and opportunities relevant to the Group's operations for approval; and • Facilitate sustainability disclosures as required by laws and regulations, and subsequently recommend them for approval.

The Sustainability Policy of the Group can be found on the Company's website at www.cepatgroup.com.

SUSTAINABILITY FRAMEWORK

The sustainability framework serves as the foundation for our sustainability strategy, guiding our efforts to integrate environmental, social, and economic considerations into our business operations. Our sustainability framework comprises four pillars:

1. Marketplace
2. Environment
3. Workplace
4. Community

We aim to deliver the objectives under each focus area by addressing the concerns related to each of our material matters. Accordingly, we have set targets to enable us to accelerate and monitor our sustainability performance. By linking these targets to a performance scorecard, we are able to track our progress and ensure that we are making continuous improvements towards these targets.

MATERIALITY

As part of our materiality analysis exercise, we sought the views and feedback of all our stakeholders, considering their input in our evaluation of the environmental, economic, and social aspects of our operations, along with their associated risks and impacts. By doing so, we also identified opportunities for future success and continued growth. Based on our stakeholders' feedback, we have expanded our focus to address fifteen key sustainability issues, up from the twelve identified and discussed in last year's Sustainability report.

KEY SUSTAINABILITY MATTERS	SUSTAINABILITY FRAMEWORK
Economic Performance	**MARKET PLACE**
Regulatory compliance and Business Ethics	
Anti-Corruption	
Sustainability Certification	
Stakeholder Engagement	
Supply Chain Management	
Cybersecurity & Data Protection	
Water Management	**ENVIRONMENT**
Energy	
Greenhouse Gas (GHG) Emission	
Training and Education	**WORKPLACE**
Labour Relations and Human rights	
Occupational Safety and Health	
Employee Retention & Engagement	
Community Care and CSR initiatives	**COMMUNITY**

MARKET PLACE

Economic Performance

The Group's economic performance underscores the importance of a robust sustainability strategy. In the pursuit of sustainability, understanding and managing economic performance are paramount. We recognize that economic stability is foundational for the longevity of our business and its ability to contribute meaningfully to society. Our commitment to sustainable management involves strategic decision-making that not only addresses short-term financial challenges but also ensures the creation and equitable distribution of economic value. For a detailed overview of our economic performance and management strategies, please refer to the Financial Statement in this Annual Report.

The breakdown of the direct economic value generated and distributed by the Group's Malaysian operations is tabulated below:

Direct Economic Value Distribution	2021 RM'000	2022 RM'000	2023 RM'000
Employee Wages and Benefits	29,945	32,309	35,136
Payments to Government (Taxes and Levies)	30,912	39,292	28,671
CSR Activities	498	394	169

Regulatory compliance and Business Ethics

Our business conduct is guided by honesty, integrity, and a commitment to excellence. As part of our commitment to responsible practices, we promote the well-being of our customers and strive to ensure that our business partners share our commitment. The Group upholds the principles of good corporate governance and complies with all applicable laws and regulations, meeting the expectations of our stakeholders and investors. For more information on our corporate governance practices, please see the 'Corporate Governance Overview Statement' in this Annual Report.

To ensure compliance with good corporate governance principles and our commitment to transparency and accountability, the Group's Whistleblowing Policy encourages all employees and workers to report any suspected wrongdoing, including but not limited to breaches of trust, corruption, fraud, waste or misappropriation of Group resources, abuse of power or position, sexual harassment, endangerment of employee or public health and safety, and attempts to conceal or suppress information.

The Group's Code of Conduct and Ethics, Whistleblowing Policy and other Corporate Governance policies which are listed below are accessible through the Group's website at www.cepatgroup.com.

Board Charter	Nomination and Election Process of Board Members
Matters reserved for the Board	Remuneration Policy and Procedure
Code of Conduct and Ethics	Term of Reference of Audit Committee
Shareholder's Rights relating to General Meeting	Terms of Reference of Nomination Committer
Shareholders' Communication Policy	Term of Reference of Remuneration Committee
Nomination and Election Process of Board Members	Anti-Bribery and Corruption Policy
Diversity Policy	Board of Directors' Fit and Proper Policy
Whistleblowing Policy and Procedures	

MARKET PLACE (CONT'D)

Anti-Corruption

Cepatwawasan Group Berhad and its subsidiaries adhere to a zero-tolerance policy against bribery and corruption. The Anti-Bribery and Corruption Policy prohibits improper payments in all business activities, emphasizing compliance with the Malaysian Anti-Corruption Commission Act 2009. The policy covers employees, consultants, and third parties, outlining guidelines on gifts, facilitation payments, political and charitable contributions. Employees are responsible for compliance, and violations may result in disciplinary action. The policy encourages reporting through a whistleblowing mechanism, provides training, emphasizes record-keeping, and undergoes regular reviews by the Board. Upholding these anti-corruption measures is vital for fostering trust, maintaining integrity, and ensuring the sustained success and reputation of our company in a global business environment.

- *Corruption risk assessment*

  This year we have undertaken a corruption risk assessment that covers all of our operations including Power Plant, Plantation and Mill.

		2023
Percentage of operations assessed for corruption-related risks	Percentage	100%

- *Corruption-related training*

  All employees have completed the necessary annual training in 2023. Additionally, employees are required to complete an annual integrity pledge to indicate compliance

Percentage of employee completed Corruption-related training		2023
Management	Percentage	100%
Executive	Percentage	100%
Non-executive	Percentage	100%
Workers	Percentage	100%

- *Corruption incidents*

  As of 31 December 2023, we recorded zero incidents of corruption across our business operations.

		2023
Number of confirmed corruption incidents	Number	0

MARKET PLACE (CONT'D)

Sustainability Certification

Malaysian Sustainable Palm Oil Certification ("MSPO")

The Malaysian Sustainable Palm Oil Certification (MSPO) is a national certification scheme that mandates the sustainability certification of the entire oil palm industry in Malaysia, covering the entire supply chain from oil palm plantations to downstream facilities. As a responsible member of the industry, we are proud to state that all of our plantations and our Mill have completed MSPO certification. Furthermore, we have successfully completed an annual surveillance audit as mandated by MSPO in the current reporting period, demonstrating our continued commitment to sustainable practices. By complying with this certification, we are not only fulfilling our obligation to the industry, but also contributing to the creation of a sustainable future.

Sourcing for Sustainable third parties FFB supply

The Fresh Fruit Bunches (FFB) sourcing for the Group's Oil Mill reflects a diverse supply chain, encompassing own estates, third-party estates, smallholders, and dealers. In the computation of the percentage of Group's Certified FFB Supplies, dealers' contributions are currently considered uncertified, given the absence of an obligation for Malaysian Sustainable Palm Oil (MSPO) certification. However, with the mandatory requirement effective from 1 January 2020, nearly all estates and smallholders are now MSPO certified. The remaining uncertified portion predominantly comprises independent smallholders, of which a substantial 82% have achieved MSPO certification.

		2023
Source of FFB		
Own Estates	Percentage	25%
Third Party Estates	Percentage	28%
Small holders	Percentage	22%
Dealers	Percentage	25%
Total FFB Process (Mt)	Metric ton	282,967
With Certification (%)	Percentage	66%
Without Certification (%)	Percentage	34%

Cybersecurity & Data Protection

The Group acknowledge the paramount importance of cybersecurity and data protection in today's digital landscape. As of the current reporting period, we do not have a formalized cybersecurity and data protection policy in place. However, the Group want to reassure our stakeholders that there have been no reported complaints or instances concerning breaches of customer privacy during this period.

Recognizing the evolving nature of cyber threats and the increasing significance of data protection, we are actively working towards the development and implementation of a robust cybersecurity and data protection framework. Our commitment to the highest standards of security and privacy is unwavering, and we are dedicated to establishing comprehensive policies and practices that align with industry best practices.

		2023
Number of substantiated complaints concerning breaches of customer privacy or losses of customer	Number	0

MARKET PLACE (CONT'D)

Supply Chain Management

- *Proportion of spending on local suppliers*

The Group's dedication to sustainability seamlessly integrates into our supply chain practices. While a formal policy may not be in place, our commitment remains steadfast in achieving 100% local procurement whenever possible, with exceptions only for items unavailable locally. Prioritizing local suppliers is not just a business strategy; it actively contributes to the economic growth of the communities in which we operate, indirectly attracting additional investment and fostering stable local economies. This strategic approach not only ensures a resilient supply chain but also aligns with our environmental goals, minimizing transportation distances and reducing our carbon footprint. Every sourcing decision we make is a conscious step towards a more sustainable and community-centric future.

In 2023, out of RM259,417,000 spent on procurement, 99.59 % was spent on local suppliers.

		2023
Proportion of spending on local suppliers	Percentage	99.59%

Stakeholder Engagement

The Group recognizes that the engagement and feedback of its stakeholders are an integral part of its sustainability strategies and initiatives.

The stakeholder's engagement process involves both formal and informal approaches. The following table provides an overview of the efforts undertaken by the Group to further the engagement of its stakeholders.

Stakeholder	Modes of Engagement	Key Areas of Interest
Employees	• Meetings • Internal communications • Training sessions • Events and functions	• Safety and health issues and practices • Employee engagement • Suggestions and areas for Improvement
Smallholders and local communities	• Formal and informal meetings • Corporate social responsibility events	• MSPO certification program for oil palm cultivation • Employment opportunities • Complaints and grievances
Customers	• One-to-one meetings • Phone calls • Site visits	• Product quality • Price competitiveness
Government and Regulators	• One-to-one meetings • Site visits and inspections • Events and seminars	• Compliance of relevant regulatory requirements
Shareholders and investors	• Quarterly reporting • Annual General Meeting • As and when needed	• Operational performance • Good corporate governance • Business Strategy
Contractors and Suppliers	• One-to-one meetings • Visits • Product/technology trial	• Company's policies and governance • Sustainability related matters

ENVIRONMENT

Water Management

The Group is committed to preserving and protecting waterways, as well as optimizing water usage. To achieve this, we adopt various measures and practices, including a sustainable water management policy regarding Palm Oil Mill Effluent ("POME"). Our POME undergoes thorough treatment in the Biogas Plant and is further refined in a polishing plant to ensure compliance with environmental standards. The treated effluent is then responsibly reused for land irrigation, mitigating its impact on waterways and promoting resource conservation.

Measures and practices that have been implemented by the Group include: -

- land irrigation and application with treated POME;
- increase in water reservoirs and storage tanks for rainwater harvesting in the housing sites;
- riparian zones identified and maintained to avoid runoff from cultivated land into natural waterways; and
- Adopting strategies to reduce the water footprint in Palm Oil production by controlling milling Water Consumption including the use of Geo-tube desludging technology to remove solids in POME. In 2023, the milling water consumption was 1.61m^3/mt (2022: 1.57 m^3/mt) of FFB processed.

The Group is committed to environmentally friendly practices, including the use of an Integrated Pest Management System. This approach focuses on biological control methods rather than widespread pesticide use. We use methods such as pheromone traps to capture rhinoceros beetles and effectively reduce pest damage to our crops. In some estates, we have also introduced barn owls to help suppress rat populations. These measures demonstrate our commitment to sustainability and responsible management of our land.

Moreover, we substitute chemical fertilizers with nutrient-rich organic matter, such as empty fruit bunches and treated POME, which are a common practice in our estates. Since 2011, we have not purchased Paraquat herbicide due to concerns raised over its potential harm to workers. We adhere to government regulations and use only chemicals approved by the Pesticides Board in the estate.

		2023
Total volume of Water used	m^3	878,492
Milling Water Efficiency	m^3/ MT FFB	1.61

Target

We have set a target of 5% reduction in water consumption by 2030 from our 2023 baseline.

Energy Consumption

At our Estates

Our estates primarily rely on diesel fuel for machinery, agricultural equipment, and vehicles. In 2023, we consumed 1.3 million liters of diesel fuel, representing a slight increase from 1.1 million liters in 2022. We recognize the need to reduce our dependence on fossil fuels and are exploring ways to improve efficiency and transition to cleaner alternatives.

At our Oil Mill

At our oil mill, the majority of the energy consumed is derived from renewable sources, with biomass fiber and shell from oil palm fruit bunches used as fuel in the boilers. We achieved a significant increase in renewable energy use at our oil mill, reaching 92% in 2023 (up from 83% in 2022). The Group remains committed to pursuing additional renewable energy projects in the future.

ENVIRONMENT (CONT'D)

***Energy Consumption* (Cont'd)**

At our Power Plant

The biogas and biomass power plants at our facility generate electricity from empty fruit bunches (EFB) and palm oil mill effluent (POME), contributing 54,138 MWh to the power grid in 2023. We also utilize a portion of this self-generated electricity (20,651 MWh) within our operations. While we supplement our needs from the grid, we strive to become more self-sufficient in energy production.

Target

We have set a target of 5% reduction in energy consumption by 2030 from our 2023 baseline.

	Unit	2023
Diesel	Million liters	1.3
Self-generated electricity Sold	MWh	54,138
Self-generated electricity consumed	MWh	20,651
Electricity consumed (from Grid)	MWh	2,454
Diesel	Million liters	1.3
* Conversion to MWh @ 9.8 kWh per liter.	MWh	12,965
Total energy Consumption	MWh	36,070

*** Diesel consumption is reported in liters with a conversion to MWh (12,965 MWh in 2023) for comparison.**

Greenhouse Gas ("GHG") Emission and Waste Management

In our steadfast commitment to environmental sustainability, we have developed a comprehensive approach that encompasses responsible waste management, ecological preservation, and active measures to mitigate Greenhouse Gas (GHG) emissions. Through diligent monthly monitoring conducted by qualified personnel, we ensure the proper handling of scheduled waste, emphasizing our dedication to regulatory compliance and environmental stewardship. This commitment extends to the enhancement of our recycling program, where awareness training sessions for all workers, including those in housing areas, strengthen our eco-friendly initiatives.

In parallel with these waste management efforts, our Group has made significant strides in reducing GHG emissions. The establishment and operation of a Biogas Power Plant and Biomass Power Plant in Sandakan, Sabah, stand as testament to our dedication. These plants not only generate green power for export to the electrical grid but also actively contribute to mitigating GHG emissions. The Biogas Plant efficiently captures methane from Palm Oil Mill Effluent (POME) treatment, significantly reducing operational GHG emissions, while the Biomass Power Plant serves as a low-emission alternative to conventional fossil energy sources. Together, these initiatives have resulted in an impressive reduction of approximately 92,074 metric tons of CO_2 in 2023, showcasing our unwavering commitment to combat climate change.

Our waste management strategy is further exemplified by the recycling of POME residual solids from our oil mill into organic fertilizers, promoting sustainable agricultural practices and reducing reliance on chemical fertilizers, thereby lowering overall costs. This dual-pronged approach underscores our dedication to responsible waste utilization, where waste becomes a valuable resource in our pursuit of environmental stewardship.

ENVIRONMENT (CONT'D)

Greenhouse Gas ("GHG") Emission and Waste Management ***(Cont'd)***

In alignment with our holistic sustainability approach, we rigorously enforce a Zero Burning Policy for all new plantings, re-plantings, and associated developments. This policy serves as a formidable tool against GHG emissions, air pollution, and forest fires, aligning seamlessly with our overarching mission to foster a greener, healthier planet. By integrating these initiatives into our waste management framework, we strive for a holistic and impactful approach to environmental conservation and sustainable business practices, contributing positively to the well-being of the environment and the communities in which we operate.

		2021	2022	2023
Reduction in GHG Emission (MT)	MT	80,800	78,800	92,074

Conservation and HCV areas

We are dedicated to promoting sustainable development by prioritizing the protection of the environment and conservation of biodiversity. As part of this commitment, we have declared a total of 172 hectares of land as Conservation and High Conservation Value (HCV) areas, maintaining the same area since 2021.

WORKPLACE

Labour Relations and Human rights

Fair Employment Practices

The Group considers its employees to be one of its greatest assets and recognises them as major contributors to its success.

The Group advocates fair employment policies and practices. It is committed to equal employment opportunities without discrimination in regard to gender, age, religion, race, ethnicity, and origin. We do not use forced labour nor do we approve of the practice of child labour. We do not tolerate any involvement in human trafficking.

The equality policy is embedded in all workplace procedures, starting from the recruitment process. A Sexual Harassment Policy is also in place to ensure female employees and workers are protected from sexual harassment or any form of violence in the workplace.

In addition, we have a formal grievance mechanism in place so that complaints of mistreatment and abuse can be reported. The mechanism covers complaints on labour practices and human rights and also comes with a remediation process.

		2023
Number of substantiated complaints concerning human rights violations	Number	0

Target

We have set a target of zero substantiated complaints regarding human rights violations annually. This commitment underscores our unwavering dedication to upholding ethical labor practices and protecting the rights of all individuals within our workforce.

WORKPLACE (CONT'D)

Labour Relations and Human rights ***(Cont'd)***

Employees Wages and Welfare

The Group is committed to providing fair wages and excellent welfare to its employees. In compliance with the Amendment in Minimum Wages Order 2022 ("Order") on 27 April 2022, the Group has implemented an exercise to ensure that all employees are paid at least RM1,500 per month.

We believe in recognising our people for their work performance, behaviour, creativity and involvement in the Group's activities. Our reward philosophy covers basic salary, benefits, short-term variable bonuses as well as promotion.

To ensure a comfortable living and working environment for our workers and their dependents, we provide a comprehensive range of amenities at our operating units. These amenities include housing, water and electricity supply, healthcare, places of worship, childcare facilities, and other recreational amenities. We continuously upgrade these amenities to comply with the Workers' Minimum Standards of Housing and Amenities Act 1990 (Act 446).

Our dedication to our employees extends beyond providing basic amenities. We also invest in their personal and professional development by providing training opportunities and personal growth programmes. We believe in cultivating a culture of continuous learning to help our employees achieve their full potential.

Occupational Safety and Health

The Group is committed to providing a safe and healthy working environment for all employees and contractors engaged at work. An Occupational Safety & Health (OSH) Policy is in place that applies to the whole Group. We also have Safety and Health Committees (consisting of management and employee representatives) based in all our estates and in our oil mill.

The Group's Safety and Health Officer (SHO) makes periodic workplace inspections to ensure safety protocols are implemented in compliance with legislative requirements. Workers are provided with safety equipment as befits their job responsibilities and they are given working procedures to follow. The codes of health and safety practices and procedures are strictly adhered to at all times by all parties concerned. Safety operating procedures and system checks for all processes and equipment are in place and product quality standards are stringently maintained in a responsible manner.

The number of work-related fatalities remained at Nil for 2023, compared to one (1) recorded in 2022. Additionally, the Lost Time Injury Frequency Rate (LTIFR) decreased to 0.48 in 2023 from 1.37 in 2022.

		2023
Number of work-related fatalities	Number	Nil
Lost time incident rate ("LTIR")	Rate	0.48
Number of employees trained on health and safety standards	Number	654

Target

We have set a target of Zero fatality annually.

WORKPLACE (CONT'D)

Training and Education

Our human capital development programmes include in-house and external training, seminars and the provision of information/knowledge sharing platforms to encourage shared knowledge and communication.

The Group has carried out internal training throughout the year at each of its operating units. Training topics included personal protective equipment (PPE), chemical handling, hazard guidance, vehicle competency, safety work procedures and safe handling of tools & equipment at mechanical/vehicle workshops.

Total hours of training by employee category		2023
Management	Hour	126
Executive	Hour	52
Non-Executive	Hour	1,310
Workers	Hour	4,292

Recruitment and Employee Retention

The Group is aware of the challenges faced by the palm oil industry in recruiting and retaining employees, especially in light of the shortage of foreign labour and the difficult working conditions on plantations.

To mitigate the risk of high employee turnover and job dissatisfaction, the Group places a strong emphasis on comprehensive employee benefits, competitive remuneration, and opportunities for training and personal development. Additionally, the Group strives to create a positive and conducive working culture that values the contributions of all employees.

To address the shortage of foreign labour, the Group is exploring ways to increase efficiency and productivity, including the use of mechanization where feasible. The Group is also working to attract and retain younger employees by offering attractive compensation packages and opportunities for career advancement.

Overall, the Group is committed to ensuring the well-being and satisfaction of its employees, recognizing their vital role in the success of the business.

Total number of employee turnover by employee category		2023
Management	Number	4
Executive	Number	4
Non-Executive	Number	12
Workers	Number	640
Percentage of employees that are contractors or temporary staff	Number	0

SUSTAINABILITY
REPORT
(CONT'D)

DIVERSITY, EQUITY & INCLUSION

The Group is committed to fostering diversity and inclusion within our organization. We prioritize gender diversity on the board, striving to consistently include women in board positions and promoting diversity in experiences, qualifications, ethnicity, and age. Workforce diversity, spanning ethnicity, age, and gender, is managed by our dedicated leadership. Our commitment to diversity extends across our workforce, with the aim of providing a harassment-free environment to attract and retain women in leadership roles. Regular monitoring and policy reviews underscore our dedication to enhancing diversity and sustainability across our organization.

		2023
Gender Group by Employee Category		
Management - Male	Percentage	1%
Management - Female	Percentage	0%
Executive - Male	Percentage	1%
Executive - Female	Percentage	1%
Non Executive - Male	Percentage	3%
Non Executive - Female	Percentage	2%
General Workers - Male	Percentage	65%
General Workers - Female	Percentage	27%
Age Group by Employee Category		
Management - Under 30	Percentage	0%
Management - Between 30 - 50	Percentage	0%
Management - Above 50	Percentage	1%
Executive - Under 30	Percentage	0%
Executive - Between 30 - 50	Percentage	1%
Executive - Above 50	Percentage	0%
Non - Executive - Under 30	Percentage	1%
Non - Executive - Between 30 - 50	Percentage	3%
Non - Executive - Above 50	Percentage	0%
Worker - Under 30	Percentage	38%
Worker - Between 30 - 50	Percentage	47%
Worker - Above 50	Percentage	9%
Percentage of directors by gender and age group		
Male	Percentage	80%
Female	Percentage	20%
Under 30	Percentage	0%
Between 30 - 50	Percentage	0%
Above 50	Percentage	100%

COMMUNITY

Community Care and CSR initiatives

The Group's commitment to the community is demonstrated through various Corporate Social Responsibility (CSR) initiatives. We recognize the importance of promoting the well-being of the community, and therefore are dedicated to advancing education, religion, and poverty relief.

Throughout previous years, the Group partnered with the Borneo Child Aid Society (Humana) to support the educational needs of children of foreign plantation workers. The Cepatwawasan-Humana Education Resource Centre served the majority of the Group's workers' children, with an enrollment of 101 students in 2022, reduced to 49 prior to the conversion to a CLC Centre in October 2023. The decline in Filipino enrollment and the rise in Indonesian interest in Community Learning Center (CLC) education prompted this transformation, reflecting the Group's commitment to adapt to evolving student demographics and educational requirements. By December 31, 2023, the CLC had 209 students.

Moreover, the Group established a new learning centre in its estate in Beaufort, Sabah, to cater to plantation workers' children who couldn't attend Malaysian national schools. This center provides classes based on the Indonesian curriculum, preparing children for their future repatriation to their home country. In 2023, the number of students attending this learning centre was 27 (2022:38).

Furthermore, the Group has long maintained Creche-Ayah on its estates and mill, providing care for employees' children. In 2023, RM386,000 was allocated for this purpose, highlighting the Group's ongoing commitment to supporting its employees' families.

Community Investment	2021 RM'000	2022 RM'000	2023 RM'000
Total amount invested in the community where the target beneficiaries are external	498	394	169
Total number of beneficiaries of the investment in communities			57

STATEMENT ON ASSURANCE

The Group would like to affirm that, as of the current reporting period, a comprehensive review of our Sustainability Statement has not been conducted by the internal auditor, nor has independent assurance been performed in accordance with recognized assurance standards.

BASIS

The Statement is made in accordance with the resolution of the Board of Diectors passed on 17th April 2024.

Indicator	Measurement Unit	2023
Bursa (Anti-corruption)		
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category		
Management	Percentage	100.00
Executive	Percentage	100.00
Non-executive/Technical Staff	Percentage	100.00
General Workers	Percentage	100.00
Bursa C1(b) Percentage of operations assessed for corruption-related risks	Percentage	100.00
Bursa C1(c) Confirmed incidents of corruption and action taken	Number	0
Bursa (Community/Society)		
Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	169,415.00
Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	57
Bursa (Diversity)		
Bursa C3(a) Percentage of employees by gender and age group, for each employee category		
Age Group by Employee Category		
Management Under 30	Percentage	0.00
Management Between 30-50	Percentage	0.00
Management Above 50	Percentage	1.00
Executive Under 30	Percentage	0.00
Executive Between 30-50	Percentage	1.00
Executive Above 50	Percentage	0.00
Non-executive/Technical Staff Under 30	Percentage	1.00
Non-executive/Technical Staff Between 30-50	Percentage	3.00
Non-executive/Technical Staff Above 50	Percentage	0.00
General Workers Under 30	Percentage	38.00
General Workers Between 30-50	Percentage	47.00
General Workers Above 50	Percentage	9.00
Gender Group by Employee Category		
Management Male	Percentage	1.00
Management Female	Percentage	0.00
Executive Male	Percentage	1.00
Executive Female	Percentage	1.00
Non-executive/Technical Staff Male	Percentage	3.00
Non-executive/Technical Staff Female	Percentage	2.00
General Workers Male	Percentage	65.00
General Workers Female	Percentage	27.00
Bursa C3(b) Percentage of directors by gender and age group		
Male	Percentage	80.00
Female	Percentage	20.00
Under 30	Percentage	0.00
Between 30-50	Percentage	0.00
Above 50	Percentage	100.00
Bursa (Energy management)		
Bursa C4(a) Total energy consumption	Megawatt	36,070.00
Bursa (Health and safety)		
Bursa C5(a) Number of work-related fatalities	Number	0
Bursa C5(b) Lost time incident rate ("LTIR")	Rate	0.48
Bursa C5(c) Number of employees trained on health and safety standards	Number	654
Bursa (Labour practices and standards)		
Bursa C6(a) Total hours of training by employee category		
Management	Hours	126
Executive	Hours	52
Non-executive/Technical Staff	Hours	1,310
General Workers	Hours	4,292
Bursa C6(b) Percentage of employees that are contractors or temporary staff	Percentage	0.00
Bursa C6(c) Total number of employee turnover by employee category		
Management	Number	4
Executive	Number	4
Non-executive/Technical Staff	Number	12
General Workers	Number	640
Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	0
Bursa (Supply chain management)		
Bursa C7(a) Proportion of spending on local suppliers	Percentage	99.59
Bursa (Water)		
Bursa C9(a) Total volume of water used	Megalitres	878.492000
Bursa (Data privacy and security)		
Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0

Internal assurance | External assurance | No assurance | (*)Restated

STATEMENT OF DIRECTORS' RESPONSIBILITY FOR PREPARING THE FINANCIAL STATEMENTS

The Directors are required by the Companies Act 2016 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and of the Company as at the end of the financial year and of their results and cash flow for the financial year then ended.

In preparing the financial statements, the Directors have:

- selected appropriate accounting policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent; and
- stated whether applicable accounting standards have been followed and made a statement to the effect in the financial statements, subject to any material departures being disclosed and explained in the financial statements.

The Directors are responsible for ensuring that proper accounting records are kept which disclose with reasonable accuracy at any time the financial position of the Company and Group and to enable them to ensure that the financial statements comply with the provisions of the Companies Act 2016 and the applicable approved accounting standards in Malaysia. They are responsible for taking reasonable steps to safeguard the assets of the Company and Group, for the prevention and detection of fraud and other irregularities.

AUDIT COMMITTEE REPORT

COMMITTEE MEMBERS

The members of the Audit Committee as at the date of this report are as follows:

Chairperson
Puan Lee Nyuk Choon @ Jamilah Ariffin
(Independent Non-Executive Director)

Committee Members
Datuk Chua Kim Yin (JP)
(Non-Independent Non-Executive Director)
Encik Musanif Bin Hj Md Nen
(Independent Non-Executive Director)

The terms of reference of Audit Committee can be found at the Company's website at www.cepatgroup.com.

The Board had on 26 February 2024 reviewed the terms of reference of Audit committee.

MEETINGS

The Audit Committee members held four (4) meetings during the financial year ended 31 December 2023.

The attendance of the members at the Audit Committee meetings is as follows:

Member	Position		Meetings attended
Puan Lee Nyuk Choon @ Jamilah Ariffin *	Chairperson	Independent Non-Executive Director	3/3
Datuk Chua Kim Yin (JP)	Member	Non-Independent Non-Executive Director	4/4
Encik Musanif Bin Hj Md Nen *	Member	Independent Non-Executive Director	3/3

* **Appointed on 22 March 2023 and there were 3 meetings held after the appointment date.**

Members of the senior management were invited to attend these meetings as and when necessary. The external auditors have also attended the meetings by invitation.

WORKS

The summary of the works of the Audit Committee in the discharge of its functions, duties and responsibilities for the financial year included the following: -

(i) Reviewed the scope of work and audit plan of the external auditors.

(ii) Reviewed with the external auditors, the results of their audit, the audit report and internal control recommendations in respect of improvements in the internal control procedures noted in the course of their audit. During the financial year under review, the AC met once (1) with the external auditors without the presence of the executive Board members and management.

(iii) Reviewed the adequacy of the internal audit scope and plan, and the findings identified by the internal audit function.

(iv) Reviewed the audited financial statements of the Company prior to submission to the Board for their consideration and approval. The review was to ensure that the audited financial statements were drawn up in accordance with the provisions of the Companies Act 2016 and the applicable approved accounting standards issued by the Malaysian Accounting Standards Board.

WORKS (CONT'D)

The summary of the works of the Audit Committee in the discharge of its functions, duties and responsibilities for the financial year included the following: - (Cont'd)

(v) Reviewed the compliance of the Company with the applicable approved accounting standards issued by the Malaysian Accounting Standards Board.

(vi) Reviewed the unaudited quarterly Group results before recommending to the Board for approval for announcement to Bursa Malaysia Securities Berhad.

(vii) Reviewed the related party transactions entered into by the Group.

(viii) Reviewed and recommended to the Board the re-appointment of external auditors and their audit fees.

(ix) Reviewed the audit committee report and statement on risk management and internal control before recommending to the Board for approval for inclusion in the Annual Report.

(x) Discuss the risk management and sustainability related matters of the Group.

INTERNAL AUDIT FUNCTION

The Group has outsourced its internal audit function to KPMG Management & Risk Consulting Sdn. Bhd., which reports directly to the Audit Committee. The primary role of the internal audit function is to support the Audit Committee by providing independent and objective reports on the adequacy and effectiveness of the system of internal control and the extent of compliance with procedures. The internal auditors also recommend ways to rectify shortfalls and improve the existing control environment related to the Group's operations. The findings and recommendations are submitted to the Audit Committee and senior management for their review and action.

During the financial year ended 31 December 2023, KPMG Management & Risk Consulting Sdn. Bhd. conducted audit on the Group's assessment of Management's preparedness on data compilation to meet the enhanced sustainability disclosures required by Bursa listing requirement, focusing on the following matters:
- Anti-corruption;
- Community/ Society;
- Diversity;
- Energy Management;
- Health and Safety;
- Labour practices and standards;
- Supply chain management;
- Data privacy and security;
- Water;
- Waste management; and
- Emissions management

The assessment covers the following companies:
- Cash Horse (M) Sdn Bhd;
- Prima Semasa Sdn. Bhd.; and
- Profilic Yield Sdn. Bhd.

The audit report incorporating the internal auditors' findings and recommendations with regard to the system operations and control weaknesses noted in the course of their audit and the management's responses thereto were subsequently submitted to the Audit Committee for their attention.

The Internal Audit adopts a risk-based approach with focus on effective risk management practices and is guided under International Professional Practices Framework.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board of Directors ("Board") recognises the importance of a sound risk management framework and internal control system to safeguard shareholders' investments and the Group's assets.

The Board's Statement on Risk Management and Internal Control outlines the nature and scope of internal control of the Group during the financial year.

BOARD'S RESPONSIBILITY

The Board affirms its responsibility for the adequacy and effectiveness of the Group's system of internal control. This includes reviewing the adequacy and integrity of financial, operational and compliance controls, and risk management procedures.

In view of the limitations that are inherent in any system of internal control, the Board ensures that this system is designed to manage the Group's risks within an acceptance risk profile, rather than eliminate the risk of failure to achieve corporate objectives of the Group. Accordingly, the system can provide reasonable but not absolute assurance against material misstatement of management and financial information and records or against operational failures, fraud or financial loss.

Following the publication of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, the Board has established an ongoing process for identifying, evaluating and managing significant risks faced by the Group. This ongoing process which includes updating the system of internal controls when there are changes in the business environment or regulatory guidelines is reviewed by the Board. The Board is of the view that the risk management and the system of internal controls in place for the year under review and up to the date of the issuance of the financial statements are sound and sufficient to safeguard the shareholders' investments and the Group's assets.

RISK MANAGEMENT AND INTERNAL CONTROL

The Management has reviewed the Group's internal control system and formalised the risk management practices to comply with the Malaysian Code on Corporate Governance 2021 (the "Code"). In consequence, a formal risk management framework has been established to ensure that structured and consistent approach and methods are practised in the ongoing process of identifying and assessing various critical risks that are considered likely to affect the profitable operation of the business units in the Group. These include operational risk, market risk, legal risk and environmental risk. After the review and taking into consideration of the nature of the Group's business, the Directors are of the view that the Group is not materially exposed to legal and environmental risks and therefore have concluded to focus on the operational risks relevant to each of its business segments. Although there is exposure to market risk as a result of price fluctuations in the palm oil commodity market, the Directors consider these as movement in market forces inherent in the palm oil industry in which the Group operates.

The Board is supported by the Group Risk Management Committee that comprises the Executive Chairman, Managing Director, and senior management in overseeing the risk management efforts within the Group. The Management has worked within the approved and adopted framework for principal risks affecting the Group's strategic business objectives throughout the year. Additional reviews will be carried out as and when required annually. The ongoing implementation is monitored by the Management and is reported to the Board. The outcome of such risk management efforts is a database of all major risks, and their controls or action plans to mitigate such risks were compiled to produce a divisional risk profile for each business segment.

The Group has also implemented a system of internal controls as set out in the Operations Manual. The Board will review from time to time and update the financial authority limits set out therein as and when necessary. Such system of internal controls and financial authority limits serve as a check and balance mechanism on the Group's daily operations.

INTERNAL AUDIT FUNCTION

The Board recognises that effective monitoring on a continuous basis is a vital component of a sound internal control system. In this respect, the Board through the Audit Committee regularly receives and review reports on internal control from its internal audit function.

The internal audit function is outsourced to KPMG Management & Risk Consultancy Sdn. Bhd. which reports directly to the Audit Committee. The scope of work covered by the internal audit function is determined by the Audit Committee after careful consideration and discussion of the audit plan with the Board. Observations from internal audits were presented to the Audit Committee together with management's response and proposed action plans for its review and implementation. The costs incurred for the internal audit function for the financial year ended 31 December 2023 totalled at RM39,000.

A number of minor internal control weaknesses were identified during the internal audit for the current year, all of which have been or are being addressed. None of the weaknesses have resulted in any material losses, contingencies or uncertainties that would require a disclosure in the Group's Annual Report.

OTHER KEY ELEMENTS OF INTERNAL CONTROL

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

i. BOARD MEETINGS

The Board meets at least once quarterly and has a formal agenda on matters for discussion. The Chairman, together with the Managing Director, leads the presentations of board papers and provides comprehensive explanation of pertinent issues. The Board is also kept updated on the Company and the Group's activities and operations on a regular basis including any material issues. Proposals for major capital expenditure and investment by the Group are reviewed and approved in these Board meetings.

ii. AUDIT COMMITTEE

The Audit Committee of the Group reviews the annual internal audit plan and any internal control issues identified by the internal auditors, the external auditors, regulatory authorities and Management, and evaluate the adequacy and effectiveness of the risk management and internal control systems. The Audit Committee also reviews the internal audit functions and quality of internal audits. The Audit Committee holds discussions on the actions taken on internal control issues identified in the reports prepared by the internal auditor and such discussions are minute in the Audit Committee meetings. The minutes of the Audit Committee meetings are then tabled to the Board.

iii. ORGANISATIONAL STRUCTURE

The Group's organisational structure is formed with formally defined reporting lines and authorities to facilitate quick response to changes in the evolving business environment and accountability for operational performance.

To identify, discuss and resolve business and operational issues, weekly management meetings at head office as well as scheduled meetings at operation sites are held. Regular visits to operating units by the Managing Director and senior management are also conducted whenever appropriate. The Group has been restructured in such a way that duties are properly segregated to ensure safe custody of the Group's assets and to provide clear and transparent reporting lines.

OTHER KEY ELEMENTS OF INTERNAL CONTROL (CONT'D)

Other key elements of the Group's internal control are as follows: (Cont'd)

iv. PERFORMANCE MANAGEMENT FRAMEWORK

Management reports are generated on a monthly basis to facilitate the Board's review of the Group's financial and operating performance. The review covers areas such as financial and non-financial key performance indicators and variances between budget and operating results.

The Board has reviewed and approved the Group's budget for the next financial year. The budgeting process involves the preparation of budgets by individual operating units, which are then reviewed and approved at management level and ultimately by the Board. The Board monitor the actual performance against the Group's budget on a quarterly basis. Significant variances are identified, investigated and reported.

ADEQUACY AND EFFECTIVENESS OF THE GROUP'S RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

The Board has received assurance from the Managing Director and Group Accountant that the Group's risk management and internal control system are operating adequately and effectively in all material aspects. It is of the view that the risk management and internal control system is satisfactory, and there are no material internal control failures, nor have any of the reported weaknesses resulted in material losses or contingencies during the financial year under review.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

In accordance with paragraph 15.23 of the Main Market Listing Requirements of the Bursa Malaysia Securities Berhad, the external auditors have reviewed this Statement for inclusion in the Annual Report of the Group for the year ended 31 December 2023, and reported to the Board that nothing has come to their attention that caused them to believe that the Statement is inconsistent with their understanding of the process the Board has adopted in the review of the adequacy and integrity of internal controls of Cepatwawasan Group Berhad.

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 2023.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and provision of management services to its subsidiaries.

The principal activities of the subsidiaries are set out in Note 19 to the financial statements.

RESULTS

	Group RM'000	Company RM'000
Profit for the financial year attributable to:		
Owners of the Company	20,394	8,064
Non-controlling interests	316	–
	20,710	8,064

RESERVES AND PROVISIONS

There were no material transfers to or from reserves and provisions during the financial year except as disclosed in the financial statements.

DIVIDENDS

Since the end of the previous financial year, the dividends declared by the Company were as follows:

(i) in respect of the financial year ended 31 December 2022 as reported in the Directors' report of that financial year:

- single-tier special dividend of 2.0 sen per ordinary share totalling RM6,179,340 paid on 28 April 2023.

(ii) in respect of the financial year ended 31 December 2023 as reported in the Directors' report of the previous financial year:

- single-tier ordinary dividend of 2.0 sen per ordinary share totalling RM6,179,340 paid on 28 April 2023.

On 22 March 2024, the Board approved the following dividends:

(i) single-tier ordinary dividend of 2.0 sen per ordinary share totalling RM6,179,340 in respect of the financial year ended 31 December 2023 and payable on 29 April 2024; and

(ii) single-tier special dividend of 2.0 sen per ordinary share totalling RM6,179,340 in respect of the financial year ended 31 December 2024 and payable on 29 April 2024.

DIRECTORS

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

Tan Sri Dr. Mah King Thian @ Mah King Thiam*
Dato' Seri Mah King Seng*
Datuk Chua Kim Yin, JP
Dr. Jordina Mah Siu Yi*
Mah Li-Na*
Lee Nyuk Choon @ Jamilah Ariffin*
Musanif Bin Hj Md Nen
Chan Kam Leong (Resigned on 22 March 2023)
Wan Salmah Binti Wan Abdullah (Resigned on 22 March 2023)

* These Directors are also Directors of certain subsidiaries of the Company.

Pursuant to Section 253 of the Companies Act, 2016 in Malaysia, the Directors of subsidiaries during the financial year and up to the date of this report, who are not also the Directors of the Company, are as follows:

Soong Swee Koon
Jack Tian Hock Tan
Lee Chong Hoe
Derrick Martin De Souza
Andree Alexander Funk
Datin Seri Ooi Ah Thin

DIRECTORS' INTERESTS IN SHARES

The holdings and deemed holdings in the ordinary shares of the Company and its related corporations (other than wholly-owned subsidiaries) of those who were Directors at the end of the financial year, as recorded in the Register of Directors' Shareholding kept under Section 59 of the Companies Act, 2016 in Malaysia are as follows:

	Number of ordinary shares			
	At 1.1.2023	Bought	Sold	At 31.12.2023
The Company				
Direct interest:				
Mah Li-Na	1,000	–	–	1,000
Indirect interest:				
Tan Sri Dr. Mah King Thian @ Mah King Thiam	119,367,000	2,757,900	–	122,124,900
Dato' Seri Mah King Seng	119,367,000	2,757,900	–	122,124,900

DIRECTORS' INTERESTS IN SHARES (CONT'D)

The holdings and deemed holdings in the ordinary shares of the Company and its related corporations (other than wholly-owned subsidiaries) of those who were Directors at the end of the financial year, as recorded in the Register of Directors' Shareholding kept under Section 59 of the Companies Act, 2016 in Malaysia are as follows: (Cont'd)

	Number of ordinary shares			
	At 1.1.2023	**Bought**	**Sold**	**At 31.12.2023**
The holding company, MHC Plantations Bhd.				
Direct interest:				
Tan Sri Dr. Mah King Thian @ Mah King Thiam	93,248	–	–	93,248
Dato' Seri Mah King Seng	338,948	–	–	338,948
Mah Li-Na	1,000	–	–	1,000
Indirect interest:				
Tan Sri Dr. Mah King Thian @ Mah King Thiam	90,188,024	–	–	90,188,024
Dato' Seri Mah King Seng	90,189,024	–	–	90,189,024

By virtue of their interests in the Company, Tan Sri Dr. Mah King Thian @ Mah King Thiam and Dato' Seri Mah King Seng are deemed to have interests in shares in its related corporations during the financial year to the extent of the Company's interest in accordance with Section 8 of the Companies Act, 2016.

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

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as disclosed in the financial statements or the fixed salary of a full-time employee of the Company or related corporations) 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 as disclosed in Note 33 to the financial statements.

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

DIRECTORS' REMUNERATION

The remuneration paid to or receivable by the Directors of the Group and Company during the financial year is amounted to RM3,581,718 and RM1,322,433 respectively.

INDEMNITY AND INSURANCE FOR DIRECTORS, OFFICERS AND AUDITORS

There was no indemnity given to or liability insurance effected for any Director, officer or auditor of the Group or of the Company during the financial year.

SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 19 to the financial statements.

ISSUES OF SHARES AND DEBENTURES

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

TREASURY SHARES

As at 31 December 2023, the Company held as treasury shares a total of 9,479,200 of its 318,446,210 issued ordinary shares. Such treasury shares are held at a carrying amount of RM11,097,392 and further relevant details are disclosed in Note 26 to the financial statements.

OPTIONS GRANTED OVER UNISSUED SHARES

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

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

(i) all known bad debts had been written off and adequate allowance had been made for doubtful debts; and

(ii) all current assets have been stated at the lower of cost and net realisable value.

At the date of this report, the Directors are not aware of any circumstances:

(i) which would render it necessary to write off any bad debts, or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or

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

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

(iv) not otherwise dealt with in this report or the financial statements, which would render any amount stated in the financial statements of the Group and of the Company misleading.

As at the date of this report, there does not exist:

(i) 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

(ii) any contingent liability in respect of the Group and of the Company that has arisen since the end of the financial year.

OTHER STATUTORY INFORMATION (CONT'D)

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

In the opinion of the Directors, the financial performance of the Group and of the Company for the financial year ended 31 December 2023 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of the financial year and the date of this report.

HOLDING COMPANY

The Directors regard MHC Plantations Bhd., a public limited liability company incorporated in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad, as the holding company.

AUDITORS

The auditors, PKF PLT, have indicated their willingness to continue in office.

During the financial year, the total amount of fees paid to or receivable by the auditors as remuneration for their services as auditors of the Group and of the Company are amounted to RM288,700 and RM60,500 respectively.

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

TAN SRI DR MAH KING THIAN @
MAH KING THIAM
Director

DATO' SERI MAH KING SENG
Director

Dated 17 April 2024

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT, 2016

In the opinion of the Directors, the accompanying financial statements set out on pages 64 to 135 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 at 31 December 2023 and of their financial performance and cash flows for the financial year ended on that date.

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

TAN SRI DR MAH KING THIAN @ MAH KING THIAM
Director

DATO' SERI MAH KING SENG
Director

Dated 17 April 2024

STATUTORY DECLARATION

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

I, LIU SWEE KAN, being the Officer primarily responsible for the financial management of CEPATWAWASAN GROUP BERHAD, do solemnly and sincerely declare that the accompanying financial statements set out on pages 64 to 135 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960 in Malaysia.

Subscribed and solemnly declared by)
the abovenamed LIU SWEE KAN)
at Sandakan in the state of Sabah)
on 17 April 2024)

LIU SWEE KAN
CA No. 24234

Before me,

SALBIAH BINTI SULAIMAN
NO: S-069

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF CEPATWAWASAN GROUP BERHAD

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of CEPATWAWASAN GROUP BERHAD, which comprise the statements of financial position as at 31 December 2023 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 64 to 135.

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 2023, 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.

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.

We have determined the matters described below to be the key audit matters to be communicated in our report.

Area of focus	How our audit addressed the key audit matter
Impairment testing of property, plant and equipment	
As highlighted in Note 16 to the financial statements, the carrying value of property, plant and equipment of the Group was RM307 million as at 31 December 2023. The market capitalisation of the Group amounted to RM223 million as of 31 December 2023 is lower than the net tangible assets of the Group of RM410 million, which gives indication that the carrying amounts of property, plant and equipment of the subsidiaries of the Group may potentially be higher than their recoverable amounts and therefore, a formal estimate of their recoverable amounts may be required for impairment testing.	Our audit procedures included, among others: • obtaining the valuation reports prepared by the independent valuers engaged by the Group; • reviewing these reports for appropriateness of the methodology used and the reasonableness of the assumptions used; and • assessing the competency, capabilities and objectivity of these independent valuers engaged by the Group.

INDEPENDENT AUDITORS' REPORT (CONT'D)

Key Audit Matters (Cont'd)

Area of focus	How our audit addressed the key audit matter
Impairment testing of property, plant and equipment (Cont'd) In carrying out the impairment testing of the property, plant and equipment, the Group considered whether the market capitalisation to book value shortfall can be reasonably related to specific subsidiaries or cash generating units within the Group. The Group has identified a few subsidiaries exhibiting indicators of impairment and has accordingly performed impairment testing on the property, plant and equipment of these subsidiaries. The Group has engaged independent valuers to determine the recoverable amounts of property, plant and equipment of the subsidiaries that are exhibiting impairment indicators. These independent valuers use industry/market accepted valuation methodology and approaches to determine the fair value of the underlying asset. Due to the measurement of fair value being inherently judgemental and the carrying value of these assets being material to the Group, we have considered this to be a key audit matter.	
Impairment testing of goodwill As highlighted in Note 18 to the financial statements, the carrying value of goodwill of the Group was RM17 million as at 31 December 2023. In accordance with paragraph 10 of MFRS 136 Impairment of Assets, goodwill is required to be tested for impairment annually by comparing its carrying amount with its recoverable amount, irrespective of whether there is any indication that it may be impaired. The Group estimated the recoverable amounts of the cash generating units ("CGUs") to which goodwill is allocated based on either fair value less costs of disposal ("FVLCD") or value in use ("VIU"). For FVLCD, the Group engaged independent valuers to determine the recoverable amount of certain significant property, plant and equipment relating to the CGUs that are exhibiting impairment indicators. These independent valuers use industry/market accepted valuation methodology and approaches to determine the fair value of the underlying asset. Due to the measurement of fair value being inherently judgemental and the carrying value of these assets being material to the Group, we have considered this to be a key audit matter. Estimating the VIU involves estimating the future cash inflows and outflows that will be generated by the CGUs and discounting them at an appropriate rate. Significant judgements are required in determining the assumptions to be used to estimate the VIU of the CGUs as these assumptions are affected by expected future demand and economic conditions, which include estimates of future sales volumes, prices, operating costs, terminal value and the discount rate used.	Our audit procedures included, among others: <u>FVLCD</u> • obtaining the valuation reports prepared by the independent valuers engaged by the Group; • reviewing these reports for appropriateness of the methodology used and the reasonableness of the assumptions used; and • assessing the competency, capabilities and objectivity of these independent valuers engaged by the Group. <u>VIU</u> • assessing whether the assumptions on which the cash flow projections are based are consistent with past actual outcomes, in particular the assumptions about estimated future sales volumes, prices, operating costs, terminal value and possible variations in the timing of those future cash flows; • assessing the discount rate used to determine the present value of the cash flows; • testing the mathematical accuracy of the impairment assessment; and • performing stress test and sensitivity analysis around the key inputs that are expected to be most sensitive to the recoverable amount.

Key Audit Matters (Cont'd)

Area of focus	How our audit addressed the key audit matter
Deferred tax assets	
Deferred tax asset of the Group with a carrying amount of RM4.3 million as at 31 December 2023 is associated with the biogas power plant operation of Mistral Engineering Sdn. Bhd. ("MESB"). Management has used significant judgement and estimates in determining the sufficiency of future taxable profits to utilise the deferred tax asset. Therefore, we had determined the realisability of the deferred tax asset to be a key audit matter. As the generation of electricity and resulting profitability of the biogas power plant of MESB is dependent on sufficiency of liquid waste from processing of crude palm oil by the palm oil mill, management considered various factors to forecast future level of crude palm oil processing to support the biogas power plant. These factors include sufficiency of oil palm crops, market demand of crude palm oil and anticipated future prices of the commodities. Based on historical results of normalised level of crude palm oil processed, current market trends and susceptibility of the industry to global developments, management has forecasted sufficient future taxable profits to utilise the deferred tax asset.	Our audit procedures included, among others: • obtaining management forecast on future taxable profits and held discussions with management on their judgements and assumptions in arriving at the forecast; • examining the inputs used in the forecast such as price and quantity of electricity sale and evaluating its reasonableness based on the historical normalised level of crude palm oil processing, trend of electricity tariff rates, impact of latest developments affecting the palm oil industry and its ability to cope and others; • performing sensitivity analysis on possible variations to the values of inputs used by management in their forecast and challenging where necessary on certain judgements used in arriving at these values; and • considering if management had disregarded any contradictory evidence in forecasting the future taxable profits.

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

INDEPENDENT AUDITORS' REPORT (CONT'D)

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:

(i) 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.

(ii) 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.

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

(iv) 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.

(v) 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.

(vi) 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.

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

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, related safeguards.

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 subsidiary of which we have not acted as auditors, is disclosed in Note 19 to the financial statements.

Other Matter

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

PKF PLT
202206000012 (LLP0030836-LCA) & AF0911
CHARTERED ACCOUNTANTS

CHAU MAN KIT
02525/03/2026 J
CHARTERED ACCOUNTANT

Kota Kinabalu

Dated 17 April 2024

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
Revenue	5	304,677	357,088	14,727	14,684
Cost of sales		(265,922)	(295,604)	–	–
Gross profit		38,755	61,484	14,727	14,684
Interest income	6	1,659	985	4,465	3,642
Other operating income	7	2,006	1,545	–	–
Other expenses	8	(313)	(2,511)	(1)	–
Reversal of allowance/(Allowance) for expected credit losses	9	21	(218)	(2,694)	(6,522)
Administrative expenses		(9,033)	(8,729)	(3,870)	(4,061)
Profit from operations	12	33,095	52,556	12,627	7,743
Finance costs	13	(2,072)	(1,773)	(4,449)	(2,796)
Profit before taxation		31,023	50,783	8,178	4,947
Income tax expense	14	(10,313)	(17,548)	(114)	(17)
Profit for the financial year		20,710	33,235	8,064	4,930
Other comprehensive income/(loss), net of tax					
Item that may be reclassified subsequently to profit or loss:					
Exchange differences on translation of a foreign operation		50	(23)	–	–
Other comprehensive income/(loss) for the financial year, net of tax		50	(23)	–	–
Total comprehensive income for the financial year		20,760	33,212	8,064	4,930
Profit attributable to:					
Owners of the Company		20,394	31,556	8,064	4,930
Non-controlling interests		316	1,679	–	–
		20,710	33,235	8,064	4,930
Total comprehensive income attributable to:					
Owners of the Company		20,429	31,542	8,064	4,930
Non-controlling interests		331	1,670	–	–
		20,760	33,212	8,064	4,930
Earnings per share attributable to owners of the Company (sen per share)					
Basic and diluted	15	6.60	10.21		

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

	Note	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	16	306,962	312,999	1,117	1,316
Investment properties	17	43,340	43,340	–	–
Intangible assets	18	17,358	17,358	–	–
Investments in subsidiaries	19	–	–	308,094	308,094
Deferred tax assets	20	4,321	4,648	239	166
Trade and other receivables	21	–	–	49,716	55,511
		371,981	378,345	359,166	365,087
Current assets					
Biological assets	22	2,342	2,603	–	–
Inventories	23	18,634	21,099	–	–
Trade and other receivables	21	18,730	13,135	21,293	19,362
Tax recoverable		803	1,048	177	246
Short-term investments	24	17,715	20,932	–	–
Cash and bank balances	25	69,468	60,773	37,483	30,823
		127,692	119,590	58,953	50,431
TOTAL ASSETS		499,673	497,935	418,119	415,518

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF FINANCIAL POSITION (CONT'D)

	Note	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	26	318,446	318,446	318,446	318,446
Treasury shares	26	(11,097)	(11,097)	(11,097)	(11,097)
Reserves	27	(81,177)	(81,212)	(8,482)	(8,482)
Retained profits	28	178,162	170,127	17,278	21,573
		404,334	396,264	316,145	320,440
Non-controlling interests		5,688	7,630	–	–
Total equity		410,022	403,894	316,145	320,440
Non-current liabilities					
Loans and borrowings	29	17,309	25,561	17,309	25,561
Deferred tax liabilities	20	25,709	26,717	–	–
Lease liabilities	30	9,528	2,642	–	–
		52,546	54,920	17,309	25,561
Current liabilities					
Loans and borrowings	29	7,800	10,048	7,700	6,948
Lease liabilities	30	2,086	894	–	–
Trade and other payables	31	24,550	25,526	76,965	62,569
Taxation		2,669	2,653	–	–
		37,105	39,121	84,665	69,517
Total liabilities		89,651	94,041	101,974	95,078
TOTAL EQUITY AND LIABILITIES		499,673	497,935	418,119	415,518

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

		Attributable to owners of the Company						
		Non-distributable			Distributable			
	Note	Share capital RM'000	Treasury shares RM'000	Reserves RM'000	Retained profits RM'000	Sub-total RM'000	Non-controlling interests RM'000	Total equity RM'000
Group								
At 1 January 2022		318,446	(11,097)	(81,056)	150,930	377,223	8,026	385,249
Profit for the financial year		–	–	–	31,556	31,556	1,679	33,235
Other comprehensive income - Foreign currency translation	27	–	–	(14)	–	(14)	(9)	(23)
Total comprehensive income for the financial year		–	–	(14)	31,556	31,542	1,670	33,212
Effect of subsidiary treasury share transaction	27	–	–	(142)	–	(142)	(66)	(208)
Transactions with owners of the Company								
- Dividend on ordinary shares	32	–	–	–	(12,359)	(12,359)	–	(12,359)
- Dividend on ordinary shares to non-controlling interests		–	–	–	–	–	(2,000)	(2,000)
Total transactions with owners of the Company		–	–	–	(12,359)	(12,359)	(2,000)	(14,359)
At 31 December 2022		318,446	(11,097)	(81,212)	170,127	396,264	7,630	403,894

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY (CONT'D)

		Attributable to owners of the Company						
		Non-distributable			Distributable			
	Note	Share capital RM'000	Treasury shares RM'000	Reserves RM'000	Retained profits RM'000	Sub-total RM'000	Non-controlling interests RM'000	Total equity RM'000
Group								
At 1 January 2023		318,446	(11,097)	(81,212)	170,127	396,264	7,630	403,894
Profit for the financial year		–	–	–	20,394	20,394	316	20,710
Other comprehensive income								
- Foreign currency translation	27	–	–	35	–	35	15	50
Total comprehensive income for the financial year		–	–	35	20,394	20,429	331	20,760
Capital reduction in subsidiary		–	–	–	–	–	(273)	(273)
Transactions with owners of the Company								
- Dividend on ordinary shares	32	–	–	–	(12,359)	(12,359)	–	(12,359)
- Dividend on ordinary shares to non-controlling interests		–	–	–	–	–	(2,000)	(2,000)
Total transactions with owners of the Company		–	–	–	(12,359)	(12,359)	(2,000)	(14,359)
At 31 December 2023		318,446	(11,097)	(81,177)	178,162	404,334	5,688	410,022

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

		Attributable to owners of the Company				
		Non-distributable			Distributable	
	Note	Share capital RM'000	Treasury shares RM'000	Reserves RM'000	Retained profits RM'000	Total equity RM'000
Company						
At 1 January 2022		318,446	(11,097)	(8,482)	29,002	327,869
Total comprehensive income for the financial year		–	–	–	4,930	4,930
Transaction with owners of the Company						
- Dividend on ordinary shares	32	–	–	–	(12,359)	(12,359)
At 31 December 2022		318,446	(11,097)	(8,482)	21,573	320,440
Total comprehensive income for the financial year		–	–	–	8,064	8,064
Transaction with owners of the Company						
- Dividend on ordinary shares	32	–	–	–	(12,359)	(12,359)
At 31 December 2023		318,446	(11,097)	(8,482)	17,278	316,145

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Cash flows from operating activities				
Profit before taxation	31,023	50,783	8,178	4,947
Adjustments for:				
Reversal of allowance/(Allowance) for expected credit losses	(21)	218	2,694	6,522
Depreciation of property, plant and equipment	22,273	21,185	201	212
Dividend income from subsidiaries	–	–	(11,900)	(11,900)
Fair value loss on biological assets	261	1,782	–	–
Gain on disposal of property, plant and equipment	(187)	(115)	–	–
Impairment on slow moving inventories	–	124	–	–
Interest expenses	2,072	1,773	4,449	2,796
Interest income	(1,659)	(985)	(4,465)	(3,642)
Inventories written off	–	96	–	–
Property, plant and equipment written off	52	509	1	–
Operating profit/(loss) before working capital changes	53,814	75,370	(842)	(1,065)
Change in inventories	2,465	(4,691)	–	–
Change in receivables	(5,574)	3,558	(54)	(124)
Change in payables	(976)	(1,263)	(54)	(83)
Cash from/(used in) operations	49,729	72,974	(950)	(1,272)
Income tax paid	(10,733)	(16,549)	(199)	(332)
Income tax refunded	–	322	81	41
Interest paid	(2,072)	(1,843)	(4,449)	(2,796)
Interest received	1,659	985	4,465	3,642
Net cash from/(used in) operating activities	38,583	55,889	(1,052)	(717)

(forward)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Cash flows from investing activities				
Acquisition of property, plant and equipment*	(6,977)	(6,829)	(3)	(17)
Change in short-term investments	3,217	(2,856)	–	–
Change in amounts due from subsidiaries	–	–	1,224	9,897
Dividend received	–	–	11,900	11,900
Withdrawal/(Placement) of deposits with licensed banks	798	(1)	–	–
Proceeds from disposal of property, plant and equipment	615	118	–	–
Net cash (used in)/from investing activities	(2,347)	(9,568)	13,121	21,780
	36,236	46,321	12,069	21,063
Cash flows from financing activities				
Acquisition of subsidiary's treasury shares	–	(208)	–	–
Change in monetary interest on capital reduction in subsidiaries	(273)	–	–	–
Dividend paid to equity holders of the Company	(12,359)	(12,359)	(12,359)	(12,359)
Dividend paid to non-controlling interests	(2,000)	(2,000)	–	–
Increase in amounts due to subsidiaries	–	–	14,450	26,754
Repayment of loans and borrowings	(10,500)	(8,750)	(7,500)	(7,500)
Repayment of lease liabilities	(1,661)	(928)	–	–
Net cash (used in)/from financing activities	(26,793)	(24,245)	(5,409)	6,895
Net increase in cash and cash equivalents	9,443	22,076	6,660	27,958
Effect of exchange rate fluctuations	50	(23)	–	–
Cash and cash equivalents at beginning of financial year	56,688	34,635	30,823	2,865
Cash and cash equivalents at end of financial year (Note 25)	66,181	56,688	37,483	30,823

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS (CONT'D)

Non-cash transactions

* Acquisition of property, plant and equipment

During the financial year, the Group and the Company acquired property, plant and equipment inclusive of interest capitalised of RMNil and RMNil (2022: RM69,532 and RMNil) with an aggregate cost of RM16,716,475 and RM3,397 (2022: RM8,093,940 and RM17,318) respectively of which RM9,739,000 and RMNil (2022: RM1,195,100 and RMNil) respectively were acquired by means of lease liabilities. Cash payments of RM6,917,378 and RM3,397 (2022: RM6,829,308 and RM17,318) respectively were made to acquire property, plant and equipment.

Reconciliation of liabilities arising from financing activities:

Group 2023	1 January RM'000	Cash flows RM'000	Non-cash changes** RM'000	31 December RM'000
Loans and borrowings	35,609	(10,500)	–	25,109
Lease liabilities	3,536	(1,661)	9,739	11,614
	39,145	(12,161)	9,739	36,723
2022				
Loans and borrowings	44,359	(8,750)	–	35,609
Lease liabilities	3,269	(928)	1,195	3,536
	47,628	(9,678)	1,195	39,145

Company 2023	1 January RM'000	Cash flows RM'000	Non-cash changes** RM'000	31 December RM'000
Amounts due to subsidiaries	61,435	14,450	–	75,885
Loans and borrowings	32,509	(7,500)	–	25,009
	93,944	6,950	–	100,894
2022				
Amounts due to subsidiaries	34,681	26,754	–	61,435
Loans and borrowings	40,009	(7,500)	–	32,509
	74,690	19,254	–	93,944

** Included in non-cash changes of lease liabilities of the Group are non-cash acquisition and termination of lease liabilities amounted to RM9,739,000 and RMNil (2022: RM1,195,100 and RMNil).

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

1. GENERAL INFORMATION

The Company is a public limited liability company that is incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad. The principal activities of the Company are investment holding and provision of management services to its subsidiaries. The principal activities of the subsidiaries are set out in Note 19 to the financial statements.

The registered office and principal place of business of the Company are located at Lot 70, Block 6, Prima Square, Mile 4, North Road, 90000 Sandakan, Sabah, Malaysia.

The Directors regard MHC Plantations Bhd., a public limited liability company incorporated and domiciled in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad, as the holding company. The holding company produces financial statements available for public use.

These financial statements were authorised for issue by the Directors in accordance with a resolution of the Board of Directors dated 17 April 2024.

2. BASIS OF PREPARATION

(a) Statement of compliance

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

(b) Basis of measurement

The significant accounting policies adopted by the Group and the Company are consistent with those adopted in previous financial year unless otherwise stated.

The financial statements of the Group and of the Company have been prepared under the historical cost convention, unless otherwise indicated in the significant accounting policies.

(c) Functional and presentation currency

The financial statements are prepared in Ringgit Malaysia (RM) which is the Company's functional currency, and all values are rounded to the nearest thousand (RM'000) unless otherwise stated. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(d) Adoption of new and revised MFRS

During the financial year, the Group and the Company have adopted the following amendments to standards issued by the MASB that are mandatory for current financial year:

- Amendments to MFRS 101: Classification of Liabilities as Current or Non-current
- Amendments to MFRS 101: Disclosure of Accounting Policies
- Amendments to MFRS 108: Definition of Accounting Estimates
- Amendments to MFRS 112: Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction

The adoption of the amendments to standards did not have any significant impact on the financial statements of the Group and of the Company.

(e) Standards issued but not yet effective

Certain new accounting standards and interpretations have been issued but not yet effective for 31 December 2023 reporting periods and have not been early adopted by the Group and the Company. These standards are not expected to have a material impact on the Group and the Company in the current or future reporting periods.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's and the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

(a) Judgements made in applying accounting policies

In the process of applying the Group's and the Company's accounting policies, management has made the following judgement, apart from those involving estimations, which could have a significant effect on the amounts recognised in the consolidated financial statements.

Operating segments

The segments disclosed in Note 39 to the financial statements have been determined by distinguishing the business activities from which the Group earns revenues and incurs expenses. The economic characteristics of the operating segments have been reviewed and operating segments have been grouped based on the reporting to the chief operating decision maker.

(b) Key sources of estimation uncertainty

The key assumptions 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 are discussed below:

(i) 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 and the Company anticipate that the residual values of their 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. The management estimates the useful lives of the property, plant and equipment to be within seven (7) to ninety-nine (99) years. 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.

(ii) Income taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group and the Company recognise 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 and deferred tax provisions in the period in which such determination is made.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONT'D)

(b) Key sources of estimation uncertainty (Cont'd)

The key assumptions 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 are discussed below: (Cont'd)

(iii) Impairment of property, plant and equipment

The Group reviews the carrying amount of property, plant and equipment at each reporting date to assess whether there is any indication of impairment. If any such indication exists, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs of disposal ("FVLCD") and its value in use ("VIU").

The Group estimates the recoverable amount of the cash-generating unit ("CGU") based on FVLCD and VIU. Estimating the VIU involves estimating the future cash inflows and outflows that will be generated by the CGUs and discounting them at an appropriate rate. In estimating the recoverable amounts of FVLCD, the Directors relied on independent professional valuers and recent market transaction prices of similar properties.

(iv) Impairment of goodwill

Goodwill is tested for impairment annually and at other times when such indicators exist. Impairment exists when the carrying value of an asset or CGU exceeds its recoverable amount, which is the higher of its FVLCD and its VIU. This requires an estimation of the recoverable amounts of the CGUs to which goodwill is allocated.

Estimating a VIU amount requires management to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Further details of the carrying value, key assumptions applied in the impairment assessment of goodwill and sensitivity analysis to changes in the assumptions are disclosed in Note 18 to the financial statements.

(v) Biological assets

The Group carries its biological assets at fair value with changes in fair value being recognised in profit or loss. The determination of the fair value of the biological assets requires the use of estimates on the projected harvest quantities and market price of fresh fruit bunches ("FFB") as at the reporting date. The carrying amount and key assumptions used to determine the fair value of the biological assets are further disclosed in Note 22 to the financial statements.

(vi) Carrying value of investments in subsidiaries

Investments in subsidiaries are reviewed for impairment annually in accordance with its accounting policy as disclosed in Note 4(n)(ii) to the financial statements, or whenever events or changes in circumstances indicate that the carrying value may not be recoverable.

Significant judgment is required in the estimation of the present value of future cash flows generated by the subsidiaries, which involves uncertainties and are significantly affected by assumptions and judgments made regarding estimates of future cash flows and discount rates. Changes in assumptions could significantly affect the carrying value of investments in subsidiaries.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONT'D)

(b) Key sources of estimation uncertainty (Cont'd)

The key assumptions 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 are discussed below: (Cont'd)

(vii) Deferred tax assets and liabilities

Deferred tax implications arising from the changes in corporate income tax rates are measured with reference to the estimated realisation and settlement of temporary differences in the future periods in which the tax rates are expected to apply, based on the tax rates enacted or substantively enacted at the reporting date. While management's estimates on the realisation and settlement of temporary differences are based on the available information at the reporting date, changes in business strategy, future operating performance and other factors could potentially impact on the actual timing and amount of temporary differences realised and settled. Any difference between the actual amount and the estimated amount would be recognised in the statement of profit or loss and other comprehensive income in the period in which actual realisation and settlement occurs.

Deferred tax assets are recognised for all deductible temporary differences, unutilised tax credits and unutilised tax losses to the extent that it is probable that taxable profit will be available against which these items can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The carrying amount of recognised and unrecognised deferred tax assets are disclosed in Note 20 to the financial statements.

Assumptions about generation of future taxable profits would depend on the achievability of projected profits and this requires judgement of the management. These assumptions and judgement are subject to risks and uncertainty, hence there is possibility that changes in circumstances will alter expectations, which may impact on the amount of deferred tax assets recognised.

(viii) Impairment of financial assets

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

(ix) Leases

The measurement of the right-of-use asset and lease liability for leases where the Group is lessee requires the use of judgements and assumptions, such as lease term and incremental borrowing rate. In determining the lease term, the Group considers all facts and circumstances that create an economic incentive to exercise an extension option. Extension options are only included in the lease term if the lease is reasonably certain to be extended. 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.

4. MATERIAL ACCOUNTING POLICIES

The Group adopted Amendments to MFRS101, *Presentation of Financial Statements – Disclosure of Accounting Policies* for the first time in 2023. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the financial statements.

The amendments require the disclosure of 'material', rather than 'significant', accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

Management reviewed the accounting policies and made updates to the information disclosed in Material accounting policies (2022: Significant accounting policies) in certain instances in line with the amendments.

The material accounting policies adopted by the Group are consistent with those in the previous financial years unless otherwise stated.

Certain immaterial accounting policies have been voluntarily disclosed to ensure completeness in the financial statements of the Group.

(a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

(i) Subsidiaries

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

Control exists when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The Company 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. Potential voting rights are considered when assessing control only when such rights are substantive.

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

(ii) Transactions eliminated on consolidation

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

Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

4. MATERIAL ACCOUNTING POLICIES (CONT'D)

(a) Basis of consolidation (Cont'd)

(iii) Non-controlling interests

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of the profit and loss and the comprehensive income for the financial year between non-controlling interests and the owners of the Company.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so caused the non-controlling interests to have a deficit balance.

(iv) Transactions with non-controlling interests

Transactions with non-controlling interests are accounted for using the entity concept method, whereby, transactions with non-controlling interests are accounted for as transactions with owners.

On acquisition of non-controlling interests, the difference between the consideration and the Group' share of the net assets acquired is recognised directly in equity. Gain or loss on disposal to non-controlling interests is recognised directly in equity.

(b) Foreign currencies

(i) Functional and presentation currencies

The Group's consolidated financial statements are presented in Ringgit Malaysia (RM), which is also the Company's functional currency. Each entity in the Group determines its own company's functional currency and items included in the financial statements of each entity are measured using that functional currency.

(ii) Foreign currency transactions

Transactions in foreign currencies are measured in the respective functional currencies of the Group and the Company and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

(iii) Foreign operations

The assets and liabilities of foreign operations are translated into RM at the rate of exchange ruling at the reporting date and income and expenses are translated at exchange rates at the dates of the transactions. The exchange differences arising on the translation are taken the dates of the transactions. The exchange differences arising on the translation are taken directly to other comprehensive income. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income and accumulated in equity under foreign currency translation reserve relating to that particular foreign operation is recognised in the profit or loss.

4. MATERIAL ACCOUNTING POLICIES (CONT'D)

(c) Revenue recognition

Revenue from contracts with customers is recognised by reference to each distinct performance obligation promised in the contract with the customer when or as the Group transfers controls of the goods or services promised in a contract and the customer obtains control of the goods or services.

Revenue from contracts with customers is measured at its transaction price, being the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, net of discounts. Generally, the Group receives short-term advances from its customers. Using the practical expedient in MFRS 15, the Group does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised goods or services to the customer and when the customer pays for that goods or services will be one (1) year or less.

The transaction price is allocated to each distinct good or service promised in the contract. Depending on the terms of the contract, revenue is recognised when the performance obligation is satisfied, which may be a point in time or over time.

The Group satisfies a performance obligation and recognises revenue over time, if one (1) of the following criteria is met:

- The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- The Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If none of the above conditions are met, the Group recognises revenue at the point in time at which the performance obligation is satisfied.

For performance obligations that the Group satisfies over time, the Group determined that the input method is the best method in measuring progress of the services because there is direct relationship between the Group's effort and the transfer of service to the customer. For measuring progress of the services of supply of electricity, the Group used output method because for supply of electricity, the output transmitted to receive by the customer is the best measure of transfer of service to the customer.

(i) Sale of plantation produce

The Group's revenue from plantation and mill segments are derived mainly from agricultural produce such as FFB, crude palm oil ("CPO"), palm kernel ("PK") and oil from empty fruit bunches.

Revenue from sale of agricultural produce is recognised net of discount and taxes at the point in time when control of the goods has been transferred to the customer.

There is no element of financing present as the Group's sale of goods are either on cash terms (immediate payments or advance payment not exceeding 30 days); or on credit terms of up to 30 days.

(ii) Sale of earth and stones

Sale of earth and stones is recognised upon delivery of products and customers' acceptance.

4. MATERIAL ACCOUNTING POLICIES (CONT'D)

(c) Revenue recognition (Cont'd)

(iii) Supply of electricity

Revenue from supply of electricity is recognised over time as the consumer simultaneously receives and consumes the electricity provided by the Group.

(iv) Management fee

Management fee is recognised upon rendering of services to subsidiaries.

(v) Dividend income

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

(vi) Other revenue

Revenue from other sources are recognised as follows:

(a) interest income is recognised on a time proportion basis that reflects the effective yield on the assets; and

(b) rental income is recognised on a time proportion basis.

(d) Employee benefits

The Group and the Company recognise a liability when an employee has provided service in exchange for employee benefits to be paid in the future and an expense when the Group and the Company consume the economic benefits arising from service provided by an employee in exchange for employee benefits.

(i) Short term benefits

Wages and salaries are usually accrued and paid on a monthly basis and are recognised as an expense, unless they relate to cost of producing inventories or other assets.

Paid absences (annual leave, maternity leave, paternity leave, sick leave, etc.) are accrued in each period if they are accumulating paid absences that can be carried forward, or in the case of non-accumulating paid absences, recognised as and when the absences occur.

Profit sharing and bonus payments are recognised when, and only when, the Group and the Company have a present legal or constructive obligation to make such payment as a result of past events and a reliable estimate of the obligation can be made.

(ii) Post-employment benefits (defined contribution plans)

The Group and the Company make statutory contributions to the approved provident funds and the contributions made are charged to profit or loss in the period to which they relate. When the contributions have been paid, the Group and the Company have no further payment obligations.

4. MATERIAL ACCOUNTING POLICIES (CONT'D)

(e) Tax assets and liabilities

A current tax for current and prior periods, to the extent unpaid, is recognised as a current tax liability. If the amount already paid in respect of current and prior periods exceed the amount due for those periods, the excess is recognised as a current tax asset. A current tax liability/(asset) is measured at the amount the entity expects to pay/(recover) using tax rates and laws that have been enacted or substantially enacted by the reporting date.

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises 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/(or tax loss). The exceptions for initial recognition differences include items of property, plant and equipment that do not qualify for capital allowances and acquired intangible assets that are not deductible for tax purposes.

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised, unless the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit/(or tax loss). The exceptions for the initial recognition differences include non-taxable government grants received and reinvestment allowances and investment tax allowances on qualifying plant and equipment.

A deferred tax asset is recognised for the carry-forward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised.

Deferred taxes are measured using tax rates (and tax laws) that have been enacted or substantially enacted by the end of the reporting period. The measurement of deferred taxes reflects the tax consequences that would follow from the manner in which the Group and the Company expect, at the end of the reporting period, to recover or settle the carrying amount of its assets or liabilities.

At the end of each reporting period, the carrying amount of a deferred tax asset is reviewed and is reduced to the extent that it is no longer probably that sufficient taxable profit will be available to allow the benefit of a part or all of that deferred tax asset to be utilised. Any such reduction will be reversed to the extent that it becomes probably that sufficient taxable profit will be available.

(f) Earnings per share

The Group presents basic and diluted earnings per share data for its ordinary shares ("EPS"). Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

(g) Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Bearer plants comprise pre-cropping expenditure incurred from land clearing to the point of maturity. Such expenditure is capitalised and is amortised at maturity of the crop over the useful lives of the crop.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

4. MATERIAL ACCOUNTING POLICIES (CONT'D)

(g) Property, plant and equipment (Cont'd)

Direct expenditure incurred on quarry development is capitalised under quarry development expenditure. A portion of the indirect overheads which include general and administrative expenses and interest expense incurred on quarry development is similarly capitalised under quarry development expenditure until such time when the quarry commences operation.

Quarry development expenditure is amortised based on the proportion of stone volume extracted over the estimated volume of extractable stone from the quarry reserve.

Capital work-in-progress is not depreciated as these assets are not available for use. Depreciation will commence on these assets when they are ready for their intended use.

Property, plant and equipment are depreciated on a straight-line basis to write off the cost of the property, plant and equipment over the term of their estimated useful lives. The principal annual rates of depreciation used are as follows:

Long term leasehold land	63 – 99 years
Leasehold buildings	50 years
Oil mill and other buildings	14 – 20 years
Plantation infrastructure	63 – 99 years
Heavy equipment, plant and machinery, and motor vehicles	7 – 25 years
Bearer plants – oil palm	22 years
Furniture, fittings and equipment	10 years

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

(h) Investment properties

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value which reflects market condition as at the reporting date. Fair value is arrived at by reference to market evidence of transaction prices for similar properties and is performed by registered independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the year in which they arise.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognised in profit or loss in the year of retirement or disposal.

4. MATERIAL ACCOUNTING POLICIES (CONT'D)

(i) Intangible assets

Goodwill

Goodwill arising from a business combination is initially measured at cost being the excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following the initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired is allocated, from the acquisition date, to each of the Group's CGU that are expected to benefit from the synergies of the combination.

The CGU to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the CGU may be impaired, by comparing the carrying amount of the CGU, including the allocated goodwill, with the recoverable amount of the CGU. Where the recoverable amount of the CGU is less than the carrying amount, an impairment loss is recognised in profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a CGU and part of the operation within that CGU is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the CGU retained.

(j) Biological assets

Biological assets comprise the produce growing on bearer plants. Biological assets are measured at fair value less costs to sell. Any gains or losses arising from changes in the fair value less costs to sell are recognised in profit or loss. Fair value is determined based on the present value of expected net cash flows from biological assets. The expected net cash flows are estimated using the expected output method and the estimated market price of the biological assets.

Biological assets are classified as current assets as it relates to produce on the bearer plants that are expected to be harvested at a date not more than twelve (12) months.

(k) Inventories

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and conditions are accounted for as follows:

(a) Palm oil products and quarry inventories

Costs of direct materials, direct labour, other direct charges and appropriate proportions of factory overheads. These costs are assigned on weighted average cost method.

(b) Consumable stores

Purchase costs and expenses in bringing them into store on a weighted average cost method.

(c) Oil palm nurseries

Purchase costs and upkeep expenses on a weighted average cost method.

Where necessary, allowance is provided for damaged, obsolete and slow moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

4. MATERIAL ACCOUNTING POLICIES (CONT'D)

(l) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(i) Financial assets

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI) and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient, the Group and the Company initially measure a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient are measured at the transaction price determined under MFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's and the Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

For purposes of subsequent measurement, financial assets are classified in four (4) categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

The Company only has financial assets at amortised cost (debt instruments) and financial assets at fair value through profit or loss.

Financial assets at amortised cost (debt instruments)

The Group and the Company measure financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's and the Company's financial assets at amortised cost includes trade and other receivables and cash and bank balances.

4. MATERIAL ACCOUNTING POLICIES (CONT'D)

(l) Financial instruments (Cont'd)

(i) Financial assets (Cont'd)

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

The Group's financial assets at fair value through profit or loss includes short-term investments.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised when:

- The rights to receive cash flows from the asset have expired; or
- The Group and the Company have transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group and the Company have transferred substantially all the risks and rewards of the asset, or (b) the Group and the Company have neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

(ii) Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, within the scope of MFRS 9, are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or financial liabilities measured at amortised cost.

Financial liabilities measured at amortised cost

The Group's and the Company's financial liabilities measured at amortised cost include trade and other payables and loans and borrowings.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group and the Company have an unconditional right to defer settlement of the liability for at least twelve (12) months after the reporting date.

4. MATERIAL ACCOUNTING POLICIES (CONT'D)

(l) Financial instruments (Cont'd)

(ii) Financial liabilities (Cont'd)

Financial liabilities measured at amortised cost (Cont'd)

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

(m) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, at banks, deposits with licensed banks with maturity not exceeding three (3) months and short-term, highly liquid investments which are readily convertible to cash with short periods to maturity and are subject to an insignificant risk of changes in value, net of outstanding bank overdrafts, if any.

(n) Impairment

(i) Impairment of financial assets

The Group and the Company recognise an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group and the Company expect to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two (2) stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group and the Company apply a simplified approach in calculating ECLs. Therefore, the Group and the Company do not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group and the Company have established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For debt instruments considered to have low credit risk, the Group and the Company apply the low credit risk simplification. At every reporting date, the Group and the Company evaluate whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group and the Company reassess the internal credit rating of the debt instrument.

4. MATERIAL ACCOUNTING POLICIES (CONT'D)

(n) Impairment (Cont'd)

(i) Impairment of financial assets (Cont'd)

In addition, the Group and the Company consider that there has been a significant increase in credit risk when contractual payments are more than one (1) year past due. It is the Group's and the Company's policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL.

The Group and the Company consider a financial asset in default when contractual payments are one (1) year past due. However, in certain cases, the Group and the Company may also consider a financial asset to be in default when internal or external information indicates that the Group and the Company are unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group and the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

(ii) Impairment of non-financial assets

The Group and the Company assess at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group and the Company make an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGU).

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless that asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment loss on goodwill is not reversed in a subsequent period.

4. MATERIAL ACCOUNTING POLICIES (CONT'D)

(o) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are classified as equity.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Dividends on ordinary shares are recognised as an appropriation of retained profits upon declaration, and are only taken up as liabilities upon the necessary approval being obtained.

(p) Treasury shares

When shares of the Company, that have not been cancelled, recognised as equity are reacquired, the amount of consideration paid is recognised directly in equity. Reacquired shares are classified as treasury shares and 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. When treasury shares are reissued by resale, the difference between the sales consideration and the carrying amount is recognised in equity.

(q) Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowings costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group incurred in connection with the borrowing of funds.

(r) Leases

(i) Classification

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physical distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the customer has the right to direct the use of the asset. The customer has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the customer has the right to direct the use of the asset if either the customer has the right to operate the asset; or the customer designed the asset in a way that predetermines how and for what purpose it will be used.

4. MATERIAL ACCOUNTING POLICIES (CONT'D)

(r) Leases (Cont'd)

(ii) Lease term

In determining the lease term, the Group considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not to be terminated).

(iii) Recognition and initial measurement

As a lessee

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the respective Group entities' incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments less any incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the Group is reasonably certain to exercise; and
- penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The Group has elected to use the recognition exemption that permits entities not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of twelve (12) months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

As a lessor

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

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

If an arrangement contains lease and non-lease components, the Group applies MFRS 15 to allocate the consideration in the contract based on the stand-alone selling prices.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

4. MATERIAL ACCOUNTING POLICIES (CONT'D)

(r) Leases (Cont'd)

(iv) Subsequent measurement

As a lessee

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

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

The Group reassess the lease term upon the occurrence of a significant event or change in circumstances that is within the control of the Group affects whether the Group and the Company is reasonably certain to exercise an option not previously included in the determination of lease term, or not to exercise an option previously included in the determination of lease term. A revision in lease term results in remeasurement of the lease liabilities.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

As a lessor

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

(s) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantee contracts are recognised initially as a liability at fair value, net transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee. If the debtor fails to make payment relating to financial guarantee contract when it is due and the Group, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised less cumulative amortisation.

4. MATERIAL ACCOUNTING POLICIES (CONT'D)

(t) Contingencies

A contingent liability or asset is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group.

(u) Segment reporting

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

(v) Fair value measurement

The fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The fair value measurement of a non-financial asset 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.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

(i) Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
(ii) Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
(iii) Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

NOTES TO THE
FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023
(CONT'D)

5. REVENUE

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Revenue from contracts with customers				
Type of goods or services				
Sale of:				
- crude palm oil	211,911	245,204	–	–
- earth and stones	30	644	–	–
- empty fruit bunches oil	22,565	25,159	–	–
- fresh fruit bunches	23,640	33,774	–	–
- palm kernel	25,866	35,160	–	–
Supply of electricity	20,665	17,147	–	–
	304,677	357,088	–	–
Revenue from other sources				
Dividend income from subsidiaries	–	–	11,900	11,900
Management fees from subsidiaries	–	–	2,827	2,784
	304,677	357,088	14,727	14,684
Timing of revenue recognition				
At a point in time	284,012	339,941	11,900	11,900
Over time	20,665	17,147	2,827	2,784
	304,677	357,088	14,727	14,684

There are no unfulfilled performance obligations, whether satisfied or partially satisfied to be recognised over the subsequent periods.

6. INTEREST INCOME

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Interest on:				
- Advances to subsidiaries	–	–	3,692	3,356
- Short-term investments and fixed deposits	1,659	985	773	286
	1,659	985	4,465	3,642

7. OTHER OPERATING INCOME

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Gain on disposal of property, plant and equipment	187	115	–	–
Miscellaneous income	815	671	–	–
Realised gain on foreign exchange	106	69	–	–
Rental income	54	66	–	–
Sale of:				
- bunch ash	3	15	–	–
- fibre	6	146	–	–
- palm kernel shell	818	336	–	–
- scrapped iron	17	127	–	–
	2,006	1,545	–	–

8. OTHER EXPENSES

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Fair value loss on biological assets (Note 22)	261	1,782	–	–
Impairment on slow moving inventories (Note 23)	–	124	–	–
Inventories written off	–	96	–	–
Property, plant and equipment written off (Note 16)	52	509	1	–
	313	2,511	1	–

9. REVERSAL OF ALLOWANCE/(ALLOWANCE) FOR EXPECTED CREDIT LOSSES

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Allowance for expected credit losses (Note 21)	–	(218)	(2,694)	(6,522)
Reversal of allowance for expected credit losses (Note 21)	21	–	–	–
	21	(218)	(2,694)	(6,522)

10. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Salaries and wages	33,170	30,432	2,562	2,541
Contributions to defined contribution plan	1,662	1,519	289	286
Contributions to employees insurance system	18	17	1	1
Social security contributions	286	341	11	10
	35,136	32,309	2,863	2,838
Capitalised in bearer plants (Note 16)	23	667	–	–
Capitalised in inventories (Nurseries) (Note 23)	131	114	–	–
Recognised in profit or loss	34,982	31,528	2,863	2,838
	35,136	32,309	2,863	2,838

Included in employee benefits expense of the Group and of the Company are Executive Directors' remuneration amounting to RM3,326,584 (2022: RM3,397,335) and RM1,158,010 (2022: RM1,195,340) respectively as further disclosed in Note 11 to the financial statements.

11. DIRECTORS' REMUNERATION

The details of remuneration received and receivable by Directors of the Group and of the Company during the financial year are as follows:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Executive Directors' remuneration (Note 10)				
- Salaries and other emoluments	1,956	1,977	697	718
- Bonus	922	966	335	347
- Fee	30	30	–	–
- Allowance	180	180	–	–
- Contributions to defined contribution plan	239	244	126	130
	3,327	3,397	1,158	1,195
Non-executive Directors' remuneration				
- Fee	255	251	164	159
Total Directors' remuneration	3,582	3,648	1,322	1,354

12. PROFIT FROM OPERATIONS

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Other than as disclosed in Notes 6, 7, 8, 9, 10 and 11, profit from operations is arrived at after charging:				
Auditors' remuneration				
- Statutory audit				
- Current year	289	309	61	55
- Overprovision in prior year	–	(1)	–	–
- Other services	30	42	8	8
Depreciation of property, plant and equipment (Note 16)	22,273	21,185	201	212
Rental expenses*	185	152	–	–

* Expenses relating to short-term lease accounted for applying the recognition exception of MFRS 16 Leases. There are no material expense relating to low value assets.

13. FINANCE COSTS

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Interest expenses:				
- Advances from subsidiaries	–	–	3,039	1,360
- Lease liabilities	361	199	–	–
- Revolving credits	152	218	20	10
- Term loans	1,559	1,426	1,390	1,426
	2,072	1,843	4,449	2,796
Less: Capitalised in bearer plants (Note 16)	–	(70)	–	–
	2,072	1,773	4,449	2,796

14. INCOME TAX EXPENSE

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Current taxation	10,186	13,221	–	34
Deferred tax (Note 20)	(855)	1,845	(73)	(20)
	9,331	15,066	(73)	14
Under/(Over) provision in prior year				
- Current taxation	808	2,775	187	3
- Deferred tax (Note 20)	174	(293)	–	–
	982	2,482	187	3
	10,313	17,548	114	17

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

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Profit before taxation	31,023	50,783	8,178	4,947
Taxation at Malaysian statutory tax rate of 24%	7,446	12,189	1,963	1,187
Non-deductible expenses	951	796	820	2,351
Non-taxable income	(150)	(95)	(2,856)	(3,524)
Effect of unrecognised temporary differences	1,084	2,176	–	–
	9,331	15,066	(73)	14
Under/(Over) provision in prior years				
- Current taxation	808	2,775	187	
- Deferred tax	174	(293)	–	–
	982	2,482	187	3
	10,313	17,548	114	17

15. EARNINGS PER SHARE

(a) Basic

Basic earnings per share is calculated by dividing profit for the financial year, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year, excluding treasury shares held by the Company.

	Group	
	2023	**2022**
Profit net of tax attributable to owners of the Company (RM'000)	20,394	31,556
Weighted average number of ordinary shares in issue* ('000)	308,967	308,967
Basic earnings per share (sen)	6.60	10.21

* The weighted average number of ordinary shares takes into account the weighted average effect of changes in treasury shares transactions during the financial year.

(b) Diluted

There is no dilution in the earnings per share of the current and previous year end as there are no dilutive potential ordinary shares outstanding at the end of the reporting period.

16. PROPERTY, PLANT AND EQUIPMENT

Group 2023 Cost	Long term leasehold land RM'000	Buildings, plantation infrastructure and quarry RM'000	Heavy equipment, plant and machinery, and motor vehicles RM'000	Bearer plants RM'000	Furniture, fittings and equipment RM'000	Capital work-in-progress RM'000	Total RM'000
At 1 January 2023	63,647	161,690	211,176	159,640	6,805	1,323	604,281
Additions	–	1,023	7,368	1,100	253	6,972	16,716
Disposals	–	(148)	(1,005)	–	–	–	(1,153)
Written off (Note 8)	–	–	(111)	–	(1)	(51)	(163)
Reclassification	–	387	551	–	–	(938)	–
Transfer	–	–	1	–	(1)	–	–
At 31 December 2023	63,647	162,952	217,980	160,740	7,056	7,306	619,681
Accumulated depreciation							
At 1 January 2023	12,690	58,569	119,906	94,590	5,527	–	291,282
Charge for the financial year (Note 12)	905	3,534	12,412	5,112	310	–	22,273
Disposals	–	(15)	(710)	–	–	–	(725)
Written off (Note 8)	–	–	(111)	–	–	–	(111)
At 31 December 2023	13,595	62,088	131,497	99,702	5,837	–	312,719
Net book value							
At 31 December 2023	50,052	100,864	86,483	61,038	1,219	7,306	306,962

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

Group

2022 **Cost**	**Long term leasehold land RM'000**	**Buildings, plantation infrastructure and quarry RM'000**	**Heavy equipment, plant and machinery, and motor vehicles RM'000**	**Bearer plants RM'000**	**Furniture, fittings and equipment RM'000**	**Capital work-in-progress RM'000**	**Total RM'000**
At 1 January 2022	63,647	160,803	209,663	157,106	6,581	1,009	598,809
Additions	–	5	3,901	2,534	225	1,429	8,094
Disposals	–	–	(1,071)	–	–	–	(1,071)
Written off (Note 8)	–	–	(1,368)	–	(1)	(182)	(1,551)
Reclassification	–	882	51	–	–	(933)	–
At 31 December 2022	63,647	161,690	211,176	159,640	6,805	1,323	604,281
Accumulated depreciation							
At 1 January 2022	11,816	53,280	111,680	90,214	5,217	–	272,207
Charge for the financial year (Note 12)	874	5,289	10,336	4,376	310	–	21,185
Disposals	–	–	(1,068)	–	–	–	(1,068)
Written off (Note 8)	–	–	(1,042)	–	–	–	(1,042)
At 31 December 2022	12,690	58,569	119,906	94,590	5,527	–	291,282
Net book value							
At 31 December 2022	50,957	103,121	91,270	65,050	1,278	1,323	312,999

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

Buildings, plantation infrastructure and quarry comprise:

Group

Cost	**Leasehold buildings RM'000**	**Oil mill and other buildings RM'000**	**Plantation infrastructure RM'000**	**Quarry RM'000**	**Total RM'000**
At 1 January 2022	780	87,806	62,769	9,448	160,803
Additions	–	–	5	–	5
Reclassification	–	882	–	–	882
At 31 December 2022	780	88,688	62,774	9,448	161,690
Additions	–	802	221	–	1,023
Disposal	–	(148)	–	–	(148)
Reclassification	–	387	–	–	387
At 31 December 2023	780	89,729	62,995	9,448	162,952
Accumulated depreciation					
At 1 January 2022	360	44,101	7,854	965	53,280
Charge for the financial year	16	3,976	1,297	–	5,289
At 31 December 2022	376	48,077	9,151	965	58,569
Charge for the financial year	–	2,232	1,302	–	3,534
Disposal	–	(15)	–	–	(15)
At 31 December 2023	376	50,294	10,453	965	62,088
Net book value					
At 31 December 2023	404	39,435	52,542	8,483	100,864
At 31 December 2022	404	40,611	53,623	8,483	103,121

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

Company

	Buildings RM'000	Furniture, fittings and equipment RM'000	Total RM'000
Cost			
At 1 January 2022	3,802	767	4,569
Additions	–	17	17
At 31 December 2022	3,802	784	4,586
Additions	–	3	3
Written off	–	(1)	(1)
At 31 December 2023	3,802	786	4,588
Accumulated depreciation			
At 1 January 2022	2,419	639	3,058
Charge for the financial year (Note 12)	179	33	212
At 31 December 2022	2,598	672	3,270
Charge for the financial year (Note 12)	174	27	201
At 31 December 2023	2,772	699	3,471
Net book value			
At 31 December 2023	1,030	87	1,117
At 31 December 2022	1,204	112	1,316

The property, plant and equipment of the Group held as right-of-use assets are as follows:

Group

2023	Cost RM'000	Accumulated depreciation RM'000	Net book value RM'000
Long term leasehold land	63,647	(13,595)	50,052
Heavy equipment and motor vehicles	7,003	(1,657)	5,346
	70,650	(15,252)	55,398

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

The property, plant and equipment of the Group held as right-of-use assets are as follows: (Cont'd)

Group

2022	Cost RM'000	Accumulated depreciation RM'000	Net book value RM'000
Long term leasehold land	63,647	(12,690)	50,957
Heavy equipment and motor vehicles	5,199	(1,662)	3,537
	68,846	(14,352)	54,494

Leased assets of the Group with a carrying amount of RM24,505,086 (2022: RM24,972,598) and RM5,346,350 (2022: RM3,537,384) respectively are pledged as securities for the bank loans of related companies and finance lease liabilities as disclosed in Note 29 and 30 to the financial statements.

In addition to the leased assets above, the net carrying value of the property, plant and equipment of the Group pledged to licensed banks to secure the loans and borrowings granted to the Group as disclosed in Note 29 to the financial statements are as follows:

	Group	
	2023 RM'000	2022 RM'000
Buildings	17,396	18,490
Plantation infrastructure	42,925	43,311
Plant and machinery, and motor vehicles	65,989	69,920
Bearer plants	42,795	45,025
Furniture, fittings and equipment	745	769
Capital work-in-progress	6,524	928
	176,374	178,443

Additions in bearer plants during the financial year included the following:

	Group	
	2023 RM'000	2022 RM'000
Employee benefits expense (Note 10)	23	667
Interest expense (Note 13)	–	70

17. INVESTMENT PROPERTIES

	Group Freehold land 2023 RM'000	Group Freehold land 2022 RM'000
Fair value		
At 1 January/31 December	43,340	43,340

There is no rental income and direct expense relating to the investment properties as it was not rented out.

Investment properties are stated at fair value, which has been determined based on valuations performed during the financial year by independent professional valuers using sales comparison method that makes reference to the sales prices of comparable properties in close proximity which are adjusted for differences in key attributes such as property size and location. The most significant input into this valuation approach is price per square foot of comparable properties.

Valuation technique	**Significant unobservable inputs**	**Range of adjustment factor 2023 %**	**Range of adjustment factor 2022 %**
Market comparable approach	Difference in size and bulk discount	5	5

For all investment properties that are measured at fair value, the current use of the properties are considered the highest and best use.

18. INTANGIBLE ASSETS

	Group 2023 RM'000	Group 2022 RM'000
Goodwill		
At 1 January/31 December	17,358	17,358

18. INTANGIBLE ASSETS (CONT'D)

Impairment testing of goodwill

Goodwill which arose from business combinations has been allocated to CGUs identified according to the individual subsidiaries, all of which are principally involved in plantation activities for impairment testing.

The recoverable amount of the above CGUs has been determined based on either FVLCD where the management relied on independent professional valuers using comparison method valuation or VIU calculations using cash flow projections approved by management covering a five-year period. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

	Group	
	2023	**2022**
CPO per metric tonne ("MT")	RM3,812	RM3,700
PK per MT	RM1,971	RM2,500
Discount rates	9%	10%

(i) CPO and PK prices are based on the current market outlook of product prices relating to the CGU.

(ii) Discount rates used for cash flows discounting purpose is the Group's weighted average cost of capital.

For CGUs determined based on FVLCD, the recoverable values were determined by the professional valuers on plantation land using market comparison approach that reflects recent transacted prices of similar properties. These prices are adjusted for factors of size and location by a range of 5% - 10% to arrive at a range of valuation of RM31,950 to RM35,500 per acre for plantation land.

In prior year, the recoverable values for CGUs determined based on FVLCD were determined by reference to recent market transacted prices of similar properties. These prices are adjusted for factors of size and location by a range of 5% - 10% to arrive at a range of valuation of RM31,950 to RM35,500 per acre for plantation land.

Sensitivity to changes in assumptions

With regard to the assessment of VIU of the plantation segment, management believes that any reasonable possible change in any of the above key assumptions applied is unlikely to materially cause the recoverable amounts to be lower than the carrying values of the CGU.

19. INVESTMENTS IN SUBSIDIARIES

	Company	
	2023 RM'000	**2022 RM'000**
Unquoted shares, at cost	318,057	318,057
Less: Impairment loss		
At 1 January/31 December	(9,963)	(9,963)
Net carrying amount	308,094	308,094

19. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Details of the subsidiaries are as follows:

Name of subsidiary	Country of incorporation	Proportion of ownership interest 2023 %	2022 %	Principal activities
Held by the Company				
Cepatwawasan Sdn. Bhd.	Malaysia	100	100	Cultivation of oil palm
Syarikat Melabau Sdn. Bhd.	Malaysia	100	100	Cultivation of oil palm
Wong Tet-Jung Plantations Sdn. Bhd.	Malaysia	100	100	Cultivation of oil palm
Razijaya Sdn. Bhd.	Malaysia	100	100	Cultivation of oil palm and operation of a quarry
Sri Likas Mewah Sdn. Bhd.	Malaysia	100	100	Cultivation of oil palm
Kovusak Sdn. Bhd.	Malaysia	100	100	Cultivation of oil palm
Libarran Island Resort Sdn. Bhd.	Malaysia	100	100	Investment holding
Bakara Sdn. Bhd.	Malaysia	100	100	Cultivation of oil palm
Sungguh Mulia Sdn. Bhd.	Malaysia	100	100	Cultivation of oil palm
Prima Semasa Sdn. Bhd.	Malaysia	100	100	Cultivation of oil palm
Ayu Sempurna Sdn. Bhd.	Malaysia	100	100	Investment holding
Cash Nexus (M) Sdn. Bhd.	Malaysia	100	100	Investment holding
Magnum Kapital Sdn. Bhd.	Malaysia	100	100	Dormant
Hikayat Anggun Sdn. Bhd.	Malaysia	100	100	Dormant
Aspenglade Sdn. Bhd.	Malaysia	100	100	Dormant
Ekuiti Etika Sdn. Bhd.	Malaysia	100	100	Dormant
Prolific Yield Sdn. Bhd.*	Malaysia	49	49	Milling and sale of oil palm products
Held through Cepatwawasan				
Prolific Yield Sdn. Bhd.*	Malaysia	51	51	Milling and sale of oil palm products
Jutategak Sdn. Bhd.	Malaysia	100	100	Cultivation of oil palm
Liga Semarak Sdn. Bhd.	Malaysia		100	Cultivation of oil palm
Tentu Cergas Sdn. Bhd.	Malaysia	100	100	Cultivation of oil palm
Tentu Bernas Sdn. Bhd.	Malaysia	100	100	Cultivation of oil palm
Held through Syarikat Melabau Sdn. Bhd.				
Suara Baru Sdn. Bhd	Malaysia	100	100	Cultivation of oil palm and operation of a quarry
Gelang Usaha Sdn. Bhd.	Malaysia	100	100	Cultivation of oil palm
Swifturn Sdn. Bhd.	Malaysia	100	100	Letting of oil palm fresh fruit bunches collection centre
Held through Sri Likas Mewah Sdn. Bhd.				
Ultisearch Trading Sdn. Bhd.	Malaysia	100	100	Cultivation of oil palm

19. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Details of the subsidiaries are as follows: (Cont'd)

Name of subsidiary	Country of incorporation	Proportion of ownership interest 2023 %	2022 %	Principal activities
Held through Libarran Island Resort Sdn. Bhd.				
Minelink Sdn. Bhd.	Malaysia	100	100	Investment property holding
Held through Ayu Sempurna Sdn. Bhd.				
Ladang Cepat-KPD Sdn. Bhd.	Malaysia	60	60	Cultivation of oil palm
Held through Cash Nexus (M) Sdn. Bhd.				
Power Precinct Sdn. Bhd.	Malaysia	100	100	Investment holding
Cash Horse (M) Sdn. Bhd.*	Malaysia	70	70	Operation of a biomass power plant
Timah Resources Limited # ^	Australia	69.80	69.80	Investment holding
Mistral Engineering Sdn. Bhd.*	Malaysia	51	51	Investment holding
Held through Timah Resources Limited				Power generation
Mistral Engineering Sdn. Bhd.*	Malaysia	34.20	69.80	Power generation
Held through Power Precinct Sdn Bhd				Power generation
Cash Horse (M) Sdn. Bhd.*	Malaysia	30	30	Operation of a biomass power plant

Audited by firm of auditors other than PKF PLT, Malaysia
^ Listed on the ASX Limited
* Prolific Yield Sdn Bhd is held through both the Company and Cepatwawasan Sdn. Bhd. Cash Horse (M) Sdn Bhd is held through Cash Nexus (M) Sdn Bhd and Power Precinct Sdn Bhd. Mistral Engineering Sdn. Bhd. is held through both Cash Nexus (M) Sdn. Bhd. and Timah Resources Limited

Non-controlling interests in subsidiaries

The financial information of the subsidiaries of the Group that have non-controlling interests ("NCI") is as follows:

Equity interest held by material non-controlling interests are as follows:

Name of subsidiary companies	Country of incorporation	Ownership interest 2023 %	2022 %
Ladang Cepat-KPD Sdn. Bhd.	Malaysia	40.00	40.00
Mistral Engineering Sdn. Bhd.	Malaysia	14.80	14.80
Timah Resources Limited	Australia	30.20	30.20

19. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Non-controlling interests in subsidiaries (Cont'd)

Carrying amount of material NCI:

Name of subsidiary companies	2023 RM'000	2022 RM'000
Ladang Cepat-KPD Sdn. Bhd.	12,207	13,907
Mistral Engineering Sdn. Bhd.	996	883
Timah Resources Limited	(7,515)	(7,160)
	5,688	7,630

Profit/(Loss) allocated to material NCI:

Name of subsidiary companies	2023 RM	2022 RM
Ladang Cepat-KPD Sdn. Bhd.	300	2,147
Mistral Engineering Sdn. Bhd.	113	(299)
Timah Resources Limited	(97)	(169)
	316	1,679

Total comprehensive income/(loss) allocated to material NCI:

Name of subsidiary companies	2023 RM	2022 RM
Ladang Cepat-KPD Sdn. Bhd.	300	2,147
Mistral Engineering Sdn. Bhd.	113	(299)
Timah Resources Limited	(82)	(178)
	331	1,670

19. INVESTMENTS IN SUBSIDIARIES (CONT'D)

	Ladang Cepat-KPD Sdn. Bhd.		Mistral Engineering Sdn. Bhd.		Timah Resources Limited	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Summarised statements of profit or loss and other comprehensive income						
Revenue	8,508	15,483	8,494	8,186	–	–
Profit/(Loss) for the financial year	1,501	6,310	755	(1,643)	(322)	(454)
Total comprehensive income/(loss) for the financial year	1,501	6,310	755	(1,643)	(243)	(488)
Summarised statements of financial position						
Non-current assets	9,364	9,906	38,258	41,187	26,161	26,161
Current assets	22,366	25,242	7,575	8,195	1,400	2,583
Non-current liabilities	(1,587)	(1,629)	(22,998)	(27,619)	–	–
Current liabilities	(1,163)	(1,041)	(697)	(380)	(529)	(540)
Net assets	28,980	32,478	22,138	21,383	27,032	28,204
Summarised cash flows information						
Net cash from/(used in) operating activities	1,607	7,270	774	2,889	(423)	(5)
Net cash from/(used in) investing activities	3,397	(3,417)	(1,139)	(764)	(841)	(211)
Net cash used in financing activities	(5,000)	(5,000)	–	–	–	–
Net increase/(decrease) in cash and cash equivalents	4	(1,147)	(365)	2,125	(1,264)	(216)
Net foreign exchange difference	–	–	–	–	79	(23)
Cash and cash equivalents at beginning of the financial year	2,990	4,137	5,546	3,421	2,534	2,773
Cash and cash equivalents at end of the financial year	2,994	2,990	5,181	5,546	1,349	2,534
Dividend paid to non-controlling interests	(2,000)	(2,000)	–	–	–	–

20. DEFERRED TAX (LIABILITIES)/ASSETS

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
At 1 January	(22,069)	(20,517)	166	146
Recognised in profit or loss (Note 14)	681	(1,552)	73	20
At 31 December	(21,388)	(22,069)	239	166

The components of deferred tax assets and liabilities as at the end of the financial year prior to offsetting are as follows:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Deferred tax assets				
Provision	1,231	736	187	187
Unutilised tax losses	1,288	2,419	66	–
Unabsorbed agriculture and capital allowances	16,447	13,606	2	–
Unabsorbed investment tax allowances	14,505	18,154	–	–
	33,471	34,915	255	187
Deferred tax liabilities				
Property, plant and equipment and investment properties	(54,302)	(56,437)	(16)	(21)
Biological assets	(557)	(547)	–	–
	(54,859)	(56,984)	(16)	(21)
Deferred tax (liabilities)/assets recognised	(21,388)	(22,069)	239	166

Presented after appropriate offsetting as follows:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Deferred tax assets	4,321	4,648	255	166
Deferred tax liabilities	(25,709)	(26,717)	(16)	–
	(21,388)	(22,069)	239	166

20. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D)

No deferred tax asset has been recognised for the following items:

	Group	
	2023 RM'000	2022 RM'000
Unabsorbed capital allowances	90,493	91,387
Unutilised tax losses	24,962	19,550
	115,455	110,937
Tax rate	24%	24%
Deferred tax assets not recognised	27,709	26,625

Year of expiry of unutilised tax losses is analysed as follows:

	Group	
	2023 RM'000	2022 RM'000
Expiry by 2028	30,051	26,183
Expiry by 2029	–	3,334
Expiry by 2030	–	112
Expiry by 2033	278	–
	30,329	29,629
Tax rate	24%	24%
	7,279	7,111

The unabsorbed capital allowances disclosed above are available indefinitely for offsetting against future taxable profits of the Group whereas the unutilised tax losses is available to be carried forward up to the maximum of ten (10) years, subject to no substantial change in shareholdings of these subsidiaries under the Income Tax Act, 1967 and guidelines issued by the tax authority.

Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits.

21. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Non-current				
Other receivables				
Amounts due from subsidiaries	–	–	58,932	62,033
Less: Allowance for expected credit losses	–	–	(9,216)	(6,522)
Other receivables, net	–	–	49,716	55,511
Current				
Trade receivables				
Third parties	9,304	8,067	–	–
Less: Allowance for expected credit losses	(220)	(224)	–	–
Trade receivables, net	9,084	7,843	–	–
Current				
Other receivables				
Deposits	8,386	4,009	12	12
GST receivables	165	132	–	–
Prepayments	374	366	283	229
Other receivables				
- Amounts due from subsidiaries	–	–	20,998	19,121
- Third parties	1,479	1,560	272	272
	10,404	6,067	21,565	19,634
Less: Allowance for expected credit losses				
- Third parties	(758)	(775)	(272)	(272)
Other receivables, net	9,646	5,292	21,293	19,362
Trade and other receivables, current	18,730	13,135	21,293	19,362
Total trade and other receivables	18,730	13,135	71,009	74,873

Trade receivables are non-interest bearing and are generally on 7 to 30 days (2022: 7 to 30 days) terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Amounts due from subsidiaries are unsecured, interest bearing and repayable on demand. The interest bearing advances are subject to interest charge based on recovery of borrowing cost incurred by the Company. The non-current portion of amounts due from subsidiaries relates to amounts in which the Company has no intention in demanding repayment within twelve (12) months after the year end.

21. TRADE AND OTHER RECEIVABLES (CONT'D)

During the financial year, the following losses/(gains) were recognised in profit or loss in relation to impaired financial assets:

Group	Trade receivables RM'000	Other receivables RM'000	Total RM'000
At 1 January 2022	227	1,068	1,295
Charge for the financial year (Note 9)	(3)	221	218
Written off	–	(514)	(514)
At 31 December 2022	224	775	999
Reversal during the financial year (Note 9)	(4)	(17)	(21)
At 31 December 2023	220	758	978

Company	Other receivables RM'000
At 1 January 2022	272
Charge for the financial year (Note 9)	6,522
At 31 December 2022	6,794
Charge for the financial year (Note 9)	2,694
At 31 December 2023	9,488

Information about the Group's exposure to credit risks and expected credit losses for trade receivables is included in Note 36 to the financial statements.

22. BIOLOGICAL ASSETS

	Group	
	2023 RM'000	2022 RM'000
At fair value		
At 1 January	2,603	4,385
Fair value loss (Note 8)	(261)	(1,782)
At 31 December	2,342	2,603

22. BIOLOGICAL ASSETS (CONT'D)

The biological assets of the Group comprise fresh fruit bunches ("FFB") prior to harvest. To arrive at the fair value of FFB, the management has considered the oil content of the unripe FFB and derived at the assumption that the net cash flows to be generated from FFB prior to more than six (6) weeks to harvest is negligible, therefore quantity of unripe FFB on bearer plants of up to six (6) weeks prior to harvest was used for valuation purpose. The value of the unripe FFB was estimated to be approximately 17% for FFB that are five (5) to six (6) weeks prior to harvest, 50% for FFB that are three (3) to four (4) weeks prior to harvest and 83% for FFB that are one (1) to two (2) weeks prior to harvest. The quantity of unharvested FFB of the Group as at 31 December 2023 included in the fair valuation of FFB was 9,000 metric tonne (2022: 12,000 metric tonne). The net present value of cash flows is then determined with reference to the market value of crude palm oil at the date of harvest, adjusted for freight and other costs to sell at the point of harvest.

The valuation model adopted by the Group is a discounted cash flow model which includes all cash inflows, cash outflows and imputed contributory asset charges where no actual cash flows associated with the use of assets essential to the agricultural activity are accounted for. The net present value of cash flows is then determined with reference to the market value of crude palm oil at the date of harvest, adjusted for freight, extraction rates, production, transportation, contributory asset charges and other costs to sell at the point of harvest. Changes to the assumed prices of the FFB and tonnage included in the valuation will have a direct effect on the reported valuation.

The relationship of the unobservable inputs to changes in fair value, with all other variables held constant is as follows:

	Fair value gain/(loss)			
	2023		2022	
Unobservable inputs	**Increase by 10% RM'000**	**Decrease by 10% RM'000**	**Increase by 10% RM'000**	**Decrease by 10% RM'000**
FFB price	305	(305)	407	(407)
Production volume	191	(191)	270	(270)
Harvest and transportation costs	(117)	117	(140)	140

23. INVENTORIES

	Group	
	2023 RM'000	**2022 RM'000**
Cost		
Shell	–	66
Fibre	34	43
Empty fruit bunches	35	17
Empty fruit bunches oil	489	905
Crude palm oil	2,477	1,543
Palm kernels	550	431
Quarry inventories	7,085	7,550
Fertilisers and chemicals	1,756	4,336
Store, spares and consumable supplies	6,897	7,281
Nurseries	745	361
	20,068	22,533
Less: Impairment	(1,434)	(1,434)
	18,634	21,099

23. INVENTORIES (CONT'D)

Movement in the impairment account is as follows:

	Group	
	2023 RM'000	2022 RM'000
At 1 January	1,434	1,310
Charge for the financial year (Note 8)	–	124
At 31 December	1,434	1,434

During the financial year, the amount of inventories recognised as an expense in cost of sales of the Group was RM21,939,219 (2022: RM24,037,822).

Additions in nurseries during the financial year included the following:

	Group	
	2023 RM'000	2022 RM'000
Employee benefits expense (Note 10)	131	114

24. SHORT-TERM INVESTMENTS

	Group	
Fair value through profit or loss	2023 RM'000	2022 RM'000
Short-term investments	17,715	20,932

Short-term funds are investments in income trust funds in Malaysia.

25. CASH AND CASH EQUIVALENTS

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Cash in hand and at banks	37,345	19,368	10,311	1,176
Deposits with licensed banks	32,123	41,405	27,172	29,647
Cash and bank balances	69,468	60,773	37,483	30,823
Less: Deposits pledged as securities for banking facilities and fixed deposits with maturity of more than three (3) months	(3,287)	(4,085)	–	–
Cash and cash equivalents	66,181	56,688	37,483	30,823

25. CASH AND CASH EQUIVALENTS (CONT'D)

Deposits of the Group and of the Company are made for varying periods of between one (1) month to twelve (12) months (2022: five (5) days to twelve (12) months) and one (1) month to three (3) months (2022: one (1) month to three (3) months) respectively depending on the cash requirements of the Group, and earn interest at the respective fixed deposit rates. The weighted average effective interest rate as at year end for deposits of the Group and of the Company was 2.54% (2022: 2.33%) and 2.56% (2022: 2.51%) respectively per annum.

26. SHARE CAPITAL AND TREASURY SHARES

Group/Company	No. of ordinary shares			
	Share capital RM'000	Treasury shares RM'000	Share capital RM'000	Treasury shares RM'000
Issued and fully paid:				
At 1 January 2022/ 31 December 2022/ 31 December 2023	318,446,210	(9,479,200)	318,446	(11,097)

Share capital

The holders of ordinary shares (except treasury shares) are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company's residual assets.

Treasury shares

Treasury shares relate to ordinary shares of the Company that are held by the Company. This amount relates to the acquisition cost of treasury shares net of the proceeds received on their subsequent sale or issuance.

The Directors of the Company are committed to enhance the value of the Company for its shareholders and believe that the repurchase plan can be applied in the best interests of the Company and its shareholders. The repurchase transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares.

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27. RESERVES

Group	Foreign currency translation reserve RM'000	Other reserve RM'000	Total RM'000
At 1 January 2022	279	80,777	81,056
Exchange differences on translation of a foreign operation	14	–	14
Effect of subsidiary treasury share transaction	–	142	142
At 31 December 2022	293	80,919	81,212
Exchange differences on translation of a foreign operation	(35)	–	(35)
At 31 December 2023	258	80,919	81,177

Company	Reserve RM'000
At 1 January 2022/31 December 2022/31 December 2023	8,482

Foreign currency translation reserve

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of a foreign subsidiary whose functional currency is different from that of the Group's presentation currency.

Other reserve

Other reserve represents:

(i) the difference between the adjusted carrying amount of the non-controlling interests and the fair value of consideration paid of the Group of RM1,862,044 (2022: RM1,862,044); and

(ii) restructuring reserve arising from business combination of the Group and of the Company of RM79,057,653 (2022: RM79,057,653) and RM8,482,304 (2022: RM8,482,304) respectively.

28. RETAINED PROFITS

The Group's and the Company's policy is to treat all gains and losses that pass through the statements of profit or loss and other comprehensive income (i.e. non-owner transactions or events) as revenue reserves. Other than retained profits, all other revenue reserves are regarded as non-distributable in the form of cash dividends to shareholders. Accumulated losses are the opposite of retained profits and when an entity is in an accumulated loss position, it is prohibited from distributing cash dividends to shareholders.

29. LOANS AND BORROWINGS

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Non-current				
Secured:				
Term loans	17,309	25,561	17,309	25,561
Current				
Secured:				
Revolving credits	300	3,300	200	200
Term loans	7,500	6,748	7,500	6,748
	7,800	10,048	7,700	6,948
Total loans and borrowings				
Secured:				
Revolving credits	300	3,300	200	200
Term loans	24,809	32,309	24,809	32,309
	25,109	35,609	25,009	32,509
Maturity structure of loans and borrowings				
Within one year	7,800	10,048	7,700	6,948
Between one to two years	6,397	6,920	6,397	6,920
Between two to five years	10,001	13,803	10,000	13,802
More than five years	911	4,838	912	4,839
	25,109	35,609	25,009	32,509

The interest rate structures are as follows:

	Effective interest rate per annum	
	2023	2022
Revolving credits	ICOF + 1.20%, COF + 1.125% to 1.50%	ICOF + 1.20%, COF + 1.125% to 1.50%
Term loans	ICOF + 1.10%, COF + 1.50%	ICOF + 1.10%, COF + 1.50%

ICOF – Islamic Cost of Funds
COF – Cost of Funds

29. LOANS AND BORROWINGS (CONT'D)

(i) Revolving credits

The revolving credits are secured by way of:

(a) Legal charges over certain leasehold plantations together with the plant and machinery and palm oil mill of certain subsidiaries, sub-divided land together with the power plant erected thereon of a subsidiary as disclosed in Note 16 to the financial statements;
(b) Debentures incorporating fixed and floating charges over all the assets of these subsidiaries presently owned and subsequently acquired;
(c) Corporate guarantees given by the Company and these subsidiaries; and
(d) Short-term deposits with licensed bank.

(ii) Term loans

The loans are secured by way of:

(a) Legal charges over sub-divided land together with the power plant erected thereon of certain subsidiaries as disclosed in Note 16 to the financial statements;
(b) Legal charges over certain leasehold plantations as disclosed in Note 16 to the financial statements;
(c) Debentures incorporating fixed and floating charges over all the assets of certain subsidiaries presently owned and subsequently acquired;
(d) Short-term deposits with licensed bank; and
(e) Corporate guarantees given by the Company and certain subsidiaries.

30. LEASE LIABILITIES

	Group	
	2023	**2022**
	RM'000	**RM'000**
Current	2,086	894
Non-current	9,528	2,642
	11,614	3,536

Maturity structure of lease liabilities:

	2023 RM'000	2022 RM'000
Within one year	2,086	894
Between one to two years	1,969	837
Between two to five years	6,206	1,414
More than five years	1,353	391
	11,614	3,536

The Group has lease contracts of land used in its operations as disclosed in Note 16 to the financial statements. Leases of land have lease terms of average five (5) to thirty (30) years. The average discount rate implicit in the leases is 7.64% (2022: 7.64%) per annum.

30. LEASE LIABILITIES (CONT'D)

The table below describes the nature of the Group's leasing activities by type of right-of-use asset recognised in the statement of financial position:

Right-of-use asset	No. of right-of-use assets leased	Range of remaining term	Average remaining lease term	No. of leases with extension options	No. of leases with variable payment	No. of leases with termination option
Leasehold land	10	3 – 19 years	7 years	5	–	–

The leases of the Group are secured by a charge over the leased assets which consists of heavy equipment and motor vehicles as disclosed in Note 16 to the financial statements. These leases of the Group bear effective interest rates ranging from 4.44% to 8.15% (2022: 4.44% to 6.37%) per annum.

There were no leases with residual value guarantee or leases which have yet to commence of which the Group and the Company have committed.

31. TRADE AND OTHER PAYABLES

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Trade payables				
Third parties	14,821	12,740	–	–
Other payables				
Accruals	7,682	6,349	1,054	1,116
CPO sales tax and MPOB cess	1,609	1,534	–	–
Retention sum payable to contractor	27	1,731	–	–
Other payables				
- Amounts due to subsidiaries	–	–	75,885	61,435
- Third parties	411	3,172	26	18
	9,729	12,786	76,965	62,569
Total trade and other payables	24,550	25,526	76,965	62,569

Trade payables are non-interest bearing and the normal credit terms granted to the Group are 30 to 90 days (2022: 30 to 90 days).

Amounts due to subsidiaries are unsecured, interest bearing and repayable on demand, except for an amount of RM5,161,876 (2022: RM5,168,198) which is non-interest bearing. The interest bearing advances are subject to interest charge based on recovery of borrowing cost incurred by the Company.

32. DIVIDEND

	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
Recognised during the financial year				
Dividend on ordinary shares:				
First single-tier ordinary dividend of 2.00 sen (2022: 2.00 sen) per ordinary share	6,180	6,180	6,180	6,180
Second single-tier ordinary dividend of 2.00 sen (2022: 2.00 sen) per ordinary share	6,179	6,179	6,179	6,179
	12,359	12,359	12,359	12,359

33. SIGNIFICANT RELATED PARTY TRANSACTIONS

(a) Identities of related parties

Parties are considered to be related to the Group and the Company if the Group and the Company have the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control or common significant influence. Related parties could be individuals or other entities.

(b) Related parties' transactions and outstanding balances

The aggregate value of transactions and outstanding balances of the related parties of the Group and the Company were as follows:

Company Name of related parties	Type of transaction	Transaction value 2023 RM'000	Transaction value 2022 RM'000	Balance outstanding 2023 RM'000	Balance outstanding 2022 RM'000
With subsidiaries:					
Aspenglade Sdn. Bhd.	Interest on advances	(1)	–	16	10
Ayu Sempurna Sdn. Bhd.	Dividend income	(3,000)	(3,000)	–	–
Bakara Sdn. Bhd.	Management fee	(196)	(195)	(6,043)	(5,432)
	Interest on advances	294	128		
Cash Horse (M) Sdn. Bhd.	Interest on advances	(63)	(51)	251	675
Cash Nexus (M) Sdn. Bhd.	Allowance for expected credit losses	2,694	6,522	26,294	27,122
	Interest on advances	(1,710)	(1,346)		
Cepatwawasan Sdn. Bhd.	Management fee	(536)	(537)	(20,540)	(14,502)
	Dividend income	(4,000)	(4,000)		
	Interest on advances	790	331		

33. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT'D)

(b) Related parties' transactions and outstanding balances (Cont'd)

The aggregate value of transactions and outstanding balances of the related parties of the Group and the Company were as follows: (Cont'd)

Company		**Transaction value**		**Balance outstanding**	
Name of related parties	**Type of transaction**	**2023 RM'000**	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**
With subsidiaries:					
Ekuiti Etika Sdn. Bhd.	–	–	–	(4,872)	(4,877)
Gelang Usaha Sdn. Bhd.	Management fee	(115)	(115)	(7,162)	(5,746)
	Interest on advances	303	149		
Hikayat Anggun Sdn. Bhd.	–	–	–	(179)	(183)
Jutategak Sdn. Bhd.	Management fee	(104)	(105)	(4,319)	(3,594)
	Interest on advances	193	89		
Kovusak Sdn. Bhd.	Management fee	(48)	(47)	(3,951)	(3,337)
	Interest on advances	186	78		
Ladang Cepat-KPD Sdn. Bhd.	–	–	–	8	23
Libarran Island Resort Sdn. Bhd.	Interest on advances	(5)	(4)	111	98
Liga Semarak Sdn. Bhd.	Management fee	(14)	(14)	(537)	(457)
	Interest on advances	24	12		
Magnum Kapital Sdn. Bhd.	–	–	–	(35)	(42)
Minelink Sdn. Bhd.	Interest on advances	(17)	(12)	356	311
Mistral Engineering Sdn. Bhd.	Interest on advances	(1,196)	(1,146)	22,687	27,295
Power Precinct Sdn. Bhd.	–	–	–	(20)	(23)
Prima Semasa Sdn. Bhd.	Management fee	(584)	(584)	982	(461)
	Interest on advances	(8)	(16)		
Prolific Yield Sdn. Bhd.	Management fee	(382)	(338)	19,652	17,236
	Interest on advances	(621)	(689)		
	Dividend income	(4,900)	(4,900)		

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

33. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT'D)

(b) Related parties' transactions and outstanding balances (Cont'd)

The aggregate value of transactions and outstanding balances of the related parties of the Group and the Company were as follows: (Cont'd)

Company		Transaction value		Balance outstanding	
Name of related parties	Type of transaction	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
With subsidiaries:					
Razijaya Sdn. Bhd.	Management fee	(56)	(56)	(7,257)	(7,707)
	Interest on advances	361	202		
Sri Likas Mewah Sdn. Bhd.	Management fee	(186)	(186)	(6,914)	(4,921)
	Interest on advances	286	131		
Suara Baru Sdn. Bhd.	Management fee	(322)	(322)	(6,760)	(6,760)
	Interest on advances	249	80		
Sungguh Mulia Sdn. Bhd.	Management fee	(61)	(61)	(1,240)	(1,798)
	Interest on advances	66	–		
Syarikat Melabau Sdn. Bhd.	Management fee	(76)	(76)	(1,878)	(2,014)
	Interest on advances	88	41		
Swiftturn Sdn. Bhd.	–	–	–	(56)	(44)
Timah Resources Limited	Interest on advances	–	40	–	–
Tentu Bernas Sdn. Bhd.	Management fee	(16)	(16)	(809)	(697)
	Interest on advances	37	17		
Tentu Cergas Sdn. Bhd.	Management fee	(12)	(12)	(763)	(669)
	Interest on advances	35	17		
Ultisearch Trading Sdn. Bhd.	Management fee	(18)	(18)	(2,550)	(1,867)
	Interest on advances	114	45		
Wong-Tet-Jung Plantations Sdn. Bhd.	Management fee	(101)	(102)	357	1,862
	Interest on advances	(58)	(92)		

33. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT'D)

(c) Compensation of key management personnel

The remuneration of Directors and other members of key management during the financial year was as follows:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Short-term employee benefits	4,716	4,730	2,005	2,012
Contributions to defined contribution plan	399	402	226	229
	5,115	5,132	2,231	2,241
Included in the key management personnel are:				
Directors' remuneration (Note 11)	3,582	3,648	1,322	1,354
Key management personnel's remuneration	1,533	1,484	909	887
	5,115	5,132	2,231	2,241

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company either directly or indirectly, including any Director of the Group and of the Company.

The terms and conditions and prices of the above transactions are mutually agreed between the parties.

34. FINANCIAL GUARANTEES

The fair value of financial guarantees provided by the Company to the banks to secure banking facilities granted to subsidiaries as disclosed in Note 29 to the financial statements with nominal amount of RM103,700,000 (2022: RM103,700,000) are negligible as the probability of the financial guarantees being called is remote as those subsidiaries will be able to meet their short term loans and borrowings obligations as and when they are due.

35. CAPITAL COMMITMENT

	Group	
	2023 RM'000	2022 RM'000
Approved and contracted for:		
- Property, plant and equipment	16,036	1,795

36. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Financial assets				
Measured at amortised cost				
Trade and other receivables	9,805	9,227	70,726	74,644
Cash and bank balances	69,468	60,773	37,483	30,823
Measured at fair value through profit or loss				
Short-term investments	17,715	20,932	–	–
	96,988	90,932	108,209	105,467
Financial liabilities				
Measured at amortised cost				
Trade and other payables	22,941	23,992	76,965	62,569
Loans and borrowings	25,109	35,609	25,009	32,509
Lease liabilities	11,614	3,536	–	–
	59,664	63,137	101,974	95,078

A reconciliation of trade and other receivables financial assets to the amounts reflected in the statements of financial position is as follows:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Trade and other receivables				
As reflected in the statements of financial position (Note 21)	18,730	13,135	71,009	74,873
Less: Prepayments and non-refundable deposits	(8,760)	(3,776)	(283)	(229)
GST receivables	(165)	(132)	–	–
	9,805	9,227	70,726	74,644

36. FINANCIAL INSTRUMENTS (CONT'D)

(a) Categories of financial instruments (Cont'd)

A reconciliation of trade and other payables financial liabilities to the amounts reflected in the statements of financial position is as follows:

	Group		Company	
	2023 RM'000	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**
Trade and other payables				
As reflected in the statements of financial position (Note 31)	24,550	25,526	76,965	62,569
Less: CPO sales tax and MPOB cess	(1,609)	(1,534)	–	–
	22,941	23,992	76,965	62,569

(b) Financial risk management

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

The Board of Directors reviews and agrees on policies and procedures for the management of these risks, which are executed by Executive Committee. The audit committee provides independent oversight to the effectiveness of the risk management process.

The following sections provide details regarding the Group's and the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(i) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty defaults on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including short-term investments and cash and bank balances), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties.

It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

As at the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by:

- the carrying amount of each class of financial assets recognised in the statements of financial position; and
- a nominal amount of RM103,700,000 (2022: RM103,700,000) relating to corporate guarantees provided by the Company to the banks to secure banking facilities granted to the subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

36. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (Cont'd)

(i) Credit risk (Cont'd)

Trade receivables

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored.

At each reporting date, the Group assesses whether any of the trade receivables are credit impaired.

The gross carrying amounts of credit impaired trade receivables are written off (either partially or full) when there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay amounts subject to the write-off. Nevertheless, trade receivables and contract asset that are written off could still be subject to enforcement activities.

As at the end of the reporting period, the maximum exposure to credit risk arising from trade receivables is represented by the carrying amounts in the statements of financial position. The Group does not hold collateral as security.

The ageing analysis of the Group's trade receivables as at the reporting date is as follows:

2023	Gross amount RM'000	Expected credit losses RM'000	Carrying value RM'000
Not past due	8,557	–	8,557
Past due:			
- less than 30 days	520	–	520
- between 31 to 60 days	–	–	–
- between 61 to 90 days	7	–	7
- more than 90 days	220	(220)	–
	747	(220)	527
	9,304	(220)	9,084
2022			
Not past due	7,823	–	7,823
Past due:			
- less than 30 days	20	–	20
- between 31 to 60 days	–	–	–
- between 61 to 90 days	–	–	–
- more than 90 days	224	(224)	–
	244	(224)	20
	8,067	(224)	7,843

36. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (Cont'd)

(i) Credit risk (Cont'd)

Trade receivables (Cont'd)

Impairment for trade receivables is measured at an amount equal to lifetime expected credit loss. The expected credit losses on trade receivables includes both individual impairment for those that show objective evidence of impairment (stage 3 loss) and collective impairment (stage 2 loss). Collective impairment has been provided using the provisional matrix based on historical loss experience of the respective entities in the Group with reference to past due status of the debtor, as follows:

	Expected credit loss rates	
	2023	**2022**
Not past due	0%	0%
Past due:		
- less than 30 days	0%	0%
- between 31 to 60 days	0%	0%
- between 61 to 90 days	0%	0%
- more than 90 days	100%	100%

The expected credit loss rates are based on the historical loss rates experienced by each entity in the Group as adjusted for forward looking element as necessary.

As at the reporting date, the Group has significant concentration of credit risk in the form of outstanding balances due from 2 (2022: 2) major customers representing 47% (2022: 57%) of the total trade receivables.

Other receivables

For other receivables, a lifetime expected credit loss is assessed for those counterparties that show significant increase in credit risk as at the end of the reporting period, and impairment made based on objective evidence of impairment.

Inter-company advances

The Company provides advances to subsidiaries. The Company monitors the ability of the subsidiaries to repay the advances on an individual basis and considers advances to subsidiaries to have low credit risks.

The Company determines the probability of default for these advances individually using internal information available.

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position. Advances provided are not secured by any collateral or supported by any other credit enhancements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

36. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (Cont'd)

(i) Credit risk (Cont'd)

Cash and cash equivalents

The cash and cash equivalents are held with banks and financial institutions. As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position.

These banks and financial institutions have low credit risks. Consequently, the Group and the Company are of the view that loss allowance is not material and hence, it is not provided for.

(ii) Liquidity risk

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

As part of its overall liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities at a reasonable level to its overall debt position. As far as possible, the Group raises committed funding from financial institutions and balances its portfolio with some short term funding so as to achieve overall cost effectiveness.

The following table sets out the maturity profile of the Group's and the Company's financial liabilities as 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):

Group 2023	Carrying amount RM'000	Contractual undiscounted cashflows RM'000	Within One (1) year RM'000	One (1) to Five (5) years RM'000	Over Five (5) years RM'000
Financial liabilities					
Trade and other payables	22,941	22,941	22,941	–	–
Loans and borrowings	25,109	30,923	7,800	17,873	5,250
Lease liabilities	11,614	14,238	2,777	8,309	3,152
	59,664	68,102	33,518	26,182	8,402
2022					
Financial liabilities					
Trade and other payables	23,992	23,992	23,992	–	–
Loans and borrowings	35,609	39,250	11,000	23,000	5,250
Lease liabilities	3,536	4,603	1,091	2,475	1,037
	63,137	67,845	36,083	25,475	6,287

36. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (Cont'd)

(ii) Liquidity risk (Cont'd)

The following table sets out the maturity profile of the Group's and the Company's financial liabilities as 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)

Company 2023	Carrying amount RM'000	Contractual undiscounted cashflows RM'000	Within One (1) year RM'000	One (1) to Five (5) years RM'000	Over Five (5) years RM'000
Financial liabilities					
Trade and other payables	76,965	76,965	76,965	–	–
Loans and borrowings	25,009	30,823	7,700	17,873	5,250
Financial guarantees*	–	103,700	103,700	–	–
	101,974	211,488	188,365	17,873	5,250
2022					
Financial liabilities					
Trade and other payables	62,569	62,569	62,569	–	–
Loans and borrowings	32,509	35,950	7,700	23,000	5,250
Financial guarantees*	–	103,700	103,700	–	–
	95,078	202,219	173,969	23,000	5,250

* The maximum amount of the issued financial guarantee contracts is allocated to the earliest period in which the guarantees could be called.

(iii) 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 and the Company's exposure to interest rate risk arises mainly from their loans and borrowings. Most of the Group's and the Company's loans and borrowings are charged a fixed interest rate plus the financial institutions' cost of fund per annum. The fixed interest rate is reviewed annually. Whilst, the cost of fund used by the financial institutions vary according to the rates set by the respective financial institutions. Meanwhile, interest rates charged on finance leases are fixed at the inception of the finance lease arrangements. The investments in financial assets are mainly short term in nature and have been mostly placed in fixed deposits and short-term investments.

The Group's policy is to manage interest cost using a mix of fixed and floating rate debts.

36. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (Cont'd)

(iii) Interest rate risk (Cont'd)

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

	Group (Decrease)/Increase		Company (Decrease)/Increase	
	2023	2022	2023	2022
Effects on profit after taxation	RM'000	RM'000	RM'000	RM'000
Increase of 60bp (2022: 70bp)	(11)	(25)	(36)	(55)
Decrease of 60bp (2022: 70bp)	11	25	36	55

(iv) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of change in foreign exchange rate.

The Group holds cash and bank balances denominated in foreign currencies for working capital purposes. As at the reporting date, such foreign currency balances (mainly in AUD, USD and SGD) amounted to RM2,801,872 (2022: RM3,849,363).

The following table demonstrates the sensitivity of the Group's profit after tax to a reasonably possible change in the AUD, USD and SGD exchange rates against the respective functional currencies of the Group entities, with all other variables held constant:

	Group (Decrease)/Increase	
	2023	2022
	RM'000	RM'000
Effects on profit after taxation		
AUD/RM		
- strengthened 5% (2022: 5%)	(53)	(98)
- weakened 5% (2022: 5%)	53	98
USD/RM		
- strengthened 5% (2022: 5%)	(32)	(29)
- weakened 5% (2022: 5%)	32	29
SGD/RM		
- strengthened 5% (2022: 5%)	(21)	(20)
- weakened 5% (2022: 5%)	21	20

37. FAIR VALUE INFORMATION

The financial assets and financial liabilities maturing within the next twelve (12) months approximated their fair values due to the relatively short-term maturity of the financial instruments.

The carrying amount of the variable rate term loans approximated their fair value as the loans will be re-priced to market interest rate on or near reporting date.

As at the reporting date, the Group held the following at fair value in the statement of financial position:

2023 **Assets measured at fair value**	**Note**	**Carrying amount RM'000**	**Level 1 RM'000**	**Level 2 RM'000**	**Level 3 RM'000**
Investment properties	17	43,340	–	–	43,340
Biological assets	22	2,342	–	–	2,342
Short-term investments	24	17,715	17,715	–	–
		63,397	17,715	–	45,682

2022 **Assets measured at fair value**	**Note**	**Carrying amount RM'000**	**Level 1 RM'000**	**Level 2 RM'000**	**Level 3 RM'000**
Investment properties	17	43,340	–	–	43,340
Biological assets	22	2,603	–	–	2,603
Short-term investments	24	20,932	20,932	–	–
		66,875	20,932	–	45,943

There have been no transfers between the levels during the current and previous financial years.

Financial guarantees

The fair value of financial guarantees is determined based on probability weighted discounted cash flow method. The probability has been estimated and assigned using the following key assumptions:

- The likelihood of the guaranteed party defaulting within the guaranteed period;
- The exposure on the portion that is not expected to be recovered due to the guaranteed party's default; and
- The estimated loss exposure if the guaranteed party were to default.

The financial guarantees have not been recognised in the financial statements of the Group as the requirements to reimburse are remote and the Group does not expect to incur material losses under these corporate guarantees. As at 31 December 2023, there was no indication that the subsidiaries would default on payments.

38. CAPITAL MANAGEMENT

The primary objective of the Group's and of the Company's capital management is to ensure that they maintain a strong credit rating and healthy capital ratios in order to support their businesses and maximise shareholders' value.

The Group and the Company manage their capital structure, and make adjustment to it, in the light of changes in economic conditions. To maintain or adjust the capital structure, the Group and the Company may adjust dividend payment to shareholders, return capital to shareholders or issue new shares. The Group's strategies were unchanged from the previous financial year.

The Group and the Company monitor capital using gearing ratio. The gearing ratio is calculated as net debt divided by total equity. Net debt is calculated as borrowings plus payables less cash and bank balances and short-term investments.

The gearing ratio of the Group and of the Company as at the end of the reporting period was as follows:

	Group		Company	
	2023 RM'000	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**
Loans and borrowings	25,109	35,609	25,009	32,509
Lease liabilities	11,614	3,536	–	–
Trade and other payables	24,550	25,526	76,965	62,569
Less: Cash and bank balances	(69,468)	(60,773)	(37,483)	(30,823)
Short-term investments	(17,715)	(20,932)	–	–
Net debt	(25,910)	(17,034)	64,491	64,255
Total equity	410,022	403,894	316,145	320,440
Gearing ratio	–	–	20%	20%

The Group maintains a gearing ratio that complies with the applicable debt covenant as at the reporting date. The Group is not subject to any other externally imposed capital requirements.

39. SEGMENT INFORMATION

(i) Operating segment

For management purposes, the Group is organised into business units based on its products and services, and has four (4) reportable operating segments as follows:

Plantation	Cultivation of oil palm
Mill	Milling and sale of oil palm products
Power plant	Power generation and sale of biomass by-products
All other segments	Extraction and sale of earth stone and others

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

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

39. SEGMENT INFORMATION (CONT'D)

(i) Operating segment (Cont'd)

2023

	Plantation RM'000	Mill RM'000	Power plant RM'000	All other segments RM'000	Adjustments and eliminations RM'000	Note	Per consolidated financial statements RM'000
Revenue							
External customers	23,640	237,777	43,230	30	–		304,677
Inter-segment	49,234	–	–	334	(49,568)	(a)	–
Total revenue	72,874	237,777	43,230	364	(49,568)		304,677
Results							
Interest income	3,696	3,031	165	4,525	(9,758)		1,659
Finance costs	207	697	4,769	6,182	(9,783)		2,072
Depreciation of property, plant and equipment	7,431	2,949	10,436	202	1,255		22,273
Segment profit	19,615	10,725	10,657	(3,524)	(6,450)	(b)	31,023
Assets							
Addition to non-current assets	7,521	1,877	7,313	5	–	(c)	16,716
Segment assets	222,871	37,023	131,275	104,182	4,322	(d)	499,673
Liabilities							
Segment liabilities	9,004	15,279	12,115	27,541	25,712	(e)	89,651

39. SEGMENT INFORMATION (CONT'D)

(i) Operating segment (Cont'd)

2022

	Plantation RM'000	Mill RM'000	Power plant RM'000	All other segments RM'000	Adjustments and eliminations RM'000	Note	Per consolidated financial statements RM'000
Revenue							
External customers	33,774	280,364	42,306	644	–		357,088
Inter-segment	58,508	–	–	2,412	(60,920)	(a)	–
Total revenue	92,282	280,364	42,306	3,056	(60,920)		357,088
Results							
Interest income	1,871	2,454	154	3,642	(7,136)		985
Finance costs	126	778	3,817	4,157	(7,105)		1,773
Depreciation of property, plant and equipment	6,445	2,964	10,279	285	1,212		21,185
Segment profit/(loss)	40,192	6,343	12,762	2,162	(10,676)	(b)	50,783
Assets							
Addition to non-current assets	4,605	633	2,834	22	–	(c)	8,094
Segment assets	235,295	41,534	123,279	93,179	4,648	(d)	497,935
Liabilities							
Segment liabilities	11,580	14,460	7,181	34,103	26,717	(e)	94,041

39. SEGMENT INFORMATION (CONT'D)

(i) Operating segment (Cont'd)

(a) Inter-segment revenue are eliminated on consolidation. This is represented mainly by sale of fresh fruit bunches by plantation segment to mill segment and sale of earth and stones by quarry segment (included in All other segments) to plantation and mill segments.

(b) The profit from inter-segment sales is deducted from segment profit/(loss) to arrive at "Profit before taxation" presented in the consolidated statement of profit or loss and other comprehensive income.

(c) Additions to non-current assets consist of:

	2023 RM'000	2022 RM'000
Property, plant and equipment	16,716	8,094

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

	2023 RM'000	2022 RM'000
Deferred tax assets	4,322	4,648

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

	2023 RM'000	2022 RM'000
Deferred tax liabilities	25,709	26,717

(j) Geographical information

No geographical information has been provided as the Group activities are predominantly conducted in Malaysia.

(k) Major customers

Revenue from 2 (2022: 2) major customers amounted to RM94,472,450 (31% of revenue) and RM95,243,504 (31% of revenue) (2022: RM124,247,408 (35% of revenue) and RM105,279,143 (29% of revenue)) respectively arising from mill segment.

LIST OF PROPERTIES OF THE GROUP

AS AT 31 DECEMBER 2023

	Location of Property Sabah	Tenure	Year of Expiry	Land Area		Description	Net Book Value As At 31.12.2023 RM'000	Year Acquired
1	Prolific, Wong Tet-Jung Plantations Off KM 63.7, Sandakan-Lahad Datu Highway	Leasehold 99 years	2069	39.752	hectares	Oil Palm Plantation & Oil Mill	8,612	2001
			2070	30.607	hectares			
			2074	8.010	hectares			
			2075	207.903	hectares			
			2076	9.967	hectares			
			2077	24.460	hectares			2005
			2082	6.463	hectares			
			2082	72.790	hectares			
		Perpetuity (Sublease 99 years)	2097	6.435	hectares			
	Kolapis-Beluran Area	Leasehold 99 years	2073	2.250	hectares	Plantable Reserve		2002
	District of Labuk Sugut			**408.637**	**hectares**			
	Prolific Yield Lot 38, Block C Taman Indah Jaya Phase 4A, Mile 4, Jalan Utara, Sandakan	Under Sub Division Leasehold 99 years (Parent title TL077552035)	2081	**167.220**	**Sq.M**	Double Storey Terrace Shoplot	105	2002
2	Melabau, Suara Baru, Gelang Usaha 0.2 Km East of KM 96, Sandakan-Lahad Datu Highway	Leasehold 99 years	2069	27.480	hectares	Oil Palm Plantation	527	2002
			2078	17.110	hectares	Oil Palm Plantation & Quarry	19,846	2001
			2079	260.780	hectares			
			2080	202.303	hectares			
			2081	136.615	hectares			
			2082	88.690	hectares			
			2085	252.660	hectares			
			2086	14.930	hectares			
			2095	4.993	hectares			
			2093	154.700	hectares			
			2097	12.300	hectares			
		Perpetuity (Sublease 99 years)	2075	316.549	hectares			
			2080	136.763	hectares			
			2093	5.751	hectares			
			2097	10.930	hectares			
	KM 28, Jalan Labuk	Leasehold 99 years	2065	1.842	hectares	Plantable Reserve		
				1,644.396	**hectares**			

LIST OF PROPERTIES OF THE GROUP (CONT'D)

	Location of Property Sabah	Tenure	Year of Expiry	Land Area		Description	Net Book Value As At 31.12.2023 RM'000	Year Acquired
3	Sri Likas Mewah, Ultisearch Trading 2.6 KM north of KM 31, Sukau Road	Leasehold 99 years	2085 2094 2096 2098	10.120 386.100 168.700 47.750 **612.670**	hectares hectares hectares hectares **hectares**	Oil Palm Plantation	3,551	2001
4	Bakara Bukit Garam/ Sg. Lokan Off KM 76.5, Sandakan-Lahad Highway	Leasehold 99 years	2085 2087	150.300 400.000 **550.300**	hectares hectares **hectares**	Oil Palm Plantation	4,105	2001
5	Cepatwawasan & Kovusak KM 4.5, Jalan Beluran	Leasehold 99 years	2061 2071 2078	992.700 133.550 485.300 **1,611.550**	hectares hectares hectares **hectares**	Oil Palm Plantation	21,040	2001
6	Razijaya & Sugguh Mulia Sungai-Sungai Locality, 99 KM North-West of Sandakan	Leasehold 99 years	2098	**362.200**	**hectares**	Oil Palm Plantation, Quarry & Plantable Reserve	11,890	2001
7	Prima Semasa Sonsogon Suyad, Paitan Locality 105 KM North-West of Sandakan	Leasehold 99 years	2094	**2,997.000**	**hectares**	Oil Palm Plantation & Plantable Reserve	29,368	2003
8	Cepatwawasan, Tentu Bernas, Tentu Cergas, Liga Semarak & Jutategak Sg. Kawananan Locality 113 KM North-West of Sandakan	Leasehold 99 years	2097 2098 2099 2100	242.800 145.710 48.550 48.520 **485.580**	hectares hectares hectares hectares **hectares**	Oil Palm Plantation & Plantable Reserve	4,052	2005
9	Ladang Cepat-KPD 85 KM South-West of Beaufort	Leasehold 99 years	2087	**1,595.860**	**hectares**	Oil Palm Plantation	17,452	2007

LIST OF PROPERTIES OF THE GROUP (CONT'D)

	Location of Property Sabah	Tenure	Year of Expiry	Land Area		Description	Net Book Value As At 31.12.2023 RM'000	Year Acquired
10	Cepatwawasan Group Berhad Lot 70, Block 6, Prima Square Mile 4, North Road Sandakan	Leasehold 99 years	2106	**564.386**	**Sq.M**	Three Storey Shop/Office	491	2009
	Cepatwawasan Group Berhad Unit no. F-7-2, Level 7, Block F Utama Court, Phase 2, Mile 6 North Road, Sandakan	Leasehold 99 years	2081	**106.500**	**Sq.M**	Eight Storey Apartment	76	2011
	Cepatwawasan Group Berhad Unit no. F-8-2, Level 8, Block F Utama Court, Phase 2, Mile 6 North Road, Sandakan	Leasehold 99 years	2081	**106.500**	**Sq.M**	Eight Storey Apartment	77	2011
	Cepatwawasan Group Berhad Unit no. B1-10-1, Sri Utama Condominiums Mile 6, North Road Sandakan	Leasehold 99 years	2081	**122.140**	**Sq.M**	Eight Storey Condominium	211	2015
	Cepatwawasan Group Berhad Unit no. B1-10-3, Sri Utama Condominiums Mile 6, North Road Sandakan	Leasehold 99 years	2081	**105.140**	**Sq.M**	Eight Storey Condominium	170	2015
11	Mistral Engineering Sdn Bhd Off KM 63.7, Sandakan-Lahad Datu Highway	Leasehold 99 years	2074	**3.115**	**hectares**	Biogas power plant	3,327	2012
12	Cash Horse (M) Sdn Bhd Off KM 63.7, Sandakan-Lahad Datu Highway	Leasehold 99 years	2074	**7.070**	**hectares**	Biomass power plant	33,544	2012

	Location of Property Kuala Lumpur	Tenure	Year of Expiry	Land Area		Description	Net Book Value As At 31.12.2023 RM'000	Date of Last Revaluation
13	Minelink HS (D) 118739, No. PT 9103 Damansara Heights Mukim of Kuala Lumpur	Freehold	–	**896.976**	**Sq.M**	High-end residential property	7,339	2023
	Minelink HS (D) 118740, No. PT 9104 Damansara Heights Mukim of Kuala Lumpur	Freehold	–	**877.693**	**Sq.M**	High-end residential property	7,181	2023
	Minelink HS (D) 118741, No. PT 9105 Damansara Heights Mukim of Kuala Lumpur	Freehold	–	**896.829**	**Sq.M**	High-end residential property	7,337	2023
	Minelink HS (D) 118742, No. PT 9106 Damansara Heights Mukim of Kuala Lumpur	Freehold	–	**878.490**	**Sq.M**	High-end residential property	7,188	2023
	Minelink HS (D) 118743, No. PT 9107 Damansara Heights Mukim of Kuala Lumpur	Freehold	–	**884.183**	**Sq.M**	High-end residential property	7,234	2023
	Minelink HS (D) 118744, No. PT 9108 Damansara Heights Mukim of Kuala Lumpur	Freehold	–	**863.043**	**Sq.M**	High-end residential property	7,061	2023

STATISTICAL REPORT
AS AT 29 MARCH 2024

Issued & Fully Paid-Up Share Capital	:	318,446,210 (including treasury shares of 9,479,200)
Type of Share	:	Ordinary Share
No. of Shareholders	:	6,045
Voting Rights	:	One Vote for Every Share

ANALYSIS BY SIZE OF HOLDINGS

Size of Holdings	No. of Holders	%	No. of Shares %	%
1 - 99	100	1.654	4,195	0.001
100 - 1,000	557	9.214	360,966	0.116
1,001 - 10,000	3,309	54.739	17,066,940	5.523
10,001 - 100,000	1,804	29.842	55,627,755	18.004
100,001 - 15,448,349 (*)	273	4.516	127,727,004	41.340
15,448,350 AND ABOVE (**)	2	0.033	108,180,150	35.013
TOTAL :	**6,045**	**100.000**	**308,967,010**	**100.000**

* - Less than 5% of issued shares
** - 5% and above of issued shares

LIST OF SUBSTANTIAL SHAREHOLDERS
(As per the Register of Substantial Shareholders as at 29 March 2024)

Shareholders	No. of Shares Direct	%	No. of Shares Indirect	%
MHC Plantations Bhd	92,124,900	29.82	30,000,000	9.71 (1)
Dato' Mah Pooi Soo Realty Sdn Bhd	–	–	122,124,900	39.53 (2)
Tan Sri Dr Mah King Thian @ Mah King Thiam	–	–	122,124,900	39.53 (2)
Dato' Mah King Seng	–	–	122,124,900	39.53 (2)
Datin Seri Ooi Ah Thin	–	–	122,124,900	39.53 (2)
Yew Lee Holdings Sdn. Berhad	16,055,250	5.20	13,944,750	4.51 (3)

Notes:
1. *Deemed interested pursuant to Section 8 of the Companies Act 2016 by virtue of its shareholdings in Yew Lee Holdings Sdn Berhad and Hutan Melintang Plantations Sdn Berhad*
2. *Deemed interested pursuant to Section 8 of the Companies Act 2016 by virtue his/her shareholdings in MHC Plantations Bhd*
3. *Deemed interested pursuant to Section 8 of the Companies Act 2016 by virtue of its shareholdings in Hutan Melintang Plantations Sdn Berhad*

LIST OF DIRECTORS' SHAREHOLDINGS

(As per the Register of Directors' Shareholdings as at 29 March 2024)

Shareholders	No. of Shares Direct	%	No. of Shares Indirect	%
Tan Sri Dr Mah King Thian @ Mah King Thiam	–	–	122,124,900	39.53 (1)
Dato' Seri Mah King Seng	–	–	122,124,900	39.53 (1)
Datuk Chua Kim Yin	–	–	–	–
Musanif Bin Hj Md Nen	–	–	–	–
Lee Nyuk Choon @ Jamilah Ariffin	–	–	–	–
Dr Jordina Mah Siu Yi (Alternate Director to Tan Sri Dr Mah King Thian @ Mah King Thiam)	–	–	–	–
Mah Li-Na (Alternate Director to Dato' Seri Mah King Seng)	1,000	0.00	–	–

Notes:

1. *Deemed interested pursuant to Section 8 of the Companies Act 2016 by virtue his shareholdings in MHC Plantations Bhd*

LIST OF TOP 30 HOLDERS AS AT 29/03/2024

(Without Aggregating Securities from Different Securities Accounts Belonging to the Same Registered Holder)

NO.	NAMES	HOLDINGS	%
1	MHC PLANTATIONS BHD.	92,124,900	29.817
2	YEW LEE HOLDINGS SDN. BHD.	16,055,250	5.196
3	HUTAN MELINTANG PLANTATIONS SDN. BHD.	13,944,750	4.513
4	LEE GUAN HUAT	5,244,550	1.697
5	EVERGREEN INTERMERGE SDN. BHD.	4,436,900	1.436
6	TLK CAPITAL SDN.BHD.	4,400,000	1.424
7	EVERGREEN INTERMERGE SDN. BHD.	3,915,600	1.267
8	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. JINCAN SDN. BHD.	2,850,000	0.922
9	GAN HONG LIANG	2,557,250	0.827
10	CHEE SAI MUN	2,210,000	0.715
11	TAI KOK KONG	2,200,000	0.712
12	CITIGROUP NOMINEES (ASING) SDN. BHD. EXEMPT AN FOR BANK OF SINGAPORE LIMITED (FOREIGN)	2,187,400	0.707
13	LIM CHENG HAI	2,000,000	0.647
14	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. MAYBANK PRIVATE WEALTH MANAGEMENT FOR MAH SIEW HOE (PW-M00753)(420537)	2,000,000	0.647

STATISTICAL
REPORT
(CONT'D)

LIST OF TOP 30 HOLDERS AS AT 29/03/2024 (CONT'D)

(Without Aggregating Securities from Different Securities Accounts Belonging to the Same Registered Holder)

NO.	NAMES	HOLDINGS	%
15	TECK GUAN DEVELOPMENT (SABAH) SDN. BHD.	1,920,800	0.621
16	LIM TEONG LEONG	1,920,000	0.621
17	MAYBANK SECURITIES NOMINEES (ASING) SDN. BHD. MAYBANK SECURITIES PTE LTD FOR HO SEONG PENG	1,500,000	0.485
18	ZENXIN AGRICULTURE SDN. BHD.	1,389,300	0.449
19	HSBC NOMINEES (ASING) SDN. BHD. EXEMPT AN FOR BANK JULIUS BAER & CO. LTD. (SINGAPORE BCH)	1,305,800	0.422
20	HLIB NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR YAP QWEE BENG	1,200,000	0.388
21	SU MING YAW	1,118,000	0.361
22	LIM CHENG HAI	1,100,000	0.356
23	CHYE AH LAM @ CHAI MING SENG	1,038,000	0.335
24	LEE GUAN SEONG	1,024,150	0.331
25	CGS INTERNATIONAL NOMINEES MALAYSIA (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR GAN CHEE PENG (CONNAUGHT-CL)	1,000,000	0.323
26	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR TEE KIM TEE @ TEE CHING TEE (TEE0063C)	998,500	0.323
27	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR YEW BOON HEAN (YEW0048C)	985,550	0.318
28	AMSEC NOMINEES (ASING) SDN. BHD. KGI SECURITIES (SINGAPORE) PTE. LTD. FOR MAH SIEW CHUAN (33488)	975,000	0.315
29	CHENG GEK HONG	975,000	0.315
30	ROVENT SDN. BHD.	968,100	0.313
TOTAL		**175,544,800**	**56.816%**

CEPATWAWASAN GROUP BERHAD
Registration No. 200101000743 (536499-K)
(Incorporated In Malaysia)

FORM OF PROXY

CDS Account No.	No. of shares held

I/We,..(BLOCK LETTERS)

NRICNo./PassportNo./CompanyNo...

of..being (a) Member(s) of CEPATWAWASAN GROUP BERHAD [200101000743 (536499-K)] hereby appoint the following person(s):

Name of proxy & NRIC No./Passport No.	No. & % of shares to be represented by each proxy
1.	
2.	

or failing him/her,

1.	
2.	

or failing him/her, THE CHAIRMAN OF THE MEETING as my/our proxy to vote for me/us on my/our behalf at the Twenty-Fourth Annual General Meeting of the Company to be held at Amadeus III, Level 2, Sabah Hotel Sandakan, KM 1, Jalan Utara, 90703 Sandakan, Sabah on Tuesday, 21 May 2024 at 11.00 a.m. and at any adjournment thereof and to vote as indicated below:

	For	Against
ORDINARY RESOLUTION 1		
ORDINARY RESOLUTION 2		
ORDINARY RESOLUTION 3		
ORDINARY RESOLUTION 4		
ORDINARY RESOLUTION 5		
ORDINARY RESOLUTION 6		
ORDINARY RESOLUTION 7		

Please indicate with an "X" in the space above on how you wish to cast your vote. In the absence of specific directions, your proxy will vote or abstain as he/she thinks fit.

Signed this ....day of ...., 2024

Signature / Seal of Member

Notes:

(a) Only members whose names appear on the Record of Depositors as at 13 May 2024 shall be entitled to attend, speak and vote at the said meeting or appoint proxies on his/her behalf.
(b) A member entitled to attend, speak and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy may but need not be a member of the Company.
(c) A member may appoint not more than two (2) proxies to attend, participate, speak and vote at the same meeting. Where a member appoints two (2) proxies, he shall specify the proportion of his shareholdings to be represented by each proxy.
(d) Where a Member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account known as an omnibus account, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account its holds. Where an exempt authorised nominee appoints more than one (1) proxies, the proportion of the shareholding to be represented by each proxy must be specified.
(e) If the appointer is a corporation, the Form of Proxy must be executed under its seal or under the hand of its attorney.
(f) To be valid this form duly completed must be deposited at the Company's Share Registrar's Office at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively at their Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or submit the Form of Proxy electronically via TIIH Online at https://tiih.online in accordance with the procedures set out in the Administrative Guide not less than forty-eight hours (48) hours before the time appointed for holding the meeting or any adjournment thereof.

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AFFIX
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